



Utilising Intelligence to Combat Financial Crime

Safeguarding Jersey's IFC Reputation

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A presentation for JFSC (DNFBPs) - 13th June 2023



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Presentation topics

- **Introduction to FIU**
 - Who we are and what we do
 - Changes to the FIU and what does this mean
- **Financial Intelligence – our relationship**
 - Statistics & Why you should be interested?
 - Operational Analysis & Example Red Flags
 - Strategic Analysis
- **Filing SARs – why it's important**
 - Quality & Accuracy over Quantity

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Why do we need an FIU?



International Standard Setters

- R29+
- IO6+



Jersey

National Body to receive, analyse, disseminate financial intelligence

- Jersey's only National Intelligence Agency
- Intelligence support to Competent Authorities & Regulated Sector
- Public Private Partnership - FIN



Jersey • Guernsey • Isle of Man • Gibraltar



International

- Egmont Group of FIUs
- Quad Island
- NCA / NECC
- IACCC / SICTF
- JMLIT+
- UfW
- GCFFC
- EoN with UK

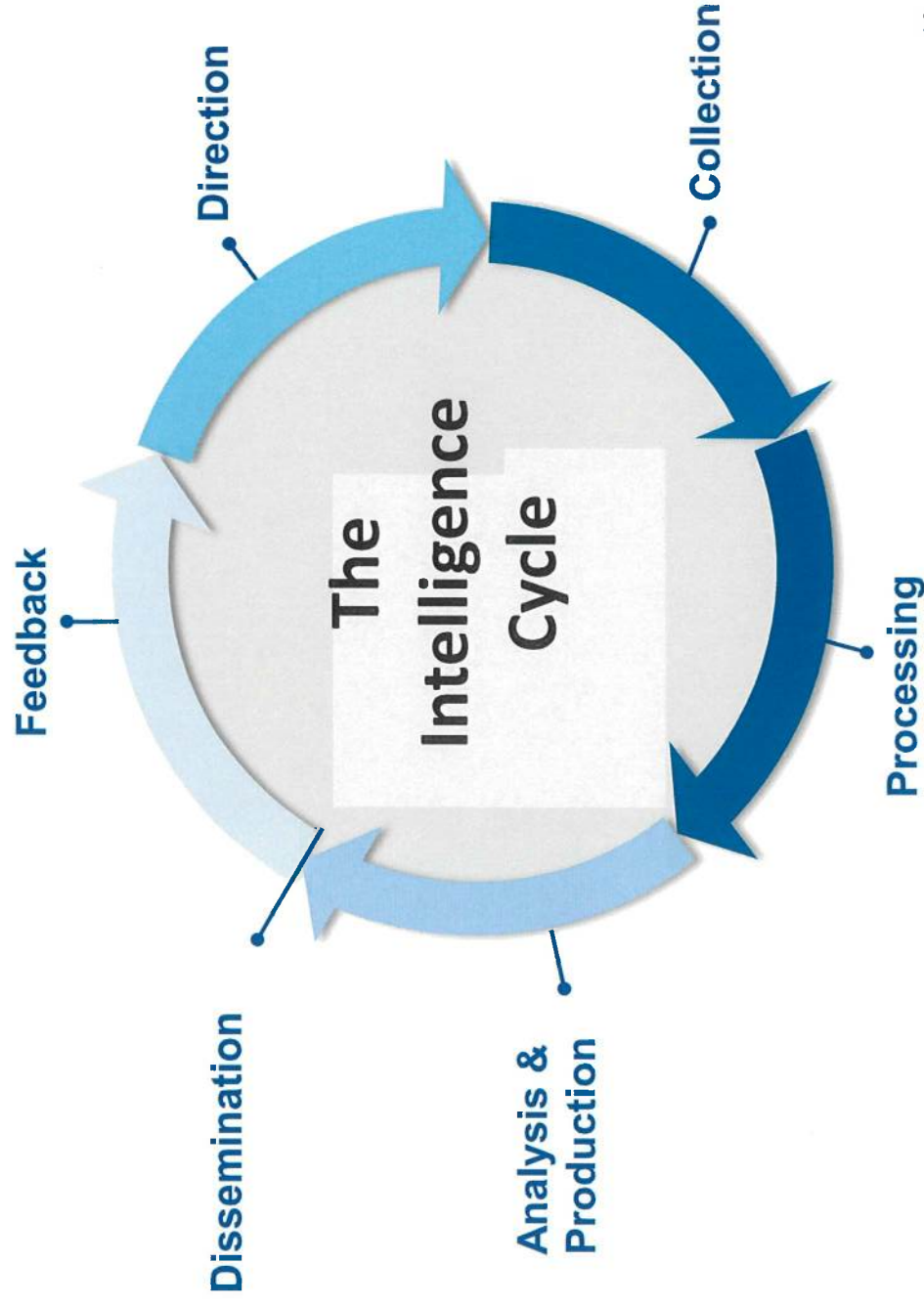
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How we operate:

The collection, analysis and dissemination of intelligence



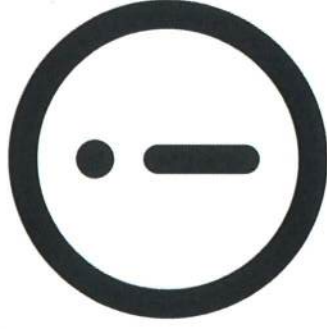
How the FIU receives Intelligence

FIU primarily deals with the receipt of intelligence from 4 sources:



SAR

Suspicious Activity
Reports



MIR

Miscellaneous
Information Reports



CR

Continuation
Reports



RFA

Request For
Assistance

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Where does our intelligence come from?

Financial Institutions

- Banks
- TCSP
- Investment Co.
- Funds and Fund Service Businesses
- Insurance Business
- Money Service Business

Designated Non-Financial Business Practices (DNFBPs)

- Lawyers
- Accountants
- Estate agents
- High Value Dealers (Auction Houses / Car Dealerships / Jewellers etc)
- Casinos/bookmakers (Online)

Legislation Proceeds of Crime (Jersey) Law 1999 – Article 34D (suspicion of ML – Low threshold).

Jersey Financial Services Commission – Article 23 Money Laundering Order 2008.

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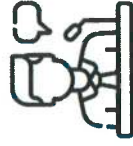


Legislation Change – What this means, and key changes for FIU

1 2 3 4 5



Removes the FIU from within the States of Jersey Police



Operational independence of the FIU




Removes the requirement for the FIU to obtain consent from the Attorney General for the sharing of information outside of Jersey



A new Governing Board, constituted in 2023



FIU Budget is ring-fenced, and funding allocation is within the sole purview of the Director of FIU

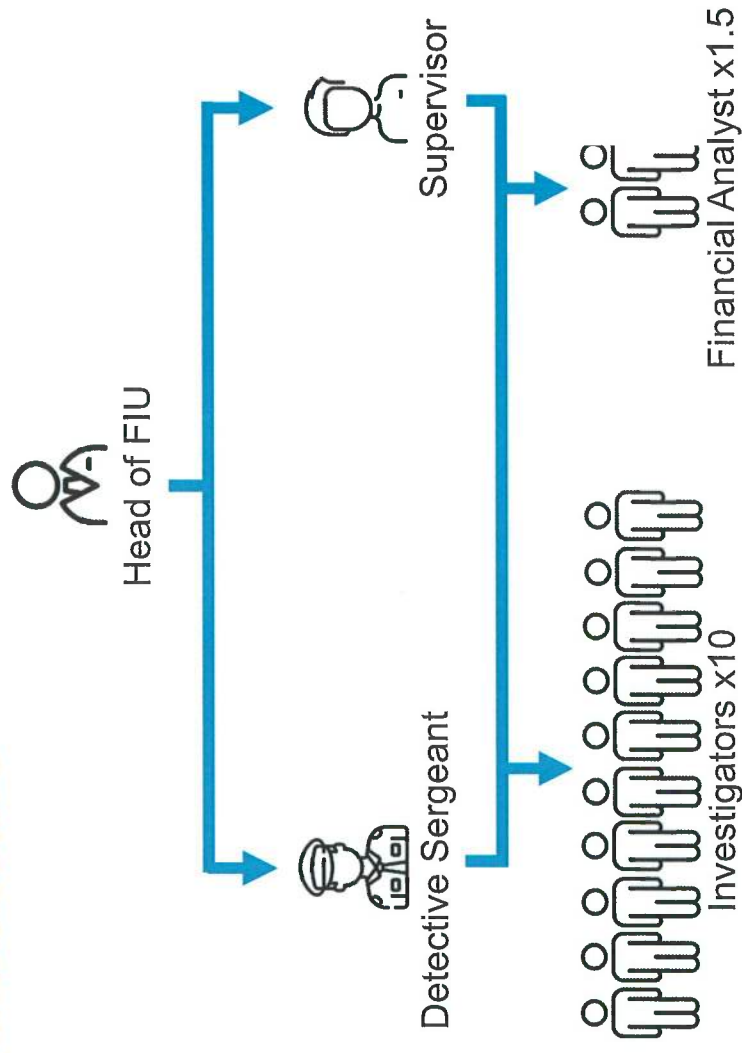
<p>STATES OF JERSEY</p>  <p>Jersey</p> <p>DRAFT PROCEEDS OF CRIME (FINANCIAL INTELLIGENCE) (AMENDMENT) (JERSEY) REGULATIONS 202-</p> <p>Lodged au Greffe on 15th February 2022 by the Minister for External Relations and Financial Services Earliest date for debate: 29th March 2022</p>
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Previous FIU Structure

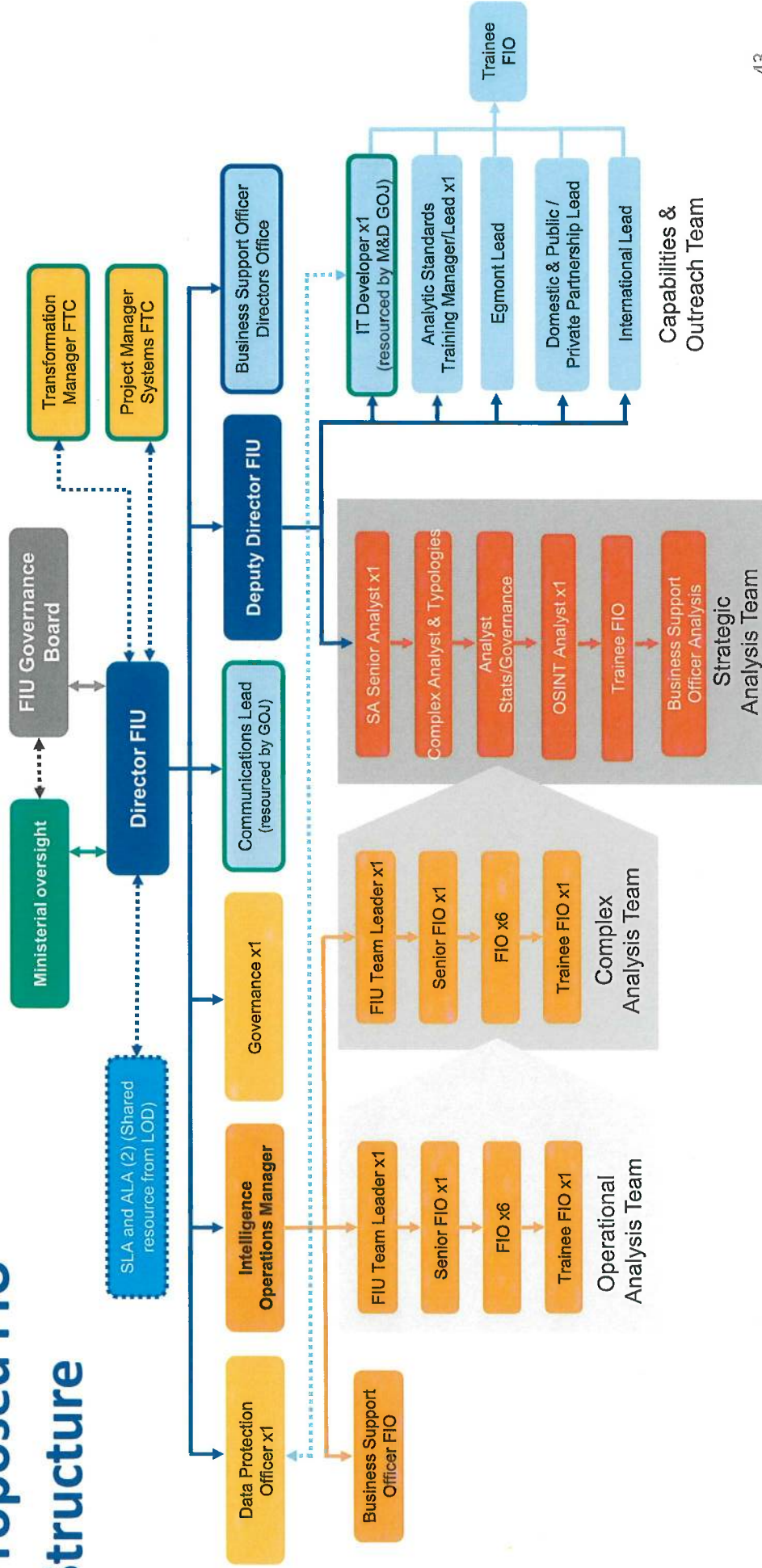


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Proposed FIU Structure



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FIU Planned Transformation 2023 - 2024

People
& Skills

Technology
& Systems

Collaboration &
Partnerships

Processes &
Product

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FIU



Competent Authorities



REVENUE JERSEY



Industry Bodies



Jersey Financial Intelligence Network (JFIN)



JSCCA



UK & International



FIU Statistics

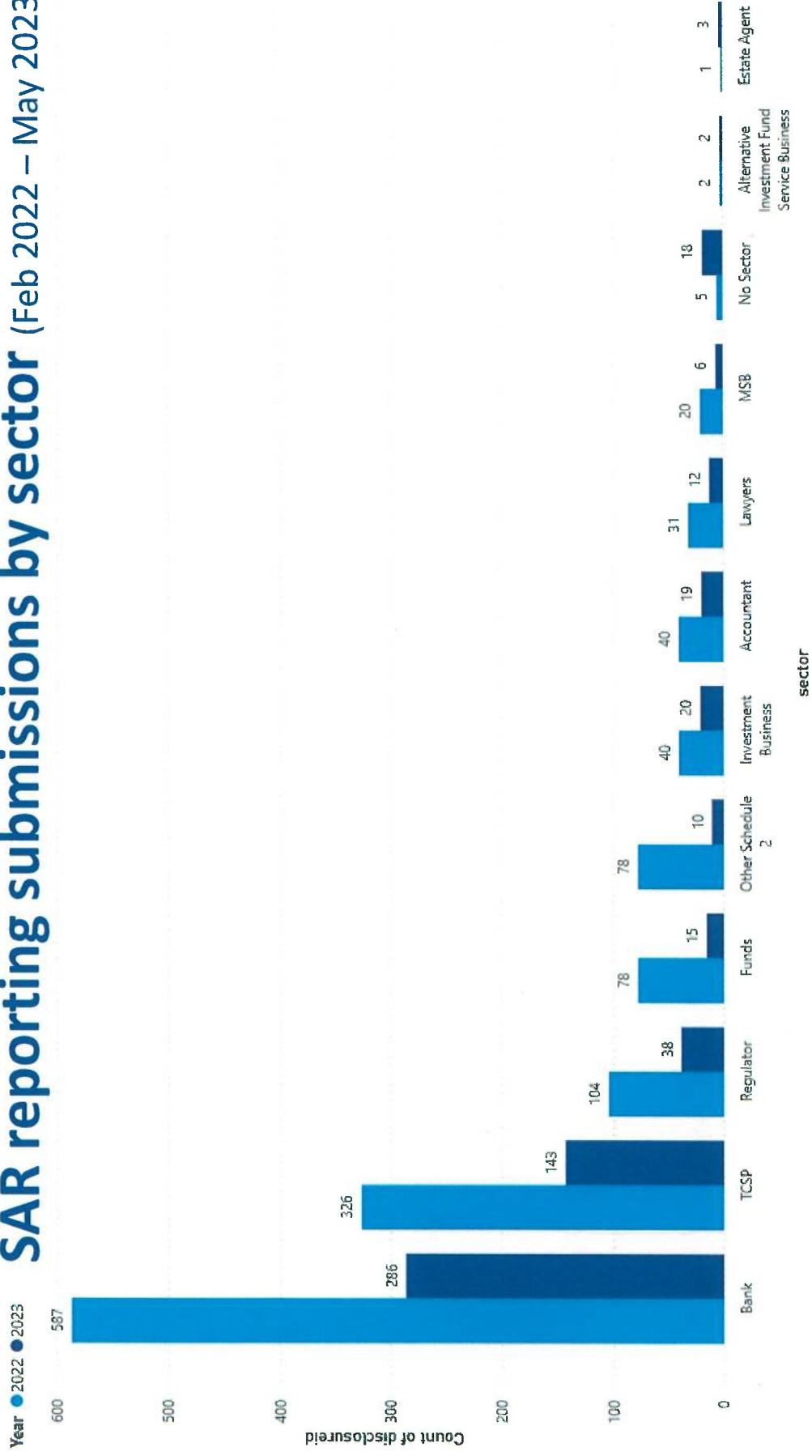
A selected overview of intelligence reporting

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SAR reporting submissions by sector (Feb 2022 – May 2023)



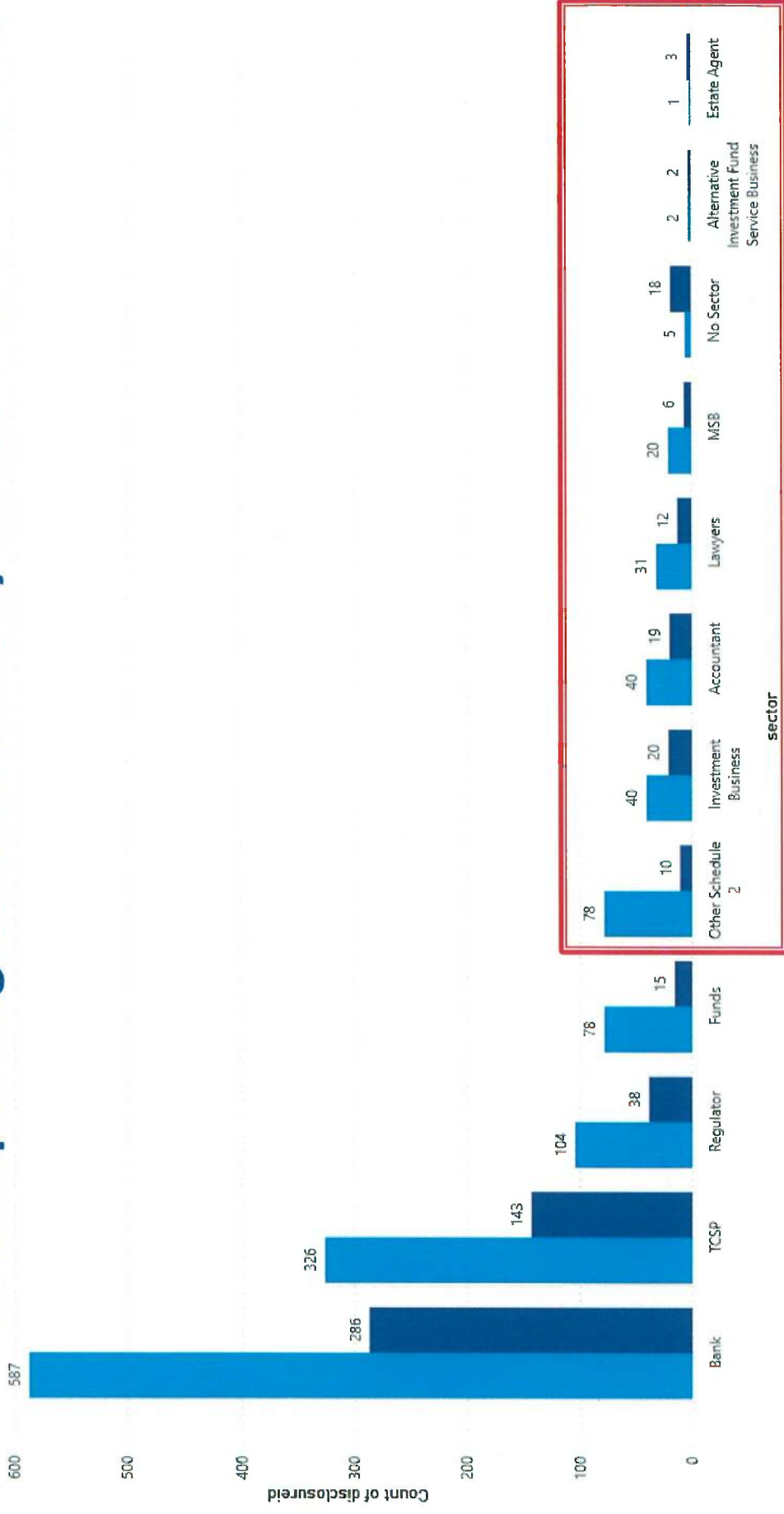
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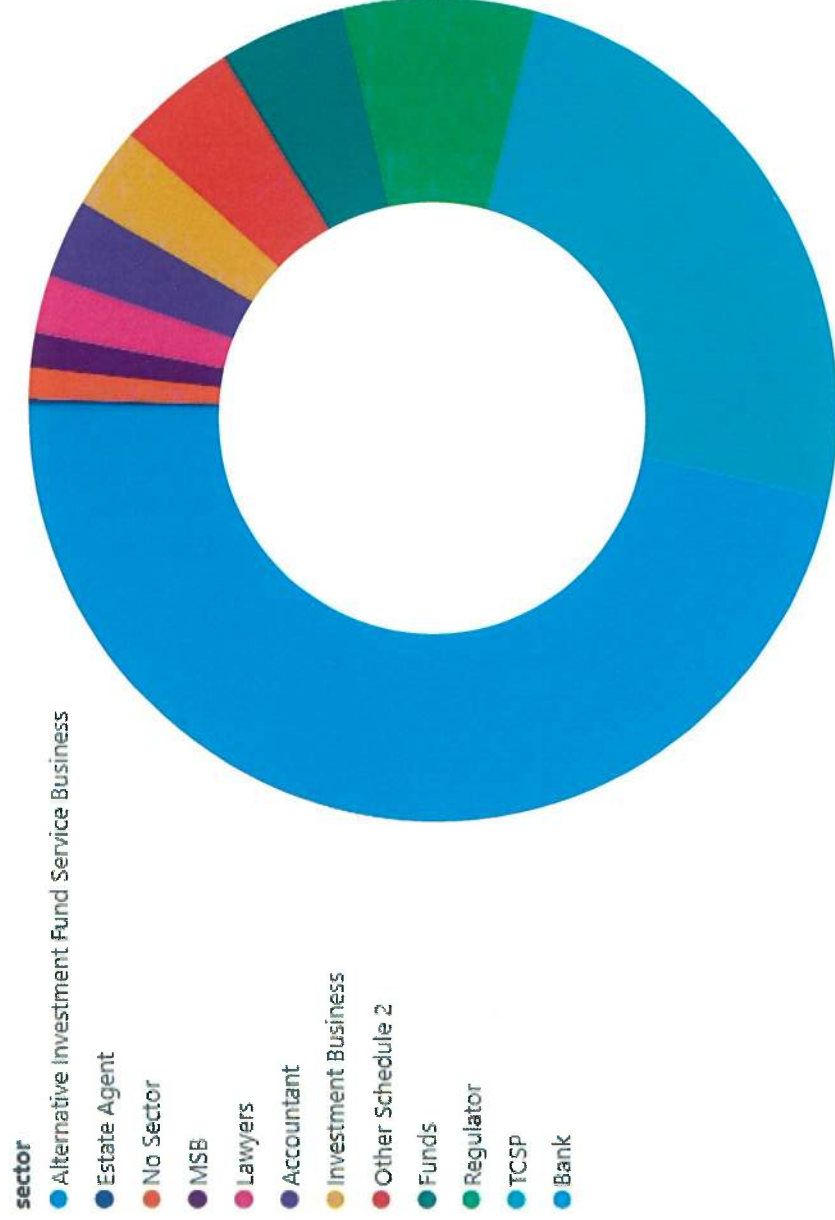


SAR reporting submissions by sector (Feb 2022 – May 2023)

Year ● 2022 ● 2023



SAR reporting key stats by sector (Feb 2022 – May 2023)



10.38%

% of all DNFBP sector SARs submitted

0.27%

Estate agents (5)

2.28%

Legal firms (43)

3.14%

Accountancy companies (60)

4.69%

Other Schedule 2 businesses (88)

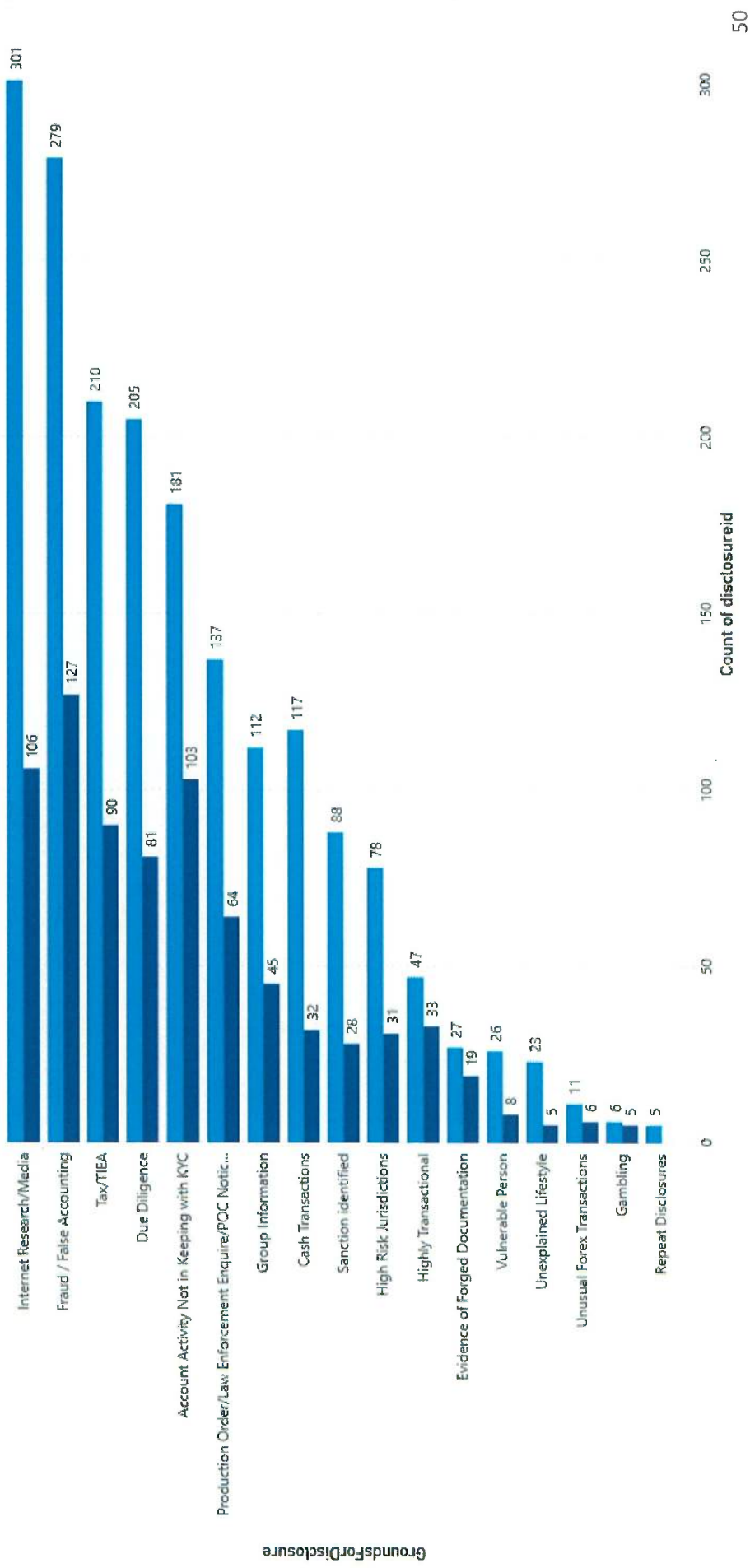
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SAR reason for submission (Feb 2022 – May 2023)

Year ● 2022 ● 2023



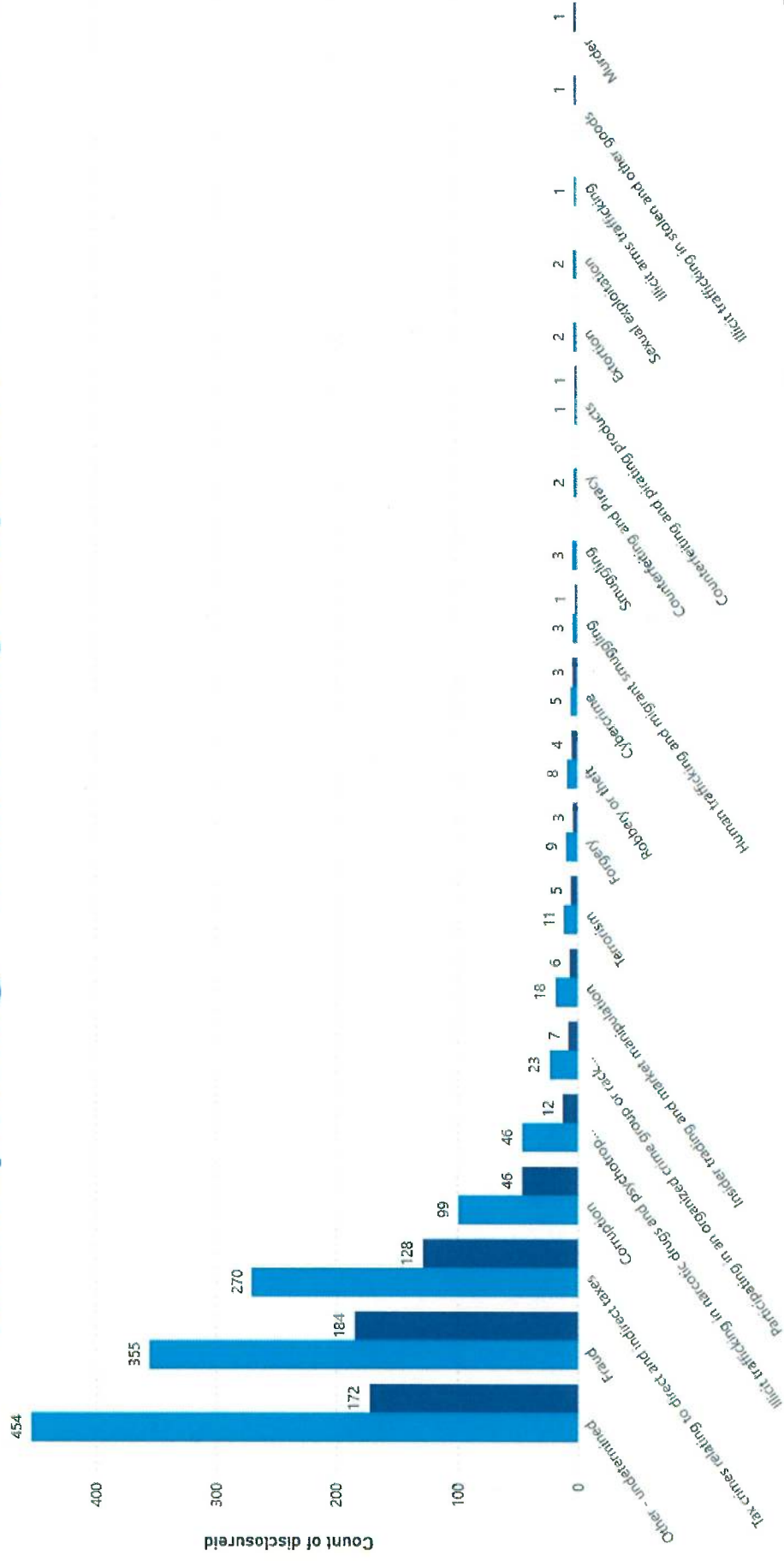
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SAR reporting – criminality suspected (Feb 2022 – May 2023)

Year ● 2022 ● 2023



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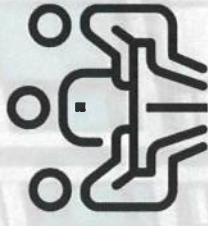
Total value of
assets in Jersey

**£1.3
TRILLION**

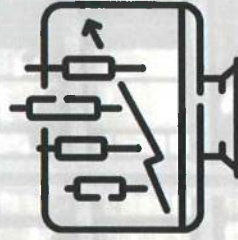
Protecting Jersey's Reputation as an IFC



£133.5 Billion
in banking deposits



£600+ Billion
managed in Private wealth
(Trusts and Foundations)



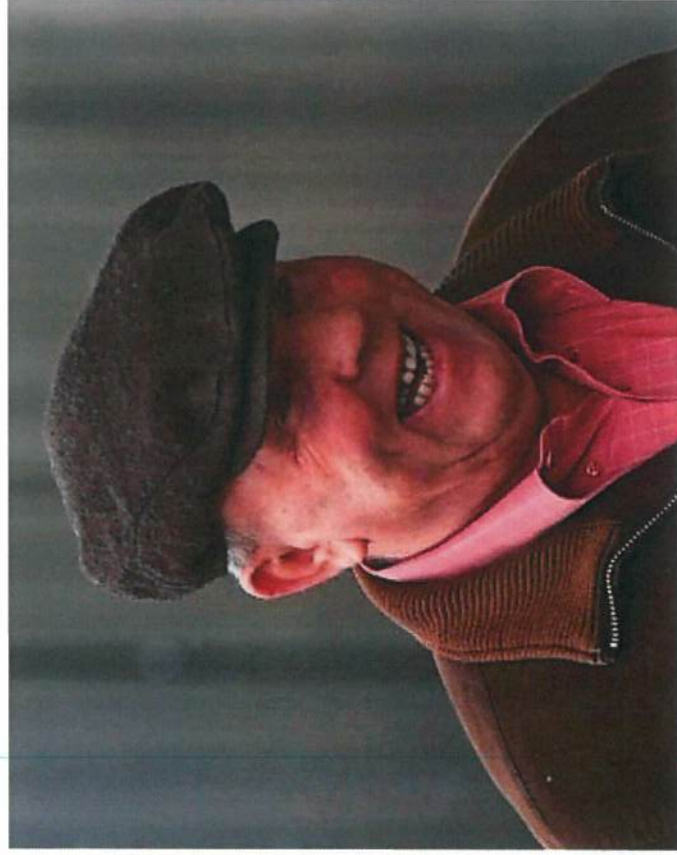
£278.9 Billion
in Capital Markets



£378.1 Billion
in funds under administration

Real Estate markets open to be abused by criminals and terrorists....

FATF – 30% of confiscated criminal assets are real estate



- 2007 FATF Report on Real Estate vulnerabilities
- Transparency International & The Panama Papers
 - £4.4 billion of UK property purchased with suspect wealth
 - Professional Enablers – property, legal & financial services
- UK AML failure fines up
 - 21% by volume of all fines in UK

Vulnerability across the market

- Real & Tangible asset
- Appreciation
- Used as an income
- Can be used/enjoyed
- Stable pricing

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Laundering the proceeds of crime through property purchases – Red Flags



Client Due Diligence

- Where is the client from? Local or overseas investor?
- High-risk jurisdiction, sanctions, or PEP connection?

Reason for property purchase

- Move to Jersey?
- Overseas property investor? – UBO's of property portfolio?

Suspicious

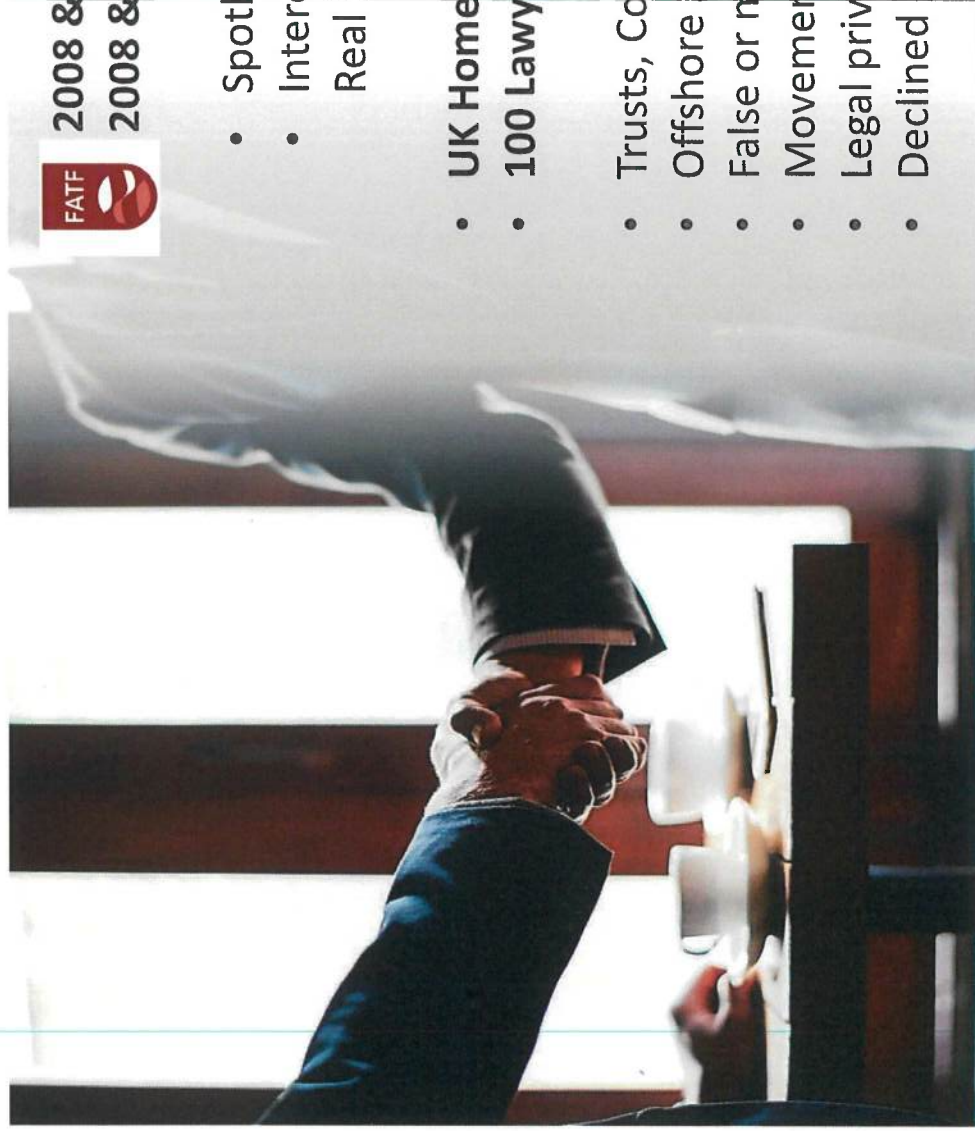
- Cash deposits (layering) – from different accounts?
- SOF/SOW
- Overseas connections & Cross border wire payments
- Use of 3rd party (as purchaser/owner)
- Loan – mortgage and quick settlement
- Under/Over valuation
- Renovation opportunities – growth
- Onward leasing
- Shell, Trust & Company structures
- Reporting declined business

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Vulnerabilities in the Gatekeepers/Professional Enablers sector **Red Flags**



2008 & 2019 reports on Legal Sector
2008 & 2019 reports for Accounting sector

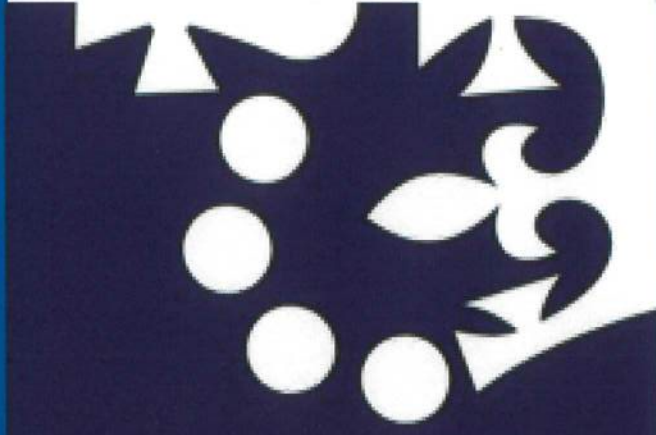
- Spotlight on Corruption “enablers of corruption”
- Interconnectivity across sector - Link to conveyancing and Real Estate
- UK Home Sec: “Jail Lawyer for supporting Kleptocrats”
- 100 Lawyers investigated by NCA for enabling migration crime
- Trusts, Companies & Business Structures
- Offshore structures
- False or manipulated documentation
- Movement of assets
- Legal privilege
- Declined business

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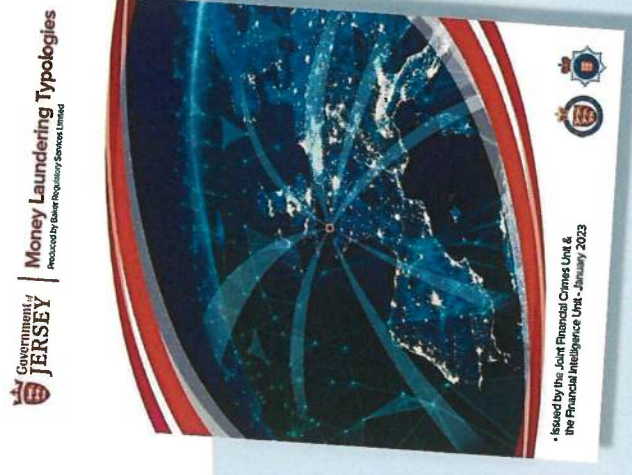
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Register of Overseas Entities



Strategic Intelligence example



- Beneficial owners acting as trustees
- Registered entities to Jersey
- Companies live or struck off?
- How do criminals invest
- How is an IFC/Jersey exposed?

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Filing a SAR

- Responsibility of regulated sector & anyone else
- SAR accuracy
- SAR construction
 - Detail & format importance
 - Where is the predicate crime originating from?
 - Where is the perpetrator (*not the victim*)?
 - Single or multi-jurisdictional?
 - Response to receiving POC notices
- SAR filing
 - Appropriate use of correct reports (SAR's / MIR's / Continuation Reports)
 - Multiple filers
 - SAR feedback



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