



# Financial Investigation Unit **Cross Border Crime**

A Division of the Guernsey Border Agency



Banking Sector- Feedback Seminar

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## FIU background

- The FIU was re aligned in 2009 as a result of the Bailiwick Financial Crime Strategy review
- What did this all mean?



# Single line management structure

- The FIU became the responsibility of the Guernsey Border Agency
- The Guernsey Police retained local and domestic fraud
- The FIU was developed to deal with cross border financial crime



# What did this all mean?

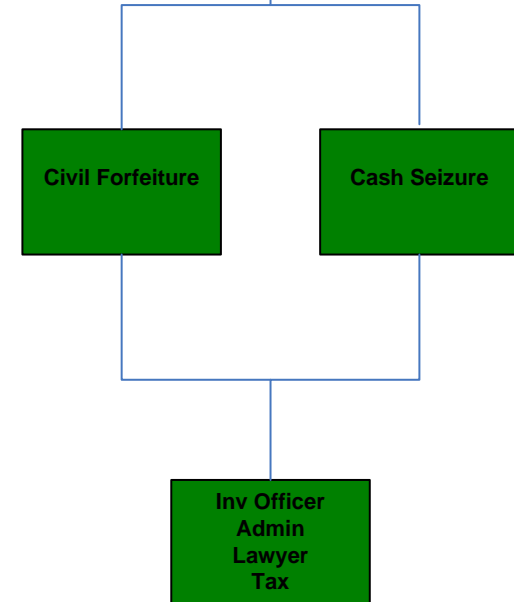
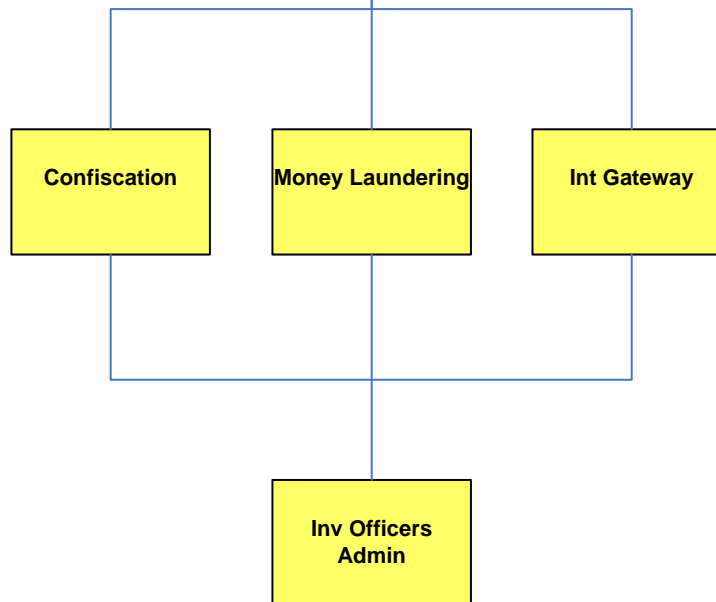
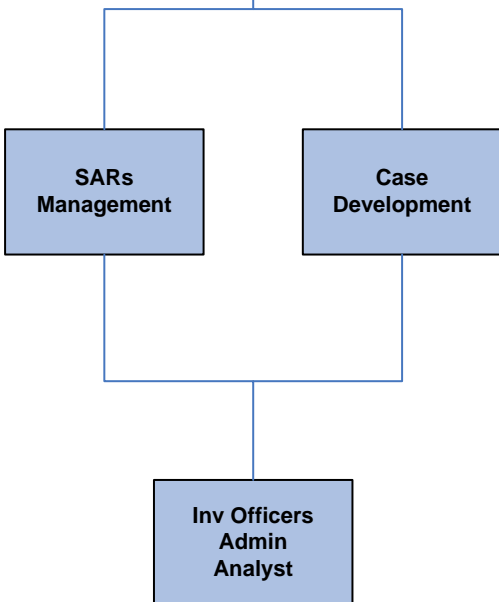
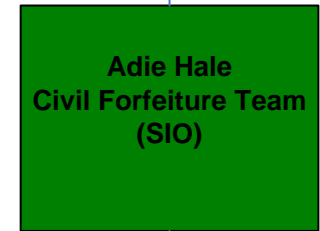
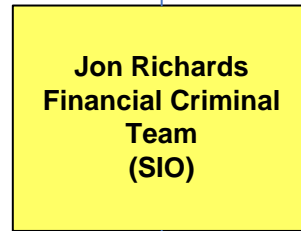
- The working relationship with our Police colleagues remains the same
- The FIU has two serving Police Officers within its compliment
- We continue to assist each others organisations when required.



# Financial Investigation Unit 2012



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# GBA Objectives for Financial Crime

- To protect the Bailiwick reputation as a successful well regulated offshore centre
- To enforce the FATF recommendations and requirements of the IMF
- To target and take profit away from criminals both locally and internationally
- To support UNCAC in investigating allegations of bribery and corruption



# Key Objectives

- To prevent and combat money laundering
- Prevent and combat the financing of terrorism
- To provide a FIU as defined by Egmont and FATF
- To work in conjunction with the Police and Law Officers in order to maintain international relationships to identify criminal activity within the finance sector



## What is meant by the proceeds of crime?

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• participation in an organised criminal group and racketeering;</li> </ul>     | <ul style="list-style-type: none"> <li>• fraud and tax evasion;</li> </ul>                            |
| <ul style="list-style-type: none"> <li>• terrorism, including terrorist financing;</li> </ul>                          | <ul style="list-style-type: none"> <li>• counterfeiting and piracy of products;</li> </ul>            |
| <ul style="list-style-type: none"> <li>• trafficking in human beings and migrant smuggling;</li> </ul>                 | <ul style="list-style-type: none"> <li>• environmental crime;</li> </ul>                              |
| <ul style="list-style-type: none"> <li>• sexual exploitation, including sexual exploitation of children;</li> </ul>    | <ul style="list-style-type: none"> <li>• murder, grievous bodily injury;</li> </ul>                   |
| <ul style="list-style-type: none"> <li>• illicit trafficking in narcotic drugs and psychotropic substances;</li> </ul> | <ul style="list-style-type: none"> <li>• kidnapping, illegal restraint and hostage taking;</li> </ul> |
| <ul style="list-style-type: none"> <li>• illicit arms trafficking;</li> </ul>  | <ul style="list-style-type: none"> <li>• robbery or theft;</li> </ul>                                 |
| <ul style="list-style-type: none"> <li>• illicit trafficking in stolen and other goods;</li> </ul>                     | <ul style="list-style-type: none"> <li>• smuggling;</li> </ul>  |
| <ul style="list-style-type: none"> <li>• corruption and bribery;</li> </ul>  | <ul style="list-style-type: none"> <li>• extortion;</li> </ul>  |
| <ul style="list-style-type: none"> <li>• forgery;</li> </ul>   | <ul style="list-style-type: none"> <li>• piracy;</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Insider trading and market manipulation.</li> </ul>                           |   |





# Review of the effectiveness of the STR regime 2007 – 2010

- 2586 STR's submitted and reviewed
- 307 STR's linked to proceeds of crime investigations (active)
- 54 convictions
- 222.2 years in prison sentences
- £2,074,301 criminally confiscated
- £497,758,054 other recovered funds
- \$500 million in US fines

**IT IS VERY EFFECTIVE!!!!**



# Current Investigations

- There is currently circa £239 million under criminal restraint
- These cases involve bribery, corruption, fraud, and drug trafficking
- To date we have confiscated £4.1 million
- Repatriated circa £8.2 million to other jurisdictions



## Bribery and Corruption

***“Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organised crime, terrorism and other threats to human security flourish...but it is in the developing world that its effects are most destructive.”***

*Kofi Annan*

*Secretary- General*

*UNCAC*



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# Bribery and Corruption

- Of the funds held on restraint over 60% represents Corruption by PEP's
- Of the funds which we have 'no consent' ongoing with institutions nearly 40% represents PEP corruption
- The FIS is conducting a risk assessment on PEP activity in the Bailiwick



# Tip of the Iceberg



# Change in Consent regime

- The FIS will give a FSB or Non FSB **“Consent”** to continue or maintain the account(s) or other relationship
- This consent will ordinarily be given within 7 days of your electronic receipt.
- **Therefore** your **obligation** of **all future transactions** on the account DOES NOT REQUIRE ADDITIONAL CONSENT
- UNLESS
- You suspect that a future **‘ACT’** (**“Transaction”**) is forming a new **“Suspicion”**
- You submit a **“NEW”** STR



# CONSENT TO **NO CONSENT**

- The FSB or NON FSB will have “**Consent**” to continue or maintain the account(s) or other relationship **UNTIL**
- The FIS receive intelligence to suggest that “Your Client” or “entity” is under investigation and The FIS will issue a “**No Consent**” for any **future activity**
- Does this mean I have been complicit in Money Laundering?  
**NO**



# CONSENT

## UNLESS:-

- During the period of consent you became suspicious and did an 'Act' without submitting a further disclosure.





## ‘What if’ scenario

- Open source material would suggest that the account holder is ***under investigation*** for corruption
- As MLRO you conduct your CDD/EDD and decide to submit an STR to the FIS
- You receive ‘Consent’ to continue or maintain the account(s) or other relationship
- You continue to manage the assets as normal for a further two year period
- Your client then gets arrested which is not on open source and the FIS then places a ‘No Consent’.
- Have you committed any Act of ML in that two year period?
- If you became suspicious and did not make a further disclosure and this becomes evident in the investigation then you **may** have done.
- If there was no further suspicion and this becomes evident then the answer is **‘NO’**.



## Consents

