



TURKS & CAICOS ISLANDS FINANCIAL INTELLIGENCE UNIT

ANNUAL REPORT

2012

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Introduction

The Turks and Caicos Islands Financial Intelligence Unit (TCI FIU) is the operational arm of the Money Laundering Reporting Authority¹ of the Turks and Caicos Islands (ref: Sec. 109 (1) Proceeds of Crime Ordinance POCO 2007). It serves as the national center responsible for the receipt, analysis and dissemination of Suspicious Activity Reports/ Suspicious Transaction Reports (SARs/STRs) relevant to money laundering and terrorist financing - local and international, as prescribed under the Proceeds of Crime Ordinance 2007.

The TCI FIU is a member of a number of international and regional bodies. Of particular mention is the Egmont Group of Financial Intelligence Units which is the internationally recognized agency that provides a platform for the secure, electronic transmission and sharing of financial intelligence between member FIUs and secondly, the Caribbean Financial Action Task Force (CFATF) which is a regional body that monitors the implementation by member states of the Financial Action Task Force (FATF) recommendations aimed at establishing international standards on combatting money laundering and the financing of terrorism.²

The TCI FIU presently operates as an independent unit within the Royal Turks and Caicos Islands Police (RTCIP). It is a hybrid unit providing both administrative and investigative functions and derives its staff compliment from police officers with investigative experience.

¹ Sec. 109 (1) Proceeds of Crime Ordinance POCO 2007

² CFATF

March 4th 2013

Report of the Officer in Charge (TCI FIU)

**To: His Excellency the Governor
Damian Ric Todd
Waterloo
Grand Turk
Turks and Caicos Islands**

Your Excellency.

2012 witnessed a number of changes in the Turks and Caicos Islands Financial Intelligence Unit (TCI FIU). In October we relocated from offices on Airport Road Providenciales to the refitted former Community College Complex on Old Airport Road Providenciales. We share the compound with a number of police departments in what has been designated by the Commissioner of Police as Police Headquarters – Providenciales.

The staff compliment remained the same with the addition of an investigator and the departure in September of the former Head of FIU Insp. Willin Belliard who commenced his leave of absence to pursue law studies in the United Kingdom.

The FIU continues to work with its counterparts within the Money Laundering Reporting Authority primarily the office of the Attorney General (AG) and the Financial Services Commission (FSC) to achieve full compliance with Caribbean Financial Action Task Force (CFATF) 40 + 9 recommendations for Anti Money Laundering and Counter Financing of Terrorism (AML/CFT).

It is noted in the seventh follow up report of November 2, 2012 that the Turks and Caicos Islands received ratings of Partly Compliant (PC) or Not Compliant (NC) on 12 of the 16 core and key recommendations.³ This shows that there is still significant work for us to do. Though at times daunting given the constant changes in the AML/ CFT requirements we continue to forge ahead with our mandate.

³ CFATF GAFIC Seventh Follow up Report. Turks and Caicos Islands November 2, 2012

As we look ahead to 2013 we will seek to build capacity in the department particularly in the area of our IT requirements and infrastructure and continue to reach out to reporting entities through workshops and general awareness of the important role they play in the AML/ CFT fight.

A handwritten signature in black ink, appearing to read 'D. Baker', with a horizontal line extending to the right from the end of the signature.

Dwayne Baker
Inspector (Ag.)
Officer in Charge
Turks and Caicos Islands Financial Intelligence Unit
6B 26B
Police Headquarters – Providenciales
Old Airport Road Providenciales
Turks and Caicos Islands

STATISTICS

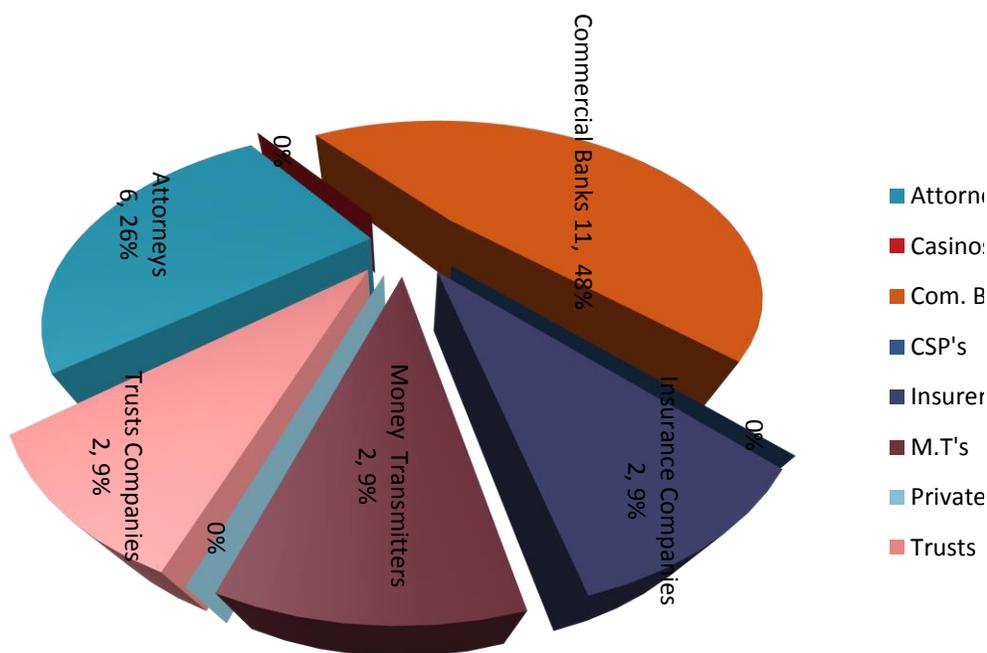
SUSPICIOUS ACTIVITY REPORTS (SARs)

In 2012, the Turks and Caicos Islands Financial Intelligence Unit received a total of twenty three (23) Suspicious Activity Reports from reporting entities in the Turks and Caicos Islands. The majority of these reports were submitted by commercial banks and attorneys with 11 or 48% and 6 or 26% respectively.

Comparison 2012/ 2011 shown below in table and charts
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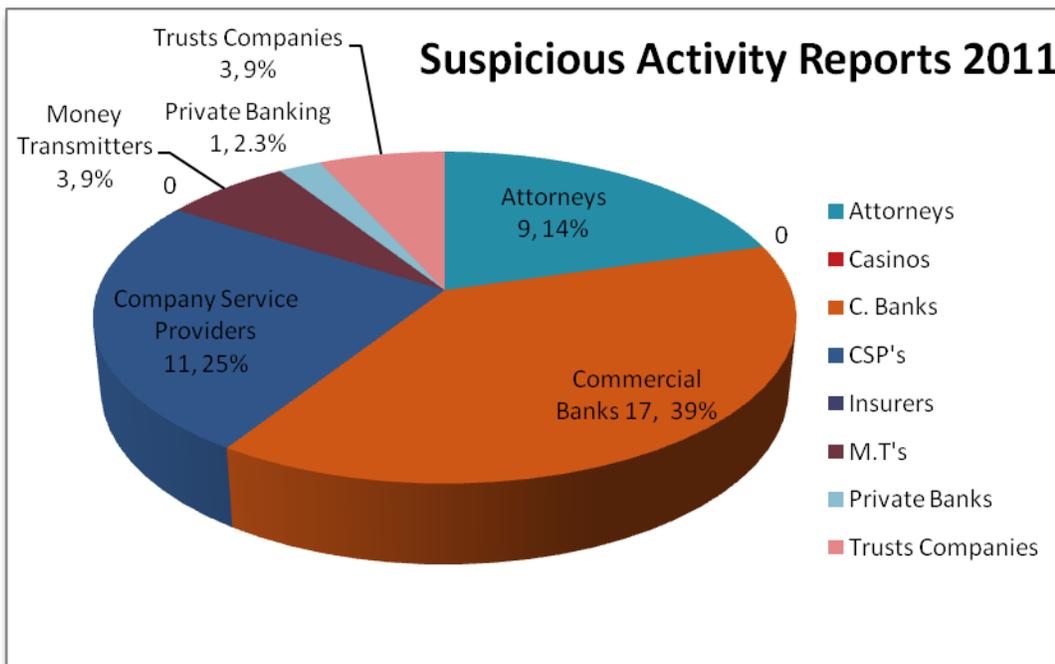
REPORTING ENTITIES	2012	2011
Attorneys	06	09
Casinos	00	00
Commercial Banks	11	17
Company Services Providers	00	11
Insurance Companies	02	00
Money Transmitters	02	03
Private Banks	00	01
Trusts Companies	02	03
Total	23	44

Suspicious Activity Reports 2012



In comparison to 2011, there were a total of 44 Suspicious Activity Reports (SARs) submitted, with commercial banks and attorneys representing the majority of submissions.

Suspicious Activity Reports 2011



The number of SARs submitted in 2012 declined by 21 or 48% compared to 2011 figures. In 2012 Attorneys submitted six (6) SARs which when compared to nine (9) in 2011 shows a decrease of 33%.

Eleven (11) reports were submitted by the commercial banks in 2012 compared to seventeen (17) in 2011, a decline of 35%. Money Service Businesses and Trusts Companies submitted two (2) reports each for 2012 compared to three (3) each in 2011, a decrease of 33% for both entities. Insurance companies submitted two reports in 2012 (it should be noted that these reports were submitted by the international offices of the insurance agencies rather than by their local agents – however these reports still form part of our statistics). No SAR/ STRs were submitted by Casinos or Company Service Providers in 2012.

Overview of reported Suspicious Activity Reports/ Suspicious Transaction Reports Submissions, analysis, investigations, closures and on-going analysis.

STRs/ SARs	2012	2011
Received	23	44
Investigations	05	03
Closed	08	04
Spontaneous Dissemination	08	09
Ongoing Analysis	15	28

- The five (5) reports of 2012 under investigations represent those that are ongoing with the assistance of other jurisdictions and law enforcement agencies.
- The closed reports refer to matters where no further action was taken based on the available information at the time.
- The spontaneous disseminations are those where the information provided within the SARs/ STRs were disseminated to other FIUs and law enforcement agencies as intelligence to assist with ongoing investigations. In these cases, while the information disclosed was suspicious, it was not sufficient to establish an offence.

- Ongoing Analysis refers to reports for which further information has been obtained or will be requested to further enhance the analysis process.

Money Laundering Typologies

CASE 1 - Cash Seizure

In late 2012 'C' a holder of dual citizenship with country (1) and (2) came to the Turks and Caicos Islands from country (2) to visit their cousin a national of country (1) - a known jurisdiction for drug trafficking. Intelligence indicated that the cousin came to the Turks and Caicos Islands with drugs on a go-fast boat from country (1).

'C' after spending a few days with their cousin who came to the islands undocumented, went to the Providenciales International Airport for departure to country (1). Prior to 'C' boarding their flight they were checked by airport security during which they were intercepted with a large sum of cash approximately USD60,000.00 strapped to different parts on their person. As a result Police officers at the airport were contacted, and 'C' along with the cash was handed over to them. The FIU/ Customs were also contacted. On questioning 'C' claimed he travelled from country (2) with the money strapped to their person. 'C' was later charged for an offence in contravention of the Customs Ordinance.

The money was seized under the Cash Seizure Provisions of the Proceeds of Crime Ordinance. A Cash Detention Order was granted so that the origin of the cash could be investigated. Possible money laundering charges may be brought against 'C' pending the outcome of the investigation. The cash is still subject to a Civil Recovery/ Forfeiture Order.

Key Notes:

- It is pertinent for local enforcement authorities (Customs, Police and Security personnel) at our ports to be vigilant and alert to the behaviors and tactics used by travelers going through their check points, since many are utilizing different ways to go undetected with criminal property across borders or from one country to the other.

- Law enforcement authorities within any country or across borders need to have strong and robust cooperation among their counterparts in the continued fight against Money Laundering and Terrorist Financing.

CASE 2 - Use of Fraudulent Schemes

In November 2012 'B' purporting to be from country (1) sent an email seeking the assistance of law firm 'X' based in the Turks and Caicos Islands (TCI) in recovering a debt allegedly owed to them by 'C' a furnishings company base in the TCI. 'B' was seeking the services of law firm 'X' to assist in the collection of this debt in exchange for the payment of a significant portion of the debt as a collection fee.

Law firm 'X' agreed to assist 'B' to collect the purported debt. 'B' provided law firm 'X' with their particulars and supporting documents for 'C'. 'B' then informed law firm 'X' to contact 'B' and make demands for the payment as 'B' will settle to avoid any legal action. Law firm 'X' contacted 'C' to find out if they have conducted any business with 'B', 'C' indicated that they knew nothing about any debt owed to 'B'. A week later law firm 'X' received a FedEx package from 'B' containing a cheque in the name of a US bank made payable to Law firm 'X' for the amount of the debt.

Law firm 'X' informed 'B' that the cheque had arrived. 'X' was then asked by 'B' to deposit the cheque into their bank account until told otherwise. Subsequently, 'B' asked law firm 'X' for an advance on the funds and to deduct the agreed commission.

Law firm 'X' informed 'B' that 'C' stated they knew nothing about any debt owed and that they had never done any business with their company. There was no further correspondence from 'B' that last communication.

Law firm 'X' later submitted a SAR to the TCI FIU. The FIU launched enquiries into 'X' with the assistance of a number of our international FIU counterparts. As a result it was confirmed that the documents submitted by 'X' belong to a natural person but were altered to execute the scheme.

International Cooperation

Information sharing serves a critical and significant role in the international community especially to the various financial intelligence units and law enforcement agencies in the global fight against money laundering, terrorist financing, drug trafficking and human trafficking among other crimes. Cooperation between FIUs in respect to the exchange of financial intelligence and information is done on a reciprocal basis in accordance with the Egmont Group's best practices for information sharing. Some of the requests for information are facilitated through Egmont while others are dealt with on a FIU to other law enforcement basis.

International Requests for Assistance 2012

Jurisdiction	Incoming	Outgoing
Argentina	01	00
Belize	01	00
Bermuda	01	00
Canada	03	01
Germany	01	00
Hong Kong	01	00
Kazakhstan	01	00
Kuwait	01	00
Malaysia	01	00
Philippines	01	00
Switzerland	01	00
USA	09	01
UK	00	02
Total	22	04

Staff Training and Development

With ever changing crime trends, criminals worldwide are finding and developing different structures to counter regulatory measures. As laws are enhanced and with increased monitoring it provides law enforcement and regulatory bodies with an increased arsenal in their AML/ CFT fight.

The utilization of legal persons and professionals in the day to day aspect of some businesses and trades, criminals find a way to disguise the true nature and ownership of their proceeds.

Various countries have put legislation in place to counter criminal elements of Money laundering and terrorist financing, the Turks and Caicos Islands being no exception. It is therefore imperative and fundamental that the enforcers of such laws and regulations be adequately and continuously trained to keep abreast and sharpen their skills with regard to the different challenges and developments in the global fight in AML/CFT.

During the period under review, officers within the FIU, FCU and HM Customs received training in AML/ CFT and other related crimes through the NPIA in the United Kingdom. See table below for course details:

COURSE	DATES	AGENCY
FIO – Financial Intelligence Officer	1) 21/05/2012 - 25/05/2012 2) 11/06/2012 - 15/06/2012	1) FIU 2) FIU/ HM Customs
FI – Financial Investigation	1) 28/05/2012 - 01/06/2012 2) 18/06/2012 - 22/06/2012	1) FIU 2) FIU/ HM Customs
EFIS – Enhanced Financial Investigation Skills	1) 11/06/2012 - 15/06/2012 2) 11/06/2012 - 15/06/2012	1) FIU 2) FCU
Confiscation	12/11/12 – 16/11/12	FIU/ FCU

COURSE BENEFITS

The Financial Intelligence Officer course:

This course aims to set a firm foundation in the core skills that are required by a Financial Intelligence Officer. It covers the development and management of financial intelligence including an introduction to money laundering, terrorist financing and alternative banking systems. Learning objectives:

- How to receive, record and sanitize financial intelligence in accordance with the National Intelligence Model and the Criminal Procedures and Investigations Act (UK);
- How to receive and handle SARs;
- How to use various gateways and external agencies to develop intelligence;

- How to use Proceeds of Crime money laundering legislation as an intelligence tool;
- How to develop and produce valid intelligence packages; and
- How to identify relevant financial intelligence using IT Skills.

Financial Investigation course:

This course aims to set a firm foundation in the core skills that are required by a Financial Investigator. It covers the legal framework, within which all financial investigations are grounded, financial investigative decision making, financial investigation processes and different types of financial investigation. Learning objectives:

- How to further develop sources of local and international information;
- How to use the investigative powers that are available;
- To prepare and make applications for orders and warrants using the relevant legislation;
- To manage a money laundering investigation and prosecution;
- Criminal confiscation legislation and processes; and an introduction to the civil recovery regime.

The Enhanced Financial Investigation Skills course:

The Enhanced Financial Investigation Skills course is aimed at those who are working in the wider law enforcement community and are conducting money-laundering, confiscation, terrorism or other complex financial investigations, or those working in financial investigations who are required to assist in such investigations. The course aims to build on the backgrounds and experience by equipping participants with the knowledge, understanding, skills, attitudes and behaviors needed to manage complex and international financial investigations.

At this course participants will learn:

- to manage complex financial investigations in accordance with legal and procedural requirements
- to investigate the criminal use of complex company structures, investments, trusts and other international financial instruments to launder and conceal criminal funds

- to use restraint and confiscation in complex and international cases; and
- to understand the role of specialists in assisting complex financial investigations.

Confiscation

The Confiscation course sets the foundation in the core skills required by a financial investigator to proceed towards confiscation. It is designed for financial investigators who will be conducting asset recovery investigations and includes the effective use of restraint powers under Part 2 and/ or 4 of the Proceeds of Crime Act 2002 (UK). The course module covered statement preparation, confiscation hearings, financial reporting orders and enforcement of confiscation.

Regional and International Conferences/ Seminars

Staff of the FIU/ FCU participated in a number of Regional and International Forums which facilitate further development in the areas of AML/ CFT. These forums help members to keep abreast of the latest trends and typologies adopted by money launderers. Meetings attended in 2012 -

- The CFATF XXXV Plenary held in El Salvador from May 21st to 25th May 2012.
- The CFATF XXXVI Plenary held in Tortola, BVI from November 12th to 15th 2012.
- The Egmont Group Plenary held in St. Petersburg, Russia from July 9th to 13th 2012.

SIGNIFICANT ACHIEVEMENTS

- In March 2012, the FIU obtained its first Civil Recovery Order in the amount of USD187,000.00.
- In April 2012, the FIU obtained a Confiscation Order in the case of R v David Smith/ Olin for the amount of USD21,000,000.00
- In May of 2012, the FIU concluded its investigation into a public schools enrollment fraud in which four individuals were charged. Trail set to commence in February 2013.

Other rulings

A Civil Recovery Order was granted in December 2012 in the amount of USD1500.00 in a case where it was established on the balance of probabilities that funds were derived from unlawful criminal conduct.

List of Abbreviations

AML	Anti Money Laundering
CFATF	Caribbean Financial Action Task Force
CFT	Counter Terrorist Financing
FATF	Financial Action Task Force
FCU	Financial Crime Unit
FIU	Financial Intelligence Unit
MLRA	Money laundering Reporting Authority
NPIA	National Policing Improvement Agency
POCO	Proceeds of Crime Ordinance
RTCIP	Royal Turks and Caicos Islands Police
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report
TCI FIU	Turks and Caicos Islands Financial Intelligence Unit
TCI	Turks and Caicos Islands