



# THE FINANCIAL INVESTIGATIONS DIVISION

A DIVISION OF THE MINISTRY OF FINANCE AND PLANNING

## ANNUAL REPORT

Fiscal Years 2011-12





## Vision

*To be an effective financial intelligence and investigation organisation that delivers quality products and services and contributes to financial and national security.*

## Mission

*To contribute to the national security of Jamaica by providing quality financial investigations which support the Government of Jamaica's strategic priorities.*

## Purpose

*To investigate and facilitate the prosecution of Financial Crimes through qualified, motivated staff utilizing innovative investigative techniques, and state of the art technology.*



## TABLE OF CONTENTS

### Table of Contents

|  |    |
|--|----|
| MESSAGE FROM THE CHIEF TECHNICAL DIRECTOR.....   | 6  |
| 1.0 INTRODUCTION.....  | 8  |
| BACKGROUND.....  | 8  |
| DIVISION'S AIMS AND OBJECTIVES.....  | 8  |
| LEGAL REQUIREMENT FOR THE ANNUAL REPORT.....   | 9  |
| 2.0 REGULATORY FRAMEWORK.....  | 10 |
| LEGISLATION.....   | 10 |
| ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM (AML/CFT) REGIME.....                 | 11 |
| FINANCIAL ACTION TASK FORCE (FATF).....  | 11 |
| CARIBBEAN FINANCIAL ACTION TASK FORCE (CFATF).....   | 12 |
| ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT) STEERING GROUP<br>..... | 12 |
| THE EGMONT GROUP.....  | 13 |
| 3.0 INTERNATIONAL COOPERATION.....   | 13 |
| 4.0 OUR ORGANISATION.....  | 14 |
| STRUCTURE.....   | 14 |
| EXECUTIVE OFFICE.....  | 15 |
| FINANCIAL INTELLIGENCE UNIT (FIU).....   | 15 |
| PROFILING SECTION.....   | 16 |
| ANALYTICAL SECTION.....  | 16 |
| FEEDBACK AND OUTREACH.....   | 16 |
| FINANCIAL CRIMES INVESTIGATION UNIT (FCIU) and.....  | 17 |
| ASSET MANAGEMENT UNIT (AMU).....   | 17 |
| CONSTABULARY FINANCIAL UNIT (CFU).....   | 19 |
| LEGAL SERVICES UNITS.....  | 20 |
| INFORMATION TECHNOLOGY UNIT (ITU).....   | 21 |
| PLANNING AND ADMINISTRATIVE SERVICES UNIT (PASU).....                                      | 22 |

|   |    |
|---|----|
| 5.0 STATISTICS.....   | 23 |
| SUSPICIOUS AND THRESHOLD TRANSACTION REPORTS RECEIVED.....              | 23 |
| SUBMISSION OF STRs BY TYPES OF FINANCIAL INSTITUTIONS.....              | 23 |
| SUBMISSION OF TTRs BY FINANCIAL INSTITUTIONS CATEGORY .....             | 24 |
| COMPLIANCE RATE OF FINANCIAL INSTITUTIONS.....                          | 25 |
| REQUESTS FOR CONSENT .....  | 26 |
| DISCLOSURES GENERATED FROM STRs/TTRs TO LAW ENFORCEMENT .....           | 26 |
| CRIMINAL ACTIVITIES IDENTIFIED IN DISCLOSURES FROM STRs/TTRs.....       | 27 |
| INTERNATIONAL TRANSPORTATION OF CURRENCY (CROSS BORDER) REPORTS.....    | 27 |
| QUANTITY OF REPORTS PROCESSED.....                                      | 28 |
| NUMBER OF FINANCIAL CRIMES CASES INVESTIGATED FOR THE YEAR 2011-12..... | 28 |
| CFU ACTIVITIES 2011-12 .....  | 29 |
| CASH SEIZURES.....  | 29 |
| CIVIL RECOVERY INVESTIGATIONS.....                                      | 30 |
| JUDICIAL ORDERS.....  | 31 |
| FINANCIAL STATEMENTS .....  | ii |
| March 31, 2012.....   | iv |

## MESSAGE FROM THE CHIEF TECHNICAL DIRECTOR

As the Chief Technical Director, it gives me great pleasure to present the Financial Investigations Division's (FID) inaugural Annual Report for the fiscal year 2011-12.

The international community has made the fight against money laundering and the financing of terrorism a clear priority, protecting the integrity and stability of the financial system, by making it more difficult for those engaged in crime to profit from their criminal activities. The risks of the possible consequences of money laundering and terrorist financing are high and can affect the stability of financial institutions, systems and volatility of capital flows, including the reduction of foreign investment in Jamaica. The problem is global; money launderers move their funds quickly through their own country or other jurisdictions, taking advantage of weak or ineffective legal and institutional procedures.

### **So what is money laundering?**

Criminal activities such as narcotics trafficking, human trafficking, corruption, advance fee fraud (lottery scam) and others generate large amounts of profit for individuals or groups involved in criminality. By using the funds from such illicit activities, criminals are at risk of drawing the attention of law enforcement to the criminal activity and subsequently exposing them to prosecution. In order to benefit freely from the proceeds of crime, they must conceal the illicit origins of the funds. There are three distinct areas of money laundering:

- The conversion or transfer, knowing that such property is the proceeds of crime.
- The concealment or disguise of the true nature, source, location, disposition, movement or rights to the property, knowing the property is the proceeds of crime.
- Acquisition, possession or use of property, knowing at the time of receipt the property is the proceeds of crime. Both money laundering and corruption are a real threat to Jamaica because of the disruptive consequences that each has on the national economy.

FID is committed to fulfilling its purpose of delivering professional assistance to all stakeholders primarily with the aim and objective to engender public confidence, particularly within the financial sector.

For the period 2011-12, we have seen a greater demand both nationally and internationally for financial intelligence, forensic financial examinations and investigations. FID has developed and enhanced its service delivery through collaborations and initiatives. Of significance was the signing of memoranda of understanding with the Jamaica Constabulary Force (JCF).

The partnership with the JCF, in particular the Major Organised Crime and Anti-Corruption Taskforce (MOCA), although embryonic, has the potential to greatly assist Jamaica in its crime reduction strategies by “taking the profit out of crime”.

The FID also continued its dialogue with the Egmont Group to progress our application for membership as well as prepare submissions for legislative changes to address admission requirements for membership. The Egmont Group is an international grouping of Financial Intelligence Units who are committed to adhering to international best practices for the collation, analysis and sharing of financial intelligence.

It is my expectation that in 2012-13, FID will begin to experience a sustainable transformation and increased organisational effectiveness as we aim to become the finest professional and proactive financial intelligence and investigative agency in the Caribbean.

FID plays an integral role in Jamaica’s Vision 2030, *“Jamaica being the place of choice to live, work, raise families, and do business”*.

*Justin Felice*

# 1.0 INTRODUCTION

## BACKGROUND

The Financial Investigations Division (FID) commenced operations on December 16, 2002, through the merger of the Financial Crimes Unit (FCU) of the Office of Director of Public Prosecutions (ODPP) and the Revenue Protection Division (RPD) of the Ministry of Finance and Planning (MOFP), as the investigating entity for financial crimes including money laundering and tax evasion. In 2008, RPD became a single division separate to FID within the Ministry of Finance and Planning.

## DIVISION'S AIMS AND OBJECTIVES

As Jamaica's designated authority *"to effectively deal with the multidimensional and complex problem of financial crime"* the following are FID's objectives:

- To investigate allegations of money laundering, financial crimes and corruption in liaison with other national and international enforcement agencies.
- To detect, deter and aid the prosecution of offences committed under the various Acts dealing with financial crimes, by reducing the actual and expected profits that would evolve from such illicit activities.
- To receive, analyse and investigate financial disclosures relating to the financing of terrorism.
- To collaborate with international bodies in responding to transnational crimes under the Mutual Assistance (Criminal Matters) Act.
- To effectively manage, safeguard and maintain seized, restrained and forfeited property.

## **LEGAL REQUIREMENT FOR THE ANNUAL REPORT**

The Financial Investigations Division Annual Report is required to be presented to the House of Representatives and the Senate, pursuant to paragraphs 11(2) and (3) of the Financial Investigations Division Act (FIDA) 2010, which states:

“The Chief Technical Director shall, within six months after the end of each financial year or within such longer period, as the Minister may in special circumstances approve, cause to be made and transmitted to the Minister a report dealing generally with the activities of the division during the preceding financial year.

The Minister shall cause a copy of the report together with the annual statement of accounts and the auditors' report thereon to be laid in the House of Representatives and the Senate”.

The main areas highlighted in this Annual Report are:

- The Regulatory Framework including the AML/CFT Regime, the Egmont Group, as well as local and international collaboration.
- The FID organisation.
- FID's achievements and statistical information.

## 2.0 REGULATORY FRAMEWORK

### LEGISLATION

In keeping with the 1988 Vienna Convention on the Illicit Trafficking in Dangerous Drugs and Psychotropic Substances, Jamaica enacted the Drug Offences (Forfeiture of Proceeds) Act in 1994 and the Money Laundering Act in 1998. To improve Jamaica's effectiveness in the areas of money laundering investigation and asset forfeiture, the Government of Jamaica enacted the Proceeds of Crime Act (POCA) on May 30, 2007.

POCA provides *"for the investigation, identification and recovery of the proceeds of crime"*, which has given FID the functional and legal authority to investigate the various aspects of financial crimes.

The enactment of POCA, along with other key pieces of legislation, namely the Terrorism (Prevention) Act (2005), and Regulations (2010) and FID Act (April 2010), resulted in FID having the following functions:

- Advise the Minister on matters of policy relating to the detection, prevention and control of financial crimes.
- Receive, request, analyze, interpret and disseminate Suspicious Transaction Reports (STR) and Threshold Transaction Reports (TTR) filed by all financial institutions in Jamaica.
- Collaborate with local, regional and international law enforcement agencies and associations with which FID is required to share information, and assist in fighting transnational crimes.
- Investigate potential money laundering, terrorist financing and other serious financial crimes with the assistance of the members of the Jamaica Constabulary Force.
- Store, manage, value and dispose of seized, restrained and forfeited assets.
- Recover criminal proceeds for forfeiture to the Crown through the Assets Recovery Agency (ARA) which is FID pursuant to Sec. 3(1) (a) of POCA.
- Engage in the compilation of statistics on the investigation and prosecution of financial crimes.

## **ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM (AML/CFT) REGIME**

In the financial and legal sectors, anti-money laundering is a term used to describe the legal controls that require financial institutions and other regulated entities to assist with the detection, determent and reporting of suspected money laundering activities. Anti-money laundering guidelines came to prominence globally as a result of the formation of the Financial Action Task Force (FATF) in 1989 and the promulgation of an international framework of anti-money laundering standards. These standards have become the basis of monitoring for other regional and international FATF-style bodies, such as the Caribbean Financial Action Taskforce (CFATF). Jamaica is an active member of CFATF. The FATF 40 recommendations are used to evaluate countries in respect of their compliance with the shared objective of safeguarding and protecting the integrity of global security and financial systems.

### **FINANCIAL ACTION TASK FORCE (FATF)**

The original FATF 40 Recommendations were drawn up in 1990 as an initiative to combat the misuse of financial systems by persons laundering drug money. In 1996 the recommendations were revised for the first time to reflect evolving money laundering trends and techniques, and to broaden their scope well beyond drug money laundering. In October 2001 the FATF expanded its mandate to deal with the issue of the funding of terrorist acts and terrorist organisations, and took the important step of creating the Eight (later expanded to Nine) Special Recommendations on Terrorist Financing. The FATF Recommendations were revised a second time in 2003, and these together with the Special Recommendations, have been endorsed by over 180 countries, and are universally recognised as the international standard for Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT).

An assessment of whether a country is compliant with these recommendations is completed through mutual evaluations. The reports generated by these mutual evaluations are considered at CFATF Plenaries. These mutual evaluations are used to determine how well a country is performing in respect of critical areas such as:

- Adequate legislative framework.
- Law enforcement, including the function of the Financial Intelligence Unit.
- Designated non-financial businesses and professions that are required to undertake certain duties in the fight against money laundering and terrorist financing.
- Measures for national and international cooperation, e.g. extradition and mutual assistance.

## **CARIBBEAN FINANCIAL ACTION TASK FORCE (CFATF)**

The CFATF Secretariat is based in the Republic of Trinidad and Tobago. It was established as a mechanism to monitor and encourage the progress of member states in the implementation of the obligations agreed on by Ministers of the Caribbean Basin countries at the Kingston Declaration on Money Laundering in 1992. Commitments emanating from the Declaration include:

- Adopt a model definition of money laundering.
- Enact legislation to provide for the seizure and forfeiture of assets and proceeds of drug trafficking.
- Provide for the identification, tracing and evaluation of property that is subject to confiscation.
- Introduce more effective mutual legal assistance procedures.
- Amend bank secrecy laws to provide for effective customer identification, proper record keeping and suspicious activity reporting.

## **ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT) STEERING GROUP**

The FID also actively participates as a member of the National Anti-Money Laundering Committee which advises the government on key policy and legislative reforms necessary to strengthen the AML/CFT framework. The Committee currently comprises representatives from the following agencies chaired by the Bank of Jamaica (BoJ), CFATF Prime Contact:

- Ministry of Finance and Planning (MOFP)
- Financial Investigations Division (FID)
- Financial Services Commission (FSC)
- Ministry of National Security (MNS)
- Ministry of Foreign Affairs and Foreign Trade (MFAFT)
- Ministry of Justice (MOJ)
- Office of Law Reform,
- Office of Director of Public Prosecutions (ODPP)
- Attorney General's Chambers (AGC)
- Jamaica Constabulary Force (JCF)

The National AML Committee meets on a quarterly basis. The meetings are used to apprise members of new developments, exchange information between agencies regarding AML/CFT initiatives; discuss emerging issues and encourage Jamaica's continued participation in the CFATF Working Groups.

## **THE EGMONT GROUP**

Recognizing the benefits inherent in the development of international networks, in 1995 a group of Financial Intelligence Units (FIU) met at the Egmont Arenberg Palace in Brussels and decided to establish an informal group whose goal would be to facilitate international cooperation. Now known as the Egmont Group, these FIUs meet regularly to find ways to cooperate, especially in the areas of information exchange, training and sharing of expertise. Jamaica's FIU sits within the Financial Investigations Division.

Being a member of this group would not only permit FID to access further co-operation and collaboration amongst other members but also to show Jamaica's firm commitment in the fight against money laundering and terrorist financing. The FID is actively pursuing membership in the Egmont Group.

## **3.0 INTERNATIONAL COOPERATION**

International co-operation is a critical component in any effective strategy to tackle the threat of money laundering and terrorist financing. This is achieved through the sharing of information and intelligence within the prescribed legal requirements of each jurisdiction. The mechanism to support the tracing, restraint and forfeiture of local and international assets has been adopted to reflect international standards. FID has demonstrated its resolve in the international arena by commencing negotiations on Memoranda of Understanding (MOU) with several international jurisdictions. These are expected to be completed in the near future.

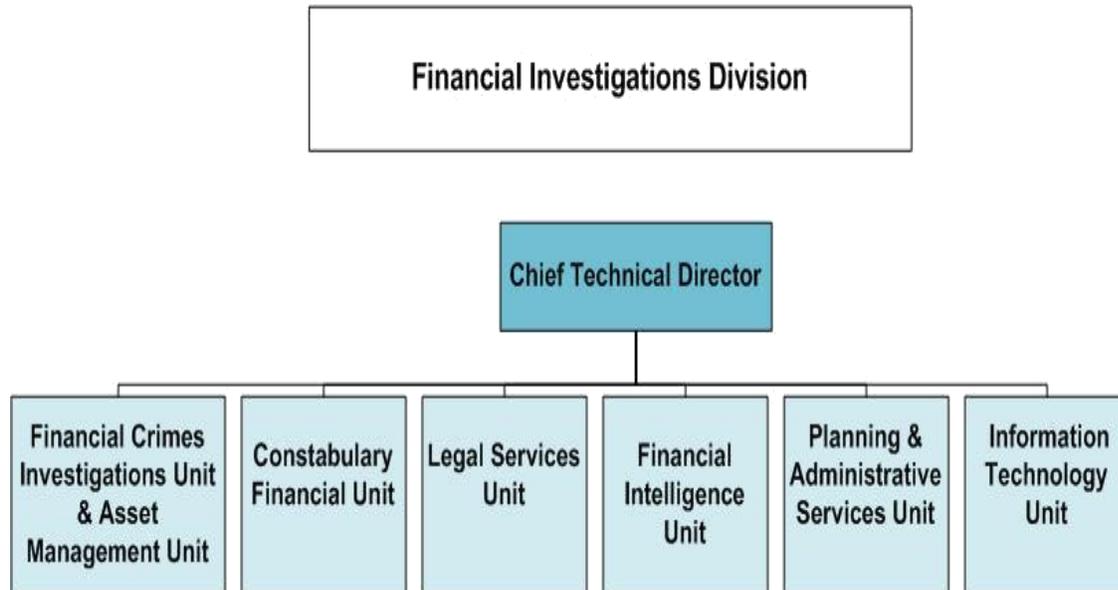
## 4.0 OUR ORGANISATION

### STRUCTURE

FID consists of an Executive Office and five Units, each of which is headed by a Director:

- Financial Intelligence Unit (FIU)
- Financial Crimes Investigations Unit (FCIU) including the Asset Management Unit<sup>1</sup>(AMU)
- Legal Services Unit (LSU)
- Information Technology Unit (ITU)
- Planning and Administrative Services Unit (P&ASU)

In addition, the FID is complemented by the work of the Constabulary Financial Unit comprised of JCF Officers (approximately 25) who are stationed at the FID and who specialise in Financial Investigations. The operation of the CFU is governed by a Memorandum of Understanding between the JCF and the FID.



<sup>1</sup> The AMU is the operational arm of the Assets Recovery Agency (ARA) referenced in the POCA. It carries out functions relating to the management of assets seized, restrained or forfeited under the POCA regime.

## **EXECUTIVE OFFICE**

Under the leadership of the Chief Technical Director (CTD), the Executive Office is responsible for the overall day-to-day management and strategic direction of the Division. The office has both technical and administrative functions that:

- Ensure the development and implementation of strategies and policies aimed at furthering Jamaica's fight against money laundering, terrorist financing and other financial crimes.
- Provide strategic guidance to the Assets Recovery Agency and exercise the functions of the CTD in accordance with the provisions of the Proceeds of Crime Act in a manner best calculated to contribute to the reduction of crime.
- Exercise the functions of the Designated Authority as outlined in the Proceeds of Crime and Terrorism Prevention Acts with a view to protecting the regulated sector from abuses including money laundering and the financing of terrorism.
- Ensure the effective implementation of government's anti-corruption measures aimed at preserving the integrity of the revenue service and increasing compliance with revenue laws.
- Guide the strategic and operational direction of the Financial Investigations Division in keeping with the mission and objectives stated in the corporate plan of the Ministry of Finance and Planning and to administer the human resource management policies of the Ministry within the division to ensure that the policies are fully and effectively implemented.

## **FINANCIAL INTELLIGENCE UNIT (FIU)**

All designated financial institutions in Jamaica are required by law to submit reports to the FID. The Financial Intelligence Unit is principally responsible for providing support to the investigative process by facilitating the receipt, analysis and dissemination of information contained in these reports.

These include:

- Threshold Transaction Reports (TTR)
- Suspicious Transaction Reports (STR) (under POCA and TPA)
- Listed Entity Reports
- International Transportation of Currency Reports

Currently, the unit consists of two sections:

- The Profiling Section
- The Analytical Section

## **PROFILING SECTION**

This section consists of Profile and Intelligence Officers who are responsible for undertaking:

- Financial profiles on persons suspected to have committed financial crimes.
- Due Diligence Reports on the request of government agencies.
- Fit and proper checks on directors, shareholders and senior management personnel in the financial sector at the request of the Bank of Jamaica.
- Collection, processing and analysis of data from the Reports of International Transportation of Currency or Bearer Negotiable Instruments.

## **ANALYTICAL SECTION**

Comprising financial and data analysts, this section undertakes various tasks such as:

- Receiving reports from financial institutions submitted under the Proceeds of Crime Act (POCA) and the Terrorism Prevention Act (TPA).
- Processing data from Threshold and Suspicious Transaction Reports to ensure that they have been accurately prepared.
- Analysing the data from these reports and disseminating financial disclosures for investigation.
- Managing Requests for Consent from designated financial institutions.
- Maintaining statistics for FID with respect to:
  - The total number of POCA reports received.
  - The number of POCA reports received as per financial institution type.
  - The number of disclosures processed.
  - The level of compliance by the designated financial institutions.
- Providing feedback to the designated financial institutions in respect of reports received.

## **FEEDBACK AND OUTREACH**

Financial Investigations Division Act (FIDA) mandates the FID to promote public awareness as one of its functions. In realising this mandate, the FIU employs different outreach methods, such as:

- Partnering and participating in training sessions with professional financial bodies including designated and non-designated financial institutions.
- Public meetings aimed at raising the awareness in respect of financial crimes.
- Assisting with the preparation of advisories to financial institutions regarding legislative changes, new reporting requirements and formats.

During 2011/12 the FIU assisted in the implementation of the International Transportation of Currency (Cross Border) Regime enforceable at the major ports of entry. This regime is required under section 101 of the POCA and is designed to monitor the movement of cash across our national boundaries. Cash smuggling is an accepted means of facilitating the laundering of illicit funds. Other agencies that were involved in this effort include: Ministry of National Security, Jamaica Customs Agency, Passport Immigration and Citizenship Agency, Airports Authority of Jamaica and Postal Corporation of Jamaica among others.

The FIU is an active member of the CFATF Working Group on Typologies which undertook research in the regional impact of Human Trafficking and Smuggling. The report can be found on the CFATF website ([www.cfatf.com](http://www.cfatf.com)).

### **FINANCIAL CRIMES INVESTIGATION UNIT (FCIU) and ASSET MANAGEMENT UNIT (AMU)**

The Financial Crime Investigations Unit (FCIU) is headed by the Principal Director of the unit supported by a team of three Senior Forensic Examiners, Six Forensic Examiners and eight Assistant Forensic Examiners.

The Forensic Examiners are charged with conducting the necessary forensic analysis and interpretation of financial information with a view of preparing detailed, comprehensive financial profiles on targets and serving as expert witnesses in cases being investigated and prosecuted for breaches of the Proceeds of Crime Act, Financial Investigations Division Act and Terrorism Prevention Act and other enactments relating to financial crimes.

FCIU is also supported by a dedicated team of asset administrators which includes an asset manager whose responsibility includes the oversight of proper storage, management, and disposal of seized and restrained assets a financial accountant who is responsible primarily for the proper management and accounting in relation to cash and other monetary instruments seized or restrained in relation to any financial crime and entrusted to the division for safekeeping. The AMU is also staffed by the asset recovery officer and the asset administrator both supporting the functions of the asset manager.

The Unit has an administrative staff compliment of two persons responsible for, among other things, the timely and efficient dispatch of correspondence and case material among members and to external partners

## **ACHIEVEMENTS**

The performance measures for the period under review were assessed and the following represents the performance measures that were established.

1. Targets for financial crime cases were fifty six (56) cases to be identified and fifty six (56) cases to be investigated.
2. Actual outputs on the financial crimes cases during the period were, twenty seven (27) cases identified with an additional ninety one (91) cases relating to financial profiling/due diligence checks referred to the unit. Regarding investigated cases, ten (10) cases were done with an additional fifty seven (57) cases finalized/closed.
3. Outcomes from these investigation cases have resulted in the seizure/restraint of cash, motor vehicles, real estate property and bank accounts.
4. One hundred percent (100%) of requests under the Mutual Assistance (Criminal Matters) Act received were processed.
5. The Asset Management Policy and Procedures are still to be finalized (seventy percent (70%) complete).
6. Training was facilitated for approximately 200 law enforcement personnel from Jamaica and other Caribbean territories in respect of the Proceeds of Crime Act, the Financial Investigations Division Act and financial investigation techniques.
7. All requests for reports prepared and submitted within stipulated deadlines.

### **Operation Activities of the Financial Crime Investigations Unit**

During the fiscal year under review, the Financial Crime Investigations Unit was requested to provide forensic examination on sixty five (65) cases, disaggregated as follows:

1. Fraud
2. Cash seizure
3. Money laundering

Twenty three (23) of the cases have been finalized.

The Unit received forty (40) requests from its international counterparts, namely British, Canadian and US Law Enforcement Agencies (LEAs), to prepare financial profiles on convicted persons or individuals who are the subject of on-going investigations. Twenty seven (27) of the requests or sixty eight percent (68%) were finalized during the period.

The Unit also initiated eight (8) civil recovery of property investigations and completed three (3), which were sent to the Legal Unit for application to be filed in the Supreme Court for Restraint and Civil Recovery Orders.

The Unit obtained restraint orders from the Supreme Court in relation to motor vehicles worth J\$58.88m, real estate valued at \$597.35m and other assets, including appliances, firearms etc. valued approximately \$1m.

The activities of the Unit resulted in the forfeiture of real estate valued J\$12.1m, motor vehicles worth J\$600,000, cash of US\$1.3505m and bank account with balances amounting to J\$15.633m all by means of civil recovery litigation.

Cash forfeited pursuant to the cash seizure investigation provisions of the Proceeds of Crime Act amounted to J\$4.265m, US\$217,090 and £15,000.00. Arising from the Unit's endeavours, three (3) cases were also submitted to Tax Administration Jamaica for tax fraud investigations to be pursued.

## **ASSET MANAGEMENT UNIT (AMU)**

The **Asset Management Unit (AMU)** is responsible for managing, safeguarding and maintaining any property seized, restrained or forfeited in connection with proceedings relating to financial crimes. It is mandated to employ the necessary best practices in asset management, thus ensuring that the maximum possible value of all property under its control are maintained and realized on disposal or restoration to the owner. These practices include:

- Management of seized and forfeited cash.
- Management of real and personal property under the control of ARA.
- Presentation of financial statements in keeping with generally accepted accounting principles (GAAP).

Further information on the activities of the AMU can be found at Part 5.

## **CONSTABULARY FINANCIAL UNIT (CFU)**

The **Constabulary Financial Unit (CFU)** is the investigative and law enforcement arm of the FID. Its mandate is to investigate occurrences of Money Laundering, Financing of Terrorism and other Financial Crimes. Under the FID Act Section 2, the term Financial Crime means any offence involving money or other benefits and includes any offence involving fraud, dishonesty, money laundering or the financing of terrorist activities.

The CFU is part of the Organized Crime Investigations Division (OCID) of the JCF and whose officers are stationed at the FID location. The CFU is staffed by 28 highly trained and vetted police officers who are authorized financial investigators and authorized officers under POCA and FIDA respectively. The CFU is headed by a Detective Inspector of Police.

The CFU works closely with the FCIU with respect to criminal investigations, where the CFU leads criminal investigations and the FCIU provides forensic financial analysis support.

Further information on the activities of the CFU over the period can be found at Part 5.

## **LEGAL SERVICES UNITS**

The Legal Services Unit (LSU) provides legal advice to the Chief Technical Director and staff of the Financial Investigations Division with respect to carrying out the statutory functions, responsibilities and powers vested in the Division under the various governing statutes. Additionally, the LSU prepares and submits cases and legal opinions to stakeholders, ministries and other agencies interfacing with the Division so as to secure convictions and forfeiture of assets.

The LSU, staffed by qualified experienced lawyers led by a director, provides the following:

1. Legal direction and advice on the merits of cases for trial under relevant laws impacting FID, such as the Proceeds of Crime Act, Terrorism Prevention Act, Financial Investigations Division Act and Corruption Prevention Act.
2. Legal advice on evidentiary requirements and standards of proof necessary to be established by investigators to properly ground applications to the court.
3. Representation of FID in the submission of cases and opinions to stakeholders, ministries and agencies engaged in the drive to remove the profit from crime.
4. Representation on matters concerning financial crimes that are heard in the Resident Magistrate Court, Supreme Court and the Court of Appeal.
5. Research and recommendations for required amendments to relevant legislations inclusive of regulations governing financial crimes.

During 2011/12 the LSU was involved in several legal proceedings on behalf of the FID to include the successful civil recovery of property previously referenced above (under FCIU). Additionally, the LSU successfully concluded several cash seizure matters which are outlined in Part 5 of this report.

The LSU also assisted in the development of amendments to the FIDA to ensure that the statutory framework for the Division met the relevant international standards so as to facilitate the Division's application to the Egmont Group.

## **INFORMATION TECHNOLOGY UNIT (ITU)**

The ITU has the responsibility to support FID in forensic computing, software development and systems administration. Headed by a Director and supported by a team of IT Specialists, the Unit's main function is to provide a well equipped, secure and professional Information and Communication Technology (ICT) environment:

1. An efficient and effective information system, particularly towards achieving online filing of reports from financial institutions as required under POCA.
2. Access to external databases in support of intelligence, investigation and prosecution.
3. A highly secure ICT systems environment to ensure that the critical data held by FID is not subjected to inappropriate access or disclosure.
4. Highly specialised and technical support in the form of digital forensics for FID.
5. Critical technical support to facilitate the receipt, uploading and analyses of financial reports received under the POCA and TPA from financial institutions.

The ITU facilitated and supported the process of introducing an improved method of reporting for financial institutions in collaboration with the FIU. This involves the implementation of a XML (Extended Mark-up Language) reporting format for selected entities representing over 80% of the reports received. This resulted in the FIU being able to receive these reports in a user-friendly format which promote seamless integration into the FIU's databases for ready analysis. The 2011/2012 reporting period saw the ITU realising the following achievements:

1. Develop/Upgrade/Implement Information Systems
2. Provide Digital Forensic Analysis<sup>2</sup> services in 23 cases
3. Expert Witness provided in a Financial Matter
4. Uploaded over 390,000 Financial Reports
5. Developed in collaboration with the FIU new POCA and Cross Border Forms
6. Implement new Internal Security Controls
7. Network Communication line upgrade

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<sup>2</sup> This refers to the recovery, preservation, analysis and presentation of data contained on Digital devices for evidential purposes

## **PLANNING AND ADMINISTRATIVE SERVICES UNIT (PASU)**

The Planning and Administrative Unit (PASU) has the responsibility of providing a strategic, supportive and enabling business environment for its staff. This is achieved primarily through the core areas of Strategic Management, Finance and Accounting, Human Resource Management & Development and Facilities Management in accordance with the MOFP policies and direction. The functions carried out by the PASU include:

1. Management and coordination of all Strategic Plans and Reports
2. Preparation and analysis of the Division's Budget and cash flow
3. Management and coordination the Performance Management System (i.e. staff work plans and performance appraisals)
4. Coordination of staff training and development programmes
5. Ensuring FID's compliance with internal and MOFP security policies and procedures
6. Management of the facilities, vehicles and other assets

Procurement issues related to the FID are handled centrally through the Ministry of Finance's Corporate Services Division.

### **Human Resource Management**

Management continued to focus on the strategic direction and objectives of the Division based on the changing environment in which we operate. As such, the requisite plans were initiated to merge the Financial Crimes Investigation Unit and the Constabulary Financial Unit to create the Financial Investigations Team.

### **Talent, Learning and Development**

The Division continued its commitment to retain and develop its employees and to build on their competencies. During the period various training programmes were delivered totalling 160 man-days of training impacting each unit within the division. This translated to 3-4 man days of training per employee.

## 5.0 STATISTICS

### SUSPICIOUS AND THRESHOLD TRANSACTION REPORTS RECEIVED

| REPORT TYPE  | 2010-11        | 2011-12        | % Change     |
|--------------|----------------|----------------|--------------|
| Suspicious   | 245,624        | 313,709        | 21.70        |
| Threshold    | 111,788        | 112,887        | 0.97         |
| <b>TOTAL</b> | <b>357,412</b> | <b>426,596</b> | <b>16.22</b> |

### SUBMISSION OF STRs BY TYPES OF FINANCIAL INSTITUTIONS

| FINANCIAL INSTITUTION TYPE | 2010-11        | 2011-12        |
|----------------------------|----------------|----------------|
| Commercial Banks           | 263            | 248            |
| Cambios                    | 5,887          | 8,832          |
| Credit Unions              | 101            | 145            |
| Building Societies         | 127            | 117            |
| Merchant Banks             | 13             | 13             |
| Securities Dealers         | 157            | 162            |
| Remittance Services        | 239,041        | 304,173        |
| Insurance Services         | 35             | 19             |
| <b>TOTAL</b>               | <b>245,624</b> | <b>313,709</b> |

## SUBMISSION OF TTRs BY FINANCIAL INSTITUTIONS CATEGORY

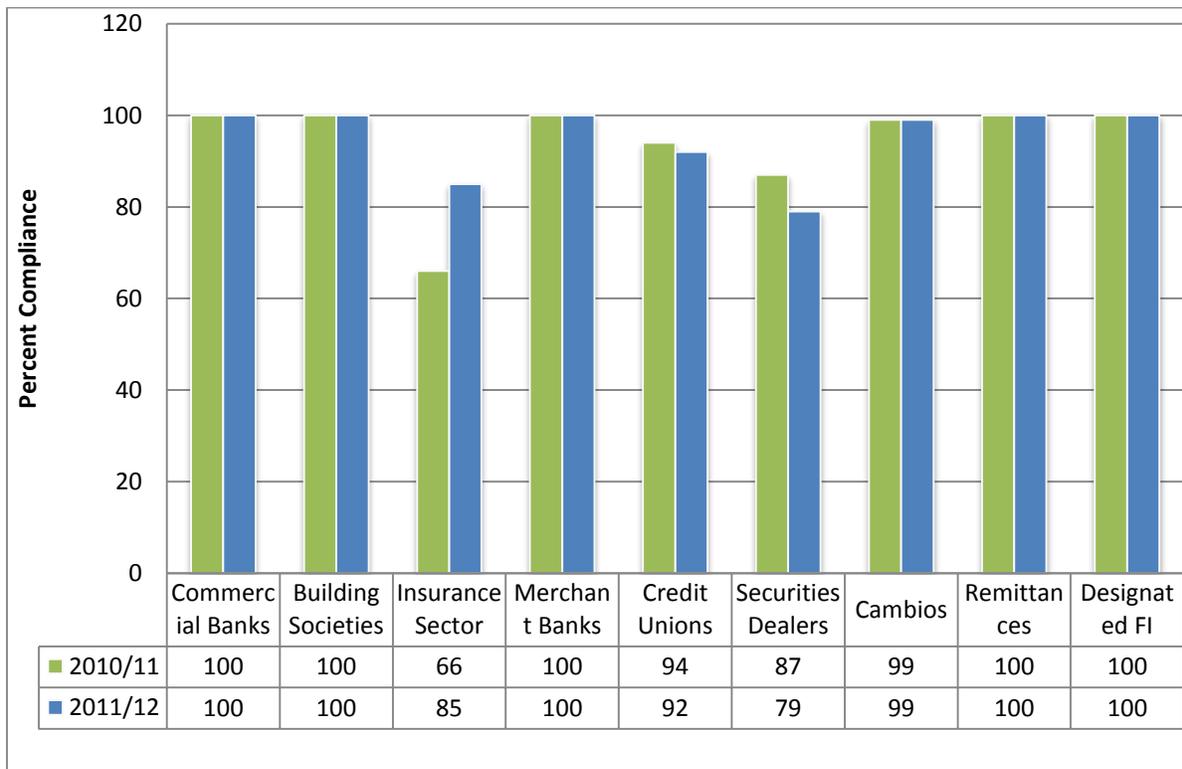
| <b>FINANCIAL INSTITUTION TYPE</b> | <b>2010-11</b> | <b>2011-12</b> |
|-----------------------------------|----------------|----------------|
| <b>Commercial Banks</b>           | 80,335         | 82,698         |
| <b>Cambios</b>                    | 24,310         | 21,110         |
| <b>Credit Unions</b>              | 98             | 120            |
| <b>Building Societies</b>         | 2,921          | 2,932          |
| <b>Merchant Banks</b>             | 176            | 645            |
| <b>Securities Dealers</b>         | 482            | 518            |
| <b>Remittance Services</b>        | 3,456          | 4,852          |
| <b>Insurance Services</b>         | 10             | 11             |
| <b>Designated FI</b>              | 0              | 1              |
| <b>TOTAL</b>                      | <b>111,788</b> | <b>112,887</b> |

## COMPLIANCE RATE OF FINANCIAL INSTITUTIONS

Part of FID’s responsibility is to monitor the financial institutions’ compliance in submitting Threshold Transaction Reports. These reports are required to be submitted every quarter. The level of compliance with this reporting cycle achieved by each type of institution is shown below.

### REPRESENTATION OF FINANCIAL INSTITUTIONS’ COMPLIANCE

#### THRESHOLD TRANSACTION REPORT



## REQUESTS FOR CONSENT

Any person, who in the normal course of their business believes that a transaction involves criminal property, is required to seek consent from the Designated Authority (FID) before engaging in prohibited transactions. The number of requests for consent received is shown below.

### NUMBER OF CONSENT REQUESTS

| CONSENT REQUESTS | 2010-11    | 2011-12    |
|------------------|------------|------------|
| <b>TOTAL</b>     | <b>158</b> | <b>121</b> |

## DISCLOSURES GENERATED FROM STRs/TTRs TO LAW ENFORCEMENT

The analysis of STRs and TTRs generates case disclosures which are then disseminated for investigation as detailed below.

| DISCLOSURES <sup>3</sup>          | 2010-11   | 2011-12   |
|-----------------------------------|-----------|-----------|
| <b>New Cases</b>                  | 24        | 27        |
| <b>Notes to Files<sup>4</sup></b> | 18        | 13        |
| <b>TOTAL</b>                      | <b>42</b> | <b>40</b> |

---

<sup>3</sup> Many of these disclosures relate to the lottery scam which involves multiple persons and multiple reports (STR & TTR).

<sup>4</sup> Additional information on existing targets

## CRIMINAL ACTIVITIES IDENTIFIED IN DISCLOSURES FROM STRs/TTRs

New cases generated from STRs and TTRs are classified based on the types of criminal activities identified as shown below.

| CRIMINAL ACTIVITY                     | 2010-11   | 2011-12   |
|---------------------------------------|-----------|-----------|
| Money Laundering                      | 12        | 11        |
| Corruption involving a Public Officer | 1         | 4         |
| Drug Trafficking                      | 3         | 2         |
| Lottery Scam                          | 3         | 9         |
| Other Fraud                           | 5         | nil       |
| Terrorism (Listed Entity)             | 0         | 1         |
| <b>TOTAL</b>                          | <b>24</b> | <b>27</b> |

## INTERNATIONAL TRANSPORTATION OF CURRENCY (CROSS BORDER) REPORTS

Under Sec. 101 of POCA, persons entering and leaving the island are required to declare to the Designated Authority cash exceeding US\$10,000 or its equivalent in any other currency.

| DESCRIPTION  | 2010-11 <sup>5</sup> | 2011-2012 |
|--|----------------------|-----------|
| International Transportation of Currency Reports (Cross Border Movement of Funds) <sup>6</sup> | 43                   | 128       |

<sup>5</sup> It should be noted that although the form was introduced within this financial year, FIU would have been receiving passenger declarations from Jamaica Customs relating to transportation of cash prior to the new form introduction.

<sup>6</sup> s101 (2) POCA.

Other reports provided by FID for both internal and external purposes are:

- Due Diligence Reports
- Fit and Proper Checks
- Financial Profiles

### QUANTITY OF REPORTS PROCESSED

| TYPE OF REPORT        | 2010-11 | 2011-12 |
|-----------------------|---------|---------|
| Due Diligence         | 37      | 46      |
| Fit and Proper Checks | 333     | 415     |
| Financial Profiles    | 95      | 197     |

### NUMBER OF FINANCIAL CRIMES CASES INVESTIGATED FOR THE YEAR 2011-12

| SOURCE                                  | NUMBER    |
|---|-----------|
| MLAT                                    | 6         |
| FIU Disclosures                         | 42        |
| JCF                                     | 6         |
| Government Agencies (FSC,BOJ, etc)      | 0         |
| Non-Governmental Agencies & Individuals | 0         |
| <b>TOTAL</b>                            | <b>54</b> |

### CFU ACTIVITIES 2011-12

| DESCRIPTION             | NUMBER |
|-------------------------|--------|
| Operations <sup>7</sup> | 16     |
| Cash Seizures           | 90     |
| Arrests                 | 13     |
| Persons Charged         | 13     |
| Convictions             | 0      |

### CASH SEIZURES

| DESCRIPTION                                      | CURRENCY    | 2010-11      | 2011-12    | REMARKS  |
|--|-------------|--------------|------------|--|
| <b>Cash Seizure Cases Investigated (ongoing)</b> | -           | 74           | 90         | Including Forensic Examination Case                            |
| <b>Value of Cash Seized</b>                      | JA (\$)     | 58,026,492   | 28,166,343 | Pursuant to Cash Seizure Investigations. POCA Provisions (s)75 |
|  | US (\$)     | 2,199,861.81 | 1,328,658  |  |
|  | CAD (\$)    | 90,465.00    | 25,005     |  |
|  | GBP (£)     | 3,810.00     | 11,005     |  |
|  | EURO (€)    | Nil          | 16,270     |  |
|  | SWISS FRANC | Nil          | Nil        |  |
| <b>Value of Cash Forfeited</b>                   | JA (\$)     | 1,844,960.80 | 4,064,093  | Pursuant to Cash Seizure Investigations. POCA Provisions (s)79 |
|  | US (\$)     | 329,624.00   | 217,990    |  |
|  | CAD (\$)    | Nil          | Nil        |  |
|  | GBP (£)     | Nil          | 15,500     |  |
|  | EURO (€)    | Nil          | Nil        |  |

<sup>7</sup> Operation refers to a formal coordinated Search of premises. In some cases these would be joint operation with other Law Enforcement Agencies

### CIVIL RECOVERY INVESTIGATIONS

| TYPE OF ASSET  | PERIOD               |            |                      |               |
|----------------|----------------------|------------|----------------------|---------------|
|                | 2010-11<br>(J\$'000) |            | 2011-12<br>(J\$'000) |               |
|                | RESTRAINED           | FORFEITED  | RESTRAINED           | FORFEITED     |
| REAL PROPERTY  | 167,200              | nil        | 463,050              | 12,100        |
| MOTOR VEHICLES | 156,287              | nil        | 85,699               | 600           |
| BANK BALANCE   | 134,461              | nil        | 11,603               | 16,633        |
| CASH           | nil                  | nil        | nil                  | 1,350         |
| <b>TOTAL</b>   | <b>457,948</b>       | <b>nil</b> | <b>560,352</b>       | <b>29,683</b> |

## JUDICIAL ORDERS

The increased demand for assistance by external agencies, in particular the Jamaica Constabulary Force (JCF), has resulted in a significant increase in joint investigations undertaken. This has resulted in an increase in the number of applications for Judicial Orders to aid these investigations

### INVESTIGATORY ORDERS GRANTED

| TYPE OF ORDERS            | QUANTITY OBTAINED |         |
|---------------------------|-------------------|---------|
|                           | 2010-11           | 2011-12 |
| Production and Inspection | 17                | 4       |
| Disclosure                | 0                 | 2       |
| Restraint                 | 3                 | 11      |
| Customer Information      | 0                 | 5       |
| Search Warrants           | 28                | 16      |



**FINANCIAL INVESTIGATIONS DIVISION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**



**Financial Investigations Division**

**Financial Statements**

**March 31, 2012**

**Index**

|                                     | <b>Page</b> |
|-------------------------------------|-------------|
| Independent Auditor's Report        |             |
| <b><u>Financial Statements</u></b>  |             |
| Financial Position                  | 1           |
| Statement of Financial Performance  | 2           |
| Statement of Changes in Equity      | 3           |
| Statement of Cash Flows             | 4           |
| Notes to the Financial Statements   | 5 - 12      |
| Statement of Income and Expenditure | 13          |



AUDITOR GENERAL'S DEPARTMENT  
P.O. BOX 455  
KINGSTON 10  
JAMAICA  
Email: [audgen@auditorgeneral.gov.jm](mailto:audgen@auditorgeneral.gov.jm)

## **INDEPENDENT AUDITOR'S REPORT**

**To the Chief Technical Director  
Financial Investigations Division**

### **Report on the Financial Statements**

I have audited the accompanying Financial Statements of the Financial Investigations Division, set out on pages 1 to 12, which comprise the Statement of Financial Position as at March 31, 2012, Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion the Financial Statements give a true and fair view of the financial position of the Financial Investigations Division as at March 31, 2012, and of its financial performance, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

## Report on Additional Requirements of the Financial Investigations Division Act

I have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the Financial Statements are in agreement therewith and give the information required in the manner so required.



.....  
Pamela Monroe Ellis (Mrs.)  
**Auditor General**

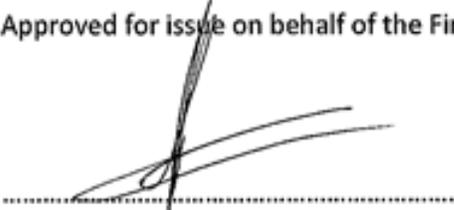
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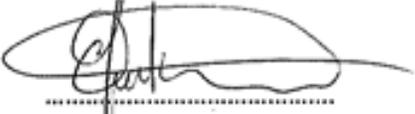
Date

**FINANCIAL INVESTIGATIONS DIVISION  
CONSOLIDATED STATEMENT OF FINANCIAL  
AS AT MARCH 31, 2012**

|                               | Note | 2012<br>\$           | 2011<br>\$           |
|-------------------------------|------|----------------------|----------------------|
| <b>Non-current assets</b>     |      |                      |                      |
| Property, plant and equipment | 5    | 34,903,511           | 35,354,931           |
|                               |      | <b>34,903,511</b>    | <b>35,354,931</b>    |
| <b>Current assets</b>         |      |                      |                      |
| Financial crime assets        | 6    | 1,619,804,671        | 1,019,288,365        |
| Forfeited property            |      | 66,040,000           | -                    |
| Advances and prepayments      | 7    | 462,681              | 349,131              |
|                               |      | <b>1,686,307,352</b> | <b>1,019,637,496</b> |
| <b>Current liabilities</b>    |      |                      |                      |
| Financial crime liabilities   | 6    | 1,619,804,671        | 1,019,288,365        |
| Employee benefits             | 8    | 41,750,489           | 49,457,530           |
| Payables                      | 9    | 1,031,995            | 681,688              |
|                               |      | <b>1,662,587,155</b> | <b>1,069,427,583</b> |
| Net current assets            |      | 23,720,197           | (49,790,087)         |
| <b>Total assets</b>           |      | <b>58,623,708</b>    | <b>(14,435,156)</b>  |
| <b>Equity</b>                 |      |                      |                      |
| Contributed Capital           |      | 38,896,097           | 38,896,097           |
| Accumulated surplus/(deficit) |      | 19,727,611           | (53,331,253)         |
|                               |      | <b>58,623,708</b>    | <b>(14,435,156)</b>  |

Approved for issue on behalf of the Financial Investigations Division on April 28, 2014 and signed

  
.....  
Chief Technical Director

  
.....  
Director

The accompanying notes on pages 5-12 form an integral part of these financial statements

**FINANCIAL INVESTIGATIONS DIVISION  
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED MARCH 31, 2012**

|                                      |    | <b>Total<br/>2012<br/>\$</b> | <b>Total<br/>2011<br/>\$</b> |
|--------------------------------------|----|------------------------------|------------------------------|
| <b>INCOME</b>                        |    |                              |                              |
| GOJ financing from Consolidated Fund | 10 | 249,934,771                  | 207,749,211                  |
| Other income                         | 11 | 1,032,000                    | 407,000                      |
| Proceeds from forfeited properties   |    | 92,030,314                   | -                            |
| <b>Total Income</b>                  |    | <b>342,997,085</b>           | <b>208,156,211</b>           |
| <b>EXPENDITURE</b>                   |    |                              |                              |
| Staff costs                          | 12 | 181,148,186                  | 209,176,470                  |
| Goods and services                   |    | 26,701,615                   | 22,013,992                   |
| Premises related services            |    | 28,227,372                   | 21,356,348                   |
| Depreciation                         |    | 6,702,699                    | 6,306,507                    |
| Other expenses                       |    | 136,035                      | 2,227,147                    |
| <b>Total operating expenses</b>      |    | <b>242,915,907</b>           | <b>261,080,464</b>           |
| Operating surplus/(deficit)          |    | 100,081,178                  | (52,924,253)                 |
| Transferred to Miscellaneous Revenue |    | (27,022,314)                 | (407,000)                    |
| <b>Net (deficit)/surplus</b>         |    | <b>73,058,864</b>            | <b>(53,331,253)</b>          |

The accompanying notes on pages 5-12 form an integral part of these financial statements

**FINANCIAL INVESTIGATIONS DIVISION**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2012**

|                              | <b>Contributed<br/>capital</b> | <b>Accumulated<br/>surplus/(deficit)</b> | <b>Total</b>        |
|------------------------------|--------------------------------|--|---------------------|
|                              | \$                             | \$                                       | \$                  |
| Balance as at March 31, 2010 | -                              | -  | -                   |
| Additions                    | 38,896,097                     | -  | 38,896,097          |
| Net deficit for the year     | -                              | (53,331,253)                             | (53,331,253)        |
| Balance as at March 31, 2011 | <b>38,896,097</b>              | <b>(53,331,253)</b>                      | <b>(14,435,156)</b> |
| Additions                    | -                              | -  | -                   |
| Net surplus for the year     | -                              | 73,058,864                               | 73,058,864          |
| Balance as at March 31, 2012 | <b>38,896,097</b>              | <b>19,727,611</b>                        | <b>58,623,708</b>   |

The accompanying notes on pages 5-12 form an integral part of these financial statements

**FINANCIAL INVESTIGATIONS DIVISION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2012**

|   | <b>2012</b>        | <b>2011</b>         |
|---|--------------------|---------------------|
|   | \$                 | \$                  |
| <b>Cash flows from operating activities</b>             |                    |                     |
| Surplus/(deficit) for the year                          | 73,058,864         | (53,331,253)        |
|   | <u>73,058,864</u>  | <u>-53,331,253</u>  |
| <b>Adjustments:</b>                                     |                    |                     |
| Depreciation  | 6,702,699          | 6,306,507           |
| (Increase)/decrease in forfeited properties             | (66,040,000)       | -                   |
| (Increase)/decrease in receivables                      | (113,550)          | -                   |
| Increase/(decrease) provision for employees benefit     | (7,707,041)        | 49,790,087          |
| Increase/(decrease) in payables                         | 350,308            | -                   |
| <b>Net cash outflow from operating activities</b>       | <u>6,251,280</u>   | <u>2,765,341</u>    |
| <b>Cash flows from investing activities</b>             |                    |                     |
| Acquisition of property, plant and equipment            | (6,251,279)        | (41,661,438)        |
| <b>Net cash used in investing activities</b>            | <u>(6,251,279)</u> | <u>(41,661,438)</u> |
| <b>Cash flows from financing activities</b>             |                    |                     |
| GOJ financing from Consolidated Fund                    | -                  | 38,896,097          |
|   | -                  | -                   |
| <b>Net cash flows from financing activities</b>         | <u>-</u>           | <u>38,896,097</u>   |
| <b>Increase/(decrease) in cash and cash equivalents</b> | -                  | -                   |
| Cash and cash equivalents at beginning of year          | -                  | -                   |
| <b>Cash and cash equivalents at end of year</b>         | <u>-</u>           | <u>-</u>            |

The accompanying notes on pages 5-12 form an integral part of these financial statements

## FINANCIAL INVESTIGATIONS DIVISION

### Notes to the Financial Statements

Year ended March 31, 2012

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#### 1. Identification

The Financial Investigations Division (FID) was created as a Department of Government by the Financial Investigations Division Act, 2010, under the Ministry of Finance and Public Service with effect from March 31, 2010. The object of this Act is to establish a department of Government with sufficient independence and authority to effectively deal with the multidimensional and complex problem of financial crime and confer upon it the responsibility to:

- investigate all categories of financial crime;
- collect information and maintain intelligence databases on financial crimes;
- maintain an arm's length relationship with law enforcement agencies and other authorities of Jamaica and of foreign States, and with regional and international associations or organizations, with which it is required to share information;
- exercise its functions with due regard for the rights of citizens

The FID is regulated by the dictates of government policy and is mandated to achieve strict performance objectives as a Department of Government.

Additionally, the FID is charged with carrying out the functions of the Assets Recovery Agency (ARA). The ARA was established with the passing of the Proceeds of Crime Act of 2007 and is aimed at managing and maintaining assets seized from parties believed to be in possession of criminal property. Although the Proceeds of Crime Act states that the ARA means the FID, the ARA is a separate call on the budget of the Government of Jamaica, as such the data presented in these statements represent a consolidation of the activities of both organisations.

#### 2. Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) which is based on International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Public Sector Accounting Standards Board (IPSASB). The IPSAS Board is an independent board of the International Federation of Accountants (IFAC). IPSASs are based on the International Financial Reporting Standards (IFRSs).

IPSAS deal with public sector reporting issues not dealt with in IFRSs. The preparation of the financial statements to conform to IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and the

**FINANCIAL INVESTIGATIONS DIVISION****Notes to the Financial Statements****Year ended March 31, 2012**

---

underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

**3. Significant accounting policies**

## i. Basis of preparation

The financial statements have been prepared under the historical cost convention and are presented in Jamaica dollars (\$), which is the reporting currency of the Division.

## ii. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, and investments.

## iii. Receivables

Trade receivables are carried at original invoice amounts less provision made for impairment losses. A provision for impairment is established when there is evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

## iv. Accounts payable and accrued charges

Accounts payables are carried at cost for the supply of goods and services and accruals is based on a fair estimate of liability at the end of the financial year. The amounts are payable within one year.

## v. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment reviews.

## vi. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Division and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

## FINANCIAL INVESTIGATIONS DIVISION

### Notes to the Financial Statements

Year ended March 31, 2012

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#### 3. Significant accounting policies (cont'd)

##### vi. Property, plant and equipment (Cont'd)

Depreciation on assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or periods over which depreciation is charged are as follows:

|                                 |         |
|---------------------------------|---------|
| Furniture fixtures and fittings | 10%     |
| Computers                       | 33 1/3% |
| Office equipment                | 10%     |
| Motor vehicles                  | 20%     |

##### vii. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

##### viii. Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Division's financial instruments at March 31, 2012 were receivables and payables.

##### ix. Revenue recognition

Income is recognized when it is received

##### x. Financial Crimes Assets

Financial Crimes Assets relate to those assets which have come under the custody of the Assets Recovery Agency as a result of application of the Proceeds of Crime Act, Jamaica Constabulary Force Act and Jamaica Customs Act. These assets are comprised of real property, motor vehicles, bank accounts, cash and other financial instruments.

## FINANCIAL INVESTIGATIONS DIVISION

### Notes to the Financial Statements

Year ended March 31, 2012

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#### 4. Financial Risk Management

The Division's activities expose it to a variety of financial risks: market risks (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The Division's overall risk management policies are established to identify and analyse risk exposure and to set appropriate risk limits and controls and to monitor risk. The risk management framework is based on guidelines set by management and seeks to minimize potential adverse effects on the Division's financial performance.

##### a. Market risk

The Division takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.

##### b. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Division's exposure to Currency risk is low based on its policy to hold Financial Crimes cash in the currency in which it was seized.

##### c. Interest rate risk

Interest rate risk is the risk that the interest earned on interest bearing bank account balances will fluctuate due to changes in market interest rate. The Division's interest rate risk arises from deposits as follows:

|                        | <u>2012</u> | <u>2011</u> |
|------------------------|-------------|-------------|
|                        | \$          | \$          |
| Financial Crime Assets | 587,044,760 | 543,488,311 |

## FINANCIAL INVESTIGATIONS DIVISION

### Notes to the Financial Statements

Year ended March 31, 2012

---

#### 4. Financial Risk Management (cont'd)

##### a. Liquidity risk

Liquidity risk is the risk that the Division will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The risk is managed by maintaining sufficient cash and cash equivalents balances, and support from the Consolidated Fund.

| Financial Liabilities    | Carrying<br>\$    | Contract<br>\$    | Due<br>\$        | Due within 1<br>\$ |
|--------------------------|-------------------|-------------------|------------------|--------------------|
| Payables and accruals    | 1,031,995         | 1,031,995         | 1,031,995        | -                  |
| Employee benefits        | 41,750,488        | 41,750,488        |                  | 41,750,488         |
| <b>At March 31, 2012</b> | <u>42,782,483</u> | <u>42,782,483</u> | <u>1,031,995</u> | <u>41,750,488</u>  |

| Financial Liabilities    | Carrying<br>\$    | Contract<br>\$    | Due<br>\$      | Due within 1<br>\$ |
|--------------------------|-------------------|-------------------|----------------|--------------------|
| Payables and accruals    | 681,688           | 681,688           | 681,688        | -                  |
| Employee benefits        | 49,457,530        | 49,457,530        |                | 49,457,530         |
| <b>At March 31, 2011</b> | <u>50,139,218</u> | <u>50,139,218</u> | <u>681,688</u> | <u>49,457,530</u>  |

##### b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Division has the following cash resources that will be exposed to credit risk:

|         | <u>2012</u><br>\$ | <u>2011</u><br>\$ |
|---------|-------------------|-------------------|
| Advance | 462,681           | 349,131           |

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## FINANCIAL INVESTIGATIONS DIVISION

## Notes to the Financial Statements

Year ended March 31, 2012

**5. Property, plant and equipment**

|                        | Office            | Computers        | Furniture,        | Motor            | Total             |
|------------------------|-------------------|------------------|-------------------|------------------|-------------------|
|                        | (\$)              | (\$)             | (\$)              | (\$)             | (\$)              |
| <b>Cost</b>            |                   |                  |                   |                  |                   |
| April 1, 2011          | 24,817,920        | 3,977,216        | 10,556,264        |                  | 41,661,438        |
| Additions              | 3,019,484         | 2,989,662        | 242,133           |                  | 6,251,279         |
| Disposals              | (-)               | (-)              | (-)               | (-)              | (-)               |
| <b>March 31, 2012</b>  | <b>27,837,404</b> | <b>6,966,878</b> | <b>10,798,397</b> | <b>2,310,038</b> | <b>47,912,717</b> |
| <b>Depreciation</b>    |                   |                  |                   |                  |                   |
| April 1, 2011          | 2,640,577         | 1,918,264        | 1,056,040         | 691,626          | 6,306,507         |
| Depreciation charges   | 2,682,760         | 2,207,867        | 1,243,660         | 568,412          | 6,702,699         |
| Disposal               | (-)               | (-)              | (-)               | (-)              | (-)               |
|                        | <b>5,323,337</b>  | <b>4,126,131</b> | <b>2,299,700</b>  | <b>1,260,038</b> | <b>13,009,206</b> |
| <b>Net book value:</b> | <b>22,514,066</b> | <b>2,840,747</b> | <b>8,498,697</b>  | <b>1,050,000</b> | <b>34,903,511</b> |
| <b>Net book value:</b> | <b>22,177,343</b> | <b>2,058,952</b> | <b>9,500,224</b>  | <b>1,618,412</b> | <b>35,354,931</b> |

**6. Financial crime assets**

|                               | <u>2012</u>                 | <u>2011</u>                 |
|-------------------------------|-----------------------------|-----------------------------|
|                               | \$                          | \$                          |
| <b>Balance as at April 1</b>  | 1,019,288,365               | 695,801,215                 |
| Additions                     | 720,291,423                 | 323,487,150                 |
| Forfeiture                    | (92,030,314)                | -                           |
| Returned                      | (36,898,539)                | -                           |
| Interest earned               | 9,153,736                   | -                           |
| <b>Balance as at March 31</b> | <b><u>1,619,804,671</u></b> | <b><u>1,019,288,365</u></b> |

- a) The amount is comprised of seized cash and restrained bank accounts, restrained motor vehicles and restrained properties held by the Agency awaiting the decision of the Court. This amount is credited to current liabilities pending the ruling of the Court. Based on the ruling the outcome is either returned to defendant or forfeited to the Consolidated Fund in the case of cash or the Assets Recovery Agency in the case of restrained motor vehicles and properties.

## FINANCIAL INVESTIGATIONS DIVISION

## Notes to the Financial Statements

Year ended March 31, 2012

**7. Advances**

|                                  |                       |
|----------------------------------|-----------------------|
|                                  | \$                    |
| Amount as at April 1, 2011       | 349,131               |
| Amount advance during the period | 268,160               |
| Amount cleared                   | (154,610)             |
| <b>March 31, 2012</b>            | <b><u>462,681</u></b> |

**8. Employee benefits**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
|                              | <b><u>2012</u></b> | <b><u>2011</u></b> |
|                              | \$                 | \$                 |
| Provision for vacation leave | <u>41,750,488</u>  | <u>49,457,530</u>  |

**9. Payables and accruals**

|                  |                    |                    |
|------------------|--------------------|--------------------|
|                  | <b><u>2012</u></b> | <b><u>2011</u></b> |
|                  | \$                 | \$                 |
| Accounts payable | <u>1,031,995</u>   | <u>681,688</u>     |

**10. Subvention**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b><u>2012</u></b> | <b><u>2011</u></b> |
|                                  | \$                 | \$                 |
| Financial Investigation Division | 248,489,932        | 203,779,077        |
| Assets Recovery Agency           | 1,444,839          | 3,970,134          |
|                                  | <u>249,934,771</u> | <u>207,749,211</u> |

**11. Other income**

This represents due diligence and fit and proper tests conducted by the Division on the request of the Bank of Jamaica.

|                  |                    |                    |
|------------------|--------------------|--------------------|
|                  | <b><u>2012</u></b> | <b><u>2011</u></b> |
|                  | \$                 | \$                 |
| Accounts payable | <u>1,032,000</u>   | <u>407,000</u>     |

**FINANCIAL INVESTIGATIONS DIVISION****Notes to the Financial Statements****Year ended March 31, 2012**

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**12. Staff costs**

|                                      | <u><b>2012</b></u>        | <u><b>2011</b></u>        |
|--------------------------------------|---------------------------|---------------------------|
|                                      | \$                        | \$                        |
| Salaries and wages                   | 150,835,556               | 131,280,333               |
| Travelling allowance and subsistence | 38,019,672                | 28,438,607                |
| Employee benefits                    | (7,707,042)               | 49,457,530                |
|                                      | <u><b>181,148,186</b></u> | <u><b>209,176,470</b></u> |

## FINANCIAL INVESTIGATIONS DIVISION

## Notes to the Financial Statements

Year ended March 31, 2012

**FINANCIAL INVESTIGATIONS DIVISION**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED MARCH 31, 2012**

|                                      |          | FID                | ARA               | Total              | FID                | ARA              | Total              |
|--------------------------------------|----------|--------------------|-------------------|--------------------|--------------------|------------------|--------------------|
|                                      |          | 2012               | 2012              | 2012               | 2011               | 2011             | 2011               |
|                                      | Not<br>e | \$                 | \$                | \$                 | \$                 | \$               | \$                 |
| <b>INCOME</b>                        |          |                    |                   |                    |                    |                  |                    |
| GOJ financing from Consolidated Fund | 10       | 248,489,932        | 1,444,839         | 249,934,771        | 203,779,077        | 3,970,134        | 207,749,211        |
| Other income                         | 11       | 1,032,000          |                   | 1,032,000          | 407,000            | -                | 407,000            |
| Proceeds from forfeited properties   |          | -                  | 92,030,314        | 92,030,314         | -                  | -                | -                  |
| <b>Total Income</b>                  |          | <b>249,521,932</b> | <b>93,475,153</b> | <b>342,997,085</b> | <b>204,186,077</b> | <b>3,970,134</b> | <b>208,156,211</b> |
| <b>EXPENDITURE</b>                   |          |                    |                   |                    |                    |                  |                    |
| Staff costs                          | 12       | 180,948,631        | 199,555           | 181,148,186        | 208,559,483        | 616,987          | 209,176,470        |
| Goods and services                   |          | 25,480,981         | 1,220,634         | 26,701,615         | 18,880,845         | 3,133,147        | 22,013,992         |
| Premises related services            |          | 28,227,372         | -                 | 28,227,372         | 21,356,348         | -                | 21,356,348         |
| Depreciation                         |          | 6,702,699          | -                 | 6,702,699          | 6,306,507          | -                | 6,306,507          |
| Other expenses                       |          | 136,035            | -                 | 136,035            | 2,007,147          | 220,000          | 2,227,147          |
| <b>Total operating expenses</b>      |          | <b>241,495,71</b>  | <b>1,420,189</b>  | <b>242,915,907</b> | <b>257,110,330</b> | <b>3,970,134</b> | <b>261,080,464</b> |

## FINANCIAL INVESTIGATIONS DIVISION

## Notes to the Financial Statements

Year ended March 31, 2012

|   | 8                |                   |                   |                     |   |                     |
|---|------------------|-------------------|-------------------|---------------------|---|---------------------|
| Operating surplus/(deficit)             | 8,026,214        | 92,054,964        | 100,081,178       | (52,924,253)        | - | (52,924,253)        |
| Transferred to<br>Miscellaneous Revenue | (1,032,000)      | (25,990,314<br>)  | (27,022,314)      | (407,000)           | - | (407,000)           |
| <b>Net (deficit)/surplus</b>            | <b>6,994,214</b> | <b>66,064,650</b> | <b>73,058,864</b> | <b>(53,331,253)</b> | - | <b>(53,331,253)</b> |