



FINANCIAL INVESTIGATIONS DIVISION



ANNUAL REPORT 2014 - 2015

Financial Investigations Division Annual Report



Financial Investigations Division Annual Report

Vision

To be an effective financial intelligence and investigations 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 and motivated staff, utilizing innovative investigative techniques, and state of the art technology.

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1 CHIEF TECHNICAL DIRECTOR'S REPORT

The financial year 2014 – 2015 was a productive year for the Financial Investigations Division. As the new Chief Technical Director (CTD), who assumed responsibilities in November 2014, I brought to the office my previous responsibilities as Chair of the National Anti-Money Laundering Committee, which advises the Government on policies to improve the anti-money laundering and combating the financing of terrorism framework.

On the international front, the Division drove, in collaboration with the Bank of Jamaica (BOJ) and other stakeholders, reforms to the anti-money laundering (AML) and counter financing of terrorism (CFT) framework and made preparation for the visit of the Caribbean Financial Action Task Force's Mutual Evaluation visit, which was concluded in June 2015. Jamaica is a member of the Caribbean Financial Action Task Force, a regional organization of Caribbean and Central American countries, whose primary mandate is to monitor member states' adherence to the international standards on Anti-Money laundering, Combating the Financing of Terrorism and Proliferation by way of assessments of the legal, regulatory and institutional structures established within these jurisdictions. Measures to prepare for the Mutual Evaluation included:

- a. presentations and briefings to Ministers, heads of Agencies and private sector firms as to the intent of and the methodology to be used in the Mutual Evaluation,
- b. preparatory work on Jamaica's National Risk Assessment,
- c. preparation of preparatory documentation for the Assessment Team including but not limited to the required Technical Compliance Questionnaire, Effectiveness Report and compilations of reports, laws, guidance notes and other documents evidencing Jamaica's compliance with the international standards in the area.

The Office also continued co-ordination work on the National Risk Assessment (NRA) on Money Laundering and the Financing of Terrorism. This NRA was developed through the work of three

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Working Groups comprised of the various ministries and agencies involved in anti-money laundering and combating the financing of terrorism. The NRA covered three main areas:

- a. Investigations and Prosecutions. This Group was chaired by the FID and had the Office Director of Public Prosecution, the Ministry of Justice, Revenue Protection Division, Jamaica Constabulary Force, Major Organized Crime and Anti-Corruption Agency, Jamaica Customs Agency as members;
- b. Transnational issues and Terrorism Financing threats. This group was chaired by the Ministry of Foreign Affairs Foreign Trade and had the Jamaica Customs Agency, Financial Services Commission, Jamaica Constabulary Force, Ministry of National Security, Office Director of Public Prosecutions and the Financial Investigations Division as members;
- c. Financial sector issues. This group was chaired by the BOJ and comprised the Ministry of Finance, Financial Services Commission and Financial Investigations Division.

The National Risk Assessment will provide a roadmap for Jamaican AML/CFT reforms based on those areas that have the greatest risk concentration so that scarce resources may be prioritized and applied according to the areas posing the greatest risk.

One of my primary areas of focus was the building of relationships with key stakeholders by assisting several organizations with training and presentations. These included the Jamaica Bankers Association (JBA), members of the commercial banking sector, the Jamaica Corporative Credit Union League (JCCUL), the Office of the Contractor General (OCG), Financial Services Commission (FSC) and Compliance Aid (a US organization).

The Office also provided assistance in procuring technical assistance for several of the regulators for the non-financial industries that were brought under the Proceeds of Crime Act anti-money laundering obligations in July 2013. This technical assistance was provided through the offices of the US Treasury Department's Office of Technical Assistance (OTA). The OTA provided experts who assisted the Betting, Gaming and Lotteries Commission (BGLC), the Real Estate Board (REB), the General Legal Council (GLC) and the Casino Gaming Commission (CGC)

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with assistance in the preparation of examination manuals and supervisory guidance as well as delivering training on supervisory techniques and enforcement.

The CTD's Office also provided assistance to the Government in the lawsuit brought by the Jamaica Bar Association (JBA) to seek injunctive relief against the imposition of anti-money laundering obligations on the legal profession. Both the CTD and the Principal Director were the principal affiants in the lawsuit on behalf of the Government.

Internally, my Office sought to focus on the Division's statutory obligations including the outreach and policy advisory work mentioned earlier, but also with respect to finalizing several years' worth of annual reports that are required to be submitted to the Honourable Minister of Finance & Public Service and tabled in Parliament. These spanned the period 2011 to 2014 and these are expected to be submitted to Cabinet and tabled in Parliament in 2016.

Robin Sykes

Chief Technical Director

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2 FINANCIAL INTELLIGENCE

This function is carried out by the Financial Intelligence Unit (FIU). The main functions of the unit are:

- Receipt and processing of prescribed reports received under the Proceeds of Crime Act (POCA) and the Terrorism Prevention Act (TPA)
- The analysis and dissemination of pertinent information to law enforcement and regulatory bodies
- Monitoring the compliance of financial institutions and designated non-financial institutions with their statutory reporting obligations
- Administering and managing the statutory consent regime
- Assisting law enforcement and regulatory agencies by conducting due diligence, fit and proper checks and the preparation of financial profiles on the requests of these agencies.
- Co-operation with counterpart FIU's and international bodies including the Egmont Group of Financial Intelligence Units
- Collation and analysis of statistics
- Timely and relevant feedback to stakeholders
- Strategic analytical reports for policy makers for decision making purposes
- Identification of trends and patterns in money laundering and terrorism financing transactions and the production of typology reports.

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2.1 POCA - Threshold & Suspicious Transaction Reports and Authorised Disclosures

Under the Proceeds of Crime Act (POCA) the Designated Authority (FID) is authorised to receive the following reports:

- Threshold Transaction Reports on any cash transactions involving the prescribed amount¹ stipulated in the POCA (Money Laundering Prevention) Regulations 2007.
- Suspicious Transactions Reports (Required disclosures from the regulated sector).
- Authorised and Protected Disclosures (This is a report to a nominated officer of information or other matter that causes the person making the disclosure (usually a front office worker) to know or believe, or have reasonable grounds for knowing or believing that another person has engaged in money laundering. The nominated officer would then, in turn, seek the consent of the Designated Authority before engaging in this transaction.

2.2 Suspicious and Threshold Transaction Reports and Authorised Disclosures Received (POCA)

Table 1

REPORT TYPE	2013-2014	2014-2015	% Change
Suspicious	173,938	205,686	18
Threshold	143,418	180,225	26
Authorised Disclosure	3	24	700
TOTAL	317,539	386,117	

¹ 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\$15,000

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2.3 Suspicious Transaction Reports Received (TPA)

Table 2

Financial Institution Type	# of Reports
Cambio	1
Credit Union	1

2.4 Submission of POCA STRs by Financial Institutions Category

Table 3

FINANCIAL INSTITUTION TYPE	2013-2014	2014-2015	% Change
Commercial Banks	300	465	55
Cambios	37,865	30,156	-20
Credit Unions	398	514	29
Building Societies	596	28,060	4,608
Merchant Banks	7	6	-14
Securities Dealers	216	104	-52
Remittance Services	134,534	146,364	9
Insurance Services	22	16	-27
DNFI(Attorney)	0	1	100
TOTAL	173,938	205,686	

The Table reflects an increase in the number of STRs from banks, credit unions, building societies and remittance agencies. These increases are considered to be related to suspected cases of lottery scamming. The increased level of reporting also reflects greater awareness by these institutions of the nature and scale of these activities and also may be triggered by the

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'de-risking' measures affecting certain financial institutions. Conversely, the decrease in securities firms reporting may be attributable to the 2013 amendments of the POCA which prohibited large cash transactions (over J\$1,000,000 or its equivalent in any other currency).

2.5 Submission of TTRs by Financial Institutions Category

Table 4

FINANCIAL INSTITUTION TYPE	2013-2014	2014-2015	% Change
Commercial Banks	107,863	140,322	30
Cambios	21,016	22,093	5
Credit Unions	51	51	0
Building Societies	8,151	13,511	66
Merchant Banks	1,031	891	-14
Securities Dealers	301	193	-36
Remittance Services	4,991	3,160	-37
Insurance Services	14	3	-64
Designated FI	-	1	100
TOTAL	143,418	180,225	

2.6 Compliance Rate of Financial Institutions

The FID continues to monitor financial institutions' compliance in submitting Threshold Transaction Reports under POCA and Listed Entities Reports under the Terrorism Prevention Act (TPA). The level of compliance achieved by each type of institution is shown below.

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Table 5

REPRESENTATION OF FINANCIAL INSTITUTIONS' TTR COMPLIANCE (POCA)			
SECTOR	# OF ENTITIES	# REPORTING	COMPLIANCE RATE %
COMMERCIAL BANKS	7	7	100
BUILDING SOCIETY	3	3	100
INSURANCE COMPANIES & BROKERS	54	42	77.78
MERCHANT BANKS	2	2	100
CREDIT UNIONS	40	37	92.50
SECURITIES DEALERS	44	43	97.73
CAMBIOS	72	64	88.89
REMITTANCES	9	9	100
DESIGNATED FI	1	1	100
TOTAL	232	208	89.66

With respect to insurance companies and brokers, the FID perceives some ambiguity in the understanding of these players with respect to the party with the ultimate responsibility for making these reports, given that brokers consider themselves to be acting as agents for the insurance company.

2.7 Representation of Financial Institutions' Compliance (TPA)

Financial institutions are required to submit listed entities reports every four months to indicate to the designated authority whether or not it is in possession or control of property owned or controlled by or on behalf of a listed entity.

Some smaller financial entities, such as cambios, find it challenging to make these reports consistently because of capacity issues. Cambios do not maintain accounts on behalf of their customers, and are therefore not likely to be in control or possession of any property owned by these listed entities.

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Table 6

SECTOR	TOTAL	# REPORTING	COMPLIANCE RATE %
Commercial Banks	7	7	100
Building Society	3	3	100
Insurance Companies	15	12	80
Merchant Banks	2	2	100
Credit Unions	40	35	87.50
Securities Dealers	44	42	95.45
Cambios	72	30	41.67
Remittances	9	9	100
TOTAL			73.06

The reports made to the FID are essentially NIL reports, hence the quantity of reports made do NOT reflect cases of the dealing or possession of property owned or controlled by listed entities.

2.8 Requests for Consent (POCA)

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 said transaction. A failure to request such consent may render the institution and Nominated Officer liable to prosecution under the POCA Sections 92 and 93. Until the consent is granted, the financial institution is prohibited from completing that transaction. The law prescribes strict timelines for the granting of such consent.

The number of requests for consent received is shown below.

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Table 7

NUMBER OF CONSENT REQUESTS			
Consent Requests	2013-2014	2014-2015	% Change
TOTAL	206	323	57%

2.9 Disclosures Generated From STRs/TTRs to Law Enforcement

Case disclosures are generated from the analysis of STRs and TTRs. These are disseminated to law enforcement agencies for investigation.

Table 8

DISCLOSURES	2013-2014	2014-2015
New Cases	82	103
Notes to Files²	16	14
TOTAL	98	117

2.10 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.

² Additional information on existing targets

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Table 9

CRIMINAL ACTIVITIES	2013-2014	2014-2015	Change %
Money Laundering	14	22	57%
Corruption	5	5	0
Drug Trafficking	15	7	-53%
Lottery Scam	33	42	27%
Other Fraud	6	14	133%
Cash Transaction exceeding \$1M	4	7	75%
Other ³	5	6	20%
TOTAL	82	103	

2.11 International Transportation of Cash or Bearer Negotiable Instruments (BNI) Reports

Under Sec. 101 of POCA, a person who transports or causes the transport of currency exceeding US\$10,000 or its equivalent in any other currency into or out of Jamaica is required to make a report to the Designated Authority.

Table 10

REPORT TYPE	2012-2013	2013-2014	Change %
International Transportation of Currency (Cross Border Movement of Funds)	118	81	-31%

³ Examples include tax evasion, extortion, customs breaches and securities fraud

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2.12 Due Diligence, Fit & Proper Checks and Financial Profiles

The Intelligence Unit also assists other investigative and regulatory agencies by undertaking the following activities on their behalf:

Table 11

TYPE OF REPORT	2012-2013	2013-2014	Change %
Due Diligence	6	5	-16%
Fit and Proper Checks	713	451	-36%
Financial Profiles	349	305	-12%

Financial Profiles are used by law enforcement to obtain a more comprehensive picture of an individual's assets, associates and other financial dealings at a particular point in time. This assists in the identification of high value targets that could potentially be the subject of financial investigations by the Division.

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3 FINANCIAL INVESTIGATIONS

The Financial Investigations Team (FIT) is the investigations and enforcement arm of the Financial Investigations Division. Its primary purpose is to detect, deter, investigate and support the prosecution of individuals and criminal networks involved in financial crimes. This is achieved through the utilization of both criminal and civil investigation powers pursuant to the Proceeds of Crime Act, the Financial Investigations Division Act and the Terrorism Prevention Act. There are five primary types of investigations pursued by FIT, namely:

1. Money Laundering
2. Cash Seizure
3. Criminal Forfeiture
4. Civil Recovery of Property; and
5. Terrorist Financing

FIT comprises both civilians and Jamaica Constabulary Force (JCF) Officers who are assigned under special arrangements to the FID.

During the 2014/2015 reporting period, the FID received a positive boost to its efforts of combating financial crime, through greater collaboration with the Major Organized Crime and Anti- Corruption Agency (MOCA), the wider Jamaica Constabulary Force, along with other local and international agencies. Numerous joint investigations were undertaken during the period, this included lottery scamming, corruption and large scale money laundering activities.

During the period under review, a total of One Hundred and Fifty-Six (156) cases were referred to FIT for investigation as detailed in Table 12 below:

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Table 12

NEW ASSIGNMENTS – 2014/2015	
Money Laundering	84
Cash Seizure	55
Criminal Forfeiture	2
Civil Recovery of Property	9
Terrorist Financing	2
Cash transactions exceeding \$1million	4
Total	156

In pursuit of FIT's assignments, the following investigative activities were accomplished:

Table 13

INVESTIGATIVE AND ENFORCEMENT ACTIVITIES	
Search and Seizure Operations conducted	18
Number of Arrests in relation to Financial Crimes	23
Number of Persons Charged for Financial Crimes	18
Number of Charges	49
Requests for Cooperation Completed (International)	9
Requests for Cooperation Completed (Local)	15
Civil Recovery Cases Completed	7

A total of eighteen (18) individuals were charged with financial crime offences. One person was convicted during the period. Also, three (3) persons were charged with cross border movement of funds: failure to declare as per section 101 of the Proceeds of Crime Act. One (1) person was convicted.

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Civil recovery of property investigations have yielded a total of six (6) properties and two (2) firearms which were forfeited during the period. These assets had a combined value exceeding One Hundred and Eleven Million Dollars (\$111M).

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4 ASSET MANAGEMENT

The Asset Management Unit (AMU) carries out the FID's statutory function in the administration of seized and forfeited assets pursuant to the Proceeds of Crime Act 2007 and the Financial Investigations Divisions Act.

Such assets include but are not limited to:

- Cash
- Bank accounts and other financial instruments
- Real estate
- Motor vehicles
- Jewellery

To meet our obligations, the unit carries out the following functions:

- The receipt and processing of properties (assets) as per the established guidelines within the Asset Management Procedural Manual and the Proceeds of Crime Act (2007) POCA.
- The development and maintenance of databases which captures information on the status, value and nature of all the assets under management.
- The maintenance and monitoring of restrained and forfeited fixed assets which involve visitations by AMU officers, installation of Intrusion Detection System and monitoring of properties by security personnel.
- Investment of seized cash
- Disposal of seized cash by way of return to respondents or forfeiture to government
- Preparation of fixed assets for disposal which includes obtaining appraisal reports, obtaining Stamp Duty, Transfer Tax and Assessment Certificate, obtaining Duplicate Certificate of Titles and submission of properties for sale either by way of auction or tender.
- Co-operation with local and international partners, particularly as it relates to forfeitures and confiscations.
- Preparation of Annual Audited Financial Statements.

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In order to achieve its objectives, the AMU works closely with external agencies such as the Jamaica Constabulary Force (JCF), Jamaica Customs Agency, the National Land Agency, independent security and valuation firms and the Bank of Jamaica.

4.1 Cash Seizures

The table below details cash seizure activities for the reporting periods.

Table 14

DESCRIPTION	CURRENCY	2013 - 2014	2014 - 2015
Cash Seizure Cases Investigated by both JCF/FID and Jamaica Customs Agency.		124	128
Value of Cash Seized	JA (\$)	28,679,327	11,976,434
	US (\$)	14,389,411	1,550,539
	CAD (\$)	77,219	1,565
	GBP (£)	4,901	10,100
	EURO (€)	57,090	9,500
Cash Seizure Cases resulting in forfeitures.		29	33
Value of Cash Forfeited	JA (\$)	3,915,752	570,808
	US (\$)	503,031	5,193,395
	CAD (\$)	8,665	30,193
	GBP (£)	Nil	17,937
	EURO (€)	Nil	322,721

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4.2 *Restrained and Forfeited Assets*

The value of assets under the AMU's management as at March 31, 2015 is reflected below.

Table 15

TYPE OF ASSET	PERIOD							
	2013-14				2014-15			
	Restrained		Forfeited		Restrained		Forfeited	
	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)
Real Property	97	678,160	12	258,140	98	643,417	13	290,826
Other Property	-	Nil	2	440	-	Nil	2	440
Motor Vehicles	94	177,379	-	Nil	98	177,779	3	11,020
Bank Accounts & Financial Instruments	184	440,644	-	Nil	208	446,998	7	37,698
Seized Cash		1,057,109		48,256		1,094,694		
TOTAL		2,353,292		306,836		2,362,888		339,984

The Division faces various challenges in the disposal of real property. These include: legislative limitations, adverse market conditions, administrative procedures in transferring ownership to the Crown prior to disposal. The Division is actively petitioning for the relevant legislative change to allow the Commissioner of Lands to execute all necessary documents to effect the transfer to the government.

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5 LEGAL SERVICES

The Legal Services Unit (LSU) continued to enjoy a substantial measure of success as it worked assiduously for the Division.

The main tasks of preparation and submission of cases to the various courts in Jamaica remained the LSU's focus. This is in addition to collaborating with and providing assistance to the Division's overseas partners, including the negotiation of Memoranda of Understanding (MOU). These MOUs facilitate the exchange of intelligence between FIUs, as well as support joint investigations with domestic and foreign law enforcement bodies. These efforts are with a common goal to secure convictions and forfeiture of assets wherever they are situated as long as it is shown that such assets were derived from or acquired as a result of the proceeds of crime.

The LSU continues to carry out its core duties which include 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, the Financial Investigations Division Act and the Terrorism Prevention Act as its core legislations.
- Legal advice on evidentiary requirements and standards of proof necessary to be established by investigators to properly ground applications 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 benefits 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 make recommendations for required amendments to relevant legislations to include those regulations governing financial crimes.

There has been an increase, not only in the number of cases for adjudication, but also the type of cases as the persons seeking to benefit from unlawful conduct continue to find new avenues

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to launder their ill-gotten gains. The fiscal period 2014-2015 yielded several important decisions in a number of cases such as the one below.

5.1 CASE STUDY:

First Privy Council Decision under the Proceeds of Crime Act:

On January 19, 2015, the FID obtained its first Privy Council decision under the Proceeds of Crime Act (“the Act”). The genesis of the case was in an application made by the FID to the Supreme Court to obtain a customer information order against certain individuals under the Act. A customer information order is an investigative order and was sought to obtain information on whether certain individuals under investigation had accounts at financial institutions and, if so, certain other information on the accounts. The Supreme Court dismissed the FID’s application and the FID appealed to the Court of Appeal.

The Court of Appeal dismissed the appeal and, in doing so, made certain pronouncements concerning the requirements to be satisfied when applying for these types of investigative orders. The Court of Appeal pronounced that before a customer information order could be made in relation to a money laundering investigation, it was necessary for there to be a conviction of someone for the antecedent/ predicate offence which had caused the property to be criminal property. The Court of Appeal also pronounced that before a customer information order could be made in relation to a forfeiture investigation, it was necessary for the person who is being investigated to have been convicted. The FID strenuously disagreed with these pronouncements and were of the view that a conviction was not a prerequisite for the granting of investigative orders especially in circumstances where these orders are sought to aid in the very investigations that would lead to the charging and eventually conviction of the individuals. The FID was of the view that should these pronouncements remain, its ability to obtain investigative orders and to effectively investigate would be severely hampered. Accordingly, the FID appealed to the Privy Council against the pronouncements made by the Court of Appeal.

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The Privy Council agreed with the FID. The Privy Council found that at the stage of an application for a customer information order, what has to be established was not that a defendant had committed a money laundering offence but that there were reasonable grounds for believing that a prospective defendant had done so. The Privy Council stated that it would be contrary to the wording of the statute to impose a requirement that there be proof that a particular antecedent offence had been committed and even more so to impose a requirement that someone was convicted. The Privy Council noted that these investigative orders are available to assist the prosecution to find out whether a money laundering offence was committed or not. In relation to investigative orders sought in relation to a forfeiture investigation, the Privy Council also pronounced that there was no requirement to wait until a defendant was convicted for an offence before obtaining these orders and further stated that there was good reason why such investigative orders should be made at the initial stage of the investigation. In addition to these pronouncements, the Privy Council also gave critical guidance to practitioners and judges on the requirements to be satisfied for the granting of these orders.

This Privy Council decision has become the most cited and referred decision by practitioners and the judiciary in the field of proceeds of crime in Jamaica. It has set well needed guidelines and has significantly developed the jurisprudence in the area.

The efforts of the FID stand unabated with a view to gradually minimize the lure of engagement and benefit from unlawful activities.

The FID views the work of getting cases through the courts as fundamental as it represents the culmination of all the intelligence gathering and investigative work of the Division. The presentation of cases is a time consuming process which is complicated by delays experienced in the court system and the detailed financial analysis that these cases involve.

6 ADMINISTRATIVE SERVICES

During the reporting period 2014/15 the Planning and Administrative Services Unit (P&ASU) remained responsive to the needs of the organisation and its workforce and continued to provide a supportive and enabling work environment. This was achieved by ensuring that the staff was provided with the necessary resources to realise the strategic goals and objectives of the Division. We sought to ensure that key positions were filled with individuals that demonstrated the right competencies and values that are important to the Division. A robust orientation programme was implemented to ensure that new recruits initiation into the organisation was smooth and seamless.

In November 2014, the FID welcomed the new Chief Technical Director, Mr. Robin Sykes who assumed the responsibility of managing the strategic direction of the Division. With the change in leadership, the necessary measures were implemented to ensure that staff morale and motivation were maintained. Subsequently, quarterly meetings, discussions and activities with the staff were pursued to ensure that they were on-board with any new initiatives and programmes.

The FID focused on strengthening its human resource by pursuing strategies aimed at realigning the human resource performance with its business goals and objectives. In order to realise this alignment, the Division invested in various training and development initiatives to improve the human capital as well as performance. Some of these training initiatives were achieved through the support of the Caribbean Criminal Asset Recovery Programme (CCARP). Both the technical and operational staff were exposed to law enforcement entities in other jurisdiction involved in the fight against financial crimes. The training initiatives undertaken by the Division exposed the staff collectively to 136 man-days of training and at the individual level each employee received 2 man-days of training.

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In an effort to increase operational efficiencies, the FID through collaboration with the British High Commission was able to acquire three (3) new motor vehicles to assist the investigators to function more efficiently.

The Division continued in its thrust to educate and inform various stakeholders and the public about the debilitating impact of financial crimes on a country's economy, as such, the FID engaged its key stakeholders to provide greater awareness of the mandate of the Division. This was accomplished through a number of training and sensitization sessions and approximately 673 participants benefitted.

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7 INFORMATION TECHNOLOGY

The Information Technology Unit (ITU) has the responsibility to support the mission of the Financial Investigations Division (FID) by providing an efficient and modern Information and Communication Technology (ICT) environment to facilitate the information processing and analysis needs. This is achieved by incorporating various Information and Communication Technology (ICT) in the investigative and analytical processes. The ITU ensures that all the technological issues are attended to, allowing seamless flow of information to our clients both internally and externally in a highly secured environment.

During the year 2014/15 the ITU focused on the following activities:

- Pursued the implementation of integrated Information systems, with particular focus on goAML and the Case Management System
- Offering digital forensic support to the FID's investigative process

The new goAML solution, having been installed within the Division early in the year 2014, was made a major focus for study and configuration in order to have it customised to the Jamaican environment. This was pursued in conjunction with the Financial Intelligence Unit (FIU) to ensure that the new system could be mapped to the Jamaican legislative reality. In order to host the solution, the requisite hardware and software were pursued and funding was identified by the Division through our international partners. In conjunction with the United Nations Office of Drugs and Crime (UNODC), the suppliers of the goAML solution, a logical network design was created and the process to procure the equipment to build the environment was started. The process of goAML configuration and hardware procurement continued through the rest of the reporting period.

Much effort was also expended to ensure that the existing database solution was upgraded to simplify the immediate need to receive, extract and upload large amounts of data from

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reporting institutions. These reports were being provided in a quasi-manual format, to include XML and PDF forms, which must then be extracted and uploaded to the production database.

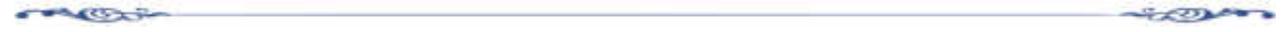
The FID continued in its quest to establish an appropriate Case Management System (CMS) to assist investigators with the management and visibility of information that is available to the Division. The Division engaged external partners to develop a solution to satisfy the requirements of the investigators. This effort is currently being pursued through the Justice Security Accountability and Transparency (JSAT) project. The JSAT project is funded by the European Union and was initiated within the Ministry of National Security and Justice and is expected to benefit the FID and other law enforcement entities.

Over the past year, the digital forensics function of the ITU has seen a resurgence of activity with the Unit being required to support forensic investigations within the FID, for our neighbouring Divisions and for external law enforcement units. Digital forensics is the process of recovery, collecting, analysing and reporting of information found on digital equipment in relation to an investigation. During the digital forensics process, equipment are imaged and analysed in a 'forensically sound' manner and in accordance to international standards. Over the reporting period, digital forensic support was offered in eight (8) cases. When necessary, the officers who operate as Digital Forensic Examiners are required to offer expert witness testimonies to the court in regards to the forensic process and findings.

8 AUDITED FINANCIAL STATEMENT

2014 - 15

Financial Investigations Division Annual Report



Financial Investigations Division
Annual Report

**FINANCIAL INVESTIGATION DIVISION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

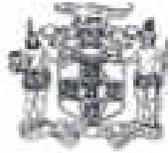
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The accompanying notes on page 7 to 15 form an integral part of the financial statements

Financial Investigations Division Annual Report



AUDITOR GENERAL'S DEPARTMENT
40 HUNSTFORD BOULEVARD
P.O. BOX 495
KINGSTON 5
JAMAICA
Email: audgen@auditorgeneral.gov.jm

INDEPENDENT AUDITOR'S REPORT

To the Management of
Financial Investigations Division

Report on the Financial Statements

I have audited the accompanying Financial Statements of Financial Investigations Division, set out on pages 1 to 15, which comprise the Consolidated Statement of Financial Position as at March 31, 2015 and Consolidated 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 (IPSAS). 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.

Financial Investigations Division Annual Report

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 Investigation Division as at March 31, 2015, and of its financial performance, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

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.



Auditor General


Date

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015**

	Note	2015 \$	Restated 2014 \$
Non-current assets			
Property, plant and equipment	5,14	74,446,888	67,738,532
		<u>74,446,888</u>	<u>67,738,532</u>
Current assets			
Financial crime assets	6	2,362,888,993	2,353,292,529
Forfeited property	7	330,984,463	306,835,743
Cash and cash equivalents		1,520,391	1,366,758
Advances and prepayments	8,14	30,454,071	38,070,547
		<u>2,736,847,918</u>	<u>2,701,565,577</u>
Current liabilities			
Financial crime liabilities	6	2,362,888,993	2,353,292,529
Employee benefits	9	43,704,027	55,159,264
Miscellaneous revenue payable		-	48,255,743
Payables and accruals	10	408,067	3,089,383
		<u>2,407,001,087</u>	<u>2,459,796,919</u>
Net current assets		<u>329,846,831</u>	<u>241,768,658</u>
Total assets		<u>404,293,719</u>	<u>309,507,110</u>
Equity			
Contributed Capital		38,896,097	38,896,097
Forfeited Asset Reserve		330,984,463	318,380,000
Accumulated (deficit)	14	25,413,159	12,031,013
		<u>404,293,719</u>	<u>309,507,110</u>

Approved for issue on behalf of the Financial Investigations Division on January 31 2017
and signed on its behalf by:



Chief Technical Director



Director

The accompanying notes on page 7 to 25 form an integral part of the financial statements

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**FINANCIAL INVESTIGATIONS DIVISION
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
Year ended March 31, 2015**

	Note	2015 \$	Restated 2014 \$
INCOME			
GOJ financing from Consolidated Fund	11	296,987,785	305,270,523
Grant		14,034,348	89,594,002
Processing fees	12	2,910,000	1,449,000
Proceeds from forfeiture properties		117,150,671	108,345,100
Interest Income		153,633	113,993
Total Income		<u>431,236,437</u>	<u>504,772,617</u>
EXPENDITURE			
Staff costs	13	195,517,547	235,620,091
Goods and services		77,645,283	45,604,117
Premises related services		2,403,308	59,479,242
Depreciation		22,166,882	9,427,476
Other expenses		60,600	145,000
Total operating expenses		<u>297,793,620</u>	<u>350,275,926</u>
Operating surplus		133,442,817	154,496,691
Transferred to miscellaneous revenue		(120,060,671)	(109,794,100)
Net Surplus		<u>13,382,146</u>	<u>44,702,591</u>

The accompanying notes on page 7 to 15 form an integral part of the financial statements.

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2015**

	Contributed capital \$	Accumulated (deficit) \$	Forfeited Asset Reserve \$	Total \$
Balance as at March 31, 2013	38,896,097	(32,671,578)	116,340,000	122,564,519
Addition	-	-	142,240,000	142,240,000
Net (Deficit) for the year	-	(19,627,984)	-	(19,627,984)
Balance as at March 31, 2014	38,896,097	(52,299,472)	258,580,000	245,176,625
Adjustment	-	64,330,485	-	64,330,485
Balance as at March 31, 2014 (restated)	38,896,097	12,031,013	258,580,000	309,507,110
Additions	-	-	81,404,463	81,404,463
Net Surplus for the year	-	13,382,146	-	13,382,146
Balance as at March 31, 2015	38,896,097	25,413,159	339,984,463	404,293,719

The accompanying notes on page 7 to 15 form an integral part of the financial statements

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF CASH FLOWS
Year ended March 31, 2015**

	2015	Restated
	\$	2014
		\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	13,382,146	44,702,591
	13,382,146	44,702,591
Adjustments:		
Depreciation Expenses	22,166,882	9,427,476
Increase/(decrease) provision for employees benefit	(11,455,238)	11,642,290
(Increase)/decrease in receivables	7,616,476	26,354,074
Increase/(decrease) in forfeited property	-	(48,255,743)
Increase/(decrease) in payables	(2,681,315)	51,345,126
Net cash outflow from operating activities	29,028,952	42,507,666
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28,875,318)	(42,393,673)
Net cash used in investing activities	(28,875,318)	(42,393,673)
Increase/(decrease) in cash and cash equivalents	153,633	113,993
Cash and cash equivalents at beginning of year	3,366,758	3,252,765
Cash and cash equivalents at end of year	3,520,391	3,366,758

The accompanying notes on page 7 to 15 form an integral part of the financial statements

Financial Investigations Division Annual Report

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FINANCIAL INVESTIGATIONS DIVISION NOTES TO THE FINANCIAL STATEMENTS Year ended March 31, 2015

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 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. IPSASs are based on the International Financial Reporting Standards (IFRSs).
- ii. IPSAS deal with public sector reporting issues that are not addressed by 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 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.

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FINANCIAL INVESTIGATIONS DIVISION NOTES TO THE FINANCIAL STATEMENTS Year ended March 31, 2015

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 and in hands.

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.

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%

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FINANCIAL INVESTIGATIONS DIVISION NOTES TO THE FINANCIAL STATEMENTS Year ended March 31, 2015

3. Significant accounting policies (cont'd)

vi. 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, 2015 were receivables and payables.

vii. Revenue Recognition

GOJ Subvention and processing fees are recognized when received.

Forfeited Assets are recognized as income when there is an agreed bill of sale between the parties to the transaction and titles have been transferred.

viii. 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.

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, 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

i. 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.

ii. 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.

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

4. Financial Risk Management (cont'd)

ii. 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>2015</u>	<u>2014</u>
	\$	\$
Financial Crime Assets	<u>1,100,325,567</u>	<u>1,060,553,556</u>

b. 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.

	<u>Carrying amount</u>	<u>Contract amount</u>	<u>Due within 3 months</u>	<u>Due within 1 year</u>
	\$	\$	\$	\$
Financial Liabilities				
Payables and accruals	408,067	408,067	408,067	408,067
Miscellaneous Revenue payables	-	-	-	-
Employee benefits	<u>43,704,027</u>	<u>43,704,027</u>	-	<u>43,704,027</u>
At March 31, 2015	<u>44,112,094</u>	<u>44,112,094</u>	<u>408,067</u>	<u>44,112,094</u>

	<u>Carrying amount</u>	<u>Contract amount</u>	<u>Due within 3 months</u>	<u>Due within 1 year</u>
	\$	\$	\$	\$
Financial Liabilities				
Payables and accruals	3,089,383	3,089,383	3,089,383	-
Miscellaneous Revenue Payables	48,255,743	48,255,743	48,255,743	
Employee benefits	<u>55,159,264</u>	<u>55,159,264</u>	-	<u>55,159,264</u>
At March 31, 2014	<u>106,504,390</u>	<u>106,504,390</u>	<u>51,345,126</u>	<u>55,159,126</u>

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

4. Financial Risk Management (cont'd)

c. 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>2015</u>	<u>2014</u>
	\$	\$
Advance and prepayments	30,454,071	38,070,547

5. Property, plant and equipment

	Office equipment	Computers	Furniture, fixtures and fittings	Motor vehicles	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Cost					
April 1, 20114	31,066,324	47,733,625	11,152,288	6,725,038	96,677,275
Additions	5,888,814	2,009,678	9,474,726	11,502,100	28,875,318
March 31, 2015	36,955,138	49,743,303	20,627,014	18,227,138	125,552,593
Accumulated depreciation					
April 1, 2014	11,297,784	9,922,473	4,774,028	2,944,538	28,938,823
Charges for the period	3,149,562	15,984,632	1,304,276	1,728,411	22,166,882
March 31, 2015	14,447,346	25,907,105	6,078,304	4,672,949	51,105,705
Net book value:					
March 31, 2015	22,507,792	23,836,198	14,548,709	13,554,189	74,446,888
Net book value:					
March 31, 2014	19,768,540	37,811,152	6,378,261	3,780,500	67,738,452

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

6. Financial crime assets

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance as at April 1	2,353,292,529	2,218,147,964
Additions	280,000,494	407,408,440
Forfeiture	(221,929,938)	(250,585,099)
Returned	(144,539,243)	(101,495,693)
Interest earned	96,065,151	79,816,917
Balance as at March 31	<u>2,362,888,993</u>	<u>2,353,292,529</u>

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 court 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.

7. Forfeited property

	<u>2015</u>	<u>2014</u>
	\$	\$
Agency Recovery Agency (ARA)	339,984,463	258,580,000
Transferred to Miscellaneous Revenue	-	48,255,743
	<u>339,984,463</u>	<u>306,835,743</u>

8. Advances and prepayments

	<u>2015</u>	<u>2014</u>
	\$	\$
European Union	-	8,990,420
Department of International Development	4,220,654	730,290
Advance and prepayments	26,233,417	28,349,837
	<u>30,454,071</u>	<u>38,070,547</u>

9. Employee benefits

	<u>2015</u>	<u>2014</u>
	\$	\$
Provision for vacation leave	43,704,027	44,583,308
Salary arrears	-	2,396,716
Provision for gratuity	-	8,179,240
	<u>43,704,027</u>	<u>55,159,264</u>

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

10. Payables and accruals

	<u>2015</u>	<u>2014</u>
	\$	\$
Accruals	408,067	3,089,383

11. Subvention

	<u>2015</u>	<u>2014</u>
	\$	\$
Financial Investigation Division	268,152,730	290,893,403
Assets Recovery Agency	28,835,055	14,377,120
	296,987,785	305,270,523

12. Processing fees

	<u>2015</u>	<u>2014</u>
	\$	\$
Due diligence fees	2,910,000	1,449,000

13. Staff costs

	<u>2015</u>	<u>2014</u>
	\$	\$
Salaries and wages	142,794,455	174,699,957
Travelling allowance and subsistence	52,723,092	49,277,844
Employee Benefits	-	11,642,290
	195,517,547	235,620,091

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

14. Prior year adjustment

At the date of the financial position dated March 31, 2014, the Division received funding from the US Embassy to acquire computer equipment for the GOAML systems. However, the amount was not included in the certified financial statements. Consequently, the financial statements were material misstated by \$64.33 million.

The financial impact of these transactions on the Statement of Financial Position and Statement of Financial Performance is as follow:

Impact on the Statement of Financial Position

	2014 \$	Restatement \$	Restated 2014 \$	2015 \$
Non-Current assets				
Property, plant and equipment	31,642,059	36,096,393	67,738,452	74,446,888
Current assets				
Financial Crime assets	2,353,292,529		2,353,292,529	2,362,888,993
Forfeited Property	306,835,743	-	306,835,743	339,984,463
Cash and cash equivalents	3,366,758	-	3,366,758	3,502,391
Advances and prepayments	9,836,455	28,234,092	38,070,547	304,540,71
Total current assets	2,673,331,485	28,234,092	2,701,565,577	2,736,847,918
Current liabilities				
Financial Crime Liabilities	2,353,292,529	-	3,353,292,529	2,362,888,993
Employee Benefits	55,159,264	-	55,159,264	43,704,027
Miscellaneous revenue payable	48,255,743	-	48,255,743	-
Payables and accruals	3,089,383	-	3,089,383	408,067
Total current liabilities	2,459,796,919	-	2,459,796,919	2,407,001,087
Net current assets	213,534,563	28,234,092	241,768,658	329,846,831
NET ASSETS	245,176,625	64,330,485	309,507,110	404,293,719

Financial Investigations Division Annual Report

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**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2015**

14. Prior year adjustment (cont'd)

Impact on the Statement of Financial Position (cont'd)

FINANCED BY:

Contributed capital	38,896,097	-	38,896,097	38,896,097
Accumulated surplus/(deficit)	(52,299,472)	64,330,485	12,031,013	25,413,159
Forfeited assets reserve	258,580,000	-	258,580,000	339,984,463
	<u>245,176,625</u>	<u>64,330,485</u>	<u>309,507,110</u>	<u>404,293,719</u>

Impact on the Statement of Financial Performance

	2014	Restatement	Restated 2014	2015
	\$	\$	\$	\$
REVENUE:				
Subvention	305,270,523	-	305,270,523	296,987,785
Grants	17,632,517	71,961,484	89,594,002	14,034,348
Proceeds from forfeiture properties	108,345,100	-	108,345,100	117,150,671
Other income	1,562,993	-	1,562,993	3,063,633
	<u>432,811,133</u>	<u>71,961,484</u>	<u>504,772,617</u>	<u>431,236,437</u>
EXPENDITURE				
Staff costs	235,620,091	-	235,620,091	195,517,547
Premises related expenses	59,479,242	-	59,479,242	2,403,308
Goods and services, and other costs	41,254,609	4,349,508	45,604,117	77,645,283
Other expenses	145,000	-	145,000	60,600
Depreciation	6,145,985	3,281,491	9,427,476	9,040,921
TOTAL EXPENSES	<u>342,644,927</u>	<u>7,630,999</u>	<u>350,275,926</u>	<u>297,793,620</u>
Net profit from operations before transfers	90,166,206	64,330,485	154,496,691	133,882,817
Transfer to miscellaneous revenue	(109,794,100)	-	(109,794,100)	(120,060,671)
Net Surplus	<u>(19,627,894)</u>	<u>64,330,485</u>	<u>44,702,591</u>	<u>13,382,146</u>

Financial Investigations Division Annual Report



9 APPENDICES

Financial Investigations Division Annual Report

9.1 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)

This is 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.

DE-RISKING

De-risking refers to the practice of overseas banking institutions limiting or terminating their correspondent banking relationships with domestic institutions because of a perceived apprehension of excessive risks including those relating to money laundering.

DESIGNATED FINANCIAL INSTITUTION

Designated Financial Institution refers to an entity that has been designated pursuant to section 95 of the Proceeds of Crime Act and is thereby subject to the anti-money laundering obligations imposed on businesses in the regulated sector.

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DESIGNATED AUTHORITY

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 a Global association of financial intelligence units formed to facilitate international cooperation especially in the areas of information exchange, training and the sharing of expertise. It also establishes standards and facilitates training for FIU's

FINANCIAL INSTITUTION⁴ (FI)

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

- A bank licensed under the Banking Act, subsequently repealed by the Banking Services Act 2014;
- A financial institution licensed under the Financial Institutions Act, subsequently repealed by the Banking Services Act 2014;
- A building society registered under the Building Societies Act, subsequently amended by the Banking Services Act 2014;
- 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

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

FIT AND PROPER CHECK

⁴ FATF Recommendations – May 2012 and POCA 2007

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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).

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, tax 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 ORDER⁵

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 ORDER⁶

⁵ POCA s5(3)

⁶ FID Act s17, POCA .105

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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 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 ORDER⁷ (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.

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

⁷ FID Act s20, POCA p.33

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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.

9.2 List of Tables

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9.3 Table of Acronyms

AML/CFT	Anti-Money Laundering/ Counter Financing of Terrorism
AMU	Asset Management Unit
ARA	Asset Recovery Agency
BGLC	Betting, Gaming and Lotteries Commission
BNI	Bearer Negotiable Instrument
BNS	Bank of Nova Scotia
BOJ	Bank of Jamaica
CCARP	Caribbean Criminal Asset Recovery Programme
CFATF	Caribbean Financial Action Task Force
CFU	Constabulary Financial Unit
CGC	Casino Gaming Commission
CTD	Chief Technical Director
DNFI	Designated Non-Financial Institution
FCIU	Financial Crimes Investigation Unit
FID	Financial Investigations Division
FIT	Financial Investigations Team
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GLC	General Legal Council
goAML	Go Anti-Money Laundering
HMF	Honourable Minister of Finance and Planning
ICT	Information and Communication Technology
ITU	Information Technology Unit
JBA	Jamaica Bankers Association
JCA	Jamaica Customs Agency
JCCUL	Jamaica Co-operative Credit Union League

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JCF	Jamaica Constabulary Force
JSAT	Justice Security Accountability and Transparency
LSU	Legal Services Unit
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MNS	Ministry of National Security
MOCA	Major Organized Crime and Anti-Corruption Agency
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOU	Memoranda of Understanding
NRA	National Risk Assessment
OCG	Office of the Contractor General
ODPP	Office of the Director of Public Prosecution
OTA	Office of Technical Assistance
PASU	Planning and Administrative Services Unit
PDF	Portable Document Format
POCA	Proceeds of Crime Act
REB	Real Estate Board
RPD	Revenue Protection Division
STR	Suspicious Transaction Report
TPA	Terrorism Prevention Act
TTR	Threshold Transaction Report
UNODC	United Nations Office of Drugs and Crime
XML	Extensible Mark-up Language

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9.4 Compensation of Senior Executives

FINANCIAL INVESTIGATIONS DIVISION				
SENIOR EXECUTIVE COMPENSATION				
Position of Senior Executive	Year	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Other Allowances (\$)	Total (\$)
	Salary \$			
	2014/15			
Chief Technical Director	6,197,916.65	4,415,000		10,612,916.65
Director, Financial Intelligence	3,927,526.19	975,720.00		4,903,246.19
Director, Planning & Administrative Services	2,100,529.18	514,500.00		2,615,029.18
Director, Financial Crimes Investigations	3,947,978.33	975,720.00		4,923,698.33
Director, Information Technology	3,020,443.34	514,500.00		3,534,943.34
Director, Legal Services	3,609,185.97	975,720.00	328,575.00	4,913,480.97

Notes

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.