



FINANCIAL INTELLIGENCE UNIT
ROYAL TURKS AND CAICOS ISLANDS POLICE FORCE



**TURKS & CAICOS ISLANDS FINANCIAL
INTELLIGENCE UNIT**

REPORT ON THE F.I.U. ACTIVITIES FOR THE YEARS 2010/
2011.



FINANCIAL INTELLIGENCE UNIT
ROYAL TURKS AND CAICOS ISLANDS POLICE FORCE

Vision

Our vision is for the Turks and Caicos Islands to have strong and dynamic financial and business sectors that are free from money laundering, terrorist financing and other financial crimes.

Mission

To effectively investigate, detect, prosecute and deter money laundering and terrorist financing and other financial crimes, in collaboration with local law enforcement agencies regulators and international counterparts, thereby contributing towards a safe and stable financial and social economic environment.

Royal Turks & Caicos Islands Police Force

FINANCIAL INTELLIGENCE UNIT

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19th June 2012

The Honourable Mr. Huw Shephard
Attorney General/ Chairman of the MLRA
Attorney General's Chambers
Turks and Caicos Islands Government
1st Floor, Waterloo Plaza, Waterloo Road, Grand Turk
Turks and Caicos Islands

Dear Attorney General,

F.I.U. Activities for 2010/ 2011

I am pleased to submit the report on the activities of the Financial Intelligence Unit for the period January 1, 2010 to December 31, 2011.

The report is being submitted for the purposes of the Money Laundering Reporting Authority and to form part of the submission to the Caribbean Financial Action Task Force in relation to the Turks and Caicos Islands Sixth Follow up report and I am hoping to convert this first comprehensive report into our annual report.

Respectfully,

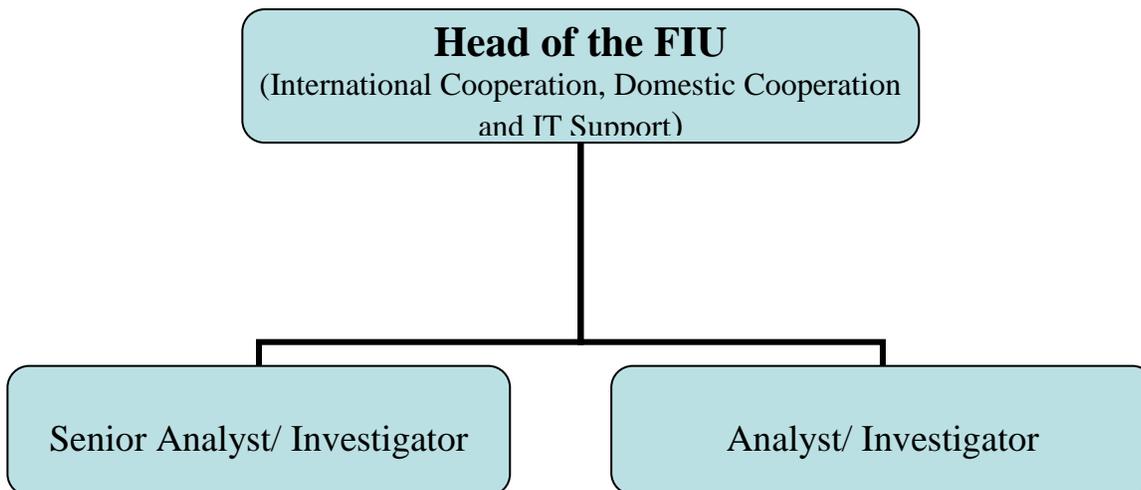
A handwritten signature in blue ink, appearing to read 'Willin Belliard'.

Willin Belliard, CAMS
Detective Inspector,
Head of the Financial Intelligence Unit
Royal Turks and Caicos Islands Police Force.

FIU'S ROLE



FIU'S ORGANISATIONAL STRUCTURE



STR/ SAR Analysis

The FIU receives and analyses STRs/SARs submitted by the reporting entities. Each incoming STR/SAR is examined by the Head of the FIU to ensure that the report contains all required data and then the data is inputted into the database. First feedback and acknowledgement is then sent to the reporting entity and where necessary subsequent follow-up communication. The STR/SAR is then subjected to analysis, including searches on publicly available intelligence (i.e. Interpol, world-check, offshore alert and the internet) and intelligence provided by law enforcement and international counterparts.

Also in accordance with the powers given to the Reporting Authority by virtue of section 109 (2) (b) of the Proceeds of Crime Ordinance 2007 as amended by the Proceeds of Crime (amendment) Ordinance 2010, the FIU has authority to request additional information from any person for the purpose of clarifying or amplifying information disclosed to the FIU.

After analysis of the STR/ SAR is completed, one of the following events will take place:

- The report is allocated to one of the FIU analysts for investigation and onward submission to the Turks and Caicos Islands Attorney General's Chambers for prosecution if sufficient evidence is available.
- The report is sanitized and referred to the Financial Crime Unit as intelligence for further investigations.
- The report is sanitized and disseminated to the appropriate domestic law enforcement agency for intelligence purposes.
- The report is sanitized and disseminated to the relevant foreign FIU or law enforcement Agency for intelligence purposes.
- The report will be closed and filed with no further actions necessary.

Statistics & Typologies

During the analytical process the FIU may extract statistical data periodically from STR/SAR received and provide instructive information such as trends and typologies to the Money Laundering Reporting Authority and reporting entities.

Suspicious Transaction/ Activity Reporting

Financial Businesses are required under the AML/CFT regulations to submit to the FIU, reports of any suspicious transaction or activities, including attempted suspicious transactions whether completed or not, that may be related to money laundering or terrorist financing activity. These reports must be submitted as soon as practicable and in any event, within twenty-four hours after forming that suspicion.

The reports are submitted on the Money Laundering Reporting Authority's Suspicious Transaction/ Activity form. The STRs/SARs are a critical source of information in combating ML/FT.

In 2011, the FIU observed a slight increase in the number of STRs/SARs submitted. The FIU noticed a significant increase in the number of STRs/SARs submitted by attorneys where in 2011, nine (9) were submitted compare to one (1) in 2010. This increase in STR/SAR reporting could be attributed to the greater awareness and acknowledgement by attorneys of their role in fighting money laundering and terrorist financing crimes.

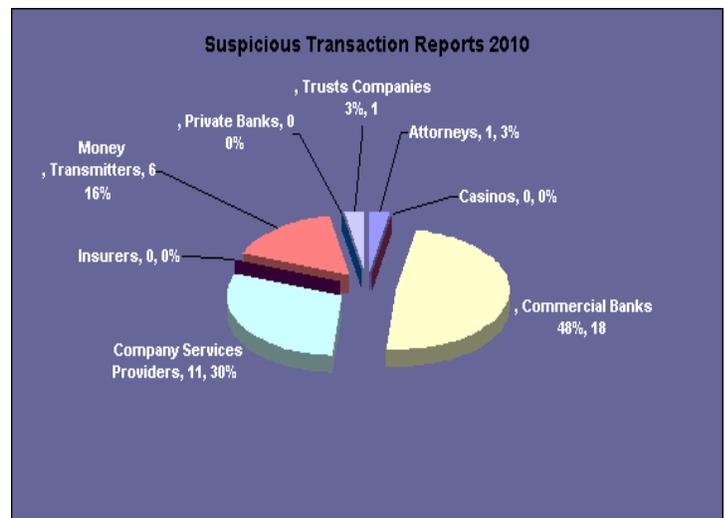
Statistics

For the reviewed period forty-four (44) STRs/SARs were filed with the FIU as compared with thirty-seven (37) filed in 2010.

STRs/SARs received from Reporting Entities:

Reporting Entities	2010	2011
Banking	18	17
Insurance Co.	0	0
Attorneys	1	9
Money Transmitters	6	3
Investment Banking	0	1
Trusts Companies	1	3
Company Services Providers	11	11
Casinos	0	0
TOTAL	37	44

STRs/SARs Filing by sector



Overview of the number of STRs/SARs submissions, analysis, investigations, STRs/SARs closed and on-going Analysis

No. of STRs/SARs	2010	2011	TOTAL
Received	37	44	81
Investigations	4	3	7
Closed	5	4	9
Spontaneous Dissemination	4	9	14
Ongoing Analysis	24	28	51

- In the seven (7) reports that resulted in further investigations; two were local investigations and the others were reports that assisted investigations in other jurisdictions.
- The closed reports refer to matters in which no further action could be taken based on the available information at the time.
- The spontaneous disseminations are reports that were disseminated to other FIUs and law enforcement agency for possible development and or investigations. In these cases, while the information disclosed was suspicious, it was not sufficient to establish an offence.
- The Ongoing Analysis refers to reports for which a determination has not been made and further information has been obtained or will be requested to enhance the analysis process.

Money Laundering Typologies

CASE 1

Cash Seizure

Following the analysis of intelligence received from confidential sources it was concluded that “A” a local resident of the Turks and Caicos Islands (TCI) is a frequent traveller to country (i). Country (i) is a drug transit country with a very active drug trade.

The intelligence received also indicated that “A” has previously stated that he makes money without getting dirty. As a result of this analysis a decision was taken to monitor the travel movement of “A”, in particular his travels to country (i). In 2011 “A” was at one of the TCI international airports waiting to board a flight to country (i). Before “A” boarded the flight, he and his luggage were searched by Customs officers. Nothing was found as a result of the search and “A” left in route to country (i). A week later “A” return to the TCI; handed over his customs declaration form and proceeded to the ‘Nothing to Declare’ lane. He was then invited to the customs office where his luggage and his person were subjected to a search. As a result of the search US\$28,000.00 was found hidden in various locations inside his luggage. The FIU was contacted. The money was seized under the cash seizure provisions of the Proceeds of Crime Ordinance. “A” was later charged with two money laundering offences and is presently awaiting trial. If “A” is not convicted the funds will still be subject to a Civil Recovery/ Forfeiture Order.

Key Points:

- National cooperation is vital to effectively combat ML/ FT. This case illustrates how the cooperation between Customs and the FIU led to the seizure of US\$28,000.00 and the possible conviction of the suspect.
- Cross border cash smuggling is still being used as a method to transport the proceeds of crime and law enforcement agencies must remain vigilant to combat this trend.

CASE 2

Use of credit cards

In 2009 the FIU received a Suspicious Transaction Report (STR) from bank “x”. In the STR the main reason for suspicion stated by bank “x” was that “A” is a client that was referred to “x” by a prominent and respected bank in country (i) with whom they have been doing business for many years. The bank in country (i) requested a secured credit card for “A”. After the required due diligence documents were submitted, bank “x” issued “A” with the requested card with a credit limit in excess of US\$150,000.00. Bank “x” became extremely concerned when they noticed that “A” was using his maximum credit limit every month and paying the card balance in full before the due date and in most cases overpaying the due amount. This trend was found highly suspicious by the FIU and the FIU commenced a full analysis of the report and the gathering of all possible information. The FIU soon established that “A” was a wanted fugitive in connection with a bribe and corruption investigation in country (ii). The FIU contacted country (ii) for assistance and more case information. The assistance provided by country (ii) proved that the funds in bank “x” derived from the funds for which “A” was indicted for bribes and corruption charges in country (ii).

Armed with this information the FIU applied to the Court for a Production order and a Restraint order and both orders were granted.

Further investigations were conducted and in 2012 the FIU was able to use the civil recovery/ forfeiture provisions in the Proceeds of Crime Ordinance to seize the funds at bank “x” belonging to “A”. These funds were later deposited into the National Forfeiture Fund.

Red Flags:

- Non-face to face business relationships are high risk for ML/CFT and institutions should monitor these relationships closely.
- A person that has a high credit limit secured credit card and is able to spend up to or over that credit limit and re-pay the limit every month, fits the description of a money launderer attempting to disguise the origin of his funds and should be treated with suspicion.

CASE 3

Use of Fraudulent Schemes

In December 2011, “A” a resident of country (i) sent an email seeking the assistance of law firm “x” in recovering a debt that he is owed by “B” who is apparently a resident of the Turks and Caicos Islands (TCI). “A” asked law firm “x” to assist him in the collection of this debt in exchange for a high percentage of the debt as a collection fee.

Law firm “x” agrees to assist “A” in the collection of this debt. “A” then provided law firm “x” with the full particulars of “B”. “A” then informed law firm “x” that if the law firm makes contact with “B” and demands payment, it is more than likely that “B” will settle the debt to avoid legal action. Law firm “x” contacted “B” as requested by “A” and as a result of this conversation “B” agreed to settle the debt without further delay. A week later law firm “x” received a FedEx package from “B” containing a cheque payable to the law firm for the amount of the debt.

Law firm “x” then contacted “A” to inform him about the arrival of the cheque and for further instructions. “A” then asked law firm “x” to deposit the cheque into his bank until further instructions. The following day “A” asked law firm “x” for an advance on the funds and to deduct the agreed commission and informed law firm “x” that he would call back to make arrangement for the balance.

Law firm “x” informed “A” that an advance was not possible as the cheque would take 21 days to clear. “A” became upset and said that he will hire another law firm.

Law firm “x” reviewed the matter and decided that the entire incident was very suspicious and filed an SAR with the F.I.U.

The F.I.U. conducted enquiries and could not find any trace of the debtor who was allegedly a resident of the TCI. Further enquiries conducted by the FIU also confirmed that the cheque was a forgery. The reporting entity was updated accordingly and a warning about the trend was issued by the F.I.U.

Awareness and Training:

Education and Training are vital components of successful AML/CFT efforts.

During the period under review the FIU provided training at two AML conferences hosted by the Turks and Caicos Islands Financial Services Commission in November 2010 and November 2011. The FIU also conducted a two-hour of AML training with the staff at one of the local banks at the request of their Money Laundering Reporting officer. The FIU will continue to work closely with the Financial Services Commission and other stakeholders to continue to improve our awareness and training efforts.

TRAINING & OUTREACH

TYPE OF AGENCY TRAINED	SESSIONS & ATTENDANCE	
	NO. OF TRAINING SESSIONS	NO. OF PERSONS TRAINED
Banks	1	18
AML Training Seminars	2	60

National Co-operation

The FIU continues to undertake initiatives in order to strengthen domestic coordination on AML/CFT issues. One such initiative is the Memorandum of Understanding (MOU) with the Turks and Caicos Customs Department for the handling and processing of cash seizure matters.

The FIU also enjoys a great relationship with the various government agencies including but not limited to: National Insurance Board, Revenue Control Unit, Immigration Department, Land Registry, Financial Services Commission and Road Safety Department. In most cases these agencies respond to requests from the FIU within twenty four (24) hours and sometimes immediately if the request is urgent.

International Co-operation

Information Sharing with Foreign FIUs

The FIU understands the significance and importance of cooperation with foreign FIUs and Law Enforcement Agencies in the global fight against money laundering and the financing of terrorism. The exchange of Financial Intelligence and information with other FIUs is done on a reciprocal basis in accordance with the Egmont Group's best practices for the exchange of information.

INTERNATIONAL REQUEST FOR ASSISTANCE

Jurisdiction	Incoming	Outgoing
Albania	1	0
Argentina	3	0
Bahamas	1	4
Bahrain	1	0
Cayman Islands	3	1
Croatia	1	0
Cyprus	0	1
Curacao	0	1
Denmark	1	0
Egypt	1	0
Gibraltar	0	1
Greece	1	0
Jersey	1	0
Kazakhstan	1	0
Latvia	1	0
Lithuania	1	0
Montenegro	5	0
Moldova	1	0
Norway	1	0
Romania	2	0
San Marino	1	0
Slovakia	2	0
United Arab Emirates	2	0
United Kingdom	1	1
United States of America	7	1
Venezuela	1	2
TOTAL	40	12

MOUs with Foreign FIUs

To facilitate cooperation and information sharing, the Turks and Caicos Islands FIU may enter into MOUs with foreign FIUs. The MOU would establish the protocols for handling requests to and from foreign FIUs. Such protocols would include restrictions on the purpose for which the information could be used and confidentiality provisions. The TCIFIU has entered into MOUs with the FIUs of Canada (FINTRAC) and Saint Vincent and the Grenadines (SVGFIU). The FIU is also in the process of signing two additional MOUs with other foreign FIUs.

Staff Training and Development

Money laundering methods and techniques change in response to regulatory counter-measures. The FATF has noted the increasing sophistication of money laundering and terrorist financing techniques such as the use of legal persons to disguise true ownership and the use of professionals for assistance in these crimes. Thus, the ever-evolving techniques mean that the AML/CFT regime must also be dynamic. FIUs and other partner agencies must ensure that its officers keep abreast with international developments and continually strengthen their knowledge and expertise. Consequently, officers of the FIU, Financial Crimes Unit and Customs department were afforded opportunities to pursue various training courses in the field of AML/CFT and other financial crimes.

The details of the courses and benefits gained are set out below:

COURSE	DATES	PARTICIPANT(S)	AGENCY
FIO 01 Financial Intelligence Officer	21/05/2012 - 25/05/2012	Dwayne Baker	F.I.U.
FI 01 Financial Investigation	28/05/2012 - 01/06/2012	Dwayne Baker	
FIO 01 Financial Intelligence Officer	11/06/2012 - 15/06/2012	Haiden Spring Stafford Samuels	F.I.U CUSTOMS
FI 01 Financial Investigation -	18/06/2012 - 22/06/2012	Haiden Spring Stafford Samuels	
EFIS Enhance Financial Investigation Skills	11/06/2012 - 15/06/2012	Paulin Nemours Dwayne Baker	FCU

BENEFITS OF THE COURSES:

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 finance and alternative banking systems.

At this course participants will learn:

- how to receive, record and sanitize financial intelligence in accordance with the National Intelligence Model and the Criminal Procedures and Investigations Act;
- 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.

At this course participants will learn:

- how to further develop sources of local and international information;
- 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; and
- about the criminal confiscation legislation and processes; and receive 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.

PARTICIPATION IN INTERNATIONAL EVENTS

During the reporting period the TCIFIU was represented at the following Meetings and Conferences:

CFATF

- At the CFATF XXXIII Plenary held in Honduras during May 17th – 20th, 2011 the TCIFIU was represented by Mr. Mark Knighton Head of the FIU.
- At the CFATF XXXIV Plenary held in Margarita, Venezuela during November 22nd -24th, 2011 the TCIFIU was represented by Mr. Willin Belliard Head of the FIU.

EGMONT GROUP OF FIUs

- At the 19th Egmont Group Plenary held in Yerevan, Armenia during July 11th – 15th, 2011, The TCIFIU was represented by Mr. Mark Knighton and Mr. Willin Belliard.
- At this meeting the TCIFIU also participated in the Egmont Group Best Case competition and were able to capture 2nd place out of 47 countries that participated.

Other significant achievements of the FIU

- In March 2010 the FIU made its first application to the Supreme Ccourt for a production order without being represented by the Crown.
- In September 2010 the FIU secured money laundering convictions in the case of David Smith/ Olint following two years of investigation into what has been described as the biggest ever Ponzi scheme in the Caribbean region.
- In March 2012 the FIU obtained its first Civil Recovery order in the amount of US\$187,000.00
- In April 2012 the FIU obtained a confiscation order in the case of David Smith/ Olint for the amount of US\$21 millions.
- In May 2012 the FIU concluded its investigation into a public schools enrollment fraud and three individuals were charged and are awaiting trial in the Supreme Court.