



CASE STUDY

Incoming Request for Information
involving Drug Smuggling

Q3 2023

Introduction

The Financial Intelligence Agency (FIA) is Bermuda's Financial Intelligence Unit (FIU), established in part to meet the recommendations of the Financial Action Task Force (FATF), including FATF Recommendation 29, which calls for countries to establish an FIU that serves as a national centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences, and terrorist financing, and for the dissemination of the results of that analysis.

In carrying out its functions, the FIA collects Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs) from regulated entities and others, as required under Bermuda's Proceeds of Crime Act (POCA). The FIA then analyses the data provided to uncover activities and patterns that may indicate money laundering, terrorism financing, or other related criminal activities. This intelligence is disseminated to local law enforcement, regulators, and certain international partners.

About Case Studies

Case studies published by the FIA are sanitised, representative examples of intelligence cases disclosed by the FIA during the reporting period. As part of the FIA's commitment to the fight against money laundering, terrorist financing, and related crimes, case studies are produced to assist reporting entities in identifying and reporting suspicious activity.

Indicators and Red Flags

The FIA has identified indicators of money laundering and terrorist financing within its case studies. These indicators are generalised underlying principles identified by the FIA and its international partners. A list of common identifiers has been compiled and coded into the FIA database. When filing a SAR, reporting entities are able to choose from a list of over 100 indicators. In the context of individual case studies, an indicator can be considered a "Red Flag" which could serve as a basis for suspicion by a reporting entity.

Case Study: Incoming Request for Information Involving Drug Smuggling

STR Details

The FIA received a request for information from a foreign FIU regarding 33 subjects at the request of a Special Prosecutor's Office. According to reporting, active police officers in a foreign jurisdiction were believed to be part of a criminal enterprise directly involved in high-volume drug smuggling and cigarette smuggling. Bank accounts were opened in undisclosed destinations with deposits of EUR \$48 million reportedly originating from drug smuggling.

FIA Analysis

The FIA advised via response disclosure that checks of its database were conducted for all listed subjects and none were known in Bermuda.

Red Flags

- Large cash deposits or withdrawals inconsistent with the customer's profile.
- Structuring of transactions to avoid reporting thresholds.
- Rapid movement of funds between accounts, especially involving foreign banks.
- Involvement of third parties in transactions without a clear business reason.
- Transactions involving countries known for drug trafficking.
- Unexplained or sudden increase in wealth without a clear source.
- Adverse media identifying law enforcement involvement in criminal enterprises