



Taking the profit out of crime

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Annual Report

2015 - 2016



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Chief Technical Director's Report

The financial year 2015 to 2016 was a very busy one for the office of the Chief Technical Director (CTD). The office sought to build on its strategic partnerships with its international and domestic partners, as well as advance Jamaica's Anti-Money Laundering (AML) and Counter the Financing of Terrorism (CFT) framework to bring it in accordance with the Global International Standards.

Key among these was the renegotiation with the UK's Department for International Development (DFID) of a three year Memorandum of Understanding (MOU) to continue the UK's assistance to the Division to build capacity and support operations. The programme extends from December 2015 to March 2018 and incorporates the use of embedded UK experts in law enforcement at the Division, the provision of training opportunities and the purchase of key equipment. DFID has expressed great satisfaction with the work of the Division and the return on its investment as measured by the FID's confiscatory work.

The Director's Office has played a central role in the Caribbean Financial Action Task Force's (CFATF) Mutual Evaluation of Jamaica. This evaluation assesses the extent to which Jamaica's AML/CFT framework meets the international standards in this area and more importantly how effectively is that framework being utilized. The FID coordinated the information provided to the CFATF to support Jamaica's position as to the effectiveness of the framework. The CFATF Evaluation team visited the island from 1st - 12th June 2015 and met with the several stakeholders in the AML/CFT arena including:

- a. The Jamaica Constabulary Force (JCF),
- b. The Office of the Director of Public Prosecutions (DPP) and the Attorney General's Chambers (AGC)
- c. The Division,
- d. The Major Organized Crime Agency (MOCA),
- e. The Bank of Jamaica (BoJ) and the Financial Services Commission (FSC),
- f. The Betting Gaming and Lotteries Commission (BGLC), the Real Estate Board, the Public Accountancy Board (PAB) and the General Legal Council (GLC),

- g. The Ministries of Finance and the Public Service, Justice, National Security and Foreign Affairs and Foreign Trade,
- h. Members of the private sector – both financial and non-financial.

The evaluation report is expected to be tabled at the November 2016 Plenary. These evaluations are critical to identifying the strengths and weaknesses of a country's framework and making recommendations for reform. The CFATF monitors the regional states' level of adherence to the international standards on an on-going basis. In cases where states are found to be deficient in meeting the standards, the CFATF and the Financial Action Task Force (FATF) - the global standard setter - may elect to issue negative public statements about these states, which can result in the state being labeled as high risk and thus subject to countermeasures by other states.

The Director's office also commenced negotiations for Memoranda of Understanding with domestic partners such as the Major Organized Crime Agency, the Bank of Jamaica and the Financial Services Commission. In addition, the Division has also collaborated with the Cannabis Licensing Authority (CLA) in carrying out that Authority's mandate of licensing applicants to engage in the cultivation of cannabis within the provisions of the Dangerous Drugs Act (DDA).

The FID has also worked hard to carry out the Division's mandate of outreach to the public on the issue of financial crimes. During the year, the Division made presentations to the Jamaica Bankers Association, the Jamaica Co-Operative Credit Union League (JCCUL), the Institute of Chartered Accountants of Jamaica (ICAJ) and the Betting Gaming and Lotteries Commission (BGLC). The FID, in collaboration with DFID, also sponsored specialist training in anti-terrorism financing investigations, counter proliferation financing and proposed rules of court relating to the Proceeds of Crimes Act. These training opportunities were also offered to agencies outside of the FID to include Major Organized Crime Agency (MOCA), Counter-Terrorism and Organized Crime Branch (CTOC), the Revenue Protection Division (RPD), Ministry of Foreign Affairs, the Judiciary and the Private Bar.

Finally, the Division's senior managers sought to consider and document the Division's future strategic direction, given the changing dynamics of the environment. The key issues considered included: the strategic outlook of the Division, the alignment of our operations with the requirements of the governing statutes, the optimal human resources necessary to carry out the Division's work, the core elements of the Division's work and standards applicable to the types of cases the Division would pursue, bearing in mind imperatives laid out in the National Security Policy and Vision 2030.

These policies were shared with the Ministry's transformation team to be considered in conjunction with the main planning and transformation processes taking place within the Ministry.

Financial Intelligence Unit (FIU)

The country's Financial Intelligence Unit (FIU) operates within the Financial Investigations Division (FID). The Unit functions as an administrative FIU¹ with a Director being the head. The FIU is the primary body responsible for the receipt, processing and analysis of Suspicious Transactions Reports (STRs), Authorized Disclosures, Reports of International Transportation of Currency or Bearer Negotiable Instruments (Cross Border Reports) and Threshold Transaction Reports (TTRs) under the Proceeds of Crime Act (POCA). The FIU also receives Listed Entities Reports and Suspicious Transaction Reports under the Terrorism Prevention Act (TPA). These reports are received from the regulated sector, comprising of financial institutions, pursuant to POCA and TPA and designated non-financial institutions (DNFIs) under POCA. DNFIs are not required to submit Threshold Transaction Reports under POCA. In the case of Cross Border Reports, these are, reports made to the designated authority, by persons, seeking authorization for the transportation of cash into or out of Jamaica, exceeding ten thousand dollars in United States currency or its equivalent in any other currency.

¹ An Administrative FIU is one which receives, analyze and disseminate reports to the regulated sector but neither investigates nor initiate litigation.

It should be noted that reporting by Lawyers under POCA was suspended during this period as a result of court proceedings instituted by the Jamaica Bar Association which challenged the application of the POCA to that profession. The Government is challenging the ruling. It is expected that the relevant legislative orders will be passed in Parliament for DNFI's to report under TPA in keeping with the international standards in this area.

Financial Institutions are defined as pursuant to the POCA:

- a. A bank licensed under the Banking Services Act;
- b. A financial institution licensed under the Banking Services Act;
- c. A building society registered under the Banking Services Act;
- d. A society carrying on credit union business under the Co-operative Societies Act;
- e. A person who:
 - I. Engages in insurance business within the meaning of the Insurance Act;
 - II. Performs services as an insurance intermediary within the meaning of the Insurance Act, but does not include an insurance consultant or an adjuster;²
- f. A person licensed under the Bank of Jamaica Act to operate an exchange bureau;
- g. A person licensed under the Securities Act as a dealer or investment adviser;
- h. Approved money transfer & remittance agents & agencies as defined by section 2 of the Bank of Jamaica Act.
- i. Any other person/entity declared by the Minister responsible for national security (POCA) or Minister of Foreign Affairs (TPA), by order subject to affirmative resolution.
- j. Under the TPA, foreign companies in respect of their business in Jamaica relating to banking, securities, insurance, investment advice or trusts also have a duty to report.

Designated Non-Financial Institutions are defined as:

- a. A person who is not primarily engaged in carrying on financial business; and
- b. A person who is designated as a non-financial institution for the purpose of POCA by the Minister of National Security by order subject to affirmative resolution.

² There is no requirement for insurance brokers or agents to submit reports under TPA.

The following persons have been designated as non-financial institutions:

- a. Accountants – when they carry out certain specified financial transactions
- b. Attorneys-At-Law – when they are carrying out certain specified financial transactions
- c. Real Estate Dealers
- d. Casinos
- e. Gaming Lounges – above a certain size

The FIU, in fulfilling its mandate of cooperation with other agencies in ensuring that there is a coordinated, proactive and prompt approach to avoiding money laundering and terrorism financing threats, also conducts due diligence and fit and proper checks for other government agencies. Most of these requests are from the BOJ. This necessary and vital arrangement with BOJ seeks to minimise, if not, eliminate unsuitable persons from participating as owners, directors or senior managers in financial institutions. The aim is to safeguard the integrity of these institutions and ultimately, the financial sector.

REPORTS RECEIVED FROM REPORTING ENTITIES

The FIU received 311,677 Reports for the 2016 fiscal year. Most of these reports are submitted in in electronic form (CD/DVD). A significant portion of these reports are still being received on paper, therefore necessitating the use of data entry. The FID has sourced and is now implementing an application known as goAML which will facilitate online reporting and improved analytical capabilities of the FIU to handle the volume of data received. This solution will greatly improve the quality of reports and facilitate greater interaction between the FID and reporting entities.

a. Reports received under POCA

TABLE 1

Report Type	2014-2015	2015-2016	% Change
Suspicious	205,688	137,196	(33)
Threshold	180,224	174,464	(3)
Authorised Disclosure	25	17	(32)
TOTAL	385,937	311,677	(19)

b. Submission of POCA STRs by Financial Institutions Category

TABLE 2

Financial Institution Type	2014-2015	2015-2016	% Change
Commercial Banks	469	535	14
Cambios	30,074	25,044	(17)
Credit Unions	526	543	3
Building Societies	28,927	9,216	(68)
Merchant Banks	6	14	133
Securities Dealers	105	94	(10)
Remittance Services	145,563	101,720	(30)
Insurance Services	17	30	76
DNFI	1	0	(100)
TOTAL	205,688	137,196	(33)

As shown in Table 2, Money Services Businesses (MSBs) continue to submit the majority of STRs received from the financial sector. For the fiscal year 2015-2016, one hundred and twenty six thousand, seven hundred and sixty four (126,764) STRs were received from MSBs. This constitutes ninety two percent (92%) of total STRs received. This however represents a 27% decline in the number of STRs received from this sector when compared to the prior year (2014-2015), when one hundred and seventy five thousand, six hundred and thirty seven (175,637) reports were received. This decline can be attributed to the continued effort of the FIU towards developing the competency of the sector players, as well as the remittance companies refining their specifications and their utilization of specialized software in the identification of suspicious transactions.

There are still elements of over-reporting in this sector. However, there is ongoing dialogue with the major reporting entities to ensure that the reports are relevant and contain valid elements of suspicion.

There was also a sharp decline (68%) in the number of reports from building societies. This too can be attributed to the intervention of the FIU and their adoption of improved indicators of suspicious activities.

c. Submission of POCA TTRs by Financial Institutions Category

TABLE 3

Financial Institution Type	2014-2015	2015-2016	% Change
Commercial Banks	140,522	139,724	(1)
Cambios	21,865	19,363	(11)
Credit Unions	51	16	(69)
Building Societies	13,511	11,158	(17)
Merchant Banks	891	1,221	37
Securities Dealers	193	144	(25)
Remittance Services	3,188	2,837	(11)
Insurance Services	3	1	(67)
Designated FI	0	0	0
TOTAL	180,224	174,464	(3)

Although, there was an overall decrease of three percent (3%) of threshold transaction reports received, when compared to 2014-2015, specific sectors had greater variations. For instance, as shown in Table 3, there was a reduction of sixty nine percent (69%) in the number of TTRs submitted by credit unions, mainly as a result of the increased compliance to the requirements of Section 101A of POCA, which limits cash transactions to \$1 million and below for non-permitted persons. Other sectors affected by this provision, include securities dealers and insurance companies. Conversely, merchant banks had an increase of thirty seven percent (37%) in the number of TTRs submitted. Although there are three (3) merchant banks, there is one dominant institution, whose activities reflect the increase for this sector.

d. Submission of Authorized and Protected Disclosures

An Authorized Disclosure under Section 100(4) of POCA is a report made to an authorized or nominated officer of information or other matter that causes the person making the report to know or believe, or to have reasonable grounds for knowing or believing that property is criminal property. This information comes to the person’s attention during the course of his business, profession or employment. An authorized disclosure also provides protection to a person against money laundering charges.

The disclosure should be made before doing the prohibited act, for which the consent of the Designated Authority is required. These disclosures are received from both regulated and non-regulated persons, provided that this information is discovered in the course of the person’s business, profession or employment.

The disclosure may also be made after doing the prohibited transaction, but the person making the disclosure must have a reasonable excuse for failing to make the disclosure before doing the act **and** the disclosure must be made on the person’s own initiative and as soon as it is reasonably practicable for him to make it.

TABLE 4

Business Type	2014-2015	2015-2016
Attorneys	24	7
Cooperative Society	0	6
Pawn Shop	0	3
Gaming	0	1
Credit Union	1	0
TOTAL	25	17

Authorized Disclosure by Sector

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

Under Sec. 101 of POCA, a person who transports or causes the transportation of cash or BNI 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.

The FIU receives these reports both from individual travellers as well as financial institutions that transfer cash across borders in the course of their business.

TABLE 5

Report Type	2014-2015	2015-2016
International Transportation of Currency (Cross Border Movement of Funds)	81	118
Financial Institutions		

Cross Border Reports Received

f. Suspicious Transaction Reports Received Under TPA

TABLE 6

Financial Institution Type	2014-2015	2015-2016
Cambio	1	0
Credit Union	1	1
TOTAL	2	1

The Terrorism Prevention (Amendment) Act, 2011 requires entities in the regulated sector to file Suspicious Transaction Reports on certain transactions, whether completed or not, which the entity suspects or has reasonable cause to suspect:

- a. involve property connected with or intended to be used in the commission of a terrorism offence
- b. involve or are the benefit of any listed entity or terrorist group.

All reports made under this section are treated with high priority, and, in the appropriate cases, disseminations are made to CTOC.

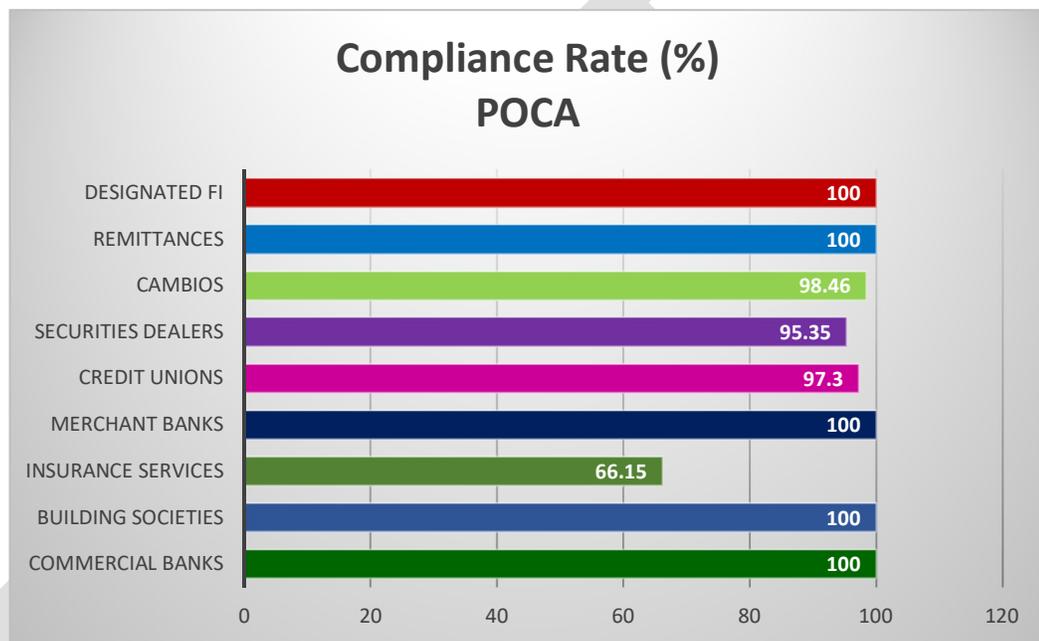
g. Compliance Rate of Financial Institutions

Compliance under POCA (Threshold Transaction Reports)

Financial institutions continue to display a high level of compliance with respect to submissions of threshold transaction reports. Where there are no reportable transactions, the financial institutions have been requested to submit a 'NIL' report.

The compliance rate for the current period is 88.70%

CHART 1

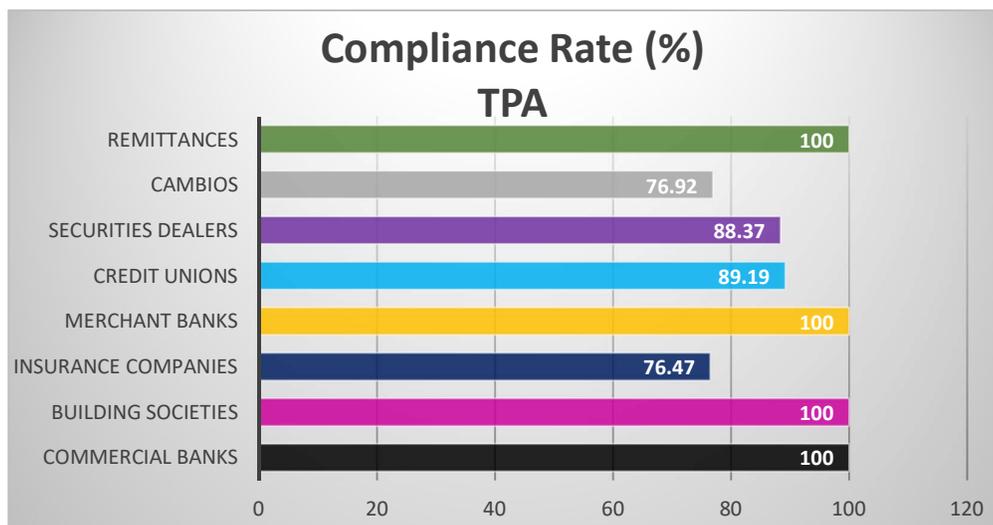


Compliance under TPA (Listed Entities Reports)

Financial institutions are required to submit listed entities reports every four months (three per annum) to indicate to the designated authority whether or not they are in possession or control of property owned or controlled by or on behalf of a listed entity. For the year, no financial institution reported holding property for a Listed Entity.

The compliance rate for the current year is 84.62%

CHART 2



h. Requests for Consent

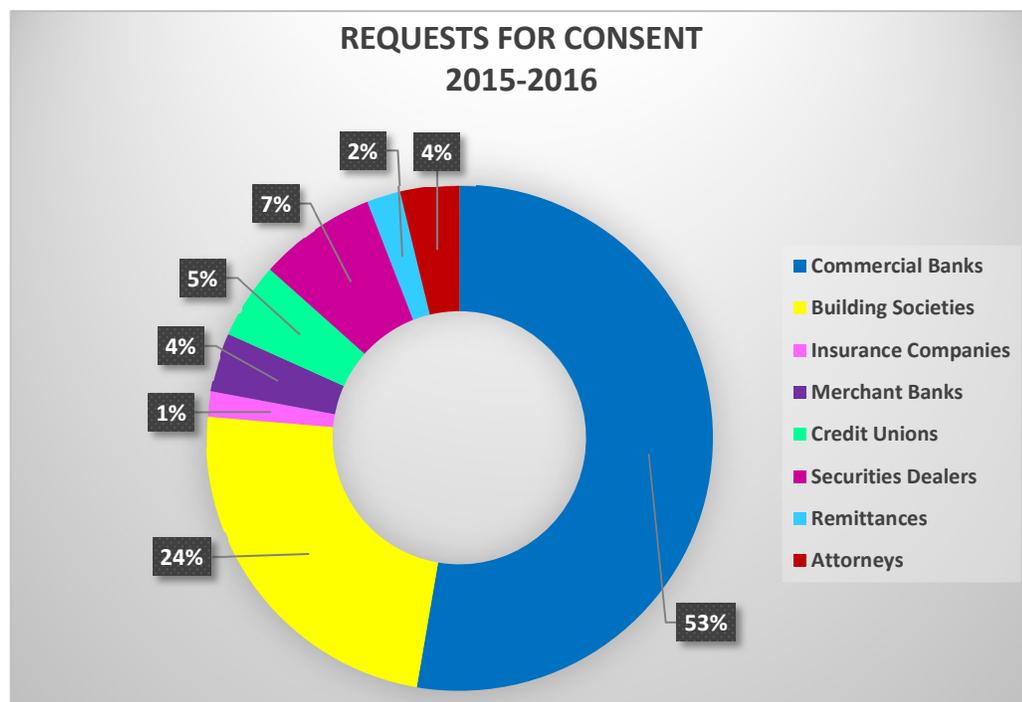
Under POCA, Section 100, where a person has knowledge or reasonable grounds to believe that the funds involved in a transaction is criminal property, he must obtain the appropriate consent of the Designated Authority before engaging in that transaction or otherwise decline to proceed with the transaction. Failing this, he may be liable for engaging in a prohibited act. A prohibited act is defined as a money laundering offence under sections 92 and 93 of POCA.

TABLE 7

Sector	2014-2015	2015-2016
Commercial Banks	219	98
Building Societies	47	44
Insurance Companies	4	3
Merchant Banks	3	7
Credit Unions	9	9
Securities Dealers	13	14
Remittances	6	4
Attorneys	22	7
TOTAL	323	186

i. Requests for Consent Received

CHART 3



There was a forty two percent (42%) decrease in the number of Requests for Consent received when compared to the amount received in the previous year. This is largely because of a decrease of consent requests from commercial banks where in 2014-2015, there were two hundred and nineteen (219) requests from this sector, which declined to ninety-eight (98) requests in 2015-2016.

This decline from the commercial banks sector is attributable to discussions with the FIU on Requests for Consent on transactions dealing with breaches of the cash limit.

j. Case Disclosures

Cases generated from the analysis of reports received under POCA and TPA are disseminated mainly to the Financial Investigation Team (FIT), the forensic accounting and financial investigative unit within the FID. Information from other sources is also used in the generation of Disclosures. These include open source information, tax databases, business associations, etc.

k. Disseminations to FIT (2015-2016)

TABLE 8

Disclosures	2014-2015	2015-2016
New Cases	103	98
Notes to Files ³	14	17
TOTAL	117	115

l. Disseminations to External Agencies (2015-2016)

TABLE 9

Agency	2014-2015	2015-2016
Revenue Protection Division	1	2
Tax Administration Jamaica	1	2
TOTAL	2	4

m. Criminal Activities Identified in Case Disclosures

All disseminations have an element of money laundering. However, based on the indicators, the predicate offences from which the funds were derived have also been identified.

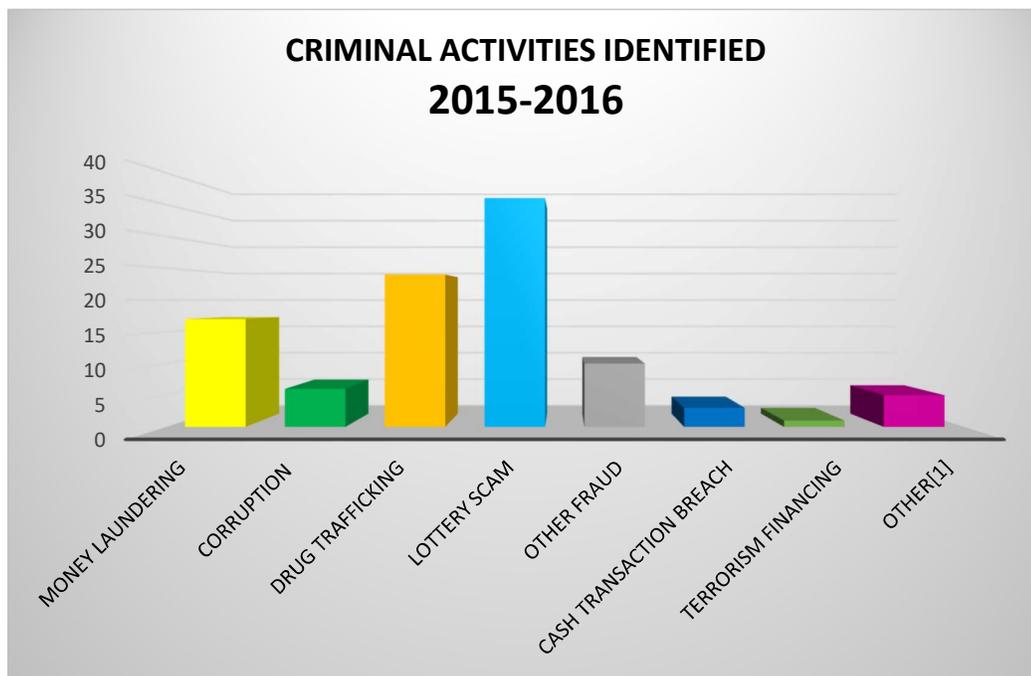
TABLE 10

Criminal Activities	2014-2015	2015-2016
Money Laundering	22	17
Corruption	5	6
Drug Trafficking	7	24
Lottery Scam	42	36
Other Fraud	15	10
Cash Transaction Breach	7	3
Terrorism Financing	2	1
Other ⁴	5	5
TOTAL	105	102

³ Additional information on previous disseminations

⁴ These involve Identity Theft, Operating an illegal Cambio and Tax evasion

CHART 4



n. Due Diligence, Fit & Proper Checks and Financial Profiles

The Intelligence Unit, in keeping with FATF mandate of cooperation between Competent Authorities, routinely carries out due diligence checks for government agencies entering into commercial transactions, fit and proper checks on behalf of the Bank of Jamaica and prepares financial profiles on specified targets for law enforcement agencies.

TABLE 11

Report Type	2014-2015	2015-2016	% Change
Due Diligence	26	13	(50)
Fit and Proper Checks	628	486	(23)
Financial Profiles	251	209	(17)

Financial Investigations Team (FIT)

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 investigative powers pursuant to the Proceeds of Crime Act, the Financial Investigations Division Act and the Terrorism Prevention Act. There are five broad categories of investigations pursued by FIT namely:

- a. Financial crimes including money laundering and other criminal offences under the POCA
- b. Cash Seizure
- c. Criminal Forfeiture
- d. Civil Recovery of Property and
- e. Terrorist Financing

FIT is staffed by highly trained and experienced forensic examiners and police officers who are authorised officers/authorised financial investigators⁵ pursuant to the Financial Investigations Division Act (FIDA)/Proceeds of Crime Act. Both police officers and civilians work alongside each other as a team thus maximizing the effectiveness of the Division's investigative efforts. Jamaica Constabulary Force (JCF) Officers are assigned to the FID under special arrangements with the Counter Terrorism and Organized Crime Branch (CTOC).

FIT receives cases from a variety of sources to include JCF formations, government ministries, department and agencies, overseas law enforcement agencies, as well as cases developed within the FID.

A total of one hundred and twenty eight (128) cases were referred to FIT for investigation as detailed in Table 1 below:

⁵ As a result of this designation the officers are empowered to utilize the specialized investigative tools pursuant to the Acts

TABLE 12

New Assignments – 2015/2016	
Cash Seizure	34
Money Laundering	83⁶
Civil Recovery	5
Criminal Forfeiture	5
Other	1
Total	128

Cash seizure investigations form a significant part of FITs operation. These investigations emanate from specialised provisions under POCA, which permit authorised officers, including police officers, to seize cash of \$100,000 or more and to forfeit same where it is shown on a balance of probability to be unlawfully obtained or intended for use in unlawful conduct.

A detailed monetary breakdown of the cash seizure cases is shown in Table 2 below:

TABLE 13

Major Currencies	Cash Seized
J\$	21,497,379.00
US\$	185,113.00
CN\$	1,355.00
GBR	12,070.00

Cash seizures investigated by FIT over the period 2015-16⁷

⁶ A total of 98 cases were developed by FIU, however, 83 were assigned for investigations by FIT during the period.

⁷ Information on forfeitures arising from cash seizures are found under Legal Services Unit.

During the fiscal year 2015/2016, FIT successfully concluded a number of investigations resulting in the forfeiture and recovery of substantial assets and the arrest and charge of a number of individuals for breaches of POCA and other legislations.

FIT activities for the year include the following:

TABLE 14

Investigative and Enforcement Activities - 2015/2016	
Search and Seizure Operations conducted	49
Number of Arrests	16
Number of Persons Charged for Financial Crimes	18
Number of Charges	43
Number of Convictions	3
Criminal Forfeiture	6
Civil Recovery Cases Completed	5

A total of eighteen (18) individuals were charged with money laundering offences pursuant to the Proceeds of Crime Act. Three (3) persons were convicted for the offence during the period while the remainder are currently before the courts. Civil recovery of property and joint forfeiture investigations conducted with overseas jurisdictions have resulted in a number of court decisions in favour of the Assets Recovery Agency (ARA) in the reporting period 2015/2016. Assets valued in excess of Four Hundred and Twenty Million Dollars (\$420,000,000.00) were forfeited in Jamaica and overseas based on the investigative efforts of FIT. These assets included real estates, motor vehicles, cash, bank accounts and jewellery.

The Financial Investigations Team continues to offer quality leadership in the detection and investigation of serious financial crimes and has been integral in the arrest and charge of at least two (2) persons for the offence of cheating the public revenue in addition to money laundering. FID is of the view that these cases are significant, and if successful, will provide

another avenue for tackling tax evasion by pursuing it as a predicate offence to money laundering.

FID continued steadfastly on the path of its robust investigations of financial crimes, through greater collaboration with the Major Organised Crime and Anti-Corruption Agency (MOCA), Tax Administration Jamaica (TAJ), CTOC and other local and international law enforcement agencies. Results emanating from such joint investigative approach have seen a number of major cases being brought before the courts during the period. This has served to strengthen our resolve and commitment to inter-agency cooperation, intelligence sharing and cross border mutual cooperation. This, we believe, continues to serve as a deterrent to major crimes such as lotto scamming, corruption and money laundering.

Legal Services Unit (LSU)

The Legal Services Unit (“LSU”) recognizes that the success of the Division’s legal matters require the dedication of all officers to the delivery of quality legal services in a timely manner. This goal is met through diligent research, thorough case preparation and the consistent management of time and resources.

The primary responsibilities of the LSU are as follows:

- a. Advocating on behalf of the Division in the Parish Courts, Supreme Court and Court of Appeal.
- b. Provision of legal advice and guidance to the team of civilian and police investigators and the wider Division. This includes providing guidance on evidentiary requirements and standards of proof necessary to be established by investigators to properly ground our applications to the various courts.
- c. Provision of legal advice to the Division’s asset management function regarding contracts, disposal of forfeited assets, and other activities.
- d. Collaborating with and providing assistance to our overseas partners pursuant to the Mutual Assistance (Criminal Matters) Act and Memoranda of Understanding (MOU) necessary for the exchange of information. These efforts are with a common goal to

secure convictions, pecuniary penalty orders and forfeiture of assets wherever they are situate as long as it is shown that such assets were acquired from or represents the benefit from crime.

- e. Conducting research and making recommendations for amendments to relevant legislations to include those regulations governing financial crimes.
- f. Providing specialised training to both private and public sector stakeholders regarding the Proceeds of Crime Act and other related statutes.

TABLE 15

LSU Activities 2015-16	
Cash Seizure Forfeiture	See AMU Table 16
Civil Recovery Orders	Nil
Investigative Orders	43
Legal Opinions and Advice	10

There has been an increase not only in the number of cases for adjudication but also the types of cases as the avenues used to facilitate unlawful conduct are ever evolving. The LSU is steadfast in the performance of its core duties. The fiscal period 2015-2016 yielded decisions in a number of cases such as the one below and strengthens the commitment of the Division that benefit from crime must trend towards eradication at every juncture.

One of the more significant cases handled by LSU in collaboration with FIT resulted in the forfeiture of Five Hundred and Thirty-Two Thousand Two Hundred and Fourteen United States Dollars (US\$532,214.00) and One Million Three Hundred and Twenty-Two Thousand Two Hundred and Eighty-Six Jamaican Dollars (JA\$1,322,286.00). The circumstances of this case are detailed below:

BROTHERS GRIM

1. The Plaintiff, an authorized officer under the Proceeds of Crime Act, brought this case pursuant to section 79 of the Act.
2. Two Surinamese nationals arrived in Jamaica in the early part of 2014. Upon their arrival in Jamaica, they each made declarations on their Immigration and Customs C5 Cards that they were not carrying currency or monetary instruments over United States Ten Thousand dollars (US\$10,000.00) or its equivalent.
3. A few days after their arrival, they were travelling in a Toyota JUTA coaster bus which was stopped by the members of Transnational Crime and Narcotics Division. They were asked if they were in possession of any luggage. One told the police that he had a bag containing items of clothing. The bag was searched and parcels of United States and Jamaican currencies packed in black plastic bags were seen. He was asked to account for the money and he stated that it was Four Hundred Thousand Jamaica Dollars (\$400,000.00) which he needed to import rice from his country to Jamaica. They were then taken to the Police Post in the area.
4. At the Police Post, it was observed that the one of them had a large black bag with wheels and a pull handle as also a smaller brown bag strung across his shoulder. The two men were asked to state the contents of the bag to which they replied, "clothes and cash".
5. They were then taken to the Organized Crime Investigation Division (OCID) and the bags opened. The bags were found to contain documents and cash in United States, Jamaican and Surinamese currencies as well as items of clothing. The cash found in the larger bag was stacked into wads, fastened with rubber bands and packaged into six black plastic bags. When counted, the cash totalled Five Hundred and Thirty-Three Thousand Two Hundred and Eighty-Four United States Dollars (US\$533,284.00), One Million, Three Hundred and Twenty-One Thousand Five Hundred and Thirty-Six Jamaican Dollars (JA\$1,321,536.00) and Fifty-Five Surinamese Dollars (SRD\$55.00).
6. The Plaintiff asked each of the men to account for the cash. One made no comment but one said that the cash was not owned by him. He further stated that whilst he

was staying at an upscale hotel in Kingston, an unknown person called him on his cell phone and told him to go to a room at another upscale hotel and pick up the bag with the cash. He also stated that he did not count the cash and took a taxi with the cash back to the original hotel. He further stated that he was to wait on another call to make delivery of the cash to a person whom he did not know.

7. A search warrant was obtained for the room at the hotel where the men were staying and additional cash was found there. A further search was conducted of the men while they were being placed into custody and even more money was found on their person.
8. When finally totalled, all the cash found amounted to Five Hundred and Thirty-Two Thousand Two Hundred and Fourteen United States Dollars (US\$532,214.00) and One Million Three Hundred and Twenty-Two Thousand Two Hundred and Eighty-Six Jamaican Dollars (JA\$1,322,286.00). Based on the lies, inconsistent and suspicious explanations, the significantly large sum of cash and the manner in which the cash was carried, the Plaintiff formed the view that the cash was obtained through unlawful conduct or was intended to be used in unlawful conduct. The cash was therefore seized under the Proceeds of Crime Act and a receipt for the seized cash was prepared and issued to the men.
9. Investigations were conducted into the matter. These investigations did not reveal any evidence to support the legitimate possession of such a significantly large sum of cash by the men. As such, an application for forfeiture of the cash pursuant to section 79 of the Proceeds of Crime Act was made to the Corporate Area Parish Court, Civil Division. After a contested hearing, the Parish Court Judge found that the cash was obtained through unlawful conduct or was intended to be used in unlawful conduct and made an order for forfeiture of the cash to the Crown.

The Director of the LSU along with the Senior Legal Officer also participated in the Caribbean Criminal Asset Recovery Capacity Building Programme during the relevant period. The participation in this programme involved both officers visiting the Crown Prosecution Service and the Regional Asset Recovery Team in the United Kingdom. There, the officers met with various attorneys, police officers and forensic examiners who are involved in

restraint and criminal asset recovery proceedings. They participated in the sharing of best working practices and various case laws directly touching and concerning the areas of concern to the Division.

Asset Management Unit (AMU)

The role of the Asset Management Unit (AMU) encompasses the management of property to include, but not limited to, seized cash, restrained accounts and other financial instruments as well as real and personal properties. The process of management takes place from the point of seizure, restraint or forfeiture, to the point of final disposal. The assets under management are obtained by way of seizures, restraint and recovery orders⁸. Whilst under management the AMU is responsible for the safeguarding, maintaining and the controlling of these properties.

The FID also carries out enforcement actions with respect to confiscation and forfeiture orders made in other jurisdiction with regard to assets located in Jamaica. The AMU will therefore also carry out the management functions regarding these assets.

The assets currently under management include, but not limited to:

- a. Cash, bank accounts and other financial instruments
- b. Real estate
- c. Motor vehicles
- d. Jewellery
- e. Furniture and appliances

The AMU is comprised of four (4) officers: the Financial Accountant, the Asset Forfeiture Manager, the Asset Recovery Officer and the Administrator. The role and function of these officers include:

- a. The receipt and processing of properties in accordance with the established guidelines within the Asset Management Procedural Manual.

⁸ The recovery orders include: Civil Recovery, Forfeiture and Pecuniary Penalty

- b. The development and maintenance of databases that capture information on the status, value, nature and details of all the assets under management.
- c. The maintenance, monitoring and inspection of restrained and forfeited real properties. This is carried out by way of visitations by AMU officers, installation of Intrusion Detection System and monitoring of properties by security personnel.
- d. Management of seized cash by investment in an interest-bearing account as required by law, preparation of monthly reconciliation statement and effecting either a) return of seized cash to respondents or b) transfer of forfeited funds to the Consolidated Fund.
- e. Effecting the process of vesting and transferring forfeited property to the Crown by commissioning valuation reports, executing transfer documents and obtaining stamp duty and transfer tax certificate. In cases where the certificate of title is not available, making the relevant application to obtain a new duplicate certificate of title.
- f. Obtaining valuation reports for personal property and other documents necessary for their disposal.
- g. Commissioning and facilitating the disposal of properties by way of auction, tender or any other processes deemed appropriate.
- h. Cooperating with international partners, particularly as it relates to the execution of foreign forfeiture and confiscation orders and the disposal of properties that are subject of the orders.
- i. Partnership and cooperation with stakeholders such as Jamaica Constabulary Force (JCF), Jamaica Customs Agency (JCA), the National Land Agency (NLA), independent Security Firms and the Bank of Jamaica regarding the management of seized, restrained and forfeited property.
- j. Preparation of Annual Audited Financial Reports.

It is the aim of the AMU to ensure that property is not subject to unusual/extraordinary diminution in their value, thereby obtaining optimal values at the time of disposal.

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

TABLE 16

DESCRIPTION	CURRENCY	2014-15	2015-16	REMARKS
Cash Seizure Cases Investigated by both JCF, FID and Jamaica Customs Agency	-	125	101	
Value of Cash Seized	JA (\$)	9,686,187	21,570,029	Pursuant to Cash Seizure Investigations. POCA Provisions (s)75
	US (\$)	1,477,090	659,029	
	CAD (\$)	1,565	176,745	
	GBP (£)	10,100	30,170	
	EURO (€)	9,500	3,185	
Cash Seizure Cases resulting in forfeitures	-	33	22	
Value of Cash Forfeited	JA (\$)	570,808	1,216,577	Pursuant to Cash Seizure Investigations. POCA Provisions (s) 79
	US (\$)	5,193,395	293,673	
	CAD (\$)	30,193	26,137	
	GBP (£)	17,937	-	
	EURO (€)	322,721	-	

The value of assets under the management of the AMU as at March 31, 2016 is reflected below.

TABLE 17

TYPE OF ASSET	PERIOD							
	2014-15				2015-16			
	Restrained		Forfeited		Restrained		Forfeited	
	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)
REAL PROPERTY	98	643,417	16	290,826	93	728,849	34	470,371
OTHER PROPERTY	-	Nil	2	440	-	Nil	6	1,910
MOTOR VEHICLES	98	177,779	3	11,020	82	121,345	11	9,766
BANK ACCOUNTS & FINANCIAL INSTRUMENTS	208	446,998	7	37,698	171	267,970	19	247,035
SEIZED CASH		1,094,694		-		980,862		-
TOTAL		2,362,888		339,984		2,099,026		729,082

The AMU calculates its property value as follows:

- a. for real property – the value as stated by the NLA Valuators and/or assessors attached to the Commissioner of Stamp Duty and Transfer Tax Department,
- b. in the case of personal property – value is determined by a licensed valuator.

Planning and Administrative Services Unit (PASU)

In 2015/16, the Planning and Administrative Services Unit continued to strategically plan for the future needs and development of the Division, to achieve greater organisational effectiveness. As such, a two (2) day strategic retreat was organised with the senior management team to review the performance of the Division and to discuss strategies on the way forward for the next financial year. Arising from the retreat, the critical need was underlined for the Division to achieve greater autonomy and flexibility to effectively attain

its true potential. It was also concluded that a robust training plan to improve staff performance was central to treating with the competency gaps identified, in light of the changing nature of financial crimes.

The Unit accomplished the following achievements

- a. Motor Vehicle Standard Operating Procedure - Created an in-house guideline for the proper management and utilization of the fleet vehicles
- b. Records Management Project - Reviewed the current state of the records and developed a plan of action to establish a proper records management system.
- c. Review of Organisation's structure - Reviewed and made recommendations for the creation of a new structure to achieve greater efficiency and autonomy.
- d. Employee Engagement Plan - Engagement plan designed to create a great place to work, with a strong focus on culture, engagement and talent.
- e. Establish new thresholds for the Imprest and Petty Cash for operational and emergency issues. to achieve greater efficiency and autonomy

Training and Development

The team was relentless in its efforts to develop and strengthen the talent within the organisation. Our talent strategy drives the attraction, growth and retention of talented employees, who reflect the core values and vision of the Division. It then focuses on releasing the talent of every employee, to deliver our performance goals. A variety of training workshops and professional development activities were offered throughout the year to encourage a culture of performance and excellence.

A total of thirty-nine training programmes were provided, and all staff members benefitted from these training opportunities. The training initiatives undertaken by the Division exposed the staff collectively to 139 man-days of training. At the individual level, each employee received 2 man-days of training. The training provided to staff during the year included the following:

- a. National Terrorist Financial Investigation Course;
- b. Investigative Analysis Workshop;

- c. Egmont Anti-Money Laundering (AML) Counter-Financial Terrorism (CFT) Supervisory Course;
- d. Financial Investigations Techniques;
- e. Cyber- Crimes Investigations Course;
- f. Trafficking in Person;
- g. FINTRAC AML/CFT Course,
- h. International Reporting Standards,
- i. Supervisory Management Course;
- j. Human Resource Management Association of Jamaica (HRMAJ) Conference,
- k. Jamaica Bar Association and General Legal Council Training,
- l. UK Regional Asset Recovery Training.

Outreach Program

It is FID's fundamental belief that, for the Division to succeed and prosper over the long term, we must create a culture of shared value for stakeholders, while at the same time, creating value for society. During the period under review, the FID made presentations to thirty-seven (37) institutions, and a total of One Thousand One Hundred and Seventy-one (1,171) participants benefitted from these outreach programmes. Additionally, in supporting our community the Division made monetary contributions to its two charities, namely: Dare to Care and the Golden Age Home. This is achieved through our outreach programme, whereby private sector entities (to whom the FID makes presentations or provides training) make voluntary contributions directly to these charities.

Information Technology Unit (ITU)

During the period 2015-16, the ITU pursued the configuration of the goAML web and client application while seeking to complete the design and acquisition of resources for the secure environment to host the solution. goAML is a solution from the United Nations Office of Drug and Crime (UNODC) designed to support Financial Intelligence Units in the receipt, storage and analysis of financial disclosures e.g. Suspicious Transaction Reports. The

acquisition of goAML is a critical solution for the FID in its effort to discourage the use of Jamaica for Money Laundering activities; given the volume of reports received on an annual basis. (See above: *Table 3 - Submission of POCA STRs by Financial Institutions Category* and *Table 2 - Submission of POCA TTRs by Financial Institutions Category*).

The effort to advance the implementation of goAML bore fruit in January 2016 as the resources procured through the US Embassy Office of Technical Assistance (OTA) was delivered at an initial cost of USD\$364,334.13. The planning process for the implementation of the equipment to implementation of the secure environment was then started, and this was approved by United Nations Office of Drug and Crime (UNODC) in April 2016.

As part of the goAML solution, a key measure was initiated to provide disaster recovery and business continuity with the signing of a hosting contract along with the installation and configuration of new servers. This facility is progressively being implemented and will be fully operational before goAML's production implementation.

In February 2016, an informational web page was launched on the FID's website giving reporting entities access to critical resources to facilitate their preparation for filing reports via the goAML system. Additionally, documents, manuals and a special email account were made available to assist users to make contact with the FID relating to the pending goAML implementation. In conjunction with the FIU, a special sensitization session was delivered to eight major reporting entities who were invited to participate as the pilot group. These initiatives, to expose reporting entities to the goAML solution, continue to drive strong interest. Presentations on goAML were also made to several entities including the Jamaica Bankers Association (JBA), the Jamaica Cooperative Credit Union League (JCCUL) and the Financial Services Commission (FSC).

In keeping with the need to provide the highest level of security for the data and infrastructure, the FID acquired and implemented additional information systems security resources. These measures are in keeping with the UNODC recommendations and to support compliance with international data security standards.

A key function of the ITU is the provision of digital forensics support to the Division. Digital forensics is the process of recovering, examining and reporting on data found on electronic equipment that forms part of an investigation. This is done in accordance with international standards which require that the process maintains the evidential integrity of the information. During the period, seven cases were received from investigators and four were completed by the delivery of digital forensic case reports.

Additionally, one member of staff participated in the delivery forty-eight hours of Digital Forensics Training to various law enforcement officers through the Caribbean Regional Drug Law Enforcement Training Centre (REDTRAC). Also, staff of the ITU along with fifty other persons from various partner agencies benefitted from two digital forensics training courses facilitated in-house by overseas consultants to include: Open Source Intelligence (OSINT), Certified Cyber Forensics Professional (CCFP).

Through the support of the UK's Caribbean Anti-Corruption Program (CACP), the FID was able to upgrade its digital forensic lab by adding new equipment to enhance the efficiency and effectiveness of the operation. The ITU was instrumental in upgrading or creating new tasking referral and feedback forms which were made available for use by both internal and external partners. These forms allowed the FID to prioritise and streamline its workflows and improve data collection. The ITU also facilitated a process to map the business processes workflow of the FID. This was driven both by the requirements of the goAML solution as well as the implementation of the content management solution by the Ministry of Finance and the Public Service (MoFPS).

DRAFT

Section II

Audited Financial Statement

**FINANCIAL INVESTIGATION DIVISION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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The accompanying notes on page 7 to 14 form an integral part of the financial statements



AUDITOR GENERAL'S DEPARTMENT
P.O. BOX 455
KINGSTON 5
JAMAICA
Email: audgen@auditorgeneral.gov.jm

INDEPENDENT AUDITOR'S REPORT

**To the Chief Technical Director
Financial Investigations Division
1 Shalimar Avenue
KINGSTON 3**

Opinion

I have audited the accompanying Financial Statements of the Financial Investigations Division, set out on pages 1 to 14, which comprise the Statement of Financial Position as at March 31, 2016, 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.

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, 2016, and of its financial performance, and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Financial Statements for the year ended March 31, 2016. These matters were addressed in the context of my audit of the Financial Statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The following key matters were brought to the attention of management by way of my Audit Completion Report dated July 12, 2018.

Key Audit Matters	How my Audit Addressed the key Audit Matter
<p>1. <u>Inadequacy of controls to recognize prepayments and accruals, poses the risk of misstatement expenditure (Under and overstatement)</u></p> <p>FID did not perform cut off procedures as is required by the accounting standards to identify all expenses relating to the accounting period under review. Consequently, I noted that expenses amounting to \$1,383,412.42 were not accounted for in the financial year ended March 31, 2016 but instead were recognized in the FY 2016/2017. In addition, prepaid expenses totaling \$721,233.48 for FY 2016/2017 were recognized in FY 2015/2016. Further, FID did not account for gratuity, one-off payments, vacation leave and travelling arrears amounting to \$3,755,332.60. Management accepted the findings and the proposed adjusting journals.</p>	<p>In response to the control weakness, I reviewed payments made subsequent to March 31, 2016 to determine whether management accounted for all transactions, which relates to the 2015/2016 financial period.</p>

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.

In preparing the financial statements, management is responsible for assessing the Division’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there are plans to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibility for the audit of the Financial Statements

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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

I have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that was identified during the audit.

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 agree therewith and give the information required in the manner so required.


.....
Auditor General of Jamaica

20/07/13.....
Date

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2016

	Notes	2016 \$	2015 \$
Non-current assets			
Property, plant and equipment	5	51,806,936	74,446,888
		<u>51,806,936</u>	<u>74,446,888</u>
Current assets			
Financial crime assets	6	2,099,025,831	2,362,888,993
Forfeited property	7	729,082,059	339,984,463
Cash and cash equivalents		3,731,132	3,520,391
Advances and prepayments	8	23,341,160	30,454,071
		<u>2,855,180,182</u>	<u>2,736,847,918</u>
Current liabilities			
Financial crime liabilities	6	2,099,025,831	2,362,888,993
Employee benefits	9	47,216,157	43,704,027
Payables and accruals	10	1,691,500	408,067
		<u>2,147,933,488</u>	<u>2,407,001,087</u>
Net current assets		<u>707,246,694</u>	<u>329,846,831</u>
Total assets		<u>759,053,630</u>	<u>404,293,719</u>
Equity			
Contributed Capital		38,896,097	38,896,097
Forfeited Asset Reserve		729,082,060	339,984,463
Accumulated (deficit)		(8,924,527)	25,413,159
		<u>759,053,630</u>	<u>404,293,719</u>

Approved for issue on behalf of the Financial Investigations Division on 5 June, 2018 and signed on its behalf by:


.....
Chief Technical Director


.....
Director

The accompanying notes on page 7 to 14 form an integral part of the financial statements

FINANCIAL INVESTIGATIONS DIVISION
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
Year ended March 31, 2016

	Notes	2016 \$	2015 \$
INCOME			
GOJ financing from Consolidated Fund	11	228,709,169	296,987,785
Grant		12,092,222	14,034,348
Processing fees	12	2,577,000	2,910,000
Proceeds from forfeiture properties		43,707,566	117,150,671
Interest Income		210,741	153,633
Total Income		287,296,698	431,236,437
EXPENDITURE			
Staff costs	13	183,976,274	195,517,547
Goods and services		60,287,177	77,645,283
Premises related services		4,472,386	2,403,307
Depreciation		26,549,667	22,162,773
Other expenses		64,316	60,600
Total operating expenses		275,349,820	297,789,510
Operating surplus/(deficit)		11,946,878	133,446,927
Transferred to miscellaneous revenue		(46,284,566)	(120,060,671)
Net Surplus/(deficit)		(34,337,686)	13,386,256

The accompanying notes on page 7 to 14 form an integral part of the financial statements

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2016

	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	-	44,698,481		44,698,481
Balance as at March 31, 2014	38,896,097	12,026,903	258,580,000	309,503,000
Additions	-	-	81,404,463	81,404,463
Net Surplus for the year	-	13,386,256	-	13,386,256
Balance as at March 31, 2015	38,896,097	25,413,159	339,984,463	404,293,719
Addition	-	-	389,097,597	389,097,597
Net deficit for the year	-	(34,337,686)	-	(34,337,686)
Balance as at March 31, 2016	38,896,097	(8,924,527)	729,082,060	759,053,630

The accompanying notes on page 7 to 14 form an integral part of the financial statements

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF CASH FLOWS
Year ended March 31, 2016

	2016	2015
	₹	₹
Cash flows from operating activities		
Surplus/(Deficit) for the year	(34,337,686)	13,386,256
	<u>(34,337,686)</u>	<u>13,386,256</u>
Adjustments:		
Depreciation Expenses	26,549,667	22,162,773
Increase/(decrease) provision for employees benefit	3,512,130	(11,455,237)
Increase in receivables	7,112,912	7,616,476
Increase/(decrease) in payables	1,283,433	(2,681,315)
Net cash outflow from operating activities	<u>4,120,456</u>	<u>29,028,951</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,909,715)	(28,875,320)
Net cash used in investing activities	<u>(3,909,715)</u>	<u>(28,875,320)</u>
Increase/(decrease) in cash and cash equivalents	210,741	153,633
Cash and cash equivalents at beginning of year	<u>3,520,391</u>	<u>3,366,758</u>
Cash and cash equivalents at end of year	<u>3,731,132</u>	<u>3,520,391</u>

The accompanying notes on page 7 to 14 form an integral part of the financial statements

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

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 on going basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

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%

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

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, 2016 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 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

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

4. Financial Risk Management (cont'd)

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.

i. 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.

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:

	2016	2015
	\$	\$
Financial Crime Assets	<u>980,862,063</u>	<u>1,100,325,567</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.

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

4. Financial Risk Management (cont'd)

b. Liquidity risk (cont'd)

Financial Liabilities	Carrying amount	Contract amount	Due within 3 months	Due within 1 year
	\$	\$	\$	\$
Payables and accruals	1,691,500	1,691,500	1,691,500	-
Employee benefits	47,216,157	47,216,157	-	47,216,157
At March 31, 2016	<u>48,907,657</u>	<u>48,907,657</u>	<u>408,067</u>	<u>47,216,157</u>

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

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:

	2016	2015
	\$	\$
Advance and prepayments	<u>23,341,160</u>	<u>30,454,071</u>

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2016

5. Property, plant and equipment

	Office equipment	Computers	Furniture, fixtures and fittings	Motor vehicles	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Cost					
April 1, 2015	36,955,138	49,743,304	20,627,013	18,227,138	125,552,593
Additions	642,603	2,976,344	290,768	-	3,909,715
Disposals	-	-	-	-	-
March 31, 2016	37,597,741	52,719,648	20,917,781	18,227,138	129,462,308
Accumulated depreciation					
April 1, 2015	14,421,414	25,907,106	6,104,236	4,672,949	51,105,705
Charges for the period	3,744,841	17,077,109	2,082,289	3,645,428	26,549,667
Disposal	-	-	-	-	-
March 31, 2016	18,192,185	42,984,215	8,160,595	8,318,377	77,655,372
Net book value:					
March 31, 2016	19,405,556	9,735,433	12,757,186	9,908,761	51,806,936
Net book value:					
March 31, 2015	22,507,792	23,836,198	14,548,709	13,554,189	74,446,888

6. Financial crime assets

	2016	2015
	\$	\$
Balance as at April 1	2,362,888,993	2,353,292,529
Additions	435,172,902	280,000,494
Forfeiture	(419,058,466)	(221,929,938)
Returned	(394,027,940)	(144,539,243)
Interest earned	114,050,342	96,065,151
Balance as at March 31 (i)	2,099,025,831	2,362,888,993

- i. This 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, 2016

7. Forfeited property

	2016	2015
	\$	\$
Agency Recovery Agency (ARA)	729,082,059	339,984,463
	<u>729,082,059</u>	<u>339,984,463</u>

8. Advances and prepayments

	2016	2015
	\$	\$
Prepaid Expenses	721,233	-
Department of International Development	-	4,220,654
Advanced Software User Fee	22,619,927	26,233,417
	<u>23,341,160</u>	<u>30,454,071</u>

9. Employee benefits

	2016	2015
	\$	\$
Provision for vacation leave	43,360,845	43,704,027
Travelling Arrears	1,868,902	-
Salary arrears	96,379	-
Provision for gratuity	1,890,031	-
	<u>47,216,157</u>	<u>43,704,027</u>

10. Payables and accruals

	2016	2015
	\$	\$
Payables	1,283,433	-
Accruals	408,067	408,067
	<u>1,691,500</u>	<u>408,067</u>

11. Subvention

	2016	2015
	\$	\$
Financial Investigation Division	204,794,419	268,152,730
Assets Recovery Agency	23,914,750	28,835,055
	<u>228,709,169</u>	<u>296,987,785</u>

FINANCIAL INVESTIGATIONS DIVISION
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12. Processing fees

	2016	2015
	\$	\$
Due diligence fees	<u>2,577,000</u>	<u>2,910,000</u>

13. Staff costs

	2016	2015
	\$	\$
Salaries and wages	120,227,146	142,794,455
Travelling allowance and subsistence	63,749,128	52,723,092
	<u>183,976,274</u>	<u>195,517,547</u>

Section III

Appendices

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.

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 INSTITUTION⁹ (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

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).

⁹ 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, 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 ORDER¹⁰

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 ORDER¹¹

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.

¹⁰ POCA s5(3)

¹¹ FID Act s17, POCA .105

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 ORDER¹² (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 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.

¹² FID Act s20, POCA p.33

TABLE OF ACRONYMS

Acronyms	Details
AML/CFT	Anti-Money Laundering/ Counter Financing of Terrorism
AMU	Asset Management Unit
ARA	Assets Recovery Agency
BGLC	Betting, Gaming and Lotteries Commission
BNI	Bearer Negotiable Instrument
BOJ	Bank of Jamaica
CACP	Caribbean Anti-Corruption Program
CCFP	Certified Cyber Forensics Professional
CFATF	Caribbean Financial Action Task Force
CFT	Counter-Financial Terrorism
CLA	Cannabis Licensing Authority
CTD	Chief Technical Director
CTOC	Counter-Terrorism and Organized Crime
DDA	Dangerous Drugs Act
DFID	Department of International Development
DNFI	Designated Non-Financial Institution
DPP	Director of Public Prosecutions
FCIU	Financial Crimes Investigation Unit
FI	Financial Institution
FID	Financial Investigation Division
FIDA	Financial Investigations Division Act
FINTRAC	Financial Transactions and Reports Analysis Centre
FIT	Financial Investigations Team
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GC	Attorney General Chambers
GLC	General Legal Council
goAML	Go Anti-Money Laundering
HRMAJ	Human Resource Management Association of Jamaica
ICAJ	Institute of Chartered Accountants of Jamaica
ICT	Information and Communication Technology
ITU	Information Technology Unit
JCA	Jamaica Customs Agency

Acronyms	Details
JCCUL	Jamaica Co-operative Credit Union League
JCF	Jamaica Constabulary Force
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
MoFPS	Ministry of Finance and the Public Service
MOJ	Ministry of Justice
MOU	Memoranda of Understanding
MSB	Money Services Businesses
NLA	National Land Agency
OCID	Organized Crime Investigation Division
OSINT	Open Source Intelligence
OTA	Office of Technical Assistance
PAB	Public Accountancy Board
PASU	Planning and Administrative Services Unit
POCA	Proceeds of Crime Act
REB	Real Estate Board
REDTRAC	Caribbean Regional Drug Law Enforcement Training Centre
RPD	Revenue Protection Division
STR	Suspicious Transaction Report
TAJ	Tax Administration Jamaica
TPA	Terrorism Prevention Act
TTR	Threshold Transaction Report
UNODC	United Nations Office of Drug and Crime

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