



THE COMMONWEALTH OF THE BAHAMAS

ANTI-MONEY LAUNDERING/COUNTERING THE
FINANCING OF TERRORISM (AML/CFT)
RISK MANAGEMENT CONFERENCE

Nassau, Bahamas

SEPTEMBER 17-18 ,2018

Presented by Mr. Basil Collie

Deputy Director

Financial Intelligence Unit

Functions of the Financial Intelligence Unit

- Section 4. (1) of the Financial Intelligence Unit Act Chapter 367 gives the FIU the authority to act as the agency responsible for

- Receiving
- Analysing
- Obtaining &
- Disseminating

Information which relates to or may relate to the proceeds of the offences specified in the Proceeds of Crime Act.

Office of the Attorney General and FIU Presents at BACO Event 2018



Presentation by the Financial Intelligence Unit

Designation of Compliance Officers

- Section 20 of the Financial Transactions Reporting Act, 2018 states;
 1. Every financial institution shall designate a compliance officer **at senior management level** to be responsible for the implementation of and on-going maintenance of the identified risk internal procedures and controls of the financial institution in accordance with the requirement of this Act.
 2. The compliance officer shall, on demand, have unrestricted access to all books, records and employees of the financial institution as may be necessary to fulfill his responsibilities.

Obligation to report Suspicious transactions

- Section 25 of the FTRA (2018) states;
 1. Notwithstanding any law, where-
 - (a) Any person conducts or seeks to conduct any transaction by, through or with a financial institution (whether or not the transaction or proposed transaction involves cash); and
 - (b) **The financial institution knows, suspects or has reasonable grounds to suspect that the transaction or proposed transaction**


- (i) involves the proceeds of criminal conduct as defined in the Proceeds of Crime Act;
- (ii) is related to an offence under the Proceeds of Crime Act;
- (iii) is an attempt to avoid the enforcement of any provision of the Proceeds of Crime Act; or
- (iv) is an identified risk,


The financial institution shall, as soon as practicable after forming that suspicion, **report the transaction or proposed transaction to the Financial Intelligence Unit**

- It is to be noted that Section 13 of POCA under caption 'Failure to disclose by nominated officers' places the responsibility on the person appointed by the Financial Institution as the 'nominated officer' to disclose. Nominated officer is defined in POCA as 'a person who is responsible for receiving disclosures from an employee.'

- **Section 13 reads as follows;**

1. A nominated officer commits an offence if---
 - a) The nominated officer knows or suspects or has reasonable grounds for knowing or suspecting, that another person is engaged in money laundering or an identified risk activity;

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- (b) Any information or other matter on which the knowledge or suspicion of the nominated officer is based or which gives reasonable grounds for such knowledge or suspicion, came to him in consequence of a disclosure made under section 19 (1)(a); and
 - (c) He does not make the required disclosure as soon as is practicable after the information or other matter comes to him.**

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- (2) For the purpose of this section, a required disclosure is a disclosure of the information or other matter---
- a) To a Focal Point Officer;
 - b) In the form and manner prescribed for by the Financial Intelligence Unit.
- (3) **A person does not commit an offence under this section if he has a reasonable excuse for not disclosing the information or other matter.**

- **Section 49. Failure to report suspicious transactions;**

A financial institution which intentionally fails to submit a report to the Financial Intelligence Unit as required by sections 25 and 26 commits a summary offence and is liable to imprisonment for a term of up to five years or to a fine of up to five hundred thousand dollars or both.

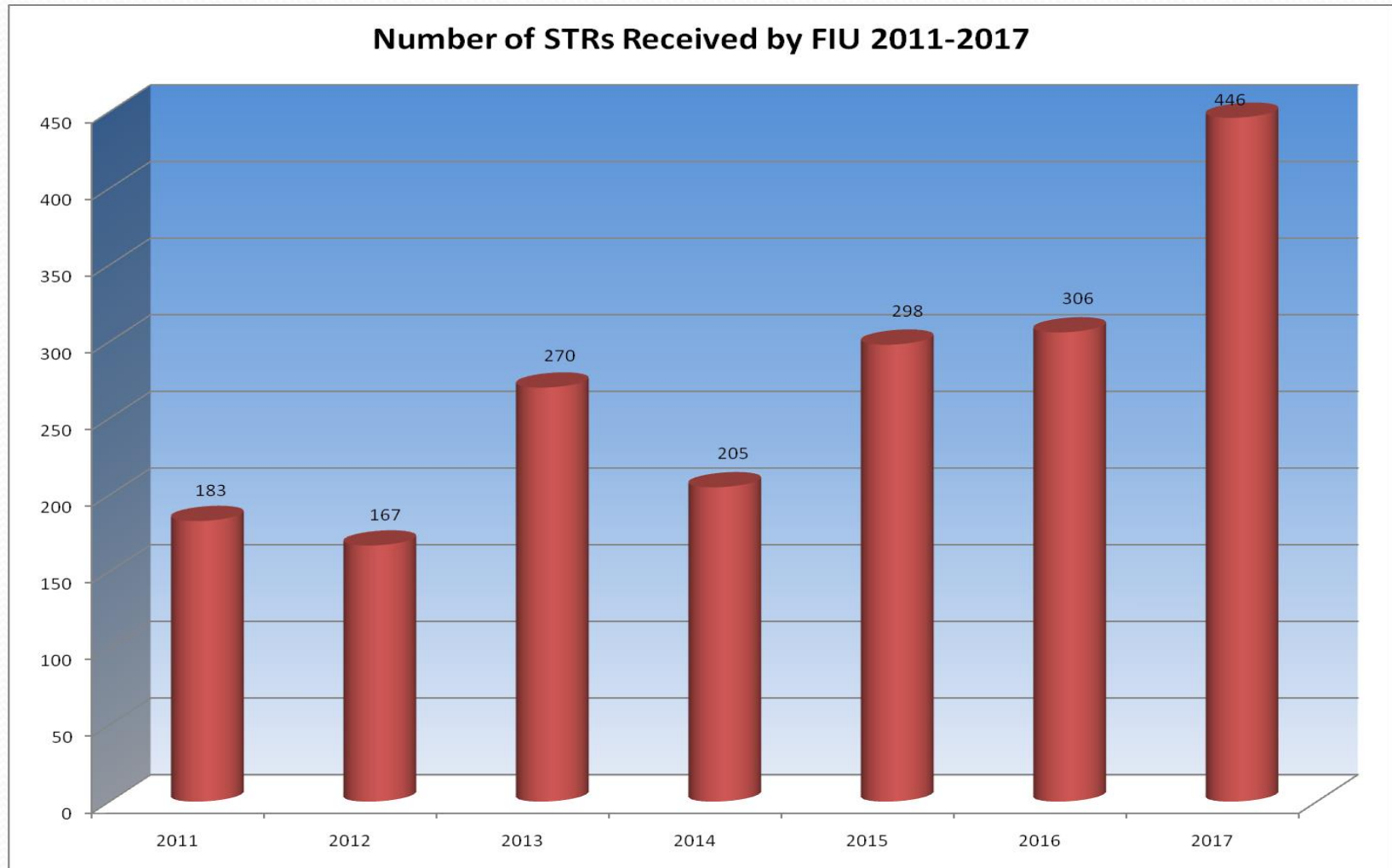
Tipping Off

- **Section 14** of the Proceeds of Crime Act states;
A person commits an offence if---
 - (a) he knows or suspects that--
 - (i) any disclosure relating to a suspicious transaction has been made; and
 - (ii) If he makes a disclosure relating to the suspicious transaction which is likely to prejudice any investigation which might be conducted following the disclosure referred to in paragraph (a)

Section (15) (2) A person who commits an offence under section (14 tipping off) is liable---

- a) On summary conviction to a term of imprisonment of **twelve years** or to a fine **not exceeding five hundred thousand dollars or to both**; or
- b) On conviction on indictment, to imprisonment for a term **not exceeding twenty years or to a fine or to both**

NUMBER OF SUSPICIOUS TRANSACTION REPORTS RECEIVED 2011-2017



FIU 2017 ANNUAL REPORT OVERVIEW

- **DETAILED STATISTICS**

- **SUMMARY CALENDAR YEAR (1st January – 31st December 2017)**

NUMBER OF REPORTS	<u>Absolute</u>	<u>Relative</u>
Total Received	446	100.00%
Passed onto the Police	73	16.37%
Closed	87	19.51%
Pending	286	64.13%
TYPE OF INSTITUTION		
Casino	36	8.07%
Company Service Provider	4	.90%
Credit Union	3	.67%
Domestic Banks	21	4.71%

FIU 2017 ANNUAL REPORT OVERVIEW

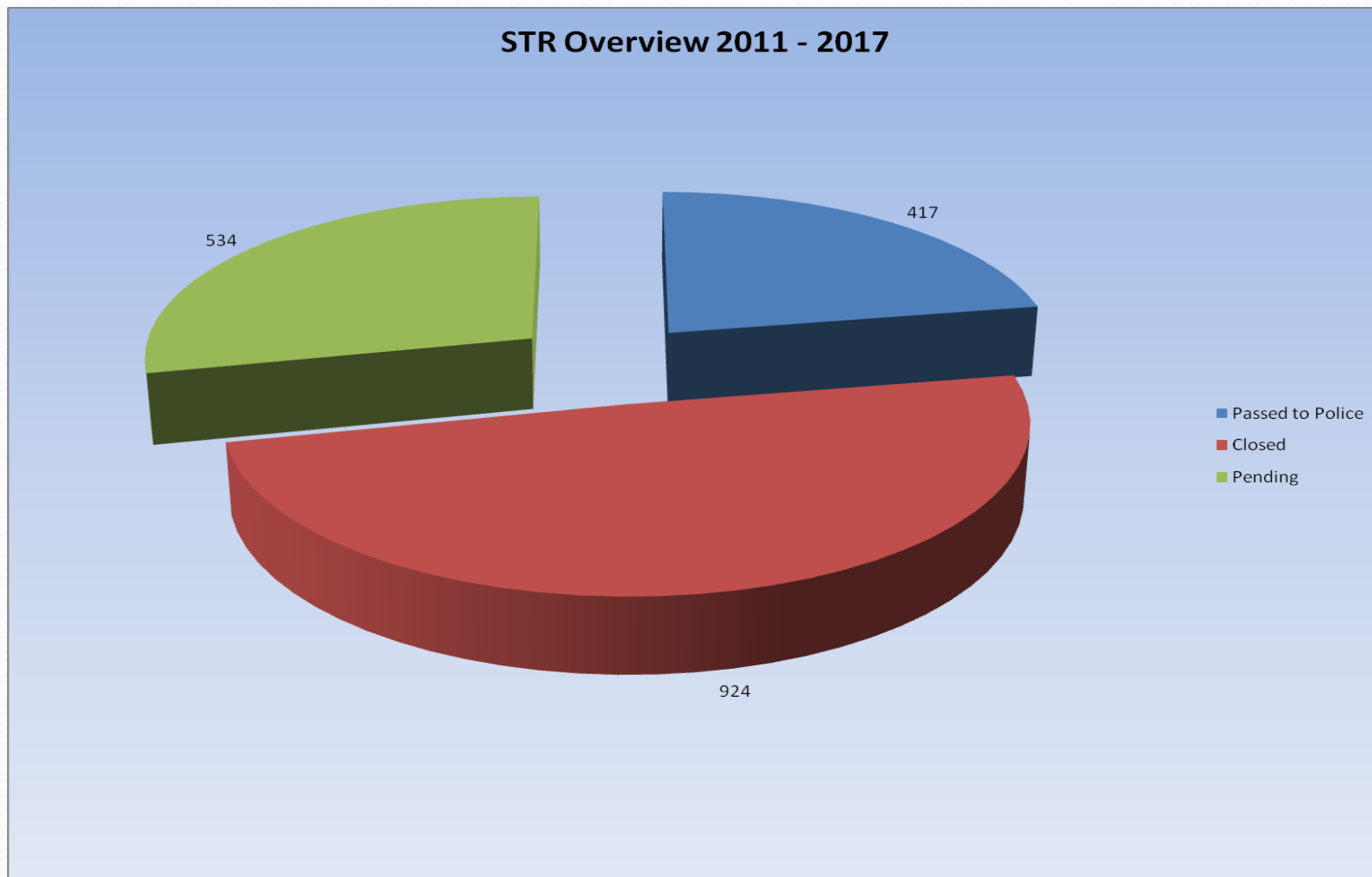
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• Domestic/Offshore Banks	263	58.97%
• Offshore Banks	73	16.37%
• Gaming House	1	.22%
• Fund Manager	1	.22%
• Lawyer	2	.45%
• Money Remittance Service	7	1.57%
• Stockbroker	2	.45%
• Trust Company	30	6.73%
• Wealth Management Company	3	.67%

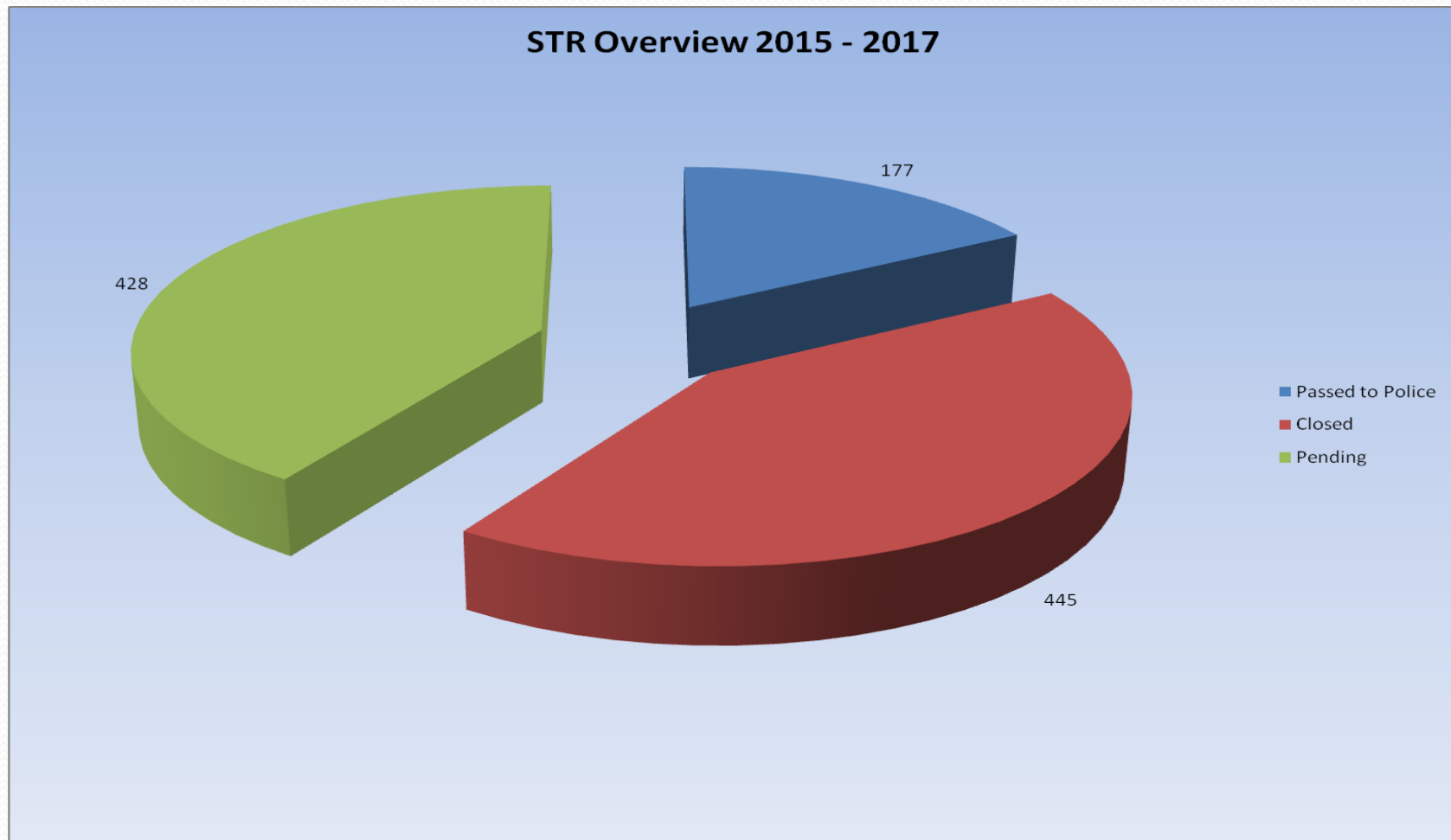
STR Overview 2011 - 2017

		2011	2012	2013	2014	2015	2016	2017		
									Totals:	%
		183	167	270	205	298	306	446	1875	
Passed to Police		97	46	67	30	45	51	81	417	22.24
Closed		86	111	169	113	169	149	127	924	49.28
Pending		0	10	34	62	84	106	238	534	28.48

SUSPICIOUS TRANSACTION REPORT OVERVIEW 2011-2017



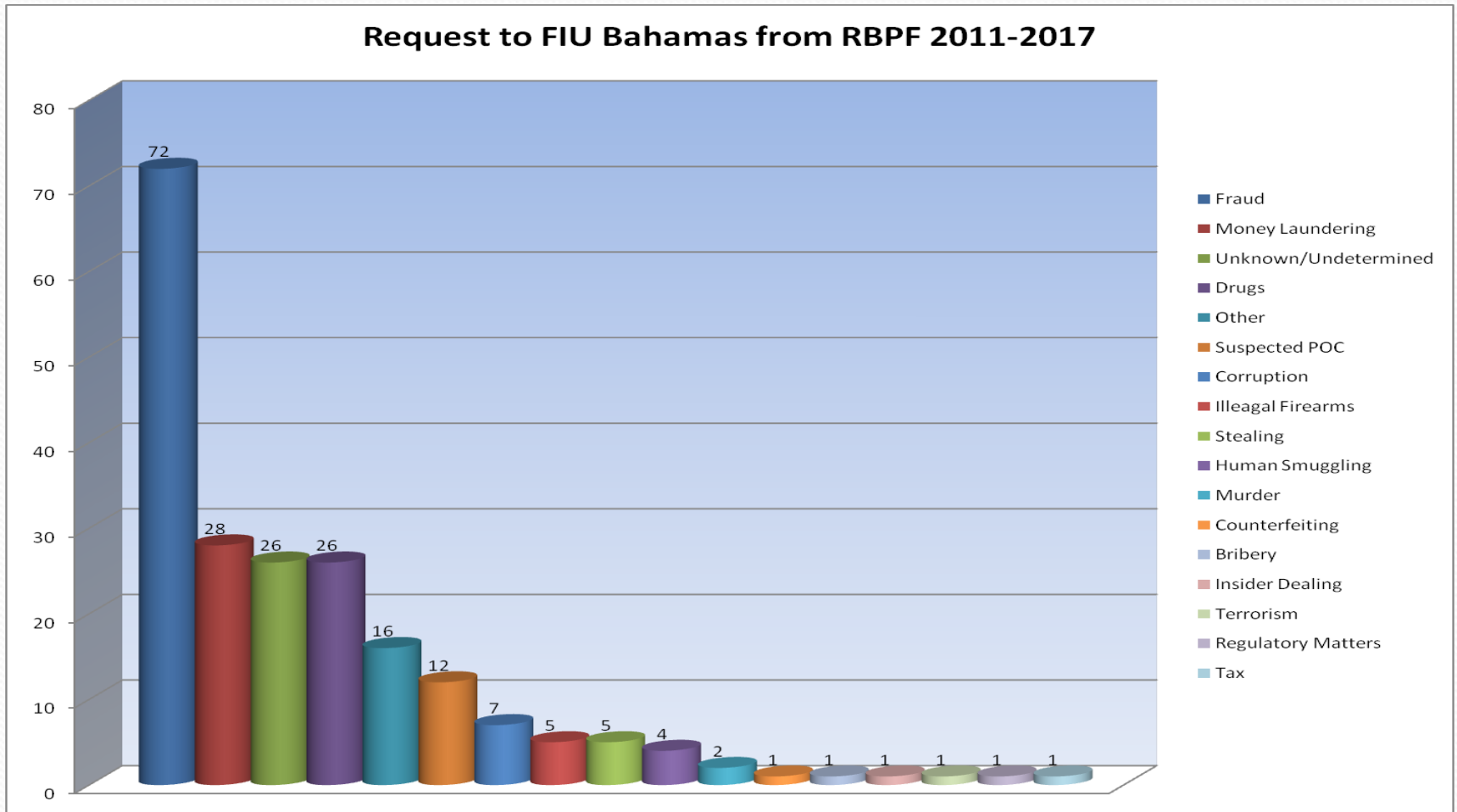
SUSPICIOUS TRANSACTION REPORT OVERVIEW 2011-2017



Funds Frozen (\$million)

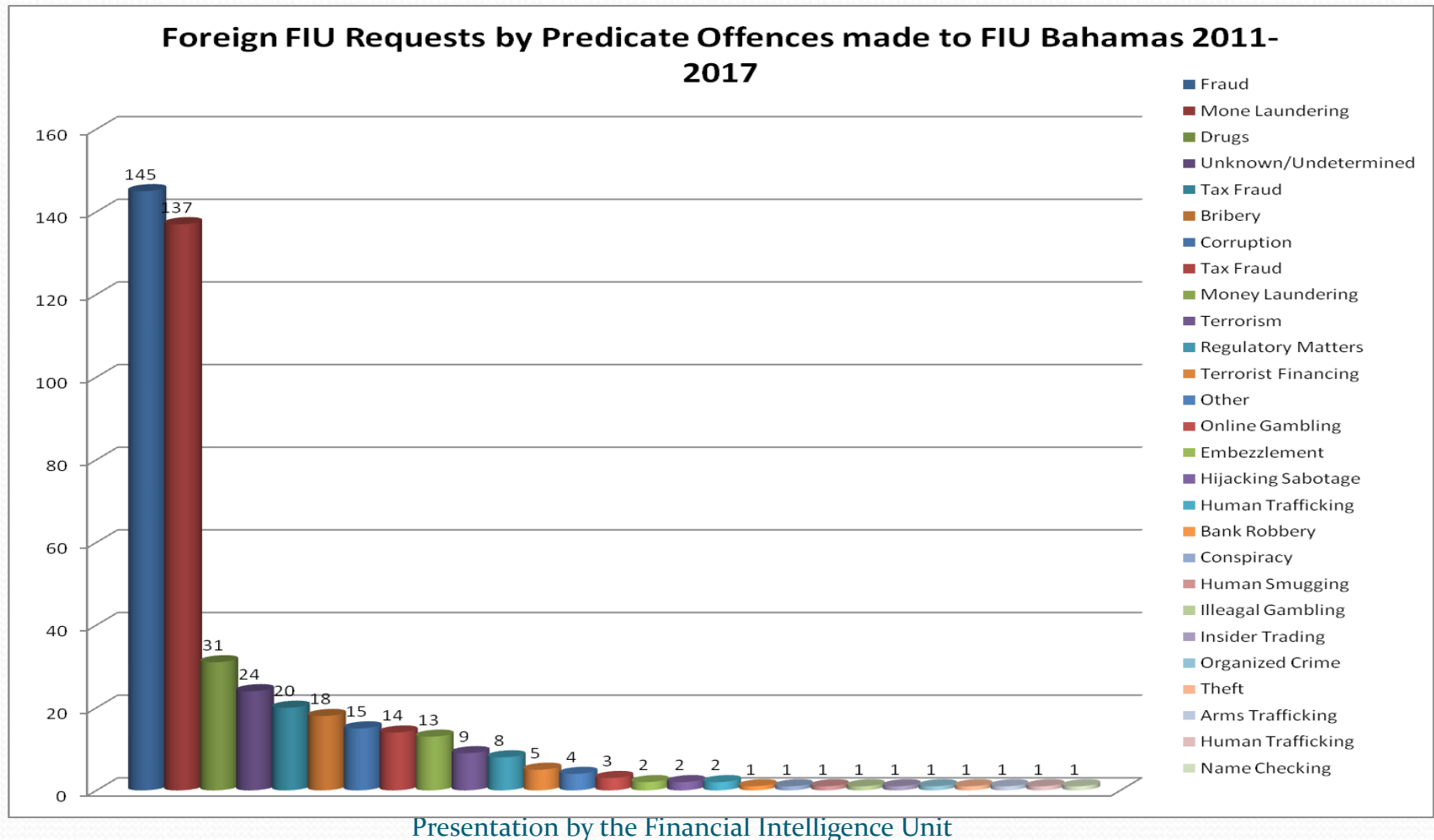
• 2011	\$0
• 2012	\$ 0.1
• 2013	\$4.4
• 2014	\$ 0.1
• 2015	\$50.8
• 2016	\$27.2
• 2017	\$14.3

ROYAL BAHAMAS POLICE FORCE REQUEST MADE TO FIU BAHAMAS 2011-2017 (DOMESTIC PREDICATE OFFENSES THREATS)

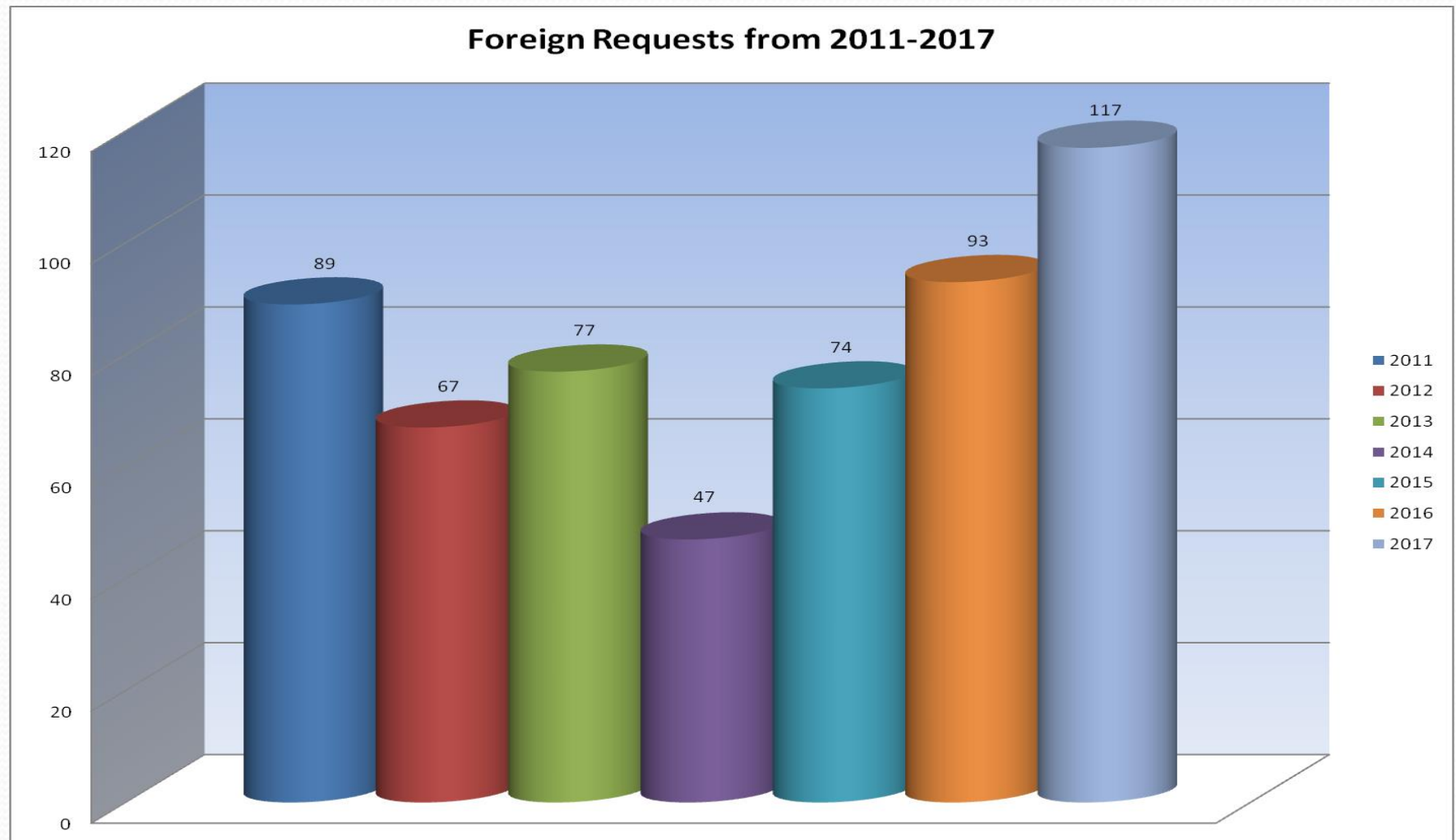


FOREIGN FINANCIAL INTELLIGENCE UNIT REQUEST TO FIU

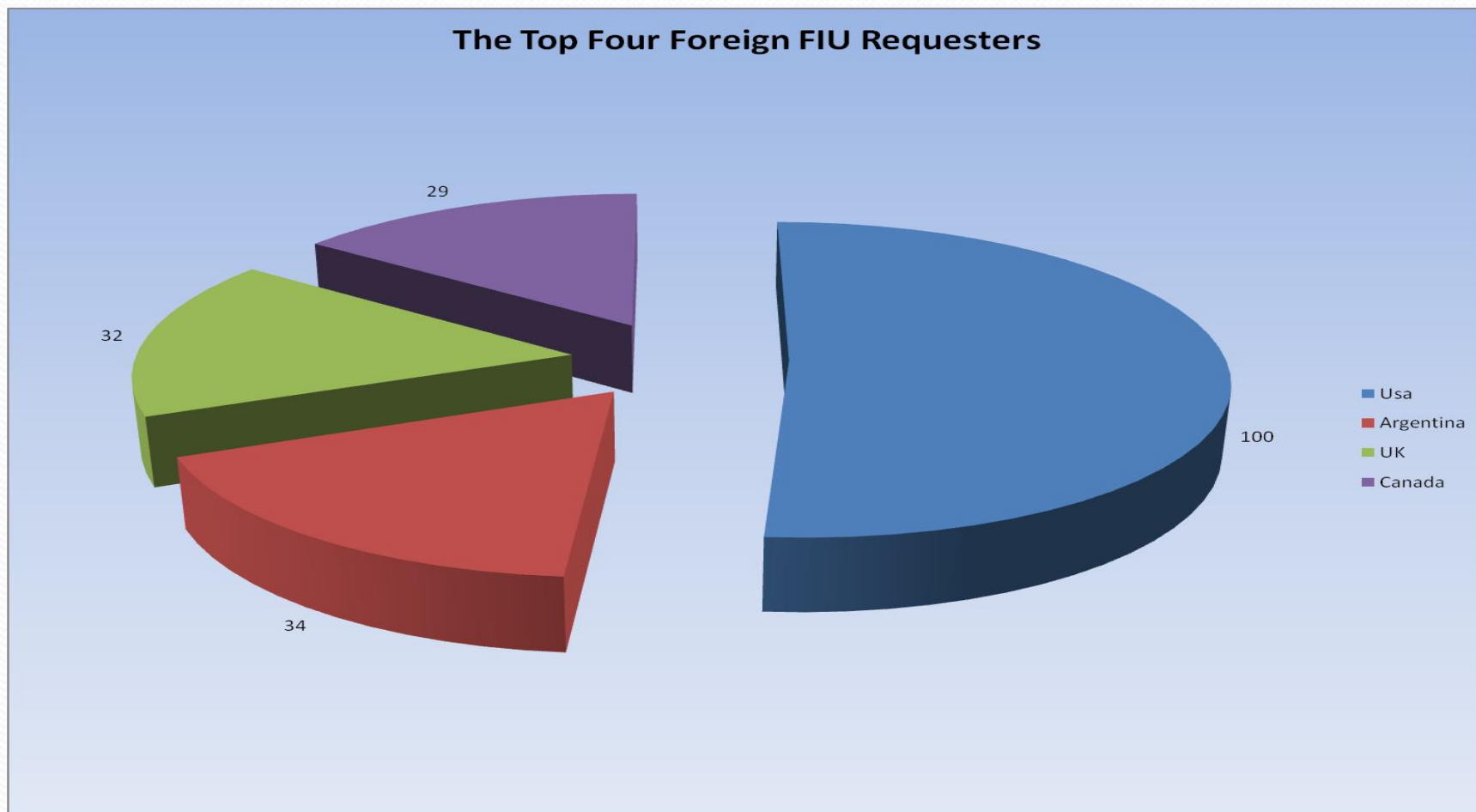
BAHAMAS (FOREIGN THREATS)



FOREIGN FIU REQUEST TO FIU BAHAMAS PER YEAR 2011-2017



TOP FOUR FOREIGN FIUs THAT MADE REQUESTS TO FIU BAHAMAS 2011-2017



AMOUNT OF AML/CFT PROFESSIONALS TRAINED BY THE FIU 2011-2017



Internet Fraud—a Major Problem

- Fraud is the key threat across all sectors
- Transnational internet fraud is a particular worry
- STRs tend to show: insufficient due diligence by Fis before wire transfers
- Call back/other verification necessary
- Phishing etc. also a problem and includes local criminals

Biggest Banking Fines and Frauds of 2017 And Into 2018

- **US Bank Admits Criminal Failure to Stop Money Laundering to Mexico** (Tristan Clavel May 23rd, 2017)
- **Deutsche Bank fined for \$10 billion Russian money-laundering scheme** (Jethro Mullen January 31, 2017)
- **U.S., EU fines on banks' misconduct to top \$400 billion by 2020: report** (Reuters Staff September 27th, 2017)

2018

- **Mexico Acknowledges Banks Were Hacked; Losses Unknown** (The Associated Press (AP) May 15th, 2018)
- **Ex-Julius Baer banker arrested over \$1.2bn Venezuelan money laundering scheme** (By [Daniela Sirtori-Cortina](#) 25 Jul, 2018)

Financial Intelligence Unit's PUBLIC NOTICE

- The FIU has noticed that a trend has been developing relative to email, Facebook and telephone scams that are consequently affecting many financial institutions within the jurisdiction. The Unit hereby advises all financial institutions and the general public that before any financial transaction is conducted online, pursuant to instructions given via telephone, or otherwise, that they are aware of the nature, manner and source of the proposed transaction.

- **It is recommended that the true identity of the sender or caller be verified. To this end, the verification of the sender or caller's true identity can be achieved by using the verification policies and procedures currently in place by the financial institution. As such, we are advising financial institutions to review their respective policies and procedures with a view of ensuring that stringent mechanisms are in place to prevent the ability of fraudsters to successfully bypass the institution's internal controls.**



THANK YOU



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