

## Submitting Quality Suspicious Transaction Reports

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26 November 2020

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## THE PILLARS IN THE FATF 40 RECS

- A- AML/CFT Policies and Coordination (R1- R2)
- B- Money Laundering and Confiscation (R3-R4)
- C- Terrorist Financing & Financing of Proliferation (R5-R8)
- D- Preventive Measures (R9-R23)
- E- Transparency and Beneficial Ownership (R24-R25)
- F- Powers & Responsibilities of Competent Authorities (R26-R35)
- G- International Cooperation (R36-R40)

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## THE INCEPTION OF THE AML/CFT FRAMEWORK

### Prevention & Detection

- ✓ preventive measures – CDD, EDD, SDD, STR Reporting, Records keeping, Internal controls
- ✓ AML/CFT policies and coordination – assess risk and apply RBA
- ✓ Transparency and beneficial ownership

### Investigation & Prosecution

- ✓ Money laundering offence
- ✓ Terrorist financing offence
- ✓ Targeted financial sanctions related to terrorism & terrorist financing
- ✓ Targeted financial sanctions related to proliferation

### Confiscation

- ✓ Confiscation and provisional measures
- ✓ Targeted financial sanctions related to terrorism & terrorist financing
- ✓ Targeted financial sanctions related to proliferation

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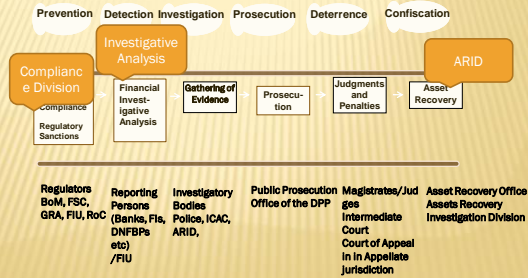
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## OVERVIEW OF INSTITUTIONAL AML/CFT FRAMEWORK IN MAURITIUS

### Chain of Responsibilities



## REPORTING OBLIGATION S14 FIAMLA

### ✱ Section 14(1) of FIAMLA

Notwithstanding section 300 of the Criminal Code and any other enactment, every **reporting person** or auditor shall, as soon as he becomes aware of a **suspicious transaction**, **make a report to FIU** of such transaction not later than 5 working days after the suspicion arose.

#### What is a reporting person?

"reporting person" means a bank, financial institution, cash dealer or **member of a relevant profession or occupation**

"member of a relevant profession or occupation" means a person specified in Column 1 of Part I of the First Schedule and performing any transaction in the manner specified in Part II of that Schedule;

## REPORTING OBLIGATION S14 FIAMLA

### ✱ First Schedule of FIAMLA

#### Part I

Member of a relevant profession or occupation	Regulatory body
1. Professional accountant, public accountant and member firm under the Financial Reporting Act	Mauntius Institute of Professional Accountants established under the Financial Reporting Act

#### Part II

(1)(e) ... a professional accountant, a public accountant and a member firm licensed under the Financial Reporting Act, who prepares for, or carries out, transactions for his client concerning the following activities -

- (i) buying, selling or rental of real estate;
- (ii) managing of client money, securities or other assets;
- (iii) management of bank, savings or securities accounts;
- (iv) organisation of contributions for the creation, operation or management of legal persons such as a company, a foundation, a limited liability partnership or such other entity as may be prescribed;
- (v) creating, operating or management of legal persons such as a company, a foundation, an association, a limited liability partnership or such other entity as may be prescribed, or legal arrangements, and buying and selling of business entities; or
- (vi) any activity specified in item (f) → **activities of a company service provider**;

## REPORTING OBLIGATION UNDER FIAMLA

### ✖ Section 10(2)(c) of FIAMLA

For the purposes of this Act, the FIU shall –

....

(c) issue guidelines to auditors, reporting persons and internal controllers of credit unions as to the manner in which –

(i) a report under section 14 shall be made;

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### ✖ Guidance Note 3: STR (2014) – filing of STRs via the goAML Web platform

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## Statistical info

Statistical data on STRs,  
diversity of STRs, Trends,  
Quality issues on STRs,  
Indicators

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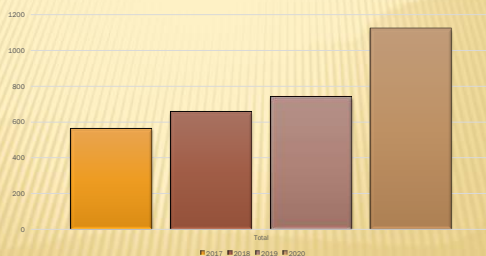
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## TRENDS IN STRS

### ✖ Period: 01 Jan 2017 to 25 Nov 2020




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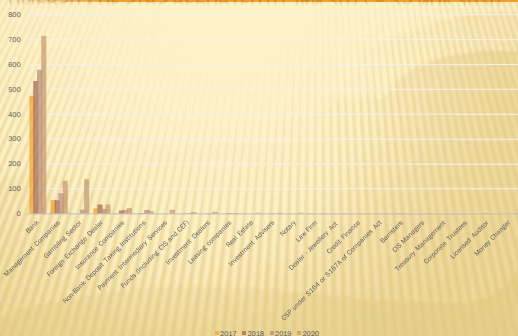
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### OBSERVATIONS ON DETECTION MODE (SAMPLE PERIOD: MAY 2019 – JUL 2020)

Mode of Detection	BANK	Foreign Exchange Dealer	Funds (Including OIB and CEF)	Management Companies	Non-Bank Deposit Taking Institutions	Investment Dealers	Members of a relevant profession or occupation	S14 - Payment Intermediary Services	Grand Total
IDC Manually identified	276	-	1	18	2	2	25	-	324
IDA Automated rules based account monitoring	239	-	-	6	-	-	-	7	252
IDC Manual account monitoring	133	-	-	1	1	2	-	-	137
IDB In-branck/Teller identified	89	2	-	-	-	-	-	-	91
<b>GrandTotal</b>	<b>737</b>	<b>2</b>	<b>1</b>	<b>25</b>	<b>3</b>	<b>4</b>	<b>25</b>	<b>7</b>	<b>804</b>
STRs filed during sample period	791	26	5	106	16	5	50	9	

- ### QUALITY OF STRS (REJECTION)

Categories of Rejection	2017	2018	2019	2020	Grand Total
Incomplete Information in Report	145	134	147	124	550
Incomplete Transaction Section	218	169	199	220	806
Incorrect Scenario	194	142	174	299	809
Missing Party Details (KYC Issues)	109	38	76	33	256
Incomplete/Incorrect Account Information	111	29	42	50	232

- ✧ Remedial actions: Scenario Booklet, goAML Helpdesk, STR filing video tutorials, Refresher courses

## INDICATORS – BY REPORTING PERSONS (MAY 2019 – JUL 2020)

Indicator	BANK	Foreign Exchange Dealer	Funds (including OIS and CEF)	Management Companies	Non-Bank Deposit Taking Institutions	Insurance Companies	Investment Dealers	Members of a relevant profession or occupation	814 - Payment Intermediary Services	Grand Total
TA Activity does not match client profile	387		1	7	2	2	1			400
TR Suspicious behaviour / Reluctance to provide details and documents	285	5		28	4	3	2		2	309
TD Structuring	12			5				24		41
TV Use of source and paying activities	9							27		36
TI Use of offshore financial services	7		1	10						18
TK Use of family members and third parties	11			4	1					16
TC Smurfing	2				3			10		15
TG Use of nominees and trusts	1			6			1	2		10
TJ Use of shell companies	2			5						7
TE Trade based money laundering	4			1					1	6
TM Use of new payment technologies / methods	3									3
TN Denomination Conversion	1			1						2
TB Purchase of securities or high value goods							1			1
<b>Grand Total</b>	<b>704</b>	<b>5</b>	<b>2</b>	<b>67</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>63</b>	<b>3</b>	<b>854</b>
<b>STRs filed during sample period</b>	<b>791</b>	<b>26</b>	<b>5</b>	<b>106</b>	<b>16</b>	<b>16</b>	<b>5</b>	<b>50</b>	<b>9</b>	

## FIU INITIATIVES TO IMPROVE REPORTING CULTURE

- ✖ Quarterly Bulletin
- ✖ Scenario Booklet
- ✖ Video Tutorials
- ✖ Strategic Products
- ✖ goAML Helpdesk
- ✖ Collaboration with other government agencies in Outreach sessions

## SANITISED CASE

- ✖ In year 20XX, the FIU received a referral from a local LEA about foreign natural persons JS and CS suspected of operating via a company in Mauritius to launder the proceeds of crime committed in their country of origin *EU Jurisdiction 1*.
- ✖ The LEA referral took place following a request the local LEA received from a counterpart LEA in *EU Jurisdiction 1*. The FIU was informed that JS and CS were the subject of a red notice issued by Interpol because of their fraudulent activities in *EU Jurisdiction 1*.




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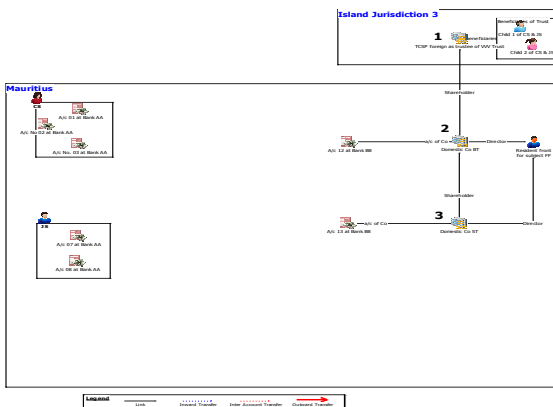
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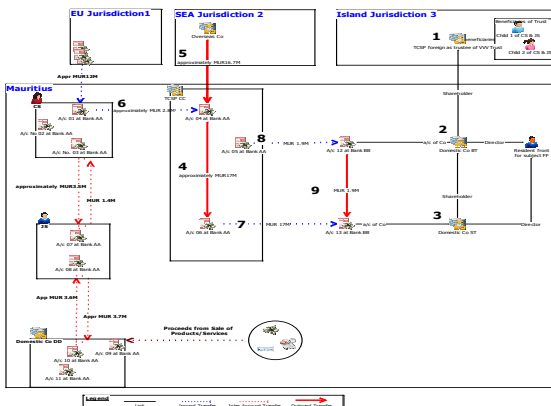
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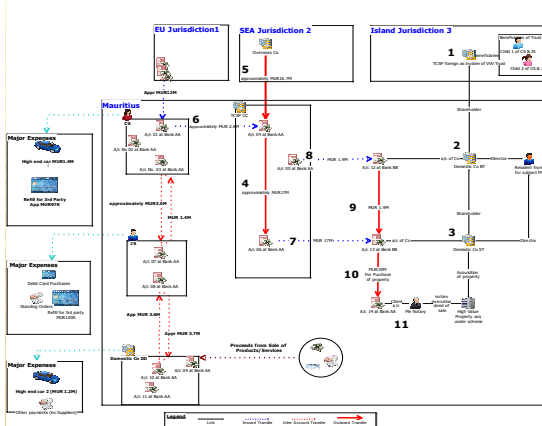
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## RED FLAGS

- ✗ Use of complex web of legal persons and legal arrangements
- ✗ Use of different jurisdictions
- ✗ Combine complex web of entities and different jurisdictions to detract audit trail
- ✗ Use of minors to hide beneficial ownership
- ✗ Use of **gatekeepers**
- ✗ Commingling of funds from business accounts into personal bank accounts
- ✗ Integration stage involving high value assets

# Thank you for your attention

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