



Financial Investigation Unit

Cross Border Crime

A Division of the Guernsey Border Agency

2011 Annual Statistical Report

Blank Page

Table of Contents

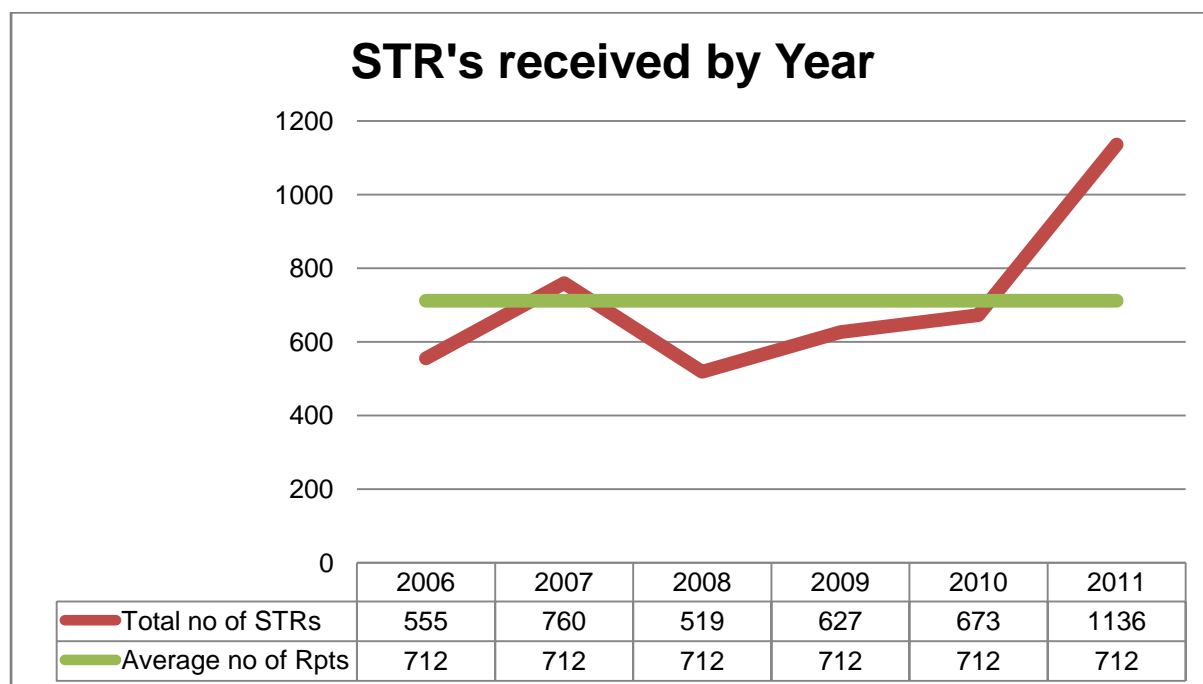
Suspicious Transaction Reports (STR's).....	5
STR's by Country of Residence.....	7
STR's By Grounds.....	9
SR Grounds – Trend analysis.....	10
STR's By Grounds as Percentage of STR's Received	10
STR by Reporting Sector.....	11
Trend Analysis - Reporting Sector	12
STRs with Non Profit Organisation links (NPO)	13
STR's with Politically Exposed Person Links.	13
Use of Powers under the disclosure (Bailiwick of Guernsey) Law, 2007	13
Requests for Assistance	14
FIM Requests received by FIU relating to Money Laundering and Financing of Terrorism by year	15
Financial Account Enquiries (FAE)	16
Financial Liaison Notices (FLN).....	17
Cash in the Controls	18
Value of Import and export declarations made under Cash Controls legislation	19
Cash Seizures	20
Cash in Controls (Bailiwick of Guernsey) 2007.....	20
Terrorism Cash Seizure	20
International Co-operation.....	21
Number of IR's disseminated.	21
Investigations Pursuant to or under UN\EU Resolution\Sanction	21
International Mutual Legal Assistance requested by Guernsey Law Enforcement Agencies	22
Orders served as a result of an MLAT Received.	22
Number of International MLAT Requests from STR's by Year.....	23
Egmont Requests Received in Guernsey	24
CARIN Requests Sent / Received in Guernsey	25
Criminal Legislation.....	26
Investigations	26
Proceeds of Crime Investigations	26
Drug Trafficking Investigations	26
Law Enforcement Orders.....	27
Court Orders which stemmed from Disseminated Data	28
Restraint Orders	29
Restrained property/Funds	29
Drug trafficking (Bailiwick of Guernsey) Law, 2000 Restraints	30

The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 Restraints	30
The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Restraints	30
Confiscations.....	31
Overview.....	31
Total Confiscations	31
Local Confiscations.....	32
International Confiscations.....	32
Repatriated Funds.....	33
Civil Forfeiture.....	34
Orders	34
Investigations	35
Forfeiture.....	35

Suspicious Transaction Reports (STR's)

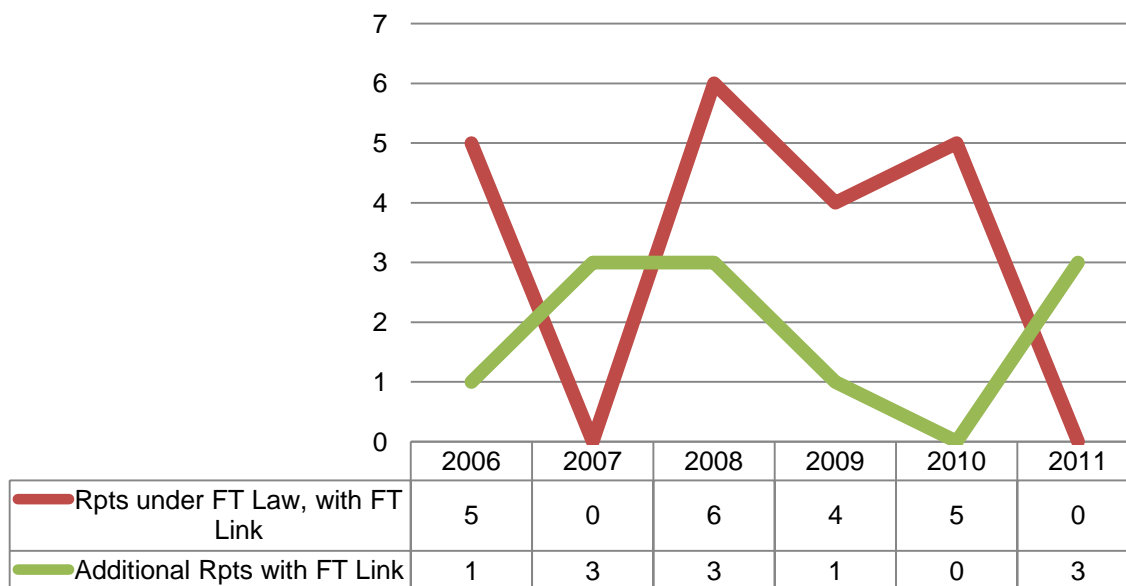
Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of: (a) suspicious Transaction reports; and (b) other information relevant to money laundering, associate predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.

The graphs and data below detail the total number of STRs received per annum, including a breakdown of those made under the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 as well as those subsequently identified as having a terrorist financing link by the FIU.



During 2011 there was a 69% increase in the number of STR's received from industry, the highest number by far, ever received by the FIU. This increase is due to a change in EU tax reporting directive in 2011 and a duplication of entry rate estimated at approximately 5% of the total number of STR's.

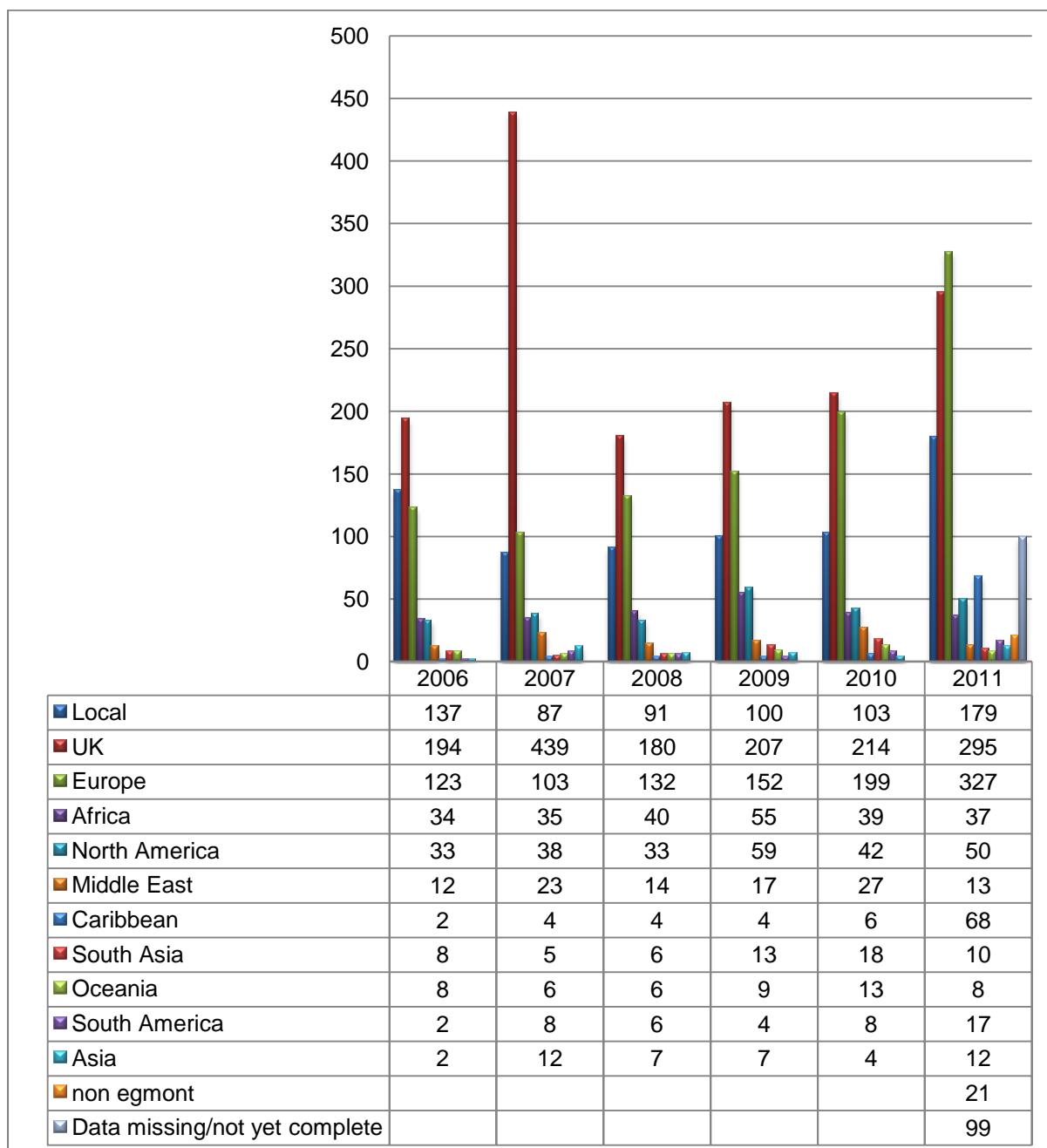
STRs with FT links by Year



STR's by Country of Residence

A combination of the Bailiwick's system of Government which has resulted in a comparatively stable economic environment and its close proximity to the UK and Europe has naturally led to significant investment from these areas. Consequently, it is not surprising that the highest proportion of STRs relate to Europe, UK and Local subjects.

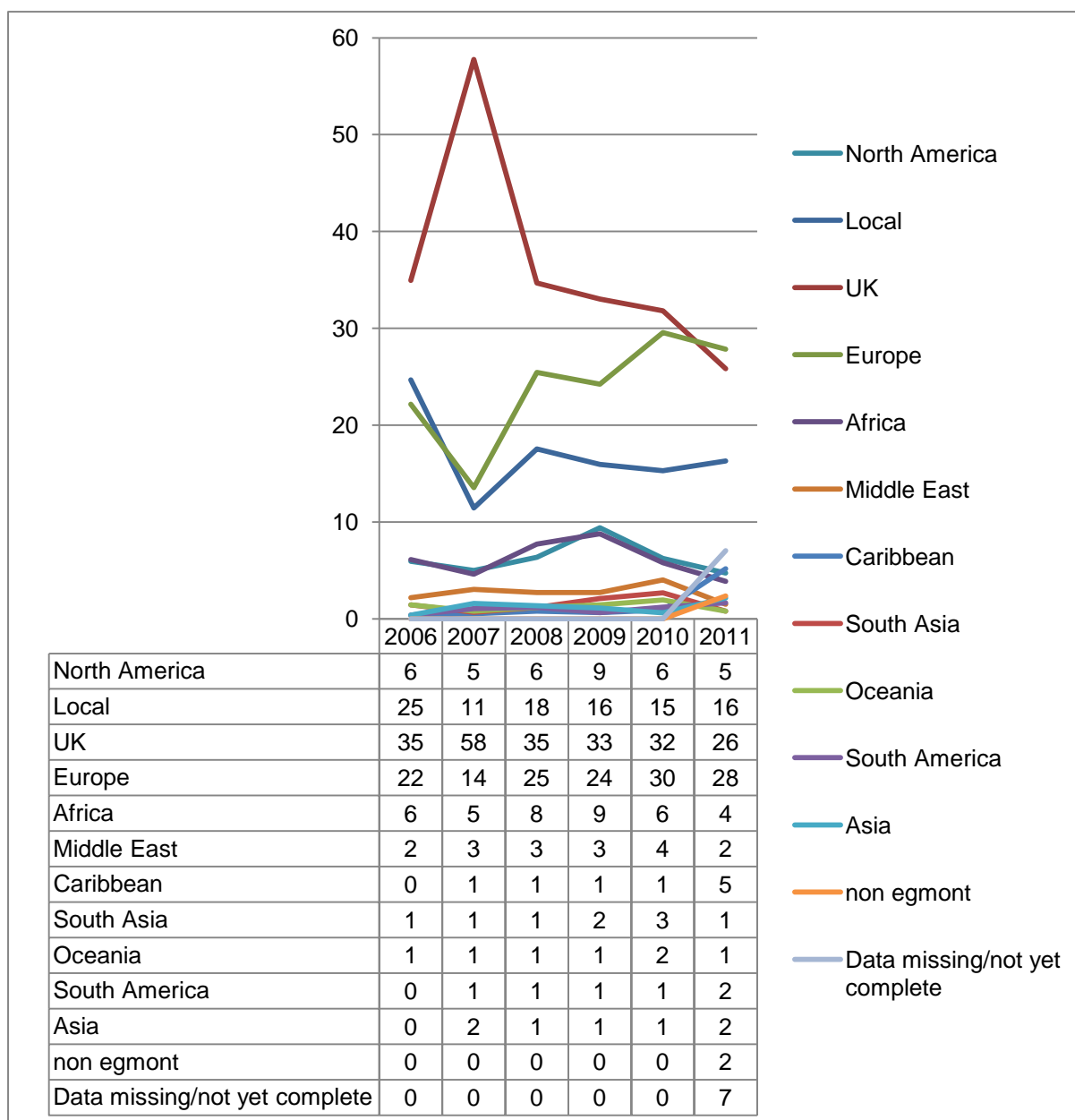
Prior to 2011, Residence was recorded according to the residence or place of incorporation of the primary subject of the report. In the year 2011 the residence of ALL subjects is recorded which has resulted in a comparatively large increase in the figures for 2011.



Total: 1136

**Due to the change of reporting definitions in 2011, totals are not directly comparable to number of STR's received or to previous years.*

The following graph shows the residential area as a percentage of all STR's received for each year.



Total: 100%

In 2007 the percentage increase in STR volume relating to UK subjects reflects the HMRC Tax amnesty incentive of that year. The incentive caused a significant increase in reports received locally for UK residents.

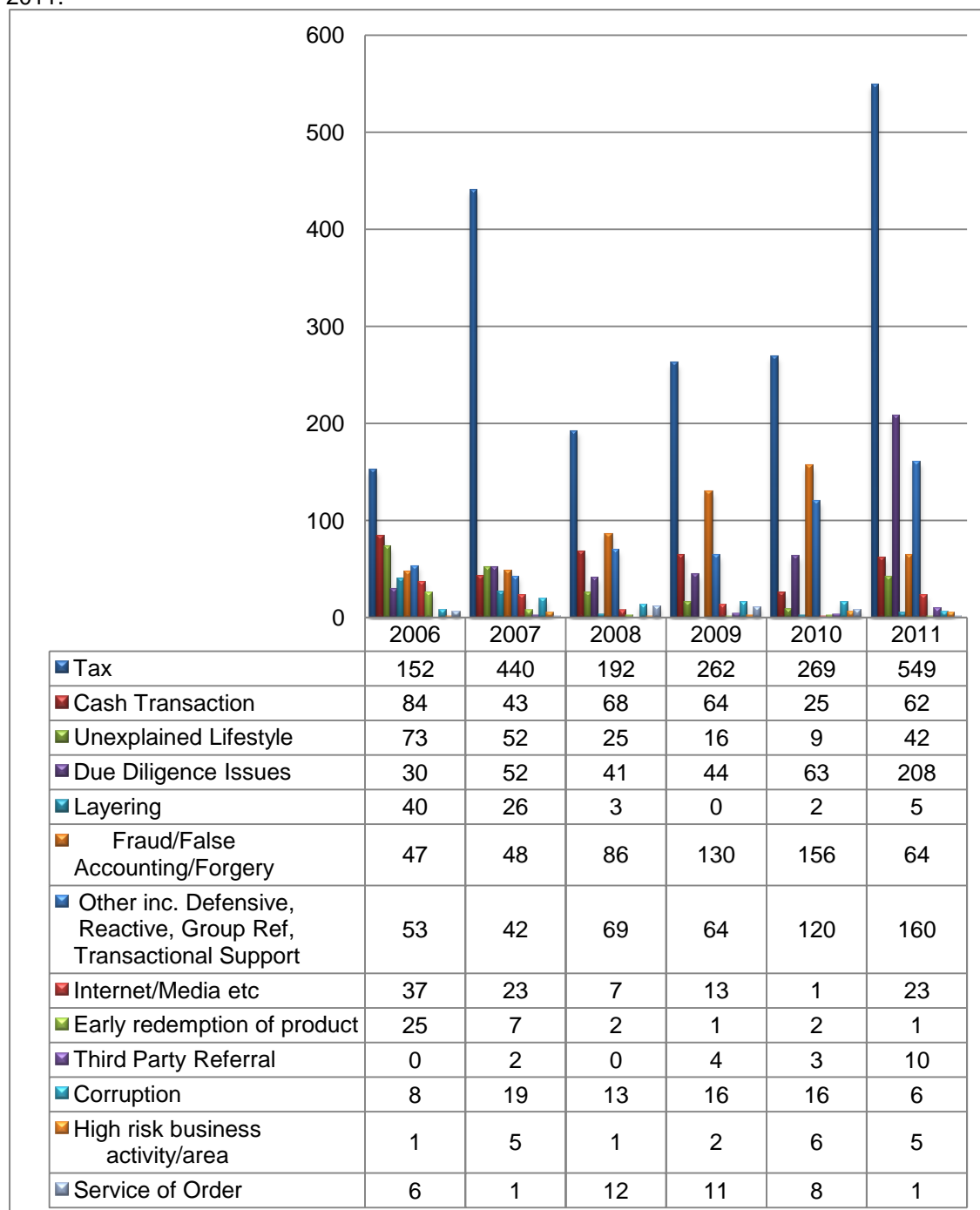
All STR's are included when determining residence by subject, whether currently under investigation or not. A new category of "*Data missing/not yet complete*" has been added to the report in 2011 for those STR's that are new and where no work has yet been undertaken by the FIS.

**Due to the change of reporting definitions in 2011, percentages are not directly comparable.*

STR's By Grounds

Note. The tax spike in 2007 refers to the HMRC amnesty of which 223 STRs were received.

2011 brought about a 69% increase in the number of STR's received, which is reflected in the substantial increases seen in all grounds categories this year. The increase in Tax related grounds is highly likely to be due to a change in EU tax reporting directive (EUSTD) which took place during 2011.



Total: 1136

Note. The tax spike in 2007 refers to the HMRC amnesty of which 223 STRs were received and 2011 refers to the EUSTD in which 561 STR's were received.

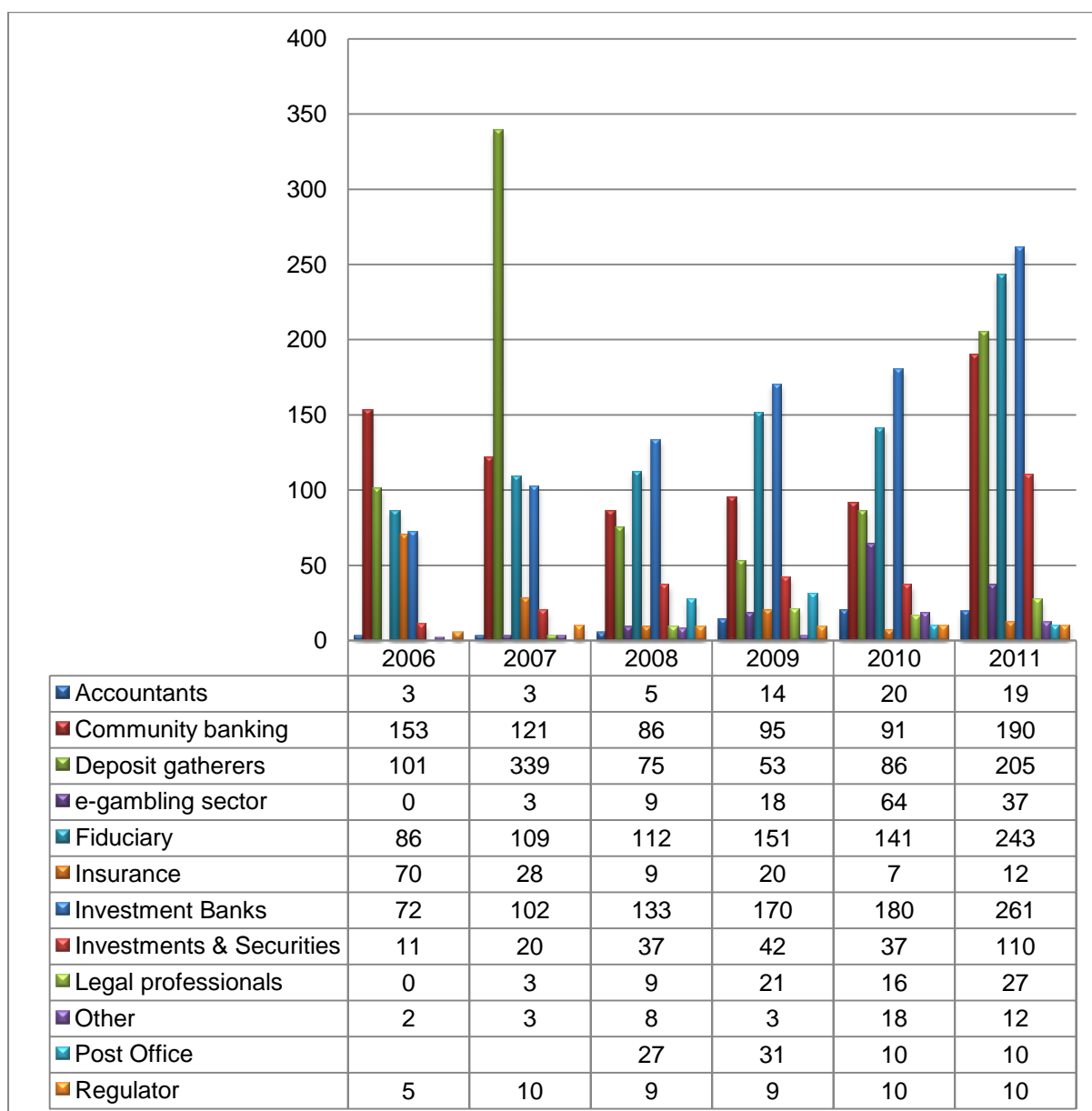
STR Grounds – Trend analysis

STR's By Grounds as a Percentage of STR's Received

Grounds	Year					
	2006	2007	2008	2009	2010	2011
Tax	27	58	37	42	40	48
Cash Transaction	15	6	13	10	4	5
Unexplained Lifestyle	13	7	5	3	1	4
Due Diligence Issues	5	7	8	7	9	18
Layering	7	3	1	0	0	0
Fraud/False Accounting/Forgery	8	6	17	21	23	6
Other inc. Defensive, Reactive, Group Ref, Transactional Support	10	6	13	10	17	14
Internet/Media etc	7	3	1	2	0	2
Early redemption of product	5	1	0	0	0	0
Third Party Referral	0	0	0	1	0	1
Corruption	1	3	3	3	2	1
High risk business activity/area	0	1	0	0	1	0
Service of Order	1	0	2	2	1	0
Total	100	100	100	100	100	100

During 2011 there was a 29% increase in the number of companies submitting STR's on grounds of Due Diligence issues from 2010, which stemmed from the Investment banking, Securities and investments and Fiduciary sectors.

Disclosures made on grounds of suspicion of fraud dropped in 2011, largely due to the significant decrease in E-gaming sector disclosures all of which were made on grounds of fraud in 2010.

STR by Reporting Sector**Total : 1136**

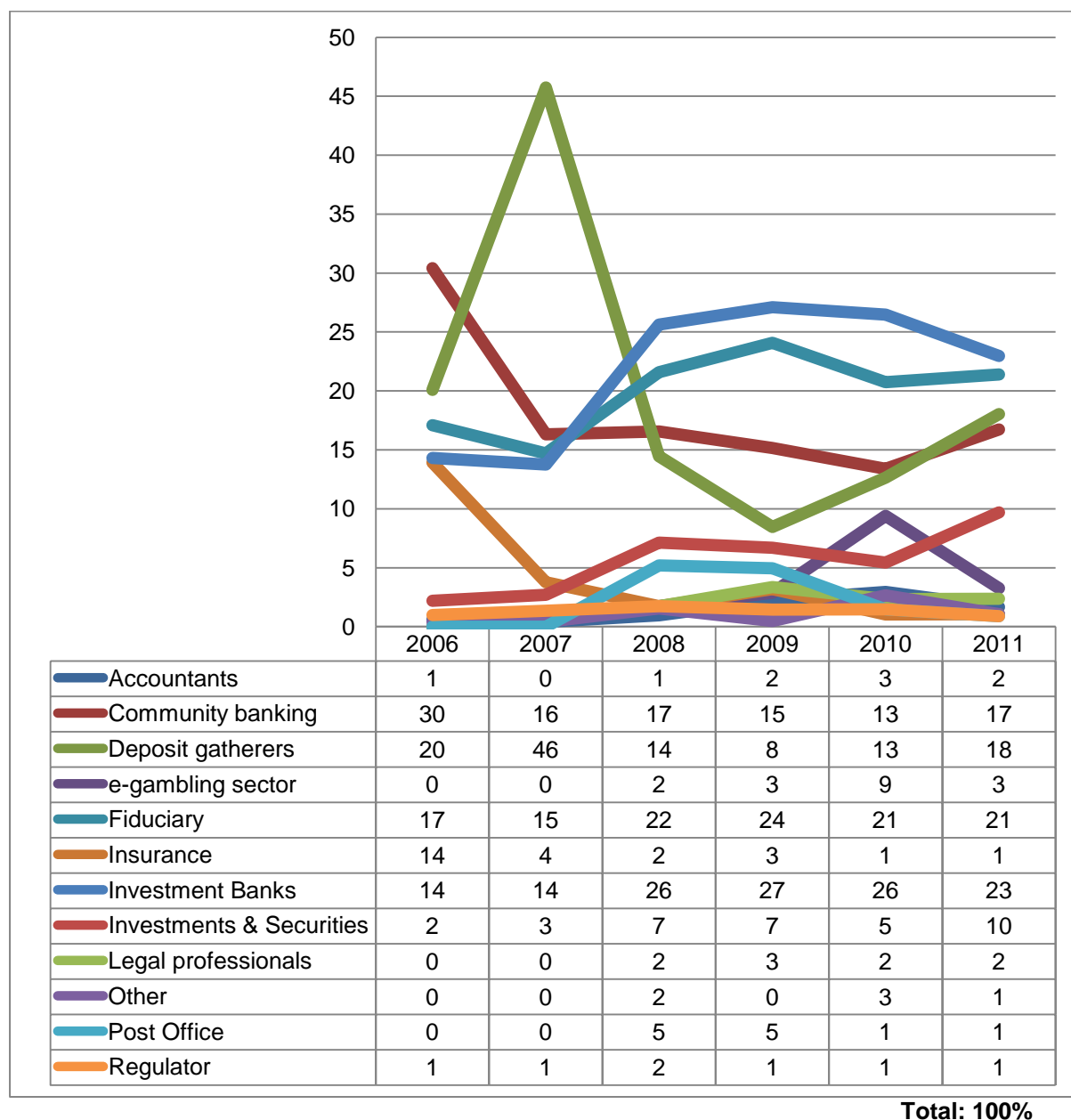
The above graph provides an overview of STRs by reporting sector for the period 2006 - 2011 which has remained relatively consistent. As can be seen, in general the banking sectors have, over the 6 year period, made the most number of reports.

In 2011, a large increase can be seen in the Investments & Securities reporting sector, an increase of 197%.

2011 shows a large drop in the number of reports from the e-gaming/e-gambling sector. The form and manner of disclosure under the Disclosure (Bailiwick of Guernsey) Law, 2007 was amended in June 2011, requesting that a disclosure be made by using the online reporting facility available on the website of the FIU, known as Themis.

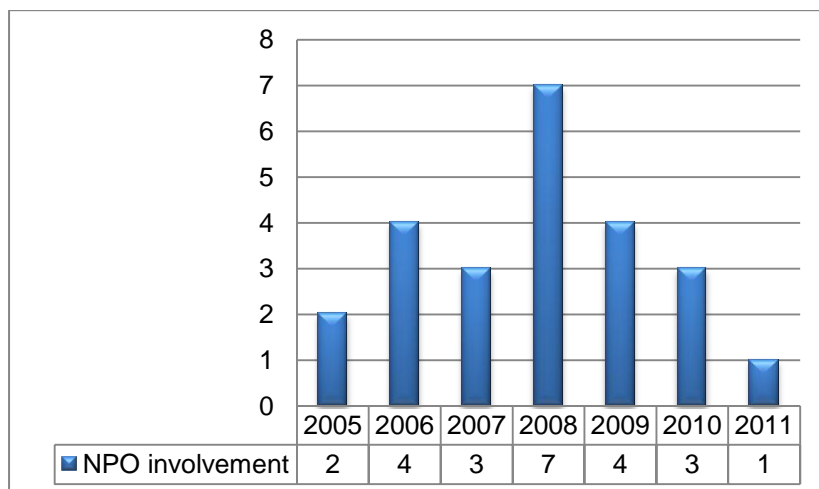
Trend Analysis - Reporting Sector

STR's submitted by each reporting sector presented as a percentage of all STR's received

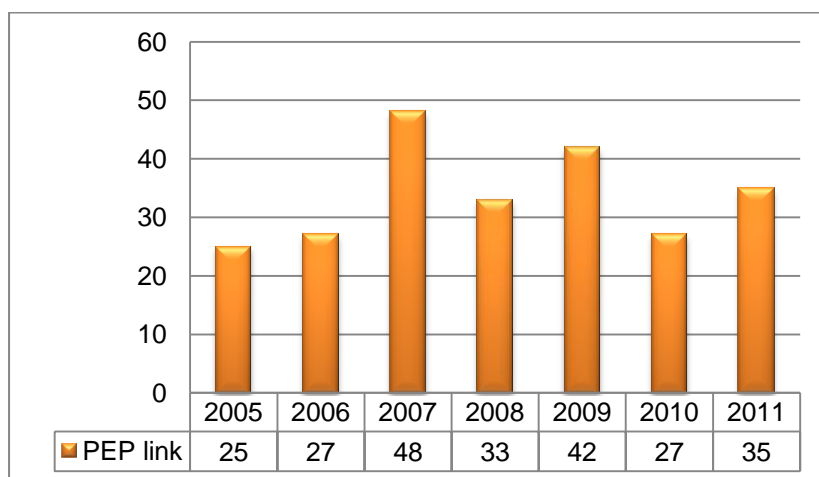


STRs with Non Profit Organisation links (NPO)

This data outlines the total number of reports assessed by the FIS as having the involvement of a non-profit organization. This data incorporates STRs that relate to the same individual but made by different institutions or conversely multiple reports from the same institution.

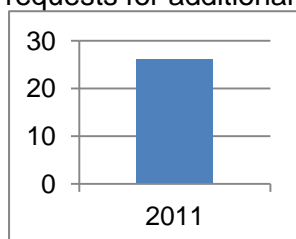


STR's with Politically Exposed Person Links.



Use of Powers under the disclosure (Bailiwick of Guernsey) Law, 2007

Section 2 of the The Disclosure (Bailiwick of Guernsey) Regulations which came into force in 2007 provides FIU staff with powers under the Disclosure (Bailiwick of Guernsey) Law, 2007 to request additional information relating to an STR. The graph below outlines the number of requests for additional information that were made.

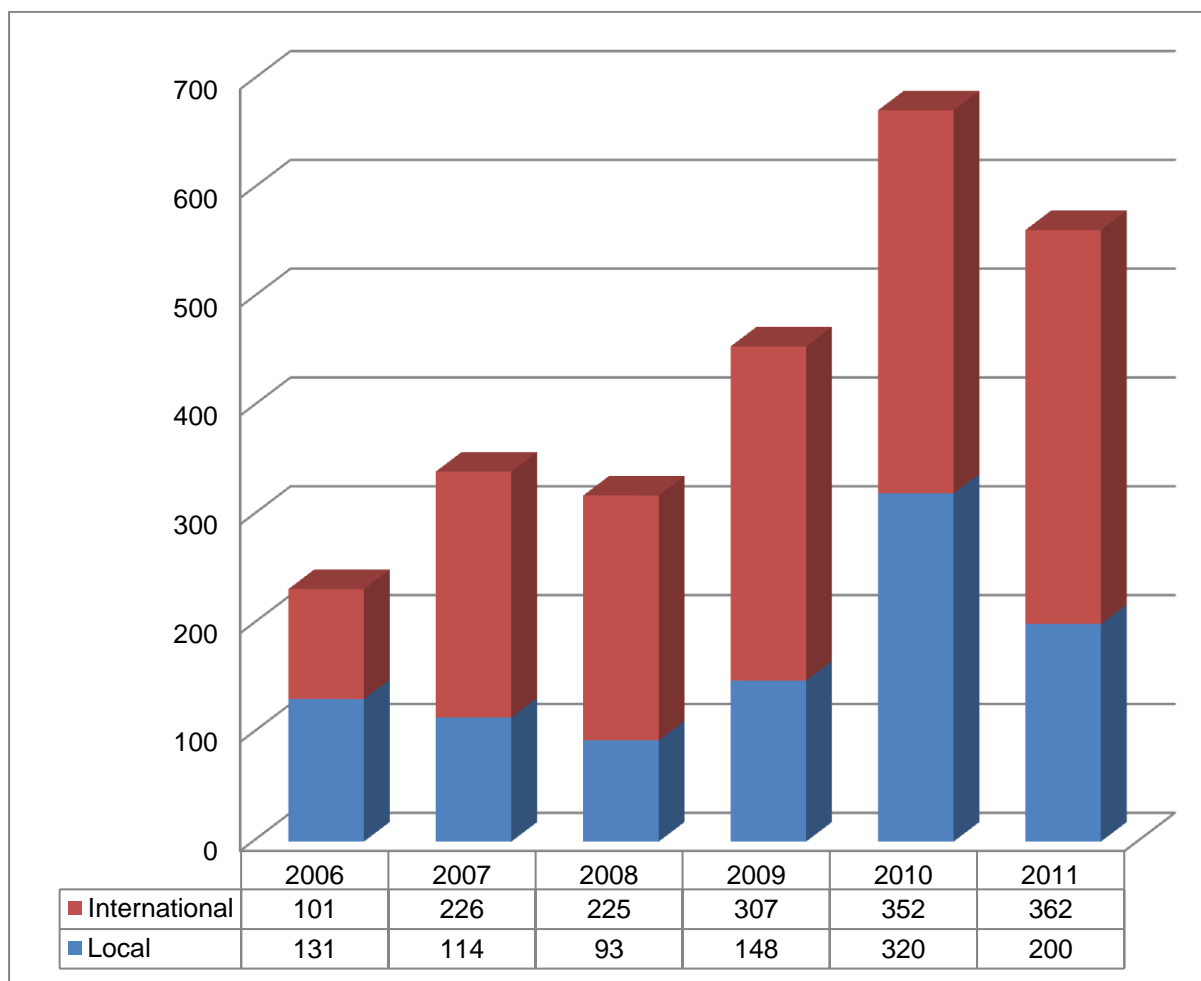


Note: Prior to 2011 the powers were used but not recorded centrally.

Requests for Assistance

In addition to its primary function relating to the receipt, analysis and dissemination of STRs, the Financial Intelligence Service (FIS) is also the central point for all financial intelligence requests (FIM's). FIM's can be received both by international and local organizations and also incorporate requests received via the Fin-net Network. The following data outlines the number of local, international and Fin-net requests received by the FIS which are in addition to STRs.

The FIS maintains detailed records in respect of these intelligence requests including, along with other sources of analysable data, the grounds for requests. A year on year breakdown can be seen in the chart below:

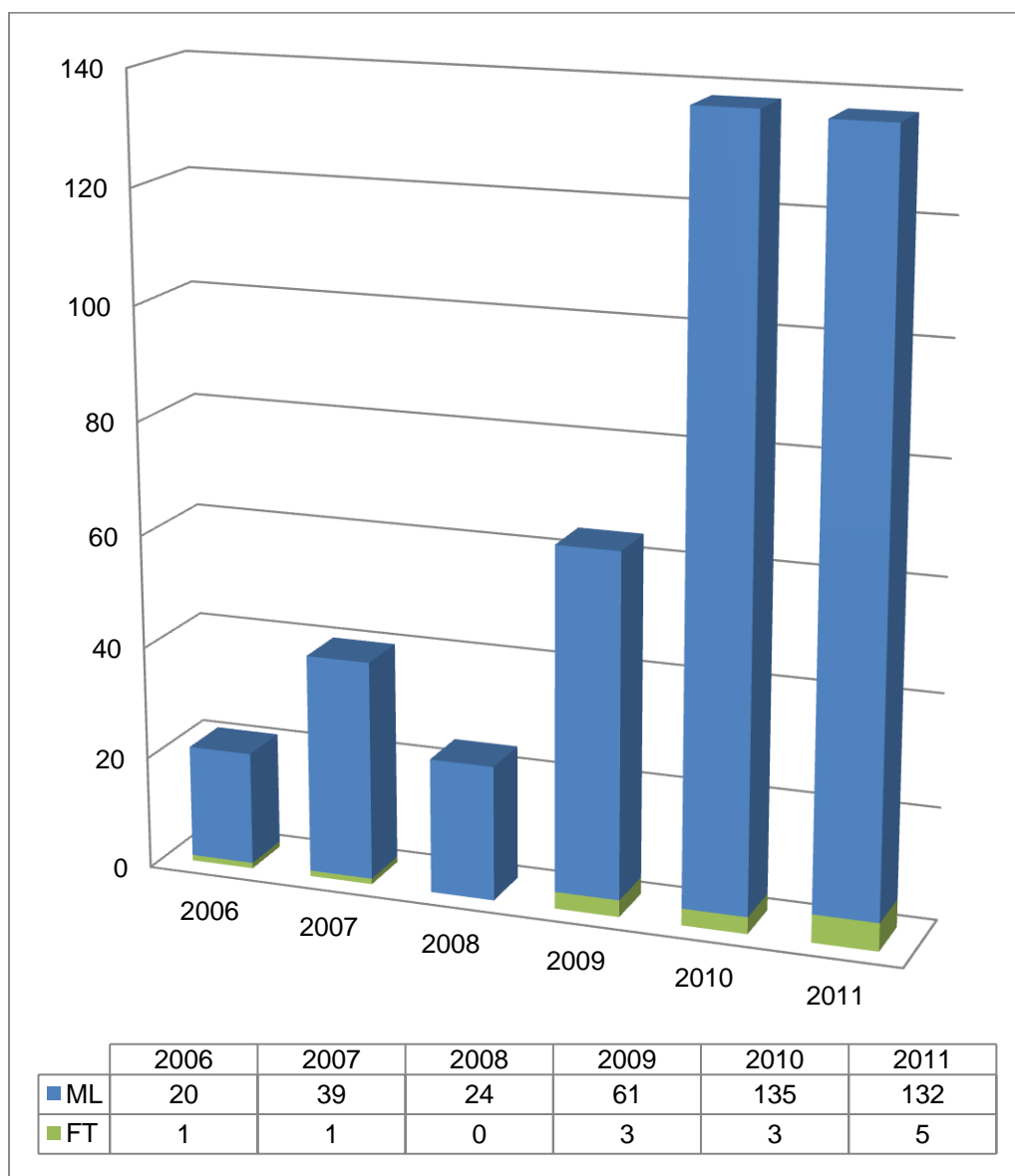


Total: 562

The graph shows a decrease this year in local requests compared to 2010. The decreasing number of local requests reflects the transfer of responsibility for financial immigration status enquiries back to the Immigration and Nationality Division.

FIM Requests received by FIU relating to Money Laundering and Financing of Terrorism by year

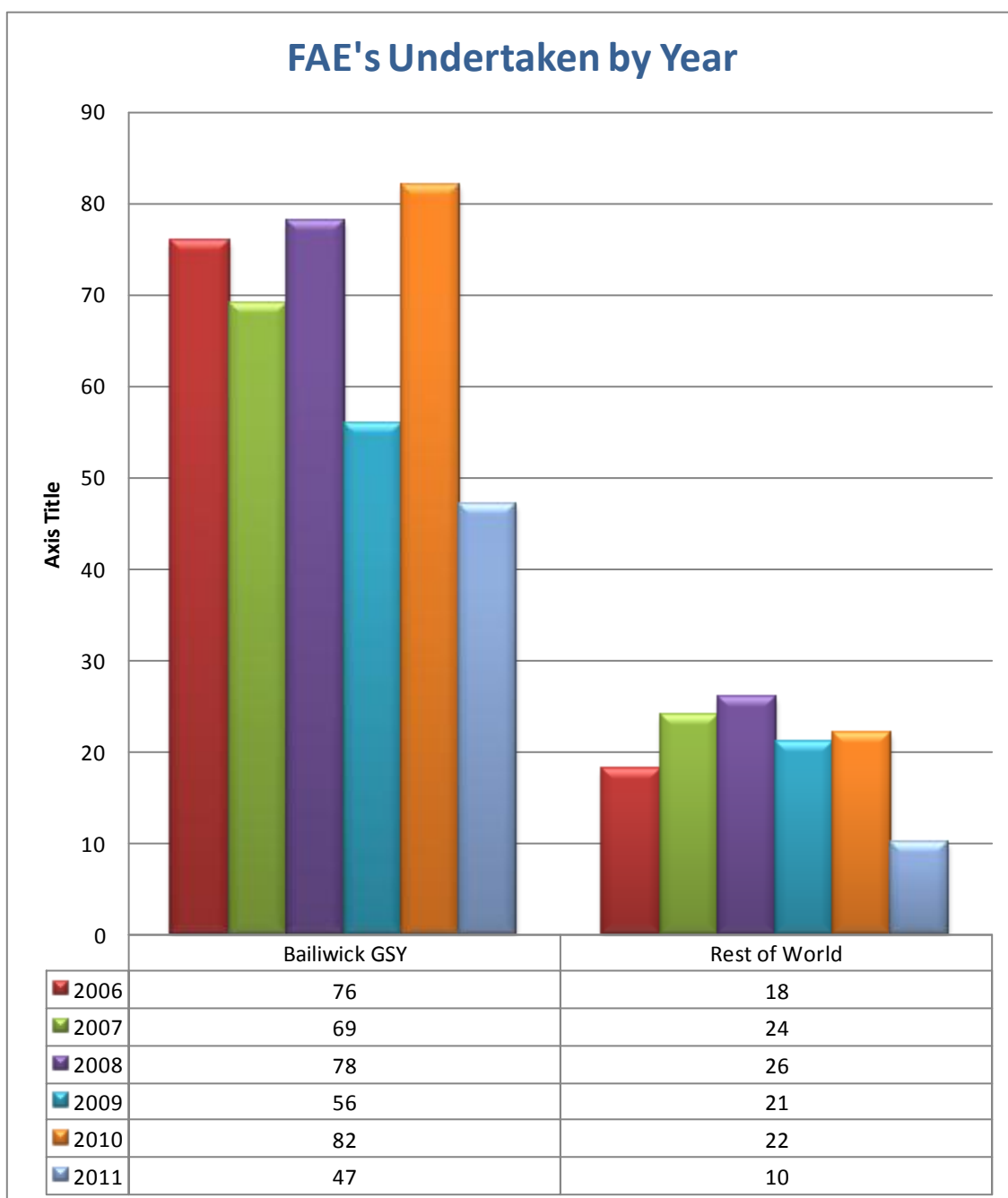
The table below shows the number of money laundering or terrorist financing related enquiries as a proportion of the total number of ***International*** requests received.



Financial Account Enquiries (FAE)

The FIS is responsible for all direct contact with local financial institutions in respect of obtaining financial intelligence. As the nature of these enquiries is very sensitive, they provide the FIS with an internal Audit process for such enquiries.

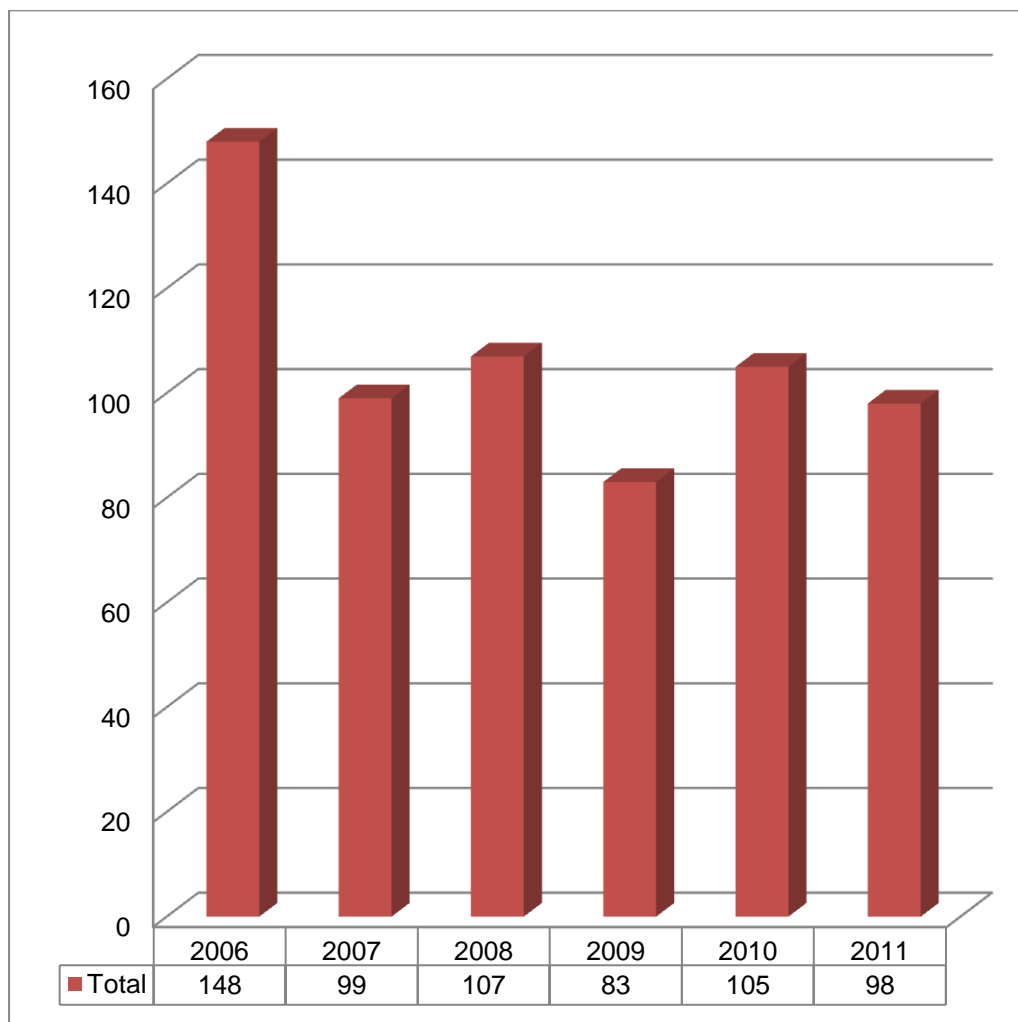
Note: FAE Enquiries can be made outside of the Production Order and Disclosure regime.



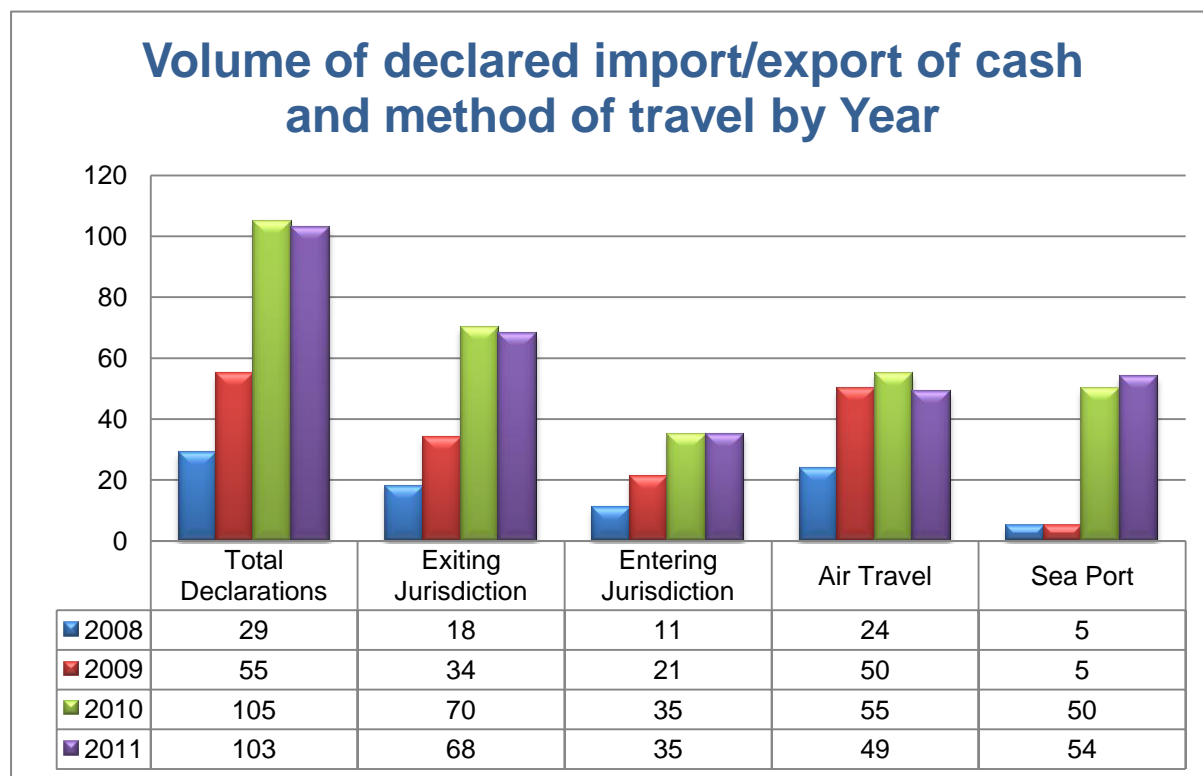
The FIS has undertaken fewer enquiries in 2011 than the previous year. This can be partly attributed to the significant drop in local requests for assistance as well as the changes to the disclosure law resulting in Section 2 powers being exercised.

Financial Liaison Notices (FLN)

The table details the number of subjects circulated to regulated financial service businesses via the financial liaison notice system.



Cash in the Controls

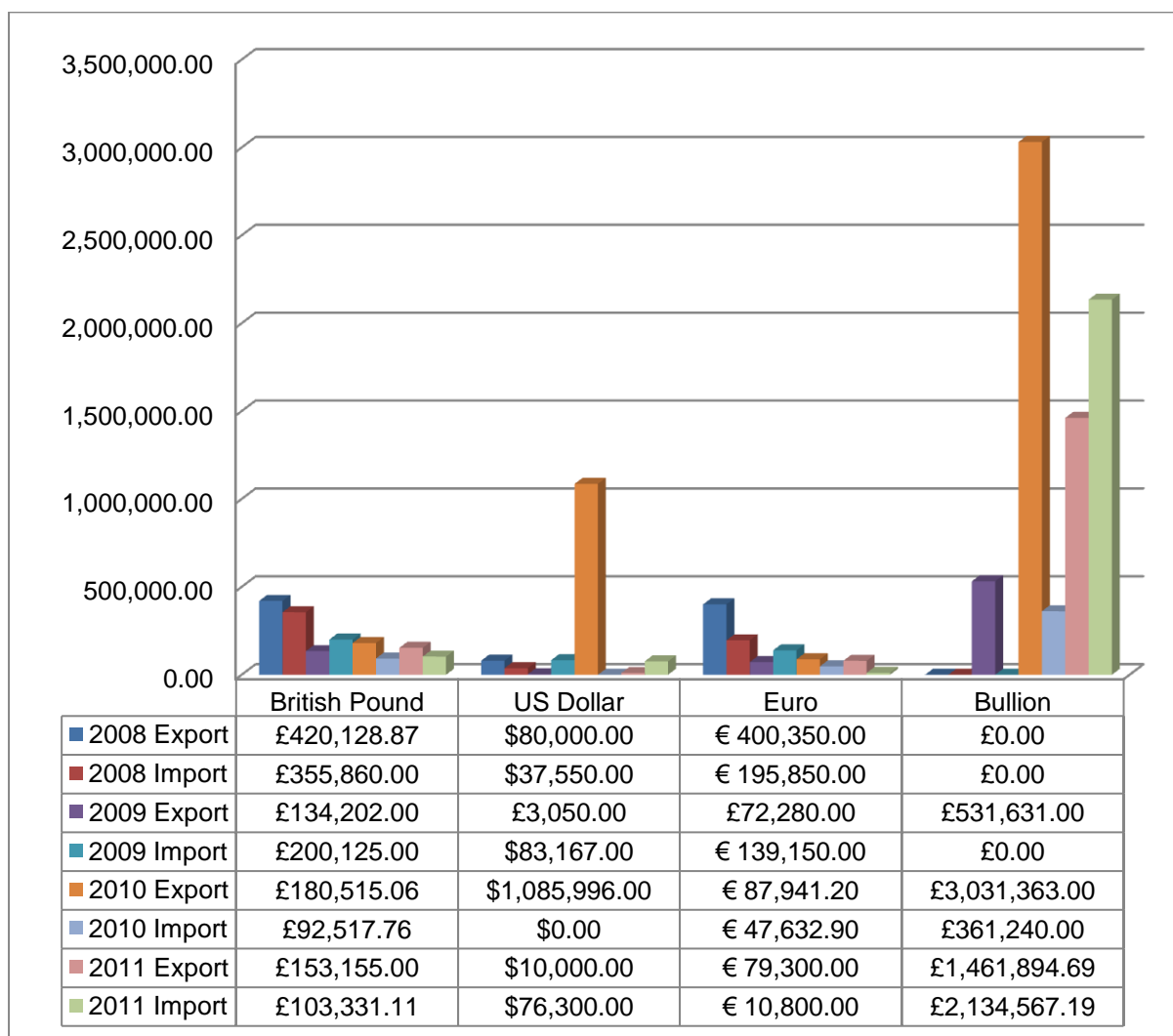


In addition to STR data, following the enactment of the Cash Controls (Bailiwick of Guernsey) Law 2007 which was enacted in February 2008, the FIS also collates and analyses data regarding the declaration of cross border transportation of currency. The following chart details the data recorded to date.

In addition to the overview data outlined below, information is also kept in respect of:

- Currency and value
- Movement of currency
- Origin and intended use of currency
- Declarers personal details
- Intelligence/investigative actions

Value of Import and export declarations made under Cash Controls legislation



Note. The declarations relating to repatriated currency have not been included on the graph above as the totals are so great they make the other entities on the graph illegible.

All currency values are shown in the relevant issuing country currency. Exchange rates are calculated at spot value on 31st December for the relevant year or the last published foreign exchange rates for the current year published by HMRC. Bullion price for gold is taken from website www.goldprice.org.

An increase in bullion is seen which directly relates to an amendment to The Cash Controls (Bailiwick of Guernsey) Law, 2007. The amendment defined Cash as postage stamps, Bearer instruments and Bullion. Bullion is further defined as Gold, Silver, Palladium and Platinum bullion whether pure or impure as well as ingots and coins.

This offers an explanation as to the dramatic increase in bullion seen in the past couple of years.

Cash Seizures

Cash in Controls (Bailiwick of Guernsey) 2007

Year	No of cases	Referrals to Prosecutor	Prosecutions	Amount confiscated	Court Fine
2008	0	0	0	£0.00	
2009	0	0	0	£0.00	
2010	1	1	1	£9,825.00	
2011	5	5	2	£0.00	€6000 £5500

Terrorism Cash Seizure

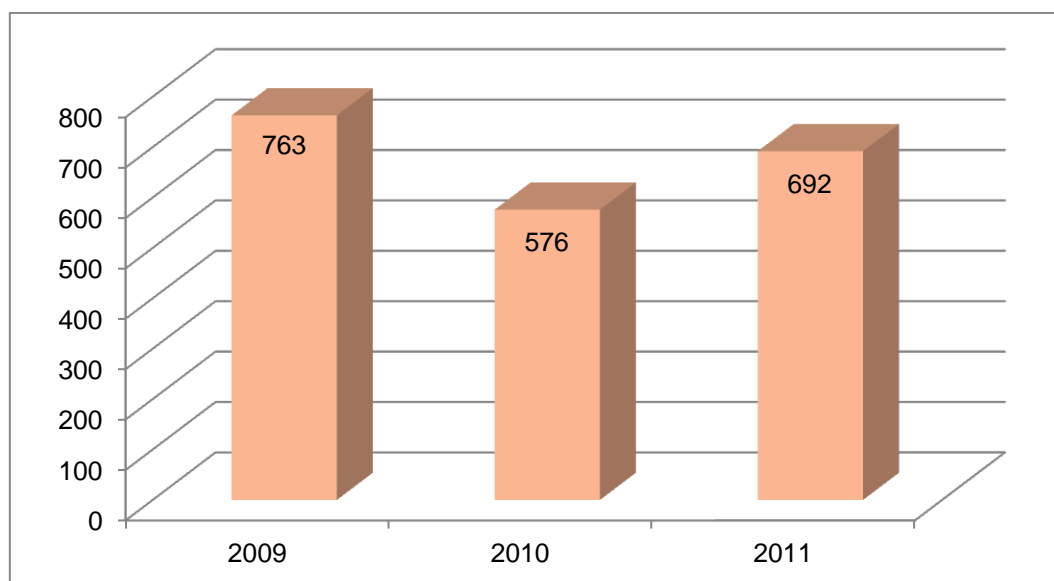
Terrorism Cash Seizure		
Year	No of cases	Amount confiscated
2006	0	£0
2007	0	£0
2008	0	£0
2009	0	£0
2010	0	£0
2011	0	£0

International Co-operation

Number of IR's disseminated.

The graph below displays the number of Intelligence reports/packages disseminated by the FIU. The graph shows a steady decrease in the number of intelligence products produced, largely as a result of the changes in how intelligence is reported internally with the introduction of THEMIS.

Start from 2011, as per notes with Kelly



Note: There were in excess of 200 STR's outstanding as at 31 December 2011. During 2011, intelligence reports disseminating tax related information (453) were reported separately and are not included in the above figures.

Investigations Pursuant to or under UN\EU Resolution\Sanction

Year	Investigations	Referrals to prosecutors	Prosecutions	Convictions
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
2011	1	0	0	0

International Mutual Legal Assistance requested by Guernsey Law Enforcement Agencies

The table below indicates the number of requests for mutual legal assistance applications by **Police Fraud Unit and the Financial Investigation Unit**. These requests for 2011 were made to Jersey, Thailand and Republic of Ireland.

Mutual Legal Assistance Requests made (Outgoing)			
	Police	GBA	Total
2006	0	1	1
2007	1	0	1
2008	1	1	2
2009	1	3	4
2010	0	1	1
2011	0	4	4

Orders served as a result of an MLAT Received.

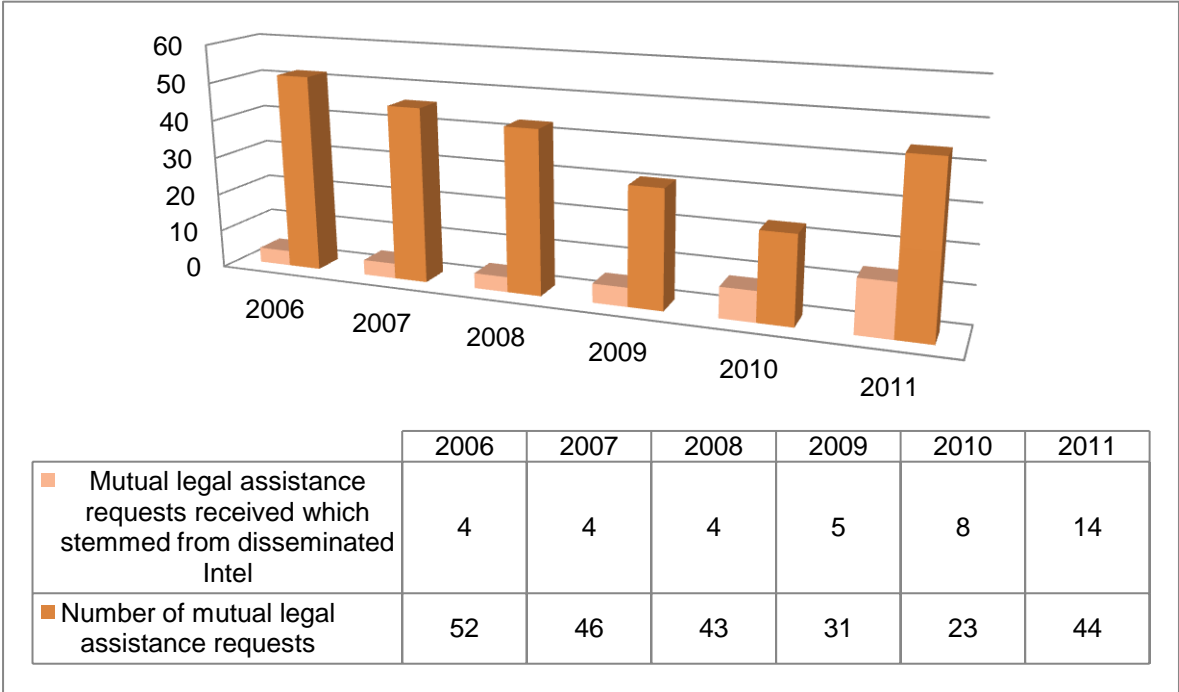
The law enforcement authorities maintain detailed statistics regarding MLAT requests, other formal requests for assistance made or received by law enforcement authorities relating to money laundering or financing terrorism investigations.

The table outlines the number of International requests received by **Police Fraud Unit and the Financial Investigation Unit**, other requests and the number of orders served as a result of those requests. (Note: there may be more than one order served for each MLAT Request)

	Mutual Legal Assistance Requests (Incoming)			Orders served		
	Police	GBA	Total	Police	GBA	Total
2009	3	28	31	7	13	20
2010	0	23	23	0	23	23
2011	6	38	44	3	19	22

Number of International MLAT Requests from STR's by Year

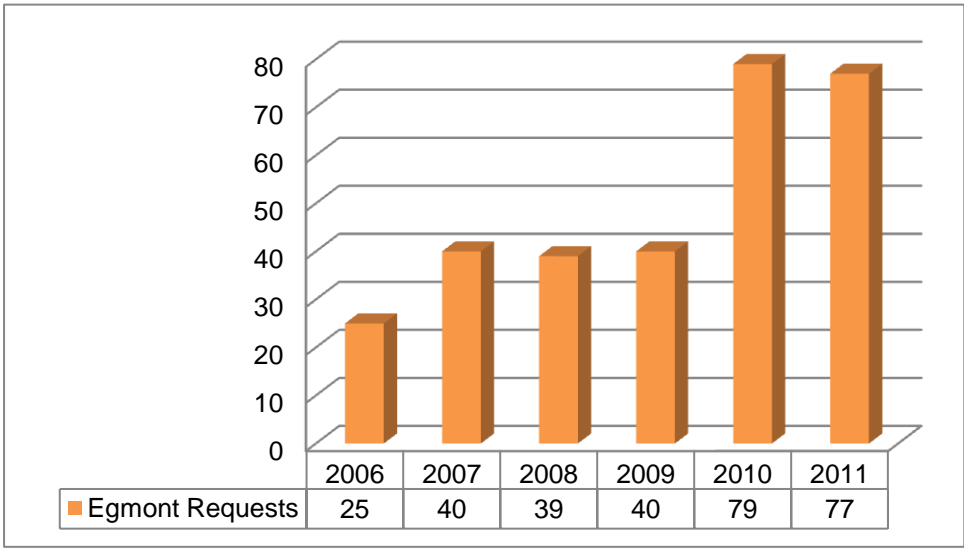
The following table outlines MLAT requests received by the GBA as a result of disseminated intelligence to the international community.



Egmont Requests Received in Guernsey

The Egmont Group was established in 1995 by a group of multinational Financial Intelligence Units. Membership is dependent on FIU's being able to show compliance in the criteria of the Egmont Group, that being; a central, national agency responsible for receiving, (and as permitted, requesting), analysing and disseminating to the competent authorities, disclosures of financial information.

One of the functions of the group is for the exchange of information between member countries using a secure IT network; Egmont Secure Web (ESW). The graph below shows the number of requests received from the member countries via ESW.

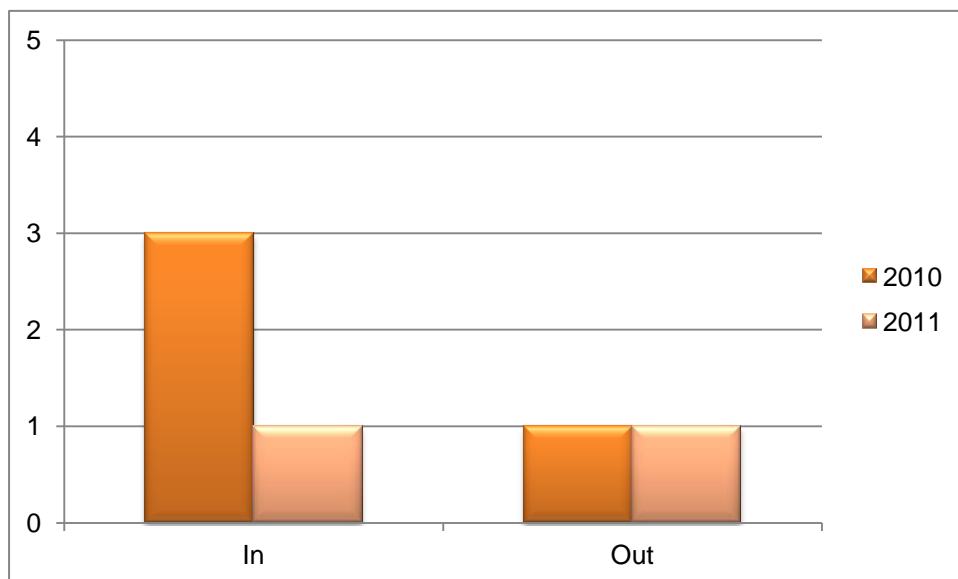


CARIN Requests Sent / Received in Guernsey

The Financial Investigation Unit along with a representative of the Law Officers of the Crown, participate as part of the Camden Asset Recovery Inter Agency Network, (CARIN).

CARIN is an informal network of contacts and a cooperative group in all aspects of tackling the proceeds of crime. CARIN intends to develop as an informal cooperative body, to further the below Aim.

The aim of CARIN is to increase the effectiveness of members' efforts, individually and collectively, on a multi-agency basis, in depriving criminals of their illicit profits.



Criminal Legislation

Investigations

Year	cases commenced	Cases Adopted
2006	40	9
2007	17	10
2008	18	5
2009	8	8
2010	24	4
2011	17	8

Proceeds of Crime Investigations

Year	cases commenced	Cases Adopted
2007	1	1
2008	0	0
2009	1	1
2010	7	1
2011	2	2

Drug Trafficking Investigations

Drug trafficking investigations		
Year	Cases commenced	Cases adopted
2006	40	9
2007	16	9
2008	18	5
2009	7	7
2010	17	3
2011	15	6

Law Enforcement Orders

Law which applied	2008	2009	2010	2011
Production Order				
CJ (POC)(BOG) Law 1999	16	24	9	24
DT (BOG) LAW,2000	13	10	10	6
T & C (BOG) Law , 2002	0	0	2	0

Account Monitoring Order				
CJ (POC)(BOG) Law 1999	0	0	1	5
DT (BOG) LAW,2000	3	7	2	4
Restraint Order				
DT (BOG) LAW,2000	1	2	5	4
CJ (POC)(BOG) Law 1999	0	2	4	3

The table relates to order obtained by the FIU that were issued by the Royal Court in relation to investigations undertaken during 2008-31st December 2011

H M Procureur Order				
CJ(FI)(BOG) LAW 1991	16	13	13	7

Total orders	49	58	46	53
---------------------	-----------	-----------	-----------	-----------

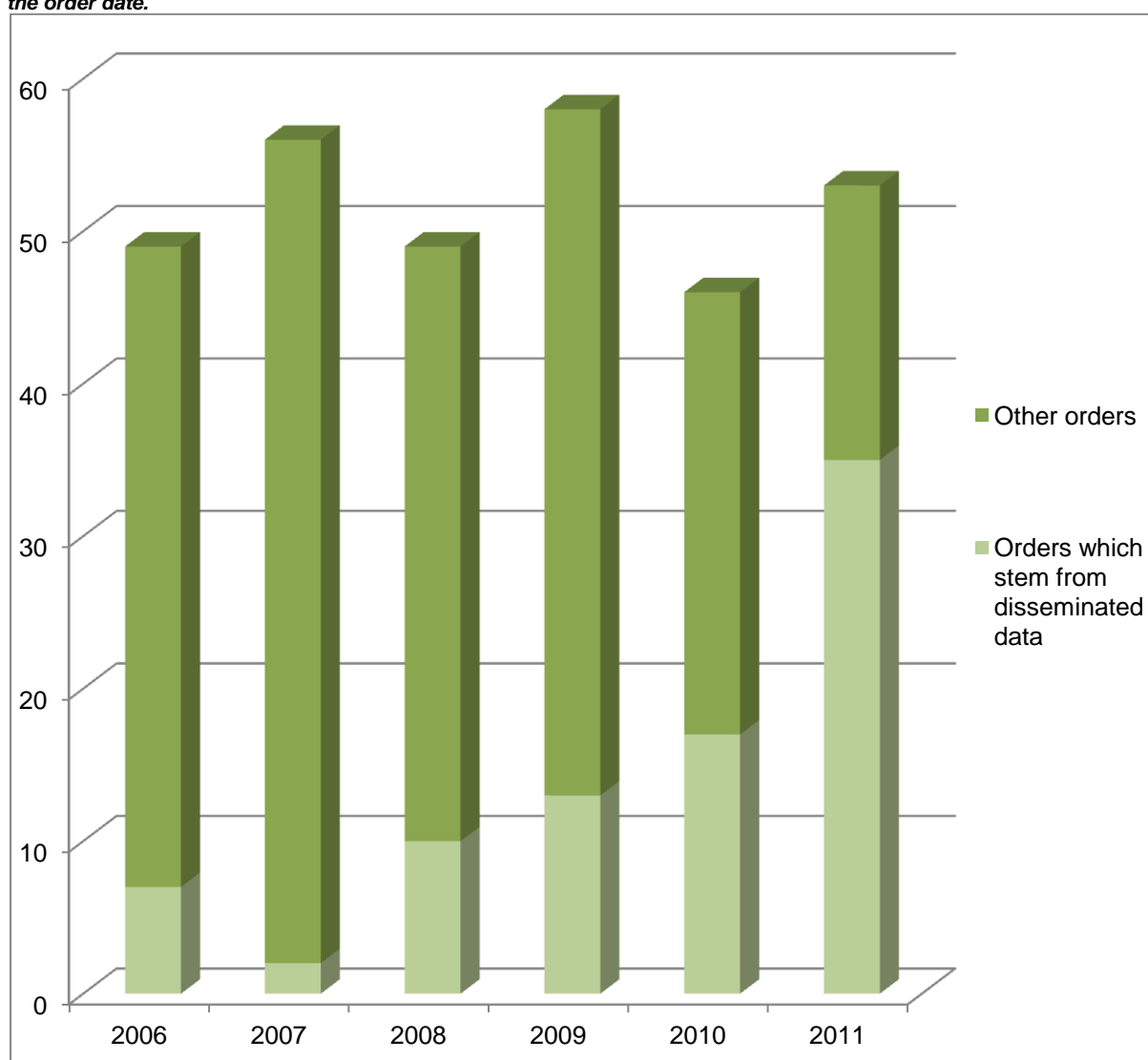
Court Orders which stemmed from Disseminated Data

The graph below depicts the number of court orders which have been obtained under the Drug Trafficking (BOG) Law, 2000, the Criminal Justice (Proceeds of Crime) (BOG) Law, 1999 and the Criminal Justice (Fraud Investigation) (BOG) Law, 1991 which stemmed from disseminated data from FIS.

Approximately 66% of all orders served by GBA and Police Fraud, (not including Civil Orders) stemmed from intelligence disseminated by the Financial Intelligence Service, which, when compared to 2010 shows a 50% increase.

	Orders served			Orders which stem from disseminated data
	Police	GBA	Total orders	
2006	46	3	49	7
2007	52	4	56	2
2008	28	21	49	10
2009	9	51	58	13
2010	4	47	46	17
2011	3	50	53	35

Note: Orders are defined as stemming from disseminated data whereby the intelligence disseminated date precedes the order date.

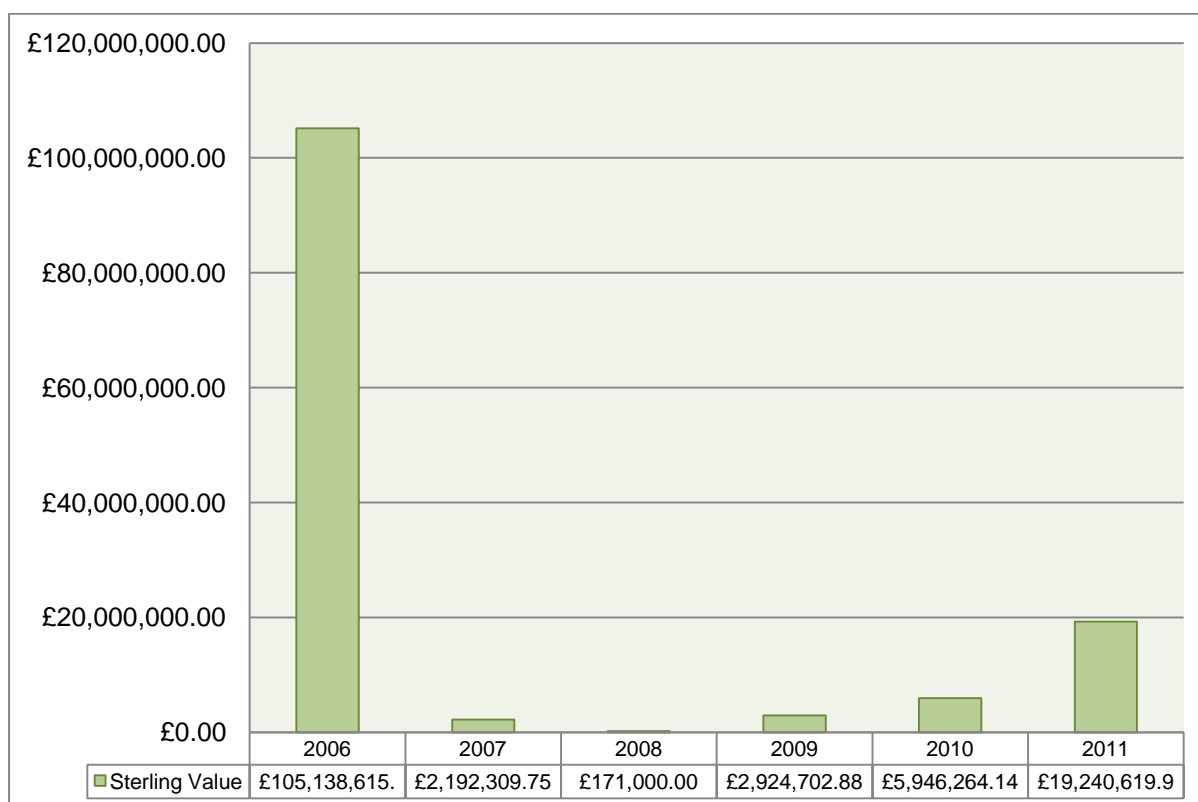


Restraint Orders

The table below shows restraining orders obtained by both the FIU and Police Fraud Unit that were issued by the Royal Court and the total estimated amount of property/funds restrained in connection with those orders.

Year	No of restraint orders	DT	POC	FT	UN	Total
2006	11	5	6	0	0	£105,138,615.74
2007	4	2	2	0	0	£2,192,309.75
2008	1	1	0	0	0	£171,000.00
2009	4	2	2	0	0	£2,924,702.88
2010	9	5	4	0	0	£5,946,264.14
2011	7	4	3	0	0	£19,240,619.94

Restrained property/Funds



Note: The above figures include currencies converted to a sterling value as well as an estimated value for non monetary assets.

Total sum of funds currently restrained as at 31st December 2011

£239,568,210.50

Drug trafficking (Bailiwick of Guernsey) Law, 2000 Restraints

Year	No of Cases	Restrained Amount
2005	5	£8,902.05
2006	5	£1,931,215.49
2007	2	£468,109.48
2008	1	£770,585.74
2009	2	£171,000.00
2010	5	£328,289.00
2011	4	£107,705.68
Total	24	£3,785,807.44

The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 Restraints

Year	No of Cases	Restrained Amount
2005	5	£4,034,529.05
2006	6	£104,670,506.26
2007	2	£1,421,724.01
2008	0	£0.00
2009	2	£2,863,056.88
2010	4	£5,617,975.14
2011	3	£19,132,914.26
Total	22	£137,740,705.60

The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Restraints

Year	No of Cases	Restrained Amount
2005	0	£0.00
2006	0	£0.00
2007	0	£0.00
2008	0	£0.00
2009	0	£0.00
2010	0	£0.00
2011	0	£0.00
Total	0	£0.00

Restraints Pursuant to or under UN Resolution

Year	No of Cases	Restrained Amount
2005	0	£0.00
2006	0	£0.00
2007	0	£0.00
2008	0	£0.00
2009	0	£0.00
2010	0	£0.00
2011	0	£0.00
Total	0	£0.00

Confiscations

Overview

The table below shows a breakdown of the number of confiscation cases, any benefit identified by the court and where a court order was made for confiscation, the amount stated in the order. It should be noted that some confiscation orders may be as a result where no benefit has been identified and includes international confiscation orders.

Court order confiscation amount does not reflect the actual amount of money paid pursuant to the order, but the penalty amount set out by the court.

Total Confiscations

Year	No. of cases	DT	POC	Court Order Confiscation Amt
2006	10	9	1	£83,494.82
2007	10	10	1	£336,020.90
2008	6	6	0	£72,887.99
2009	9	9	0	£2,435,693.33
2010	6	5	1	£987,627.08
2011	6	5	1	£65,727.05

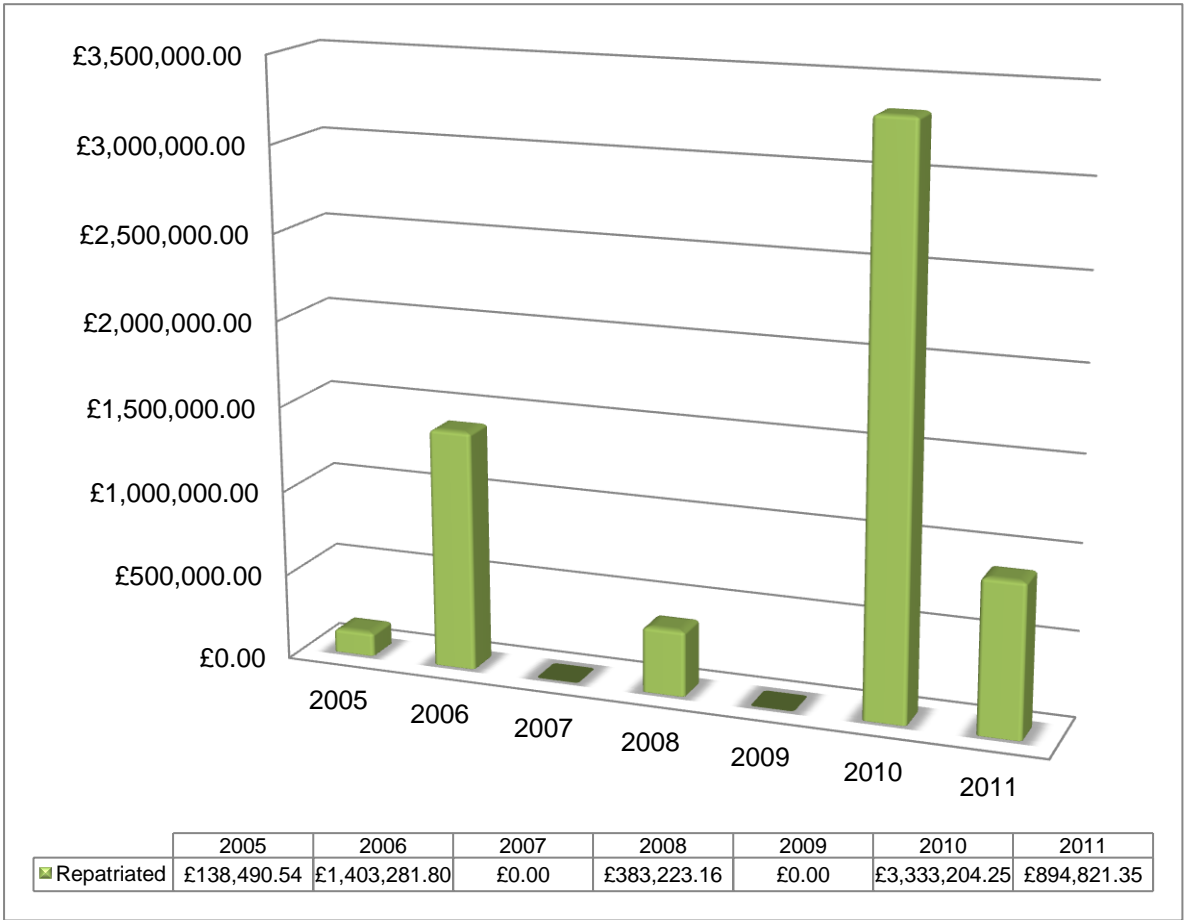
Local Confiscations

Year	No. of cases	DT	POC	Identified benefit	Court Order Confiscation Amt
2006	9	9	0	£139,874.81	£79,943.94
2007	9	9	1	£345,171.22	£68,524.58
2008	5	5	0	£233,919.22	£68,026.49
2009	6	6	0	£249,268.76	£95,531.37
2010	5	4	1	£394,592.02	£280,517.78
2011	6	5	1	£82,509.74	£65,727.05

International Confiscations

Year	No. of cases	DT	POC	Court Order Confiscation Amt
2006	1	0	1	£3,550.88
2007	1	1	0	£267,496.32
2008	1	1	0	£4,861.50
2009	3	3	0	£2,340,161.96
2010	1	1	0	£707,109.30
2011	0	0	0	£0.00

Repatriated Funds



Civil Forfeiture

Orders

Law which applied	2008	2009	2010	2011
Production Order				
F of M etc (BOG) 2007 Law	0	0	4	13
Account Monitoring Order				
F of M etc (BOG) 2007 Law	0	0	0	0
Forfeiture Order				
F of M etc (BOG) 2007 Law	0	0	0	3
Customer Information Order				
F of M etc (BOG) 2007 Law	0	0	0	17
Disclosure Order				
F of M etc (BOG) 2007 Law	0	0	0	5
Detention of seized cash Order				
F of M etc (BOG) 2007 Law	0	0	2	5
Total orders	49	0	6	43

Investigations

Civil investigations		Civil forfeiture	
Year	Civil forfeiture	No. of cases	Amount Detained/Frozen
	(cases commenced)		
2008	2	0	£0.00
2009	2	0	£0.00
2010	5	2	£6,960.86
2011	7	3	£3,881.51

Forfeiture

Year	No. of cases	Amount Forfeited
2008		0
2009		0
2010	0	0
2011	3	7966.88

End