



**THE FINANCIAL
INVESTIGATIONS DIVISION**
A DIVISION OF THE MINISTRY OF FINANCE AND PLANNING

ANNUAL REPORT

Fiscal Years 2012-13



THE FINANCIAL INVESTIGATIONS DIVISION

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.



THE FINANCIAL INVESTIGATIONS DIVISION

TABLE OF CONTENTS

MESSAGE FROM THE CHIEF TECHNICAL DIRECTOR	4
1.0 INTRODUCTION	6
1.1 BACKGROUND	6
1.2 DIVISION'S AIMS AND OBJECTIVES	6
1.3 LEGAL REQUIREMENT FOR THE ANNUAL REPORT	7
2.0 REGULATORY FRAMEWORK	8
2.1 LEGISLATION	8
2.2 ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM (AML/CFT) REGIME .	9
2.3 FINANCIAL ACTION TASK FORCE (FATF)	9
2.4 CARIBBEAN FINANCIAL ACTION TASK FORCE (CFATF)	10
2.5 ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT) STEERING GROUP	10
2.6 THE EGMONT GROUP	11
3.0 COOPERATION	12
4.0 OUR ORGANISATION	13
4.1 STRUCTURE	13
4.2 EXECUTIVE OFFICE	14
4.3 FINANCIAL INTELLIGENCE UNIT (FIU)	14
4.3.1 PROFILING SECTION	15
4.3.2 ANALYTICAL SECTION	15
4.3.4 THE CONSENT REGIME	16
4.4 FINANCIAL INVESTIGATION TEAM (FIT)	17
4.5 LEGAL SERVICES and ASSETS MANAGEMENT UNITS	19
4.6 INFORMATION TECHNOLOGY UNIT (ITU)	20
4.7 PLANNING AND ADMINISTRATIVE SERVICES UNIT (PASU)	20
5.0 ACHIEVEMENTS AND STATISTICS	22
6.0 REFERENCES	31
7.0 TABLE OF ACRONYMS	31
8.0 GLOSSARY OF TERMS	32
AUDITED FINANCIAL STATEMENTS	37

THE FINANCIAL INVESTIGATIONS DIVISION

MESSAGE FROM THE CHIEF TECHNICAL DIRECTOR

In keeping with our strategic objectives, the Financial Investigations Division has initiated a number of programmes during the fiscal year 2012-2013. Our continuing drive towards divisional development has begun to bear fruit, as borne out in the significant strengthening of cooperation with our local and international partners. During the period the FID has signed memoranda of understanding with a number of key government agencies such as Tax Administration Jamaica, Jamaica Customs Agency and Jamaica Constabulary Force as well as with the Office of the Director of Public Prosecutions.

The partnership with the JCF is of particular importance, especially with the formation of the Major Organized Crime and Anti-Corruption Task Force (MOCA) in 2012. This development has resulted in a critical partnership which has enhanced the capacities of both entities to focus on the financial aspects of major organised crimes.

In February 2012 FID was successful in recovering property valued at over Fifty Million Dollars arising out of civil action brought against the assets of persons suspected to have gained from the proceeds of crime. We currently manage assets exceeding one billion dollars restrained under the Proceeds of Crime Act which we expect to be forfeited upon adjudication of matters currently before the courts.

Our application for membership in the Egmont Group of Financial Intelligence Units (FIU) is also in an advanced stage of processing and there is high expectation that there will be a favourable decision issued by the Group in the coming months. This will enhance our status as an internationally recognized FIU, as enjoyed by over 130 countries worldwide.

The Division is constantly reviewing and evaluating our institutional strength and seeking ways of improving operational efficiency. We have made recommendations for the strengthening of our legislative framework in keeping with this objective. As a result, the FID Act and Proceeds of Crime Act have since been extensively reviewed and a number of amendments are expected to be passed into law this calendar year.

THE FINANCIAL INVESTIGATIONS DIVISION

The Division has undergone a change management programme during the period which saw wide ranging changes in human resource development and improvement to our working environment. With the visible improvement to our physical facilities, motivated staff, increased cooperation with external agencies and imminent significant improvements in our technological capabilities, I am confident that FID will continue the positive trajectory of becoming the preeminent financial intelligence and investigatory agency in the Caribbean.

Justin Felice

1.0 INTRODUCTION

1.1 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.

The FID assumed statutory responsibility as the Asset Recovery Agency (ARA) and the Designated Authority¹ under the Proceeds of Crime Act (POCA) 2007. In addition, the FID also carries out responsibilities under the Terrorism Prevention Act and its related Regulations.

The Division was further empowered with the passage of the FID Act (FIDA) in 2010

1.2 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, financial crimes (including money laundering, terrorism financing and corruption) in tandem with other national and international law 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 disclosures from financial institutions under POCA and TPA
- To collaborate with international bodies pursuant to the Mutual Legal Assistance (Criminal Matters) Act and the FID Act.
- To disrupt the activities of persons engaged in financial crime using mechanisms provided under the law including civil recoveries, cash seizures, restraint orders and criminal forfeiture
- To effectively manage, safeguard and maintain seized, restrained and forfeited property.

¹ This refers to the authority vested with the function of receiving reports from businesses in the regulated sector per Section 91 POCA

1.3 LEGAL REQUIREMENT FOR THE ANNUAL REPORT

The Financial Investigations Division Annual Report is legislated 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

2.1 LEGISLATION

The Government of Jamaica enacted the Proceeds of Crime Act (POCA) on May 30, 2007 to improve Jamaica's effectiveness in the areas of money laundering investigation and asset forfeiture. 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.

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

Anti-money laundering (AML) is generally understood to be a body of laws, regulations and procedures designed to detect and deter the practice of generating income through illegal activities (money laundering).

Countering the Financing of Terrorism (CFT) relates to measures aimed at preventing individuals and entities from providing financial or other assistance in support of intended terrorist acts or groups or in furtherance of other terrorist objectives.

AML/CFT standards 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 now incorporated CFT and Proliferation of Weapons of Mass Destruction to become the basis of monitoring for other regional and international FATF-style bodies, such as the Caribbean Financial Action Taskforce (CFATF) of which Jamaica is an active member since its inception in 1992. The International Standards on Anti-Money Laundering, Counter Financing of Terrorism and Proliferation issued by FATF 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.

2.3 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 and reports that are submitted at CFATF

THE FINANCIAL INVESTIGATIONS DIVISION

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, eg extradition and mutual assistance.

2.4 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.

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

Between 2003 and 2004 Jamaica convened a National AML Committee which was tasked primarily with identifying deficiencies in Jamaica's AML framework and to prepare the country for the next CFATF mutual evaluation which was scheduled to take place in 2004.

THE FINANCIAL INVESTIGATIONS DIVISION

The Steering 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, Office of Law Reform, Office of Director of Public Prosecutions (ODPP) and the Attorney General's Chambers
- 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.

2.6 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 have further co-operation and collaboration amongst other members but also to show Jamaica's firm commitment in the fight against money laundering, terrorist financing and the proliferation of weapons of mass destruction.

3.0 COOPERATION

Cooperation is a key mandate of the FID, given the generally complex and sometimes transnational nature of Financial Crimes. Bringing substantive financial crimes to resolution usually requires the coordinated efforts of many agencies. In addition, non-criminal measures such as regulatory actions, may act as a useful deterrent, however, in all cases this requires active communication and coordination amongst the agencies involved.

During this reporting period, the FID focused its efforts on finalising MOU's with key domestic partners (namely Tax Administration of Jamaica, Jamaica Constabulary Force, Jamaica Customs, and Office of the Director of Public Prosecution).

The FID also continued to maintain its efforts to access Egmont membership by pressing for changes to the FIDA to meet the Egmont requirements.

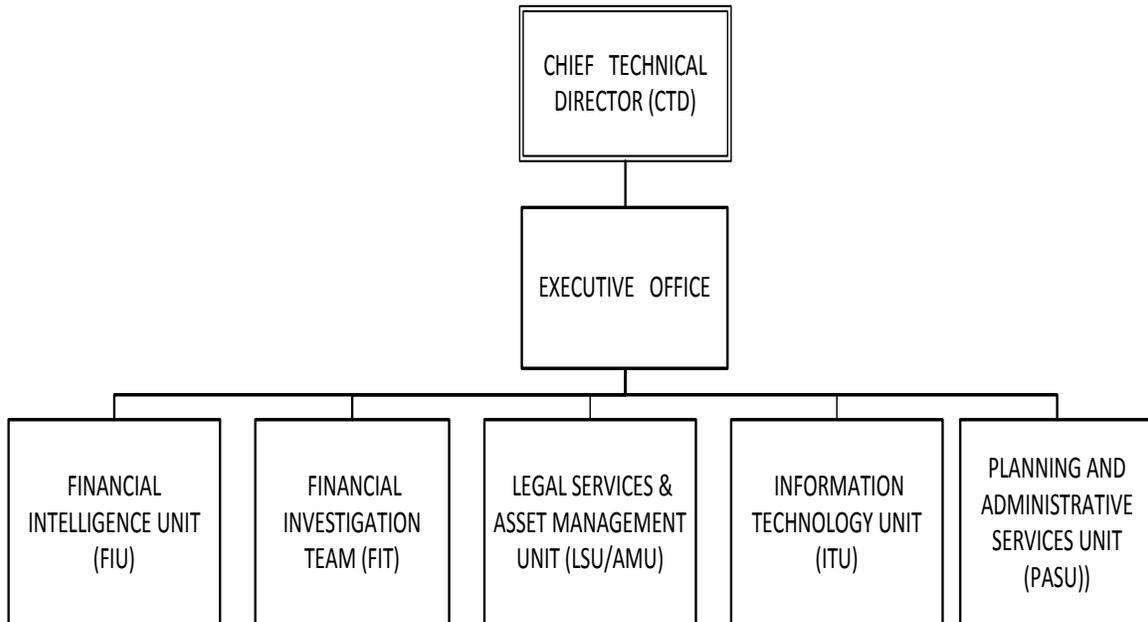
4.0 OUR ORGANISATION

4.1 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 Unit²(AMU)
- Legal Services and Asset Management Unit (LSU/AMU)
- 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.



² 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.

4.2 EXECUTIVE OFFICE

Under the leadership of the Chief Technical Director (CTD), the Executive Office is responsible for the overall day-to-day management 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 financial crimes pursuant to the FIDA, POCA and TPA.
- Provide strategic guidance to the FID and exercise the functions of the CTD in accordance with the provisions of the governing laws and in a manner best calculated to contribute to the detection and deterrence of financial crimes.
- Exercise the functions of the Designated Authority as outlined in the POCA and TPA with a view to protecting the regulated sector from abuses including money laundering and the financing of terrorism.
- Guide the strategic and operational direction of the FID in keeping with the mission and objectives stated in the corporate plan of the Ministry of Finance and Planning.

4.3 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)
- Listed Entity Reports
- International Transportation of Currency Reports

Currently, the unit consists of two sections:

- The Profiling Section
- The Analytical Section

4.3.1 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 BoJ.
- Collection, processing and analysis of data from the Reports of International Transportation of Currency or Bearer Negotiable Instruments.

4.3.2 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.

4.3.3 FEEDBACK AND OUTREACH

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

THE FINANCIAL INVESTIGATIONS DIVISION

- 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.

4.3.4 THE CONSENT REGIME

A designated financial institution is required to request “Consent” from the designated authority (FID) to conduct a transaction involving suspected criminal property. “Consent” can be requested in a written format, with the submission of a Suspicious Transaction Report (STR) or verbally in urgent circumstances. The FID responds within the stipulated timeframe for requests.

In refusing “Consent”, the FID should attempt to restrain any suspected tainted assets within the stipulated time period, therefore the “Consent” process has to be efficient, structured and responsive.

The FIU receives the request for “Consent” and reviews for accuracy and conformity with the legislative requirements. Some “Consent” requests are handled by the FIU without further dissemination. Where the FIU believes that the matter should be further investigated, Consent Packages are prepared and disseminated to the respective investigative units.

FIU Achievements

1. EGMONT Application

This process entailed intensive discussions and negotiations with Egmont Legal working group who were mandated to advise Egmont Plenary on Jamaica’s membership. The Division was substantially supported by the actions of our sponsoring jurisdictions (The commonwealth of the Bahamas and Canada). As a consequence, amendments were tabled to amend the FIDA and TPA to clarify the role of the FID as well as the procedure to exchange information with international agencies.

The process also involved on onsite visit by the Egmont Operational Working Group to assess the operations of the FIU.

THE FINANCIAL INVESTIGATIONS DIVISION

2. Participation In Regional AML & CFT Activities

The FIU remains an active participant in regional activities involved in anti-money laundering and counter-financing of terrorism activities. The FIU is a member of the CFATF and participates in its bi-annual meetings. During the period, the FIU assumed the chairmanship of the CFATF Accreditation Working Group. This working group is engaged in developing and standardising training products and establishing regional certification for investigatory officers and analysts of regional FIUs.

3. MOU with foreign FIU

The FID executed the establishment of MOU with Trinidad & Tobago FIU for the sharing of financial information on September 2012

Additional information on the activities of the FIU can be found at Part 5.

4.4 FINANCIAL INVESTIGATION TEAM (FIT)

The Financial Investigations Team (FIT) is the investigative/operational arm of the Financial Investigations Division. FIT was established in early 2013 as a result of the change management programme, which saw the merger of the Financial Crimes Investigations Unit (FCIU) of the Ministry of Finance and Planning and the Constabulary Financial Unit (CFU) of the Jamaica Constabulary Force.

The decision to integrate CFU within FCIU substantially improved the investigative capability of the FID and was vital in forming the closer working relationships required to proactively combat money laundering, financing of terrorism and financial crimes in general. This enables a more seamless interaction between the police and the various units within the FID resulting in an improvement in the efficiency of investigations.

FIT is staffed by a cadre of qualified and experienced Forensic Examiners and a team of highly trained and vetted Police Officers who are authorized financial investigators and authorized officers pursuant to POCA and FIDA respectively. The overall strategic leadership and guidance of FIT is jointly shared by the Unit Directors, i.e., the Principal Director of the FCIU and the Director of the CFU. Each investigating team within FIT is managed jointly by a Senior Forensic Examiner and a Detective Sergeant of Police. This

THE FINANCIAL INVESTIGATIONS DIVISION

collaborative approach is necessary in keeping with the legitimate authority bestowed on police officers to conduct criminal investigations and on the Forensic Examiners to conduct civil recovery of property investigations as well as to support the police as expert witnesses in court cases.

The officers of FIT undertake investigations in two (2) broad categories of financial crime matters, namely criminal and civil investigations. Its main function is to investigate offenders for money laundering and to recover tainted property, or proceeds (benefits) of crime. The four (4) specific types of investigations pursued by FIT, utilizing specialized investigative tools under POCA, TPA and FIDA are:

- Money laundering
- Cash seizure
- Civil recovery of property
- Criminal forfeiture or confiscation

In pursuing property recovery investigations, FIT quite often, secure restraint orders against such properties preventing its owner(s) from disposing of, dissipating, damaging, destroying or otherwise dealing with it. This strategy is effective in disrupting criminal activities, even prior to a suspect being charged or convicted for any crime.

All civil recovery of property investigations are undertaken solely by FIT. In addition to FIT, the Office of the Director of Public Prosecutions and the Jamaica Customs Department also have powers under the POCA to undertake confiscation and cash seizure investigations respectively. Civil recoveries refer to civil actions instituted against the properties suspected to represent proceeds of crime. These cases are decided on a civil standard on a balance of probabilities.

In fulfilling its strategic objectives, FIT works closely with major police entities that are involved in the investigation of serious and organized crimes. These entities include the Major Organized Crime and Anti-Corruption Taskforce (MOCA), Transnational Crime and Narcotics Division (TCND), Organized Crime Investigations Division (OCID) and the Fraud Squad. It also collaborates and cooperates with overseas law enforcement agencies such as DHS/ICE, NCA, RCMP and DEA in respect to transnational organized crime investigations.

Statistics on the work of the FIT are set out in Section 5

4.5 LEGAL SERVICES and ASSETS MANAGEMENT UNITS

The **Legal Services Unit (LSU)** provides legal advice to the Chief Technical Director and the Financial Investigations Division in the execution of the Division's statutory duties.

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

- 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.
- Legal advice on best practices in gathering and, ultimately, collating evidence on matters to be presented to the court.
- 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.
- Representation on matters concerning financial crimes that are heard in the Resident Magistrate Court, Supreme Court and the Court of Appeal.
- Research and recommendations for required amendments to relevant legislations inclusive of regulations governing financial crimes.

During this period, the LSU assumed the responsibility for the management of the Asset Management Unit (AMU).

The **AMU** is responsible for managing, safeguarding and maintaining any property (including cash) 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).

The statistics on the activities of the AMU are set out in section 5 below.

THE FINANCIAL INVESTIGATIONS DIVISION

4.6 INFORMATION TECHNOLOGY UNIT (ITU)

The mandate of the ITU to provide the FID with a dynamic Information and Communications Technology (ICT) environment continued. The ITU pursued the development and upgrading of several internal systems and renewed its focus to identify a solution for Online Filing. To this end, the goAML Solution was identified and accepted as a suitable tool to be used for Online Filing. The Unit also initiated work to develop a website for the Division to fulfil its mandate of providing information and statistics to the public.

ITU continued to support the Division's work to receive and analyse reports from the financial institutions by supporting the implementation of new reporting formats for the institution, and initiated the automation of the previously manual receipt process.

During the reporting period, the ITU realised the following:

- Completed the identification and analysis of a potential solution for online filing (goAML)
- Started the development of a FID Website
- Uploaded over 280,000 Financial Reports
- Develop new TPA Forms
- Initiated the development of a Disaster Recovery/Business Continuity Plan
- Provided Digital Forensics services and advice in **15** cases pursued by the Division

4.7 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:

- Management and coordination of all Strategic Plans and Reports
- Preparation and analysis of the Division's Budget and cash flow
- Management and coordination of the Performance Management Appraisals System (i.e. staff work plans and PMAS)
- Coordination of staff training and development programmes
- Ensuring FID's compliance with internal and MOFP security policies and procedures

THE FINANCIAL INVESTIGATIONS DIVISION

- Management of the facilities, vehicles and other assets

In February 2013 the FID embarked on a Change Management Programme designed to help the FID “truly reach its strategic and Operational capacity and capability”. An external Consultant was contracted to assist with the process and in designed a programme that consisted of three phases namely:

- Phase One – Preparing for the Change – Data Gathering and Analyses
- Phase Two – Managing the Change – Building Institutional and Individual Capacity
- Phase Three – Reinforcing the Change - Sustainability

By the end of the period, the FID had completed substantially Phase 1 of the process, which entailed the gathering of information from stakeholders, both internal and external on the role, performance and expectations of the FID.

THE FINANCIAL INVESTIGATIONS DIVISION

5.0 ACHIEVEMENTS AND STATISTICS

Under Sec. 5(1) (i) of FIDA, FID is required to engage in the compilation and publication of statistics relating to financial crimes.

The following is a synopsis of the statistical results for fiscal years 2012-13:

5.1 THRESHOLD & SUSPICIOUS TRANSACTION REPORTS

It is the duty of financial institutions to make a report to the Designated Authority (FID) under the following circumstances:

- Any cash transactions involving the prescribed amount³ stipulated in POCA (Money Laundering Prevention) Regulations 2007. These reports are Threshold Transaction Reports (TTR).
- Suspicious transactions including all complex, unusual, large business transactions; unusual patterns of transactions, whether completed or not, which appear to be inconsistent with the normal transactions carried out by the customer⁴. These reports are Suspicious Transaction Reports (STRs).

SUSPICIOUS AND THRESHOLD TRANSACTION REPORTS RECEIVED

REPORT TYPE	2011-12	2012-13	% Change
Suspicious	313,709	299,862	-4.41
Threshold	112,887	130,524	15.62
TOTAL	426,596	430,386	

Figure 5.1

5.2 SUBMISSION OF STRs BY FINANCIAL INSTITUTIONS CATEGORY

³ s3(8) POCA (Money Laundering Prevention) Regulations 2007 stipulates three prescribed thresholds based on the type of financial institution i.e. Money Transfer/Remittance Agent US\$5,000; Cambios/Bureaux de Change US \$8,000 and Other Financial Institutions US\$1,000

⁴ Excerpt from POCA s94(3)

THE FINANCIAL INVESTIGATIONS DIVISION

FINANCIAL INSTITUTION TYPE	2011-12	2012-13	% Change
Commercial Banks	248	192	-22.58
Cambios	8,832	20,111	127.71
Credit Unions	145	154	6.21
Building Societies	117	146	24.79
Merchant Banks	13	3	-76.92
Securities Dealers	162	193	19.14
Remittance Services	304,173	279,044	-8.26
Insurance Services	19	19	0.0
TOTAL	313,709	299,862	

Figure 5.2

5.3 SUBMISSION OF TTRs BY FINANCIAL INSTITUTIONS CATEGORY

FINANCIAL INSTITUTION TYPE	2011-12	2012-13	% Change
Commercial Banks	82,698	95,002	14.88
Cambios	21,110	21,381	1.28
Credit Unions	120	109	-9.17
Building Societies	2,932	9,132	211.46
Merchant Banks	645	1,055	63.57
Securities Dealers	518	398	-23.17
Remittance Services	4,852	3,442	-29.06
Insurance Services	11	5	-54.55
Designated FI	1	nil	-100.0
TOTAL	112,887	130,524	

Figure 5.3

5.4 COMPLIANCE RATE OF FINANCIAL INSTITUTIONS

THE FINANCIAL INVESTIGATIONS DIVISION

Part of FID’s responsibility is to monitor the financial institutions’ compliance in submitting Threshold Transaction Reports. The level of compliance achieved by each type of institution is shown below.

REPRESENTATION OF FINANCIAL INSTITUTIONS’ COMPLIANCE

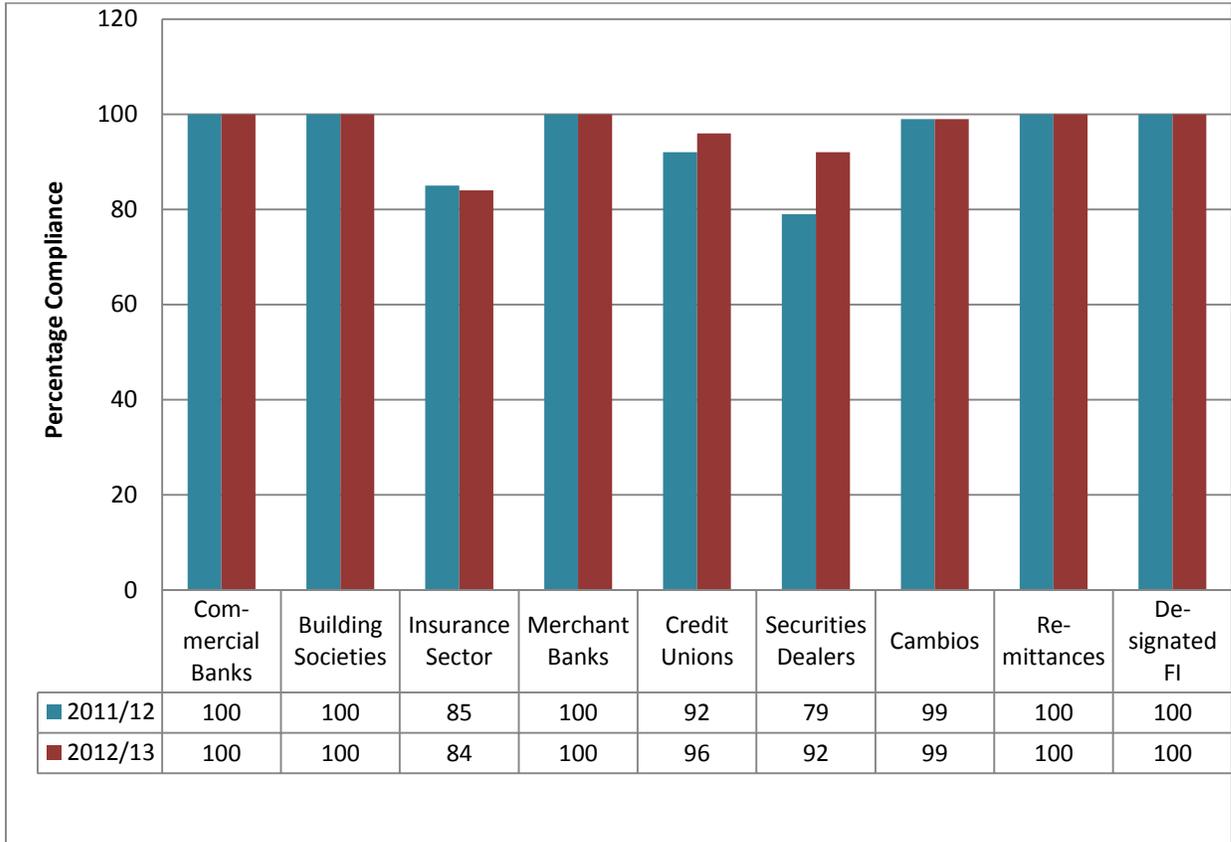


Figure 5.4

THE FINANCIAL INVESTIGATIONS DIVISION

5.5 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	2011-12	2012-13
TOTAL	121	73

Figure 5.5

5.6 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 ⁵	2011-12	2012-13
New Cases	27	55
Notes to Files⁶	13	27
TOTAL	40	82

Figure 5.6

⁵ Many of these disclosures relate to the lottery scam which involves multiple targets and multiple reports (STR & TTR).

⁶ Additional information on existing targets

THE FINANCIAL INVESTIGATIONS DIVISION

5.7 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	2011-12	2012-13
Money Laundering	11	9
Corruption involving a Public Officer	4	1
Drug Trafficking	2	10
Lottery Scam	9	24
Other Fraud	nil	8
Terrorism (Listed Entity)	1	0
Other	nil	3
TOTAL	27	55

Figure 5.7

5.8 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	2011-2012	2012-2013
International Transportation of Currency (Cross Border Movement of Funds) ⁷	128	118

Figure 5.8

⁷ s101(2) POCA.

THE FINANCIAL INVESTIGATIONS DIVISION

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

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

5.9 QUANTITY OF REPORTS PROCESSED

TYPE OF REPORT	2011-12	2012-13
Due Diligence	46	6
Fit and Proper Checks	415	713
Financial Profiles	197	349

Figure 5.9.1

Number of Financial Crimes Cases investigated for the year 2012-13

SOURCE	NUMBER
MLAT	1
FIU Disclosures	61
JCF	17
Government Agencies (FSC,BOJ, etc)	1
Non-Governmental Agencies & Individuals	1
TOTAL	81

Figure 5.9.2

THE FINANCIAL INVESTIGATIONS DIVISION

CFU Activities 2012-13

DESCRIPTION	NUMBER
Operations ⁸	?
Cash Seizures	96
Arrests	12
Persons Charged	12
Convictions ⁹	1

Figure 5.9.3

5.10 CASH SEIZURE AND CIVIL RECOVERY INVESTIGATIONS

FID is responsible for identifying, tracing and quantifying property of persons subject to cash seizure, confiscation and civil recovery investigations.

CASH SEIZURES

DESCRIPTION	CURRENCY	2011-12	2012-13	REMARKS
Cash Seizure Cases Investigated (ongoing)	-	90	168	Including Forensic Examination Case
Value of Cash Seized	JA (\$)	28,166,343	57,579,932	Pursuant to Cash Seizure Investigations. POCA Provisions (s)75
	US (\$)	1,328,658	1,550,196	
	CAD (\$)	25,005	58,050	
	GBP (£)	11,005	14,865	
	EURO (€)	16,270	357,470	
	SWISS FRANC	Nil	5,200	
Value of Cash Forfeited	JA (\$)	4,064,093	2,211,624	Pursuant to Cash Seizure Investigations. POCA Provisions (s)79
	US (\$)	217,990	99,527	
	CAD (\$)	Nil	Nil	
	GBP (£)	15,500	20	
	EURO (€)	Nil	313,500	

Figure 5.10

5.11 CIVIL RECOVERY INVESTIGATIONS

⁸ Operation refers to a formal coordinated Search of premises. In some cases these would be joint operation with other Law Enforcement Agencies

⁹ Money Laundering Conviction

THE FINANCIAL INVESTIGATIONS DIVISION

TYPE OF ASSET	PERIOD			
	2011-12 (J\$'000)		2012-13 (J\$'000)	
	RESTRAINED	FORFEITED	RESTRAINED	FORFEITED
REAL PROPERTY	463,050	66,040	299,741	50,000
MOTOR VEHICLES	85,699	nil	56,805	nil
BANK BALANCE	11,603	nil	49,559	nil
TOTAL	560,352	66,040	406,106	50,000

Figure 5.11

5.12 JUDICIAL ORDERS

The increased demand for assistance from external agencies, in particular the Jamaica Constabulary Force (JCF), has resulted in a significant increase in the work undertaken by FID. For example, the number of Production Orders granted in 2012-13 increased significantly in comparison to the amount in 2011-12.

ORDERS GRANTED

TYPE OF ORDERS	QUANTITY OBTAINED	
	2011-12	2012-13
Production	4	141
Disclosure	2	29
Restraint	11	10
Customer Information Order	5	4
Search Warrants	10	17

Figure 5.12

6.0 REFERENCES

<http://www.egmontgroup.org/>

<http://www.fatf-gafi.org/>

<https://www.cfatf-gafic.org/>

7.0 TABLE OF ACRONYMS

AML	ANTI-MONEY LAUNDERING
ARA	ASSETS RECOVERY AGENCY
AMU	ASSET MANAGEMENT UNIT
BGLC	BETTING GAMING AND LOTTERIES COMMISSION
CET	CONTRABAND ENFORCEMENT TEAM
CFATF	CARIBBEAN FINANCIAL ACTION TASKFORCE
CFT	COUNTER FINANCING OF TERRORISM
CFU	CONSTABULARY FINANCIAL UNIT
CTD	CHIEF TECHNICAL DIRECTOR
CMS	CASE MANAGEMENT SYSTEM
DNFBP	DESIGNATED NON-FINANCIAL BUSINESS OR PROFESSION
FATF	FINANCIAL ACTION TASKFORCE
FCIU	FINANCIAL CRIMES INVESTIGATION UNIT
FI	FINANCIAL INSTITUTION
FID	FINANCIAL INVESTIGATIONS DIVISION
FIDA	FINANCIAL INVESTIGATIONS DIVISION ACT
FIU	FINANCIAL INTELLIGENCE UNIT
FSC	FINANCIAL SERVICES COMMISSION
ICT	INFORMATION AND COMMUNICATION TECHNOLOGY
IMF	INTERNATIONAL MONETARY FUND
ITU	INFORMATION TECHNOLOGY UNIT
JCD	JAMAICA CUSTOMS DEPARTMENT
JCF	JAMAICA CONSTABULARY FORCE
JOLT	JAMAICAN OPERATIONS LINKED TO TELEMARKETING
LEA	LAW ENFORCEMENT AGENCY
MLAT	MUTUAL LEGAL ASSISTANCE TREATY
MOCA	MAJOR ORGANISED CRIME AND ANTICORRUPTION TASKFORCE
MOFP	MINISTRY OF FINANCE AND PLANNING
OCID	ORGANISED CRIME INVESTIGATION DIVISION
ODPP	OFFICE OF DIRECTOR OF PUBLIC PROSECUTIONS
PAU	PLANNING AND ADMINISTRATION UNIT

THE FINANCIAL INVESTIGATIONS DIVISION

POCA	PROCEEDS OF CRIME ACT
RPD	REVENUE PROTECTION DIVISION
STR	SUSPICIOUS TRANSACTION REPORT
TPA	TERRORISM PREVENTION ACT
TTR	THRESHOLD TRANSACTION REPORT

8.0 GLOSSARY OF TERMS

CIVIL RECOVERY

The process by which the Enforcing Authority, that is, the Assets Recovery Agency recovers by civil proceedings property including cash obtained through unlawful conduct.

CONSENT REQUEST (Request for Consent - RFC)

A request from anyone in both the regulated and non-regulated sectors under POCA to the designated authority (FID), for permission to proceed with a prohibited transaction.

CUSTOMER INFORMATION ORDER

This is a court order obtained under POCA on the application by an appropriate officer to a Supreme Court Judge requiring a financial institution to provide to the officer details of accounts held (customer information) by an individual who is the subject of an investigation.

DIGITAL FORENSICS

Digital forensics (sometimes known as digital forensic science) is a branch of forensic science encompassing the collection, analysis and reporting of information found in digital devices, often in relation to computer crime and in a manner suitable for presentation in a court of law.

DISCLOSURE ORDER

This is a court order obtained under POCA on the application by an appropriate officer to a Supreme Court Judge requiring a person specified in the order to answer questions, produce information or material or access to the information and material to the appropriate officer within a certain period.

DESIGNATED AUTHORITY

THE FINANCIAL INVESTIGATIONS DIVISION

This is defined as the Chief Technical Director of the Financial Investigations Division of the Ministry responsible for finance, or such other person as may be designated by the Minister by order.

DUE DILIGENCE REPORT

The Division prepares, at the request of other government agencies, detailed background checks on persons/entities that are doing specified business with these agencies.

THE EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS

The Egmont Group is an association of financial intelligence units formed to facilitate international cooperation especially in the areas of information exchange, training and the sharing of expertise.

FINANCIAL INSTITUTION¹⁰ (FI)

Financial institution means any natural or legal person who is licensed to operate as:

- A bank licensed under the Banking Act;
- A financial institution licensed under the Financial Institutions Act;
- A building society registered under the Building Societies Act;
- A credit union under the Co-operative Societies Act;
- A person who:
 - Engages in insurance business within the meaning of the Insurance Act;
 - Performs services as an insurance intermediary within the meaning of the Insurance Act, but does not include an insurance consultant or an adjuster;
- A person licensed under the Bank of Jamaica Act to operate an exchange bureau;
- A person licensed under the Securities Act as a dealer or investment adviser;
- Approved money transfer and remittance agents and agencies as defined by section 2 of the Bank of Jamaica Act;
- Any other person declared by the Minister responsible for national security, by order subject to affirmative resolution, to be a financial institution for the purposes of this Act.

FINANCIAL PROFILE

An in-depth probe and analysis of the target's financial position, which may form part of a criminal or civil investigation.

FIT AND PROPER CHECK

This is an assessment of an individual's or entity's suitability to operate within the financial sector at a senior level. FID normally conducts these checks on behalf of the Bank of Jamaica (BoJ).

¹⁰ FATF Recommendations – May 2012 and POCA 2007

FORFEITURE OF ASSETS/FORFEITURE ORDER

This is an order by the Supreme Court for the forfeiture to the Crown of any property used in connection with an offence or the property that represents the benefit that a defendant derived from the criminal conduct.

FORENSIC EXAMINATION

This is the process of using auditing and accounting techniques in analysing financial information aimed at gathering evidentiary details which is subject to legal and/or judiciary scrutiny.

LOCAL ENQUIRIES

This is the provision of financial profiles detailing assets and other financial information to Local Law Enforcement Agencies regarding individuals or entities that are the subject of fraud, narcotics trafficking, revenue evasion, extortion, kidnapping and other serious organised crime investigations.

LOTTERY SCAM (ADVANCE FEE FRAUD)

Is an advance fee fraud where a person is contacted by direct mail or telephone advising them that they are the winner of the lottery and for them to claim their winnings they are persuaded to advance money (either via remittances, postal services or wire transfers) for taxes and processing fees in order to collect the winnings that never materialize.

MONEY LAUNDERING

This is the processing of making money derived from criminal activity appear legitimate. In short, it is the process by which “dirty money” seems clean. Examples of criminal activity include drug offenses, fraud, corruption, arms trafficking and other serious crimes.

PECUNIARY PENALTY ORDER¹¹

This is an order from the Supreme Court requiring the defendant to pay over to the Crown an amount of money which is equal to the defendant’s benefit from his criminal conduct or the value of all of his available assets.

PRODUCTION ORDER AND INSPECTION ORDER ¹²

This is a court order obtained under FIDA on the application by an authorised officer to a Supreme Court Judge or a Resident Magistrate requiring a person specified in the

¹¹ POCA s5(3)

¹² FID Act s17

THE FINANCIAL INVESTIGATIONS DIVISION

order to answer to questions; produce information, books, documents, records; or provide access to the information and material to the authorised officer.

PROPERTY

This is defined by POCA as all property wherever situated and includes money, all forms of real or personal property and things in action and other intangible or incorporeal property.

RESTRAINT ORDER¹³ (Freezing of Assets)

This is an order granted by the Supreme Court on the application of the Financial Investigations Division or the Director of Public Prosecutions prohibiting anyone specified in the order from dealing with the realizable property held by him whether or not he is the suspected offender. The order has the effect of prohibiting:

- A person from completing any transaction or dealing in the property or
- A financial institution from carrying out a financial transaction or financial dealings of any kind with that person.

SUSPICIOUS TRANSACTION REPORT (STR)

This report is filed by the entities within the regulated sector when any transaction carried out by person(s) is deemed to be suspicious as defined in POCA s94(3). Regulated entities have the responsibility to report these suspicious transactions to the Designated Authority within fifteen (15) days of the suspicion.

TERRORIST FINANCING

Terrorist financing is the financial support, in any form, of terrorism or of those who encourage, plan or engage in terrorism. Terrorist financing may involve funds raised from legitimate sources such as personal donations and profits from businesses and charitable organizations, as well as from criminal sources such as the drug trade, smuggling of weapons and other goods, kidnapping, fraud and extortion.

The Chief Technical Director of FID was named the Designated Authority under the Terrorism Prevention (Designated Authority) Act 2006. This allows FID to receive and process reports on terrorist financing.

¹³ FID Act s20

THE FINANCIAL INVESTIGATIONS DIVISION

THRESHOLD TRANSACTION REPORT (TTR)

A financial institution files this report to the Designated Authority, when any cash transaction concerning the prescribed amount as stated in s(8) of POCA (Money Laundering Prevention) Regulations occurs. These financial institutions, which are defined in s2 of POCA, 2007, have the responsibility to file these reports quarterly. In cases where there are no cash transactions pertaining to the prescribed amount, then the financial institutions are required to submit a 'NIL' report.

AUDITED FINANCIAL STATEMENTS

FINANCIAL INVESTIGATIONS DIVISION

FINANCIAL STATEMENTS

MARCH 31, 2013

Financial Investigations Division

Financial Statements

March 31, 2013

Index

	Page
Independent Auditor's Report	
<u>Financial Statements</u>	
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

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, 2013, 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, 2013, 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

2014/05/16

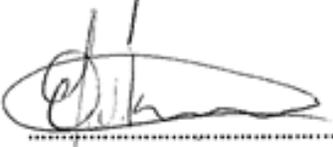
Date

**FINANCIAL INVESTIGATIONS DIVISION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013**

	Note	2013 \$	2012 \$
Non-current assets			
Property, plant and equipment	5	34,772,255	34,903,511
		<u>34,772,255</u>	<u>34,903,511</u>
Current assets			
Financial crime assets	6	2,218,147,96	1,619,804,671
Forfeited properties		116,340,000	66,040,000
Cash and cash equivalents		3,252,765	-
Advances and prepayments	7	11,716,473	462,681
		<u>2,349,457,20</u>	<u>1,686,307,352</u>
Current liabilities			
Financial crime liabilities	6	2,218,147,96	1,619,804,671
Employee benefits	8	43,516,974	41,750,489
Payables	9	-	1,031,995
		<u>2,261,664,93</u>	<u>1,662,587,155</u>
Net current assets		<u>87,792,264</u>	<u>23,720,197</u>
Total assets		<u>122,564,519</u>	<u>58,623,708</u>
Equity			
Contributed Capital		38,896,097	38,896,097
Accumulated surplus/(deficit)		83,668,422	19,727,611
		<u>122,564,519</u>	<u>58,623,708</u>

Approved for issue on behalf of the Financial Investigations Division on and
signed on its behalf by:

.....
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, 2013

		2013	2012
	Note	\$	\$
INCOME			
GOJ financing from Consolidated Fund	10	271,995,655	249,934,771
Grant		10,904,886	-
Other income	11	1,875,000	1,032,000
Proceeds from forfeited properties		65,556,650	92,030,314
Interest income		52,765	-
Total income		350,384,956	342,997,085
EXPENDITURE			
Staff costs	12	212,252,478	181,148,186
Goods and services		29,078,226	26,701,615
Premises related services		23,559,315	28,227,372
Depreciation		6,502,141	6,702,699
Other expenses		1,120,335	136,035
Total operating expenses		272,512,495	242,915,907
Operating surplus/(deficit)		77,872,461	100,081,178
Transferred to Miscellaneous Revenue		(13,931,650)	(27,022,314)
Net (deficit)/surplus		63,940,811	73,058,864

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, 2013**

	Contributed Capital	Accumulated surplus/ (deficit)	Total
	\$	\$	\$
Balance as at March 31, 2011	38,896,097	(53,331,253)	(14,435,156)
Additions	-	-	-
Net surplus for the year	-	73,058,864	73,058,864
Balance as at March 31, 2012	38,896,097	19,727,611	58,623,708
Additions	-	-	-
Net surplus for the year	-	63,940,811	63,940,811
Balance as at March 31, 2013	38,896,097	83,668,422	122,564,519

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, 2013**

	2013	2012
	\$	\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	63,940,811	73,058,864
	<u>63,940,811</u>	<u>73,058,864</u>
Adjustments:		
Depreciation	6,502,141	6,702,699
Increase/(decrease) provision for employees benefit	1,766,485	(7,707,042)
(Increase)/decrease in receivables	(11,253,792)	(113,550)
Increase/(decrease) in forfeited properties	(50,300,000)	(66,040,000)
Increase/(decrease) in payables	(1,031,995)	350,308
Net cash outflow from operating activities	<u>9,623,650</u>	<u>6,251,279</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,370,885)	(6,251,279)
Proceeds from sale of fixed assets		
Net cash used in investing activities	<u>(6,370,885)</u>	<u>(6,251,279)</u>
Cash flows from financing activities		
GOJ financing from Consolidated Fund	-	-
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	3,252,765	
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	<u>3,252,765</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, 2013

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

- i. 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).
- ii. 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

FINANCIAL INVESTIGATIONS DIVISION**Notes to the Financial Statements****Year ended March 31, 2013**

the 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.

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, 2013

4. Significant accounting policies (cont'd)

i. 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%

ii. 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.

iii. 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.

iv. Revenue recognition

Income is recognized when it is received

v. Financial crime assets

Financial Crime Assets relate to assets which have come under the custody of the Assets Recovery Agency as a result of the 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, 2013

5. 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>2013</u>	<u>2012</u>
	\$	\$
Financial Crime Assets	<u>900,383,865</u>	<u>587,044,760</u>

FINANCIAL INVESTIGATIONS DIVISION
Notes to the Financial Statements
Year ended March 31, 2013

5. Financial Risk Management (cont'd)

d. 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 \$	Contract \$	Due \$	Due within 1 \$
Payables and accruals				
Employee benefits	43,516,974	43,516,974	-	43,516,974
At March 31, 2013	<u>43,516,974</u>	<u>43,516,974</u>	<u>-</u>	<u>43,516,974</u>
Financial Liabilities	Carrying \$	Contract \$	Due \$	Due within 1 \$
Payables and accruals	1,031,995	1,031,995	1,031,995	-
Employee benefits	41,750,488	41,750,488		41,750,488
At March 31, 2012	<u>42,782,483</u>	<u>42,782,483</u>	<u>1,031,995</u>	<u>41,750,488</u>

e. 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>2013</u> \$	<u>2012</u> \$
Advance and prepayments	11,716,473	462,681

FINANCIAL INVESTIGATIONS DIVISION

Notes to the Financial Statements

Year ended March 31, 2013

6. Property, plant and equipment

	Office	Computers	Furniture,	Motor	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Cost					
April 1, 2012	27,837,404	6,966,878	10,798,397	2,310,038	47,912,717
Additions	858,343	837,931	259,611	4,415,000	6,370,885
Disposals	(-)	(-)	(-)	(-)	(-)
March 31, 2013	28,695,747	7,804,809	11,058,008	6,725,038	54,283,602
Depreciation					
April 1, 2012	5,323,337	4,126,131	2,299,700	1,260,038	13,009,206
Depreciation charges	2,994,250	1,437,085	1,269,306	801,500	6,502,141
Disposal	(-)	(-)	(-)	(-)	(-)
March 31, 2013	8,317,587	5,563,216	3,569,006	2,061,538	19,511,347
Net book value:	20,378,159	2,241,594	7,489,002	4,663,500	34,772,255
Net book value:	22,514,066	2,840,747	8,498,697	2,184,000	34,903,511

7. Financial crime assets

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance as at April 1	1,619,804,671	1,019,288,365
Additions	980,416,022	720,291,423
Forfeiture	(65,310,819)	(92,030,314)
Returned	(342,378,865)	(36,898,539)
Interest earned	25,616,955	9,153,736
Balance as at March 31	<u>2,218,147,964</u>	<u>1,619,804,671</u>

- 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, 2013

8. Advances and prepayments

	<u>2013</u>	<u>2012</u>
	\$	\$
European Union	972,721	-
Department of International Development	9,932,165	-
Advance and prepayments	811,587	462,681
	<u>11,716,473</u>	<u>462,681</u>

9. Employee benefits

	<u>2013</u>	<u>2012</u>
	\$	\$
Provision for vacation leave	43,516,974	41,750,488
	<u>43,516,974</u>	<u>41,750,488</u>

10. Payables and accruals

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts payable	-	1,031,995

11. Subvention

	<u>2013</u>	<u>2012</u>
	\$	\$
Financial Investigation Division	269,629,759	248,489,932
Assets Recovery Agency	2,365,896	1,444,839
	<u>271,995,655</u>	<u>249,934,771</u>

12. Other income

	<u>2013</u>	<u>2012</u>
	\$	\$
Other income	1,875,000	1,032,000

FINANCIAL INVESTIGATIONS DIVISION**Notes to the Financial Statements****Year ended March 31, 2013**

13. Staff costs

	<u>2013</u>	<u>2012</u>
	\$	\$
Salaries and wages	165,812,786	150,835,556
Travelling allowance and subsistence	44,673,207	38,019,672
Employee benefits	1,766,485	(7,707,042)
	<u>212,252,478</u>	<u>181,148,186</u>

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2013

	Note	FID 2013 \$	ARA 2013 \$	Total 2013 \$	FID 2012 \$	ARA 2012 \$	Total 2012 \$
INCOME							
GOJ financing from Consolidated Fund	10	269,629,759	2,365,896	271,995,655	248,489,932	1,444,839	249,934,771
Grant		10,904,886	-	10,904,886			-
Other income	11	1,875,000	-	1,875,000	1,032,000		1,032,000
Proceeds from forfeited properties		-	65,556,650	65,556,650		92,030,314	92,030,314
Interest income		-	52,765	52,765			-
Total income		282,409,645	67,975,310	350,384,956	249,521,933	93,475,153	342,997,085
EXPENDITURE							
Staff costs	12	211,614,377	638,101	212,252,478	180,948,631	199,555	181,148,186
Goods and services		27,375,431	1,702,795	29,078,226	25,480,981	1,220,634	26,701,615
Premises related services		23,559,315	-	23,559,315	28,227,372	-	28,227,372
Depreciation		6,502,141	-	6,502,141	6,702,699	-	6,702,699
Other expenses		1,120,335	-	1,120,335	136,035	-	136,035
Total operating expenses		270,171,599	2,340,896	272,512,495	241,495,719	1,420,189	242,915,907
Operating surplus/(deficit)		12,238,046	65,634,415	77,872,461	8,026,214	92,054,964	100,081,178
Transferred to miscellaneous revenue		(1,875,000)	(12,056,650)	(13,931,650)	(1,032,000)	(25,990,314)	(27,022,314)
Net (deficit)/surplus		10,363,046	53,577,765	63,940,811	6,994,214	66,064,650	73,058,864