



Bailiwick of Guernsey
Financial Intelligence Unit

Statistical Review for the First Quarter of 2022

*Financial Intelligence Unit
June 2022*

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Statistical Review for the First Quarter of 2022

1. Overview

The Bailiwick of Guernsey Financial Intelligence Unit (“FIU”) is an operationally independent Law Enforcement FIU which is recognised in Law under the Economic and Financial Crime Bureau and Financial Intelligence Unit (Bailiwick of Guernsey) Law, 2021.

The FIU acts as the competent authority with the sole responsibility for the receipt, analysis and timely dissemination of Suspicious Activity Reports (“SARs”) filed by Financial Services Businesses and Non-Financial Services Businesses to fulfil obligations set out in Part I of The Disclosure (Bailiwick of Guernsey) Law, 2007 or Sections 12, 15 or 15A of Terrorism and Crime (Bailiwick of Guernsey) Law, 2002.

In addition to receiving information from reporting entities on SARs, the FIU also receives spontaneous intelligence and requests for assistance from international FIUs and other agencies, both domestically and internationally.

The FIU collates, develops and disseminates this financial intelligence to domestic and international bodies to aid the detection of inter alia money laundering, other predicate offences, terrorist financing and proliferation financing.

The FIU is responsible for a variety of work streams above and beyond the receipt of Suspicious Activity Reports, specifically:-

➤ Suspicious Activity Reports

The suspicion of money laundering or suspicion that certain property is derived from criminal conduct is reported to the FIU under the *Disclosure (Bailiwick of Guernsey) Law, 2007* and the knowledge or suspicion of terrorist financing is reported to the FIU under *the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002*.

Operational analysis is undertaken on every SAR received by the FIU to develop the information for dissemination to relevant agencies for investigation.

The prescribed manner in law for the reporting of SARs to the FIU is via a secure online portal system called Themis.

➤ Themis

Themis is a secure configurable system with a tasking function which acts as the FIU’s central repository for collating and processing financial information.

As of March 2022, 653 nominated officers were registered to use Themis on behalf of 2,032 registered reporting institutions.

The Themis portal not only allows for the receipt of SARs, it also provides the FIU with a secure way to send correspondences and notices to reporting entities, such as acknowledgement letters, consent responses, regulation letters, sanctions notices, news and guidance documents. A total of 36 notices were distributed to nominated officers in the first quarter of 2022.

➤ **Consent Regime**

If a reporting entity suspects that they are undertaking an 'act' where there is knowledge, suspicion or reasonable grounds for knowing or suspecting that another person is engaged in money laundering, or that certain property is, or is derived from the proceeds of criminal conduct/terrorist financing, and that 'act' would constitute an offence pursuant to the legislation, a consent request should be submitted on a SAR before undertaking the 'act', outlining the suspected 'act' and seeking 'consent' from the FIU to undertake the 'act'.

The refusal of consent is commonly referred to as a “no consent”. The FIU is entitled to withhold consent for as long as it has grounds to suspect that an act involves funds that represent the proceeds of crime/terrorist property.

➤ **Requests for Assistance**

As per FATF Recommendations 29 and 40, international standards require FIUs to provide a wide range of international and domestic cooperation including sharing intelligence upon receipt of a request for assistance from another agency and responding to requests for beneficial ownership details.

The FIU participates in targeted cooperation with other FIUs, providing information essential to help identify and analyse suspected financial crime and to help develop potential cases for civil and/or criminal intervention.

The FIU can also send requests for assistance to international and domestic agencies.

➤ **Spontaneous Intelligence**

The FIU takes receipt of spontaneous financial intelligence from international FIUs, law enforcement, regulators and other agencies, both domestically and internationally. This information is collated and cross-referenced within Themis to enhance the intelligence and to assist in generating leads on new and existing cases.

The FIU can obtain additional information through statutory powers under the provisions of the Disclosure (Bailiwick of Guernsey) Regulations, 2007 (commonly referred to as “Regulation 2” and “Regulation 2A” requests). Information obtained as a result of these requests is analysed to establish if any person is engaged in money laundering or whether

certain property is derived from the proceeds of criminal conduct. The Regulation 2 and 2A powers can only be used to obtain facts to enhance information set out in a filed SAR.

➤ **Additional Information**

In addition, the Disclosure (Bailiwick of Guernsey) (Information) Regulations, 2019 provides powers for the FIU to obtain additional information from any parties following a request made to the FIU by any party listed within Section 11A of the Law without the requirement for a SAR to be made.

The FIU will, on receipt of information submitted in a SAR or request for assistance, consider if obtaining additional information is necessary or expedient for the FIU to discharge its functions as prescribed in the Law.

The FIU provided guidance to reporting entities in 2020 on their obligation to comply with the regulations which is available on the FIU website, www.guernseyfiu.gov.gg.

➤ **Intelligence Reports**

The FIU securely exchanges information within agreed data sharing arrangements, spontaneously and upon request, with both domestic and international agencies.

The 2019 National Risk Assessment (“NRA”) identified that Guernsey’s greatest money laundering risks come from laundering the proceeds of foreign criminality, most likely involving a chain of transactions across several jurisdictions with Guernsey towards the end of the chain. The sharing of financial intelligence between jurisdictions continues to be a crucial element in tackling the global nature and reach of serious financial crime.

➤ **Strategic Products**

The FIU has a dedicated pool of Strategic Analysts who produce analytical reports based on the patterns and trends seen within the data collated by the FIU, in order to gauge threat and risk so as to produce recommendations on strategic direction.

Examples of the types of strategic products shared publicly include various guidance documents and eLearning products as well as the FIU Annual Report, with typologies and risk flag documents anticipated in mid-2022.

➤ **Local Outreach**

The FIU endeavours to deliver presentations, training and guidance to local reporting entities at various intervals throughout the year. The majority of presentations are conducted in collaboration with other local bodies such as the Guernsey Training Agency, Guernsey Financial Services Commission, STEP Guernsey and Alderney Gambling Control Committee.

➤ **Domestic and International Co-operation**

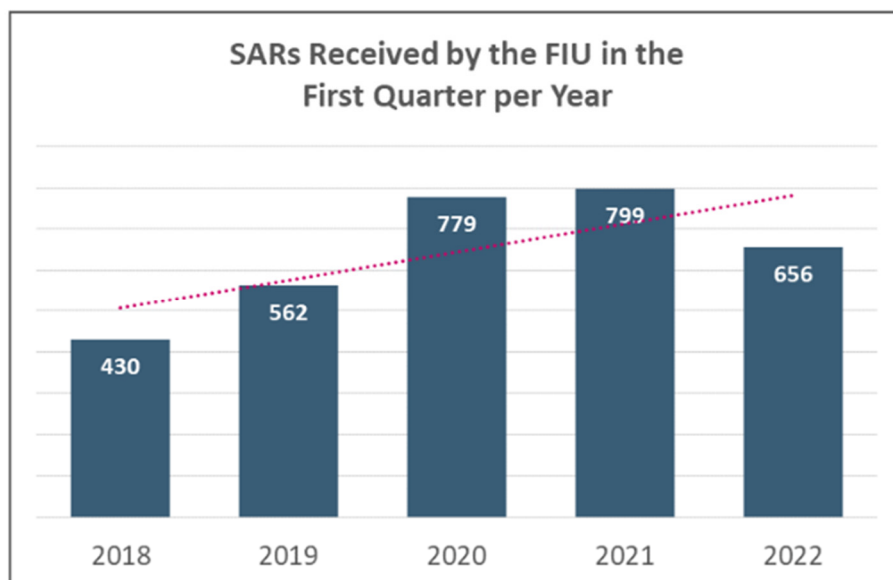
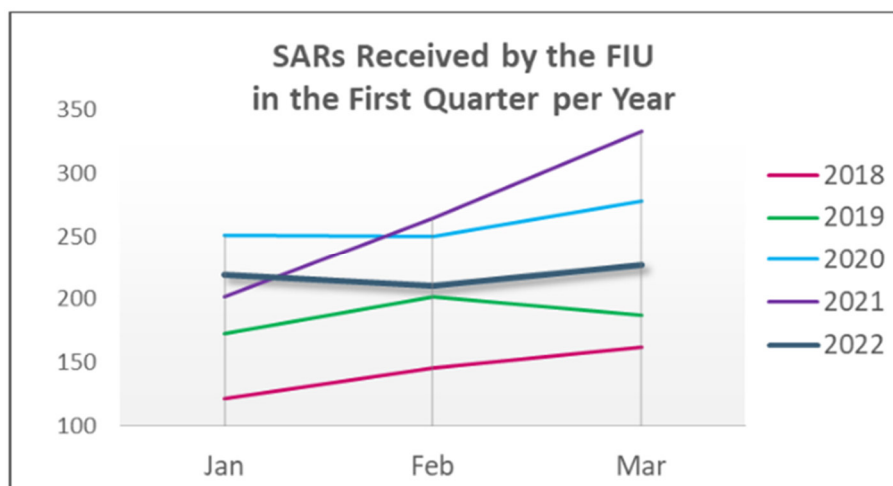
As well as the sharing of intelligence, the FIU also sits within various local boards and groups, and are members of several international groups, all of whom share the same goals and objectives in relation to improving cooperation in the fight against money laundering, the

financing of terrorism, the financing of proliferation, and promoting the implementation of programs to counter these threats.

2. Statistical Information

➤ Suspicious Activity Reports

During the first quarter of 2022, the FIU received 656 Suspicious Activity Reports ("SARs"). This was a decrease of 18% on the number of SARs received during the same period in 2021.



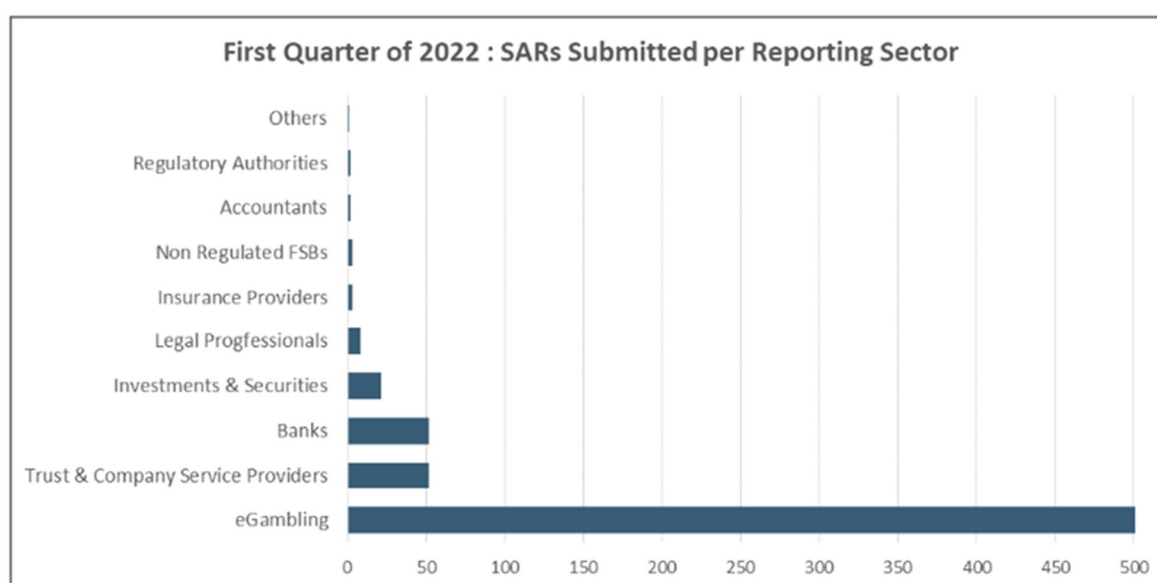
➤ Reporting Sectors

EGambling was the predominant reporting sector disclosing 512 SARs (78%) during the first 3 months of 2022, followed by Trust and Company Service Providers ("TCSPs") and Banks disclosing 52 SARs respectively (8%), and Investments & Securities submitting 20 SARs (3%). This pattern of reporting is on par with previous years.

The eGambling sector received a residual risk rating of 'Medium Lower' for money laundering in the 2019 National Risk Assessment ("NRA"). A review of eGambling SARs received during 2021 confirmed that the risk remains low, and this is consistent with analysis of the SARs received in the first quarter of 2022.

TCSPs, Banks and Investments & Securities were all rated as 'Higher' or 'Medium Higher' risk sectors for money laundering within the NRA. A review of SARs received during 2021 confirmed that the risk within these sectors remains high, and this is consistent with analysis of the SARs received in the first quarter of 2022.

A total of 5 SARs (<1%) made reference to a Charity, Charitable Trust or Non-Profit Organisation ("NPO") which is consistent with previous years.



➤ Suspected Criminality

Money Laundering was the predominant suspected criminality on 554 SARs (84%) followed by Tax Evasion on 44 SARs (7%) and Fraud on 38 SARs (6%). This pattern is consistent with previous years and with the NRA.

Although Corruption & Bribery and Terrorism including Terrorist Financing each accounted for less than 1% of the SARs received in the first quarter of 2022, it remains imperative that Guernsey continues to employ a high risk approach to these high impact crimes.

A total of 16 SARs (2%) were identified as containing a reference to a Politically Exposed Person ("PEP") which is generally consistent with previous years.

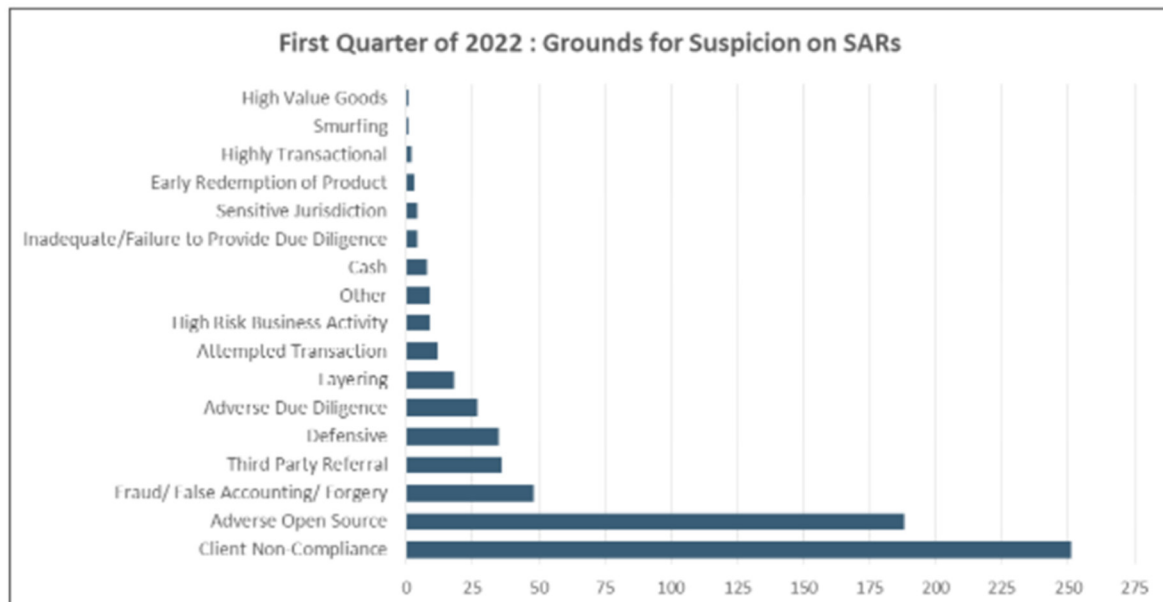


➤ Grounds for Suspicion

Between January and March 2022, Client Non-Compliance was the predominant reason for suspicion on 251 SARs (38%) followed by Adverse Open Source on 188 SARs (29%).

A total of 35 SARs were submitted defensively in the first quarter of 2022 (i.e. SARs submitted following an approach by Law Enforcement or a Regulatory Agency).

A further 12 SARs were submitted following attempted transactions where the business or transaction was declined before any financial activity took place.



➤ Subject Residency

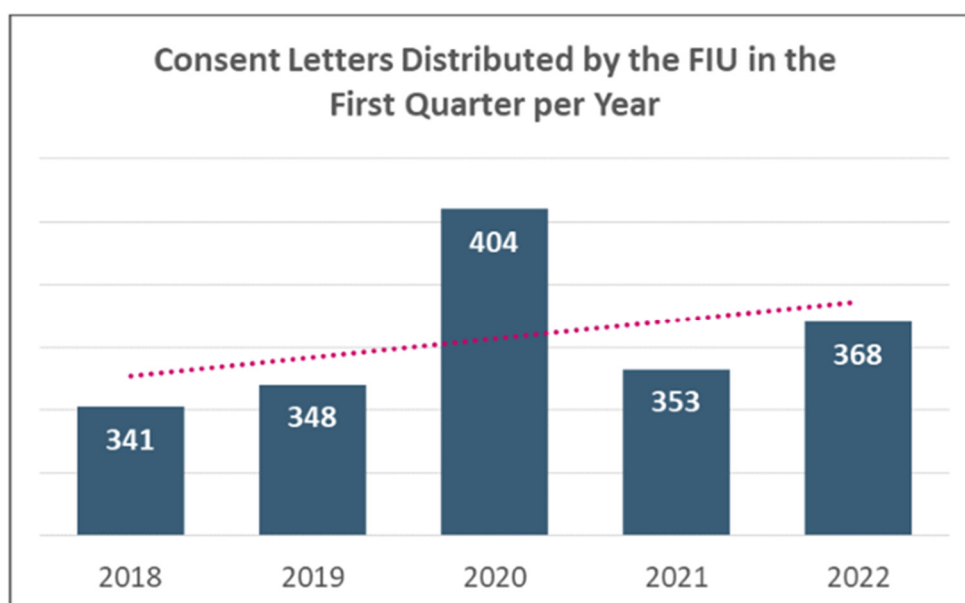
The primary area of residence of the subjects reported within SARs during the first quarter of 2022 was the UK (79%), followed by Channel Islands (10%) and then Europe (4%). High-risk

and other monitored jurisdictions identified by the Financial Action Task Force ("FATF") and highlighted within the 2019 National Risk Assessment, such as Russian Federation, Malta and Pakistan, appeared in circa 1% of the total SARs.

➤ Consent Requests

A disclosure of a suspicion made to the FIU may include reference to an 'act' which may constitute an offence under; Sections 38, 39 or 40 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999; Sections 57, 58 or 59 of the Drug Trafficking (Bailiwick of Guernsey) Law, 2000 or Sections 8 to 11A of the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002.

If a reporting entity suspects that they are undertaking an 'act' where there is knowledge, suspicion or reasonable grounds for knowing or suspecting that another person is engaged in money laundering, or that certain property is, or is derived from the proceeds of criminal conduct/terrorist financing, and that 'act' would constitute an offence pursuant to the above legislation, a consent request should be submitted on a SAR before undertaking the 'act' , outlining the suspected 'act' and seeking consent from the FIU to undertake the 'act' .



The FIU distributed 368 consent letters in the first quarter of 2022, an increase of 4% on the previous year. The FIU aims to respond to consent requests within 14 working days, and in the first quarter of 2022 a total of 90% were answered within this target time.

➤ Granted Consent

The granting of consent by the FIU provides the reporting entity with a statutory defence to a charge of money laundering or terrorist financing in respect of the 'act' undertaken.

Within the first Quarter of 2022, the FIU issued 288 'granted' and 6 'subsequently granted' responses to consent requests.

The average response time for the granting of consent was 5 days, with 94% of responses being issued in under 14 days.

➤ **Refusal Consents ('No Consents')**

The refusal of consent is commonly referred to as a 'no consent'. If the FIU withholds consent, they liaise closely with the reporting entity.

During the first three months of 2022, 6 consent requests received a 'no consent' response and 1 previous consent was 'rescinded'.

The average response time for refusing consent was 9 days. A total of 83% of 'no consent' responses were issued within 14 working days, with the average response time for the remaining 17% sitting only slightly outside this threshold at 15 days.

➤ **Consent Not Applicable**

67 'Not applicable' responses were issued in Quarter 1 of 2022, with a 15 day average response time and 87% being responded to within 14 days.

Analysis of 'not applicable' responses identified that they did not contain an 'act' that required a statutory defence against money laundering; consent can only be granted by the FIU when a transaction or activity is considered a criminal offence under the provisions of the Bailiwick of Guernsey's Proceeds of Crime Law.

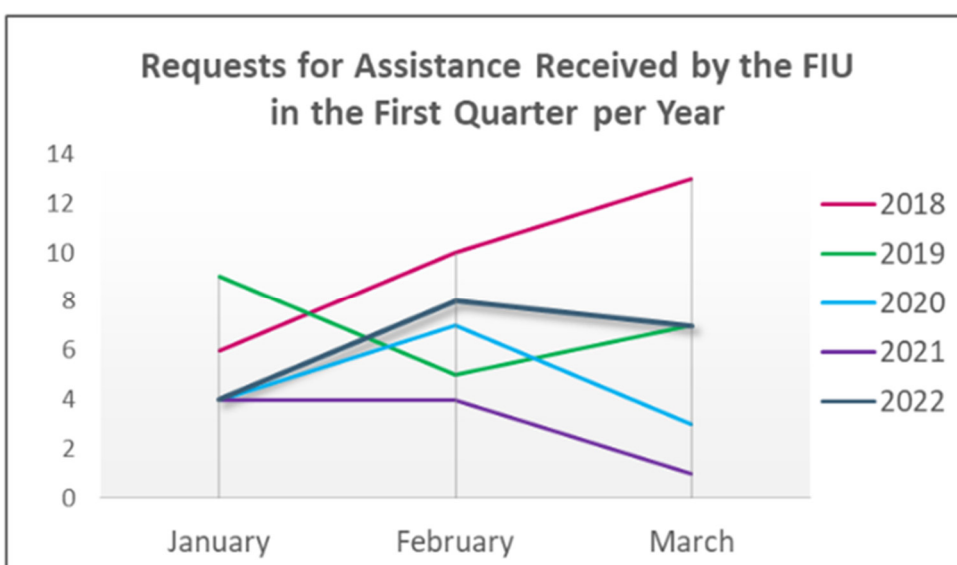
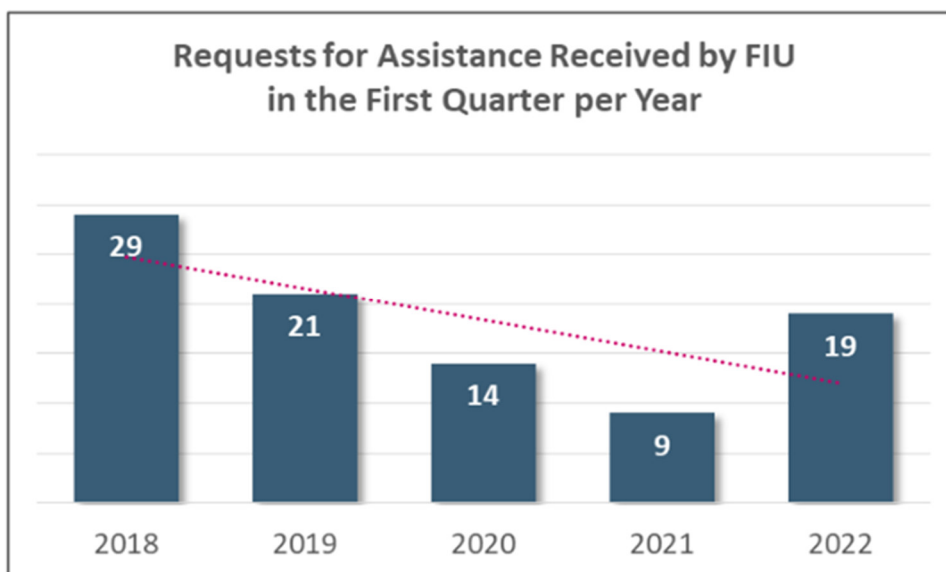
➤ **Requests for Assistance**

The FIU received 19 requests for assistance during the first quarter of 2022, showing a 111% increase on the previous year and indicating a return to expected levels following the decline noted during the Covid-19 pandemic.

13 requests were from international agencies such as the International Anti-Corruption Coordination Centre ("IACCC") and FIU's in countries such as Jersey, UK, France, Malta, Luxembourg, Kazakhstan, Israel, Indonesia, Saudi Arabia and South Africa.

6 requests were received from domestic agencies including Bailiwick Law Enforcement, Customs & Immigration, the Guernsey Financial Services Commission and the Revenue Service.

The predominant suspected criminality identified within the requests for assistance was Money Laundering (58%), followed by Tax Evasion (11%) and Corruption & Bribery (11%).



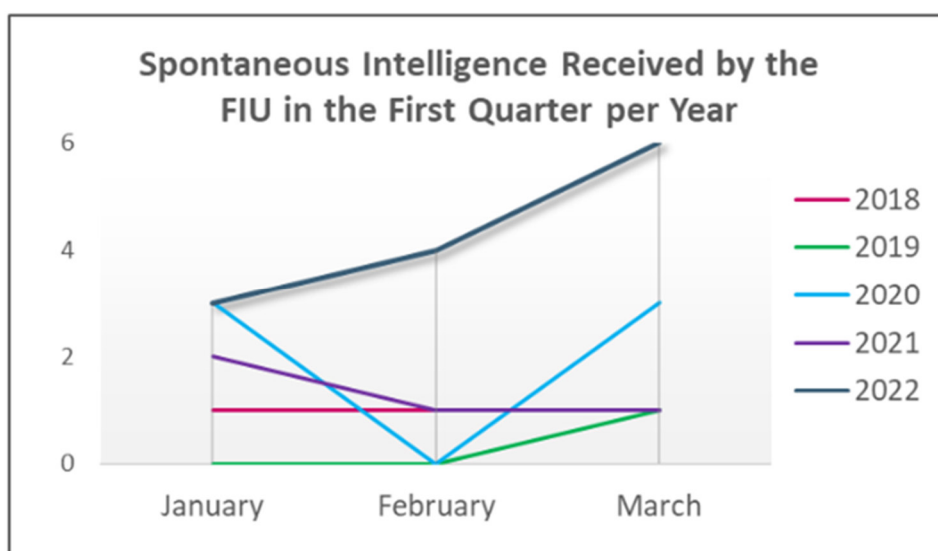
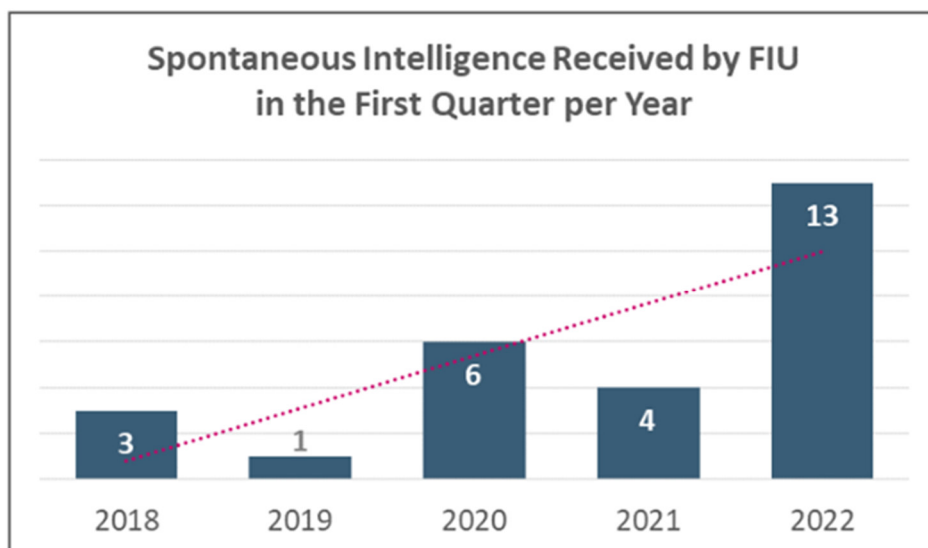
➤ Spontaneous Intelligence

The FIU received a total of 13 spontaneous intelligence reports in the first Quarter of 2022, an increase of 225% on the previous year and a significant new high when compared to the last 5 years.

The increase in incoming spontaneous intelligence relates to a higher than average input from international agencies, with 11 reports received from FIU's in Jersey (64%), Isle of Man, Germany, Malta and Syria (all 9% respectively).

The other 2 spontaneous intelligence reports were received from domestic agencies.

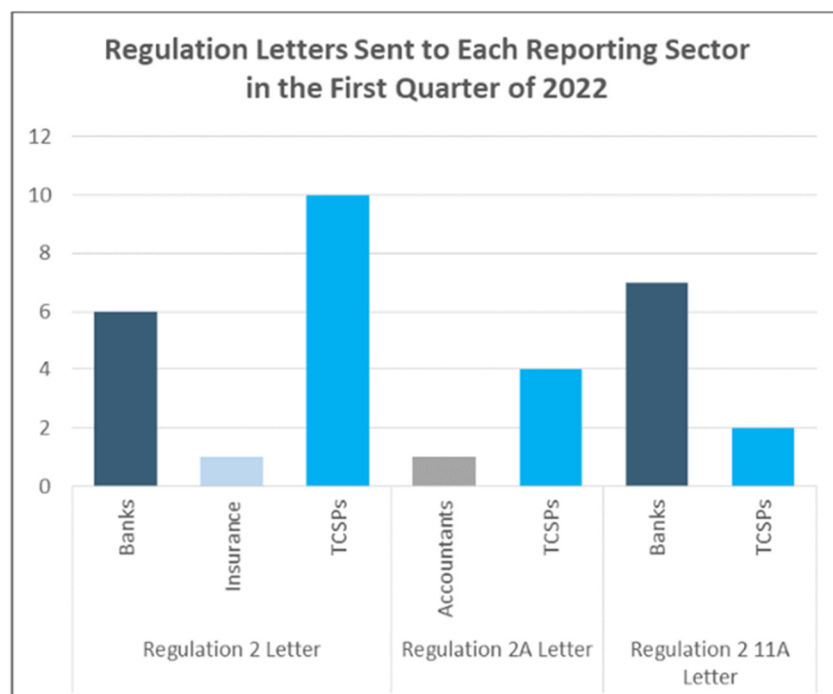
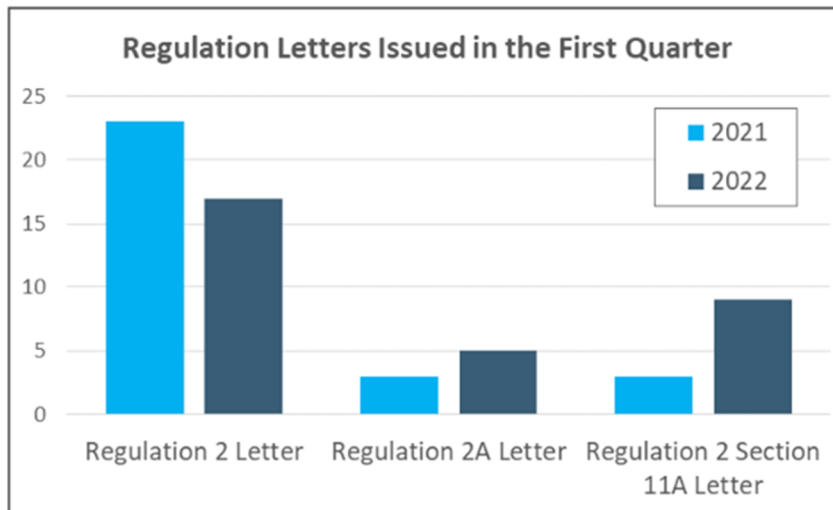
The predominant suspected criminality on the intelligence was Money Laundering (54%) followed by Corruption & Bribery (15%) and Fraud (8%).



➤ Regulation Letters

A total of 31 Regulation letters were distributed by the FIU during the first quarter of 2022 in order to obtain further information, including 17 Regulation 2 letters, 5 Regulation 2A letters and 9 Regulation 2 Section 11A letters. This presented an overall increase of 7% on the same period in 2021.

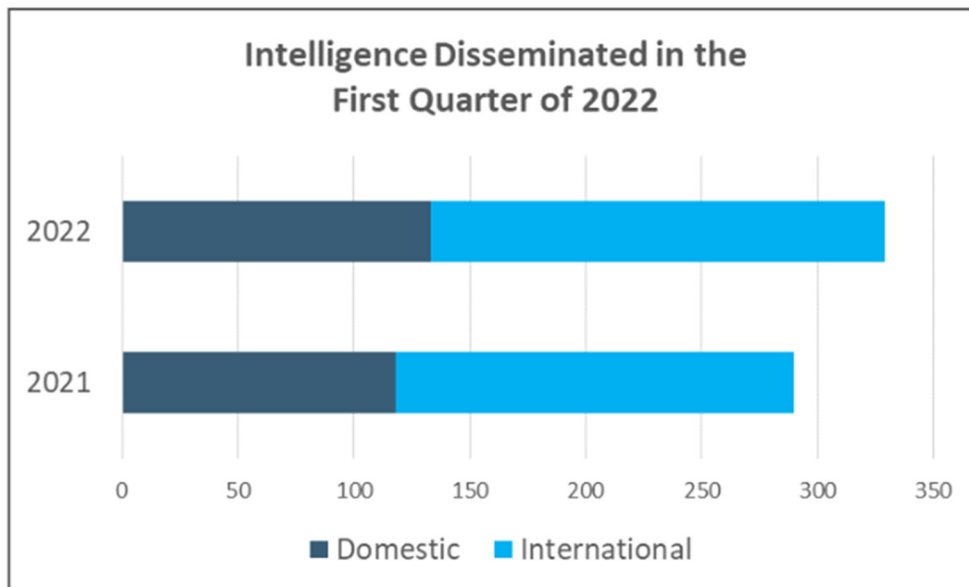
The reporting sector that received the most Regulation letters was Trust and Company Service Providers ('TCSPs') (52%), followed by Banks (42%), Insurance (3%) and Accountants (3%).



➤ Intelligence Reports

The FIU disseminated 329 intelligence reports during the first quarter of 2022, indicating an increase of 13% on the number of reports sent out in the same period in 2021. Of these reports:

- 196 were sent to international agencies, with the UK being the most frequent recipient jurisdiction (36%), followed by South Africa (15%), Switzerland (7%), USA (7%) and Jersey (4%); and
- 133 were sent to domestic agencies, of which the most frequent recipient was the Revenue Service (41%) followed by the Guernsey Financial Services Commission (35%), Guernsey Border Agency (8%), Economic & Financial Crime Bureau (6%), Policy & Resources Committee (5%) and Bailiwick of Guernsey Law Enforcement (5%).



3. Suggested Reading

➤ SAR Guidance

In 2021, the FIU created an online learning program designed to reach out to all financial and non-financial reporting entities concerning improving the quality of SARs. SARs allow for good quality information to be efficiently and effectively analysed by the FIU for dissemination to competent authorities in order to combat financial crime, and in particular money laundering, terrorist financing and proliferation financing. It is therefore vital for reporting entities to consider the quality of the SAR before submitting them to the FIU.

The FIU re- issued guidance to improve SAR reporting in December 2021 – see link below.

<https://guernseyfiu.gov.gg/CHttpHandler.ashx?id=148593&p=0>

➤ Consent regime Guidance

Guidance on the Consent Regime and an associated eLearning module were published by the FIU in January 2022. This module was designed to reach out to all financial and non-financial reporting entities and the staff working in these areas, primarily money laundering reporting officers, nominated officers, and any staff that submit consent requests to the FIU.

The guidance issued by the FIU on consent can be found at the link below

<https://guernseyfiu.gov.gg/CHttpHandler.ashx?id=149353&p=0>

Do not forward these links outside of your organisation.

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