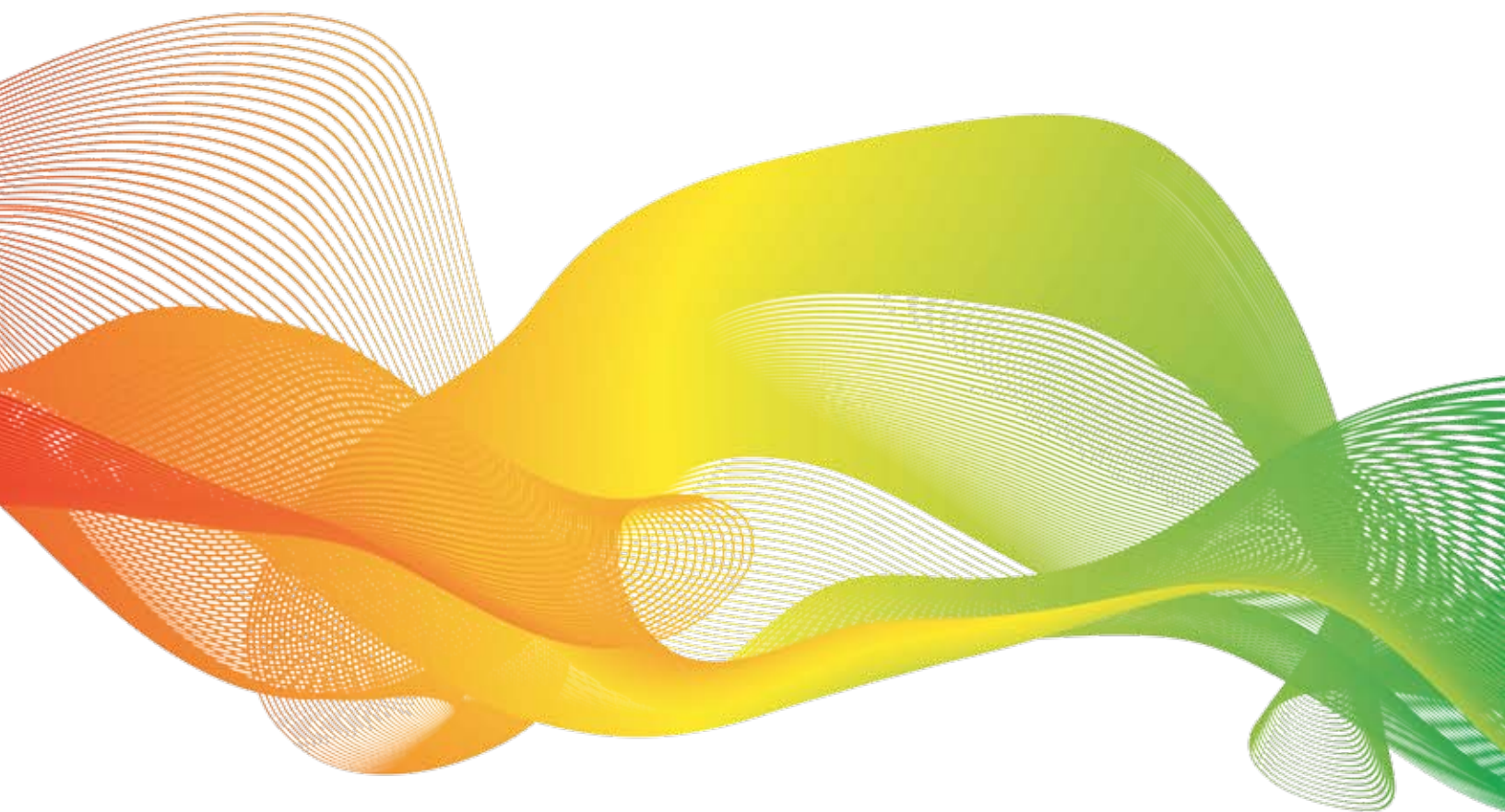


FINANCIAL Intelligence Agency

2014/2015

Annual Report



FINANCIAL Intelligence Agency

2014/2015

Annual Report

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December 2015

Attorney General and Minister of Legal Affairs
Attorney General's Chambers
4th Floor, Global House
43 Church Street
Hamilton HM 12

Dear Minister,

It is with pleasure to submit the Annual Report reviewing the work of the Financial Intelligence Agency for the 1 April 2014 to 31 March 2015.

The Annual Report is submitted pursuant to Section 12 of the Financial Intelligence Agency Act, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sinclair White". The signature is fluid and cursive, with a large loop at the end.

Sinclair White
Director

FINANCIAL INTELLIGENCE AGENCY

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Sinclair White – Director

DIRECTOR'S REPORT

2014/2015

I am honoured to present on the work and accomplishments of the FIA for this reporting period. The FIA has been quite active both locally and internationally as highlighted in this report representing not only this Agency but Bermuda as well.

Since 2013, I have been partnering with the Chairperson of NAMLC in assisting the Registrar General and staff with the Charities Act and the completion of their AML/CFT Supervision and Regulation. This will soon be followed with their Guidance Notes and training by the FIA staff for all charity groups now captured under Bermuda's AML/CFT regime.

It has been recognised that one of the major challenges facing jurisdictions in the AML/CFT regime is the fight against Terrorist Financing. FIA Bermuda and its partners (local and international) are committed to pursuing this matter by sharing information in a timely manner. In February, 2015, the FATF published a report on the Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL) and a news article on the FATF Action on Terror Finance. Both reports will lead to further discussions on the subject later in 2015. FIA Bermuda will be participating in future FIU discussions at the CFATF Heads of FIU Forum and the Egmont Group Working Group Meeting and Plenary with regards to this matter.

The FATF 4th Round Mutual Evaluation (ME) process has begun. As Director of the FIA, I have been monitoring the MEs conducted thus far and read the reports of the countries who have gone through the process under the revised Recommendations and the new Methodology procedures with keen interest, in particular the reviews on the FIUs. Their respective results have made us acutely aware that the forthcoming 4th Round ME for Bermuda is going to be challenging. To ably prepare the FIA for this event, our FIA Team has already commenced the review of our processes so that we are compliant as best as possible with Recommendations 29 and 40, its Interpretive Notes, Immediate Outcome 6 and all other relevant recommendations that will have an impact not only on the FIA, but Bermuda as well. In order that we achieve this goal, the FIA must continue to review its operations, work methods and business to meet the FATF requirements and our country's expectations. We must continue to protect the island's reputation as a leading International Business Center as there are global jurisdictions vying for the same honour.

“Money Laundering and Terrorist Financing has had an impact on the social and economic framework of countries that cannot be underestimated.”

As the FIA continues in its processes in reviewing its Information Technology, an analysis was done on our external communications. This was done as a part of our commitment to the Government of Bermuda in reviewing our annual budget and seeking cost cutting measures. To meet this requirement, a thorough analysis was conducted, resulting in the FIA bundling our internet and phone service provider to reduce cost. In looking ahead and in compliance with Recommendation 29 of the FATF Revised Recommendations and its Methodology, a complete review of our Information Technology and security systems is now in progress.

Money Laundering and Terrorist Financing has had an impact on the social and economic framework of countries that cannot be underestimated. This has been more evident when crimes can be linked to the predicate offences and the proceeds of criminal conduct. FIA Bermuda will remain vigilant and pro-active in our fight against money laundering and terrorist financing through communication, cooperation and coordination of our efforts with our partners and the sharing of the various trends and patterns with all AML/CFT reporting entities.

A handwritten signature in black ink, appearing to read 'S. White', with a large, stylized flourish extending from the end of the signature.

Sinclair H White

Director

WHAT IS MONEY LAUNDERING?

Before this question can be answered, consider the following.

You have been given a million dollars and have been told you have to spend it in a year without bringing attention to yourself.

To make it worse the million dollars given to you is made up of small denominations.

This question has been asked within many FIA presentations and the answers provided are always similar.

- Give it to family to share and deposit
- Spend it all on expensive items
- Spend a little at a time, paying cash for everything
- Travel and spend it overseas

These are just a few of the answers given. What has not been realised is that these answers will be difficult to address without bringing attention to the source of these funds.

Criminals everyday are looking for ways to legitimise their criminal proceeds and not bring attention to themselves.

Money laundering can be described within three phases:-

1. Placement – In short, this is the introduction of cash into the financial system i.e. banks. It can also involve the purchase of expensive high value items that can be sold later close to the original price or can be transported across borders i.e. vehicles, art work, precious metals and stones
2. Layering – This is the undertaking of multiple transactions in an attempt to confuse the audit trail and separate the money from its origin (criminal proceeds). This is done using numerous bank accounts (local and international), shell companies, investment and insurance policies etc.
3. Integration – The laundered funds are now at the final phase and appear to be legitimate personal or business funds. The criminal may have lost approximately 10% of the original total value but no questions are asked as the monies are part of the legitimate economy.

FIA STATISTICS

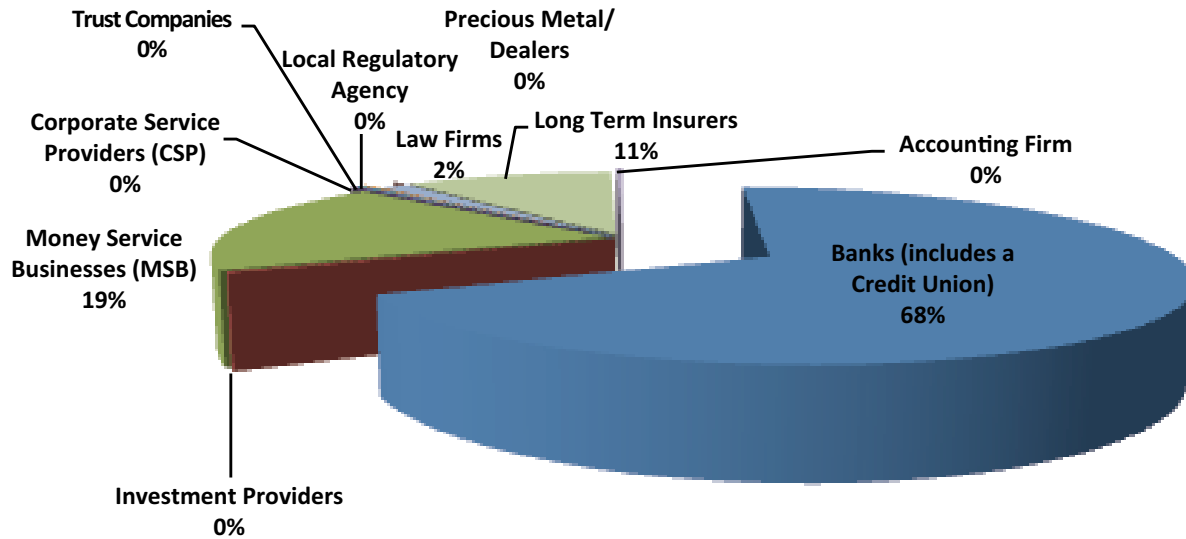
1st April 2014 – 31st March 2015 (the “Reporting Period”)

SARs RECEIVED

This Annual Report represents the sixth full year of reporting for the FIA. This has allowed the FIA to review its data over the past years and provide some insight into the types of SARs being filed, to identify specific trends and patterns, and review the Disclosures that have been forwarded to our partners.

During the 2014 – 2015 Reporting Period, the FIA received **362 SARs** which involved **4144** transactions and a total amount reported at **\$17,389,844,701.00 BMD** dollars. This dollar value is high as some SARs filed involved millions of dollars, however this amount is not a true reflection of the total dollar value under suspicion as it should be more. Due to the Reporting Entities at times filing only some of the suspicious transactions, the total dollar values are used with their analysis but not recorded every time within goAML. Below shows the SARs filed according to Sector:

362 SARs Received



STATISTICS	TOTAL	PERCENTAGE
Banks (includes a Credit Union)	246	68%
Investment Providers	1	0%
Money Service Businesses (MSB)	68	19%
Corporate Service Providers (CSP)	1	0%
Trust Companies	1	0%
Local Regulatory Agency	1	0%
Law Firms	5	2%
Precious Metal Dealers	0	0%
Long Term Insurers	38	11%
Accounting Firm	1	0%

The graph and spreadsheet above show the major contributor of SARs filed during this Reporting Period continues to be the Banks. Following are the MSBs and Long Term Insurers.

Since the commencement of the FIA, and its first full year of reporting in 2009 – 2010, the SARs received totaled **565** and this was with respect to one sector, the MSBs. This Sector filed **359 SARs** at that time. Over the years the total of SARs received fluctuated between **250** and **400 SARs**. What was realised over time was that the quality of SARs filed improved due to increased information within SARs provided by the MSBs that assisted the FIA during its analysis. The training and presentations provided by the FIA also assisted in improved SAR filings. At the same time, some of the SARs filed by certain entities still require improvement as errors have been identified, which can cause delays during analysis.

Also, due to the training and presentations given to new entities, different sectors started to identify suspicious activity within their businesses and filed SARs accordingly. It was evident from the presentations given that many sectors were hesitant to file as they did not have an understanding of money laundering or the role of the FIA.

From the training and presentations given to the Reporting Entities concerning SAR filing, KYC, Money Laundering, Terrorist Financing and the use of goAML, useful policies and procedures have also been introduced to assist the Reporting Entities' staff in identifying and dealing with suspicious activity.

Of concern are the SARs that are being filed defensively. Some Reporting Entities are forwarding the SARs to the FIA after a news article has been released, or after the acceptance of a Section 16 Notice filed by the FIA or a Production Order served on them by the Bermuda Police Service (BPS). The FIA does accept these defensive SARs but we hope to see more analysis being done by the Reporting Entities with regards to their client accounts, which will paint a fuller picture of suspicious activity over a period of time and provide better quality SARs. The data within the databases of the Reporting Entities should be clean and their clients' particulars/information should be updated systematically

During the current Reporting Period, the FIA has rejected 6 SARs that were filed as the information supplied was not suspicious in nature. For example, some Reporting Entities had created duplicate entries or omitted transactional information that would define why the SAR is being filed.

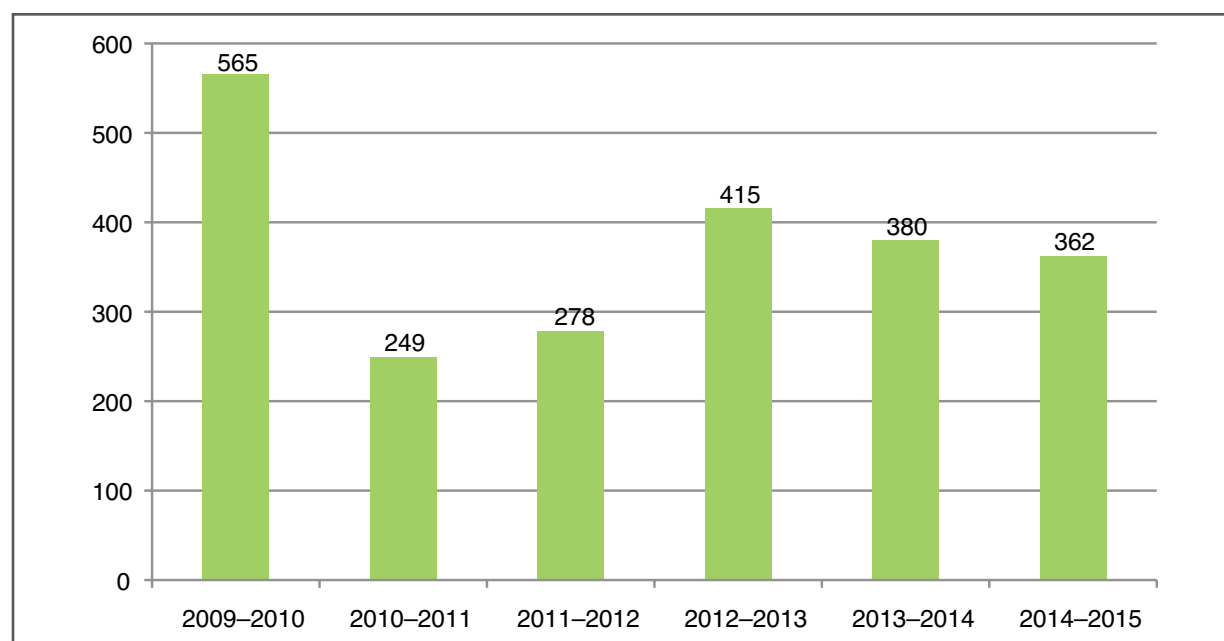
Comparison Chart Summary/Analysis

A review of Chart (1) shows that the total SARs filed during this Reporting Period have decreased slightly from the last two Annual Reports of 2012 – 2013 and 2013 – 2014. This decline in SAR filing can be attributed to a decrease in reporting from two sectors i.e. MSBs and Long Term Insurers. (See Charts (2) and (3)). The MSBs filings decreased by **18%** since the last Reporting Period. The Long Term Insurers have been contributing greatly to the SAR filings with their numbers increasing for the last few Reporting Periods. This Reporting Period (2014 – 2015) saw a decrease in filing by the Long Term Insurers by **15%**. Of note, the Investment Providers have also decreased their filing this period by **87%**, however the SARs this Sector have filed over the last few years are less than 10.

The banks (which include a credit union) have in turn increased their statistics this Reporting Period by **4%**. There has also been a new sector introduced to the FIA and that is the Accounting Firms to which 1 SAR was filed during this Reporting Period.

Below is a Comparison Chart outlining the number of SARs filed with the FIA during the previous reporting periods.

Chart 1 – TOTAL SARs FILED DURING REPORTING PERIODS



In Charts (2) and (3) below, the line graph shows where each entity had provided their largest number of SARs along with their lowest over the previous and current Reporting Periods to date. In Chart (3), the colour “red” outlines the high and the colour “blue” displays the lowest.

Chart 2 – SARs FILED DURING REPORTING PERIODS BY SECTORS

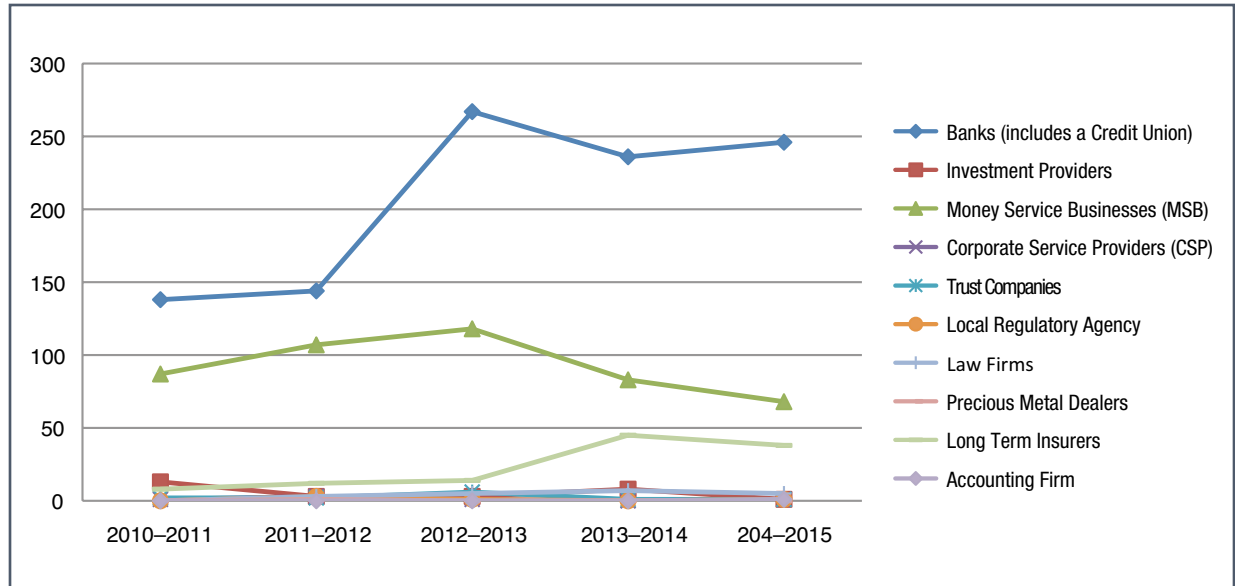
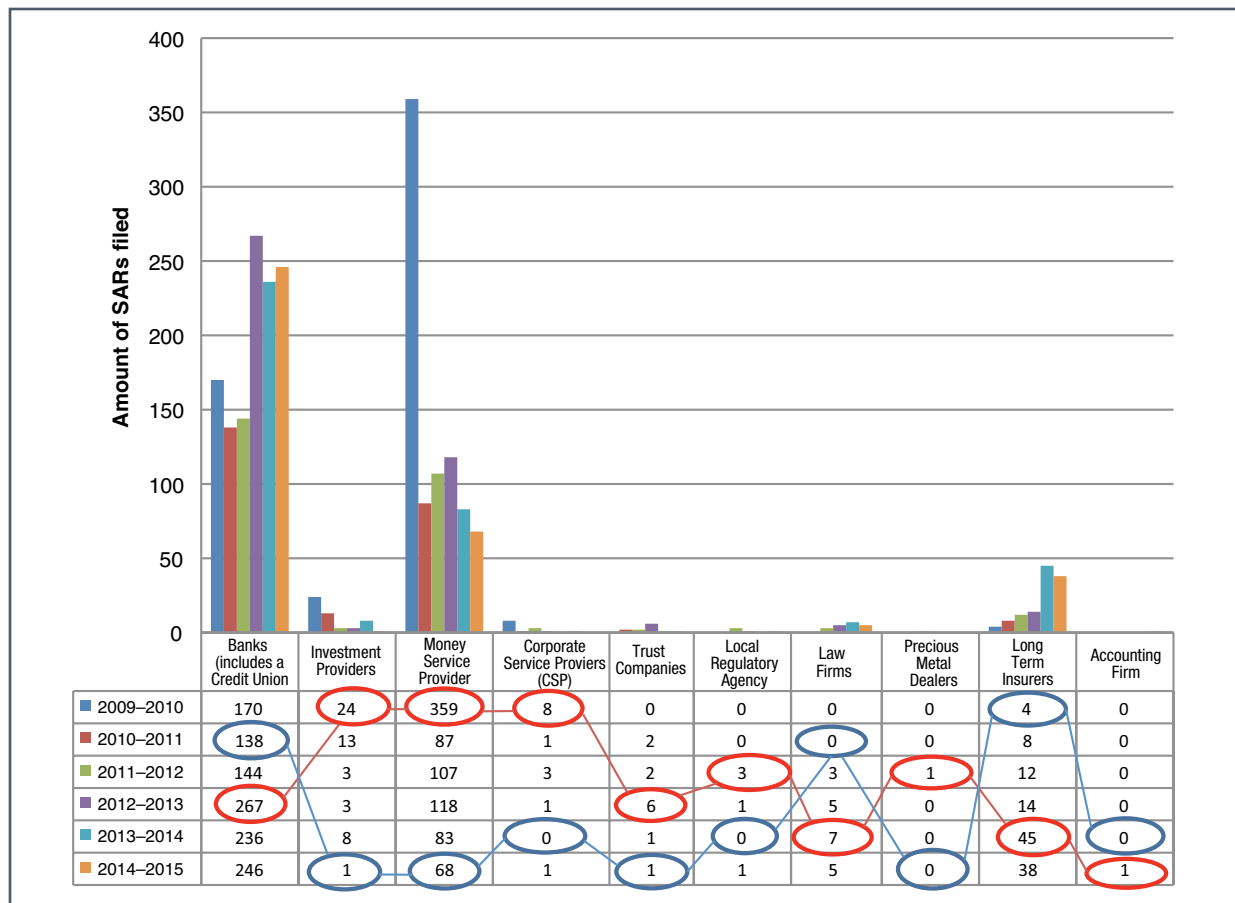


Chart 3 – SARs FILED DURING REPORTING PERIODS BY SECTORS



REPORTING INDICATORS AND TRENDS

SARs filed with the FIA tend to follow one of six (6) main reporting indicators which the FIA have listed as

1. Corruption,
2. Fraud,
3. Money Laundering,
4. Money Laundering/Cash Exchanges,
5. Tax Offences and
6. Terrorist Financing.

During this Reporting Period, the FIA added another major indicator to support SAR filing and this is Insider Trading. During this period, 3 SARs relevant to this indicator were reported to the FIA.

Charts (4) and (5) show the number of SARs filed as it relates to the main reporting indicators. Money Laundering/ Cash Exchanges were filed the most followed by basic Money Laundering and then Tax Offences, which increased drastically by 1933.33%. This increase in the Tax Offences indicators was reflected by the Banks and was influenced by the introduction of Foreign Account Tax Compliance Act (FATCA) in the USA.

Chart 4

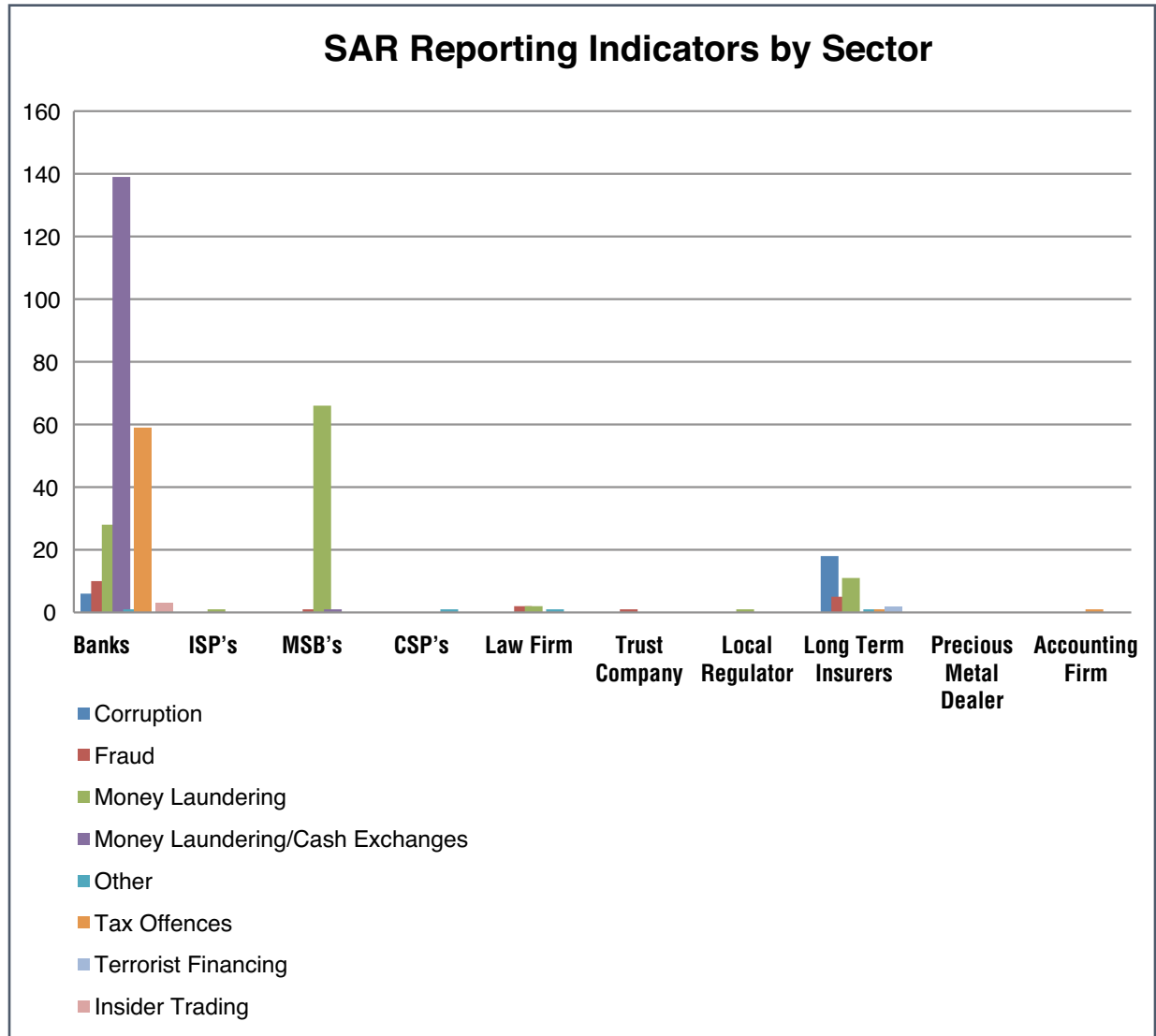


Chart 5

REPORTING INDICATORS	BANKS	ISP'S	MSB'S	CSP'S	LAW FIRM	TRUST COMPANY	LOCAL REGULATOR	LONG TERM INSURERS	PRECIOUS METAL DEALER	ACCOUNTING FIRM
Corruption	6	0	0	0	0	0	0	18	0	0
Fraud	10	0	1	0	2	1	0	5	0	0
Money Laundering	28	1	66	0	2	0	1	11	0	0
Money Laundering/ Cash Exchanges	139	0	1	0	0	0	0	0	0	0
Other	1	0	0	1	1	0	0	1	0	0
Tax Offences	59	0	0	0	0	0	0	1	0	1
Terrorist Financing	0	0	0	0	0	0	0	2	0	0
Insider Trading	3	0	0	0	0	0	0	0	0	0

A summary of two of the reporting indicators highlighted in the SARs filed during this Reporting Period is shown below.

CORRUPTION

The FIA have received **24 SARs** this Reporting Period, that referenced corruption from the Banks (including Credit Union) and Long Term Insurer Sectors totaling in the amount of **\$12,508,073.00 BMD**. This is an increase from the last Reporting Period by **118.18%**. The majority of these SARs were filed as a result of entities conducting due diligence checks after their clients' supplied withdrawal requests from accounts they held and based on relevant publicized media events.

FRAUD

The FIA have received **19 SARs** that reference Fraud from five sectors namely, Banks (including a Credit Union), Law Firms, Long Term Insurers, Money Service Businesses and a Trust Company. The total amount involved was **\$4,465,311.00 BMD**. This increased by **58.33%** since the last reporting period. Within these SARs the following red flags were identified:-

- Non-Bermudian clients
- Failed KYC checks e.g. When opening an account
- Criminal associations
- Numerous allegations and civil lawsuits
- High risk jurisdiction
- False documents
- Inadequate explanations
- Theft
- Defrauding investors
- Phishing – email scams

The FIA have provided supplemental indicators for the Reporting Entities when they are filing a SAR and are to be used to assist in identifying suspicious activity. These do reflect and depend on the type of business of the Reporting Entity. Table A shows a list of the supplemental indicators. This list is not exhaustive as an entity can request to have a suspicious indicator added that relates to their business. Also listed below are the numbers of SARs that reference the indicators noted in this list. Please be aware that each SAR filed can have numerous indicators attached to it depending on the circumstances. At present not every entity that files has being using the indicators list, which is new, but the FIA are expecting that by the next Reporting Period, all SARs will be categorized in order to identify the red flags/suspicious indicators for filing the SAR. See Table (A).

Table A

INDICATOR REFERENCE LIST – SAR REPORTING			
1	Advanced Fee Fraud	0	Human Trafficking
3	Arms/Military	0	Immigration Related
1	ATM	6	Inadequate/Evasive Explanation
1	Bank Tellers	0	Insider Trading
2	Bribery	0	Insolvency Related
1	Cash Exchanges BMD/CAN	6	Investment Related
0	Cash Exchanges BMD/EURO	1	Lending/Loan Related
0	Cash Exchanges BMD/GBP	2	Market Abuse
100	Cash Exchanges BMD/USD	0	Money Transfer
0	Cash Purchase	0	Morality Related
3	Cash: In/Out International	41	MSB
21	Cash: In/Out Local	4	No Source of Funds
0	Charities	0	On-Line/Internet Banking
0	Cheque Related	3	Other
23	Consent Request	16	PEP Foreign
18	Corruption	1	PEP Local
0	Counterfeit Goods	1	Phishing
1	Credit Cards	0	Previous Rejected Transactions
16	Criminal History	0	Proliferation Financing
0	Dormant/Inactive Account	1	Real Estate
1	Drafts/Managers Cheques	0	Sanctions List
3	Drug Trafficking/Activity	2	Securities or Brokerage
1	Early Redemption	29	Smurfing
1	Elder Abuse	0	Stored Value Cards
19	Electronic Transfers	20	Structuring
0	Exact Funds (including Fees)	11	Tax Evasion
1	False Documents	2	Terrorism Related
16	Fraud	4	Theft
1	Gambling: Casino/Other	13	Third Party (sending on behalf of another)
1	Gambling: Internet/On-Line	0	Travel
1	Gang Related	3	Use of Corporate Vehicles
0	Gift Clubs	1	Use of Insurance Products
0	High Risk Country	2	Use of Trusts
0	High risk recipient	6	Watch Lists
1	High Tech Crimes	10	Wires

OTHER SAR FILING INDICATORS

Suspicious Activity Indicators

A review of the SARs filed during this Reporting Period has assisted in identifying other patterns of suspicious behaviour taking place in Bermuda. See listed red flags below:

- Bogus street addresses are used by receivers of funds via MSBs. These addresses were not verified on sender side in Bermuda
- Bermudians sending funds to high risk countries associated with illicit drug trade and terrorist financing via MSBs
- Trust companies believe that they know their clientele and fail to report rejected activity as there is misunderstanding that the FIA only deals with financial transactions and not the activity that surrounds the attempted transactions
- The FIA continue to receive SARs on the same individuals. Eventually one bank or MSB closes these suspect account(s) and the subject opens accounts at another local bank or MSB.
- Young Saver accounts being used to facilitate money laundering
- Source of funds has to be provided at certain thresholds within MSBs – If you are sending too much, you are allowed to send the rest the next day

OVERALL TRANSFERS OF MONIES OUT OF BERMUDA 2014 – 2015

During this Reporting Period, the FIA have received numerous SARs relating to wires (EFTs) to numerous jurisdictions, mainly filed by the MSBs. The total dollar value of wires being sent out of Bermuda totals **\$174,886 BMD**. Again this is only reflective of what has been reported as suspicious. In the chart below, see a summary of the 41 countries identified as recipients of suspect wires:

TOTAL	DESTINATION COUNTRY	TOTAL	DESTINATION COUNTRY
1	Albania	22	Nigeria
2	Antigua And Barbuda	23	Panama
3	Australia	24	Peru
4	Bahamas	25	Philippines
5	Barbados	26	Portugal
6	Belgium	27	Romania
7	Canada	28	Russian Federation
8	Cayman Islands	29	Sierra Leone
9	China	30	Slovakia
10	Denmark	31	South Africa
11	Dominican Republic	32	St Maarten
12	Egypt	33	Switzerland
13	Germany	34	Togo
14	Ghana	35	Tunisia
15	Grenada	36	Turkey

TOTAL	DESTINATION COUNTRY	TOTAL	DESTINATION COUNTRY
16	Guinea	37	Turks And Caicos Islands
17	Honduras	38	Uganda
18	Iraq	39	United Arab Emirates
19	Jamaica	40	United Kingdom
20	Kyrgyzstan	41	United States
21	Malaysia		

CASE STUDIES 2014 – 2015

Case 1

While living overseas between two countries, this Bermudian subject had almost **\$100,000.00 BMD** deposited by multiple and some unknown individuals on his local bank account over a 1 year period. Once funds were deposited, a high volume of ATM withdrawals were made overseas daily despite the high amount of foreign withdrawal fees and taxes exacted. Living expenses and numerous airline payments were noted on his bank statements, suggesting that the subject travels a lot or is purchasing airline tickets for others. Previous suspicious activity reports have been filed on the unusual activity of the subject and his questionable associates, who are linked to the illicit drug trade. The subject is suspected of conducting money laundering via his local bank account, allowing for the withdrawal of funds in the desired foreign currency. This method attempts to avoid the detection and conducting of foreign cash exchanges in Bermuda for money laundering purposes.

Case 2

The subject of Suspicious Activity Reports (SARs) filed over the last few years, was arrested in the USA for importing illicit drugs. SARs filed and checks of their financial activity revealed the following red flags of money laundering that led to the subjects arrest and identified some of their overseas associates:

- They were previously known to the Bermuda Police Service for criminal activity e.g. fraud
- Funds were sent via Money Service Bureaus (MSBs) to countries to which the subject had travelled just prior to their arrest in the USA
- Some of the local savings accounts were closed and some were dormant
- The subject held loans at banks that are in arrears
- The subject travelled often within short periods of time within the year leading up to the arrest

The arrest and SARs filed revealed that the subject was purportedly conducting money laundering on behalf of others as they were being used as a drug and money mule for the illicit drug trade.

Case 3

The subject held an account with low activity for over a year and suddenly attended various branches and ATMs in order to exchange approximately **\$40,000.00 USD** over a six month period. The subject even provided the exact funds needed to cover the costs of the currency and any associated fees. Checks of the financial activity of the subject identified that these cash exchanges were outside of his normal banking activity as there was no evidence of travel or income and the source of funds was unknown. Typically, a sudden surge of in and out banking activity indicates that an accountholder is exchanging funds on behalf of others to conduct the first and second stages of money laundering: placement and layering.

DISPOSITION OF SARs DURING THE REPORTING PERIOD

All SARs received by the FIA are analysed and subjected to an initial review, after which they are either filed for intelligence or assigned to a case for further analysis and potential disclosure to the FIA’s partner agencies.

During the Reporting Period **362 SARs** were received. **204 SARs**, or **56 %**, were filed for intelligence purposes and **158** or **44 %** were attached to a case and assigned to an analyst for potential disclosure.

The difference between the SARs that are initially filed and the SARs that are disclosed is due to the fact that although a SAR may be filed for intelligence after receipt, when new information comes to light, that filed SAR may be attached to or used to start an intelligence case and assigned for analysis. This new information may come from a later dated SAR, open source intelligence (OSINT) or Section 16 information/intelligence

GATHERING POWERS

As it relates to the FIA utilising its gathering powers under Section 16 of the FIA Act, **571 “Notice to Provide Information”** letters were sent to **18** separate entities during this Reporting Period. This power is only utilised when the FIA have escalated a SAR to be a case requiring further analysis.

DISCLOSURE STATISTICS

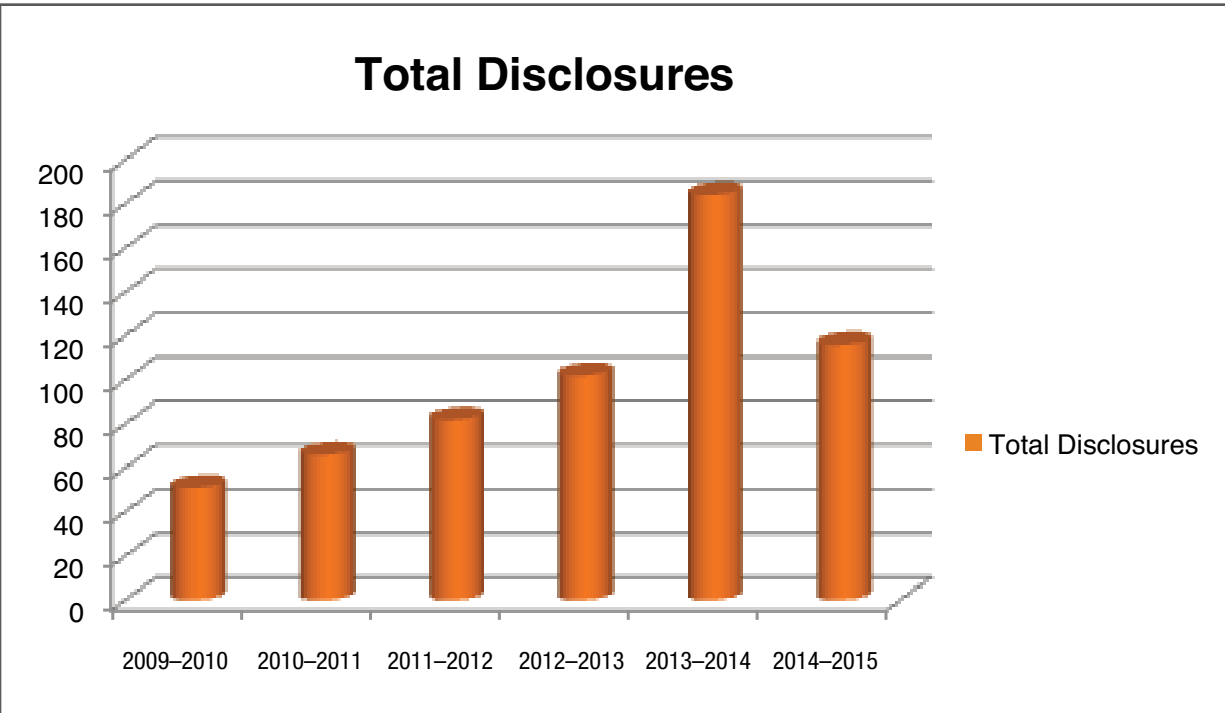
During this Reporting Period, the FIA made **116 disclosures** of classified information/intelligence to local and foreign partners. These disclosures consisted of information received by the FIA via SARs (**274 SARs** were disclosed); information/intelligence obtained by the FIA further to its information gathering powers under Section 16 of the FIA Act, and OSINT. Most importantly, all of these disclosures contained analysis conducted by the FIA’s staff in our efforts to provide useful intelligence to the FIA’s local and foreign partners.

Charts below compare the total Disclosures and SARs utilised between this Reporting Period and the FIA Annual Report for 2013 – 2014.

STATISTICS	2ND QUARTER 2014	3RD QTR 2014	4TH QUARTER 2014	1ST QUARTER 2015	2014 – 2015 TOTAL
Disclosures Made by FIA	23	21	32	40	116
SARs Disclosed	53	51	72	98	274

STATISTICS	2ND QUARTER 2013	3RD QTR 2013	4TH QUARTER 2013	1ST QUARTER 2014	2013 – 2014 TOTAL
Disclosures Made by FIA	35	55	63	31	184
SARs Disclosed	56	78	156	64	354

The following chart over page illustrates the disclosures per quarter and the total for each of the last 4 Reporting Periods and current Reporting Period.



INTERACTION WITH FOREIGN FIUS

During the current Reporting Period, the FIA received **35** Incoming Requests for Information (IRI) from foreign FIUs listed in the following table. See Map outlining the jurisdictions submitting IRIs.

Europe	North America	South America	Africa	Asia	Oceania
Austria – 1	Canada – 1	Argentina – 1	Nigeria –1	Bahrain – 1	New Zealand – 3
Belgium – 1	Panama – 2			Israel – 1	
Croatia – 1	United States of America – 10			Korea – 2	
Cyprus – 1	Turks & Caicos Islands – 1			Sri Lanka – 1	
Italy – 1					
Isle of Man – 1					
Jersey – 1					
France – 1					
Serbia – 1					
United Kingdom –2					

Map of Incoming Requests



In keeping with EGMONT FIU agreements, the FIA considers all IRIs from foreign FIUs as containing classified information.

In addition to responses to requests made by other entities to the FIA, the FIA also made a number of spontaneous disclosures of information to foreign partners. Of the **116** disclosures made by the FIA during the current Reporting Period, **16** of the disclosures were made to foreign FIUs, which are listed below.

COUNTRY FIU		
Bahamas	Montenegro	Turks and Caicos
Belgium	New Zealand	United Kingdom
Israel	Serbia	United States of America

QUALITY ASSESSMENT OF SARs FILED

Countries are required by the FATF to establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of: (a) suspicious activity reports (SARs); and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis to various law enforcement authorities.

To effectively carry out these functions, FIUs 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.

The importance of reporting suspicions cannot be overstated. Not only is it a legal requirement for every person in Bermuda to report their suspicions when they come across information in the course of their business and/or, trade of employment, it helps to protect the reputation of that institution. Most importantly, it helps protect persons from unfounded allegations of assisting criminals, including terrorists in money laundering and the financing of terrorist activities. It also enables authorities to investigate money laundering, terrorist financing and other financial crimes.

Commencing the analysis of any SAR requires an assessment of all relevant data to determine the Who? What? When? Where? Why? and How? It is vital that all of this information is provided with every SAR as this hampers the commencement of analysis resulting in unnecessary delays.

The FIA has conducted a quality assessment of the SAR filings during this Reporting Period. This assessment has highlighted the following number of errors and omissions with SAR filings which have impeded the FIA's ability to conduct timely and accurate analysis.

- Lack of updated KYC for bank customers e.g. dates of birth unknown
- Bermuda identification instruments with misspelled and incorrect names and incorrect dates of birth
- Accounts opened at various banks in different names due to incorrect Bermuda identification instruments
- Information provided electronically via XML does not always match what is submitted in hard copy by banks. As a result, hard copies are still required in order to verify that correct information has been manually inputted.
- Reluctance of Reporting Entities to respond to FIA Section 16 Notices unless the Notice was provided in the "incorrect name" of the customer that held an account at the institution for compliance reasons
- Voluminous errors with SARs manually inputted via goAML e.g. Misspelled names and incorrect dates of birth
- Attempted activity is reported electronically as completed activity e.g. when a transaction is rejected via a MSB, it is being entered as a completed transaction, adding to the total amount of suspect transactions conducted
- Institutions not informing FIA that compliance officers no longer work at that institution as they still have access to goAML
- MSBs submit transactions with the sender's date of birth as unknown
- Electronic XML submissions having mapping issues: USD withdrawals showing as BMD
- Delayed responses to Section 16 Notices

The FIA will continue to work with the Reporting Entities to assist in addressing these types of errors and omissions to ensure that they are able to file robust SARs and respond to Section 16 notices in a timely manner.

INVOLVEMENT WITH THE EGMONT GROUP

Members of the FIA continue to be actively involved within various work of the Egmont Group. The Director is the Co-Regional Representative for the America's Region which in turns provides him with a seat in the Egmont Committee. He continues to be an active member of the Training Working Group. The Senior Legal Counsel is the Vice-Chair of the Legal Working Group (LWG). The Director is also a member of the Egmont Financial Reference Group (FRG) which reviews Egmont's Annual Budget, Contribution Matrix and other financial matters for submission and recommendation to both the committee and Heads of FIU's (HoFIUs).

The Senior Legal Counsel has been actively involved in finalizing the Egmont Group's Support and Compliance Process which was finalised and approved by the Egmont Group during 22nd Egmont Plenary in Peru. She was recognized in the Plenary for this work and her long-standing commitment to the Egmont Group and was presented with a Certificate of Appreciation.

The Senior Legal Counsel took part in training sessions at the 22nd Plenary where she was part of panel, discussing the roles that FIUs play in conducting National Risk Assessments.

During the Working Group Meetings held in Berlin, Germany in January 2015, the Senior Legal Counsel took on the role as Acting Chair of the Legal Working Group.

The Senior Legal Counsel has been an active member of the Egmont Group's Task Team that was formed during the 22nd Plenary with the purpose of developing an implementation plan for the Egmont Group's 2014-2017 Strategic Plan. This work has necessitated a complete review of the way in which the Egmont Group carries out its work. These works have been realigned so that they compliment the Strategic Plan. It is hoped that this Implementation Plan will be approved during the 23rd Plenary taking place in June 2015 in Barbados. The difficult work will of course begin after the 23rd Plenary to see Egmont through its transition to its new Working Group structure.

From January 2015, the Egmont Group reviewed its regional footprint so that it was better aligned with the Global FATF Style Regional Bodies (FSRBs). Election for Regional Representatives under this new Egmont Regional footprint took place during the Berlin Working Group meetings. The Director of the FIA was re-elected as the English Speaking representative for the America's region. He is co-joined by a representative from Argentina FIU, who is the Spanish speaking representative for the America's region

INVOLVEMENT WITH THE CARIBBEAN FINANCIAL ACTION TASK FORCE (CFATF)

The Director, as a part of the Bermuda Delegation continues to be actively involved with the CFATF Steering Group Committee (SGC) along with the Chairman of Bermuda's National Anti-Money Laundering Committee. He was recently appointed to the Human Resource sub-committee of the SGC. The Steering Group is an advisory committee to the Chair, Plenary and the Council of Ministers on a variety of policy matters and issues and also to the Secretariat on any matters related to the administration of the Secretariat or policies which for practical reasons cannot be dealt with by all Members or where the responsibility has been delegated by Plenary or the Council, as appropriate. The Director is an Advisor on the Accreditation Council which will select and approve accreditation for all trained FIU Analysts, Investigators and Regulators once they have completed their respective training courses.

As the Egmont Group Co-Regional Representative for the America's Region, he has delivered presentations at the CFATF Heads of FIU forum on the revised Egmont Charter; The Egmont Principles on Information Exchange and the Support and Compliance Procedure; and the Egmont Strategic Plan. He also participated in a presentation addressing best practices in securing FIUs and their respective IT systems.

In April 2014, the Director attended the first annual Regional AML/CFT Conference held in The Bahamas. Presentations and discussions were on what the Assessing Bodies are expecting from the Public/Private Sectors during the 4th Round of Mutual Evaluation Assessments, which commence in the America's region January, 2015. The focus was on Money Laundering and Terrorist Financing Risks (Threats, Vulnerabilities and Consequences) and context factors (Countries Economic and Financial Situation, Structural Elements and other contextual factors). The two day Conference clearly articulated the importance and role that all FIUs will play in their country's future assessment. CFATF Members have re-affirmed to collaborate, communicate and co-operate with each other on anti-money laundering, terrorist financing and proliferation financing and be fully prepared for the 4th round of mutual evaluations.

In November 2014, the Director and the Permanent Secretary of Tourism and Transportation attended the Caribbean Gaming Regulation forum in Miami. Participants were key stake-holders from the Caribbean and Central American Regions, representing FIUs, Gaming Commissions and Regulators. Topics discussed were not limited to channels of communication, jurisdictional legal framework and the sharing of information. It is envisaged that an association of gaming regulators will be set to foster good communication, information sharing and better cooperation between the various stakeholders. It is hoped that these meetings will take place on an annual basis.

TRAINING

The FIA continue to provide training relating to the use of goAML, SAR reporting and money laundering/terrorist financing topics. These presentations have been made to local Banks, Money Service Business, Trust Companies, Local Regulators and Auto/Marine Dealerships. Meetings have also taken place with High Value Dealers to ensure that they are fully aware of the reporting requirements under the Proceeds of Crime legislation.

Whilst the training budget for FIA staff has regrettably been temporarily suspended due to financial constraints, the FIA has been able to secure opportunities for some of its staff to take part in locally held training sessions and informative conferences/forums. In January 2015, one staff member took part in Public Sector Accounting Board (PSAB) training for two days that was hosted by the Office of the Accountant General. Also in January, FIA staff members attended a two-day Bribery Forum hosted by Government House. As a result of this seminar, an Inter-Ministry Working Group has been established chaired by the Chairperson of NAMLC. The purpose of this group is to identify the gaps in Bermuda's laws and to facilitate the updating of the laws so that Bermuda can become compliant with the Organisation for Economic Co-operation and Development (OECD) Bribery Convention and the United Nations Convention Against Corruption and also so that both conventions can be extended to Bermuda.

In February 2015 two staff members attended a Public Access to Information (PATI) information session hosted by the Bermuda Police Service (BPS). At the end of March, two staff members attended a two-day PATI training session for Public Authorities.

Our IT staff attended an information session with relevance to data security hosted by IBM.

MEETINGS

The Head of Analysis met with the Bermuda Bankers Association Compliance to discuss matters of concern, namely trends, SAR reporting and other matters. Meetings have also taken place with KPMG to address future training for Money Laundering Reporting Officers (MLRO's) and DNFBP's. The Director has also had face to face meetings with the High Value Dealers and Dealers in Precious Metals and Stones. The information gathered will hopefully provide a solution as to how best to regulate these two remaining sectors.

The FIA continues to have monthly and quarterly meetings with our partners, i.e. BPS and local Supervisors/Regulators, to discuss matters of concern, paving the way for a more fluent and conscientious dialogue on matters concerning AML/CFT.

LIST OF ABBREVIATIONS

AML/ATF	Anti-Money Laundering/Anti-Terrorist Financing
ACAMS	Association of Certified Money Laundering Specialists
BMA	Bermuda Monetary Authority
BMD	Bermuda Dollar
BPS	Bermuda Police Service
CAMS	Certified Money Laundering Specialist
CFATF	Caribbean Financial Action Task Force
CSP	Corporate Service Provider
CUSTOMS	H.M. Customs
EGMONT	The Egmont Group of Financial Intelligence Units
EFT	Electronic Funds Transfer
FATF	Financial Action Task Force
FIA	Financial Intelligence Agency
FIU	Financial Intelligence Unit
IMF	International Monetary Fund
IRI	Incoming Requests for Information
KYC	Know Your Customer
MER	Mutual Evaluation Report
MOU	Memorandum of Understanding
MSB	Money Service Businesses/Bureau
NAMLC	National Anti-Money Laundering Committee
POCA	Proceeds of Crime Act 1997
RFI	Request for Information
SAR	Suspicious Activity Report
UNODC	United Nations Office on Drugs and Crimes
UK	United Kingdom
USA	United States of America
USD	U.S.A. Dollar

