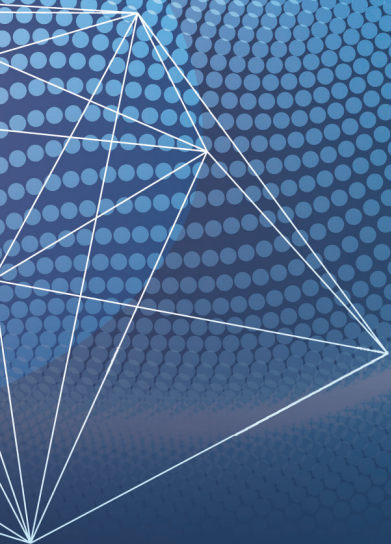


# **FIJI FINANCIAL INTELLIGENCE UNIT 2017 ANNUAL REPORT**



**Fiji FIU**  
Fiji Financial Intelligence Unit







**Fiji FIU**  
Fiji Financial Intelligence Unit



## OUR VISION

**“Protecting Fiji from Money Laundering”**

## OUR MISSION

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

## OUR KEY STRATEGIC GOALS

**Our strategic goals for achieving the missions are:**

1. Regional FIU Leadership;
2. Global and Best AML/CFT Practices;
3. Risk-Based Approach to Implementation of AML/CFT Policies;
4. Effective Compliance Regime for Financial Institutions;
5. Effective Tactical and Strategic Analysis Processes;
6. Information Technology Based Intelligence and Case Management;
7. Engagement with our Partners;
8. Information and Intelligence Networking;
9. High Performance and Effective Team;
10. Governance and Proactive Communication.

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# 1 FIU ROLE AND RESPONSIBILITIES

The Financial Intelligence Unit (FIU) is established under the Financial Transactions Reporting (FTR) Act. The role and functions of the FIU are provided under the FTR Act. The FIU is one of the leading agencies in Fiji that is responsible for preventing and detecting money laundering and terrorist financing activities.

The FIU is also Fiji's anti-money laundering (AML) and combating the financing of terrorism (CFT) regulator and the lead agency on AML/CFT policy formulation, compliance and enforcement.

The FTR Act and Regulations specifies a range of measures that financial institutions<sup>1</sup> in Fiji must implement in order to prevent the use of Fiji's financial system from money laundering, terrorist financing and other serious criminal activities.

The vision of the FIU is to protect Fiji from money laundering. It achieves this vision through the following key functions:

1. receive financial transactions and other information from financial institutions;
2. gather additional information from financial institutions, government and other stakeholder agencies;
3. analyse information;
4. develop intelligence;
5. refer intelligence and information of possible money laundering activities or other serious criminal activities to appropriate law enforcement and regulatory agencies;
6. assist domestic and foreign law enforcement agencies in their investigation and prosecution of money laundering and other serious criminal activities;
7. develop AML/CFT policies, FIU enforceable guidelines and advisories under the FTR Act;
8. enforce compliance by financial institutions with the requirements of the FTR Act, FTR Regulations and FIU Guidelines;
9. provide education and training to its stakeholders;
10. lead and facilitate national coordination;
11. maintain networking and information sharing with domestic and foreign partner stakeholders and agencies.

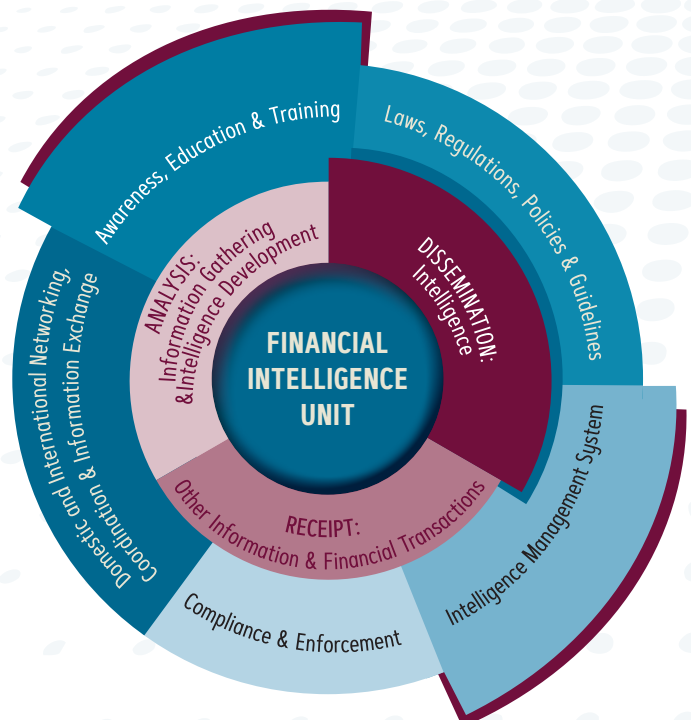
The FIU also plays an important role in international AML/CFT initiatives by contributing to global AML/CFT programs, policy discussions and information exchange network.

The FIU does not have formal investigative powers to arrest and charges suspects or restrain properties. The FIU does not have a prosecutorial role. The FIU's role as a financial intelligence body in Fiji has become an integral part and contributor in successfully investigating and prosecuting money laundering and other serious crimes.

The FIU also conducts periodic strategic analysis and its outcomes are used by FIU partners including the private sector financial institutions and designated non-financial businesses and professions (DNFBP).

The FIU shares its intelligence and information both spontaneously and upon request from various partner agencies, both domestic and foreign.

The National AML Council provides assistance to the FIU on broad AML policy and national coordination framework. The Reserve Bank of Fiji (RBF) provides funding and administrative support for the FIU's operations. The Fiji Police Force (FPF) and the Fiji Revenue and Customs Service (FRCS) provide additional staffing support to the FIU.



<sup>1</sup>The definition of "financial institutions" under the FTR Act includes DNFBPs and other non-traditional financial institutions such as non-banks, mobile money remitters, lawyers, accountants and real estate agents.



## 2 DIRECTOR'S FOREWORD RAZIM BUKSH



I am pleased to present the 2017 Annual Report of the FIU. This is the 12th Annual Report of the FIU.

The FIU is the lead agency in Fiji that is tasked to develop, implement and enforce AML/CFT preventative measures, financial intelligence management, facilitate national and international coordination and information exchange, and create awareness and ML and TF trends and typologies. The major AML/ CFT outputs in 2017 reflect the ever challenging environment that the FIU operates in Fiji.

Fiji's AML regime covers all serious crimes, including fraud, trafficking in drugs and persons, tax evasion, corruption and cybercrimes. While Fiji has a low risk for terrorism and its financing, the CFT regime aims to protect Fiji and the financial system due to its global scope and transnational nature of terrorist threats. The FIU has been instrumental in ensuring Fiji's compliance with the international AML/CFT standards.

Over the years, money launderers have evolved in response to strong AML/CFT legislation and more advanced preventative measures in the financial institution sector. Therefore, they are resorting to the other sectors such as the lawyers, accountants and the real estate agents, to conceal their criminal proceeds. From 2018, the FIU will proactively engage with all the industry stakeholders as well as the enforcement and regulatory authorities to ensure that the requirements under the FTR Act and Regulations are effectively implemented.

The FIU's key outcomes in 2017 were the amendments to the FTR Act and Regulations, finalisation of Fiji's

1st follow-up report to the Asia Pacific Group on Money Laundering (APG), achievements in intelligence development and networking, delivering capacity building attachment programme for smaller FIUs in the Pacific, leadership role with the APG and the Egmont Group, and improving Fiji's compliance ratings with the international AML/CFT requirements.

The FIU also contributed to the following functional areas and operational network in 2017:

- Intelligence management;
- AML/CFT Policy and training;
- Compliance by financial institutions and enforcement;
- Domestic and international networking;
- Providing technical assistance and training; and
- FIU administration and operations;

The 2017 Annual Report is divided into two parts:

- Annual Report section; and
- Strategic Analysis section.

The Annual Report section highlights key functional and operational outputs while the Strategic Analysis section highlights the underlying patterns and trends.

The following is a summary of the FIU's outputs and performance for 2017:

- received and analysed 650 suspicious transaction reports;
- received 623,213 cash transaction reports;
- received 1,220,602 electronic fund transfers reports;

- managed more than 11 million financial transaction reports on our database;
- received 792 border currency reports;
- disseminated 448 intelligence reports to law enforcement agencies;
- issued 10 Alert Notices to financial institutions on suspicious persons and entities;
- issued one Directive to financial institutions;
- handled 205 requests for investigative assistance from law enforcement agencies;
- handled 75 requests for due diligence and background checks from government agencies;
- provided AML and FTR Act training to 202 officers of financial institutions and 80 officers of law enforcement agencies;
- made 502 enquiries and requests for further information from financial institutions;
- enrolled 30 officials at the National AML Computer Based Training Centre;
- continued to provide secretarial support for the National AML Council and its three AML Working Groups;
- issued 28 adhoc policy advisories;
- provided follow-up guidance to law firms and accounting firms that were subject to onsite examination in 2016;
- compliance program for 2017 was focused on offsite assessments and review of transaction reporting and record keeping obligations of financial institutions;
- registered 110 AML Compliance Officers of financial institutions (since 2006);
- managed 126 current authorised users of the FIU's online IT system; and
- signed a Memorandum of Agreement (MOA) with the Real Estate Agents Licensing Board (REALB).

### International and Regional Leadership:

I continued with my role as Fiji's primary contact point for APG and led the Fijian delegation to the APG plenary meeting in Colombo, Sri Lanka in 2017 where Fiji's follow-up report was discussed and compliance ratings were approved.

### Looking ahead in 2018:

The FIU will continue to engage with the APG on Fiji's mutual evaluation process by providing regular reports and updates on the progress Fiji is making to align our AML/CFT systems in line with the international standards.

The FIU will continue to collaborate with the National AML Council on the implementation of APG recommendations and the findings of the national risk assessment. The FIU will continue to support the implementation of the national security strategy, the national cybersecurity strategy, the unexplained wealth task force and counter-terrorism and its financing framework.

I would like to thank the Governor and the Board of the Reserve Bank of Fiji for providing financial and administrative support to the FIU in 2017.

I would like to also thank the Commissioner of Police and the Chief Executive Officer of the FRCS for seconding their officers to the FIU.

I look forward to working more closely with our stakeholders in 2018 in achieving our vision of "Protecting Fiji from Money Laundering".



**Razim Buksh**  
**Director**  
**Financial Intelligence Unit**



# 3 GOVERNANCE STRUCTURE

## Statutory Agency

The FIU is an independent and administrative statutory agency of the Fijian Government. The powers, duties and functions of the FIU are clearly defined in the FTR Act.

The FIU was established in January 2006 under the FTR Act.

## Minister for Justice

The Minister for Justice is the line Minister responsible for the FTR Act.

Pursuant to section 23(3) of the FTR Act, the Minister is directly responsible for the performance of the Director of the FIU. 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

Pursuant to a ministerial delegation under the FTR Act, the Director of the FIU reports to the Governor of the RBF for the discharge of his powers, duties and functions provided under the FTR Act. Subsequent to this delegation and on the recommendation of the Governor, the Board of Directors of the RBF approved the organisation structure of the FIU.

## Director of the FIU

The Director of the FIU 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 directly responsible to the Governor of the RBF in the performance of his duties. The Director is a member of the National AML Council. He is also the advisor to the Minister and the Governor on matters relating to combating money laundering, terrorist financing and related offences in Fiji.

## Accountability to the Governor

The FIU's administrative processes and procedures are linked to that of the RBF. Therefore, the FIU complies with the corporate planning, budgeting, human resources and other policies and processes of the RBF. The FIU's annual work plan and budget are presented to the Governor and the RBF Board for their approval before each new financial year.

The Director FIU provides monthly reports to the Governor of the RBF on the FIU's performance and achievement of work plan targets. The Director of

## FIU Governance and Accountability Framework



the FIU also provides regular progress updates to the National AML Council, Governor and Board of the RBF on key FIU outputs and outcomes.

### Reporting to the National AML Council

The National AML Council is established under the FTR Act and its members, roles and functions are also provided under the FTR Act.

The Council provides broad policy advice, assistance and guidance to the FIU on the prevention of money laundering, terrorist financing and related activities in Fiji. The Council is also responsible for making recommendations to the Minister on the appointment of the Director of the FIU.

The FIU provides regular reports and updates to the National AML Council.

### Funding and Administration

The FIU is fully funded by the RBF and is organised as a separate functional group within the RBF's organisation structure. The annual budget of the FIU is submitted for the approval by the Board of the RBF each year. The FIU is accountable to the Governor and the Board for the use of funds allocated annually.

The FIU is administratively housed within the RBF. The FIU is subject to all the administrative protocols, policies and procedures of the RBF.

Due to the nature of its establishment as part of the RBF, the FIU does not prepare and publish annual financial statements on its operations. The expenditure of the FIU is included in the financial statements of the RBF 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 FRCS through staff secondment to the FIU on a fulltime basis. The secondment arrangement is provided under MOAs the FIU has signed with the two agencies.

The FIU does not currently receive any supplementary funding support from the Fijian Government.

### Operational Governance

As a member of the Egmont Group of international FIUs, the Fiji FIU implements world class operating standards, protocols and procedures on the following key responsibilities:

- international cooperation and information exchange;
- receipt of confidential and sensitive information;
- analysis and intelligence development;
- information security;
- compliance and enforcement actions; and
- operational independence and security.

The FIU also complies with the FATF Recommendation 29 and its Interpretative Note on financial intelligence units.

### Independence of the FIU

While the FIU is administratively dependent on the RBF, the technical functions of the FIU are independent of the RBF. 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 RBF under delegation of authority) is subject to the recommendation of the National AML Council. The FTR Act also provides how the remuneration package of the Director FIU is determined. To ensure that the functions of the FIU are not influenced by other parties, the Director of the FIU is solely vested with the powers to discharge the statutory and functional responsibilities of the FIU.



# 4 OUR ACHIEVEMENTS

## A. ANALYSIS OF FINANCIAL INFORMATION RECEIVED

A key function of the FIU is to analyse suspicious transaction reports and other financial transactions reports that it receives from financial institutions, members of the public and other agencies in Fiji.

In 2017, the FIU received a total of 1,845,257 financial transaction and other reports. These reports consisted of suspicious transaction reports (STR); cash transaction reports (CTR); electronic funds transfer reports (EFTR) and border currency reports (BCR).

### Financial Transaction Reports Received 2013-2017

	2013	2014	2015	2016	2017
STR	522	383	516	579	650
CTR	380,430	1,042,074	579,849	591,636	623,213
EFTR	1,147,728	1,308,633	1,029,993	1,148,711	1,220,602
BCR	459	557	491	547	792
<b>TOTAL</b>	<b>1,529,139</b>	<b>2,351,647</b>	<b>1,610,849</b>	<b>1,741,473</b>	<b>1,845,257</b>
Monthly Total Average	127,428	195,971	134,237	145,123	153,771

Source: Fiji FIU

The FIU has received more than 11 million financial transaction reports since it was established.

### Financial Transaction Reports Received 2000-2017

	Total Reports Received 2000-2017
STR	7,949
CTR	3,862,943
EFTR	7,838,273
BCR	4,680
<b>TOTAL</b>	<b>11,713,845</b>

Source: Fiji FIU

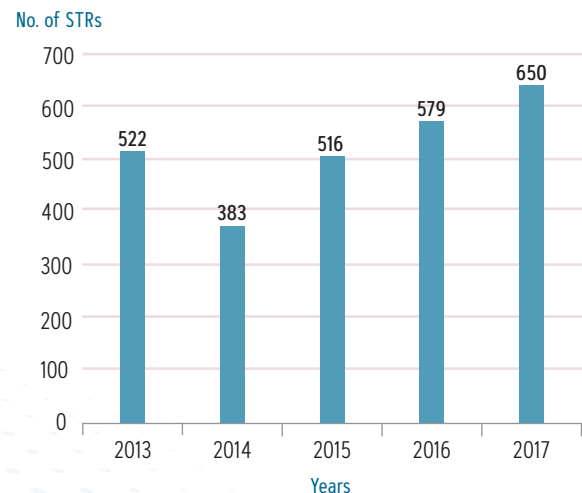
Highlights of financial transaction reports received by the FIU in 2017 are provided below.

The FIU also conducts strategic analysis of financial transaction reports received which is provided in the strategic analysis section of this Annual Report.

### Suspicious Transaction Reports

The FIU received 650 STRs<sup>2</sup> in 2017 or an average of 54 STRs per month. This reflects an increase of 12 percent compared to 579 STRs reported in 2016.

### Suspicious Transactions Reported 2013-2017



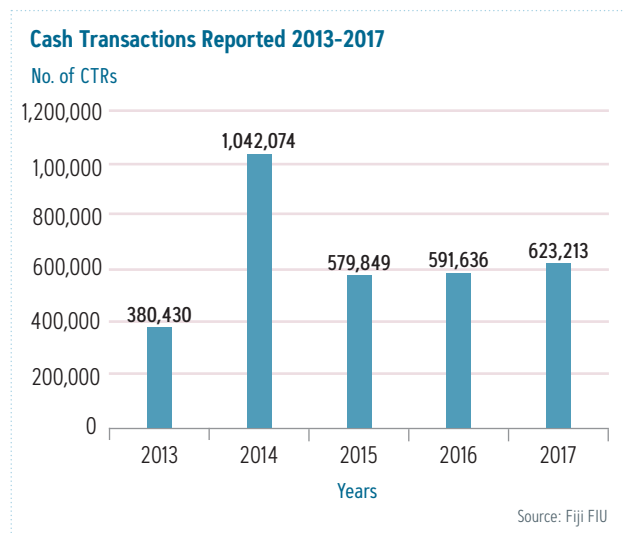
Source: Fiji FIU

Financial institutions are required under section 14 of the FTR Act and section 24 of the FTR Regulations to report suspicious transactions to the FIU. A suspicious transaction is a transaction or attempted transaction which a financial institution has reasonable grounds to suspect may be related to a "serious offence, a money laundering offence or an offence of the financing of terrorism".

<sup>2</sup>The number of STRs reported and the funds that are involved in suspicious transactions do not necessarily indicate the size of money laundering activity 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, unusual and suspicious transactions. The figure suggests money laundering symptoms, risk and vulnerabilities in Fiji.

## Cash Transaction Reports

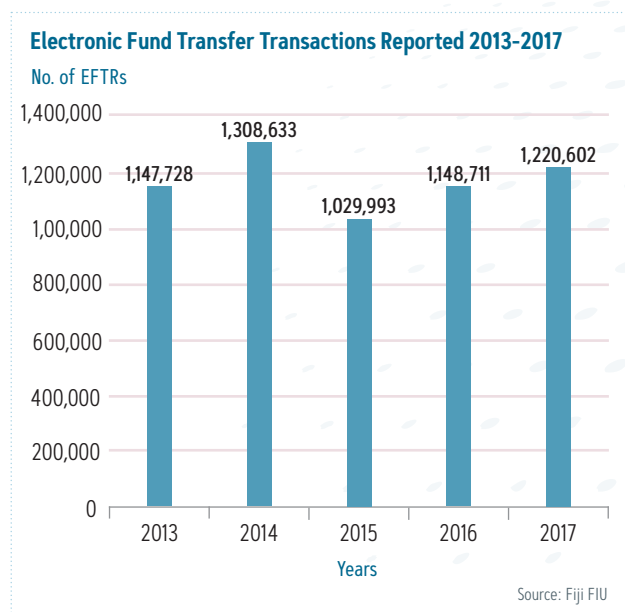
The FIU received 623,213 CTRs in 2017 or an average of around 52,000 CTRs per month. This is an increase of 5 percent compared to 591,636 CTRs reported to the FIU in 2016.



Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques, postal notes and money orders.

## Electronic Fund Transfers Transaction Reports

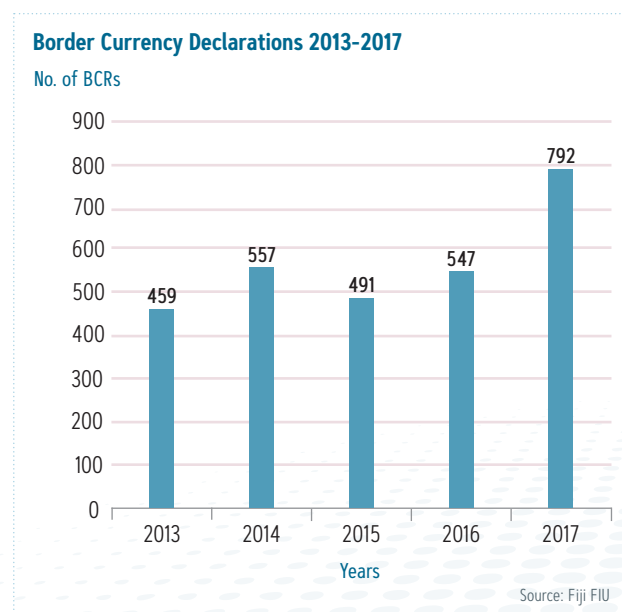
The FIU received 1,220,602 EFTRs in 2017 or an average of around 101,717 EFTRs per month. This is an increase of 6 percent compared to 1,148,711 EFTRs reported to the FIU in 2016.



Commercial banks and remittance service providers (including mobile phone money remitters) are required under section 13(2) of the FTR Act and section 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for EFTRs.

## Border Currency Reports

In 2017, the FIU received 792 BCRs. This is an increase of 45 percent compared to 547 BCRs received in 2016. There were more declarations made by outbound travellers compared to inbound travellers.



Under section 32 of the FTR Act, travellers into or out of Fiji must declare if they carry currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency).

## BCR Declarations by Direction of Travel 2013-2017

Persons Declaring	2013	2014	2015	2016	2017
Declarations made by inbound travellers	141	231	187	265	375
Declarations made by outbound travellers	318	326	304	282	417
<b>TOTAL</b>	<b>459</b>	<b>557</b>	<b>491</b>	<b>547</b>	<b>792</b>

Source: Fiji FIU

## FIUs Reporting and Intelligence Development

As required under section 25(1) of the FTR Act, the FIU is required to analyse and assess all reports and information that it receives. The FIU uses tactical analysis procedures as set out in its standard operating procedures to analyse all STRs and develop intelligence of possible money laundering or other serious offences.



Other reports received by the FIU such as the CTRs and EFTRs while not analysed in detail, provide critical information which are used to analyse STRs. During 2017, the FIU continued to use FFIMSO in its intelligence processes. The FIU uses its Alert and Monitoring System (AMS) which monitors all financial transaction reports maintained on the FFIMSO database for identifying suspicious transactions. The FIU also continued to use a Data Mining System (DMS) to analyse financial transaction data captured in the FFIMSO database. The DMS identifies links, relationships and patterns of suspicious financial activities. The AMS and DMS proactively identifies suspicious transactions and reports this weekly to FIU analysts for their further analysis.

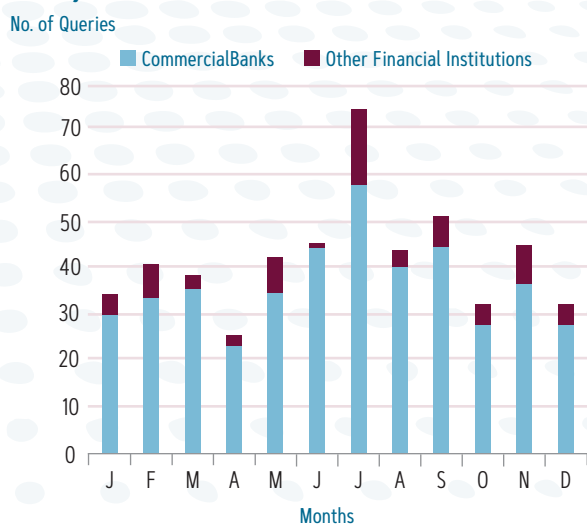
The BCRs are collected by FRCS and sent to the FIU for data mining and analysis for possible currency smuggling, money laundering and related criminal offences.

### FIU Enquiries with Financial Institutions

As part of its analysis process, the FIU makes enquiries with financial institutions. The queries are aimed at developing further intelligence on information already provided on the STRs. FIU queries may also be in relation to an ongoing investigation of money laundering offence or proceeds of crime case. The FIU has powers to obtain information from relevant financial institutions under section 14(3) and section 25(1) (h) of the FTR Act.

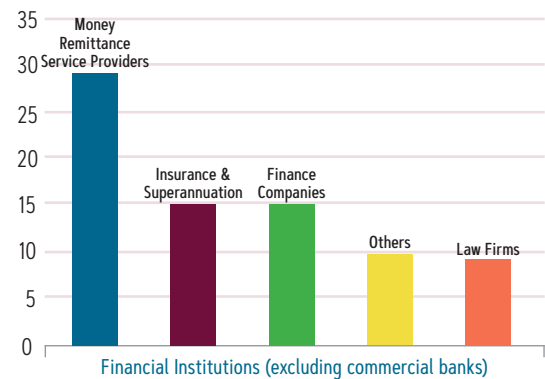
In 2017, 502 queries for further information were made by FIU to commercial banks (86 percent) and other financial institutions (14 percent).

#### Monthly FIU Queries to Financial Institutions 2017



#### FIU Queries to Financial Institutions (Excluding Commercial Banks) 2017

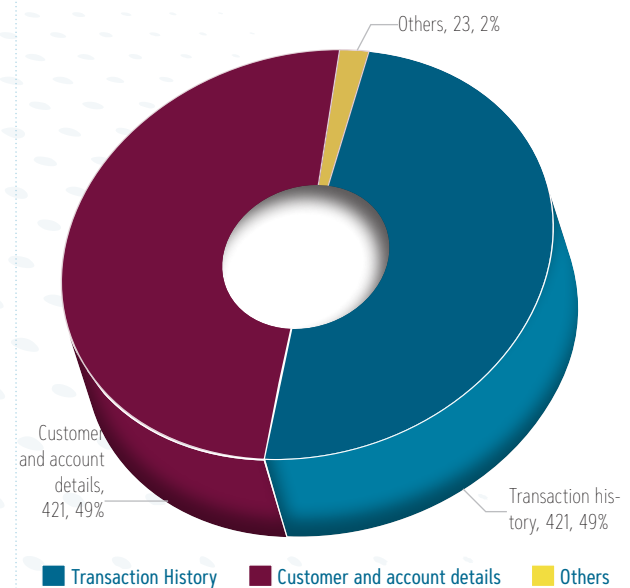
No. of Queries



The queries sent to financial institutions included requests for:

- customers' transaction history;
- customer identification details;
- customer account details;
- copies of documents such as identification document;
- customer transaction queries;
- follow ups and clarification;
- originator information enquiries;
- payment instrument (cheque) details;
- customer payment and asset details.

#### Nature of FIU Queries to Financial Institutions 2017



## B. DISSEMINATION OF FINANCIAL INTELLIGENCE

### Intelligence Reports to Law Enforcement Agencies

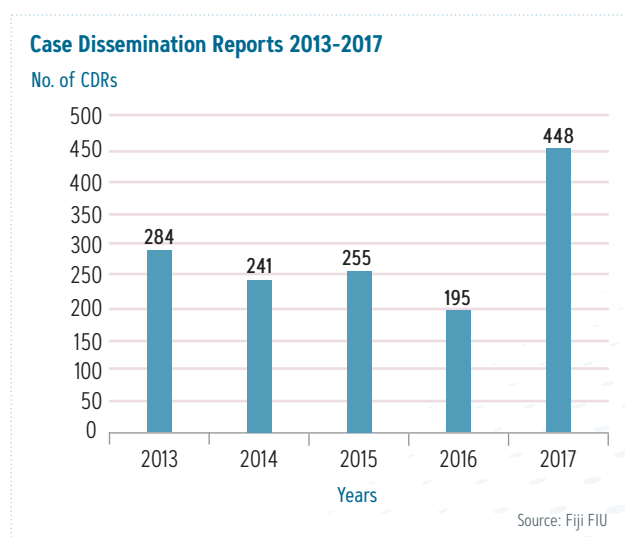
Disseminating financial intelligence to law enforcement agencies is a core function of the FIU. Financial intelligence enables our law enforcement partners to investigate predicate crimes, money laundering and terrorist financing activities. Furthermore, it provides a basis for prosecution of persons where necessary.

The FIU's intelligence reports also provide profiling of suspected proceeds of crime and proceeds linked to tax evasion.

The FIU analyses suspicious transaction and other financial transaction information to develop intelligence.

The results of the FIU's analysis of STRs are disseminated to relevant law enforcement agencies in a case dissemination report (CDR).

In 2017, 448 CDRs were referred to law enforcement agencies compared to 195 CDRs in 2016<sup>3</sup>. The CDRs were developed from reports of suspicious transactions received in 2017 and prior to 2017.



In 2017, 69 percent of the CDRs were disseminated to FRCS while 19 percent of CDRs were disseminated to the FPF. Intelligence that is developed from a single STR is sent in some instances to more than one law enforcement agency as it may involve suspected violations of different laws.

The FIU also, after detailed analysis, filed away 314 STRs during 2017 for future intelligence references compared to 284 STRs in 2016. STRs are filed away for future

### Case Dissemination Reports to Law Enforcement Agencies 2013-2017

Law Enforcement Agency and Reason for Dissemination	2013	2014	2015	2016	2017
<b>FRCS - Inland Revenue Services</b> Possible violations under the Income Tax Act and VAT Decree.	176	155	166	83	310
<b>FPF</b> *including Transnational Crime Unit. Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	67	69	66	58	84
<b>Immigration Department</b> Possible violations under the Immigration Act and Passport Act.	0	1	1	5	2
<b>FRCS - Customs Division</b> Possible violations under the Customs Act.	19	6	5	12	7
Others <sup>4</sup>	22	10	20	37	45
<b>TOTAL</b>	<b>284</b>	<b>241</b>	<b>255</b>	<b>195</b>	<b>448</b>

Source: Fiji FIU

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.

### Alert Notices to Financial Institutions

From time to time, the FIU may need to disseminate alerts or directives to financial institutions in relation to information it has received under the FTR Act.

The FIU issues Alert Notices to financial institutions, in order to protect the financial system from being used by adversely reported individuals and business entities. An Alert Notice contains information on adversely reported individuals and/or 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 10 Alert Notices issued by the FIU in 2017 which involved 24 individuals and one entity. There were four Alert Notices that related to individuals suspected to be linked to possible ATM and credit card skimming.

<sup>3</sup>Due to strict confidentiality requirements, this annual report does not discuss details of cases currently being investigated as a result of the FIU's intelligence. Cases that involved proceeds of crime that were subject to monitoring, restraining, confiscation or forfeiture orders as a result of FIU's intelligence are also not mentioned in this report. Convictions of money laundering and proceeds of crime cases have been published as case studies and have been included in the FIU Strategic Analysis Report.

<sup>4</sup>Other Law Enforcement Agencies include FICAC, RBF and foreign law enforcement agencies.



### Alert Notices Issued 2017

Date	Alert Notice Number	Issued To	Details
3 January 2017	1/2017	Commercial banks and money remittance service providers	Stolen Foreign Currencies
19 January 2017	2/2017	Commercial banks and money remittance service providers	Stolen Foreign Currencies
30 January 2017	3/2017	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
20 April 2017	4/2017	Commercial banks and money remittance service providers	Stolen Foreign Currencies*
15 May 2017	5/2017	Commercial banks and money remittance service providers and other FIs	Wannacry Ransomware
29 June 2017	6/2017	Commercial banks and money remittance service providers	Alleged ATM and Credit Card Skimming
27 July 2017	7/2017	Commercial banks and money remittance service providers	Alleged Credit Card Fraud
19 September 2017	8/2017	Commercial banks	Stolen Foreign Currencies*
10 November 2017	9/2017	Commercial banks and money remittance service providers	Alleged ATM and Credit Card Skimming
19 December 2017	10/2017	Commercial banks and money remittance service providers	Alleged ATM and Credit Card Skimming

Source: Fiji FIU

### Directives to Financial Institutions

The FIU has powers under section 25(1)(h) of the FTR Act to issue enforceable directives to financial institutions to take appropriate steps in relation to any information or report received by the FIU and to enforce compliance with the FTR Act or facilitate any investigation anticipated by the FIU or a law enforcement agency.

The FIU issued only one such directive in 2017 to a commercial bank. The directive issued was in relation to the following:

- undertake enhanced due diligence on customers;
- establish source of funds;
- ascertain the ultimate destination of any subsequent withdrawal transaction(s);
- identify any third party transactions;
- seek approval in writing of the FIU before proceeding with any transaction(s).

In 2017, the FIU cancelled two directives were previously issued due to successful investigations by law enforcement agencies. The FIU also uses directives to temporarily suspend a transaction until the customer provides all necessary information to the financial institution as stipulated in the directive, consistent with the customer due diligence requirements under the FTR Act and FTR Regulations.

Section 7 of the FTR Act and section 19(3)(c) of the FTR Regulations requires financial institutions to not proceed any further with a transaction unless directed to do so in writing by the FIU.

### Investigative Assistance Provided to Law Enforcement Agencies

The FIU also provides assistance to law enforcement agencies upon request. The request for assistance from the law enforcement agencies are received in writing and are related to investigations of suspected money laundering activities and other predicate offences such as forgery and fraud, drug trafficking/dealing, human trafficking, obtaining money by false pretences, larceny and corruption.

The requests may also be related to investigations initiated by a CDR that was disseminated to a law enforcement agency.

The FIU received 205 requests in 2017 compared to 213 requests in 2016 from local law enforcement agencies such as the FPF, FICAC, Department of Immigration, Transnational Crime Unit and FRCS.

### Requests for Investigative Assistance 2017

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
FICAC	25	8	59
FPF	65	26	179
FRCS	104	458	441
RBF	5	250	5
Others	6	6	10
<b>TOTAL</b>	<b>205</b>	<b>748</b>	<b>694</b>

Source: Fiji FIU

The FIU also assists law enforcement agencies in their investigations by facilitating the process to trace and temporarily suspend suspected proceeds of crime and criminal funds that is suspected to be transacted or held within financial institutions and to also ensure that the funds are immediately secured while the formal investigations into the suspected criminal activity is underway.

### Dissemination of Information to Foreign FIUs

The FIU receives requests for information from foreign FIUs. In 2017, the FIU received 25 requests for information from foreign FIUs through the Egmont Group secure web network and other formal communication compared to 16 requests received in 2016.

### Due Diligence

The FIU provides assistance to conduct background and due diligence checks on individuals and entities upon a request made in writing from 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.

In 2017, the FIU received 75 requests for background and credibility checks compared to 41 requests in 2016. The checks were conducted on 88 entities and 89 individuals.

### Requests for Background Checks in 2017

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Office of the Prime Minister	1	1	0
Office of the Solicitor General	2	3	2
Investment Fiji	14	4	24
Fiji Pharmaceutical and Biomedical Services	3	8	1
Ministry of Lands	2	2	0
Ministry of Communications	1	1	0
Fiji Electricity Authority	2	4	3
Fiji Immigration Department	1	0	1
Ministry of Public Enterprise	7	25	1
Ministry of Industry, Trade & Tourism	30	32	44
Fiji Ports Corporation Limited	1	0	1
PAFCO	1	1	2
REALB	2	5	2
RBF	8	2	8
<b>TOTAL</b>	<b>75</b>	<b>88</b>	<b>89</b>

Source: Fiji FIU

### C. SUPPORTING AND SUPERVISING FINANCIAL INSTITUTIONS' COMPLIANCE

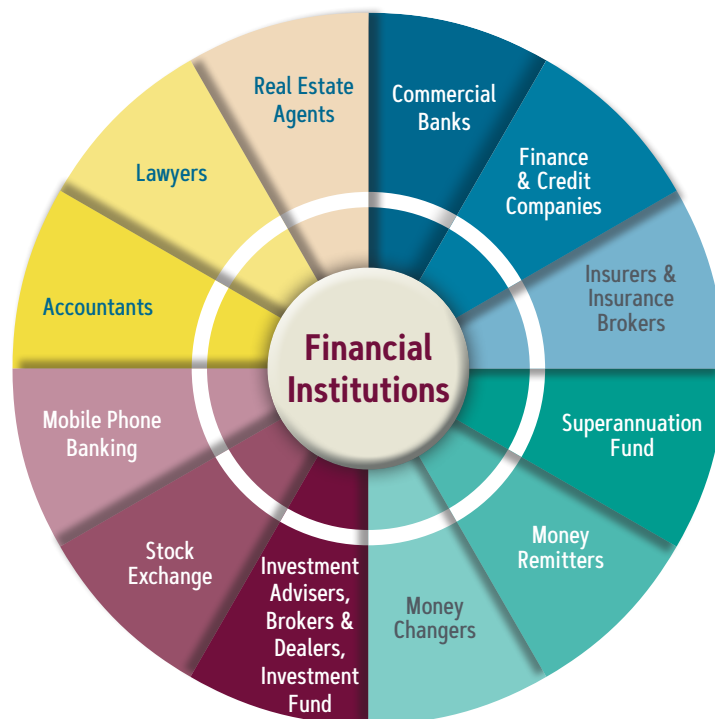
The FIU promotes a "risk-based" approach to implementing the FTR Act and provides guidance to financial institutions to comply through issuance of policies and provision of training.

The requirements in the FTR Act, commonly referred to as "preventive measures" are based on international AML/CFT standards, the Financial Action Task Force (FATF) Recommendations.

Entities and businesses that are required to comply with the requirements of the FTR Act include:

- i. financial institutions such as, commercial banks, insurance companies and intermediaries, finance companies, money remitters, money changers, investment advisors, brokers and dealers, unit trust or managed funds, mobile phone banking service providers; and
- ii. other DNFBPs, 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 institutions" under the law.



### AML Guidelines and Policy Advisories

In 2017, the FIU continued to provide financial institutions with advice and guidance on the requirements under the FTR Act and Regulations.

The FIU provides advisories and guidelines aimed at helping financial institutions gain a better understanding of their obligations under the laws. During 2017, the FIU drafted Guidelines detailing requirements on dealing with higher risk countries, risk assessment for new technologies or products, and politically exposed persons. These Guidelines will be finalised in 2018.

Appendix 1 lists the Guidelines issued by the FIU to date. The Guidelines provide detailed guidance on the requirements under the FTR Act relating to suspicious transaction reporting, cash transaction reporting and customer identification and verification.

Appendix 2 lists the Policy Advisories issued to date by the FIU. These Policy Advisories address very specific issues relating to the FTR Act.

The FIU also provides policy advice on an ad-hoc basis, as and when requested by financial institutions. In 2017, the FIU issued 28 ad-hoc policy advisories explaining various requirements of the FTR Act and Regulations.

To ensure consistent application and understanding of FTR requirements across all the covered financial institutions, the FIU disseminates its policy advisories to all the institutions.

### Ad-hoc Policy Advisories Issued by FIU 2017

Nature of Advisory	Number of Ad-hoc Advisories Issued
Customer Due Diligence Requirements	10
Transaction Reporting Requirements	11
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	7
<b>TOTAL</b>	<b>28</b>

Source: Fiji FIU

The FIU held forums for AML Compliance Officers of banks, finance companies and restricted foreign exchange dealers during the year. These forums provided a platform for the FIU to update the AML Compliance Officers on new AML developments and money laundering trends and to clarify policy requirements.

During 2017, the FIU increased its efforts to engage with the real estate sector to ensure their compliance with the FTR Act and Regulations. The FIU established formal link with the Real Estate Agents Licensing Board (REALB) through the signing of a MOA. This MOA enables the FIU and REALB to exchange information for the purpose of regulating the real estate sector. The FIU was also involved in consultations undertaken by the REALB on the draft REALB Regulations.

### Laws and Regulations

In 2017, Parliament passed amendments to the FTR Act and Regulations. These amendments provide stronger and clearer penalties for breaches of the Act and Regulations. The amendments also provide the FIU with powers to enforce compliance with the FTR Act and Regulations. The amendments also make the guidelines, instruction notices and directives that are issued by the FIU enforceable. Refer to Appendix 3 for the Amendments to the FTR Act and Appendix 4 for Amendments to the FTR Regulations.

The Parliament also passed amendments to the Public Order Act in 2017. These amendments prohibits persons including financial institutions from dealing with "specified entities." A "specified entity" is defined under the Public Order Act as an entity –

- (a) *that has knowingly committed, attempted to commit, participated in committing or facilitated the commission of a terrorist act;*
- (b) *that has knowingly committed, attempted to commit, participated in the commission or facilitation of the proliferation of weapons of mass destruction;*

- (c) *is knowingly acting on behalf of, at the direction of, or in association with, an entity mentioned in paragraph (a); or*
- (d) *other than an individual, is wholly owned or effectively controlled directly or indirectly by an entity mentioned in paragraph (a) or (b).*

The amendment to the Public Order Act enables Fiji to comply with FATF requirements on combating terrorist financing. In 2017, the Government also passed a Gazette Notice which declares that the FIU must publish in its website giving notice of the list of United Nations (UN) specified entities. The FIU now publishes of this list of UN specified entities for the purpose of informing financial institutions the UN listed specified entities that they must not deal with. Refer to [www.fijifiu.gov.fj](http://www.fijifiu.gov.fj)

### FIUs Appearance before Parliament Standing Committees

In 2017, the FIU appeared before several Parliament Standing Committees on its deliberations on matters referred to it by Parliament.

### Submissions to Parliamentary Sub-Committees

Date	Committee	Purpose
30 March	Standing Committee on Foreign Affairs and Defence	United Nations Convention Against Transnational Organised Crime
9 May	Standing Committee on Foreign Affairs and Defence	Multilateral Convention To Implement Tax Treaty Measures To Prevent Base Erosion and Profit Shifting
25 May	Standing Committee on Foreign Affairs and Defence	United Nations Convention Against Transnational Organised Crime
3 October	Standing Committee on Economic Affairs	FIU Annual Report 2016



Presentation before the Standing Committee on Foreign Affairs and Defence on the Multilateral Convention To Implement Tax Treaty Measures



Presentation before the Standing Committee on Foreign Affairs and Defence on the United Nations Convention Against Transnational Organised Crime

### Supervision of Financial Institutions for Compliance with the FTR Act

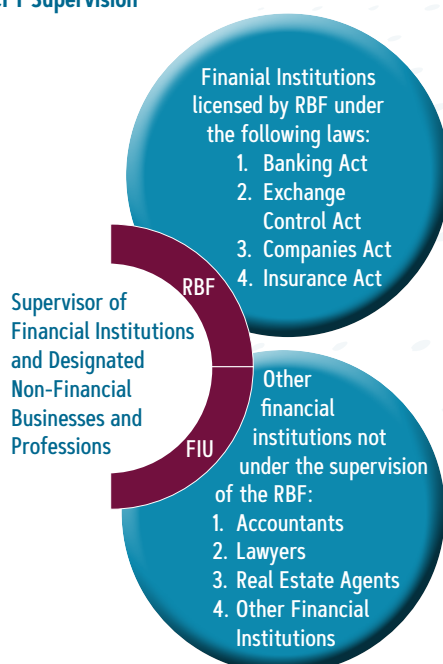
The FIU and RBF are required under the FTR Act to supervise and ensure that financial institutions comply with the FTR Act and Regulations.

The FIU's compliance program for 2017 was focussed on offsite assessment and review of transaction reporting and record keeping obligations of financial institutions in Fiji. The FIU relied on the onsite supervision program of the RBF to assess the compliance of RBF licensed financial institutions with the FTR Act and Regulations.

The FIU provided follow-up guidance to law firms and accounting firms that were subject to onsite examinations in 2016.

The FIU provided policy advice to RBF supervisors as and when needed on AML/CFT compliance issues. The FIU also provided assistance to the RBF on AML/CFT section of the onsite examinations of RBF licensed financial institutions.

### AML/CFT Supervision



### Training and Awareness Programs for Financial Institutions

In 2017, the FIU provided training and awareness presentations to various financial institutions which were attended by a total of 202 employees. The training covered the financial institutions' obligations under the FTR Act and Regulations.

#### Training to Financial Institutions 2017

Sector	Number of Employees
Remittance Service Providers	50
Finance Companies	15
Law Firms	64
Insurance and Superannuation	73
<b>TOTAL</b>	<b>202</b>

Source: Fiji FIU

### D. DOMESTIC COORDINATION AND ENGAGEMENT

#### National AML Learning Centre

The FIU continued to manage and provide administrative support for the National AML Learning Centre during 2017. The Centre offers computer based courses on money laundering and other topics such as, human trafficking, precursor chemicals and advanced search techniques, dealing with informants, undercover operations, financial interviewing, interdiction techniques, risk management and understanding intelligence.

The computer based courses available at the Centre were developed by the United Nations Office on Drugs and Crime (UNODC) using subject experts from around the world.

A total of 30 officials from various government agencies and financial institutions enrolled for courses at the Centre during 2017. Some officials had enrolled in more than one course.

22 officials completed courses at the Centre during 2017. Some officials completed more than one course.

#### CBT Courses Completed

CBT Course Completed	2013	2014	2015	2016	2017
Money Laundering Course	11	72	68	45	21
Advanced Money Laundering Course	5	13	15	3	8
Other Courses	6	7	5	7	0
<b>TOTAL</b>	<b>22</b>	<b>92</b>	<b>88</b>	<b>55</b>	<b>29</b>

Source: Fiji FIU



At the end 2017, a total of 303 officers have completed the specialised courses at the Centre since it was established in 2010.

#### Number of Official Completed Courses 2013-2017

Year	2013	2014	2015	2016	2017	TOTAL (since 2010)
Number of Officials	11	74	68	50	22	303

Source: Fiji FIU

The UNODC has recently developed and rolled out online courses on the above topics. In 2017, the FIU coordinated the enrolment of officials for these online courses. In 2017, 193 students enrolled for the UNODC online courses. Due to the demand for the online AML courses, there has been a decline in the number of officials enrolling for courses at the CBT Center. Thus, in November 2017, the CBT Center was formally closed.

#### National AML Council

The FIU continued to provide secretarial support for the National AML Council and its three AML Working Groups (*Legal Working Group; Supervisors and Regulators Working Group; and Law Enforcement Working Group*).

While there were no meetings of the National AML Council during 2017, it continued to progress key national outputs during the year. Its work was also supported by the three AML Working Groups (*Refer to section on National AML Council for more information*).

The Director FIU is a member of the National AML Council and participated in the Council's activities for 2017. Other FIU staff also actively contributed to the work of the AML Working Groups.

A key initiative for the National AML Council in 2017 was the compilation of Fiji's first follow-up report to the APG. The report outlined how Fiji has addressed key recommendations of the 2016 Fiji mutual evaluation report.

The FIU also provided advice during the year to the Council on FATF's global survey on terrorism financing, its impact on Fiji and how the legal gaps identified by FATF could be addressed. In 2016, the Council approved expenditures for two key agencies, namely the FPF and FRCS, funded from the Forfeited Asset Fund. The FIU liaised with the relevant agencies in 2017 to facilitate the processing of these expenditures and the draw down from the Forfeited Asset Fund.

The FIU also provided regular updates to the National AML Council on the progress of these two important national projects.

The Council also organised capacity building and training program in 2017 as follows:

- Money Laundering Investigation and Prosecution Training Workshop: 19-22 June 2017.

This was attended by 30 participants representing the various relevant law enforcement (investigative, prosecution and intelligence agencies) who are engaged in the fight against money laundering and other complex financial crimes in Fiji.



Participants and facilitators of the Money Laundering Investigation and Prosecution Training Workshop 2017

#### Fiji's Mutual Evaluation

Fiji's mutual evaluation report was finalised and tabled at the 2016 APG Annual Meeting. The mutual evaluation report outline the findings of an assessment held in 2015 of Fiji's compliance with the international AML/CFT standards, the FATF Recommendations.

The mutual evaluation report provides key gaps and deficiencies for Fiji to address. These include, among others: (1) revisions of current laws such as the FTR Act, Proceeds of Crime Act, Public Order Act, Extradition Act and Police Act; (2) seeking additional powers for law enforcement agencies and strengthening the resources of key government agencies such as the Fiji Police Force; and (3) enhancing preventive measures particularly for lawyers, accountants and real estate agents.

In 2017, the FIU with the assistance of the Office of Solicitor General finalised revisions to the FTR Act and Regulations to address deficiencies identified in the mutual evaluation report relating to sanctions for breaches of AML requirements.

The FIU also assisted the Office of the Solicitor General in the review and amendment of the Public Order Act. Amendments to the Public Order Act now introduces a legal and operational framework for imposing targeted financial sanctions related to terrorism financing and proliferation financing for weapons of mass destruction. The revisions to the law addresses key gaps that were identified in the 2016 mutual evaluation report for Fiji. The FIU also worked with the Office of the Solicitor General to implement the new provisions of the Public Order Act.

### Memorandum of Agreement with Partner Agencies

The FTR Act provides the FIU with the mandate to enter into MOAs with other agencies. The MOAs allows the FIU to exchange information and enhance networking and cooperation with domestic partner agencies.

During 2017, the FIU signed an MOA for the exchange of information with the REALB. The MOA will assist the FIU to effectively coordinate compliance and regulate the real estate agents under the FTR Act. The real estate agents have similar responsibilities like the commercial banks and other non-bank financial institutions under the FTR Act to ensure that their services are not abused for conducting fraudulent and money laundering transactions.



Signing of the MOA between FIU and REALB. From left Razim Buksh, Director FIU and Virisila Tuimanu, Acting CEO REALB

This brings to 12 the total number of MOAs that the FIU has signed with local partner agencies.

### Seconded Officers to the FIU

In 2017, authorised officers from FRCS and FICAC continued to access directly the FIU database for the purpose of gathering intelligence on persons or entities of interest who are subject to their investigations. This arrangement was provided under MOAs signed with FRCS and FICAC.

Three officers from the FIU's partner agencies continued to be seconded with the FIU during 2017 as provided under the MOA arrangement. Two of the seconded officers are from FRCS and one officer is from the Fiji Police Force.



Secondment Officers for 2017 from left: Salote Yanuyanutawa (FRCS); Constable Jale Raguru (FPF); Rosalie Sokoiwasa (FRCS)

### MOAs with Domestic Partner Agencies

Agency	Date MOA Signed	Type of MOA
Immigration Department	12 July 2007	Information exchange
FRCS	28 November 2007	Information exchange and secondment of two staff with the FIU
	12 September 2014 (amendment)	Direct access to FIU database
Fiji Police Force	24 January 2008	Information exchange and secondment of a staff with the FIU
	11 December 2014 (amendment)	Direct access to FIU database
Investment Fiji	13 June 2008	Information exchange
Ministry of Justice	3 July 2008	Information exchange
Land Transport Authority	5 October 2009	Information exchange
FICAC	3 November 2009	Information exchange
Joint Taskforce RBF/FRCS/FIU	14 April 2010	Information exchange
Maritime Safety Authority of Fiji	16 August 2012	Information exchange
RBF	17 April 2014	Information exchange
Fijian Elections Office	11 August 2016	Information exchange
REALB	24 April 2017	Information exchange

Source: Fiji FIU

### NCLASA

The Director of the FIU is a member of the National Combined Law and Security Agencies (NCLASA) Committee. NCLASA is Fiji's national information sharing framework on security issues comprising approximately 38 agencies with the Ministry of Defence as the epicentre. The NCLASA framework is to inevitably provide appropriate responses to the security challenges, domestically and internationally, and to create a conducive environment for co-operation and information sharing between members of Agencies.

The FIU participated in the meetings and deliberation of NCLASA during the year.

### Unexplained Wealth Taskforce

The Unexplained Wealth Taskforce met three times during 2017. The Taskforce is made up of representatives from the FIU, Fiji Police Force, FRCS and FICAC. The objective of the Taskforce is to enable these member agencies to network and collaborate on cases of unexplained wealth.

The FIU also coordinated a training workshop on investigating unexplained wealth for 30 officers from various law enforcement agencies (from Fiji Police, ODPP; FICAC; FRCS; Immigration Department, FIU and the Solicitor General's Office). The APG and the Australian Federal Police facilitated this training workshop.

### Cyber Security Working Group

The FIU is part of Fiji's national cyber security working groups on technical, legal and security issues. In 2017, FIU was part of a Fijian delegation onsite visit to Computer Emergency Response Team (CERT) Australia to gather insight on the functions and set-up of a national CERT. The FIU was also part of consultations on Fiji's National Security Strategy.

### Counter Terrorism Officials Working Group

The FIU is a member of the Counter Terrorism Officials Working Group (CTOG), a national Working Group which is responsible for developing and implementing Fiji's counter terrorism strategy. During 2017, the FIU continued to contribute to the meetings and work of CTOG.

### Training and Awareness Programs for Law Enforcement Agencies

The FIU continued to provide training and awareness briefings to law enforcement agencies during the year on money laundering and the role and functions of the FIU. A total of 80 law enforcement officials attended these training sessions.

#### FIU Training Provided to Law Enforcement Agencies and Prosecutors in 2017

Date	Particular of Training	Participating Agencies	Number of Participants
25 April	Role of FIU	FPF	30
8 August	Role of the FIU and Trade Based ML	FRCS	30
14 December	Combatting Money Laundering and Financial Crimes in Fiji	FPF	20
<b>TOTAL</b>			<b>80</b>

Source: Fiji FIU

## E. INTERNATIONAL ENGAGEMENT AND CONTRIBUTION

### Fiji Mutual Evaluation - Progress Update

Fiji's mutual evaluation report was tabled at the 2016 APG Annual Meeting. The mutual evaluation report outlines the findings of an assessment held in 2015 of Fiji's compliance with the international AML/CFT standards, the FATF Recommendations. The 2016 mutual evaluation report noted that Fiji had 23 non-compliant/partially compliant ratings with the FATF 40 Recommendations and 11 low or moderate levels of effectiveness on the 11 immediate outcomes on effectiveness.

The mutual evaluation report provides key gaps and deficiencies for Fiji to address. These include, among others: (1) revisions of current laws such as the FTR Act, Proceeds of Crime Act, Public Order Act, Extradition Act, and Police Act; (2) seeking additional powers for law enforcement agencies and strengthening the resources of key government agencies such as the Fiji Police Force; and (3) enhancing preventive measures particularly for lawyers, accountants and real estate agents.

In 2017, Fiji was required to provide a detailed progress report to APG to report on what measures it had taken to address the key deficiencies outlined in the mutual evaluation report. The FIU coordinated the compilation of this detailed progress report which required input from the various agencies of Government. Fiji's detailed progress report was tabled and discussed at the 2017 APG Annual Meeting.

The progress report to APG noted the measures that Fiji had taken to strengthen its laws, namely, the coming into force of the new Companies Act and Regulations, the amendment to the FICAC Act, amendments to the FTR Act and Regulations and the amendments to Public Order Act.

The APG membership noted the progress made by Fiji in strengthening its AML/CFT framework via the amendments of these laws. Therefore, the APG upgraded Fiji's technical compliance ratings for eight FATF Recommendations (which were previously rated as non-compliant or partially compliant in the 2016 mutual evaluation report) to largely compliant or compliant.

The FIU liaised closely with the APG secretariat in the discussions leading up to the discussion of Fiji's detailed progress report at the 2017 APG Annual Meeting and the subsequent upgrade in Fiji's compliance ratings.

Fiji submitted its first Follow-Up Report on 31 January 2017 and requested re-ratings of the following 16 Recommendations:

- 1** ➤ R.1 – Assessing risk and applying a risk-based approach
- 2** ➤ R.5 – Terrorist financing offence
- 3** ➤ R.6 – Targeted financial sanctions related to terrorism & terrorist financing
- 4** ➤ R.7 – Targeted financial sanctions related to proliferation
- 5** ➤ R.10 – Customer due diligence
- 6** ➤ R.11 – Record keeping
- 7** ➤ R.15 – New technologies
- 8** ➤ R.16 – Wire transfers
- 9** ➤ R.17 – Reliance on third parties
- 10** ➤ R.18 – Internal controls and foreign branches and subsidiaries
- 11** ➤ R.22 – DNFBPs: Customer due diligence
- 12** ➤ R.23 – DNFBPs: Other measures
- 13** ➤ R.24 – Transparency and beneficial ownership of legal persons
- 14** ➤ R.25 – Transparency and beneficial ownership of legal arrangements
- 15** ➤ R.28 – Regulation and supervision of DNFBPs
- 16** ➤ R.35 – Sanctions

The APG noted that Fiji has made considerable progress on technical compliance with the introduction of new legislation including (i) the Public Order (Amendment) Act 2017 (POA), (ii) the FTR (Amendment) Act 2017 (FTR Act), (iii) the Companies Act 2015, and (iv) the FICAC (Amendment) Act 2016 (FICAC Act).

The APG review team concluded that progress to “Compliant” has been made on two of the 16 Recommendations subject to re-rating and progress to Largely Compliant on six Recommendations. Eight of the 16 Recommendations requested for re-rating remain at “Non-compliant/Partially Compliant”. Of the 13 Recommendations (criteria for enhanced follow-up expedited), only two remain at “Non-compliant/Partially Compliant” with all five “core” Recommendations now “Compliant or Largely Compliant”. For the other 17 Recommendations rated “Non-compliant/Partially Compliant” in the Mutual Evaluation Report, only 13 remain at “Non-compliant/Partially Compliant”. Overall, 15 of the 40 Recommendations remain at “Non-compliant/Partially Compliant”.

It was noted that there was sufficient progress for Fiji to exit enhanced follow-up (expedited) and to be placed on enhanced follow-up. Fiji nevertheless still meets the criteria for enhanced follow-up (i.e. eight or more “Non-compliant/Partially Compliant” ratings, low/moderate for seven or more of 11 immediate outcomes, or low for five or more of the 11 immediate outcomes). It will not be able to exit enhanced follow-up until the onsite visit five years after adoption of the Mutual Evaluation Report (i.e. 2021), as re-rating on effectiveness is permitted only at that time.

On effectiveness, Fiji has improved its supervisory regime by amending the FTR Act and Regulations 2017 to provide the FIU with the powers to enforce compliance with the FTR Act. On investigation of money laundering and financial crimes, Fiji has strengthened operational coordination between law enforcement agencies through the inter-agency committees of the Unexplained Wealth Taskforce and the AML Law Enforcement Working Group. Fiji has also addressed gaps in its confiscation regime by providing the FICAC with the mandate to recover criminal proceeds under the FICAC (Amendment) Act 2016. These measures provide a strong foundation upon which to increase effectiveness.

Refer: APG website: <http://www.apgml.org/includes/handlers/get-document.ashx?d=968629e6-8ec2-4718-ba2a-2a60f339e918>



## Fiji's Compliance Ratings and Upgrades

Recs	Topic Technical Compliance	Rating as per MER October 2016	Rating Upgrade in July 2017 APG Plenary	Current Rating as at December 2017
1	Assessing Risks & Applying a Risk-Based Approach	PC	LC	LC
2	National Co-operation & Co-ordination	PC		PC
3	ML offence	LC		LC
4	Confiscation & Provisional Measures	C		C
5	Terrorist Financing offence	PC	C	C
6	Targeted Financial Sanctions related to Terrorist Financing	NC		PC
7	Targeted Financial Sanctions related to proliferation	NC		PC
8	Non Profit Organisations	PC		PC
9	Financial Institutions secrecy laws	C		C
10	Customer Due Diligence	PC	LC	LC
11	Record Keeping	PC	C	C
12	Politically Exposed Persons	PC		PC
13	Correspondent Banking	C		C
14	Money or Value Transfer Services	C		C
15	New Technologies	PC		PC
16	Wire transfers	PC	LC	LC
17	Reliance on third parties	PC	LC	LC
18	Internal controls	PC	LC	LC
19	High risk countries	NC		NC
20	Reporting of suspicious transactions	LC		LC
21	Tipping off and confidentiality	LC		LC
22	Designated Non-financial businesses and professions (DNFBP)	NC		PC
23	DNFBP- Other Measures	PC		PC
24	Transparency and beneficial ownership of legal persons	PC		PC
25	Transparency and beneficial ownership of legal arrangements	PC		PC
26	Regulation and Supervision of Financial Institutions	LC		LC
27	Powers of Supervisors	LC		LC
28	Regulation and Supervision of DNFBPs	PC		PC
29	FIU	C		C
30	Responsibility of Law Enforcement & Inv Authorities	C		C
31	Powers of Law Enforcement & Inv Authorities	LC		LC
32	Cash Couriers	LC		LC
33	Statistics	PC		PC
34	Guidance feedback	LC		LC
35	Sanctions	PC	LC	LC
36	International instruments	PC		PC
37	Mutual legal assistance	LC		LC
38	MLA Freezing and confiscation	C		C
39	Extradition	PC		PC
40	Other forms of International Cooperation	LC		LC
KEY	NC- Not Compliant      PC- Partially Compliant      LC – Largely Compliant      C - Compliant			
	<b>Immediate Outcomes</b>			
10.1	Risk, policy and coordination	Moderate		Moderate
10.2	International cooperation	Moderate		Moderate
10.3	Supervision	Moderate		Moderate
10.4	Preventive measures	Moderate		Moderate
10.5	Legal persons and arrangements	Low		Low
10.6	Financial intelligence	Moderate		Moderate
10.7	ML investigation & prosecution	Moderate		Moderate
10.8	Confiscation	Low		Low
10.9	TF investigation & prosecution	Low		Low
10.10	TF preventive measures & financial sanctions	Low		Low
10.11	PF financial sanctions	Low		Low

## Memorandum of Agreements with Foreign FIUs

The FIU may enter into MOAs with foreign FIUs or law enforcement agencies for the exchange of information relevant to the investigation or prosecution of a money laundering offence, terrorist financing offence or any other serious offence.

During 2017, the FIU signed MOAs with the FIUs of the Republic of Marshall Islands and Cambodia. The FIU has signed MOAs with 29 foreign FIUs to date.

### MOAs with Foreign FIUs

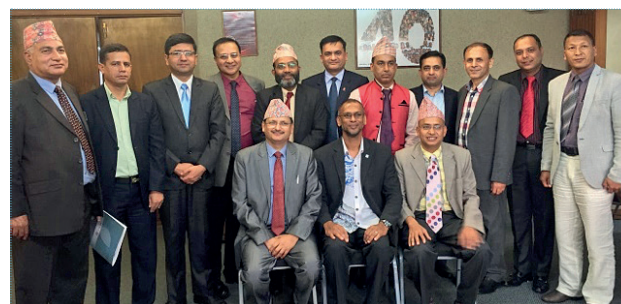
Country	Name of FIU	Date
Australia	Australian Transactions Reports and Analysis Centre	19 May 2011
Bangladesh	Financial Intelligence Unit	9 June 2015
Belgium	Financial Intelligence Unit	3 September 2012
Brazil	Council for Financial Activities Control	3 July 2013
Cambodia	Cambodia FIU	5 December 2017
Canada	Financial Transactions and Reports Analysis Centre of Canada	12 July 2011
Cook Islands	Cook Islands FIU	21 July 2011
France	The Unit for Intelligence Processing and Action Against Illicit Financial Networks	12 July 2011
India	India FIU	5 June 2014
Indonesia	Indonesian Financial Transaction Reports and Analysis Center	10 July 2009
Israel	Israel Money Laundering Prohibition Authority	6 February 2013
Japan	Financial Intelligence Centre	9 June 2015
Korea	Korea FIU	6 May 2011
Lebanon	Special Investigation Commission	5 June 2014
Macau SAR China	Financial Intelligence Office	6 and 13 March 2012
Malaysia	Unit Perisikan Kewangan, Bank Negara Malaysia	3 February 2010
Philippines	The Anti-Money Laundering Council, The Financial Intelligence Unit of the Republic of the Philippines	13 July 2011
Papua New Guinea	Papua New Guinea FIU	8 December 2011
Samoa	Samoa FIU	8 March 2013
Solomon Islands	Solomon Islands FIU	12 July 2011
South Africa	Financial Intelligence Centre	11 July 2012
Sri Lanka	Financial Intelligence Unit of Central Bank of Sri Lanka	21 July 2011
Republic of China (Taiwan)	Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice	10 July 2012
Republic of Marshall Islands	Banking Commission-Financial Intelligence Unit	24 July 2017
Russia	Federal Financial Monitoring Service (Russian Federation)	28 June 2013
Thailand	The AML Office of the Kingdom of Thailand	25 October 2011
United Kingdom	The Serious Organised Crime Agency	12 July 2011
	United Kingdom FIU	5 June 2014 (Amendment)
United States of America	The Financial Crimes Enforcement Network	12 July 2011
Vanuatu	Vanuatu FIU	8 March 2013

Source: Fiji FIU

## Knowledge Exchange Visit by Nepalese Government Officials

In 2017, the FIU hosted a high-level Nepalese Government delegation as part of an AML/CFT knowledge exchange program.

The Nepalese delegation comprising of 14 senior officials from the Department of Money Laundering Investigation, Ministry of Finance, Ministry of Law, Justice and Parliamentary Affairs, Financial Information Unit, Security Board and Insurance Board of Nepal met with various government and private sector stakeholders.



Nepalese Government Officials Knowledge Exchange Visit to FIU

The objective of the high-level visit was for the Nepalese officials to gather insight about Fiji's AML/CFT framework and implementation experiences. The delegates met with relevant Fijian Government agencies including the FIU, RBF, law enforcement and prosecution agencies, Ministry of Justice and some private sector financial institutions. The officials were also briefed on Fiji's experience and challenges in the recent mutual evaluation and the national ML/FT risk assessment during the one week visit.

## Association of Pacific Island FIUs

The Fiji FIU is a member of the Association of Pacific Island FIUs (APIFIU). APIFIU was established in 2011 and currently has 12 FIUs as its members namely the FIUs of Cook Islands, Fiji, Nauru, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Vanuatu and Kiribati. The FIU contributed to the activities of APIFIU and participated in its meeting during the year.

Under the APIFIU regional cooperation program, the Fiji FIU provided a one week work attachment during 2017 for officers from the FIUs of the Papua New Guinea, Samoa and the Solomon Islands. The objective of the attachment was to strengthen capacity building and enhance knowledge of participating FIU's experience which they can implement or adapt to their own systems and processes when they return home.



Officers from Pacific Island FIUs on work attachment with the Fiji FIU. From left to right: Oliver Muala, Solomon Islands FIU; Naite Lolenese, Samoa FIU; Avaneesh Raman, Fiji FIU; Mark Buga, Solomon Islands FIU; Doa Murray, PNG FIU

The officers studied the operations of the Fiji FIU and had the opportunity to visit a local law enforcement agency and selected financial institutions to observe the intelligence; networking and regulatory role the FIU has in Fiji.

In 2017, the FIU also provided technical assistance to the FIU of the Republic of Marshall Islands. The technical assistance program consisted of a two week mission of a Fiji FIU staff to the Marshall Islands FIU to conduct training for financial institutions and provide mentoring to the Marshall Islands FIU on developing FIU operating procedures and in conducting strategic and tactical analysis.



Avaneesh Raman (Fiji FIU) on a Technical Assistance Mission to the Republic of Marshall Islands FIU

The FIU continued to provide ongoing off-site information technology technical assistance to the Cook Islands FIU. The FIU also provided advice during the year to regional FIUs on various aspects of Fiji's AML/CFT framework.



### Asia Pacific Group on Money Laundering

Fiji is a member of the APG, an autonomous and collaborative international organisation currently comprising 41 member countries.

The FIU liaised closely with the APG during 2017 on various national outputs including on the amendment of Fiji's laws, namely the FTR Act, FTR Regulations and the Public Order Act to comply with the international AML standards.

During 2017, the FIU participated in other APG activities as follows:

- attended the APG Annual Plenary Meeting held in Colombo, Sri Lanka;
- participated in various APG surveys and contributed to discussion papers;
- participated as an assessor in an APG led mutual evaluation of Cook Islands.



The Fiji delegation to the APG Annual Meeting 2017. From left to right: Sam Savumiramira (FICAC); Muni Ratna (FRCS); Mehzabeen Khan (ODPP); Razim Buksh (FIU); Sophina Ali (Office of the Solicitor General); Aiyaz Ali (FPF)

The FIU also prepared and submitted Fiji's country report and technical assistance report for the 2017 APG Annual Plenary Meeting.



APG Mutual Evaluation Assessment team including Avaneesh Raman (Fiji FIU) with Cook Islands officials during the onsite visit in 2017

The FIU continued to liaise with the APG on various AML/CFT issues relevant to Fiji during the year.



#### Egmont Group

The FIU is a member of the Egmont Group of FIUs. The Director FIU completed his term as the regional representative

of the Asia and Pacific region of the Egmont Group during 2017. The FIU also continued to participate in the other activities of the Egmont Group during 2017. This included contributing to Egmont surveys conducted, reviewing and providing comments on Egmont governance papers, projects and questionnaires.

As a member of the Egmont Group of FIUs, the Fiji FIU is committed to sharing information with other Egmont Group members. During 2017, the FIU continued to provide assistance and information to other Egmont Group members upon request via the Egmont Secure Website (ESW).

#### Information Exchanges with Other FIUs 2013-2017

	2013	2014	2015	2016	2017
Number of requests made to Fiji FIU	10	18	22	11	25
Number of requests made by Fiji FIU	3	8	6	7	10

Source: Fiji FIU



#### Alliance for Financial Inclusion

The FIU is a member of the Alliance for Financial Inclusion (AFI) Global Standards Proportionality Working Group (GSPWG). The aim of GSPWG is to provide a platform to facilitate peer learning on issues policymakers and regulators face in achieving a balance between financial inclusion, integrity and stability and to examine the proportionate implementation of the global standards set by global standard setting bodies. The FIU participated in the meetings of the GSPWG and the AFI Global Policy Forum which was held in Egypt.



## 5 OPERATIONAL GOVERNANCE AND COMMUNICATION

### Professional Development of Staff

During the year FIU staff attended various workshops, technical forums and meetings. The FIU also provided on-the-job training to new secondment staff from FRCS and the FPF who joined the FIU during the year as part of the secondment rotation program.

### Trainings, Meetings and Conventions 2017

Month	Course	Venue	Organiser
February	Egmont Committee Meeting	Doha, Qatar	Egmont Group
	NCLASA Workshop	Suva, Fiji	Ministry of Defence and National Security
June	Fundamentals of Intelligence Analysis	Suva, Fiji	Ministry of Defence and National Security
	Money Laundering and Criminal Asset Confiscation Investigation and Prosecution Training	Suva, Fiji	APG
July	Egmont Group Plenary	Macao	Egmont Group
	APG Annual Plenary	Colombo, Sri Lanka	APG
August	Corruption in Natural Resources Training	Suva, Fiji	FICAC
	Computer Emergency Response Team (CERT) On-site Visit	Brisbane, Australia	CERT Australia
September	AFI GSP Working Group meeting and Global Policy Forum	Cairo, Egypt	AFI
October	Strategic Analysis Workshop	Kuala Lumpur, Malaysia	Egmont Group
November	Cook Islands Mutual Evaluation Onsite Visit	Cook Islands	APG
	Fiji-Australia Cybersecurity Dialogue	Nadi, Fiji	
	3rd Regional Counter-Terrorism Financing Summit	Kuala Lumpur, Malaysia	APG/AUSTRAC
	Regional Workshop on The Exploitation of Non-Profit Organisations for Terrorist Finance	Kuala Lumpur, Malaysia	APG
December	Regional Workshop on Fintech and Risk-based Approach	Seoul, South Korea	APG
	Attorney Generals' Conference	Sigatoka, Fiji	Office of the Attorney-General

Source: Fiji FIU

### Governance

The FIU continued to provide monthly reports on its operations to the Governor of the RBF. The FIU also provided regular updates to the National AML Council on key AML/CFT national initiatives and projects.

### Communication

The FIU uses the media and its website to communicate key AML/CFT initiatives to the general public. In 2017, the FIU issued three press releases on major AML/CFT events or issues.

The FIU also uses media interviews and the FIU Annual Report to provide awareness to the public on AML/CFT issues and the work of the FIU.

### Media Releases 2017

Date	Subject
24 April	REALB Partners with FIU to Address Money Laundering
17 May	Strengthening Partnership to Investigate Financial Crimes
14 July	FIU Annual Report 2016

Source: Fiji FIU

### Staffing

One staff resigned during the year. One additional new staff joined the FIU during the year. At the end of 2017, the FIU had nine permanent staff and three officers on secondment from partner agencies (one FPF officer and two FRCS officers).

The FIU also engaged a temporary worker as part of the RBF's and National Employment Centre attachment program. In 2017, three temporary workers were engaged with the FIU on short term attachment program.

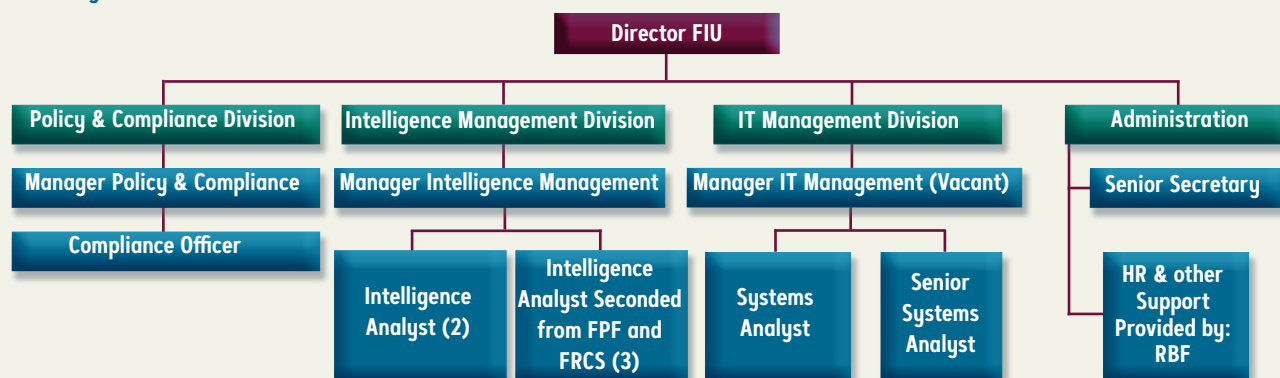
### Funding and Expenditure

The RBF continued to fund the operations of the FIU in 2017. The FIU's total expenditure for the period August 2016 to July 2017 was \$791,122.

The expenditure of the FIU is incorporated into the financial statements of the RBF and is audited as part of its annual accounts.

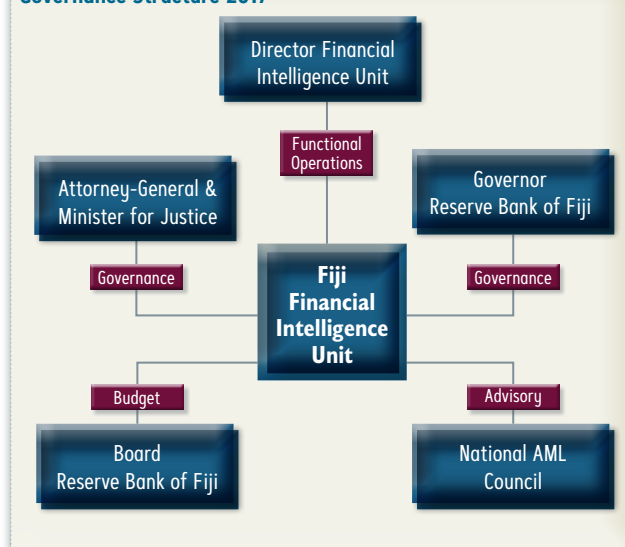
The RBF also provided other administrative support services to the FIU in 2017 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

### FIU Organisation Structure 2017



Source: Fiji FIU

### Governance Structure 2017



### Fiji FIU Information Management System Online [FFIMSO]

Financial institutions continued to use FFIMSO to report their transactions (STR; CTR; EFTR) electronically.

As at the end of 2017, 105 financial institutions had registered on FFIMSO.

### FFIMSO Registration

Sector	No of Reporting Entities Registered for On-Line Reporting to the FIU
Commercial Banks	6
Foreign Exchange Dealers & Money Remitters	9
Mobile Phone Money Remitters	2
Finance Companies	11
Law Firms	41
Insurance & Superannuation	10
Accounting Firms	8
Securities and Brokers	3
Real Estates	8
Others	7
<b>TOTAL</b>	<b>105</b>

Source: Fiji FIU

### FIU Funding and Expenditure 2013 - 2017

	2013	2014	2015	2016 (Jan-July) <sup>5</sup>	Aug 2016-Jul 2017
Operating Expenditure <sup>6</sup>	\$662,635	\$710,780	\$724,532	\$492,089	\$791,122
Capital Expenditure	\$36,339	\$16,852	\$45,854	-	-
<b>TOTAL</b>	<b>\$689,974</b>	<b>\$727,632</b>	<b>\$770,386</b>	<b>\$492,089</b>	<b>\$791,122</b>

Source: RBF

### Other Assistance Provided to the FIU

The FIU received indirect funding assistance from FRCS and the FPF through the secondment of their staff with the FIU in 2017. The salaries of the seconded officers were fully funded by their respective agencies.

In 2017, the FIU also received assistance from various organisations to fund staff attend technical AML/CFT trainings, conventions and meetings. These included the APG, AFI, AUSTRAC and the UNODC.

FFIMSO received an average of 153,771 financial transaction reports per month in 2017. As at the end of 2017, the FFIMSO database had received over 11 million financial transaction reports from financial institutions since online reporting commenced in 2008.

As at end of 2017, there were 126 authorised users of FFIMSO.

FFIMSO's ODDS web application was accessed by 88 AML Compliance Officers, 7,499 times during 2017. FFIMSO's TRAQ web application was accessed by 14 FIU officers, 1,966 times and 13 direct database access Officers, 275 times during 2017.

<sup>5</sup>Change in the RBF end of financial year from December to July.

<sup>6</sup>The Reserve Bank provides additional financial support for the FIU in the terms of office space and overhead costs.

## 6 NATIONAL AML COUNCIL

The National AML Council is established under section 35 of the FTR Act and is Fiji's national AML/CFT coordination committee.

The vision of the National AML Council is "an effective and efficient legal system and institutions to prevent and detect money laundering, terrorist financing and other serious financial crimes in Fiji."

The Council's missions are to:

- i. provide sound and timely advice to the Minister and other relevant stakeholders on the prevention of money laundering and terrorism financing;
- ii. promote a strong legal and institutional AML/CFT framework; and
- iii. facilitate networking and cooperation amongst relevant stakeholders.

The Council seeks to achieve these missions by:

- i. providing sound and timely advice to the Minister and other government agencies on policy and regulatory AML/CFT matters;
- ii. promoting a strong legal, policy and institutional framework to comply with international AML/CFT standards and best practices;
- iii. supporting institutions in their efforts to combat money laundering and terrorist financing;
- iv. encouraging and facilitating networking and cooperation between agencies; and
- v. providing advice to the FIU on AML/CFT issues.

The members of the National AML Council are:

- i. Permanent Secretary for the Ministry for Justice, as Chairperson;
- ii. Director of the ODPP;
- iii. Commissioner of Police;
- iv. Governor of the RBF;
- v. Chief Executive Officer of the FRCS; and
- vi. Director of the FIU.

The Council may invite other persons to attend the Council meetings. There are five invited members of the Council. These are:

- Director, Immigration Department;
- Permanent Secretary, Ministry of Economy;

- Permanent Secretary, Ministry of Defence, National Security and Immigration;
- Permanent Secretary, Ministry of Foreign Affairs; and
- Deputy Commissioner, FICAC.

The FIU is the secretariat to the Council.

### Functions of the Council

The functions of the Council are provided for in section 35(5) of the FTR Act and are:

1. to advise the FIU and the Minister on any matters relating to the prevention of money laundering or the financing of terrorism;
2. to make recommendations to the FIU and the Minister on any matter relating to the prevention of money laundering or the financing of terrorism;
3. to assist the FIU and the Minister in the formulation of policies or strategies relating to the prevention of money laundering or the financing of terrorism and
4. to assist the FIU in coordination between various Government departments and with statutory corporations.

### Council Working Groups

The National AML Council is supported in its work by three working groups, namely:

- i. Legal Working Group
- ii. Supervisors and Regulators Working Group
- iii. Law Enforcement Working Group

The terms of reference of each Working Group is determined by the Council. The Working Groups provide updates at the National AML Council meetings on its achievements.

The members of the Working Groups are representatives from relevant agencies who contribute towards Fiji's AML/CFT initiatives. The chairpersons of the Working Groups are elected by the members of the Working Group. The FIU is a member and provides the secretariat of the three Working Groups.

### Council's Activities in 2017

In 2017, the Council was involved in providing oversight over the completion of Fiji's first progress report to the APG. The report outlined the measures Fiji had taken since 2016 to implement the recommendations of the mutual evaluation report.

## NATIONAL AML COUNCIL MEMBERS 2017



**Sharvada Sharma**  
Solicitor-General and  
Acting Permanent Secretary for Justice



**Ariff Ali**  
Governor  
Reserve Bank of Fiji



**Visvanath Das**  
Chief Executive Officer  
Fiji Revenue and Customs Service



**Christopher Pryde**  
Director  
Office of the Director of Public  
Prosecutions



**Sitiveni Qiliho**  
Commissioner  
Fiji Police Force



**Razim Buksh**  
Director  
Financial Intelligence Unit

## NATIONAL AML COUNCIL INVITED MEMBERS 2017



**Osea Cawaru**  
Permanent Secretary  
Ministry of Defence and National Security



**Makereta Konrote**  
Permanent Secretary  
Ministry of Economy



**Ioane Naivalurua**  
Permanent Secretary  
Ministry of Foreign Affairs



**Nemani Vuniwaqa**  
Director  
Immigration Department



**George Langman**  
Deputy Commissioner  
Fiji Independent Commission Against  
Corruption



Key outputs driven by the National AML Council in 2017 were as follows:

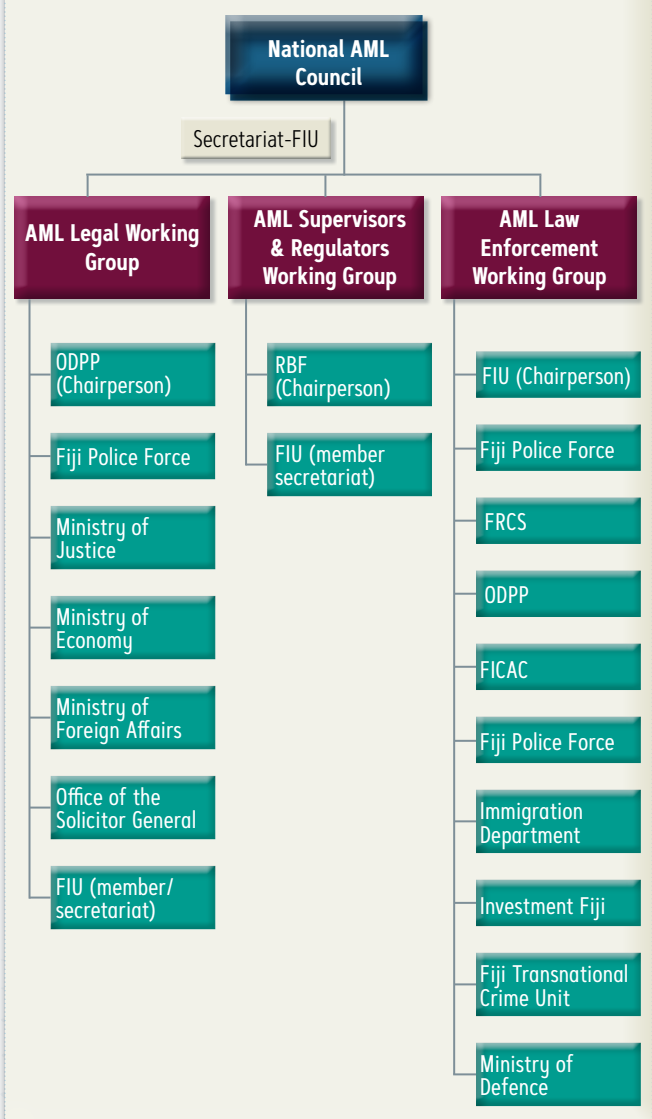
- The Council endorsed the review of relevant laws to address key deficiencies in the mutual evaluation report relating to targeted financial sanctions for TF and proliferation of weapons of mass destruction. This review was then undertaken by the Office of the Solicitor General and the FIU with the amendments to the Public Order Act and FTR Act being passed by Parliament in February 2017.
- Compilation and submission of Fiji's first progress report to APG;
- High-level Nepalese Government delegation as part of an AML/CFT knowledge exchange program.
- Issuance of the Gazette Notice to operationalise the implementation of the targeted financial sanctions relating to terrorism and terrorist financing under the Public Order Act;
- Ratification of the Palermo Convention;
- Endorsed capacity building programs for law enforcement agencies including the Money Laundering Investigation and Prosecution Training Workshop held in June 2017 and review of the non-profit organisation sector;
- Fiji's representation at the APG Annual Meeting in 2017 and discussions of Fiji's progress report.

AML Legal Working Groups	AML Supervisors & Regulators Working Group	AML Law Enforcement Working Group
<ul style="list-style-type: none"> <li>• To facilitate the review of relevant legislations to ensure that Fiji has an effective and globally acceptable legislative framework for combating money laundering and other related offences.</li> <li>• To facilitate the ratification of relevant international conventions.</li> <li>• To administer the forfeiture asset fund.</li> <li>• To facilitate matters relating to international assistance and extradition.</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate networking and sharing of information amongst regulators regarding the supervision of financial institutions for compliance with the FTR Act.</li> <li>• To conduct joint AML compliance programs.</li> <li>• To advise the Council on financial institutions compliance with legislative AML requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate networking amongst law enforcement agencies to enable:               <ol style="list-style-type: none"> <li>a) better sharing of information amongst agencies;</li> <li>b) the effective investigation and prosecution of money laundering and other related financial offences; and</li> <li>c) sharing of technical expertise and resources</li> </ol> </li> <li>• To advise the Council on issues relating to investigation and prosecution of money laundering and other related offences.</li> </ul>

Key outputs for the Working Groups were:

- training for RBF supervisors on the requirements of the FTR Act and Regulations;
- contribution to Fiji's first progress report to the APG.

#### National AML Council and Working Groups



#### Number of Working Group Meetings 2013-2017

Working Group	2013	2014	2015	2016	2017
Legal Working	4	7	5	1	1
Law Enforcement	3	4	2	1	2
Supervisors and Regulators	Ad-hoc meeting	Ad-hoc meeting	Ad-hoc meeting	Ad-hoc meeting	1

Source: Fiji FIU



■ Nepalese Government delegation's visit to Fiji 2017

# 7 APPENDICES

## APPENDIX 1: GUIDELINES ISSUED BY THE FIU

Guideline Reference	Title	Date Issued	Purpose of Guideline
Guideline 1	Suspicious Transactions	26 October 2007	To provide guidance on how to identify suspicious transactions and report these suspicious transactions.
Guideline 2	Reporting a Suspicious Transaction by Paper	26 October 2007	To provide guidance to financial institutions on how to complete a "suspicious transaction report" form.
Guideline 3	Reporting Cash Transactions of \$10,000 or above by Paper	22 May 2009	To provide guidance to financial institutions on how to report cash transactions of \$10,000 and above using the paper report forms
Guideline 4	Customer Identification and 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.
Guideline 5	Risk Assessment of New Products, New Business Practices and Technologies	2018 TBC	Requires financial institutions identify and assess the money laundering, terrorist financing and proliferation financing risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms.
Guideline 6	Dealing with Higher Risk Countries	2018 TBC	Outlines further requirements relating to dealing with higher risk countries and countries that have been identified as having inadequate systems in place to detect or prevent money laundering, terrorist financing and proliferation financing risks emanating from these countries.
Guideline 7	Politically Exposed Persons	2018 TBC	Outlines requirements for dealing with domestic politically exposed persons and international organisation politically exposed persons.
Guidelines Issued by the RBF			
Banking Supervision Policy No. 6	Minimum Requirements for Licensed Financial Institutions for the Management of Money Laundering and Terrorist Financing Risk	November 2014	The Policy sets out the minimum requirements on establishing a risk management framework comprising of systems, structures, processes and people within which licensed financial institutions identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.

Source: Fiji FIU and RBF

## APPENDIX 2: POLICY ADVISORIES ISSUED BY 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 January 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 November 2008
1/2010	Identification and Verification of a Customer's Signature	To provide guidance on how to identify and verify a customer's signature. This Advisory supersedes and replaces Policy Advisory 3/2007 of 26 April 2007.	11 August 2010
2/2010	Use of Referee Letter to Verify a Customer's Identity	Pursuant to Section 4(4)(a) of the FTR Act, to allow financial institutions to rely solely on a letter from a suitable referee to verify a low risk customer who does not have or is unable to provide any formal identification documents.	27 August 2010
3/2010	Refugee Identity Card	To advise financial institutions of the identification documents pertaining to customers who have been granted Asylum Seeker and Refugee status by the Fiji Government.	17 September 2010
4/2010	Identification of Customers of Telephone Financial Services	To provide guidance to telephone service providers that provide financial services to customers on the customer identification requirements under the FTR Act and how it relates to the Decree on Compulsory Registration of Customers for Telephone Services (2010).	17 September 2010
1/2012	Subsequent Reporting of Suspicious Transactions	To provide clarification on the need for continuous reporting of customers who have been previously reported to the FIU as engaging in suspicious transactions.	28 March 2012
2/2012	Voter Identification Card	To advise financial institutions of the inclusion of the Fiji Voter Identification Card for identification and verification of certain customers and clients.	22 August 2012
1/2013	FNPF / FRCS Joint Identification Card	To advise financial institutions of the inclusion of the FNPF / FRCS Joint Identification card for identification and verification of their customers and clients.	15 November 2013

Source: Fiji FIU

## APPENDIX 3: AMENDMENTS TO FTR ACT

ACT NO. 2 OF 2017

J. K. KONROTE  
President

[14 February 2017]



# AN ACT

TO AMEND THE FINANCIAL TRANSACTIONS REPORTING ACT 2004 ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

- 1.—(1) This Act may be cited as the Financial Transactions Reporting (Amendment) Act 2017.
- (2) This Act comes into force on a date or dates appointed by the Minister by notice in the Gazette.
- (3) In this Act, the Financial Transactions Reporting Act 2004 is referred to as the “Principal Act”.

Section 40 amended

2. Section 40 of the Principal Act is amended by deleting “where it is proved that the act or omission that constituted the offence took place with that person’s knowledge, authority, permission, or consent”.

Financial Transactions Reporting (Amendment)—2 of 2017

Section 42 amended

3. Section 42 of the Principal Act is amended by—

- (a) in paragraph (c), deleting “or”;
- (b) in paragraph (d), deleting “.” and substituting “; or”; and
- (c) inserting the following new paragraph after paragraph (d)—

“(e) prescribing penalties for any offence in any regulations to a fine not exceeding \$150,000 or to a term of imprisonment not exceeding 5 years or both.”

New Part 8 inserted

4. The Principal Act is amended by inserting the following new Part after Part 7—

## “PART 8—PENALTIES

### Penalties

43.—(1) A person who contravenes any requirement under this Act for which a penalty is not provided, commits an offence and is liable on conviction—

- (a) for an individual, to a fine not exceeding \$30,000 or to a term of imprisonment not exceeding 5 years or both; or
- (b) for a body corporate, to a fine not exceeding \$150,000.

(2) A person who fails to comply with any instruction, guideline or directive issued by the Unit commits an offence and is liable on conviction—

- (a) for an individual, to a fine not exceeding \$30,000 or to a term of imprisonment not exceeding 5 years or both; or
- (b) for a body corporate, to a fine not exceeding \$150,000.”

Passed by the Parliament of the Republic of Fiji this 8th day of February 2017.



**APPENDIX 4: AMENDMENTS TO FTR REGULATIONS**

[LEGAL NOTICE NO. 18]

**FINANCIAL TRANSACTIONS REPORTING ACT 2004**

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**Financial Transactions Reporting (Amendment)  
 Regulations 2017**

IN exercise of the powers conferred upon me by section 42 of the Financial Transactions Reporting Act 2004, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Financial Transactions Reporting (Amendment) Regulations 2017.

(2) These Regulations come into force on 17 February 2017.

(3) In these Regulations, the Financial Transactions Reporting Regulations 2007 is referred to as the “Principal Regulations”.

Regulation 2 amended

2. Regulation 2 of the Principal Regulations is amended by inserting the following new subregulation after subregulation (3)—

“(4) In these Regulations, unless the context otherwise requires, “Act” means the Financial Transactions Reporting Act 2004.”

New regulation 42 inserted

3. The Principal Regulations are amended by inserting the following new regulation after regulation 41—

“Penalties

42.—(1) A financial institution that contravenes any requirements under these Regulations commits an offence and is liable on conviction—

(a) for an individual, to a fine not exceeding \$30,000 or to a term of imprisonment not exceeding 5 years or both; or

(b) for a body corporate, to a fine not exceeding \$150,000.

(2) A financial institution that fails to comply with any instruction, guideline or directive issued by the Financial Intelligence Unit under these Regulations commits an offence and is liable on conviction—

(a) for an individual, to a fine not exceeding \$30,000 or to a term of imprisonment not exceeding 5 years or both; or

(b) for a body corporate, to a fine not exceeding \$150,000.

(3) Notwithstanding the penalties provided under subregulation (2) and section 42 of the Act, the Financial Intelligence Unit may impose a fine not exceeding \$5,000 for each day during which the financial institution fails to comply with the instruction, guideline or directive issued by the Financial Intelligence Unit until the financial institution complies with the instruction, guideline or directive issued by the Financial Intelligence Unit.

(4) Any person who, without reasonable excuse, provides false, misleading or incomplete information, or fails to provide information that is requested by the Financial Intelligence Unit in the exercise of the functions, duties and powers under these Regulations and the Act, commits an offence and is liable on conviction—

(a) for an individual, to a fine not exceeding \$30,000 or to a term of imprisonment not exceeding 5 years or both; or

(b) for a body corporate, to a fine not exceeding \$150,000.

Made this 17th day of February 2017.

A. SAYED-KHAIYUM  
 Attorney-General



## PRESS RELEASE

**Press Release No.:** 9/2017  
**Date:** 24 April 2017

**Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454  
**E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

## REALB PARTNERS WITH FIU TO ADDRESS MONEY LAUNDERING

In an effort to create an environment of professionalism and integrity within the real estate industry in the country, the Real Estate Agents Licensing Board will be partnering with Fiji's Financial Intelligence Unit.

REALB entered into a Memorandum of Understanding with FIU today. The MOU will establish an effective framework to detect and investigate breaches under the relevant laws related to money laundering and terrorist financing offences in Fiji.

Acting Chief Executive Officer, Ms Virisila Tuimanu says the need to partner with FIU arose as some real estate activities have been linked to money laundering activities. "Whilst the Real Estate Agents Licensing Board (REALB) is the regulatory agency for the real estate industry in Fiji, it is also necessary that REALB partners with important stakeholders such as the Financial Intelligence Unit (FIU) which is primarily responsible for anti-money laundering laws to ensure financial transaction transparency in the market."

The Real Estate Agents Licensing Board is a statutory agency responsible for the granting of real estate agents' licence, salespersons' and branch managers' approvals in Fiji. It also has the disciplinary powers to suspend and cancel licence if the current laws and regulations have been breached.

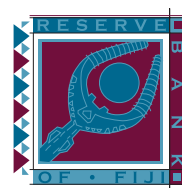
The Director FIU, Mr Razim Buksh said the MOU will assist the FIU to effectively coordinate compliance and regulate the real estate agents under the Financial Transactions Reporting Act (FTR Act). The real estate agents have similar responsibilities like the commercial banks and other non-bank financial institutions under the FTR Act to ensure that their services are not abused for conducting fraudulent and money laundering transactions.

A real estate transaction can be used to disguise the illegal origin of funds by introducing the proceeds into the financial system. Once illicit funds are invested in the real estate market, the proceeds are disguised as legitimate wealth in any subsequent property transactions.

Mr Buksh said that reporting of suspicious clients and their transactions to the FIU by all financial institutions including the real estate sector is a mandatory obligation under the FTR Act. Other key obligations include the identification of clients, establishing the source of funds that is involved in property transactions and reporting \$10,000 and above cash and bank cheque transactions to the FIU.

Mr Buksh said partnership with REALB is an important step and looks forward to working closely with REALB in the future.

RESERVE BANK OF FIJI



## PRESS RELEASE

Press Release No.: 16/2017  
Date: 17 May 2017

Telephone: (679) 331 3611 / 322 3333 Facsimile: (679) 330 2094 / 331 6454  
E-mail: info@rbf.gov.fj or info@fijifu.gov.fj

## STRENGTHENING PARTNERSHIP TO INVESTIGATE FINANCIAL CRIMES

The Director of Fiji Financial Intelligence Unit (FIU) Mr Razim Buksh and the Commissioner of Police, Brigadier-General Sitiveni Qiliho met today and discussed opportunities to further improve networking between the two agencies. They also talked about operational issues in relation to profiling and investigation of money laundering and financial crimes in Fiji.

The Police and FIU play an important role in Fiji to combat complex white-collar criminal and money laundering activities. These activities are usually complex and involve several parties and financial transactions. Despite these issues, several cases, including large value cases involving millions of dollars in tainted funds have been successfully investigated resulting in convictions and forfeiture of the criminally-derived assets.

The two agencies discussed and noted strategies to more effectively detect and investigate such crimes through:

- timely exchanges of intelligence and information;
- opportunities for sharing of technical resources and expertise;
- timely use of freezing and restraining powers to prevent tainted funds being laundered;
- undertaking suspected unexplained wealth cases in collaboration with other agencies including the Fiji Revenue and Customs Service (FRCS) and the Fiji Independent Commission Against Corruption (FICAC);
- exploring the possibility of investigating tax evaders for money laundering offences;
- creating awareness and educating members of the public on new crime methods and typologies such as cybercrimes;

- seeking stronger co-operation from the financial institutions, particularly the commercial banks, to detect and report suspicious customers and their financial transactions.

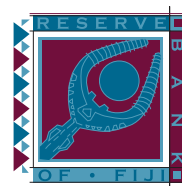
Brigadier-General Sitiveni Qiliho said that the Fiji Police Force has dedicated substantial resources in investigating complex financial crimes and has invested in the training of relevant officials including establishment of specialised units within the Fiji Police Force to investigate such crimes. Brigadier-General Qiliho further said that the FIU was an important partner in the fight against money laundering.

FIU's intelligence outputs are disseminated to, and used by, the following specialised units in the Fiji Police Force: Anti-Money Laundering and Proceeds of Crime Investigation Unit, Transnational Crime Unit, Counter Terrorism Unit, Cybercrime Unit, Major Crime Unit, Public Sector & Commercial Crime/Economic Crime Unit, Police Intelligence Bureau, CID Headquarters and the Divisional Crime and Intelligence Offices.

Mr Buksh said that in 2016, 58 case dissemination reports involving \$60.4 million were reported by the Fiji FIU to the Fiji Police Force for investigating possible money laundering activities which include but are not limited to cybercrime, LTA and visa impersonation cases, ATM skimming, internet banking fraud, trade based money laundering, advance fee frauds and other fraudulent and financial crimes. Mr Buksh said that the FIU provided assistance to the various Police Units relating to 68 ongoing fraud-related investigations in 2016.

RESERVE BANK OF FIJI

## APPENDIX 5: PRESS RELEASES



## PRESS RELEASE

**Press Release No.:** 16/2017  
**Date:** 14 July 2017

**Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454  
**E-mail:** info@rbf.gov.fj or info@fijifu.gov.fj

## FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2016

The Financial Intelligence Unit (FIU) Annual Report for 2016 was tabled in Parliament today, 14 July 2017 by the Honorable Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum.

The report provides information on key achievements and performance of the FIU for 2016. The FIU is responsible for the administration and enforcement of the Financial Transactions Reporting (FTR) Act, a legislation aimed at preventing and detecting money laundering and other proceed generating criminal activities in Fiji such as fraud, corruption and tax evasion.

The Director of the FIU, Mr Razim Buksh said that the FIU, in partnership with key government agencies and the private sector, continued to implement important anti-money laundering (AML) initiatives during 2016. This also enabled Fiji to strengthen compliance with international AML requirements.

In 2016, the FIU received 579 suspicious transaction reports and disseminated 195 intelligence reports to law enforcement agencies for further investigation of possible money laundering and other serious offences. The FIU continued to provide assistance to the Fiji Police Force, Fiji Independent Commission Against Corruption, Fiji Revenue and Customs Authority and other local law enforcement agencies relating to ongoing criminal investigations.

Mr Buksh said that the FIU is empowered under the FTR Act to conduct in-depth financial profiling, asset tracking,

and proactive monitoring of financial transactions and activities of individuals and entities that are referred to it in suspicious transaction and other reports. The FIU also provided assistance to other Government agencies through conducting background checks on persons or entities of interest.

A key outcome for the FIU in 2016 was the finalisation of Fiji's mutual evaluation report by the Asia Pacific Group on Money Laundering. The mutual evaluation report outlines the findings of an assessment held in 2016 of Fiji's compliance with the international AML standards, the Financial Action Task Force Recommendations. The mutual evaluation report specifies key deficiencies for Fiji to address.

During 2016, the FIU signed a Memorandum of Agreement for the exchange of information with the Fijian Elections Office. This further strengthens the FIU's ability to work with and exchange information with local government agencies.

On the international front, the FIU continued to engage with foreign FIUs on information exchange and networking. The FIU also continued to support the development of other regional FIUs through technical assistance and work attachments. Mr Buksh acknowledged the continued support received from financial institutions, law enforcement agencies and other relevant agencies that enabled the FIU to effectively carry out its functions in 2016.

RESERVE BANK OF FIJI



# 8

## SELECTED KEY STATISTICS 2013-2017

	Year	2013	2014	2015	2016	2017
Transaction and Currency Reports Received by FIU	Suspicious Transaction Reports	522	383	516	579	650
	Cash Transaction Reports	380,430	1,042,074	579,849	591,636	623,213
	Electronic Fund Transfer Transaction Reports	1,147,728	1,308,633	1,029,993	1,148,711	1,220,602
	Border Currency Reports	459	557	491	547	792
	Year	2013	2014	2015	2016	2017
Intelligence and Information Reports to Stakeholders	Case Dissemination Reports	284	241	255	195	448
	Information Dissemination Reports	160	123	191	210	205
	Due Diligence Reports	46	20	27	41	66
Notices to Financial Institutions	Alert Notices	8	7	7	14	10
	Directives	5	5	11	1	1
	Year	2013	2014	2015	2016	2017
Education and Awareness	Number of employees of Financial Institutions	27	147	270	320	202
	Number of Financial Institutions	1	6	3	6	8
	Employees of Law Enforcement Agencies	232	123	84	67	80
	National AML Learning Centre-Number Completed Courses	22	92	88	55	29

Source: Fiji FIU

# 9 SELECTED KEY EVENTS IN 2017

## JANUARY

- 18 AML Legal Working Group Meeting
- 29-3 Feb Egmont Group of FIUs Meeting Doha, Qatar

## FEBRUARY

- 8 Parliament passed the FTR Amendment Act and Amendment Regulations 2017
- 9 Parliament passed the Public Order Amendment Act 2017
- 17 Effective date for the 1) FTR Amendment Act; 2) FTR Amendment Regulations and 3) Public Order Amendment Act
- 21 AML Compliance Officers Forum (Commercial Banks and Finance Companies)
- 22 AML Compliance Officers Forum (Foreign Exchange Dealers)

## MARCH

- 13-17 Official High-Level Visit of Nepalese Delegates (Knowledge Sharing and Capacity Building Attachment)
- 30 Submission to Parliamentary Standing Committee on Foreign Affairs and Defence on the United Nations Convention Against Transnational Organised Crime
- 30 Rajneel Chaudhary and Manjeet Singh Convicted of Money Laundering Offences

## APRIL

- 10-21 Provided Technical Assistance to the Republic of Marshall Islands FIU
- 24 FIU signed a MOA for information exchange with the REALB
- FIU Press Release - REALB Partners With FIU To Address Money Laundering

## MAY

- 5 Counter Terrorism Officials Committee Meeting
- 9 Submission to Parliamentary Standing Committee on Foreign Affairs and Defence on the Multilateral Convention To Implement Tax Treaty Measures To Prevent Base Erosion and Profit Shifting
- 17 FIU Press Release - Strengthening Partnership To Investigate Financial Crimes

## JUNE

- 19-22 Money Laundering Investigation and Prosecution Training Workshop, Fiji

## JULY

- 12 Prashil Prakash Convicted on Money Laundering Offence
- 14 2016 FIU Annual Report tabled in Parliament
- 14 FIU Press Release - FIU Annual Report 2016
- 1-7 Egmont Plenary Meeting, Macao China
- 17-21 APG Annual Meeting and Forum on Technical Assistance and Training, Sri Lanka
- 24 Signed a MOA for information exchange with the Republic of Marshall Islands FIU

## AUGUST

- 17-18 Computer Emergency Response Team onsite Visit, Australia

## SEPTEMBER

- 6 AML Law Enforcement Working Group Meeting
- 11-15 AFI Working Group Meeting and Global Policy Forum, Egypt
- 12 Unexplained Wealth Taskforce Meeting

## OCTOBER

- 3 Submission to Parliamentary Standing Committee on Economic Affairs on the FIU 2016 Annual Report
- 9 AML Supervisors Working Group Meeting
- 23-27 Strategic Analysis Workshop, Malaysia
- 30-3 Nov FIU Pacific Attachment Program (PNG, Samoa, Solomon Islands)

## NOVEMBER

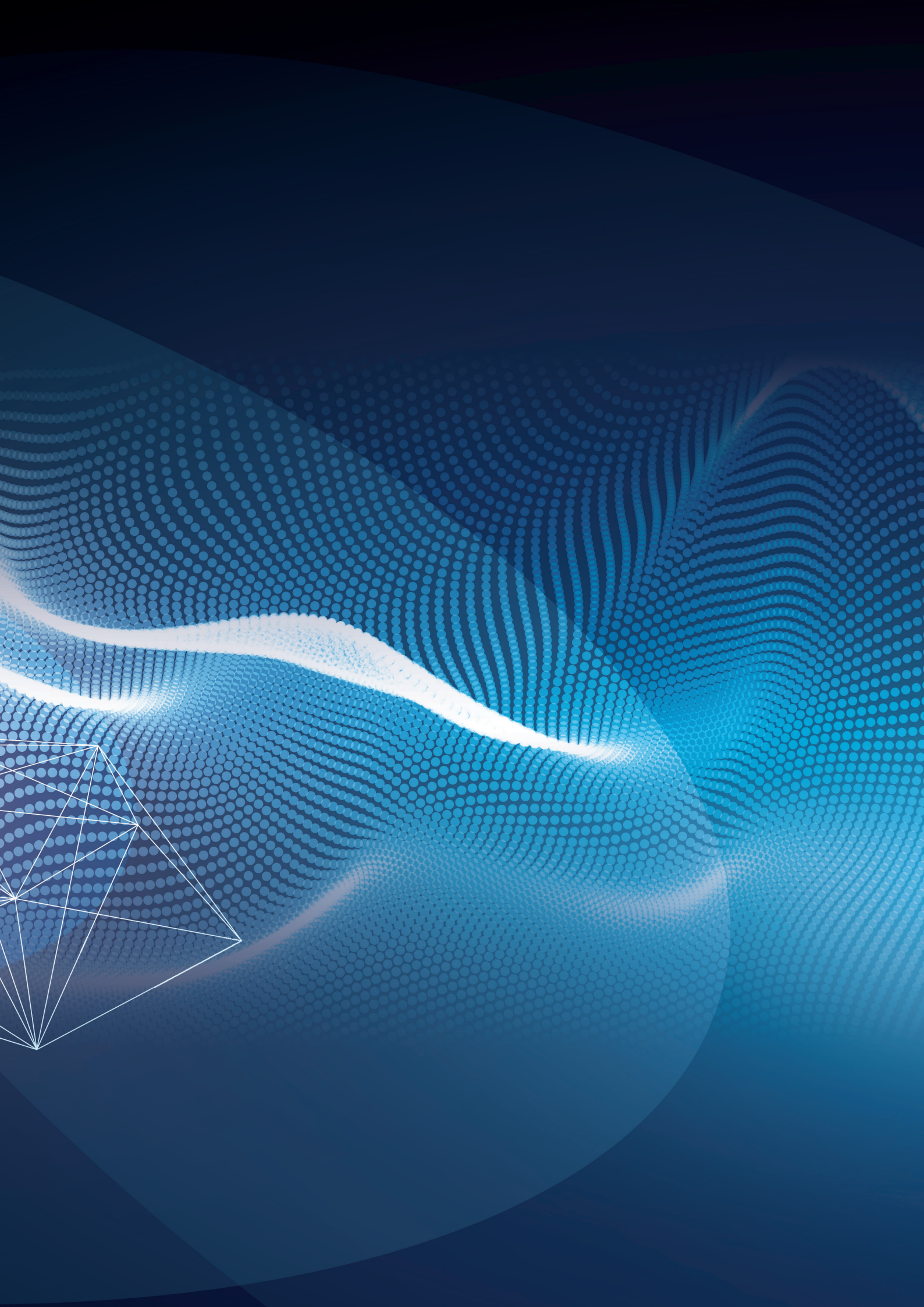
- 14 AML Law Enforcement Working Group Meeting
- 15 Unexplained Wealth Taskforce Meeting
- 20-23 3rd Regional Counter-Terrorism Financing Summit, Malaysia
- 22 Preetika Lata Convicted of Money Laundering Offence
- 24-25 Regional Workshop on The Exploitation of Non-Profit Organisations for Terrorist Finance, Malaysia

## DECEMBER

- 5 Signed a MOA for information exchange with the Cambodia FIU
- 5-7 Regional Workshop on Fintech and Risk-based Approach
- 20 Combined Meeting of the AML Law Enforcement Working Group, AML Legal Working Group and AML Supervisors Working Group

# 10 GLOSSARY

AFI	Alliance for Financial Inclusion
AML	Anti-Money Laundering
AMS	Alert and Monitoring System
APG	Asia Pacific Group on Money Laundering
APIFIU	Association of Pacific Islands FIUs
AUSTRAC	Australian Transaction Reports and Analysis Centre
BCR	Border Currency Report
CBT	Computer based training
CDR	Case Dissemination Report
CERT	Computer Emergency Response Team
CFT	Combating the Financing of Terrorism
CTOG	Counter Terrorism Officials Working Group
CTR	Cash Transaction Report
DNFBP	Designated Non-Financial Businesses and Professions
DMS	Data Mining System
DPR	Detailed Progress Report
EFTR	Electronic Funds Transfer Report
ESW	Egmont Secure Website
FATF	Financial Action Task Force
FFIMSO	Fiji FIU Information Management System Online
FICAC	Fiji Independent Commission Against Corruption
FIU	Financial Intelligence Unit
FPF	Fiji Police Force
FRCS	Fiji Revenue and Customs Service
FTR	Financial Transactions Reporting
GSPWG	Global Standards Proportionality Working Group
IDR	Information Dissemination Report
IMF	International Monetary Fund
MER	Mutual Evaluation Report
ML/TF	Money Laundering and Terrorist Financing
MOA	Memorandum of Agreement
NCLASA	National Combined Law and Security Agencies
ODPP	Office of the Director of Public Prosecutions
RBF	Reserve Bank of Fiji
REALB	Real Estate Agents Licensing Board
SPEC	Skilled Professionals Evaluation Committee
STR	Suspicious Transaction Report
TCU	Transnational Crime Unit
UN	United Nations
UNODC	United Nations Office on Drugs and Crime





# **FIJI FINANCIAL INTELLIGENCE UNIT STRATEGIC ANALYSIS REPORT 2017**



**Fiji FIU**  
Fiji Financial Intelligence Unit



## ANALYSIS

FIU analysis should add value to the information received and held by the FIU. While all the information should be considered, the analysis may focus either on each single disclosure received or on appropriate selected information, depending on the type and volume of the disclosure received, and on the expected use after dissemination. FIUs should be encouraged to use analytical software to process information more efficiently and assist in establishing relevant links. However, such tools cannot fully replace the human judgement element of analysis. FIUs should conduct the following types of analysis:

- **Operational analysis** uses available and obtainable information to identify specific targets (e.g. persons, assets, criminal networks and associations), to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, money laundering, predicate offences or terrorist financing.
- **Strategic analysis** uses available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns. This information is then also used by the FIU or other state entities in order to determine money laundering and terrorist financing related threats and vulnerabilities. Strategic analysis may also help establish policies and goals for the FIU, or more broadly for other entities within the AML/CFT regime.

Source: FATF Recommendation 29, Interpretive Note Paragraph 3



Strategic analysis aims to decipher the underlying patterns and trends that would enable an FIU to draw conclusions for the strategic prevention of money laundering and the financing of terrorism, and to provide input for policy formulation and for setting operational priorities. In FIU context, this implies developing knowledge (strategic intelligence) as it relates to money laundering, the financing of terrorism and other threats to the security of a country's financial systems. Some components of strategic analysis include:

- **examining data for patterns and similar concepts;**
- **developing a working hypothesis** that addresses the "who", "what", "when", "where", "how", and "why" of the activity;
  - collecting, evaluating and collating further information as required;
- **identifying connections or links between pieces of information**, also used to support an inference;
- **developing inferences** (an inference is the best estimate of the truth that can be drawn from facts, opinions or other inferences); and
- **constructing the argument**, that is the logical flow of elements leading to the inference.

The sophistication of Strategic Analysis may vary based on the capacity and resources of the FIU. Product ranges of Strategic Analysis may include:

- **Typologies and trends** - this is a systematic classification of a number of schemes that appear to be constructed in a similar fashion. These are built on a series of indicators that show how money was laundered, which in turn increases general understanding of an issue or method of money laundering or the financing of terrorism. When a typology occurs for any given event over a period of time, this can be classed as a trend. Changes in crime types or the way in which money is moved are examples of trends.
- **Patterns** - this is a recurring characteristic or trait that helps in the identification of a phenomenon/problem and that serves as an indicator or model for predicting future behaviour.
- **Synthesis** - This includes identifying connections that identify break-through ideas and opportunities in the detection of money laundering or the financing of terrorism.
- **Geographical/regional analysis** - This shows the area of influence or location of the phenomenon.
- **Behavioural analysis** - This shows the type of operations, institutions and products used by the group.
- **Activity analysis** - This focuses on identifying weaknesses of an economic sector or activity.
- **Advanced intelligence products** - These may include vulnerability assessments, risk assessments and significant event assessments.

Source: Egmont Group of Financial Intelligence Units Operational Guidance for FIU Activities and the Exchange of Information



# 1 STRATEGIC ANALYSIS OVERVIEW

## Overview

The Fiji FIU undertakes additional detailed analysis of financial transaction information and converts it into meaningful outputs. This is called Strategic Analysis.

This report provides highlights of Strategic Analysis on the types of reports that the FIU receives and a summary of the trends and case studies identified in 2017.

Strategic Analysis outcomes enable the FIU and its

stakeholders to understand the patterns and trends on money laundering and related issues. It has also enabled the FIU to draw conclusions for the strategic prevention of money laundering and the financing of terrorism in Fiji, to provide input for policy formulation and for setting operational priorities. Strategic Analysis has also assisted the FIU to develop knowledge (strategic intelligence) relating to money laundering, the financing of terrorism and other threats to the security of Fiji's financial systems.

# 2 OUTCOMES - SUMMARY

## Suspicious Transaction Reports

In 2017, majority of the suspicious transaction reports (STRs) continued to be reported by commercial banks followed by the money remittance service providers (MRSPs). The number of STRs reported by the MRSPs in 2017 remained almost the same as 2016. The total value of suspicious transactions that were reported in 2017 decreased to \$49.1 million from \$74.7 million in 2016. Majority of the STRs were reported on the grounds of suspected tax evasion followed by fraud and advanced fee fraud. Approximately 77 percent of the STRs submitted by financial institutions in 2017 were reported on transactions valued below \$50,000, out of which 37 percent of STRs were on transactions valued below \$5,000. 'Cash' continued to be the primary financial instrument type that is reflected in the STRs reported to the FIU. The majority, 79 percent of the STRs reported in 2017 involved Fijian currency. There were 542 (87 percent) STRs reported on transactions conducted by individuals/personal customers. 53 percent of STRs on individuals were reported on customers over the age of 40 years. Majority of the STRs continue to be received from financial institutions based in the Central/Eastern Division due to concentration of economic and commercial activities in this division.

## Cash Transaction Reports

The FIU received 623,213 cash transaction reports (CTRs) in 2017 averaging around 51,934 CTRs per month. The majority (99 percent) of the CTRs received during 2017 were reported by commercial banks. The majority (43 percent) of CTRs were for cash transactions between \$10,001 and \$20,000.

## Electronic Funds Transfer Reports

The FIU received 1,220,602 electronic funds transfer reports (EFTRs) in 2017 averaging around 101,717 EFTRs per month. Majority (71 percent) of EFTRs were received from the money remittance service providers. EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (78 percent) of EFTRs received during 2017 were inward remittance transactions.

## Border currency Reports

In 2017, 792 border currency reports (BCR) were submitted to the FIU compared to 547 BCRs in 2016. There were more declarations made by outbound travellers compared to inbound travellers in 2017. The total value of currency declared by travellers in the BCRs in 2017 was \$49.9 million compared to \$30.2 million in 2016.



# 3 OUTCOMES - SUSPICIOUS TRANSACTION REPORT

## Reporting Financial Institutions

STRs were reported to the FIU by various financial institutions including members of the public. The majority of the STRs continue to be reported by commercial banks (2017:63 percent; 2016:63 percent) followed by the money remittance service providers (2017:23 percent; 2016:29 percent). The STRs reported by the members of the public (MOP) in form of voluntary information rose by 8 percent. The increase in STRs from MOP was due to increased awareness created by the FIU.

### Summary of Reporting Financial Institutions 2013 - 2017

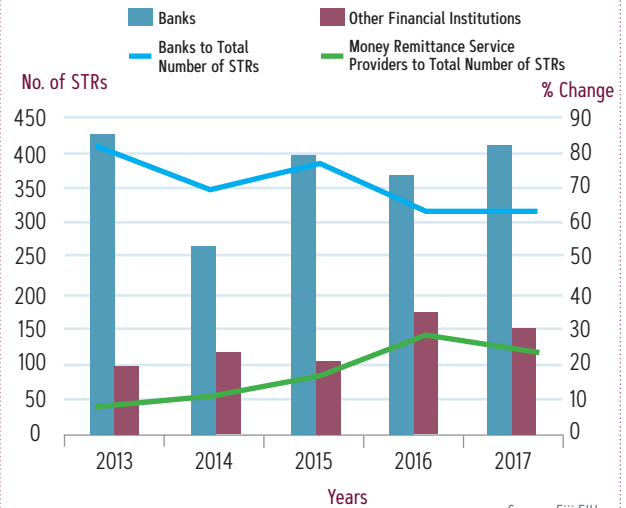
Financial Institutions and Persons Reporting	No. of STRs Received				
	2013	2014	2015	2016	2017
Commercial Banks	425	267	397	367	407
Money Remittance Service Providers	42	43	86	166	149
Finance Companies	5	4	2	3	4
Members of the Public	40	58	18	39	42
Regulatory Authorities	3	3	5	0	8
Law Firms	0	1	0	2	4
Accounting Firms	2	1	0	0	0
Insurance Companies and Superannuation	3	2	0	1	18
Securities, Unit Trusts	0	1	3	1	2
Real Estate Businesses	1	1	2	0	3
Others <sup>1</sup>	1	2	3	0	13
<b>TOTAL</b>	<b>522</b>	<b>383</b>	<b>516</b>	<b>579</b>	<b>650</b>

Source: Fiji FIU

Four STRs were reported by the law firms in 2017 due to increased awareness on the FTR Act requirements and onsite examination of two law firms in December 2016. There were eight STRs reported by regulatory authorities.

The Fiji FIU received spontaneous disseminations from three foreign FIUs in 2017.

### Summary of Reporting Financial Institutions



### Value of Transactions Reported as Suspicious

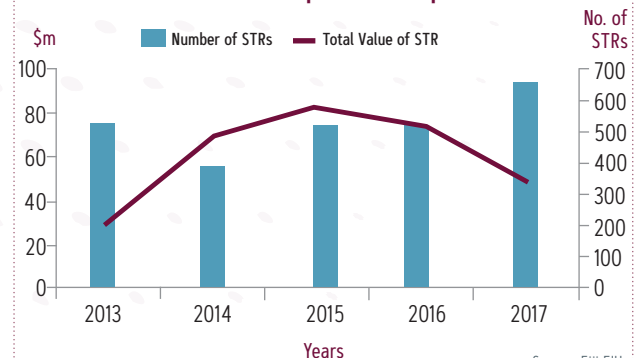
The total value of suspicious transactions that were reported in 2017 decreased to \$49.1 million from \$74.7 million in 2016. There has been a decline in the number of high value suspicious transactions reported to the FIU in 2017 and an increase in the number of low value suspicious transactions reported in the same period. The average value of a transaction reported in 2017 as suspicious was \$75,503 compared to \$128,968 in 2016.

### Total Value of Transactions Reported as Suspicious 2013 - 2017

	2013	2014	2015	2016	2017
Total Value (\$ million)	29.4	69.4	82.7	74.7	49.1
Number of STRs	522	383	516	579	650
Average Value reported (\$ per STR)	56,000	181,205	160,373	128,968	75,503

Source: Fiji FIU

### Total Value of Transactions Reported as Suspicious



<sup>1</sup>Others include STRs filed by foreign FIU's



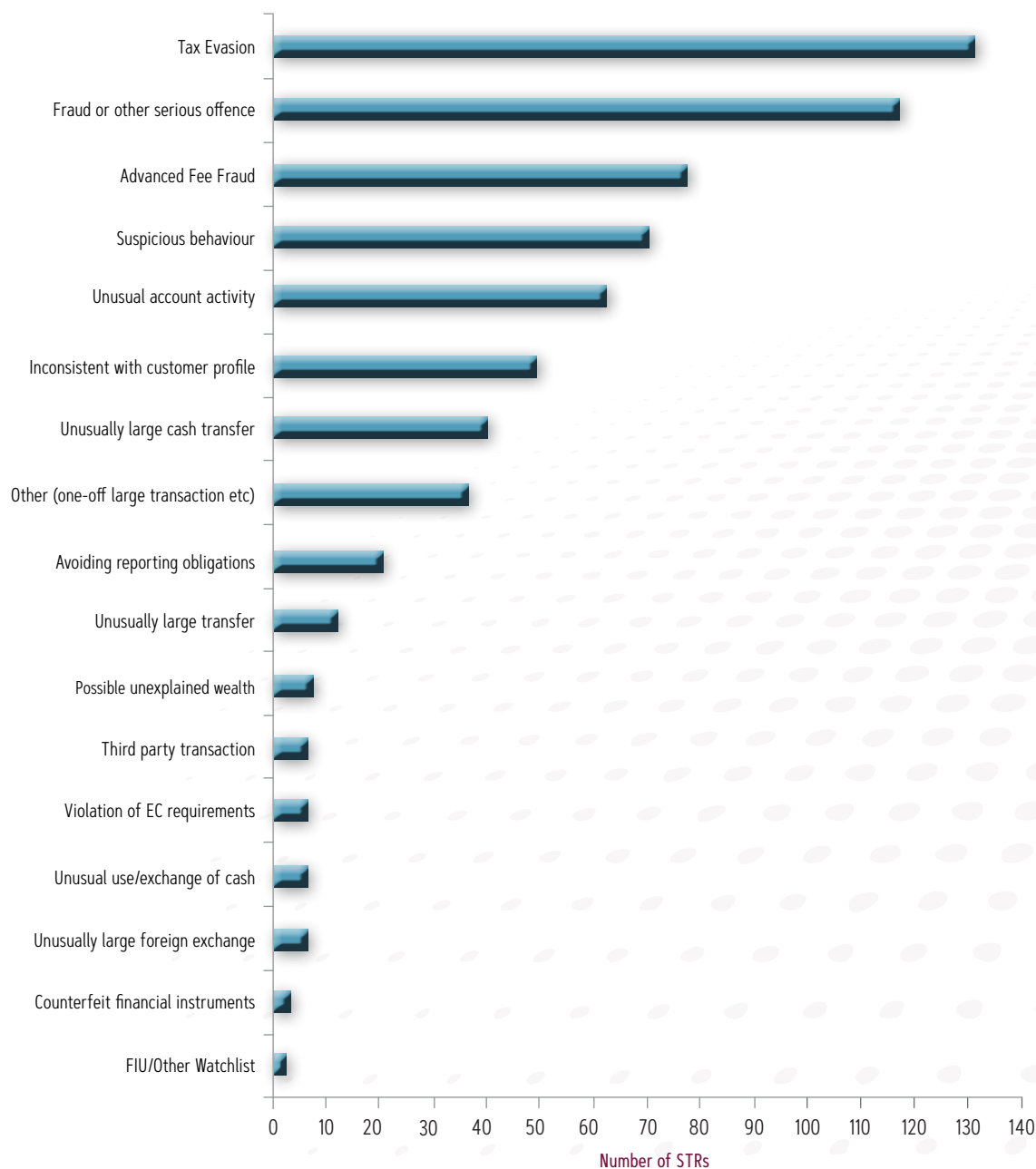
### "Grounds for Suspicion" in Suspicious Transaction Reports

In 2017, majority of the STRs were reported on the grounds for tax evasion. Suspected fraud and advanced fee fraud were prevalent contributing to approximately

30 percent of the total STRs reported to the FIU in 2017. Reporting financial institutions also clearly highlighted suspicious behaviour and unusual account activity as common grounds of suspicion detected and reported by financial institutions in 2017.

#### Grounds for Suspicion on STRs Received 2017

##### Grounds for Suspicion

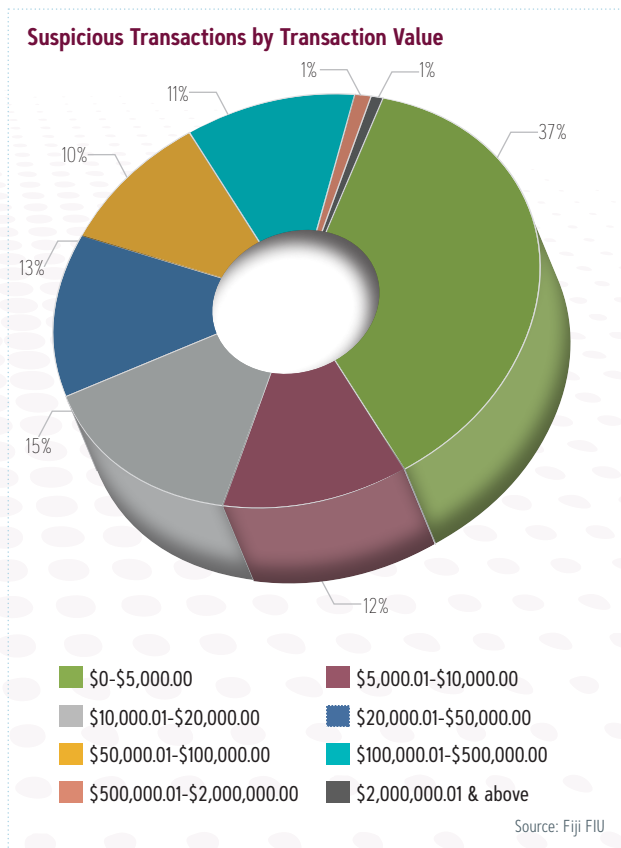


Source: Fiji FIU

### Suspicious Transactions by Transaction Value

There is no monetary threshold under the FTR Act for reporting suspicious transactions. Thus, any suspicious transaction must be reported to the FIU regardless of the amount involved in the transaction, including the reporting of attempted transactions. Previous trends indicate that suspicious transactions do not always involve substantial dollar amounts.

The majority (64 percent) of the STRs submitted by financial institutions in 2017 were reported on transactions valued below \$20,000, out of which 37 percent of STRs were on transactions valued below \$5,000. STRs involving large value transactions of more than \$0.5 million accounted for 2 percent of total STRs reported in 2017 compared to 4 percent in 2016.

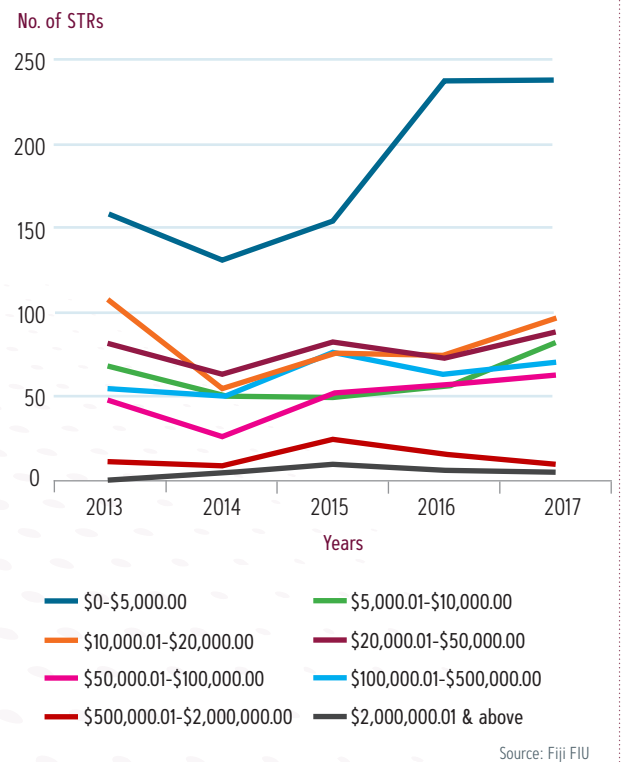


### Suspicious Transactions by Transaction Value

Transaction Value	Number of STRs	Percentage of STRs
\$0 - \$5,000.00	238	37
\$5,000.01 - \$10,000.00	81	12
\$10,000.01 - \$20,000.00	96	15
\$20,000.01 - \$50,000.00	88	13
\$50,000.01 - \$100,000.00	62	10
\$100,000.01 - \$500,000.00	70	11
\$500,000.01 - \$2,000,000.00	9	1
\$2,000,000.01 & above	6	1
<b>Total</b>	<b>650</b>	<b>100</b>

Source: Fiji FIU

### Suspicious Transactions by Transaction Value 2013 - 2017



### Suspicious Transactions by Instrument Type

'Cash' continued to be the primary financial instrument type that is reflected in the STRs reported to the FIU in 2017. Out of the 650 transactions reported as suspicious in 2017, 409 (63 percent) involved cash transactions.

The types of financial instruments involved in STRs include:

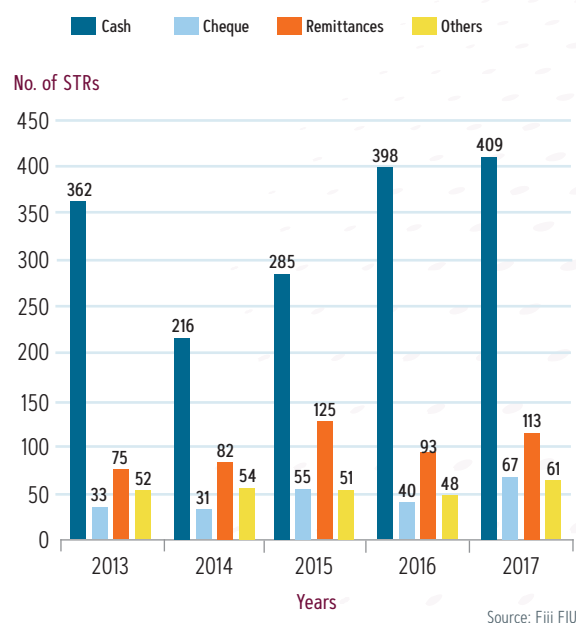
1. Cash (local and foreign currency);
2. Cheque (bank cheques/drafts, personal and company cheques);
3. Remittances; and
4. Other instruments (account-to-account transfers, credit cards and travellers cheques).

There has been an increase in the number of STRs reported in 2017 on all instrument types.

#### Suspicious Transactions by Instrument Type 2013 - 2017

Year	Cash	Cheque	Remittances	Others	TOTAL
2013	362	33	75	52	522
2014	216	31	82	54	383
2015	285	55	125	51	516
2016	398	40	93	48	579
2017	409	67	113	61	650

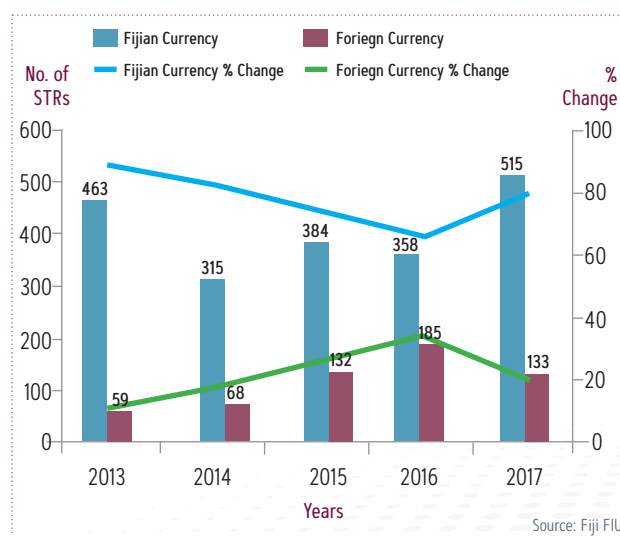
#### Suspicious Transactions by Instrument Type 2013 - 2017



### Suspicious Transactions by Currency Type

The majority (79 percent) of the STRs reported in 2017 involved Fijian currency.

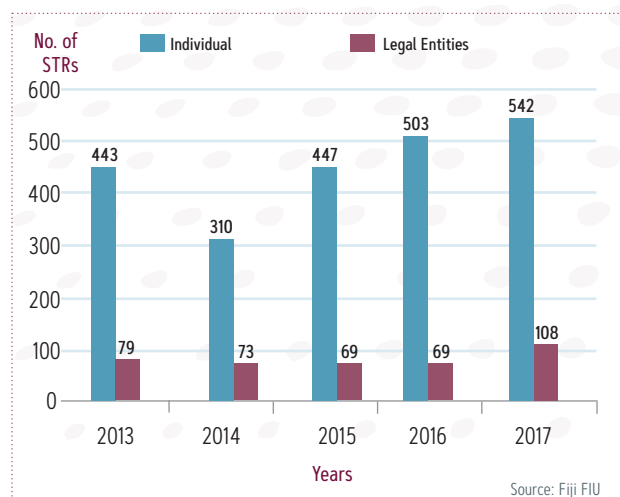
The suspicious transactions that involved foreign currency decreased to 21 percent of total STRs in 2017 compared to 34 percent in 2016.



### Suspicious Transaction Reports by Customer Type

There were 542 (83 percent) STRs reported on transactions conducted by individuals/personal customers and 108 (17 percent) by corporate and business entities in 2017.

The number of STRs reported in 2017 on legal entities such as companies increased from 69 in 2016 to 108 in 2017. It was also noted that some of the transactions reported on individuals were indirectly linked to legal entities such as companies.



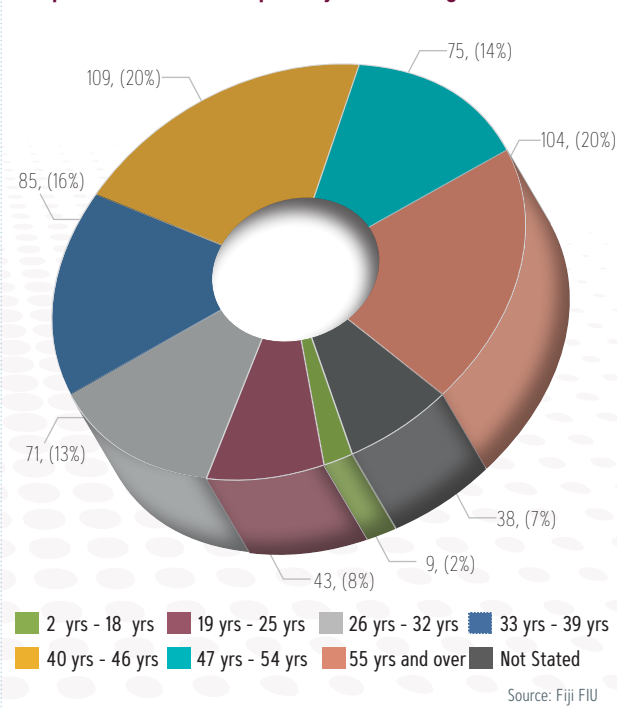
### Suspicious Transaction Reports by Customer Age

53 percent of STRs on individuals were reported on customers over the age of 40 years. Age unstated decreased from 76 in 2016 to 38 in 2017 because of the decrease in reports on advanced fee fraud.

Year	2yrs - 18yrs	19yrs - 25yrs	26yrs - 32yrs	33yrs - 39yrs	40yrs - 46yrs	47yrs - 54yrs	55yrs and over	Not Stated	TOTAL
2013	12	34	53	72	66	59	61	86	443
2014	5	15	45	37	41	42	45	80	310
2015	13	24	58	75	68	78	84	11	411
2016	11	30	66	79	80	71	83	76	496
2017	9	43	71	85	109	75	104	38	534

Source: Fiji FIU

Suspicious Transaction Reports by Customer Age 2017



### Age of Convicted Money Launderers

Analysis of money laundering and proceeds of crime conviction cases showed the following in relation to the age bracket of the persons involved.

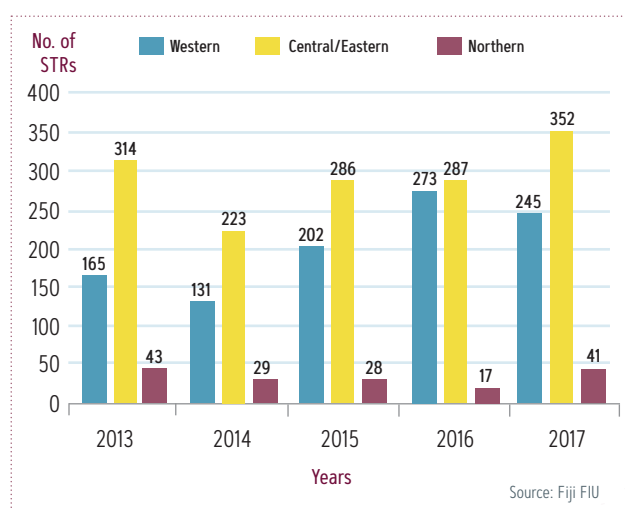
Name of Individual	Year STR was Reported	Age at the time of the offence	Year Convicted
Manoj Khara	2004	31 years old	2014
Timothy Aaron O'Keefe	2005	25 years old	2005
Monika Arora	2007	28 years old	2011
Salendra Sen Sinha	2008	30 years old	2010
Anand Kumar Prasad	2008	28 years old	2011
Deo Narayan Singh	2008	40 years old	2011
Atisma Kirti Singh	2008	23 years old	2011
Johnny Albert Stephen	2009	39 years old	2012
Doreen Singh	2009	31 years old	2013
Kapil Kushant Samy	2010	24 years old	2012
Nitesh Kumar	2016	23 years old	2016
Nirmala Devi	2011	46 years old	2012
Natasha Nilma Singh	2012	20 years old	2014
Vikash Mehta	2013	29 years old	2015
Tuimoala Raogo	2013	41 years old	2016
Fazeel Razid Ali	2015	27 years old	2016
Manjeet Singh	2014	22 years old	2017
Rajneel Chaudary	2014	23 years old	2017
Preetika Anuwesh Lata	2014	27 years old	2017
Prashil Prakash	2012	28 years old	2017
Name of Individual	Other ML Investigations	Age at the time of the offence	
Deepak Rajneel Kapoor		25 years old	2012
Robin Surya Subha Shyam		38 years old	2013
Faiyaz Khan		38 years old	2013
Savita Singh		32 years old	2015
Chris Ronil Singh		38 years old	2015
Mukeshwar Narayan Singh		21 years old	2016
Sakiusa Vakarewa		31 years old	2016
Josefa Saqanavere		41 years old	2016
Savenaca Batibawa		47 years old	2016
Katarine Gounden Fiu		31 years old	2016

Source: Fiji FIU



### Suspicious Transaction Reports by Geographical Location of Reporting Institutions

The FIU receives STRs from various commercial centres in Fiji. Majority of the STRs continue to be received from financial institutions based in the Central/Eastern Division due to concentration of economic and commercial activities in this division. In 2017, STRs from the Northern Division increased to 41 from 17 STRs received in 2016. Most of these STRs were reported on farmers engaged in primary produce and the ground of suspicion identified was possible tax evasion.



### Reasons for Suspicious Reporting

A financial institution's decision to report a transaction as suspicious to the FIU is based on a number of factors, such as, the:

- customer's usual occupation or business activity;
- customer's transaction history;
- income level and source of income of the customer;
- the complexity, frequency and size of transactions; customer's general background and profile (such as age, citizenship, etc).

These factors individually may seem insignificant but when considered together may raise questions on appropriateness and normality of customer's transaction(s). The above-mentioned indicators can also be based on known money laundering typologies. Financial institutions are required under the FTR Act to know their customers in order to identify transactions that may be unusual, suspicious or questionable for an individual customer or a type or category of customer.

### Examples of Reasons for Reporting Transactions as Suspicious

1.	Individual has been identified as a sanctioned individual as per checks conducted on XXX database.
2.	Individual paid off \$110,000.00 in loans during a two month period.
3.	Individual is purchasing a property; however, her brother is paying for the property.
4.	Customer deposited old design hundred dollar bills amounting to \$10,000.00. Her husband was also identified conducting similar deposit into his bank account.
5.	Dormant account receives remittances from Kenya, Norway and Australia.
6.	Foreign individual using local individuals to operate a company and avoid regulatory obligations.
7.	Individual depositing funds into personal account and requesting a bank cheque made payable to XXX Government Agency.
8.	Company email was hacked and instructed a financial institution to pay funds to an overseas bank account.
9.	Transfer of funds from solicitors trust account to operating account.
10.	Various individuals sending funds to unrelated individuals in Thailand.
11.	Individuals submitting loan applications using fake bank statements and employment letters.
12.	Individuals sending funds to individuals overseas claiming that they are sending it to their spouses/partners/boyfriends.
13.	Individual exchanging large amounts of foreign cash without declaring the currency at the border.
14.	Fake bank telegraphic transfer receipt was provided by a business to obtain reimbursement from another business.
15.	Mutilated notes with rust marks were presented at a bank to make a substantial deposit.

The above are extracts from STRs reported to the FIU in 2017.

Source: Fiji FIU

## 4 OUTCOMES - CASH TRANSACTION REPORTS

Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques, postal notes and money orders.

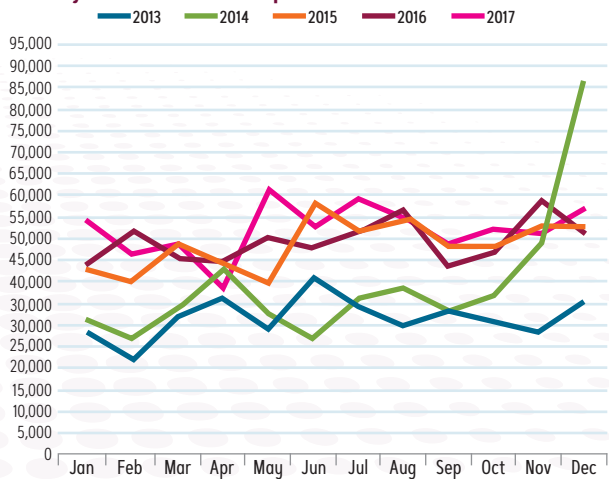
The FIU received 623,213 CTRs in 2017 or an average of around 51,934 CTRs per month.

### Cash Transactions Reported

Year	Total CTRs	Monthly Average CTRs
2013	380,430	31,703
2014	1,042,074	86,840 <sup>2</sup>
2015	579,849	48,321
2016	591,636	49,303
2017	623,213	51,934

Source: Fiji FIU

### Monthly Cash Transaction Reports



### CTRs Received by Sector

The majority (99 percent) of the CTRs received during 2017 was reported by commercial banks.

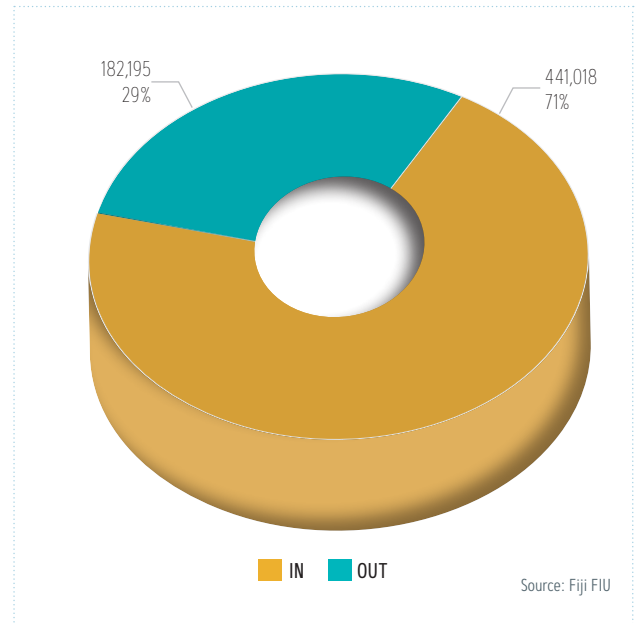
### Cash Transactions Reported by Sector

Sector	2013	2014	2015	2016	2017
Commercial Banks	376,564	1,038,011	575,987	587,269	618,496
Foreign Exchange Dealers & Money Remitters	2,387	2,763	2,296	2,774	2,779
Finance Companies	708	673	815	754	981
Insurance & Superannuation Fund	657	470	405	420	322
Law Firms	84	116	227	283	411
Securities/Brokers/Advisors	30	37	118	134	199
Accountants	0	4	1	2	25
<b>TOTAL</b>	<b>380,430</b>	<b>1,042,074</b>	<b>579,849</b>	<b>591,636</b>	<b>623,213</b>

Source: Fiji FIU

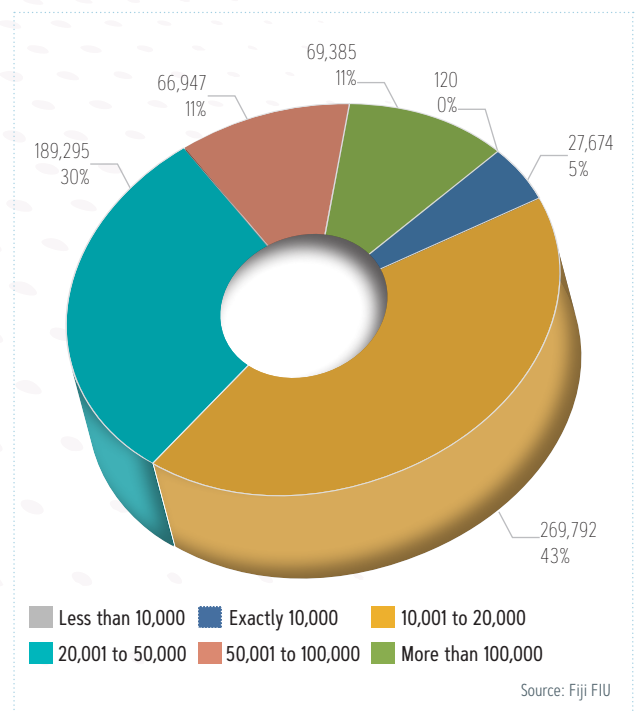
### CTRs by Direction of Cash Payment

Majority (71 percent) of CTRs were reported on cash transactions into the financial institutions (that is, cash was deposited into bank accounts).



### CTRs by Value of Transactions

The majority (43 percent) of CTRs received by the FIU in 2017 were for cash transactions between \$10,001 and \$20,000. Approximately 73 percent of CTRs reported are for cash transactions between \$10,001 to \$50,000.



<sup>2</sup>In 2014 two reporting institutions reported backdated CTRs totalling 567,771 during March to September 2014. This has not been reflected in the Monthly Cash Transaction Reports graphs for 2014.

## 5 OUTCOMES - ELECTRONIC FUNDS TRANSFER REPORTS

Commercial banks and remittance service providers are required under section 13(2) of the FTR Act and section 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for EFTRs.

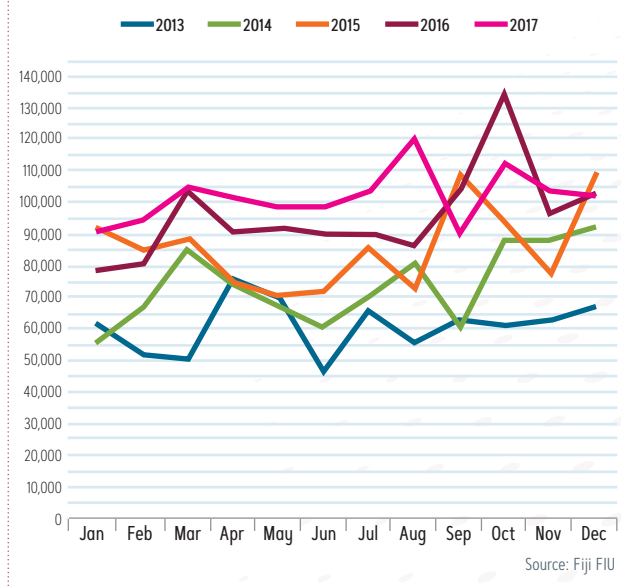
The FIU received 1,220,602 EFTRs in 2017 or an average of around 101,717 EFTRs per month. This is an increase of 6 percent compared to 148,711 EFTRs received in 2016.

### Electronic Funds Transfer Transactions Reported

Year	Total EFTRs	Monthly Average EFTRs
2013	1,147,728	95,644
2014	1,308,633	109,053 <sup>3</sup>
2015	1,029,993	85,833
2016	1,148,711	95,726
2017	1,220,602	101,717

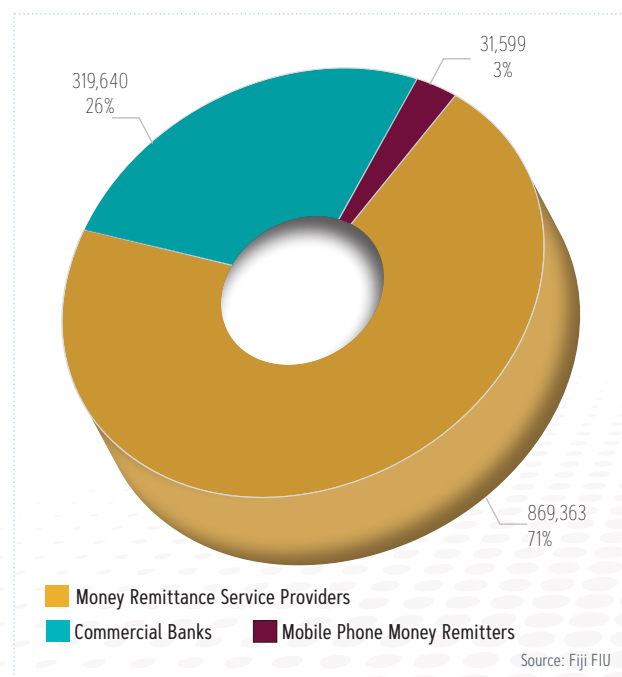
Source: Fiji FIU

### Monthly Electronic Funds Transfer Reports



### EFTRs Received by Sector

Majority (71 percent) of EFTRs were received from the MRSPs. There was a notable increase of 50 percent in the number of EFTRs received from the mobile phone money remittance sector in 2017. Mobile phone operators can only process inward remittances to Fiji.



### EFTRs Received by Sector

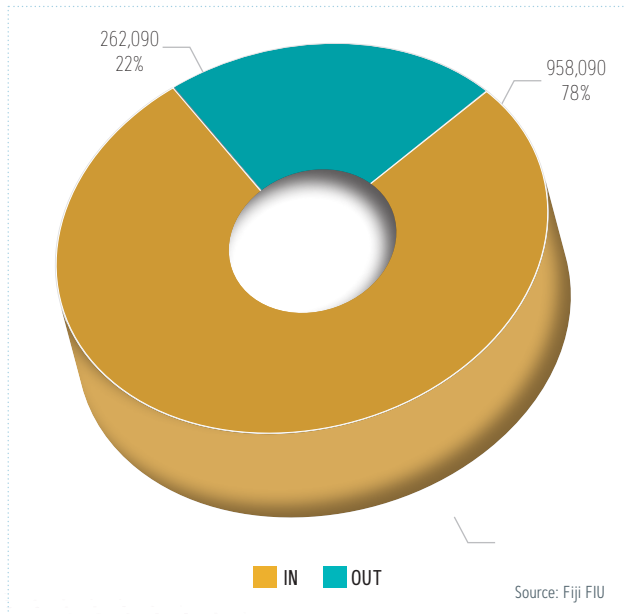
Sector	2013	2014	2015	2016	2017
Money Remittance Service Providers	832,108	886,744	697,676	793,837	869,363
Commercial Banks	313,232	419,357	324,604	333,746	319,640
Mobile Phone Money Remitters	2,388	2,532	7,713	21,128	31,599
<b>TOTAL</b>	<b>1,147,728</b>	<b>1,308,633</b>	<b>1,029,993</b>	<b>1,148,711</b>	<b>1,220,602</b>

Source: Fiji FIU

<sup>3</sup>In 2014 four reporting institutions reported backdated EFTRs totalling 418,425 as part of the FIUs reporting compliance and data quality project. This has not been reflected in the Monthly Electronic Funds Transfer Reports graph for 2014.

### EFTRs by Direction of Remittances

EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (78 percent) of EFTRs received during 2017 were for inward remittances.



### EFTRs by Direction of Remittances

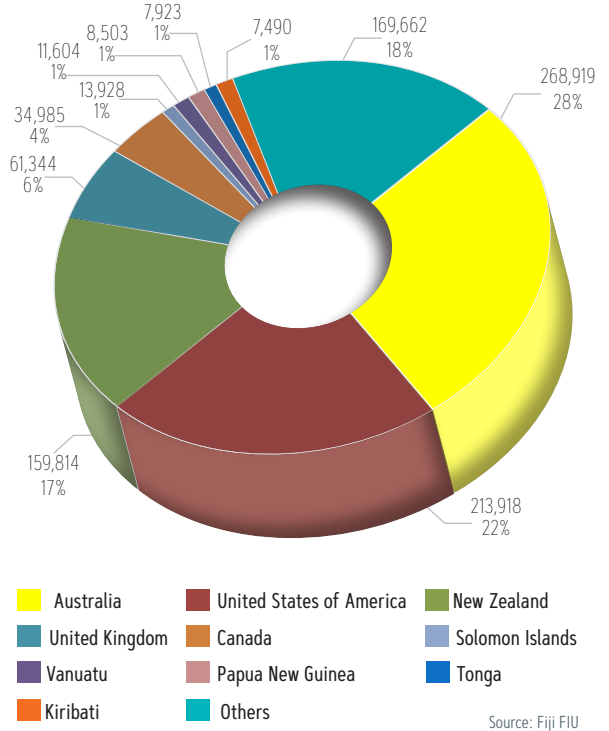
	2013	2014	2015	2016	2017
Inwards	894,026	1,030,405	773,264	879,644	958,090
Outwards	253,702	278,228	256,729	269,067	262,512
Total	1,147,728	1,308,633	1,029,993	1,148,711	1,220,602

Source: Fiji FIU

### EFTRs by Sending and Receiving Country

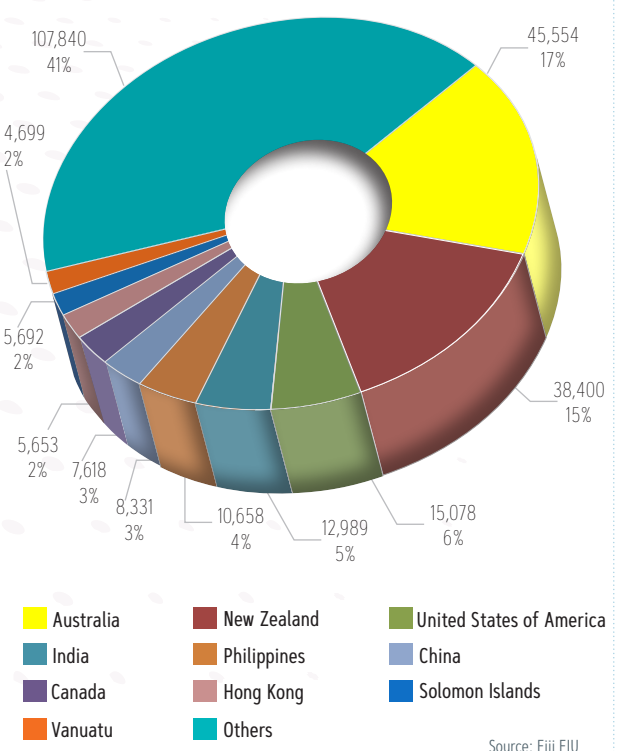
Inward international remittance transactions reported to the FIU involved the following ten major countries: Australia, United State of America, New Zealand, United Kingdom, Canada, Solomon Islands, Vanuatu, Papua New Guinea, Tonga and Kiribati.

### EFTRs: Countries Involved in Inward Remittances to Fiji



Outward international remittance transactions reported to the FIU involved the following ten major countries: Australia, New Zealand, United States of America, India, Philippines, China, Canada, Hong Kong, Solomon Islands and Vanuatu.

### EFTRs: Countries Involved in Outward Remittances from Fiji





## 6 OUTCOMES - BORDER CURRENCY REPORTS

All travelers coming into Fiji or going out of Fiji are required to declare if they are carrying currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency).

Travelers are required to make a declaration in the first instance on the arrival or departure cards and then fill out a BCR form which is available at all ports of entry and exit in Fiji. The completed BCRs are collected by Customs FRCS officials at the ports and submitted to the FIU for central recording, analysis and for its intelligence purpose.

In 2017, 792 BCRs were submitted to the FIU compared to 547 BCRs in 2016.

### BCRs by Direction of Travel

There were more declarations made by outbound travellers compared to inbound travellers in 2017.

### BCRs Received

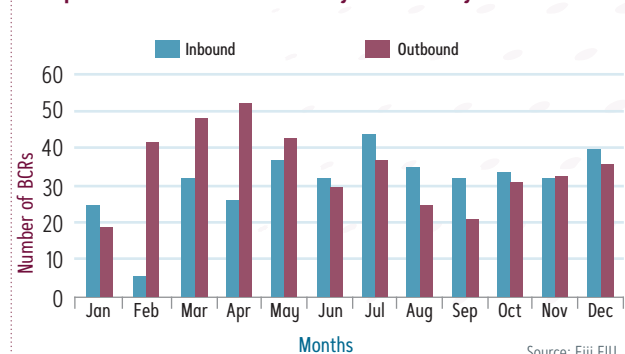
#### BCR Declarations by Direction of Travel 2013-2017

Persons Declaring	2013	2014	2015	2016	2017
Declarations made by inbound travellers	141	231	187	265	375
Declarations made by outbound travellers	318	326	304	282	417
<b>TOTAL</b>	<b>459</b>	<b>557</b>	<b>491</b>	<b>547</b>	<b>792</b>

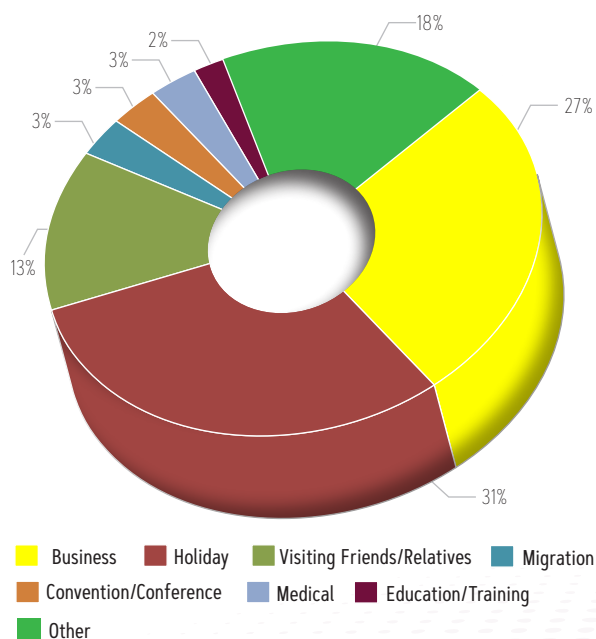
Source: Fiji FIU

The Fiji FIU has noted an increase in declarations made by outbound travellers. In 2017, 53 percent of declarations were made by inbound travellers while 47 percent of declarations were made by inbound travellers in 2017.

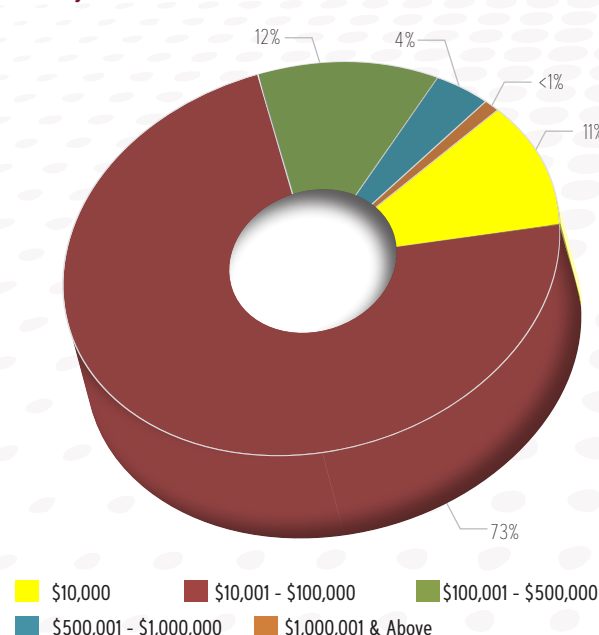
#### Comparison of Declaration made by Travellers by Month

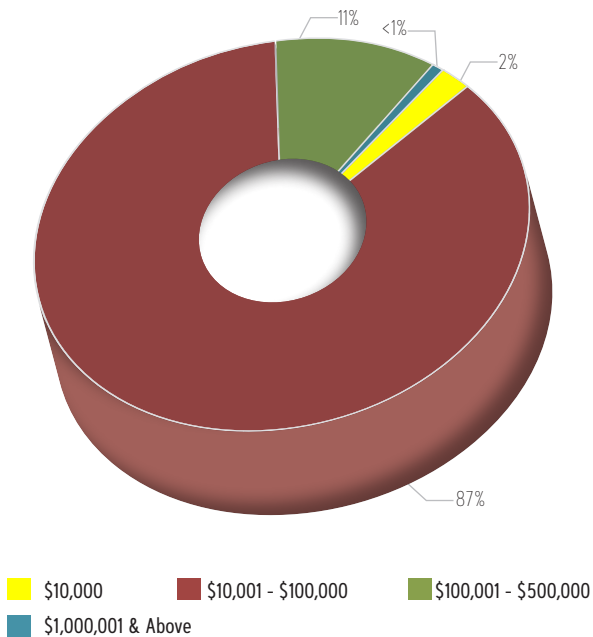


#### 2018 BCR Declarations: Reason for Travel



#### BCRs by Transaction Value: Outbound



**BCRs by Transaction Value: Inbound**

We have observed that 60 percent of travellers who declared BCRs were in Fiji for holiday/visiting friends and relatives. The majority of BCRs declared by inbound and outbound travellers ranged in the value of FJ\$10,001.00-FJ\$100,000.00.

The FIU together with FRCS have placed new BCR pull up banners at the Nadi and Nausori international

airports to inform travellers of the BCR declaration requirements.

### BCRs by Value of Currency Declared

The total value of currency declared by travellers in the BCRs in 2017 was \$49.9 million compared to \$30.2 million in 2016.

### Value of Border Currency Reports Received 2013-2017

Persons Declaring	Value of Currency Declared (\$million)				
	2013	2014	2015	2016	2017
Travelers Arriving in Fiji	6.7	10.3	11.0	13.1	21.4
Travelers Departing Fiji	15.4	19.6	20.9	17.1	28.5
<b>Total</b>	<b>22.1</b>	<b>29.9</b>	<b>31.9</b>	<b>30.2</b>	<b>49.9</b>

Source: FRCS & Fiji FIU

### Failure to Declare Currency

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.

In 2017, there were 46 reported cases of BCR non-declaration compared to 12 cases of persons brought before the court for failing to declare currency in 2016. All the cases were detected at Nadi International Airport.

### Failure to Declare Currency Cases in 2017 - Inbound Travellers

	DATE OF TRAVEL	DETAILS	AGE	FOREIGN AMOUNT FAILED TO DECLARE	FJD Equivalent	DATE OF CONVICTION	JUDGMENT IN COURT
1	4 January	Xiuqin Zhang arrived from Port Villa	28	US\$4,611.74, AU\$6,945, CNY8606, HK\$20 and FJ\$30	\$17,735.93	5 January	Fined FJ\$2,000
2	17 February	Peilian Feng arrived from Port Villa	42	US\$5,765, AU\$1,021, NZ\$50, VUV11,400.80	\$12,808.92	20 February	Fined FJ\$2,000
3	17 April	Zhang Hangping arrived from Hong Kong	44	HK\$6,460, US\$896, CNY2540	\$15,850.17	20 April	Fined FJ\$2,000
4	17 April	Tingzhen Li arrived from Hong Kong	43	HK\$48,040, CNY100, US\$100	\$11,590.10	20 April	Fined FJ\$4,000
5	23 April	Wei Wei Gou arrived from Majuro	23	US\$16,461, HK\$30, £5, CNY1,232	\$32,498.88	25 April	Fined FJ\$6,000
6	28 April	Chunpeng Zhang arrived from Incheon	64	US\$8,000	\$16,649.00	2 May	Fined FJ\$3,000
7	28 April	Wei Li arrived from Incheon	49	US\$5,000	\$10,020.40	2 May	Fined FJ\$2,000
8	28 April	Xinyi Li arrived from Incheon	18	US\$5,000	\$10,020.40	2 May	Fined FJ\$2,000
9	28 April	Jing Yuan arrived from Incheon	47	US\$5,000	\$10,020.40	2 May	Fined FJ\$2,000
10	29 April	Liming Feng arrived from Nukualofa	52	US\$5,495, CNY9775, TOP190	\$14,431.35	2 May	Fined FJ\$4,500
11	30 April	Jianguo Wang arrived from Auckland	64	AU\$30,575, HK\$39,660, CNY3575	\$58,747.68	3 May	Fined FJ\$5,000
12	30 April	Zhijun Zhen arrived from Auckland	59	AU\$9,656, NZ\$918.50, CNY31	\$15,806.10	3 May	Fined FJ\$3,000
13	30 April	Yalin Huang arrived from Auckland	28	AU\$12,750, HK\$5,086, NZ\$918.50, CNY31	\$21,498.35	3 May	Fined FJ\$5,000

14	30 April	Linkun Song arrived from Auckland	38	AU\$9,630, HK\$78,820, CNY872, US\$200	\$36,514.65	3 May	Fined FJ\$5,000
15	7 May	Shim Young Boo arrived from Majuro	54	US\$9,900, FJ\$280, WON60,000, CNY2	\$19,816.73	9 May	Fined FJ\$5,000
16	14 May	Yuping Zheng arrived from Port Villa	49	AU\$5,005, US\$428, VUV140,000	\$10,797.01	19 May	Fined FJ\$1,500
17	14 May	Yufeng Zheng arrived from Port Villa	42	AU\$8,200, US\$140, VUV44,000, FJ\$69.19	\$16,122.66	19 May	Fined FJ\$1,500
18	24 May	Qingbo Jiang arrived from Tonga	57	US\$8,136, FJD150, CNY40, CNY20, HK\$19,290	\$21,066.09	25 May	Fined FJ\$8,000
19	29 May	Zhibin Fu arrived from Port Villa	53	CNY400, HK\$50, US\$5,700, VUV27,000, FJ\$5, AU\$5	\$11,921.83	31 May	Fined FJ\$1,500
20	14 June	Jian Feng Chen arrived from Port Villa	28	HK\$47,000, PESO10,000, CNY200	\$11,662.70	16 June	Fined FJ\$2,000
21	14 July	Jun Li arrived from Apia	40	US\$21,479	\$44,031.95	17 July	Fined FJ\$1,500
22	25 July	Baodong Xia arrived from Hong Kong	39	FJ\$5,140, US\$4,900	\$14,595.80	26 July	Fined FJ\$1,500
23	27 July	Chan Ping Poon arrived from Hong Kong	51	CNY20,000, US\$103, HK\$8,080, AU\$5,995	\$16,316.87	28 July	Fined FJ\$3,000
24	30 July	Jianzhong Huang arrived from Majuro	54	US\$6,313, CNY731	\$12,720.48	4 August	Fined FJ\$1,000
25	3 August	Jingjing Jiang arrived from Auckland	37	US\$8,000, HK\$22,000, NZ\$3,780, CNY11,700	\$28,122.11	4 August	Fined FJ\$5,000
26	9 August	Juonng Heo arrived from Incheon	49	US\$40,407, FJ\$1,370, NZ\$20, PESO400, KRW501,000, NPR10, £500 MY\$20, THB970	\$77,399.38	11 August	Fined FJ\$12,000
27	9 August	Jihye Lee arrived from Incheon	33	US\$25,400, FJ\$3,350, KRW15000	\$52,525.44	11 August	Fined FJ\$10,000
28	9 August	Whajung Kim arrived from Incheon	30	US\$30,000, FJ\$600	\$62,462.61	11 August	Fined FJ\$10,000
29	14 August	Suxiang Feng arrived from Tarawa	47	AU\$10,870	\$16,094.17	16 August	Fined FJ\$1,500
30	14 August	Buren Randolph arrived from Tarawa	35	AU\$23,650, US\$190	\$37,719.18	16 August	Fined FJ\$4,000
31	4 September	Lihui Yu arrived from South Korea	59	US\$9,650, KRW10,000, CNY2,477	\$19,183.76	6 September	Fined FJ\$3,000
32	10 September	Xiaoliang Zeng arrived from Majuro	20	US\$7,695, FJ\$100,	\$20,977.63	12 September	Fined FJ\$1,500
33	11 September	Yamin Dai arrived from Vanuatu	42	US\$6,680, CNY618, SG\$455, HK\$1,6650, THB8,910, AU\$200, MY\$4,422	\$20,477.59	21 September	Fined FJ\$2,000
34	18 September	Zhongtao Wong arrived from South Korea	44	US\$7,000, CNY8,900	\$15,851.43	19 September	Fined FJ\$1,500
35	18 September	Yilong Bi arrived from South Korea	41	US\$8,014, CNY4,450	\$16,638.90	20 September	Fined FJ\$1,500
36	18 September	Guojun Chen arrived from South Korea	48	US\$8,550, CNY5,280	\$17,887.80	19 September	Fined FJ\$1,500
37	29 September	Michael James Murphy arrived from Los Angeles	63	US\$7,100, £230, SG\$203, €510	\$15,870.63	29 September	Fined FJ\$750
38	30 September	Gurmej Singh arrived from San Francisco	62	£4430	\$11,327.00	2 October	Fined FJ\$500
39	30 September	Roselyn Priti Singh arrived from San Francisco	69	US\$7,920, FJ\$145	\$15,179.32	2 October	Fined FJ\$1,250
40	22 September	Xituo Xiao arrived from Sydney	50	AU\$8000	\$11,942.00	3 November	Fined FJ\$750
41	22 September	Yilain Xiao arrived from Sydney	52	AU\$12,405, CNY1,000	\$18,826.98	3 November	Fined FJ\$750
42	30 October	Gulistan Guler arrived from Sydney	33	FJ\$30, AU\$9,825	\$14,880.30	30 October	Fined FJ\$1,500
43	18 November	Herwig Ulrich arrived from Tonga	54	US\$9,440	\$18,234.00	20 November	Fined FJ\$2,000
44	22 November	Dharam Raj Singh arrived from Los Angeles	63	US\$13,853, FJ\$132	\$27,083.36	22 November	Fined FJ\$4,000
45	30 December	Dragos Alin Popescu arrived from Sydney	28	FJ\$4,978, AU\$1,705, £1,900, €9,850	\$34,532.07	5 January 2018	Fined FJ\$5,000

Source: FRCS &amp; Border Police &amp; Fiji FIU

### Failure to Declare Currency Cases in 2017- Outbound Travellers

	DATE OF TRAVEL	DETAILS	AGE	FOREIGN AMOUNT FAILED TO DECLARE	FJ\$ EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
1	3 July	Passenger departed Nadi for Port Villa	42	US\$5,200, FJ\$21,040, £5, 17 Leeva, €5, HK\$310, S\$41,000, BND\$1, 1Riyal, 105, 400Rupiah	\$25,930.00	Case was withdrawn	Cash was released back to accused, however, FJ\$20,000 was held as it was connected with another criminal matter.

Source: FRCS &amp; Border Police &amp; Fiji FIU

# 7 OUTCOMES - EMERGING AND CONTINUING MONEY LAUNDERING TRENDS

## Emerging Trend

### Fake Bank Statements and Employment Letters

The FIU noticed an increase in the number of cases involving the use of fake bank statements and employment letters to obtain loans at various financial institutions. The FIU received 15 reports from various financial institutions claiming that more than 30 individuals applied for unsecured personal loans using falsified bank statements and fake employment letters. The FIU also received reports that individuals had falsified bank telegraphic transfer forms to fraudulently obtain goods from overseas suppliers and clients.

### Cheque Washing

The FIU has seen an increase in the number of cases of "cheque washing" to purchase items at various retailers. Individuals have purchased bank cheques for small amounts and have 'washed' the bank cheques to amend the amount and payee field to purchase alcohol and meat in bulk. The retailers were not aware that the bank cheques were fraudulently altered until they were deposited into their bank accounts. In some cases, the items that were bought using the fraudulently altered cheques were sold to other retailers at a discount to obtain cash.

## Continuing Trend

### ATM Skimming

The FIU continues to see foreign nationals entering Fiji and withdrawing funds using stolen credit cards. These individuals have been observed to enter Fiji with skimming devices and use blank cards (that contain stolen credit card information) to conduct multiple withdrawals at various ATMs across the country. On 8 December 2017, three Bulgarian nationals were sentenced to one year imprisonment for possession of a skimming device and unauthorised access to restricted data. On 8 January 2018, two Cyprus nationals were charged with 293 counts of money laundering and attempt to obtain property by deception in Fiji. The case is ongoing.

### Business Email Intercept

The Fiji FIU had received suspicious transaction reports on six entities who were victims of business payment intercept scams in 2017.

The total value of funds lost by the six entities amounted to approximately FJ\$639,106.00. The funds were sent to Australia, U.S.A, Canada and Korea.

The Fiji FIU had issued case dissemination reports to its overseas counterparts to trace the ultimate beneficiary and explore avenues to recover the funds. In most cases, it was difficult to do so.

The Fiji FIU continues to create awareness on these types of scams: <https://www.fijifiu.gov.fj/getattachment/8f146dee-68bd-49f2-bad8-7f462cb471a6/Press-Release-09-2014-Beware-of-Email-Spoofing.aspx>

## BCR Case Study

### State vs. Buren Randolph (Criminal Case No: 1042/17)

#### Magistrates Court of Nadi

On 14 August 2017, Mr Buren Randolph, a 35 year old businessman arrived with his wife on Tarawa Flight FJ\$230 for transit to Hong Kong. He failed to declare currencies to the value of FJ\$37,719.18 (AU\$ & US\$ currency).

The money was found in a suitcase and Mr Randolph did not know how to read and write in English.

Mr. Buren Randolph was produced at the Nadi Magistrates Court on 17 August 2017 and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay FJ\$4,000.00 and the cash was released to the accused.



## 8 OUTCOMES - CASE STUDIES

*The following cases studies identified by the FIU during 2017 highlights suspicious transaction indicators and money laundering typologies.*

### Money Laundering Cases: Success Stories in Fiji

#### Case Study: Unauthorised Internet Banking Transfers

Mr Prashil Prakash was employed by a 'Mr Barry Green', a fraudster supposedly located in England. 'Mr Barry Green' communicated with Mr Prashil Prakash through email and advised him that he would be facilitating payments from 'Mr Barry Green's' clients in Fiji. 'Mr Barry Green' then illegally logged into the internet banking accounts of various customers and transferred money to the account of Mr Prashil Prakash and his sister. Mr Prashil Prakash had control over his sister's account and withdrew the money that was transferred to the account illegally and remitted part of the funds to 'Mr Barry Green'. Prosecution produced email correspondence between 'Mr Barry Green' and Mr Prashil Prakash as evidence that Mr Prashil Prakash was aware of the internet banking transfers. In her judgement, Resident Magistrate Chandani Dias stated that Mr Prashil Prakash should have questioned why his bank account was needed to facilitate the payments and why the individuals could not pay 'Mr Barry Green' themselves. On 12 July 2017, Mr Prashil Prakash was convicted of money laundering and on 11 August 2017 he was sentenced to three years imprisonment.

#### Case Study: "Lavish Lifestyle Driven Crime"

Mrs Preetika Anuwesh Lata was married to Mr. Sudhanshu Sharma who was employed by Fiji Sugar Corporation (FSC) as a payroll officer. In 2012, FSC implemented a new payroll system and Mr Sudhanshu Sharma was responsible for processing and consolidating the payroll and generating bank files for staff and non-staff payroll. In December 2013, it was discovered that \$285,680.96 had been transferred via non-staff payroll to the bank account of Mrs Preetika Anuwesh Lata and Mr Sudhanshu Sharma. Mrs Preetika Anuwesh Lata and Mr Sudhanshu Sharma were not approved to be on this payroll. In May 2014, Mr. Sudhanshu Sharma, after confessing and seeking forgiveness from the Executive Chairman, fled the country leaving his wife to face the full consequences of their actions. In February 2013, Mrs Preetika Anuwesh Lata opened a bank account which was used to receive the stolen

funds from FSC. Throughout her trial, Mrs Preetika Anuwesh Lata insisted that she was not aware of her husband's fraudulent dealings including the funds held in her bank account. However, in his judgement, High Court Judge, Justice Aruna Aluthge stated that Mrs Preetika Anuwesh Lata and Mr Sudhanshu Sharma maintained lifestyles 'beyond their legitimate means'. The judge also highlighted a number of inconsistencies between Mrs Preetika Anuwesh Lata's caution interview answers and those provided during the trial. On 22 November 2017, Mrs Preetika Anuwesh Lata was convicted of money laundering and on 7 December 2017 she was sentenced to five years imprisonment.

#### Case Study: "Studying for Crime"

Mr Manjeet Singh and Mr Rajneel Chaudary were two friends studying at the University of the South Pacific (USP) who conspired to steal funds by illegally accessing internet banking of their associates. Mr Manjeet Singh knew where his landlord kept all his bank account details and used the stolen details to register his landlord for internet banking. Mr Manjeet Singh then conducted internet banking transfers amounting to \$22,000 from his landlords account to accounts held under his name, Mr Rajneel Chaudary and Ms Arti Darshana Reddy. Ms Arti Darshana Reddy was a friend that Mr Rajneel Chaudary approached to use her account to supposedly pay for his school fees. After transferring the funds to Ms Arti Darshana Reddy he used her ATM card and withdrew the funds.

Meanwhile, Mr Rajneel Chaudary visited a branch and made enquiries on an account held by an individual he owed money to under the pretence of depositing funds into the account. Mr Rajneel Chaudary was then able to obtain personal details to access the victim's account. Mr Manjeet Singh then conducted three internet banking transfers totalling \$4,340.00 from the victim's account.

On 30 March 2017, Mr Manjeet Singh was convicted of three counts of money laundering and on 6 April 2017 Mr Manjeet Singh was sentenced to nine years imprisonment. On 17 April 2017, after pleading guilty to three counts of money laundering Mr Rajneel Chaudary was sentenced to eight years imprisonment.

This case study was the first domestic cybercrime case that resulted in not only one but two money laundering convictions. The level of collusion and manipulation of banking systems was evident and resulted in wider implications on the banking system.

### Case Study 1: Unexplained Wealth

A couple, Person X and Y had been reported to the Fiji FIU in 2005 for possible tax evasion. As a result of the analyses by the Fiji FIU, a case dissemination report was sent to FRCS Tax/Fiji Police Force in March 2005.

In 2013, Person X and Y were again reported to the Fiji FIU for being in possession of unexplained wealth as both Person X and Y had been unemployed since 2004. Person X was reported to the Fiji FIU in 2014 as well for operating as a money lender without a licence.

Person X was convicted and sentenced as follows:

- Forgery Count 1 – Sentenced for two years.
- Altering a false document – Sentenced for two years.

Fiji FIU established that Person X was still unemployed while Person Y was employed earning an annual salary of approximately \$17,400.00. Fiji FIU established that the couple had conducted deposits totalling approximately FJ\$264,699.86 through their bank accounts from January 2017 to August 2017. It was further established that no income tax lodgements had been made by Person X since 2004.

Further checks revealed that Person Y was in possession of three residential properties, one of which was owned under both their names. Person X was in possession of five vehicles while Person Y was in possession of three vehicles.

It was suspicious since the couple were in possession of assets in excess of their financial capacity.

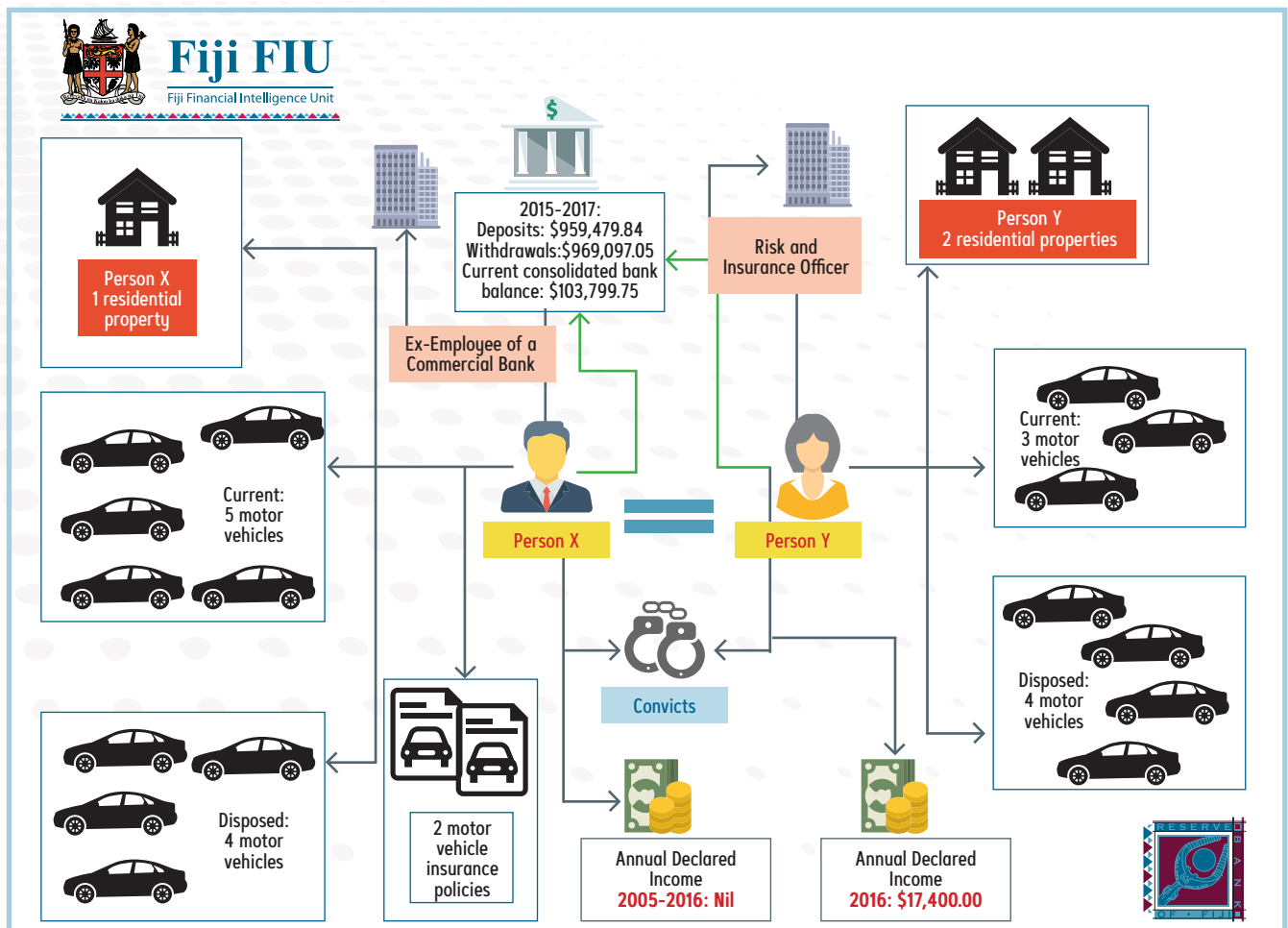
The Fiji FIU disseminated the first unexplained wealth matter to the Unexplained Wealth Taskforce to investigate the case.

#### Possible Offence:

- Possession of unexplained wealth
- Tax Evasion

#### Indicators:

- Significant bank account activity which is not in line with couple's profile
- Lavish lifestyle
- Ownership of many residential properties and vehicles



**Case Study 2: Fraudulent property loan dealings**

The Fiji FIU received a STR from a finance company in Fiji on Company Z for being involved in suspicious land dealings.

It was established that Company Z was locally incorporated in 2007. Company Z had two directors, Person A and Person B, who were New Zealand nationals.

The Fiji FIU conducted checks and established that Company Z was the owner of 13 properties in Fiji. It was further established that Company Z had obtained funds via a property loan for a resort project in Fiji.

While the source of funds for the land purchases was deemed legitimate, it was established that three ex-convicts, Person C, D and E had placed interests in a few of the properties by means of "caveats" on those properties in 2016. The individuals were convicted and sentenced by the Auckland District Court in 2013 for fraudulently obtaining loans.

The financial interest of Person A, B and C in the property in Fiji was deemed suspicious and it was unknown whether the funds obtained for the property titles were linked to their criminal activities in New Zealand.

A report was disseminated to the New Zealand Police Financial Intelligence Unit (NZPFIU) for further investigation.

**Possible Offence:**

- Fraudulently obtaining loans

**Indicators:**

- Interest placed in land in Fiji
- Previously convicted for obtaining loans fraudulently

**Case Study 3: Fraudulent Transactions conducted using Dual Identification**

The Fiji FIU received a STR from a foreign exchange dealer on Person Z. Person Z was reported for providing a fraudulent identification card while receiving remittances. The identification card was suspected to be fraudulent because there were no details on the expiry date and residential address.

It was established that Person Z had been receiving remittances under two different names and had received international remittances totalling \$12,930.00 from April – October 2017.

Upon further analysis, the Fiji FIU established that Person Z had two tax identification numbers and bank accounts under both names.

A report was disseminated to the Fiji Police Intelligence Bureau

**Possible Offence:**

- Fraud
- Forgery

**Indicators:**

- Fake identification card
- Two tax identification numbers for the same individual

**Case Study 4: Identity Theft of an Investor to conduct fraudulent transactions**

Person Y is a Fijian national based in the United States and is a client of a local investment firm. Person Y was allegedly a victim of identity theft where Person Z hacked into Person Y's email and obtained personal identification details of Person Y. Person Z emailed the investment firm and gave instructions to sell investments owned by Person Y and remit the funds to a bank account in Ireland.

A total of approximately \$9,981.00 was transferred to the bank account in Ireland.

The Fiji FIU conducted financial checks and linked up with its foreign counterparts and established that the bank account belonged to Person Z who was linked to certain criminal activities in Ireland.

A report was disseminated to the investment firm and local bank for their information. The investment firm was advised to liaise with the local bank in relation to compensation of funds of Person Z. A report was also disseminated to the Fiji Police Force for further investigation.

**Possible Offence:**

- Fraud
- Identity theft

**Indicators:**

- Fraudulent email correspondence
- Victim was not the account holder of the bank account funds were remitted into

#### **Case Study 5: Civil engineering Company allegedly structuring deposits and not declaring business income to tax authority**

The Fiji FIU received two STRs on an engineering company, Company Y for conducting significant, regular cash and cheque deposit transactions.

The Fiji FIU conducted analysis and established that Company Y conducted several unusual transactions within three months.

It was established that Company Y maintained five business bank accounts at two different banks. It was further established that in the last two years, the total deposit transactions that were conducted in the two bank accounts amounted to approximately \$4.5m.

The Fiji FIU also established that Company Y had not lodged any tax returns with the tax authority for the past two years.

A report was disseminated to the tax authority for possible tax offences.

##### **Possible Offence:**

- Tax Evasion

##### **Indicators:**

- Conducting several deposits below the reporting threshold of \$10,000.00.
- No tax returns lodged with the tax authority

#### **Case Study 6: Alleged diversion of business funds into personal account by director not declaring business income to tax authority**

The Fiji FIU received a STR on Person A who is alleged to have been diverting business funds into his personal bank account.

Person A is the director of three large manufacturing and hardware companies Company X, Company Y and Company Z.

The Fiji FIU conducted financial checks and established that Person A had received significant cash and cheque deposits into his personal bank account. It was established that most of the cheques were drawn on the business account belonging to Company X.

The Fiji FIU further established that there were few significant deposits conducted into Company X and Company Y's bank accounts which did not match their usual business activity.

The Fiji FIU conducted further checks and noted outstanding tax lodgments for Company X and Company Y.

A report was disseminated to the tax authority for possible tax offences.

##### **Possible Offence:**

- Tax Evasion
- Money laundering offences

##### **Indicators:**

- No tax returns lodged with the tax authority
- Depositing of business funds into personal account

#### **Case Study 7: Husband and Wife receiving significant remittances and not declaring to the Tax authority**

The Fiji FIU received a STR on a couple Mr and Mrs X for receiving large remittances and conducting transfers between their business and personal bank accounts.

The Fiji FIU established that Mr X received more than \$1 million in remittance transactions and Mrs X received \$300,000.00 in remittances. All these remittances were sourced from China.

Mr X is a director of company UVW Ltd and XYZ Ltd in Fiji. Mrs X is a director of RST Ltd in Fiji. Further checks established that Mr and Mrs X and the three companies had not filed any tax returns.

Mr X maintains two personal bank accounts, one of which had an account balance of more than \$1 million. Mrs X maintains one personal bank account with a balance of approximately \$0.3 million.

A report was disseminated to the tax authority for possible tax offences.

##### **Possible Offence:**

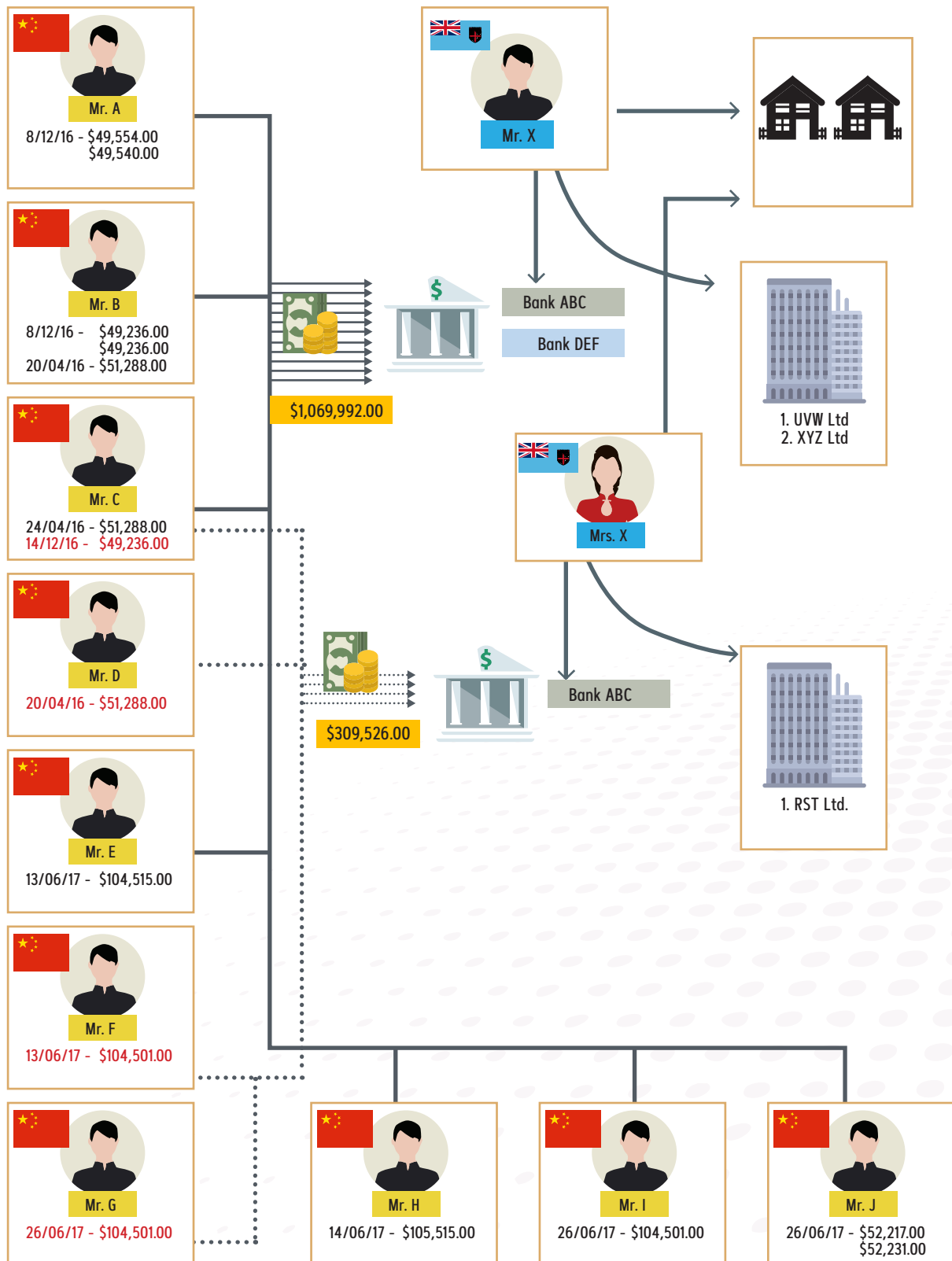
- Tax Evasion

##### **Indicators:**

- Very significant account balance in their personal accounts
- No tax returns lodged with the tax authority
- Significant inward remittances received



Flowchart of remittances received by Mr. X and Mrs. X in 2016 - 2017



### Case Study 8: Undeclared currency exchange and significant funds movement

The Fiji FIU received a STR linked to alleged drug trafficking involving a dual citizen (Fiji and New Zealand), Person X.

Between November 2016 and November 2017, Person X was reported six times in STRs from local foreign exchange dealers and banks. Person X was first brought to the attention of the Fiji FIU for conducting significant currency exchange in NZ dollars.

The Fiji FIU conducted financial checks and established that Person X had not declared the NZ currency at the border upon arrival. The foreign currency exchange was equivalent to FJ\$91,640.00 and the Fiji FIU was unable to establish its ultimate use. Prior to the currency exchange, Person X had opened a bank account at Bank A. Person X also opened bank accounts at another local bank, Bank B.

Person X remitted significant funds from NZ to an individual in Fiji, Person Z. Person Z had received remittances from both Person X and his spouse person Y in New Zealand. Person X and Person Y are also directors of Company A, B and C in New Zealand. Person Z also received remittances from Company A in New Zealand. Person Z has no apparent relationship with either Person X or Y.

Person X stated that the reason for large currency exchange was to set up a business in Fiji. Company D was later set up in Fiji.

Person X used various other individuals to conduct currency exchange on his behalf.

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

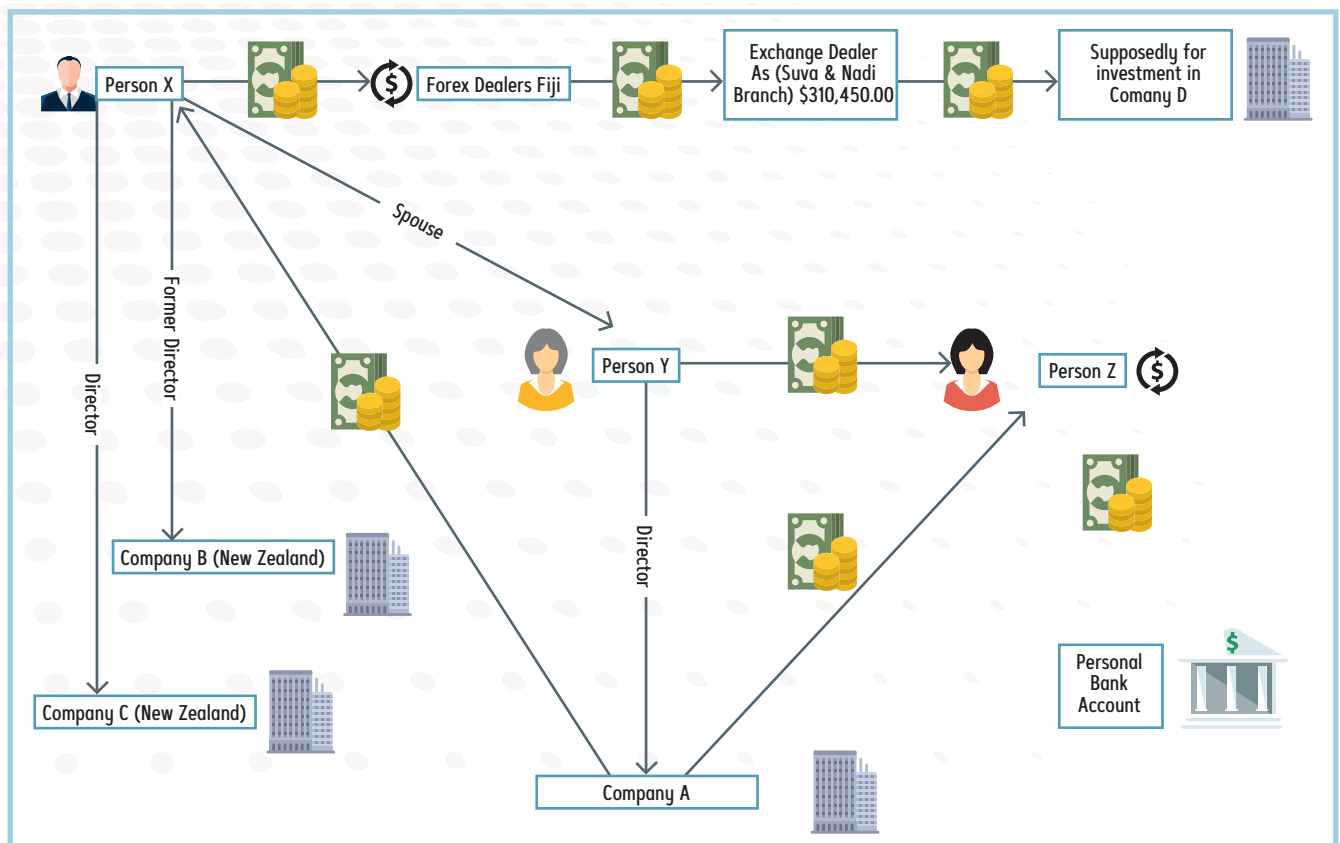
A case dissemination report was first disseminated to the NZFIU to investigate for alleged tax evasion in NZ and money laundering. The same report was later requested by the Transitional Crime Unit (TCU) Fiji for drug related offences. Dissemination of later STRs were made to TCU. The Fiji Revenue and Customs Service was also issued the same report for profiling at the border.

#### Possible Offence:

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

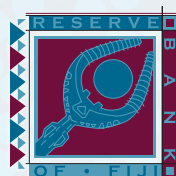
#### Indicators:

- Significant exchange of funds between local and overseas based entities without any apparent established trade relationships.
- Remitting funds to various individuals in Fiji
- Large currency exchange with declaring at the border.





**Fiji FIU**  
Fiji Financial Intelligence Unit



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