

The seal of the Financial Intelligence Agency, Bermuda, is a circular emblem. It features a blue outer ring with the text "FINANCIAL INTELLIGENCE AGENCY" at the top and "BERMUDA" at the bottom. Inside the ring is a yellow field containing a blue silhouette of a hand holding a pen, symbolizing financial reporting or investigation.

**SELECT
FINANCIAL
INTELLIGENCE
AGENCY
CASE STUDY**

**2nd Quarter
2020**

INTRODUCTION

The Financial Intelligence Agency (FIA) is Bermuda's Financial Intelligence Unit (FIU) and was established, in part, to meet recommendations of the Financial Action Task Force, including FATF Recommendation 29 whereby:

“Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly. ”

In carrying out its functions, the FIA collects Suspicious Activity Reports (SAR) from regulated entities and others related to money laundering and terrorist financing as required under Bermuda's Proceeds of Crime Act (POCA).

As part of its FIU functions, the FIA then analyzes the data provided via SARs to uncover activities and patterns that may indicate money laundering, terrorism financing or other related criminal activities. This information is then disseminated as intelligence to local law enforcement and regulators as well as certain international partners.

CASE STUDIES AND INDICATORS

The FIA analyzes hundreds of SARs each year and based upon this information produces dozens of intelligence disclosures each quarter to its local and international partners. The case studies contained in this report are sanitized and representative examples of intelligence cases disclosed by the FIA. As part of the FIA's commitment to the fight against money laundering, terrorist financing and related crimes, the FIA produced this report of case studies to assist reporting entities in identifying and reporting suspicious activity to the FIA.

In general terms, case studies are an analysis of persons, groups, and events which are studied to find underlying principles. The FIA selected the following from report recently provided to the FIA and analyzed during 2020

The FIA has also identified indicators of money laundering / terrorist financing within the case studies. These indicators are generalized underlying principles that have been found by the FIA and our international partners. A list of common identifiers have been compiled and coded into goAML and when filing a SAR, reporting entities are now able to choose from a list of over 100 indicators.

In the context of individual case studies, such as those presented in this document, an indicator can be considered a “Red Flag”. Such a Red Flag could then be used by a reporting entity as a basis for suspicion by a reporting entity.

CASE STUDIES

The following case study illustrates suspicious activity reported to the FIA in the 2nd quarter of 2020.

2020 SECOND QUARTER

Case Study 1

1. [Condo Owner Suddenly Pays Condo Fees with Excess Cash](#) (SAR4863-2021)

In the normal course of managing condominium development, each owner pays quarterly maintenance fees, usually by electronic transfer or cheque. The quarterly fee is \$2500. The owner of one of the units sent the real estate agent an email saying that she had some extra cash that she was trying to use, and that she wanted to pay the next quarterly fee in cash. The owner received approval to pay the fee in cash. When the real estate agent met the owner, he said that he was going to pay for 3 quarters in cash amounting to \$7,503.00. The real estate agency has been managing this condominium development since April 2019 and this is the first time that the owner has not paid electronically.

The cash was counted by the real estate agent, a receipt was given to him, and cash was deposited through the bank into the condo development's BMD and USD bank accounts. The denominations of the BMA currency were \$100, \$50, \$20, \$10, \$5 and \$1 bills. All of the currency bills appeared to be well used except the USD \$1 bills.

Checks of the FIA database identified that the owner was not previously known therein. As a result, disclosures were made to local competent authorities for their awareness.

Red Flags of Suspected Money Laundering Linked to the Financial Profile of the Person/Entity

By understanding the expected activity of a person or entity, it will allow for the real estate agency/agent/broker to better assess the person's or entity's financial activity. According to Canada's Financial Intelligence Unit, FINTRAC, here are some red flags of suspect financial activity as it pertains to the real estate sector:

- The transactional activity (level or volume) suddenly changes and/or is inconsistent with the client's apparent financial standing, their usual pattern of activities or occupational information (e.g. student, unemployed, social assistance, etc.)
- Rounded sum transactions that are atypical of what would be expected from the client.
- Size or type of transactions that are atypical of what is expected from the client.
- Client uses notes, monetary instruments, or products and/or services that are unusual for such a client.
- Client uses multiple accounts at several financial institutions for no apparent reason.
- Client is suspected of using personal funds for business purposes, or vice-versa.
- Client uses multiple foreign bank accounts for no apparent reason.
- Client presents notes or financial instruments that are packed, transported or wrapped in an uncommon way.

- Transaction involves a suspected shell entity (an entity that does not have an economical or logical reason to exist).
- A series of complicated transfers of funds for a deposit that seem to be an attempt to hide the source of the funds.

To learn more about money laundering and terroirs financing indicators that pertain to the real estate agency, please refer to the following webpage from the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC):

https://fintrac-canafe.canada.ca/guidance-directives/transaction-operation/indicators-indicateurs/real_mltf-eng#s10

