

FIJI FINANCIAL INTELLIGENCE UNIT

2018 ANNUAL REPORT

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.

2018 ANNUAL REPORT FIJI FINANCIAL INTELLIGENCE UNIT

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STRATEGIC ANALYSIS REPORT 2018 FIJI FINANCIAL INTELLIGENCE UNIT

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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 institutions¹ 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; and
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 charge 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.

¹The 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.

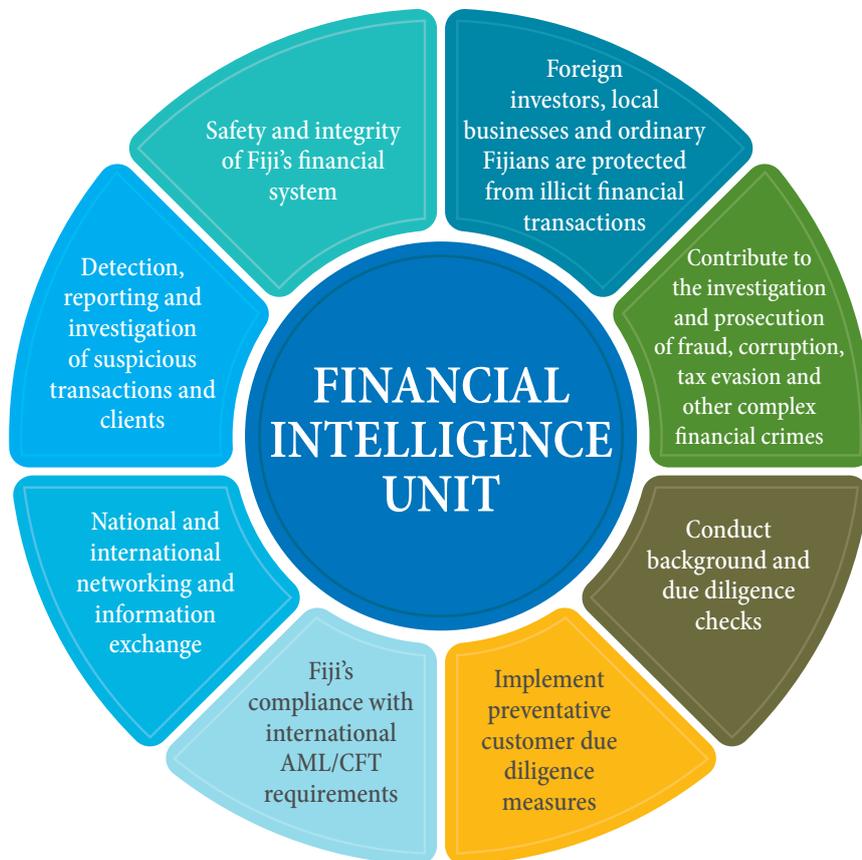
The Economic Impact

The FIU will continue to contribute to the following key national objectives:

- ensure the safety and integrity of Fiji’s financial system from financial crimes and money laundering activities.
- ensure foreign investors, local businesses and ordinary Fijians are protected from illicit financial transactions and they conduct their trade and financial transactions in a secure environment.
- contribute to the investigation and prosecution of fraud, corruption, tax evasion and other complex financial crimes by providing timely and credible financial intelligence and information to law enforcement authorities, such as, Fiji Independent Commission Against Corruption (FICAC), FRCS

and the FPE.

- conduct background and due diligence checks on individuals and entities for the Fijian Government and statutory agencies.
- ensure that financial institutions (including lawyers, accountants and real estate agents) implement preventative customer due diligence measures and report suspicious transactions to the FIU.
- ensure that Fiji complies with international requirements on anti-money laundering and combating the financing of terrorism.
- contribute to national and inter-agency coordination and international networking, particularly on transnational crimes such as human and drug trafficking cases, currency smuggling and cyber fraud.



2 DIRECTOR'S FOREWORD



I am pleased to present the 2018 Annual Report of the FIU. This is the 13th Annual Report of the FIU.

As the lead agency in Fiji for managing the strategic risk of ML/TF, the FIU recognises the importance of our role in ensuring the safety and integrity of Fiji's financial system from financial crimes and money laundering activities. The FIU is tasked to develop, implement and enforce AML/CFT preventative measures, financial intelligence management, information exchange, and create awareness on ML and TF trends and typologies. We also acknowledge that serious illicit financial transactions indicates a shared risk which can be managed with effective coordination and collaboration with international and domestic partners.

Fiji's AML regime covers an ambit of serious crimes, which include fraud, trafficking in drugs and persons, tax evasion, corruption and cybercrimes. Due to the global scope and transnational nature of terrorist threats, the CFT regime aims to protect Fiji and the financial system, from terrorism and its financing.

In 2018, the FIU began to more proactively engage with the designated non-financial businesses and professions such as lawyers, accountants and the real estate agents while at the same time the FIU further strengthened its engagement with other industry stakeholders and the enforcement and regulatory authorities to ensure that the requirements under the FTR Act and Regulations are

effectively implemented.

The FIU produces strategic financial intelligence and high quality data, which includes patterns and trends analysis for policy formulation which sheds light on the threat posed by financial crimes and money laundering activities. The major AML/CFT outputs in 2018 reflect the ever challenging environment that the FIU operates in Fiji.

The FIU's key outcomes in 2018 were the amendments to the FTR Act and Regulations, finalisation of Fiji's 2nd follow-up report to the Asia Pacific Group on Money Laundering (APG), achievements in intelligence development and networking, 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 2018:

- Intelligence management;
- AML/CFT policy formulation and training;
- Compliance by financial institutions and enforcement;
- Domestic and international networking;
- Providing technical assistance and training; and

- FIU administration and operations.

The 2018 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 2018:

- received 632 suspicious transaction reports;
- received 968,693 cash transaction reports;
- received 1,357,246 electronic fund transfers reports;
- managed more than 14 million financial transaction reports on our database;
- handled 969 border currency reports;
- disseminated 321 intelligence reports to law enforcement agencies;
- issued 15 Alert Notices to financial institutions on suspicious persons and entities;
- issued two Directives to financial institutions;
- handled 260 requests for investigative assistance from law enforcement agencies in relation to 1,241 individuals and 1,077 entities;
- handled 118 requests for due diligence and background checks from government agencies in relation to 259 individuals and 95 entities;
- made 446 enquiries and requests for further information from financial institutions;
- provided AML and FTR Act training to 376 officers of financial institutions and 65 officers of law enforcement agencies;
- continued to provide secretarial support for the National AML Council and its three AML Working Groups;
- issued 51 ad-hoc policy advisories;
- conducted AML onsite compliance examinations of eight law firms and five real estate agents;
- managed networking with 127 registered AML Compliance Officers of financial institutions (since 2006);
- managed 192 current authorised users of the FIU's online IT system; and
- signed a Memorandum of Agreement (MOA) with the Papua New Guinea FIU.

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 Kathmandu, Nepal in 2018 where Fiji's follow-up report was discussed and compliance ratings were upgraded.

Looking ahead in 2019:

The FIU will continue to engage with its key partner agencies and reporting institutions to combat money laundering and the financing of terrorism, particularly drug trafficking, cybercrime and other serious fraud and criminal activities. The FIU will ensure that it meets the expectations of the law enforcement agencies in our unique role as "one-stop-shop" for information exchange.

The FIU will also work closely 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.

Onsite examination of the DNFBP sector will continue in 2019.

The FIU will also finalise and introduce its strategic plan for 2019–2024. The highlight of the new strategic plan is our five pillars that meets the statutory “functions, duties and powers” of the FIU as provided under the FTR Act. While we have retained our vision of “Protecting Fiji from Money Laundering”, the strategic plan will also reflect the environment in which the FIU will operate in

the next five years, particularly, redefining and advancing our technology driven data quality and intelligence data mining processes.

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 2018.

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 2019 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

MINISTER FOR JUSTICE	<ul style="list-style-type: none"> • Minister responsible for the FIU under the FTR Act. • Delegated his responsibilities under the FTR Act to the Governor of the RBF in 2005.
GOVERNOR AND RBF BOARD	<ul style="list-style-type: none"> • Responsible for the administration of the FIU under the delegation of powers from the Minister for Justice. • Responsible for the approval of FIU annual work plan and budget.
DIRECTOR FIU	<ul style="list-style-type: none"> • Responsible for the powers, functions and duties of the FIU as specified in the FTR Act. • Reports directly to the Governor of the RBF.
NATIONAL AML COUNCIL	<ul style="list-style-type: none"> • Responsible for providing advice and assistance to the FIU on the prevention of money laundering and terrorist financing activities in Fiji. • Provides recommendations to the Minister and Governor on the appointment of the Director.

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 FPF and the FRCS through staff secondment to the FIU on a full time 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 institutions², members of the public and other agencies in Fiji.

In 2018, the FIU received a total of 2,327,540 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 2014-2018

	2014	2015	2016	2017	2018
STR	383	516	579	650	632
CTR	1,042,074	579,849	591,636	623,213	968,693
EFTR	1,308,633	1,029,993	1,148,711	1,220,602	1,357,246
BCR	557	491	547	792	969
TOTAL	2,351,647	1,610,849	1,741,473	1,845,257	2,327,540
Monthly Total Average	195,971	134,237	145,123	153,771	193,962

Source: Fiji FIU

The FIU has received more than 14 million financial transaction reports since it was established.

Financial Transaction Reports Received 2000-2018

	Total Reports Received 2000-2018
STR	7,949
CTR	4,834,075
EFTR	9,209,594
BCR	969
TOTAL	14,052,587

Source: Fiji FIU

Highlights of financial transaction reports received by the FIU in 2018 are provided below.

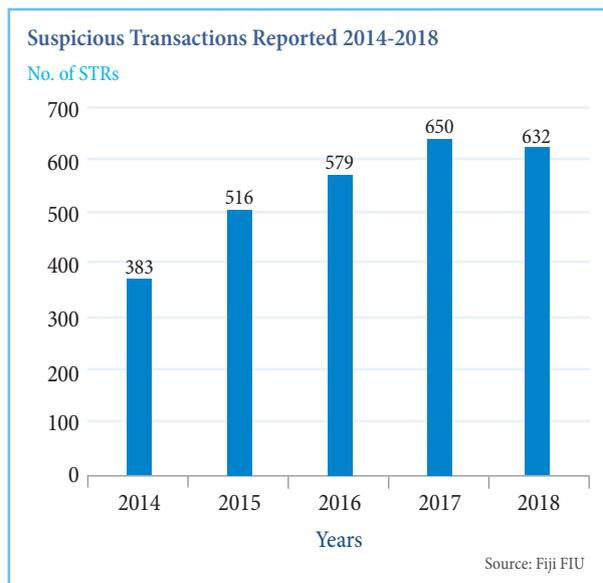
The FIU also conducts strategic analysis of financial transaction reports received which is provided in the strategic analysis section of this Annual Report.

²Financial institutions include designated non-financial businesses and professions.

³The 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, risks and vulnerabilities in Fiji.

Suspicious Transaction Reports

The FIU received 632 STRs³ in 2018 or an average of 53 STRs per month. This reflects a decrease of 3 percent compared to 650 STRs reported in 2017.



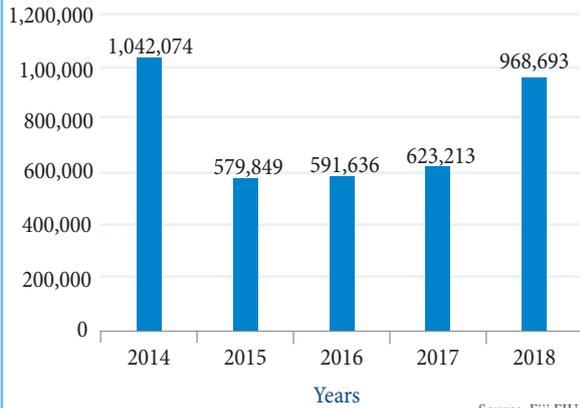
Financial institutions are required under section 14 of the FTR Act and section 24 of the FTR Regulations to report suspicious transactions to the FIU. A suspicious transaction is a transaction or attempted transaction which a financial institution has reasonable grounds to suspect may be related to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

Cash Transaction Reports

The FIU received 968,693 CTRs in 2018 or an average of around 81,000 CTRs per month. This is an increase of 55 percent compared to 623,213 CTRs reported to the FIU in 2017. This increase is largely attributed to the reporting of all transactions of \$10,000 and above by a particular financial institution.

Cash Transactions Reported 2014-2018

No. of CTRs



Source: Fiji FIU

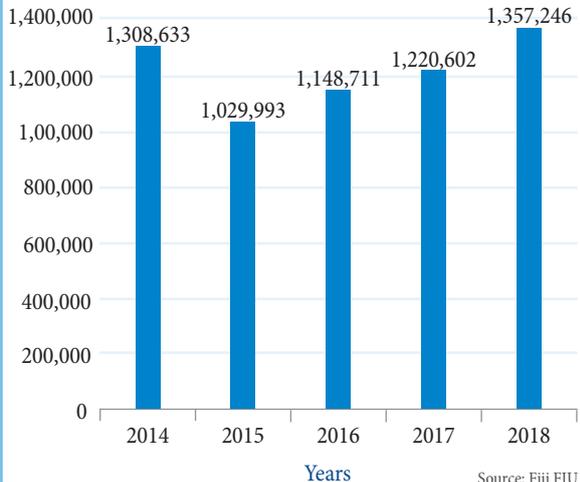
Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques,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

Electronic Fund Transfers Transaction Reports

The FIU received 1,357,246 EFTRs in 2018 or an average of around 113,000 per month. This is an increase of 11 percent compared to 1,220,602 EFTRs reported in 2017.

Electronic Fund Transfer Transactions Reported 2014-2018

No. of EFTRs



Source: Fiji FIU

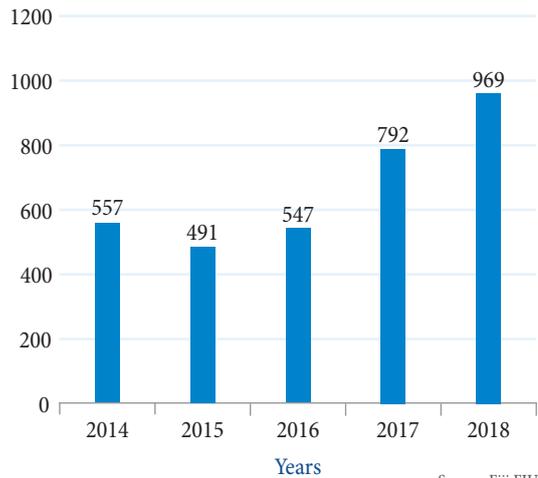
Commercial banks and remittance service providers (including mobile phone money remitters) are required under section 13(2) of the FTR Act and section 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for EFTRs.

Border Currency Reports

In 2018, the FIU received 969 BCRs. This is an increase of 22 percent compared to 792 BCRs received in 2017. There were more declarations made by outbound travellers compared to inbound travellers.

Border Currency Declarations 2014-2018

No. of BCRs



Source: Fiji FIU

Travellers into or out of Fiji are required to declare if they carry currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency). This is required under section 32 of the FTR Act.

BCR Declarations by Direction of Travel 2014-2018

Sector	2014	2015	2016	2017	2018
Declarations made by inbound travellers	231	187	265	375	434
Declarations made by outbound travellers	326	304	282	417	535
TOTAL	557	491	547	792	969

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 including information that is received from members of the public. The FIU uses tactical analysis procedures as set out in its standard operating manual to analyse all STRs and develop intelligence of possible money laundering or other serious offences.

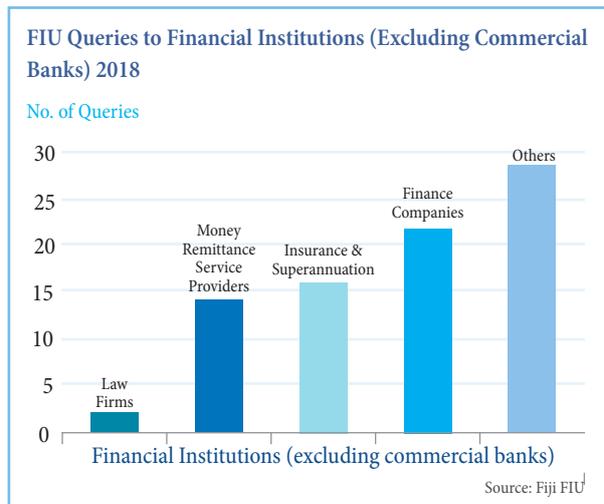
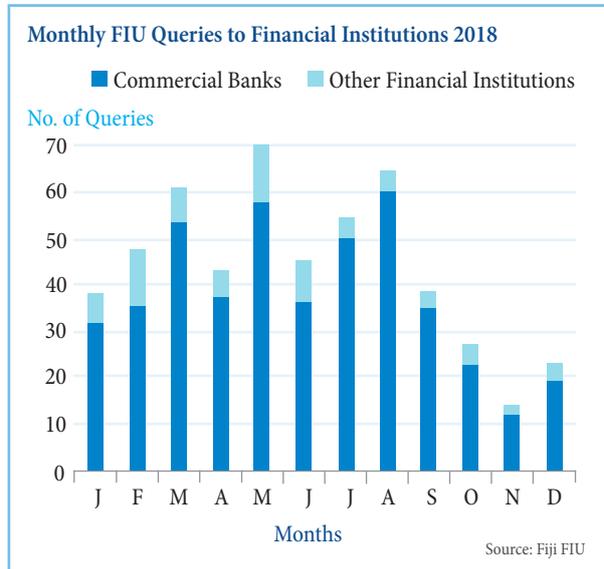
Other reports received by the FIU such as the CTRs and EFTRs while not analysed in detail, provide critical information which are used to analyse STRs. During 2018, the FIU continued to use FFIMSO in its intelligence processes. The FIU uses its Alert and Monitoring System (AMS) which monitors all financial 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 FIU is developing a STR case management system that will be completed and implemented in 2019.

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 sections 14(3), 25(1)(c), 25(1)(h) and 28 of the FTR Act.

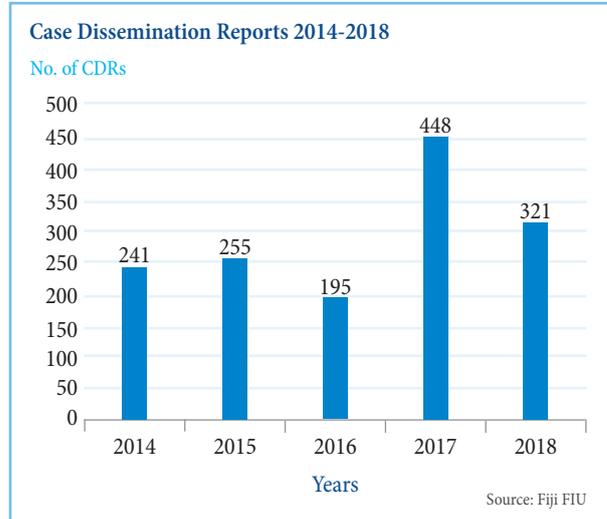
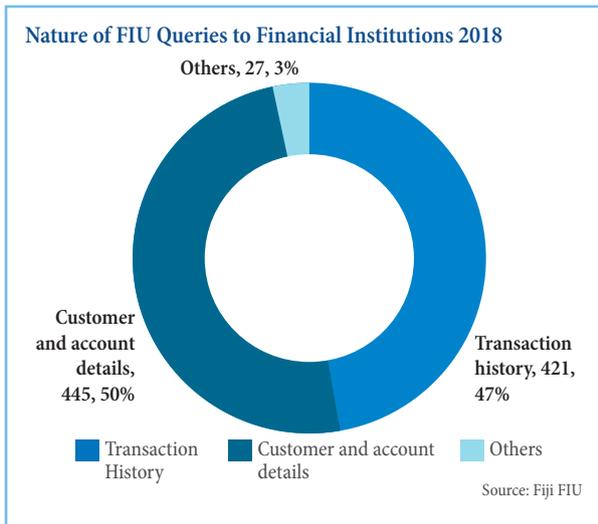
In 2018, 446 queries for further information were made by FIU to commercial banks (86 percent) and other financial institutions (14 percent).



The queries sent to financial institutions included requests for:

- i. customers' transaction history;
- ii. customers' identification details;
- iii. customers' account details;
- iv. copies of documents such as identification documents;
- v. customer transaction queries;
- vi. follow ups and clarifications;
- vii. originator information enquiries;

- viii. payment instrument (cheque) details; and
- ix. customer payment and asset details.



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.

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 2018, 321 CDRs were referred to law enforcement agencies compared to 448 CDRs in 2017⁴. The CDRs were developed from reports of suspicious transactions received in 2018 and prior to 2018.

Case Dissemination Reports to Law Enforcement Agencies 2014-2018

Law Enforcement Agency and Reason for Dissemination	2014	2015	2016	2017	2018
FRCS - Inland Revenue Services					
Possible violations under the Income Tax Act and VAT Decree.	155	166	83	310	193
FPF					
*including Transnational Crime Unit. Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	69	66	58	84	62
Immigration Department					
Possible violations under the Immigration Act and Passport Act.	1	1	5	2	8
FRCS - Customs Division					
Possible violations under the Customs Act.	6	5	12	7	14
Others ⁵	10	20	37	45	44
TOTAL	241	258	195	448	321

Source: Fiji FIU

⁴Due 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.

⁵Other Law Enforcement Agencies include FICAC, RBF and foreign law enforcement agencies.

In 2018, 65 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 248 STRs during 2018 for future intelligence references compared to 314 STRs in 2017. STRs are filed away for future intelligence references and analysis, if after analysis and intelligence gathering, the FIU is able to reasonably conclude that the transaction or information does not involve a money laundering offence 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 15 Alert Notices and Instruction Notices issued by the FIU in 2018.

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.

Alert & Instruction Notices Issued 2018

Date	Alert Notice Number	Issued To	Details
15 February	1/2018	Commercial banks	Fraudulent Swift Messages
21 February	2/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
1 March	3/2018	Commercial banks and foreign exchange dealers and money changers	Stolen Currencies
19 March	4/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
23 March	5/2018	Commercial banks and money remittance service providers	Stolen Currencies
8 June	6/2018	Commercial banks and money remittance service providers	Stolen Currencies
22 June	7/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
5 July	8/2018	Commercial Bank	Temporary transaction suspension
10 July	9/2018	Commercial Bank	Temporary transaction suspension
2 August	10/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
23 August	11/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
12 October	12/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
9 November	13/2018	Commercial bank	Request for Pre-Authentication EFTPOS Machine
6 December	14/2018	Financial institutions & members of the public	Email Compromise & Email Spoofing
21 December	15/2018	Commercial banks and money remittance service providers	Possible Advance Fee Fraud

Source: Fiji FIU

The FIU issued only two such directives in 2018 to a commercial bank. The directives issued were in relation to the following:

- i. undertaking enhanced due diligence on customers;
- ii. establishing source of funds;
- iii. ascertaining the ultimate destination of any subsequent withdrawal transaction(s);

- iv. identifying any third party transactions; and
- v. seeking approval in writing of the FIU before proceeding with any transaction(s).

In 2018, the FIU cancelled one directive that was 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.

The Alert Notices and Directives are enforceable instructions of the FIU and must be implemented by the financial institutions as directed.

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 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 260 requests in 2018 compared to 205 requests in 2017 from local law enforcement agencies such as the FPF, FICAC, Department of Immigration, Transnational Crime Unit and FRCS.

Requests for Investigative Assistance 2018

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
FICAC	28	15	84
Fiji Police Force	84	119	285
FRCS	113	859	746
Immigration	25	54	115
RBF	7	27	6
Others	3	3	5
TOTAL	260	1,077	1,241

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 2018, the FIU received 13 requests for information from foreign FIUs through the Egmont Secure Web (ESW) and other formal communication compared to 25 requests received in 2017.

The FIU also sent eight requests for information to foreign FIUs through the ESW in 2018.

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 2018, the FIU received 118 requests for background and credibility checks compared to 75 requests in 2017. The checks were conducted on 95 entities and 259 individuals.

Requests for Background Checks 2018

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Office of the Prime Minister	1	1	3
Office of the Solicitor General	1	2	2
Investment Fiji	12	5	21
Fiji Pharmaceutical and Biomedical Services	5	6	0
Ministry of Lands	2	3	0
Ministry of Sugar Industry	1	2	0
Energy Fiji Limited	1	1	0
Fiji Immigration Department	2	0	76
Ministry of Infrastructure	1	3	0
Ministry of Industry, Trade & Tourism	48	25	92
Ministry of Defence	1	1	1
Biosecurity Authority of Fiji	1	1	0
Commissioner Central Office	4	4	6
FRCS - Policy	23	23	46
REALB	1	1	2
RBF	14	17	10
TOTAL	118	95	259

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 2018, 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 2018, the FIU issued three Enforceable Guidelines.

Enforceable Guidelines Issued 2018

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

Source: Fiji FIU

The FIU also issued two Policy Advisories in 2018.

Policy Advisories Issued 2018

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

Source: Fiji FIU

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 RBF. 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 2018, the FIU issued 51 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 2018

Nature of Advisory	Number of Ad-hoc Advisories Issued
Customer Due Diligence Requirements	18
Transaction Reporting Requirements	18
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	15
TOTAL	51

Source: Fiji FIU

The FIU continued to engage with the AML Compliance Officers of the various financial institutions during the year. The FIU held five interactive forums for AML Compliance Officers during the year. The sectors covered in these forums included banks, finance companies, restricted foreign exchange dealers, real estate agents, lawyers and insurance companies and brokers. These forums provided a platform for the FIU to update the AML Compliance Officers on new regulatory developments and money laundering trends and to clarify policy requirements.



From left: AML Compliance Officers Forums for insurance companies, insurance brokers and banks

During 2018 increased its engagement with the real estate and legal sector to enhance industry level awareness and compliance. The engagement was through one-on-one meetings and forums with AML Compliance Officers.



Induction seminar for newly appointed AML Compliance Officers

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

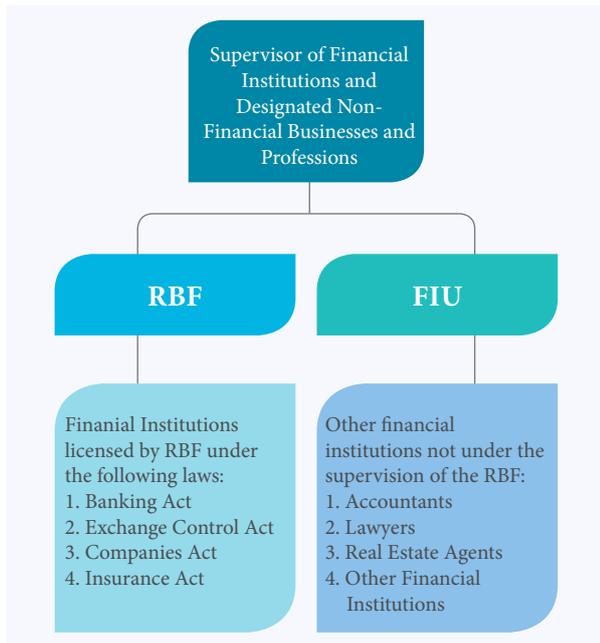
The FIU conducted onsite compliance visits of eight law firms and five real estate agents to assess these businesses' compliance with the FTR Act and Regulations. Key findings from the FIU onsite examination of the law firms and real estate agents included:

- no written AML policy or procedures in place;
- most of the firms were not fully aware of their reporting obligations under the FTR Act thus failed to report CTRs and STRs;
- staff were not provided with AML training; and
- there was lack of monitoring of clients' engagements or transactions for any complex, unusual or large transactions.

The results of the assessments were shared with the management of the respective businesses with recommendations for further improvement in internal processes.

The FIU also continued with its 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 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 on-site examinations of RBF licensed financial institutions.



Awareness Forum for real estate agents in 2018

Training and Awareness Programs for Financial Institutions

In 2018, the FIU provided training and awareness presentations to various financial institutions which were attended by a total of 376 employees. The training covered the financial institutions' obligations under the FTR Act and Regulations.

Training to Financial Institutions 2018

Sector	Number of Employees
Accounting Firms	116
Real Estate Agents	185
Remittance Service Providers	25
Banks	23
Finance Companies	17
Investment Advisers, Brokers and Dealers, Investment Fund	10
TOTAL	376

Source: Fiji FIU

D. DOMESTIC COORDINATION AND ENGAGEMENT

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).

There was one meeting of the National AML during 2018. 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 2018. Other FIU staff also actively contributed to the work of the AML Working Groups.

The FIU provided high level updates to the Council on key issues such as the rise in email scams in Fiji during 2018, the FIU's networking with FRCS and update on Fiji's compliance with the FATF Recommendations. During 2018, the FIU also provided advice to the Council on measures needed to address the deficiencies raised in Fiji's 2016 mutual evaluation report (MER) relating to transparency of companies' beneficial owners, review of the non-profit organisation sector and financial sanctions relating to terrorist financing and proliferation financing.

Engagement and Exchange of Information 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.

The FIU has signed MOAs with 12 local partner agencies to date. The FIU continued to engage with these partner agencies during 2018.

As part of these MOA arrangements, authorised officers from the FPF, FRCS and FICAC continued to have direct access to the FIU database. In 2018, there were 22 officers who had this direct access to the FIU database. The officers used this arrangement to obtain intelligence on persons or entities of interest who are subject to their investigations.



Authorised FRCS Officer accessing the FIU database

Officers from FRCS and the FPF continued to be seconded to the FIU in 2018 as provided under the MOA arrangement. Two of the seconded officers are from FRCS and one officer is from the FPF.



Secondment Officers for 2018 from left: Peni Tikosireli (FRCS); Riteshni Dayal (FRCS); WPC Sereima Tuvatuvanikula (FPF)

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 cooperation and information sharing between members Agencies.

Unexplained Wealth Taskforce

The Unexplained Wealth Taskforce held four meetings during 2018. The Taskforce is made up of representatives from the FIU, FPF, FRCS and FICAC. The objective of the Taskforce is to enable these member agencies to

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
Real Estate Agents Licensing Board	24 April 2017	Information exchange

Source: Fiji FIU

network and collaborate on cases of unexplained wealth. The FIU contributed to the work of the Taskforce during 2018.

Cyber Security Working Group

The FIU is part of Fiji's national cyber security working groups on technical, legal and security issues. The FIU contributed to the discussions of the Working Group during 2018.

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 2018, the FIU continued to contribute to the meetings, policy discussions 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 65 law enforcement officials attended these training sessions.

FIU Training Provided to Law Enforcement Agencies and Prosecutors 2018

Date	Particular of Training	Participating Agencies	Number of Participants
15-17 January	Role of the FIU	FICAC	40
5 March	Role of the FIU	FPF	25
TOTAL			65

Source: Fiji FIU

E. INTERNATIONAL ENGAGEMENT AND CONTRIBUTION

Fiji Mutual Evaluation - Progress Update

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

Fiji submitted its first Follow-Up Report (FUR) in January 2017. Its second FUR was submitted in January 2018.

The key findings of Fiji's second FUR noted that Fiji has made good progress in addressing the technical compliance with:

- (i) amendments to the FTR (Amendment) Act 2017 and FTR Regulations 2017 to rectify deficiencies in the enforceability of preventive measures;
- (ii) enactment of the Public Order (Amendment) Act 2017 to address deficiencies in the definition of the TF offence; and
- (iii) ratification of the Palermo Convention.

The APG membership noted the progress made by Fiji in strengthening its AML/CFT framework. 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.

FATF Rec	Description	Rating 2016 MER	Rating After 2018 Plenary Meeting
R.2	National Cooperation & Coordination	Partially Compliant	Largely Compliant
R.12	Politically Exposed Persons	Partially Compliant	Compliant
R.15	New Technologies	Partially Compliant	Compliant
R.19	High Risk Countries	Non-Compliant	Compliant
R.22	Designated Non-Financial Businesses & Professions	Non-Compliant	Largely Compliant
R.23	DNFBP- Other Measures	Partially Compliant	Largely Compliant
R.28	Regulation and Supervision of DNFBPS	Partially Compliant	Largely Compliant
R.36	International Instruments	Partially Compliant	Largely 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.

Since submissions of these two FURs (2017 and 2018), the APG has upgraded Fiji's compliance ratings for 16 FATF Recommendations to a "largely compliant" or "compliant" ratings (from either a non-compliant or partially compliant rating).

Fiji's Compliance Ratings and Upgrades

Rec.	Description	Rating MER 2016	Ratings Upgraded in 2017	Ratings Upgraded in 2018	Current Rating as end 2018
1	Assessing Risks & Applying a Risk Based Approach	PC	LC		LC
2	National Co-operation & Co-ordination	PC		LC	LC
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		PC
7	Targeted Financial Sanctions related to Proliferation Financing	NC	PC		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		C	C
13	Correspondent Banking	C			C
14	Money or Value Transfer Services	C			C
15	New Technologies	PC		C	C
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		C	C
20	Reporting of Suspicious Transactions	LC			LC
21	Tipping Off and Confidentiality	LC			LC
22	Designated Non-Financial Businesses and Professions (DNFBP)	NC		LC	LC
23	DNFBP- Other Measures	PC		LC	LC
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		LC	LC
29	FIU	C			C
30	Responsibilities of Law Enforcement & Investigative Authorities	C			C
31	Powers of Law Enforcement & Investigative Authorities	LC			LC
32	Cash Couriers	LC			LC
33	Statistics	PC			PC
34	Guidance and Feedback	LC			LC
35	Sanctions	PC	LC		LC
36	International Instruments	PC		LC	LC
37	Mutual Legal Assistance	LC			LC
38	Mutual Legal Assistance Freezing and Confiscation	C			C
39	Extradition	PC			PC
40	Other Forms of International Cooperation	LC			LC

Memorandum of Agreements with Foreign FIUs

The FIU may enter into MOA 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. The FIU signed a MOA with the Papua New Guinea FIU. The FIU has signed MOAs with 29 foreign FIUs to date. During 2018, the FIU was also in discussion with a foreign FIU on the signing of MOA. This will continue in 2019.

MOA with Foreign FIUs

Agency	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
Papua New Guinea	Papua New Guinea FIU	29 January 2018
Philippines	The Anti-Money Laundering Council, The Financial Intelligence Unit of the Republic of the Philippines	13 July 2011
Samoa	Samoa FIU	8 March 2013
Solomon Islands	Solomon Islands FIU	12 July 2011

Agency	Name of FIU	Date
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

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. 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, as the designated lead agency for Fiji, liaised closely with the APG during 2018 on various national outputs, APG governance and other policy and mutual evaluation matters including on the amendment of Fiji's Public Order Act and submission of the 2nd Follow Up Report.

During 2018, the FIU participated in the following key APG activities:

- i. facilitated the technical assistance scoping visit by APG to Fiji from 29-31 May 2018;
- ii. contributed to the discussions of the Governance Committee;
- iii. contributed to the APG mutual evaluation program by reviewing the mutual evaluation reports of other APG members;
- iv. attended the APG Annual Plenary Meeting held in Kathmandu, Nepal and
- v. participated in various APG surveys and contributed to discussion papers.

The FIU also prepared and submitted Fiji's country report and technical assistance report for the 2018 APG Annual Plenary Meeting. The FIU continued to liaise with the APG on various AML/CFT issues relevant to Fiji during the year.



The Fijian delegation to the APG Annual Meeting 2018. Back from left to right: Moira Konrote (ODPP); Francis Pulewai (FICAC); Avaneesh Raman (FIU); Kamni Naidu (Ministry of Justice); Aiyaz Ali (PPF); Makelesi Tunisau (FICAC); Shameem Khan (FRCS); Sophina Ali (Office of the Solicitor General). Seated front: Razim Buksh (FIU) head of Fijian delegation

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 meeting of the GSPWG which was held in Cambodia during the year.

Egmont Group



FIU is a member of the Egmont Group of FIUs. The FIU continued to participate in the activities of the Egmont Group during 2018. This included contributing to Egmont surveys conducted during the year, 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 2018, the FIU continued to provide assistance and information to other Egmont Group members upon request via the ESW.

Information Exchanges with Other FIUs 2014-2018

	2014	2015	2016	2017	2018
Number of requests made to Fiji FIU	18	22	11	15	13
Number of requests made by Fiji FIU	8	6	7	10	10

Source: Fiji FIU

The FIU fully complies with the Egmont Group key governance instruments, namely the:

1. Egmont Charter;
2. Operational Guidance;
3. Principles of Information Exchange; and
4. Support and Compliance Process.



Source: Egmont Group

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 seconded staff from FRCS and the FPF who joined the FIU during the year as part of the secondment rotation program.

Trainings, Meetings and Conventions 2018

Month	Course	Venue	Organiser
January	Anti-Money Laundering Workshop,	Suva, Fiji	FICAC
	Level Two Threat Assessment Training	Suva, Fiji	Ministry of Defence and National Security;
	Regional Workshop on Money Laundering and Terrorist Financing Risks in the Pacific Islands,	Sydney, Australia	ADB
	Unexplained Wealth Workshop	Suva, Fiji	APG/Ministry of Justice
March	Egmont Committee Meeting	Buenos Aires, Argentina	Egmont Group
April	Developing Protective Security Policy and Processes and Developing and Implementing an Information Classification System	Suva, Fiji	Ministry of Defence and National Security
	Fraud Prevention in the Workplace Workshop	Suva, Fiji	FICAC
July	APG Annual Plenary	Kathmandu, Nepal	APG
August	G7 24/7 Network of Contacts for International High-Tech Crime Workshop	Melaka, Malaysia.	US Department of Justice
September	Fiji Chamber of Commerce & Industry Seminar	Suva, Fiji	Fiji Chamber of Commerce & Industry
	Egmont Plenary	Sydney, Australia	Egmont Group
	2nd Fiji-Australia Cybersecurity Dialogue	Nadi, Fiji	Department of Security Studies and Criminology, Macquarie University and Australian Department of Foreign Affairs and Trade

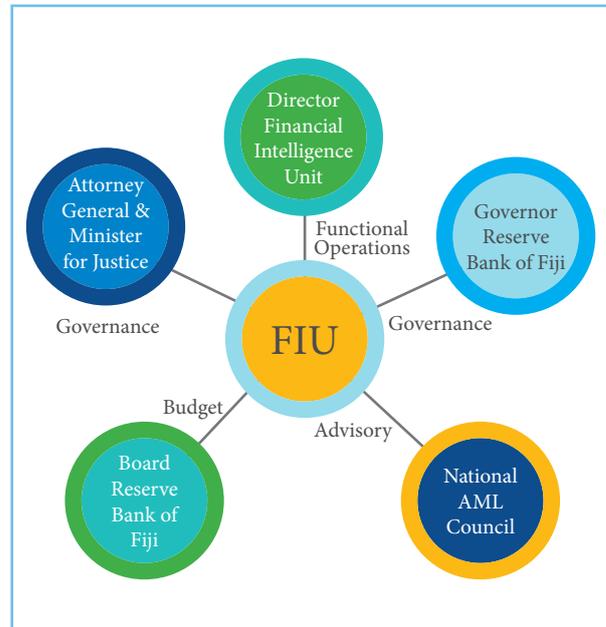
Month	Course	Venue	Organiser
October	Fiji Institute of Bankers: Lawyers & Bankers 2-Day Workshop	Suva, Fiji	Fiji Institute of Bankers
November	4th Annual Counter-Terrorism Financing Summit	Bangkok, Thailand	AML Office, Thailand; AUSTRAC; Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK)
December	IT Scoping Attachment	Sydney, Australia	AUSTRAC
	Attorney-General's 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 and the Chairman of the National AML Council. The FIU also provided regular updates to the National AML Council on key AML/CFT national initiatives and projects.

Governance Structure 2018



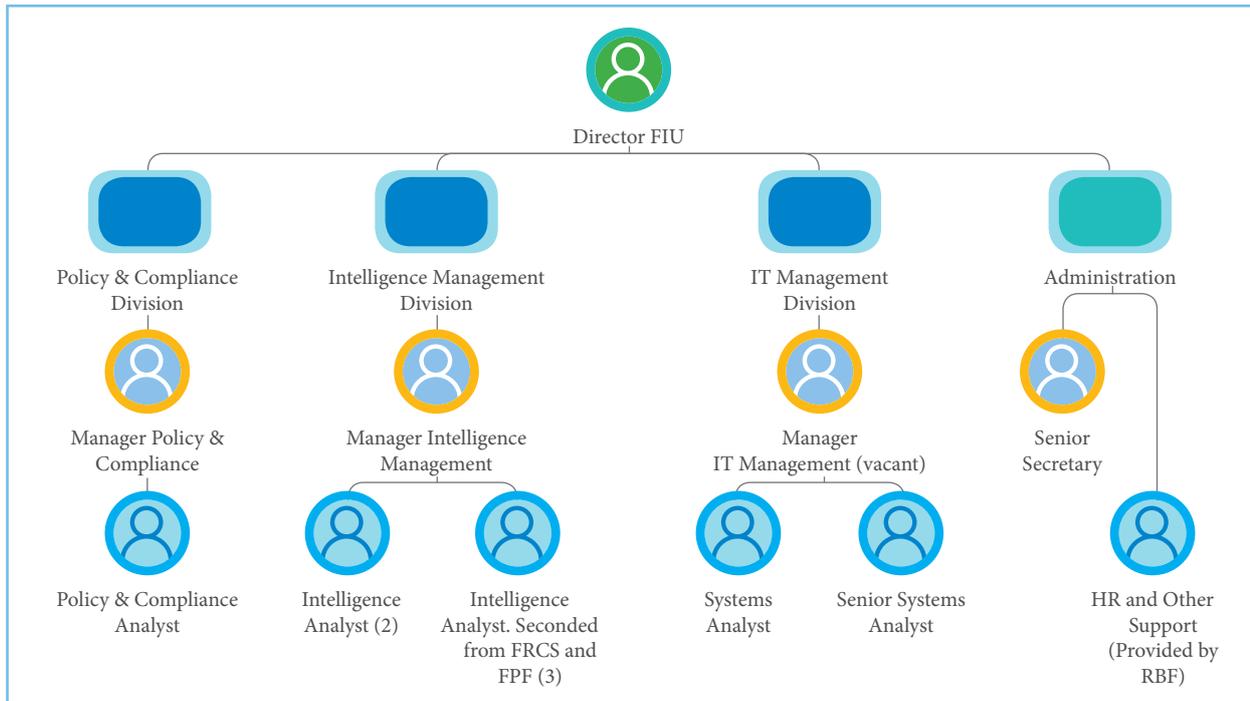
Communication

The FIU uses the media and its website to communicate key AML/CFT initiatives to the general public. In 2018, the FIU issued one press release (refer to Appendix 3). The FIU alerted members of the public on the rise of email compromise and email spoofing in Fiji following an increase in the number of individuals and businesses falling victims to these types of scams. The FIU also used media interviews to provide awareness to the public on AML/CFT issues and money laundering risks.

Staffing

As at the end of 2018, 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 2018, three temporary workers were engaged with the FIU on a short term attachment program.

FIU Organisation Structure 2018



Funding and Expenditure

The RBF continued to fund the operations of the FIU in 2018. The FIU's total expenditure for the period August 2017 to July 2018 was \$825,712.

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

FIU Funding and Expenditure

	2014	2015	2016 (Jan-Jul) ⁶	Aug 2016-Jul 2017	Aug 2017-Jul 2018
Operating Expenditure ⁷	\$710,780	\$724,532	\$492,089	\$791,122	\$825,712
Capital Expenditure	\$16,852	\$45,854	-	-	-
TOTAL	\$727,632	\$770,386	\$492,089	\$791,122	\$825,712

Source: RBF

The RBF also provided other administrative support services to the FIU in 2018 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

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 2018. The salaries of the seconded officers were fully funded by their respective agencies.

In 2018, the FIU also received assistance from various organisations to fund staff attendance at technical AML/CFT trainings, conventions and meetings. These included the APG, AFI, AUSTRAC and the Asian Development Bank.

Fiji FIU's Information Management System Online

Financial institutions continued to use the FIU information management system online (FFIMSO)

to report their transactions (STR; CTR; EFTR) electronically to the FIU on-line.

As at the end of 2018, 127 financial institutions had registered on FFIMSO.

FFIMSO Registration

Sector	No of Reporting Entities Registered for Online Reporting to the FIU
Commercial Banks	6
Foreign Exchange Dealers & Money Remitters	10
Mobile Phone Money Remitters	2
Finance Companies	11
Law Firms	47
Insurance & Superannuation	11
Accounting Firms	10
Securities and Brokers	3
Real Estates	16
Money Lenders	1
Others	10
TOTAL	127

FFIMSO received an average of 193,962 financial transaction reports per month in 2018. As at the end of 2018, the FFIMSO database had received over 14 million financial transaction reports from financial institutions since on-line reporting commenced in 2008.

As at end of 2018, there were 192 authorised users of FFIMSO.

FFIMSO's reporting web application was accessed by 122 AML Compliance officers, 8,507 times during 2018. FFIMSO's analysis web application was accessed by 15 FIU officers, 1,954 times and 22 direct database access officers, 168 times during 2018.

⁶Change in the RBF end of financial year from December to July.

⁷ 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 Public Prosecutions;
- 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.

NATIONAL AML COUNCIL MEMBERS 2018



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 2018



Manasa Lesuma
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



Rashmi Aslam
Acting Deputy
Commissioner
Fiji Independent
Commission Against
Corruption

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 Unit 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:

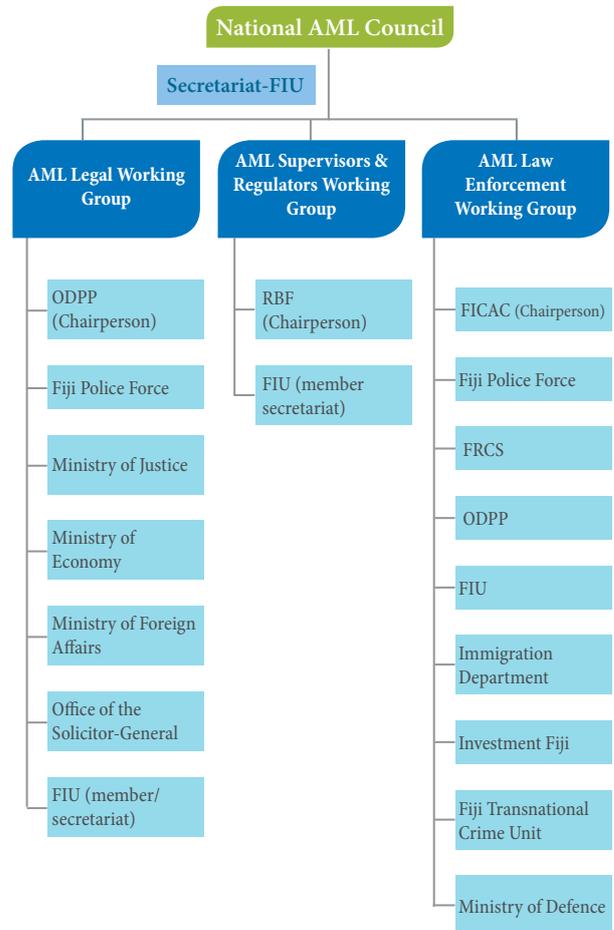
- i. Legal Working Group;
- ii. Supervisors and Regulators Working Group; and
- iii. Law Enforcement Working Group.

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.

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

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.

National AML Council and Working Groups



Council's Activities in 2018

Key outputs driven by the National AML Council in 2018 were as follows:

- i. submission of Fiji's second progress report to the APG on 31 January 2018. The report outlined measures Fiji had taken since 2016 to implement the recommendations of the mutual evaluation report.
- ii. the Council endorsed the national strategy for the implementation of the recommendations of the APG as outlined in Fiji's mutual evaluation report.

- iii. the Council proposed for the review of the Companies Act (addressing companies’ beneficial ownership deficiencies noted in the mutual evaluation report) and Charitable Trust Act (addressing regulation of non profit organisations). The Council further tasked the AML Legal Working Group to look at how to address the remaining legal gaps in the mutual evaluation report.
- iv. facilitated the technical assistance scoping visit by APG to Fiji.
- v. representatives of the Council attended the APG annual plenary meeting held in Nepal.
- vi. supported Fiji’s capacity building and skills enhancement opportunities by participating in the following programs:
 - 2018 Joint EAG/APG Typologies Workshop;
 - IMF/STI workshop on Enhancing Entity Transparency.
- vii. oversight over the process for the reappointment of the Director FIU

- viii. ongoing support and contribution to APG work, namely, Fiji’s contribution to the APG mutual evaluation programme, APG mandate paper and other governance issues.

Number of Working Group Meetings 2014-2018

Working Group	2014	2015	2016	2017	2018
Legal Working	7	5	1	1	2
Law Enforcement	4	2	1	2	3
Supervisors and Regulators	Ad-hoc meeting	Ad-hoc meeting	Ad-hoc meeting	1	1

Source: Fiji FIU

Key outputs for the Working Groups were:

- reviewed strategies to address gaps in Fiji’s mutual evaluation report relating to transparency of companies’ beneficial owners and extradition;
- contributed to the compilation of Fiji’s progress report to the APG.

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	31 January 2018	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	31 January 2018	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	27 March 2018	Outlines requirements for dealing with domestic politically exposed persons and international organisation politically exposed persons.

AML/CFT 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.
Restricted Foreign Exchange Dealers and Money Changers Supervision Policy Statement No: 4	Minimum Requirements for the Management of Money Laundering and Terrorist Financing Risk	October 2018	The Policy sets out the minimum requirements for foreign exchange dealers and money changers in establishing a risk management framework comprising of systems, structures, processes and people within which a licensed entity identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.
Insurance Supervision Policy Statement No:13	Minimum Requirements for the Management of Money Laundering and Terrorist Financing Risk	November 2018	The Policy sets out minimum requirements for insurance companies and brokers on establishing a risk management framework, comprising of systems, structures, processes and people within which the institution 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
1/2018	Parenthood Assistance Payment Programme	To provide clarification on the application of CDD requirements on bank account opening for recipients of the Parenthood Assistance Payment Programme.	8 August 2018
2/2018	Change in Account Name for Existing Private Companies	To provide clarification on the customer due diligence (CDD) requirements under the Financial Transactions Reporting (FTR) Act and how it aligns to the requirements under the Companies Act on changes to names of existing Private Companies.	23 November 2018

Source: Fiji FIU

APPENDIX 3: FIU PRESS RELEASE 2018



PRESS RELEASE

Press Release No.: 10/2018

Date: 14 June 2018

FIU Telephone: (679) 331 3611/322 3333

FIU Facsimile: (679) 330 2094/331 6454

Email: info@rbf.gov.fj or info@fijifiu.gov.fj

FRCS Telephone: (679) 324 3000

FRCS Facsimile : (679) 331 5537

AGENCIES STRENGTHEN TAX COMPLIANCE

The Chief Executive Officer of Fiji Revenue & Customs Service (FRCS), Mr Visvanath Das and the Director of Fiji Financial Intelligence Unit (FIU) Mr Razim Buksh met this week and discussed opportunities to further strengthen tax and customs compliance and fraud investigations. They discussed the need for stronger collaboration and networking between the two agencies in relation to profiling of suspected tax evaders, investigation of trade-based money laundering involving incorrect declaration of the value of goods, and related financial crimes.

Mr Buksh said that in 2017, the FIU issued 317 intelligence case dissemination reports involving \$220 million to the FRCS for suspected tax crimes (tax evasion, duty evasions, and customs related violations), money laundering activities and other fraudulent and financial crimes. Mr Buksh further said that FRCS was the largest beneficiary of FIU's intelligence representing more than 70 percent of its proactive "whistle-blower" reports. In 2017, FIU information was used by FRCS to investigate an additional 1,279 individuals and businesses involved in tax and customs violation cases.

Mr Visvanath Das said that FIU referral reports play an important role in uncovering fraudulent acts where businesses are not paying its fair share taxes. The various disseminated reports from FIU are analysed and further referred to the respective teams for a full Audit and Investigation to commence. In 2017, total tax and penalties assessed as a result of the various FIU referrals amounts to \$6.6 million whereby 21 percent of it were assessed to businesses dealing in the wholesale and retail of Motor Vehicles.

Mr Das said that FRCS and the FIU have built a strong partnership on information exchange and capacity building. Currently two FRCS officers are based with the FIU on a fulltime secondment.

Both agencies have acknowledged that while the overall culture of tax compliance in Fiji is improving, authorities will come down hard on dishonest individuals and businesses that violate their tax obligations.

RESERVE BANK OF FIJI

8 SELECTED KEY STATISTICS 2014-2018

SELECTED KEY STATISTICS 2014-2018

	Year	2014	2015	2016	2017	2018
Transaction and Currency Reports Received by FIU	Suspicious Transaction Reports	383	516	579	650	632
	Cash Transaction Reports	1,042,074	579,849	591,636	623,213	968,693
	Electronic Fund Transfer Transaction Reports	1,308,633	1,029,993	1,148,711	1,220,602	1,357,246
	Border Currency Reports	557	491	547	792	969
	Year	2014	2015	2016	2017	2018
Intelligence and Information Reports to Stakeholders	Case Dissemination Reports	241	255	195	448	321
	Information Dissemination Reports	123	191	210	205	260
	Due Diligence Reports	20	27	41	75	118
Notices to Financial Institutions	Alert Notices	7	7	14	10	15
	Directives	5	11	1	1	2
	Year	2014	2015	2016	2017	2018
Education and Awareness	Number of employees of Financial Institution	147	270	320	202	376
	Number of Financial Institutions	6	3	6	8	5
	Employees of Law Enforcement Agencies	123	84	67	80	65

Source: Fiji FIU

9 SELECTED KEY EVENTS 2018

JANUARY	
29	Signed a MOA for information exchange with the Papua New Guinea FIU
31	Fiji's Follow Up Report to APG
FEBRUARY	
27	Unexplained Wealth Taskforce Meeting
MARCH	
12-15	Egmont Committee Meeting, Argentina
15	AML Law Enforcement Working Group Meeting
19	AML Compliance Officers Forum (Banks and Finance Companies)
20	AML Compliance Officers Forum (Foreign Exchange Dealers)
22	Unexplained Wealth Taskforce Meeting
APRIL	
17	AML Compliance Officers Forum (Real Estate Agents)
20	Parliament passed the FTR Amendment Act
24	AML Legal Working Group Meeting
24-27	AFI Global Standards Proportionality Working Group Meeting, Cambodia
25	AML Law Enforcement Working Group Meeting
MAY	
2	Meeting of the National AML Council
9	Unexplained Wealth Taskforce Meeting
11	Effective date for the FTR Amendment Act 2018
JUNE	
14	FIU Press Release-Agencies Strengthen Tax Compliance
18	Meeting with AML Compliance Officers (Banks)
19	AML Legal Working Group Meeting
JULY	
21-27	APG Annual Meeting and Forum on Technical Assistance and Training, Nepal
AUGUST	
22	Vika Sadrau convicted of money laundering offence
30	AML Law Enforcement Working Group Meeting
SEPTEMBER	
4	Rahul Naidu, Avenai Danford and Rimakshni Ranigal convicted of money laundering offenses
18	Rosheen Raj and Rine Sorby convicted of money laundering offences
24-27	Egmont Group Plenary Meeting, Australia
OCTOBER	
23	AML Compliance Officers Forum (Foreign Exchange Dealers)
DECEMBER	
4	AML Compliance Officers Forum (Insurance Companies and Brokers)
10-12	FIU IT Attachment to AUSTRAC, Australia



STRATEGIC ANALYSIS REPORT

2018

STRATEGIC ANALYSIS REPORT 2018 FIJI FINANCIAL INTELLIGENCE UNIT

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1 STRATEGIC ANALYSIS OVERVIEW

Overview

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

This Report provides the key outcomes of Strategic Analysis on the various categories of reports that the FIU receives as well as a summary of the trends and case studies identified in 2018.

Strategic analysis outcomes enable the FIU and its stakeholders to understand the patterns and trends on money laundering and related issues. It also enables 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 also assists 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.

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



2 OUTCOMES SUMMARY

Suspicious Transaction Reports

In 2018, majority of the suspicious transaction reports (STR) continued to be reported by commercial banks followed by the money remittance service providers (MRSPs). The number of STRs reported by the finance companies increased fourfold in 2018 compared to 2017. The total value of suspicious transactions that were reported in 2018 increased to \$78.8 million from \$49.1 million in 2017. Majority of the STRs were reported on the grounds of advanced fee fraud⁸ followed by tax evasion. Approximately 80 percent of the STRs submitted by financial institutions in 2018 were reported on transactions valued below \$50,000, out of which 43 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, 75 percent of the STRs reported in 2018 involved Fijian currency. There were 529 (84 percent) STRs reported on transactions conducted by individuals/personal customers. 54 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 968,693 CTRs in 2018 or an average of around 80,724 CTRs per month. The majority (99 percent) of the CTRs received during 2018 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 1,357,246 EFTRs in 2018 or an average of around 113,104 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 2018 were inward remittance transactions. There is no monetary threshold for EFTRs.

Border currency Reports

In 2018, 969 BCR were submitted to the FIU compared to 792 BCRs in 2017. There were more declarations made by outbound travellers compared to inbound travellers in 2018. The total value of currency declared by travellers in the BCRs in 2018 was \$62.7 million compared to \$49.9 million in 2017.

⁸Advance fee fraud is a type of scam that requires businesses and individuals to pay a fee before receiving the falsely promised money, products, or services. It includes romance, lottery, employment, and investment scams.

3 OUTCOMES - SUSPICIOUS TRANSACTION REPORTS

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 (2018: 62 percent; 2017: 63 percent) followed by the money remittance service providers (2018: 29 percent; 2017: 23 percent).

Summary of Reporting Financial Institutions 2014-2018

Financial Institutions and Persons Reporting	No. of STRs Received				
	2014	2015	2016	2017	2018
Commercial Banks	267	397	367	407	391
Money Remittance Service Providers	43	86	166	149	183
Finance Companies	4	2	3	4	16
Members of the Public	58	18	39	42	24
Regulatory Authorities	3	5	0	8	1
Law Firms	1	0	2	4	2
Accounting Firms	1	0	0	0	0
Insurance Companies and Superannuation	2	0	1	18	8
Securities, Unit Trusts	1	3	1	2	5
Real Estate Businesses	1	2	0	3	0
Others ²	2	3	0	13	2
TOTAL	383	516	579	650	632

Source: Fiji FIU

The STRs reported by the money remittance service providers increased by 23 percent in 2018. There was also an increase in the number of STRs reported by finance companies.



Value of Transactions Reported as Suspicious

The total value of suspicious transactions that were reported in 2018 increased to \$78.8 million from \$49.1 million in 2017. There has been an increase in the number of high value suspicious transactions reported to the FIU in 2018 and a decrease in the number of low value suspicious transactions reported in the same period. The average value of a transaction reported in 2018 as suspicious was \$124,672 compared to \$75,503 in 2017.

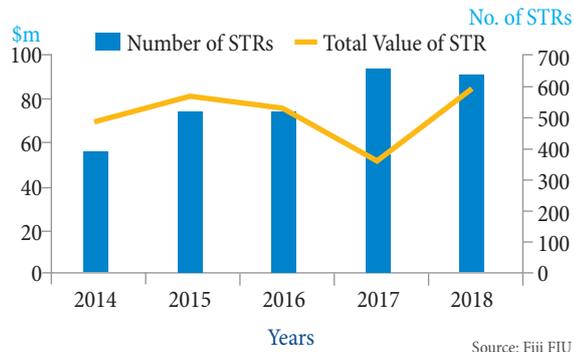
Total Value of Transactions Reported as Suspicious 2014-2018

	2014	2015	2016	2017	2018
Total Value (\$ million)	69.4	82.7	74.7	49.1	78.8
Number of STRs	383	516	579	650	632
Average Value reported (\$ per STR)	181,205	160,373	128,968	75,503	124,672

Source: Fiji FIU

²"Others" include STRs filed by foreign FIU's

Total Value of Transactions Reported as Suspicious



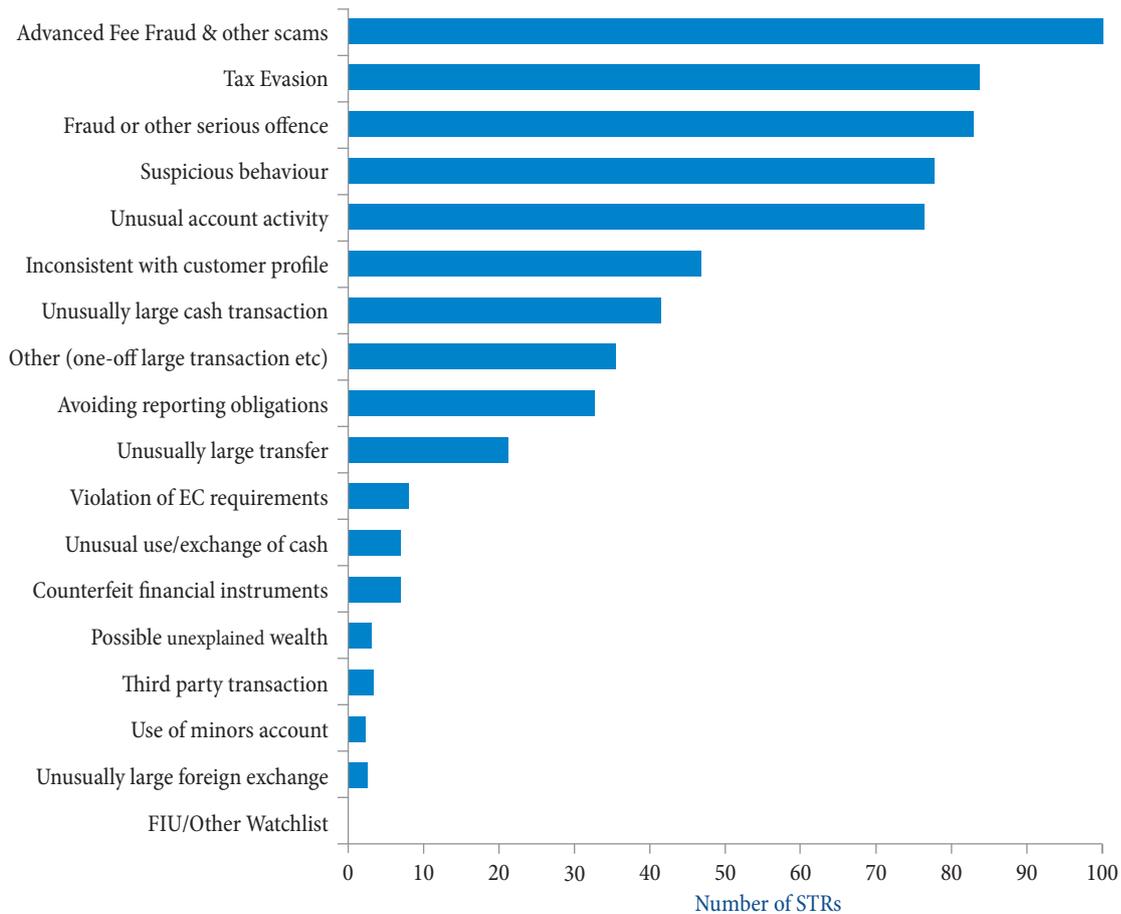
“Grounds for Suspicion” in Suspicious Transaction Reports

In 2018, majority of the STRs were reported on the grounds of advance fee fraud and other scams. Suspected tax evasion and fraud were also prevalent contributing to approximately 26.4 percent of the total STRs reported to the FIU in 2018.

Reporting financial institutions also clearly highlighted suspicious behaviour and unusual account activity as common grounds of suspicion detected and reported by financial institutions in 2018.

Grounds for Suspicion on STRs Received 2018

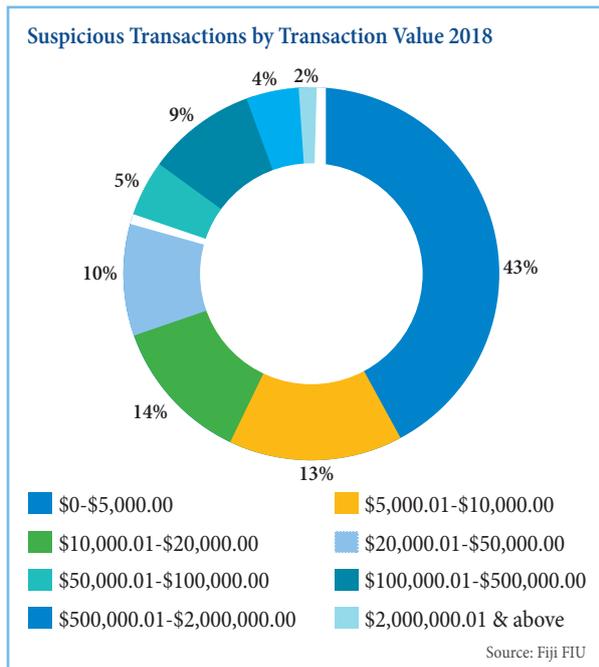
Grounds for Suspicion



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 (71 percent) of the STRs submitted by financial institutions in 2018 were reported on transactions valued below \$20,000, out of which 43 percent of STRs were on transactions valued below \$5,000. STRs involving large value transactions of \$0.5 million and more accounted for 5 percent of total STRs reported in 2018 compared to 2 percent in 2017.



Suspicious Transactions by Transaction Value

Transaction Value	Number of STRs	Percentage of STRs
\$0 - \$5,000.00	270	43
\$5,000.01 - \$10,000.00	82	13
\$10,000.01 - \$20,000.00	88	14
\$20,000.01 - \$50,000.00	65	10
\$50,000.01 - \$100,000.00	32	5
\$100,000.01 - \$500,000.00	59	9
\$500,000.01 - \$2,000,000.00	27	4
\$2,000,000.01 & above	9	2
Total	632	100

Source: Fiji FIU

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 2018. Out of the 632 transactions reported as suspicious in 2018, 343 (54 percent) involved cash transactions.

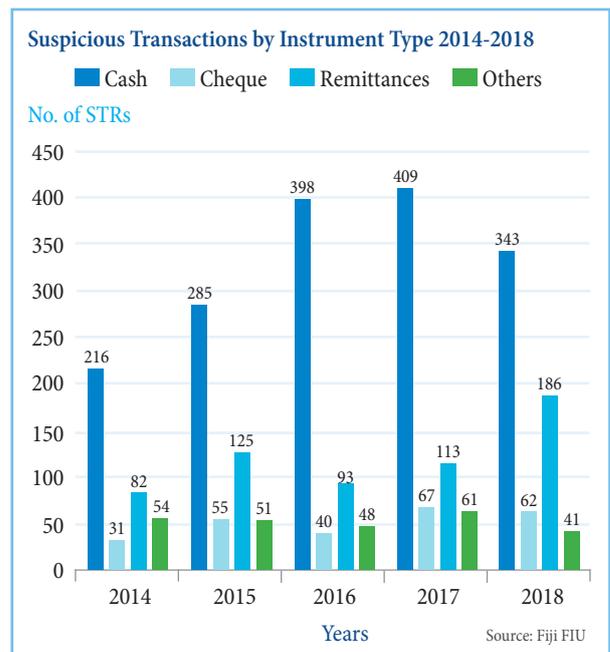
The types of financial instruments involved in STRs include:

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).

Suspicious Transactions by Instrument Type 2014-2018

Year	Cash	Cheque	Remittances	Others	Total
2014	216	31	82	54	383
2015	285	55	125	51	516
2016	398	40	93	48	579
2017	409	67	113	61	650
2018	343	62	186	41	632

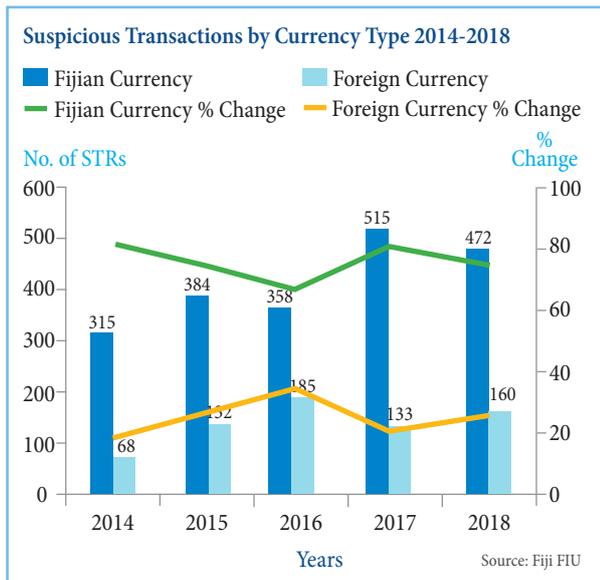
Source: Fiji FIU



Suspicious Transactions by Currency Type

The majority (75 percent) of the STRs reported in 2018 involved Fijian currency.

The suspicious transactions that involved foreign currency increased to 25 percent of total STRs in 2018 compared to 21 percent in 2017.



Suspicious Transaction Reports by Customer Type

There were 529 (84 percent) STRs reported on transactions conducted by individuals/personal customers and 103 (16 percent) by corporate and business entities in 2018.

The proportion of STRs reported in 2018 on legal entities and individuals remain relatively constant. It was also noted that some of the transactions reported on individuals were indirectly linked to legal entities such as companies and sole proprietorships.



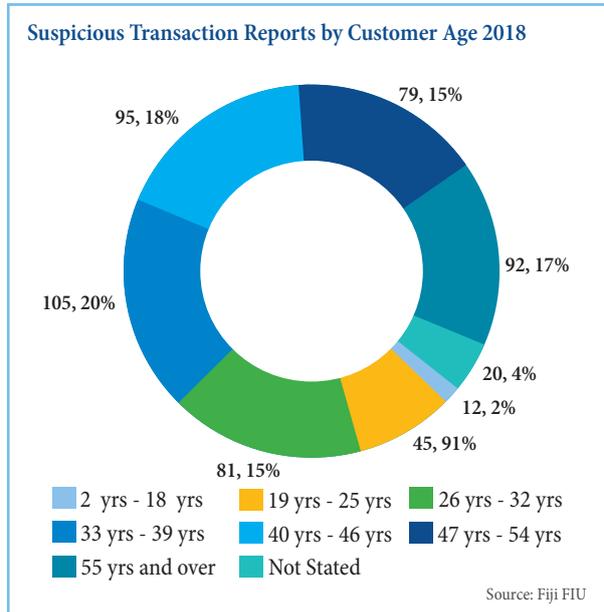
Suspicious Transaction Reports by Customer Age

53 percent of STRs on individuals were reported on customers between the age of 26 and 46 years. Age not stated decreased from 38 in 2017 to 22 in 2018 because of an increase in the quality of reports.

Suspicious Transaction Reports by Customer Age

Year	2yrs - 18yrs	19yrs - 25yrs	26yrs - 32yrs	33yrs - 39yrs	40yrs - 46yrs	47yrs - 54yrs	55yrs and over	Not Stated ⁹	TOTAL
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
2018	12	45	81	105	95	79	92	20	529

Source: Fiji FIU



Source: Fiji FIU

⁹Date of birth is not usually provided in STRs where the person reported is a beneficiary of advance fee fraud.

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.

Age of Convicted Money Launderers

Name of Individual	Year STR was Reported	Age at the time of the offence	Year Convicted
Manoj Khera	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	Year Convicted
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

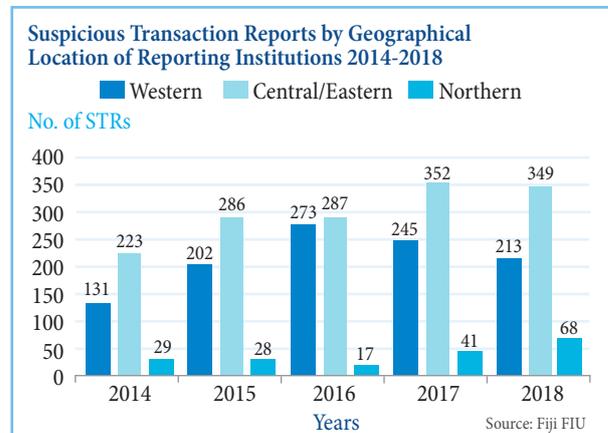
Name of Individual	Other ML Investigations	Age at the time of the offence	Year Convicted
Sakiusa Vakarewa		31 years old	2016
Josefa Saqanavere		41 years old	2016
Savenaca Batibawa		47 years old	2016
Katarine Gounden Fiu		31 years old	2016

Name of Individual	Other ML Investigations	Age at the time of the offence	Year Convicted
Vika Sadrau		34 years old	2018
Rahul Rajan Naidu		28 years old	2018
Avenai Danford		29 years old	2018
Rimakshni Ranigal		30 years old	2018
Rosheen Praveena Raj		42 years old	2018
Rine Munivai Sorby		54 years old	2018

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 2018, STRs from the Northern Division increased to 68 from 41 STRs received in 2017. 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:

- i. customer’s usual occupation or business activity;
- ii. customer’s transaction history;
- iii. income level and source of income of the customer; and
- iv. 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.	Possible non-declaration of BCR as customer refused to deposit US\$10,000 into account when questioned on source of funds.
2.	Customer came in with a bundle of \$9,000 cash to deposit into her account. When questioned about the source of funds, she was a bit hesitant and rudely advised she had stolen the money.
3.	Customer sent money to a friend and later found out he was a fake person providing motor vehicle permit .
4.	Customer may be involved in potential fraud, due to multiple international withdrawals conducted through his bank account.
5.	Customer was bought on behalf of her son to send funds to India. The son deals with importing of traditional clothes from India. Upon enquiring with employer, he doesn't want the Proforma Invoices to be stamped by the Fiji Revenue and Customs Service.
6.	Attempt was made to transfer \$5,000.00 to mule, however, as per the Bank's internal processes, a follow-up confirmation with the account holder identified that transaction was not authorised by him. The transaction was reversed and there was no loss incurred by the account holder.
7.	Individual is facilitating provision of work permits to New Zealand and is also recorded on "Wanted List" published by the Fiji Police Force.

8.	Fraudulent withdrawals conducted by (foreign) nationals from Bank A ATM using cloned cards.
9.	Customer received total of US\$153,000.00 from 21 June to 9 July. Customer profile shows he is unemployed.
10.	Withdrawal of business funds for purchase of vehicle. Name on the business registration differs from person at the bank.
11.	Facebook scam soliciting funds into account of customer who was advised by her nephew, who resides in Cook Islands to receive funds in her account and then to keep \$150 and transfer rest to him.
12.	Transfer of funds to operating account from trust account by a solicitor. May be in breach of Trust Accounts Act.
13.	Old smelly notes were deposited into an account that normally receives cash deposits.
14.	Customer has been to the branch a couple of times. Looked nervous while doing transaction.
15.	Customer's occupation is listed as domestic duties and in February 2018, customer made a cash deposit of \$18,000. She advised that source of funds was from her sister in Australia and provided no documentary evidence.
<i>The above are extracts from actual STRs reported to the FIU in 2018.</i>	

Source: Fiji FIU

4 OUTCOMES - CASH TRANSACTION REPORTS

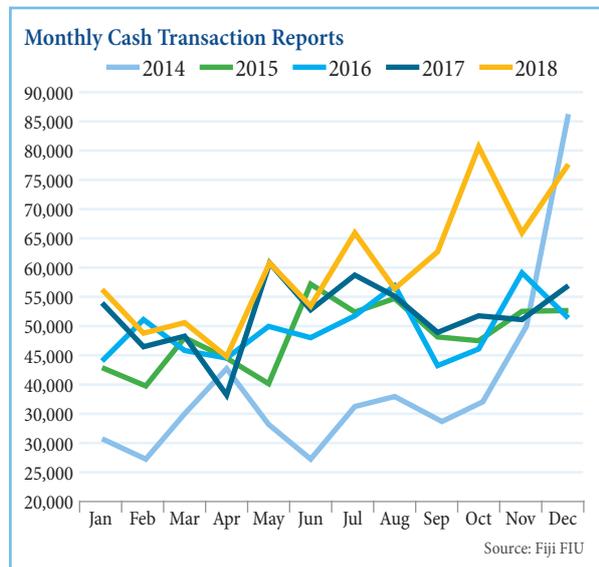
Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques,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

The FIU received 968,693 CTRs in 2018 or an average of around 81,000 CTRs per month. This is an increase of 55 percent compared to 623,213 CTRs received in 2017.

Cash Transactions Reported

Year	Total CTRs	Monthly Average CTRs
2014	1,042,074	86,840 ⁴
2015	579,849	48,321
2016	591,636	49,303
2017	623,213	51,934
2018	968,693	80,724 ⁵

Source: Fiji FIU



CTRs Received by Sector

The majority (99 percent) of the CTRs received during 2018 was reported by commercial banks.

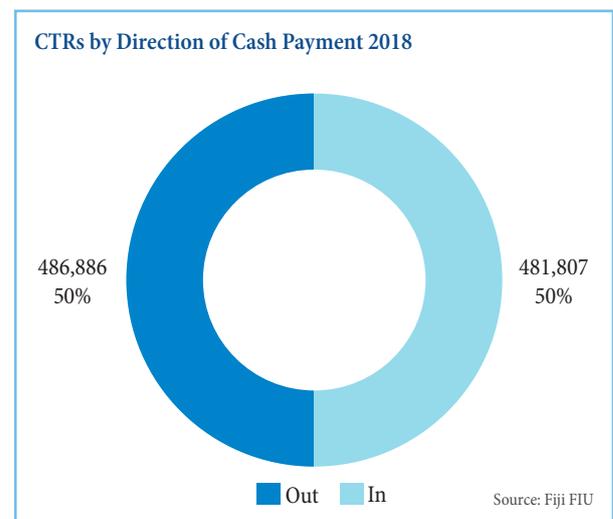
Cash Transactions Reported by Sector

Sector	2014	2015	2016	2017	2018
Commercial Banks	1,038,011	575,987	587,269	618,496	963,313
Foreign Exchange Dealers and Money Remitters	2,763	2,296	2,774	2,779	3,163
Finance Companies	673	815	754	981	1,251
Insurance and Superannuation Fund	470	405	420	322	356
Law Firms	116	227	283	411	410
Securities/Brokers/Advisors	37	118	134	199	183
Accountants	4	1	2	0	2
Real Estate	0	0	0	25	15
TOTAL	1,042,074	579,849	591,636	623,213	968,693

Source: Fiji FIU

CTRs by Direction of Cash Payment

The CTRs received in 2018 consisted of an equal proportion of inwards (IN) and outward (OUT) CTRs. Inward CTRs refer to cash transactions received by a financial institution. Outward CTRs refer to cash transactions paid out by a financial institution.

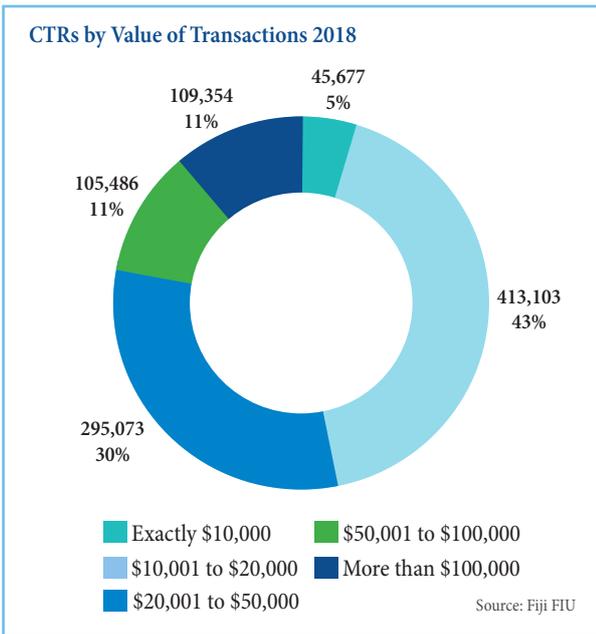


⁴ In 2014, two reporting institutions had reported backdated CTRs totalling 567,771 during March to September 2014. This has not been reflected in the Monthly Cash Transaction Reports graphs for 2014.

⁵ In 2018 one reporting institution reported backdated CTRs totalling 249,114 in October 2018. This is also not reflected in the Monthly Cash Transaction Reports graphs for 2018.

CTRs by Value of Transactions

The majority (43 percent) of CTRs received by the FIU in 2018 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.



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.

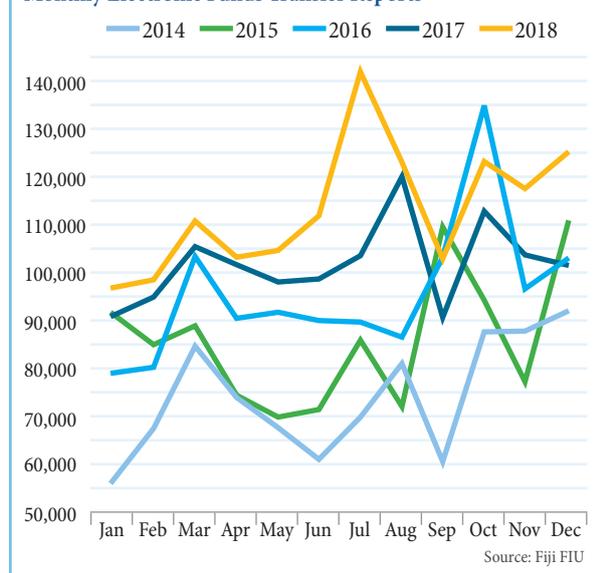
The FIU received 1,357,246 EFTRs in 2018 or an average of around 113,000 EFTRs per month. This is an increase of 11 percent compared to 1,220,602 EFTRs received in 2017.

Electronic Funds Transfer Transactions Reported

Year	Total EFTRs	Monthly Average EFTRs
2014	1,308,633	109,053 ¹⁰
2015	1,029,993	85,833
2016	1,148,711	95,726
2017	1,220,602	101,717
2018	1,357,246	113,104

Source: Fiji FIU

Monthly Electronic Funds Transfer Reports

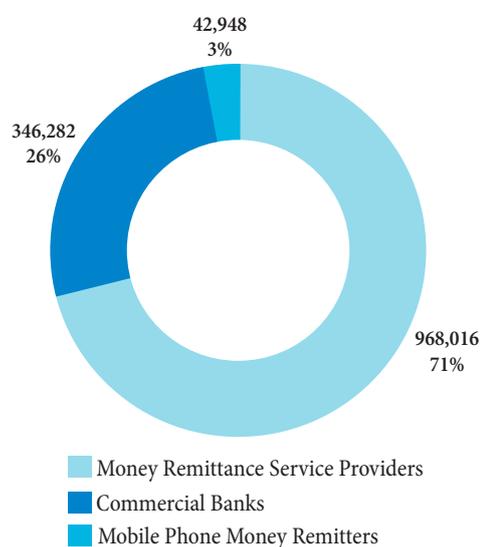


Source: Fiji FIU

EFTRs Received by Sector

Majority (71 percent) of EFTRs were received from the MRSPs. There was a notable increase of 36 percent in the number of EFTRs received from the mobile phone money remittance sector in 2018. This reflects the growing use of this channel of remittance. Mobile phone operators can only process inward remittances to Fiji.

EFTRs Received by Sector 2018



Source: Fiji FIU

EFTRs Received by Sector

Sector	2014	2015	2016	2017	2018
Money Remittance Service Providers	886,744	697,676	793,837	869,363	968,016
Commercial Banks	419,357	324,604	333,746	319,640	346,282
Mobile Phone Money Remitters	2,532	7,713	21,128	31,599	42,948
Total	1,308,633	1,029,993	1,148,711	1,220,602	1,357,246

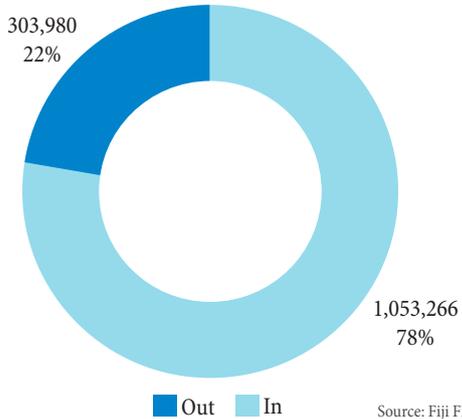
Source: Fiji FIU

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 2018 were for inward remittances.

¹⁰ In 2014, four reporting institutions had reported backdated EFTRs totalling 418,425 as part of the FIUs reporting compliance and data quality

EFTRs by Direction of Remittances 2018



Source: Fiji FIU

EFTRs by Direction of Remittances

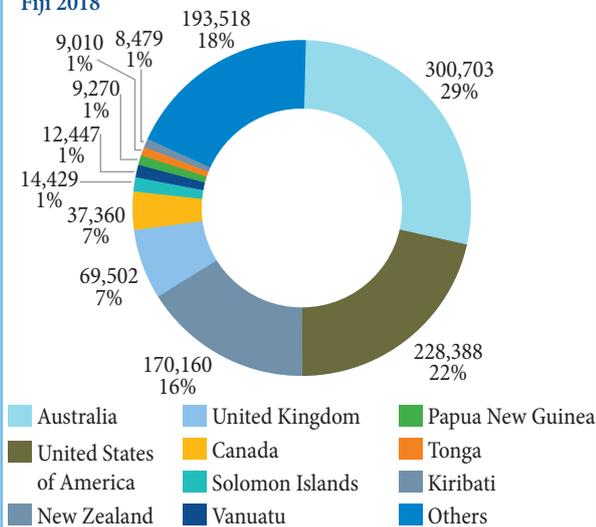
	2014	2015	2016	2017	2018
Inwards	1,030,405	773,264	879,644	958,090	1,053,266
Outwards	278,228	256,729	269,067	262,512	303,980
Total	1,308,633	1,029,993	1,148,711	1,220,602	1,357,246

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.

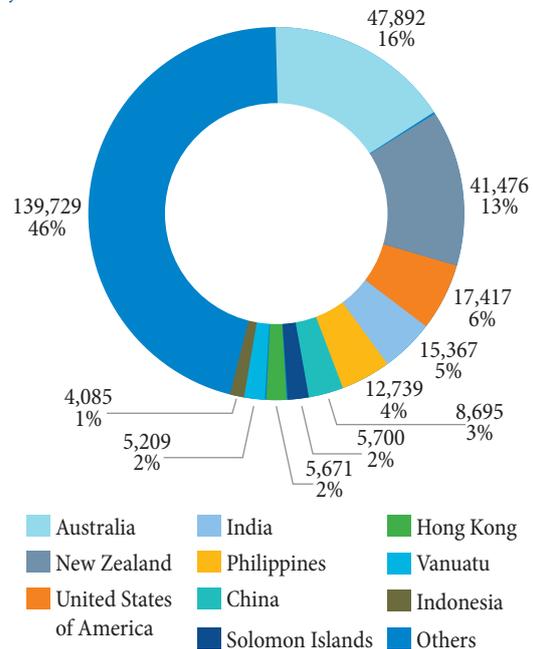
EFTRs: Countries Involved in Inward Remittances to Fiji 2018



Source: Fiji FIU

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

EFTRs: Countries Involved in Outward Remittances from Fiji 2018



Source: Fiji FIU

6 OUTCOMES - BORDER CURRENCY REPORTS

All travellers 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).

Travellers 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 2018, 969 BCRs were submitted to the FIU compared to 792 BCRs in 2017.

BCRs by Direction of Travel

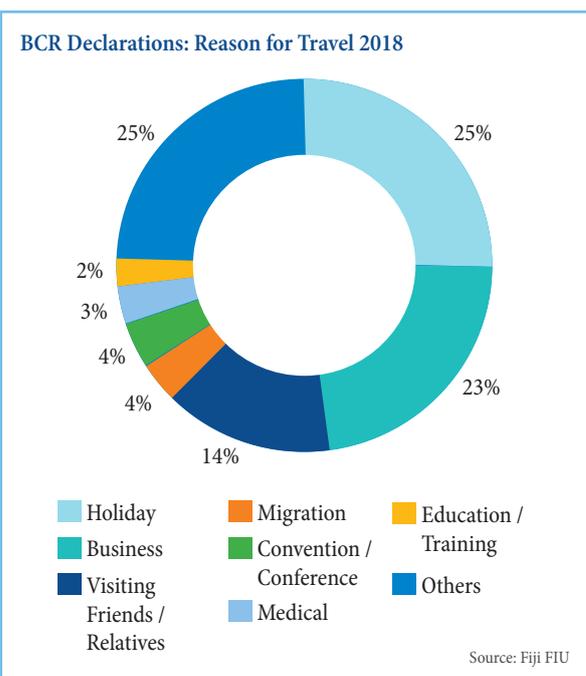
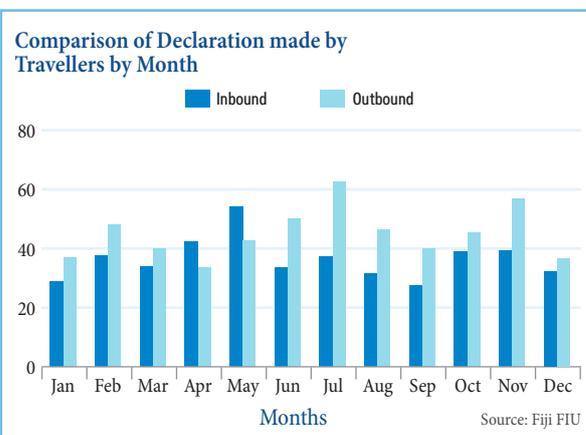
There were more declarations made by outbound travellers compared to inbound travellers in 2018.

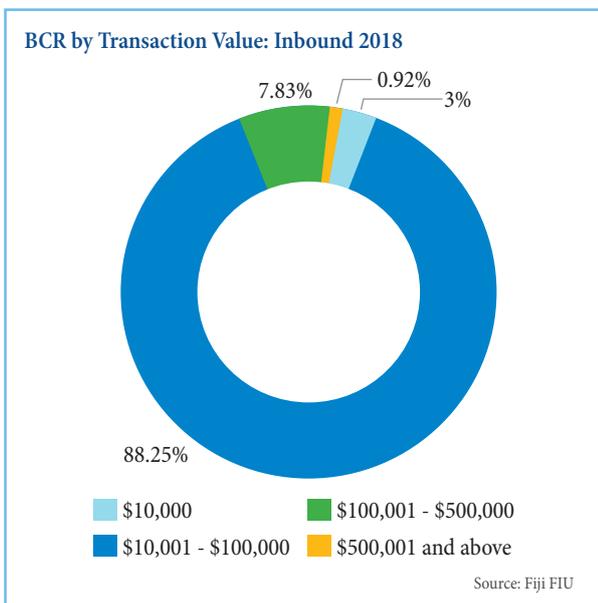
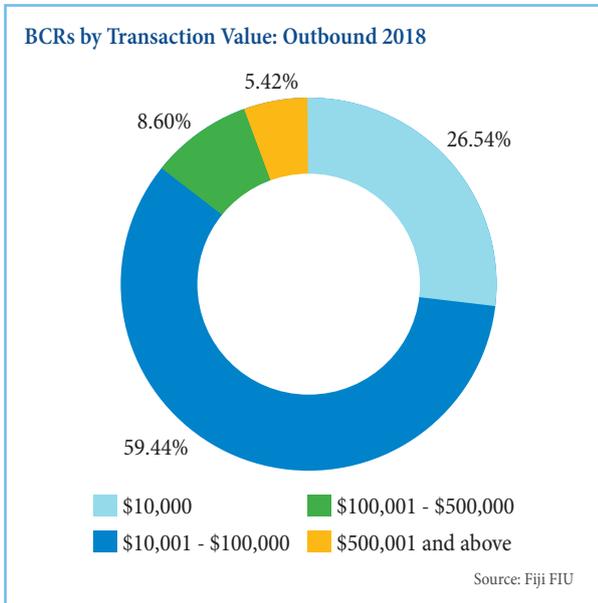
BCR Declarations by Direction of Travel 2014-2018

Sector	2014	2015	2016	2017	2018
Declarations made by inbound travellers	231	187	265	375	434
Declarations made by outbound travellers	326	304	282	417	535
Total	557	491	547	792	969

Source: Fiji FIU

The FIU has noted an increase in declarations made by outbound travellers. In 2018, 55 percent of declarations were made by outbound travellers while 45 percent of declarations were made by inbound travellers in 2018.





We have observed that 62 percent of travellers who declared BCRs were in Fiji for holiday/business/visiting friends and relatives. The majority of BCRs declared by inbound and outbound travellers ranged in the value of \$10,001.00-\$100,000.00.

BCRs by Value of Currency Declared

The total value of currency declared by travellers in the BCRs in 2018 was \$62.7 million compared to \$49.9 million in 2017.

Value of Border Currency Reports Received 2014-2018

Persons Declaring	Value of Currency Declared (\$million)				
	2014	2015	2016	2017	2018
Travellers Arriving in Fiji	10.3	11.0	13.1	21.4	22.6
Travelers Departing Fiji	19.6	20.9	17.1	28.5	40.1
Total	29.9	31.9	30.2	49.9	62.7

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 2018, there were 50 reported cases of BCR non-declaration compared to 46 cases of persons brought before the court for failing to declare currency in 2017. Most of the cases were detected at Nadi International Airport and the remainder were detected at the Nausori Airport and various sea ports.

Failure to Declare Currency Cases in 2018 - Inbound Travellers

	DATE OF TRAVEL	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
1.	25 January	Passenger arrived from Hong Kong	HKD 17,920 RMB 1,457 USD 4,562 MYR 6,400 THB 5,600 SGD 237	\$17,018.62	29 March	Fined FJ\$1,500 Cash released back to accused
2.	25 January	Passenger arrived from Hong Kong	MYS 7,101 THAI 2,360 EURO 230 GBP 110 HKD 10 PHL 1,100 TWN 5,400 SGD 14,000 USD 1 VATU 500 TRY 100	\$20,543.00	29 March	Fined FJ\$2,000 Cash released back to accused
3.	5 February	Passenger arrived from Hong Kong	USD 40,380	\$76,106.85	19 February	Fined FJ\$2,000 Cash released back to accused
4.	7 February	Passenger arrived from Hong Kong	AUD 5,300 USD 6,422 RMB 2,325 HKD 180 FJD 150	\$20,807.53	20 February	Fined FJ\$1,500 Cash released back to Accused
5.	13 February	Passenger arrived from Sydney, Australia	AUD 6,490 FJD 430 Yen 135,000 Dong 590,300 USD 1,100	\$15,253.00	21 February	Fined FJ\$1,000 Cash released back to Accused
6.	16 February	Passenger arrived from Hong Kong	FJD 21,019.41	\$21,019.41	21 February	Fined FJ\$3,000 Cash released back to Accused
7.	16 February	Passenger arrived from Hong Kong	FJD 54,228.91	\$54,228.91	21 February	Fined FJ\$3,000 Cash released back to Accused
8.	16 February	Passenger arrived from Hong Kong	FJD 35,967.00	\$35,967.00	21 February	Fined FJ\$3,000 Cash released back to Accused
9.	16 February	Passenger arrived from Hong Kong	FJD 34,239.92	\$34,239.92	21 February	Fined FJ\$3,000 Cash released back to Accused
10.	21 February	Passenger arrived from Hong Kong	USD 5,326 RMB 2,710	\$10,735.09	22 February	Fined FJ\$10,000 Cash released back to accused
11.	21 February	Passenger arrived from Hong Kong	USD 10,000 RMB 1,630 Kyat 20	\$19,317.21	22 February	Fined FJ\$500 Cash released back to accused
12.	21 February	Passenger arrived from Port Vila, Vanuatu	USD 5,316 HKD 30 TNG 18	\$14,641.34	23 February	Fined FJ\$500 Cash released back to Accused
13.	26 February	Passenger arrived from Hong Kong	USD 9,800 FJD 700	\$21,387.48	27 February	Fined FJ\$8,000 Cash released back to Accused
14.	20 March	Passenger arrived from Hong Kong	FJD 17,000 RMB 10,098	\$17,477.66	28 March	Fined FJ\$5,000 Cash released back to Accused

	DATE OF TRAVEL	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
15.	20 March	Passenger arrived from Hong Kong	FJD 17,000 RNB 1,488	\$17,474.00	20 March	Fined FJ\$5000.00 File Closed.
16.	31 March	Passenger arrived from Nukualofa, Tonga.	USD 15,000	\$30,599.00	17 May	Charged letter issued, however no response from passenger. 17/05/2018 – Notice of Seizure issued. Currency forfeited.
17.	9 April	Passenger arrived from Apia, Samoa.	USD 7,160.00 CNY 194.00 HKD 10.00	\$14,672.00	20 April	Fined FJ\$1,000
18.	20 April	Passenger arrived from Apia, Samoa.	USD 8,865 AUD 25 NZD 70 HKD 70 FJD 100 CNY 33	\$17,043.40	3 May	Fined FJ\$1,000
19.	29 April	Passenger arrived from Vanuatu.	AUD 120 USD 6,440	\$13,422.00	2 May	Fined FJ\$1,000.00
20.	29 April	Passenger arrived from Singapore	USD 8,500	\$17,468.00	29 April	Fined FJ\$1,000.00
21.	27 April	Passenger arrived from Singapore	USD 42,366	\$87,068.00	30 April	Fined FJ\$1,000.00
22.	30 April	Passenger arrived from Brisbane, Australia.	AUD 10,290 RMB 849	\$16,308.00	1 May	Fined FJ\$1,000.00
23.	11 May	Passenger arrived from Hong Kong	USD 6,900 RMB 4,000 HKD 70	\$14,185.59	11 May	Fined FJ\$1,000.00
24.	15 May	Passenger departed for Tonga	USD 8,620 Pa'anga 75 FJD 25	\$17,199.00	18 May	Fined FJ\$1,000.00
25.	23 May	Passenger arrived from Sydney, Australia.	AUD 12,610 USD 2 RMB 3,600 INR 7,000	\$19,428.35	24 May	Fined FJ\$1,000.00
26.	23 May	Passenger arrived from Hong Kong	USD 14,258 INR 4,800 HKD 40 AED 45	\$27,508.43	28 May	Fined FJ\$1,000.00
27.	7 June	Passenger arrived from Tarawa, Kiribati.	USD 8,902 HKD 2,300 AUD 465 SGD 100 FJD 390 GBP 250 THB 150,410 RMB 64 MOP 50 RIEL 23,900	\$21,642.56	28 September	Awaiting interview from the offender.
28.	6 June	Passenger arrived from Port Vila, Vanuatu	USD 8,700	\$16,724.23	28 May	Fined FJ\$1,000.00
29.	22 June	Passenger arrived from Panama.	USD 15,000	\$30,000.00	Case still opened.	Currency is still under Customs for DEU Investigation. Awaiting court judgement.
30.	6 July	Passenger arrived from Sydney, Australia,	AUD 6,000	\$12,752.85	9 July	Fined FJ\$1,000.00

	DATE OF TRAVEL	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
31.	13 July	Wang Pang arrived from Port Vila, Vanuatu	USD 6,000	\$12,500.00	27 July	Fined FJ\$1,000.00
32.	10 August	Passenger arrived from Incheon, Korea.	RMB 51,300	\$13,588.49	14 August	Fined FJ\$1,000.00
33.	10 August	Passenger arrived from Kiribati	FJD 46,240	\$46,240.00	6 November	Customs offence could not be proven hence case handed over to Fraud and Evasion team, Tax Division.
34.	28 August	Passenger arrived from Los Angeles	USD 8,803	\$17,870.48	27 August	Fined FJ\$1,000.00
35.	15 September	Passenger arrived from Singapore	EUR 1,900 USD 4,916	\$15,546.00	17 September	Fined FJ\$1,000.00
36.	20 October	Passenger arrived from Apia, Samoa	USD 7,143 RMB 5,176 Tala 120	\$16,152.63	20 October	Fined FJ\$1,000.00
37.	23 October	Passenger arrived from Hong Kong.	USD 1,023 RMB 1,400 HKD 105,603	\$28,357.00	24 October	Fined FJ\$1,000.00
38.	23 October	Passenger arrived from Hong Kong.	USD 10,155 HKD 10,635 CNY 2,035 SGD 3	\$23,593.00	25 October	Fined FJ\$1,000.00
39.	23 October	Passenger arrived from Hong Kong, China.	AUD 12,000 HKD 650 RMB 496	\$17,673.00	25 October	Fined FJ\$1,000.00
40.	28 October	Passenger arrived from Majuro, Marshall Island.	USD 9,246 CNY 500	\$21,015.83	28 October	Fined FJ\$1,000.00
41.	7 November	Passenger arrived from Korea	USD 11,000 CNY 821	\$23,710.49	8 November	Fined FJ\$1,000.00
42.	7 November	Passenger arrived from Korea	USD 10,000 CNY 45	\$20,357.72	8 November	Fined FJ\$1,000.00
43.	12 November	Passenger arrived from Hong Kong	USD 21,700 EUR 82,000	\$240,310.00	28 November	Notice of Seizure issued.
44.	18 November	Passenger arrived from Port Moresby	USD 9,300 AUD 9,900 CNY 8,400	\$37,331.34	18 November	Fined FJ\$1,000.00
45.	20 November	Passenger arrived from Hong Kong	AUD 6,160 NZD 440 SGD 62 FJD 165	\$10,351.22	20 November	Fined FJ\$1,000.00
46.	24 November	Passenger arrived from Port Vila, Vanuatu via Apia, Samoa	USD 6,700 WST 220 VUV 6,500	\$13,438.00	24 November	Fined FJ\$1,000.00

	DATE OF TRAVEL	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
47.	5 November	Person C & Person D departed for New Zealand	NZD 22,200 FJD 728	\$31,407.31	Still under Investigation.	Still Under Investigation
48.	5 November	Nausori Airport Person E departed Suva for New Zealand Korovou, Nausori	NZD 7,615	\$10,547.65	Still under Investigation.	Warning letter to be issued
49.	7 December	Passenger departed for New Zealand	FJD 6,150 NZD 9,385 AUD 660	\$19,989.76	Still under investigation	Still under investigation
50.	24 December	Passenger departed for Australia	AUD 6,500 USD 3,100	\$16,200.00	Still under investigation	Still under investigation

Source: FRCS and Border Police and FIU

BCR Case Study 1

Mr John Smith was reported to Customs officials upon disembarking a flight and acting suspicious during the flight from Hong Kong to Nadi. Mr Smith is said to have travelled with another young female companion. Customs officials profiled Mr John Smith with the information provided.

Mr Smith had marked 'No' on his arrival card, when required to declare currency in his possession which is equivalent to FJD10,000.00. Additionally, Mr Smith had nothing to declare when questioned by Customs prior to physical examination of his luggage. However, USD10,094.00, AUD600.00, LKR29,340.00, HKD540.00, MOP10.00, and SGD100.00 were found in his luggage when searched. These currencies, when converted to Fijian dollars were equivalent to \$20,576.00.

BCR Case Study 2

Mr Ying Yang was profiled by Customs officials for his suspicious travel route. Mr Yang arrived in Nadi, from Nukualofa, Tonga on 31 March 2018. The purpose of his travel was for transit to Hong Kong on 1 April 2018.

The passenger was marked for questioning and his luggage examined. Prior to examination, Mr Yang had nothing to declare to Customs, both written as made on his arrival card and verbal. Upon examination it was found that he had concealed USD15,000.00 in the bottom compartment of his suitcase, using chocolate bar wrappers to hide the currency. Additionally, his wallet had USD400.00 and YUAN2,070. The concealment method illustrated that Mr Yang had no intention of declaring the currency and possibly moving currency across borders in a questionable manner.

Mr Yang made an unsuccessful attempt to smuggle currency through Fiji's border.

The currency in Mr Yang's wallet was released for welfare purposes; however, the USD15,000.00 was seized and forfeited as a result of Mr Yang's failure to respond within the required timeframe.

7 OUTCOMES - CONTINUING AND DECLINING MONEY LAUNDERING TRENDS

Continuing Trend

Email Compromise and Email Spoofing

Commercial banks, financial institutions, businesses and members of the public were continuously advised by the Fiji FIU to exercise caution when handling email payment instructions for import trade transactions and large value personal outbound foreign remittance transactions. The Fiji FIU noted a continuous increase in cases of individuals and businesses falling victim to email compromise and spoofing scams in 2018.

Case examples reported to the Fiji FIU in 2018 on email compromise and email spoofing cases include:

- In March 2018, an email account of a local bank customer was compromised and a fraudulent payment instruction was sent to the local bank. Approximately FJ\$575,000 was transferred to a foreign bank account belonging to a cybercriminal syndicate.
- In September 2018, in a case involving cyber money laundering, FJ\$556,000 was fraudulently transferred from a local business bank account to an offshore “incorrect” bank account number. In this case the foreign supplier’s business email was compromised.
- In October 2018, proceeds of approximately

FJ\$27,000 from the sale of investment shares of a local investor who is residing abroad, was remitted to a cybercriminal’s bank account in another country as a result of email compromise of the investor.

- In October 2018, an estate property settlement proceeds totalling approximately FJ\$845,000 was remitted to the foreign bank account of a cybercriminal who pretended to be the beneficiary of the estate. It appears that email accounts of the beneficiary and local party were compromised.

Any suspicious overseas trade transaction or large personal remittance that could be linked to email compromise and spoofing scams should immediately be reported as a suspicious transaction report to the Fiji FIU. Commercial banks and remittance service providers were reminded to conduct enhanced due diligence for suspicious payment instructions.

Declining Trends

The FIU has noted a decline in the following trends:

- a) the use of fraudulent documentation to conduct financial transactions; and
- b) number of impersonation cases reported to the FIU.

8 CASE STUDIES

Money Laundering Cases: Success Stories in Fiji

Manipulation of Internal Systems and Processes

Ms Vika Sadrau was employed with Post Fiji Limited as a Customer Service Officer responsible for processing Electronic Money Orders (EMO). From March to May 2015, Ms Sadrau dishonestly obtained \$55,779.32 by manipulating the EMO system. Ms Sadrau processed an EMO transaction for a customer and used the same EMO key ID to create multiple payments for the same transaction. Ms Sadrau then altered the payment amounts and payee details and obtained approval from her supervisor to make payments to herself. Ms Sadrau processed payments to herself totaling \$55,779.32. She then deposited \$21,000.00 into her bank account. Ms Sadrau pleaded guilty to one count of theft and one count of money laundering. On 22 August 2018, Ms Sadrau was sentenced to 18 months imprisonment for theft and four years imprisonment for money laundering. The case study demonstrates breach of internal control procedures.

Breach of Employer Trust and Manipulation of Internal Systems and Processes

Ms Rosheen Praveena Raj and Ms Munivai Sorby were employed as finance officers at the Pacific Theological College. They were responsible for processing cheques for wages and bills. From 2006 to 2011, Ms Raj and Ms Sorby manipulated this system to fraudulently obtain proceeds totaling \$582,244.42. Ms Raj was responsible for all Accounts Payable including payroll. She tampered with the weekly payroll spreadsheet, payment vouchers, and cheques to process excess wage payments of \$96,576.86 and \$73,099.93 to herself and Ms Sorby respectively.

The fraud was detected when Mr Nilesh Avinesh Sharma was appointed the Director of Finance and Administration in 2012. He discovered major anomalies in the financial records and conducted an internal

investigation and audit to identify the causes of these anomalies. Ms Raj and Ms Sorby also tampered with bill payment cheques to make payments totaling \$412,567.61 to themselves. On 18 September 2018, Ms Raj and Ms Sorby were found guilty of two count of money laundering each. On 19 September 2018, Ms Raj and Ms Sorby were sentenced to 11 and 10 years imprisonment respectively.

Colluding to facilitate illicit gains

Mr Rahul Rajan Naidu received a job offer from a “Jasmin Olich of Global Link Money Services” to conduct a confidential evaluation on Western Union services by sending and receiving money through Western Union. Mr Naidu was advised that the funds would only be transferred to a Westpac bank account which he would then withdraw, deduct his commission and remit the remainder to various individuals in parts of Nigeria.

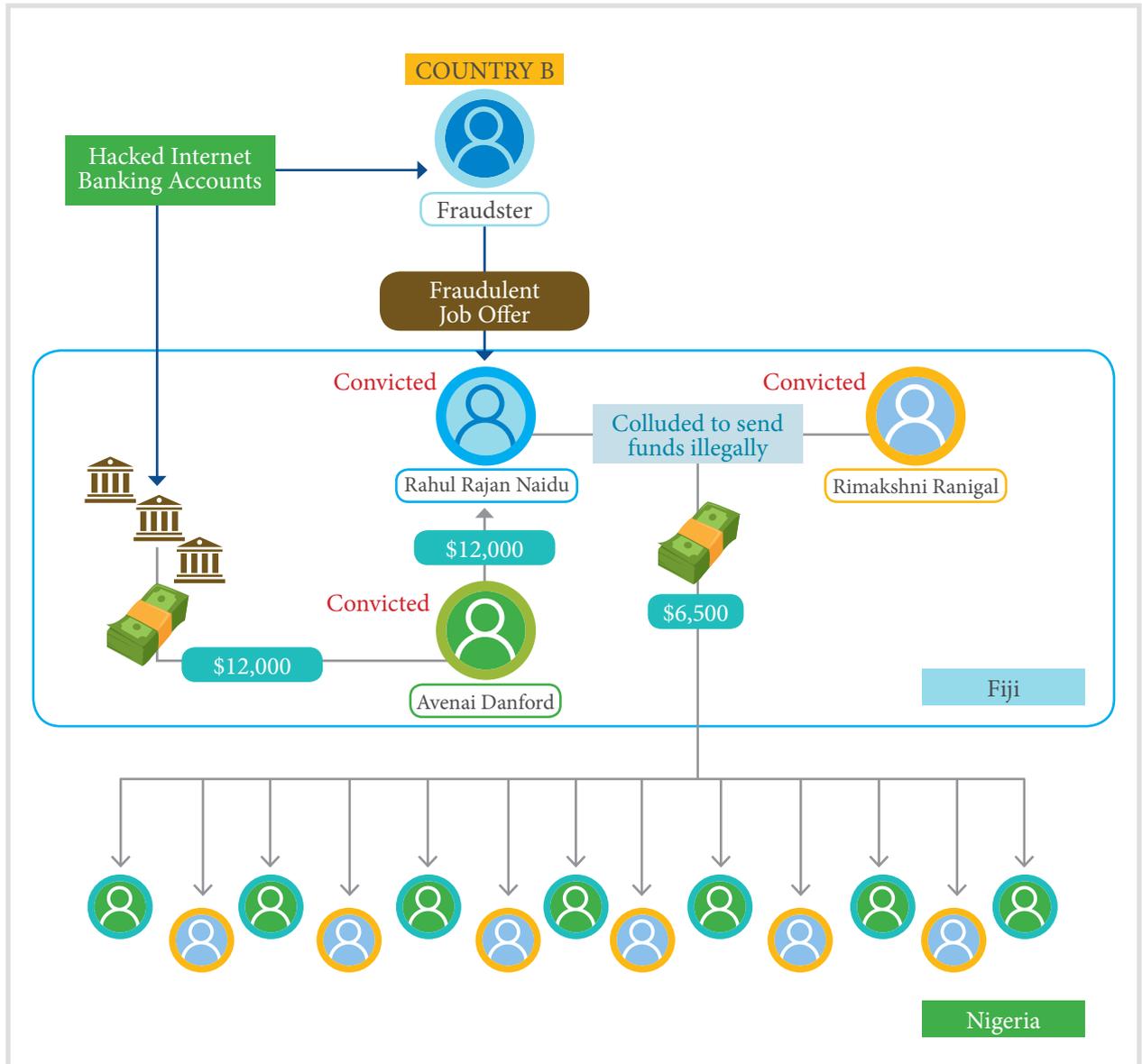
Since Mr Naidu did not hold an account at Westpac Bank he approached his friend, Mr Shoeb Nur Ali, a pay master at a local company to assist him find Westpac Bank account holders who were not using their bank accounts. Mr Ali asked his friend, Mr Avenai Danford, if he was willing to allow Mr Naidu to use his account to receive funds. Mr Danford agreed and received \$12,000.00 into his Westpac bank account from unauthorised internet banking transfers from three victims. Mr Danford withdrew and gave these funds to Mr Naidu.

Mr Naidu then asked Mr. Shoeb Nur Ali for copies of his ID and copies of ID of three of Mr Ali's colleagues. Ms. Rimakshni Ranigal, Front Line Officer at an exchange dealer outlet, used these documents as well as copies of other ID that Mr Naidu obtained to send 12 remittances to Nigeria.

None of the 12 individuals who were recorded as the senders of these remittances were present when the funds were sent and were not aware that funds were sent using their names and ID. On 4 September 2018, Mr Naidu was found guilty of four counts of money laundering and Mr

Danford and Ms Rimakshni Ranigal were found guilty of one count of money laundering each. On 18 September 2018, Mr Naidu, Mr Danford and Ms Ranigal were given

imprisonment sentences of six years nine months, three years and five years respectively.



Case Study 1:

Use of a Gatekeeper to allegedly facilitate unusual EFTPOS transactions

The FIU received a suspicious transaction report from a local bank on significant transactions conducted on a single EFTPOS terminal over a weekend. It was deemed suspicious since the EFTPOS terminal was a newly installed facility at a small local law firm.

The FIU established that a Fijian national, Person A, residing in Country B approached Person X, principal of the local law firm, to acquire an EFTPOS machine to receive investment funds on behalf of his entity, Company A.

The local law firm acquired the EFTPOS facility despite no apparent economic viability for an EFTPOS machine. A week later, two foreign credit cards were fraudulently used to conduct seven transactions within a span of three weeks totaling approximately FJ\$2 million through the EFTPOS terminal at the local law firm. The funds were transferred to the law firm's trust account.

It was established that Person X was supposedly involved in the elaborate scam with Person A and Company A to fraudulently obtain funds using the EFTPOS machine. Person X received approximately FJ\$221,000.00 from the fraudulent transfers while Company A received approximately FJ\$650,000.00 into its local bank account.

The remaining FJ\$1,129,000.00 was retained in the law firm's trust account.

Funds were swiftly withdrawn from Company A's local bank account to pay individuals and invest in assets. It was also established that expensive Rolex wrist watches were purchased from the proceeds of crime. There was good coordination and communication between local border law enforcement agencies and the FIU in this matter.

The FIU issued an enforceable instruction notice to the local bank to restrict all bank accounts involved in the elaborate scheme including beneficiaries of the funds to secure and minimise the loss of the proceeds of crime. The FIU provided a case dissemination report to the PPF and the case is still under investigation.

Possible offence:

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

Indicators:

- Use of lawyer as a gatekeeper to facilitate fraud
- Use of unfamiliar business transacting methods which were not commensurate with nature of business
- Purchase of valuable assets and luxury items

Case Study 2:

Business Email Compromise resulting in significant loss

The FIU received a suspicious transaction report from Bank D that Company C was a victim of a business email compromise. The FIU established that Company C's business email correspondences with their foreign supplier was compromised by a hacker in Country F. The hacker intercepted the email correspondences and instructed Company C to transfer approximately US\$266,000.00 to a foreign bank account number. The hacker emailed Company C with an email address similar to Company C's foreign supplier.

The FIU provided a case dissemination report to the respective foreign FIU for their investigation. It was established that the funds were subsequently dissipated to different entities on the same day. However, the ultimate destination of the funds could not be ascertained.

Possible offence:

- Obtaining financial advantage through deception
- General dishonesty

Indicators:

- Use of similar email addresses in order to convince the local firms to transfer the funds
- Changing payment details and beneficiary details at the last minute

Case Study 3:

Undeclared Currency Exchange

The FIU received a suspicious transaction report from a foreign exchange dealer on Person M, a naturalised Fiji citizen who is a frequent traveller to Country Z. Person M conducted three foreign exchange transactions totalling approximately FJ\$30,000.00 on behalf of Person X and Person Y, who were minors.

The Fiji FIU conducted financial profiling and established that the FJ\$30,000.00 was not sourced from Person M, X and Y's bank accounts. It was suspected that the individuals were keeping cash at home and laundering

funds out of the country. A case dissemination report was provided to the FRCS for their profiling and investigations.

Possible offence:

- Non-declaration of BCR
- Money laundering
- Possible tax related offence/tax evasion

Indicators:

- BCR form not filled by individual
- Individual exchanged funds under the name of other persons, who were minors

Case Study 4:

Cheque Washing

The FIU received a suspicious transaction report from a local bank in relation to a suspected high level fraud attempt on a publicly listed entity, Company E.

The FIU established that Person F altered or "washed" 14 cheques that were issued by Company E to pay Person F.

The local bank's verification process identified that the payee on the cheques were altered and had not cashed the cheques.

The FIU further established that that Person F was related to one of the high ranking officials of Company E. A case dissemination report was provided to the FPF, Cybercrime Unit for their investigations. The matter is now before the Suva Magistrates Court.

Possible offence:

- Obtaining financial advantage through deception
- Fraud

Indicators:

- Stains or discolorations on the cheque possibly caused by erasures or alterations

Case Study 5:

Laundering business proceeds via cash intensive business

Company A was reported for conducting significant cash deposits and subsequently purchasing bank cheques with cash.

The FIU established that Company A had not lodged its tax returns in 2016 and 2017. However, it received approximately FJ\$6.4 million dollars in deposits. Further analysis established that the shareholder, Person O and

his wife Person P received approximately \$740,000.00 as deposits into their bank accounts and had also not lodged their tax returns.

A case dissemination report was provided to FRCS on Company A, Person O and Person P for investigation.

Possible offence:

- Tax related offences

Indicators:

- Large cash deposits
- Use of family member to facilitate tax evasion
- Use of cash intensive business to launder funds

Case Study 6:

Law Firm falls victim of a Business Email Compromise Scam

The FIU received a suspicious transaction report in relation to a bank account held at Bank Z in Country A which was used to fraudulently obtain funds from a local law firm.

The law firm was engaged to facilitate the sale of a property on behalf of four individuals who were the beneficiaries of the estate. The email address of one of the individuals, Person V was compromised and a fraudulent email was sent to the local law firm advising them that the funds should be sent to the bank account held at Bank Z. The local law firm sent approximately FJ\$845,000.00 to the bank account held at Bank Z in two separate transactions in October 2018

The local law firm did not realize they were victims of a “business email compromise scam” until Person V followed up on the payment.

The financial institution in Fiji that sent the funds attempted to recall the funds but was unsuccessful.

We believe that the account signatory of the bank account held at Bank Z in Country X may be involved in computer related offences and a party to business email compromise scam.

The FIU liaised with its overseas counterparts to recover the funds. The case is still under investigation.

Possible offence:

- Business email compromise/email account compromise

Indicators:

- Sudden change in account details for remittance payment
- The use full names instead of nicknames and a language structure may not match how the supposed sender normally communicates

Case Study 7:

Alleged tax evasion by diversification of business operations and use of family members

The 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 a Company X and also operates a fuel pump station on the same premises.

The FIU conducted financial checks and established that Person A had used his personal bank account to make payments to Company Y for fuel supplied for the pump station.

The FIU conducted further checks and established that Person A received significant cash and cheque deposits into his personal bank account. It was established that

most of the cash and cheques were drawn on the business account belonging to Company X.

The FIU had previous intelligence holding on the son of Person A who was also reported for possible tax related offences. The FIU conducted further checks and noted outstanding tax lodgements for Person A and his son.

A report was disseminated to FRCS for alleged tax offences.

Possible offence:

- Tax evasion

Indicators:

- No tax returns lodged with the tax authority
- Depositing of business funds into personal account
- Use of family member to evade taxes
- Diversification of business operations to evade taxes

Case Study 8:

Undeclared Currency Exchange

The Fiji FIU received a suspicious transaction report in relation to Person M receiving significant amounts of funds from Company D.

It was established that Person M was also a director and shareholder of Company D. Company D had received approximately \$510,138.00 in remittances from Company E located in Country B. These remittances were allegedly for bill payments, purchase of goods and trade payments. Fiji FIU discovered that Person M was also a director and shareholder of Company E in Country B and that there were no exports from Company D to Company E to match the remittance payments. The funds were then transferred to Person M's local bank account and used to purchase property.

The FIU further established that Person M had received approximately \$897,913.00 from Person N located in Country B. These funds were then used by Person M to purchase another property.

A case dissemination report was provided to the FIU of Country B and FRCS for further profiling and investigation.

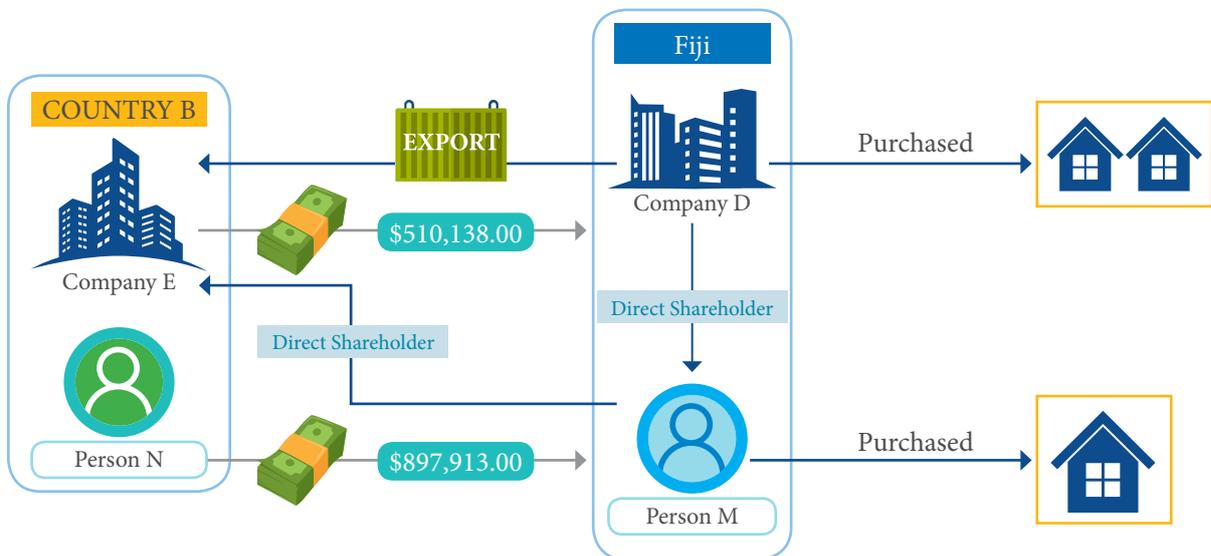
Possible offence:

- Trade based money laundering
- Tax related offences

Indicators:

- Significant inward remittances
- Rapid movement of funds from business to personal accounts
- Numerous related entities utilized to move funds
- Property investment

Flow of Funds and Assets Purchased



Case Study 9:

Significant funds movement among unrelated individuals between jurisdictions

The FIU received a STR on Person Y for receiving remittances totaling approximately \$167,000.00 from an unrelated individual, Person X in Country D. Person Y claimed that the funds for the construction of Person Y's property. Fiji FIU established that Person Y bought land in 2018 valued at \$100,000.00. Person Y had not declared any income in the last two years and did not seem to be employed.

The FIU also discovered that Person X was potentially

a person of interest to law enforcement authorities in Country D and maybe using Person Y to launder funds in Fiji.

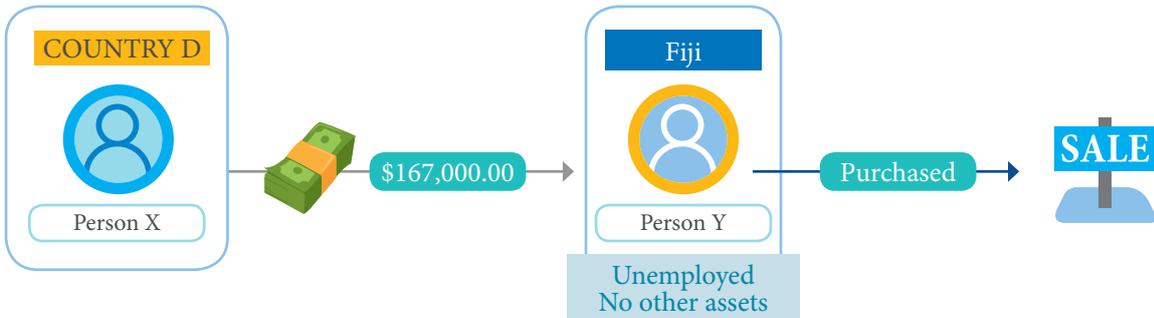
A report was disseminated to the FPF Intelligence Bureau and the FIU in Country D for further profiling.

Possible Offence:

- Money laundering offences
- Tax evasion

Indicators:

- Significant remittance of funds between local and overseas individuals without any apparent established relationship



8 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
CDR	Case Dissemination Report
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
EFTR	Electronic Funds Transfer Report
EMO	Electronic Money Order
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FFIMSO	Fiji FIU Information Management System Online

FICAC	Fiji Independent Commission Against Corruption
FIU	Financial Intelligence Unit
FRCS	Fiji Revenue and Customs Services
FUR	Follow-Up Report
FPF	Fiji Police Force
FTR	Financial Transactions Reporting
GSPWG	Global Standards Proportionality Working Group
ID	Identification Document
IMF	International Monetary Fund
MER	Mutual Evaluation Report
ML	Money Laundering
MOA	Memorandum of Agreement
NCLASA	National Combined Law and Security Agencies
ODPP	Office of the Director of Public Prosecutions
PF	Proliferation Financing
RBF	Reserve Bank of Fiji
STR	Suspicious Transaction Report
TF	Terrorist Financing

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