



2016-2017 ANNUAL REPORT

Senior Executives of the Financial Investigations Division

Chief Technical Director

Principal Director, Financial Crimes Investigations

Director, Financial Intelligence

Director, Planning and Administrative Services

Director, Information Technology

Director, Legal Services

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1. Chief Technical Director's Report

The financial year 2016 to 2017 was a pivotal one for the office of the Chief Technical Director. The office sought to enhance on its strategic partnerships with its international and domestic partners, as well as drive Jamaica's Anti-Money Laundering (AML) and Counter the Financing of Terrorism (CFT) framework to bring it in accordance with the Global International Standards.

Over the period the FID was a key participant in Jamaica's Mutual Evaluation conducted by the Caribbean Financial Action Task Force (CFATF), which assessed the state of Jamaica's Anti Money Laundering and Countering the Financing of Terrorism Frameworks. The FID coordinated the 2015 Mission visit, including the finalization of several Mission documentary requirements with other stakeholders and led the discussions on the final report which was finalized in November 2016. The Mutual Evaluation Report (MER) was tabled at the November 2016 CFATF Plenary.

The evaluation identified 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 FID holds the chair of the National Anti-Money laundering Committee (NAMLC). Thus, arising from the Mutual Evaluation, it coordinated the finalization of Jamaica's National Risk Assessment on Anti-Money Laundering and Combating the Financing of Terrorism. It also participated in discussions to reform different laws including the Proceeds of Crime Act (POCA), Terrorism

Prevention Act (TPA), Charities Act and others to meet the international standards in this area. The FID also plays an active role in assisting Designated Non-Financial Institutions, who have anti-money laundering obligations (and their regulators) in accessing technical assistance to help them to better understand their obligations.

The main stakeholders in the AML/CFT that participated in the finalization of the MER includes the following entities:

- a. Jamaica Constabulary Force (JCF),
- b. Office of the Director of Public Prosecutions (ODPP) and the Attorney General's Chambers (AGC)
- c. Major Organized Crime and Anti-Corruption Agency (MOCA),
- d. Bank of Jamaica(BOJ) and the Financial Services Commission(FSC)
- e. Betting Gaming and Lotteries Commission, the Real Estate Board, the Public Accountancy Board and the General Legal Council
- f. Ministries of Finance and the Public Service, Justice, National Security and Foreign Affairs and Foreign Trade
- g. Jamaica Customs Agency
- h. Members of the private sector – both financial and non-financial

The FID continued its 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 University of the West Indies, CARIMAC, the Jamaica Co-Operative Credit Union League, the Institute of Chartered Accountants of Jamaica and the Betting Gaming and Lotteries Commission. The FID, in collaboration with DFID, also sponsored specialist training in anti-terrorism financing investigations, counter proliferation financing, open source intelligence, cyber-forensic- first

responder and other outreach relating to the Terrorism prevention Act, the Proceeds of Crimes Act and general organised crime control. These training opportunities were also offered to agencies outside of the FID to include The Independent Commission of Investigations (INDECOM), Integrity Commission, MOCA, Counter-Terrorism and Organized Crime Branch (CTOC), the Revenue Protection Division (RPD), Ministry of Foreign Affairs, the Judiciary and the Private Bar.

From a staff welfare perspective, the Division finalized the installation of a new centralized air-conditioning system, which resolved the very difficult conditions endured by staff over many months, upon the total failure of the previous system. The Ministry of Science Energy and Technology under its Energy, Efficiency and Conservation Program provided the system.

2. Financial Intelligence Unit (FIU)

The country's Financial Intelligence Unit (FIU) operates within the Financial Investigations Division (FID). The Unit functions as an administrative FIU 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 STRs 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.

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

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

Subsequently, on January 25, 2018, the Court of appeal granted a stay of the enforcement of some provisions of the Proceeds of Crime Act.

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. The aim is to safeguard the integrity of these institutions and ultimately, the financial sector.

a. REPORTS RECEIVED FROM REPORTING ENTITIES

The FID commenced implementation to a pilot group an application known as goAML that 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. During the year, FIU together with the ITU managed the roll out of goAML to the

pilot group. The FIU received 308,536 Reports for the 2017 fiscal year. With goAML the reporting entities will be able to upload the reports via the web.

i. Reports received under POCA

TABLE 1

Report Type	2015-2016	2016-2017	% Change
Suspicious	137,196	159,610	16
Threshold	174,464	148,903	(15)
Authorised Disclosure	17	23	35
TOTAL	311,677	308,536	(1)

ii. Submission of POCA STRs by Financial Institutions Category

TABLE 2

Financial Institution Type	2015-2016	2016-2017	% Change
Commercial Banks	535	778	45
Cambios	25,044	17,340	(31)
Credit Unions	543	279	(49)
Building Societies	9,216	456	(95)
Merchant Banks	14	4	(71)
Securities Dealers	94	48	(49)
Remittance Services	101,720	140,659	38
Insurance Services	30	34	13
DNFBP	0	12	()
TOTAL	137,196	159,610	16

Money Services Businesses (MSBs) – Cambios and Remittance Services - continue to submit the majority of STRs received from the financial sector. For the fiscal year 2016-2017, one hundred and fifty seven

thousand, nine hundred and ninety-nine (157,999) (2016:126,764) STRs were received from MSBs. This constitutes ninety nine percent (99%) of total STRs received.

This however represents a 25% increase in the number of STRs received from this sector when compared to the prior year (2015-2016), when one hundred and twenty six thousand, seven hundred and sixty-four (126,764) reports were received. The remittance companies utilization of specialized software in the identification of suspicious transactions have driven the reporting. There are indications 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 a continued decline (95%) (2016:68%) 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.

iii. Submission of POCA TTRs by Financial Institutions Category

TABLE 3

Financial Institution Type	2015-2016	2016-2017	% Change
Commercial Banks	139,724	122,045	(13)
Cambios	19,363	19,182	(1)
Credit Unions	16	13	(19)
Building Societies	11,158	14,655	31
Merchant Banks	1,221	764	(37)
Securities Dealers	144	113	(21)
Remittance Services	2,837	2,130	(25)
Insurance Services	1	1	0
Designated FI	0	0	0
TOTAL	174,464	148,903	(15)

Although, there was an overall decrease of fifteen percent (15%) of threshold transaction reports received, when compared to 2015-2016, specific sectors had large volume of reduction. For instance, there were seventeen thousand, six hundred and seventy-nine (17,689) fewer number of TTRs submitted by commercial banks. All other sectors showed a decrease except building societies, which had an increase of thirty one percent (31%) in the number of TTRs submitted.

iv. Submission of Authorized and Protected Disclosures

TABLE 4

Business Type	2015-2016	2016-2017
Attorneys	7	15
Cooperative Society	6	7
Pawn Shop	3	0
Gaming	1	0
Credit Union	0	1
TOTAL	17	23

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 making the report against criminal or civil liabilities.

The disclosure should be made before doing the prohibited act¹, 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.

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

TABLE 5

Report Type	2015-2016	2016-2017
International Transportation of Currency (Cross Border Movement of Funds)	118	142
Financial Institutions		

Cross Border Reports Received

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, prior to the cash being imported.

¹ A prohibited act defined as a money laundering offence under sections 92 and 93 of POCA.

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

vi. Suspicious Transaction Reports Received Under TPA

TABLE 6

Financial Institution Type	2015-2016	2016-2017
Commercial Banks	0	3
Credit Union	1	0
Insurance Services	0	1
TOTAL	1	4

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.

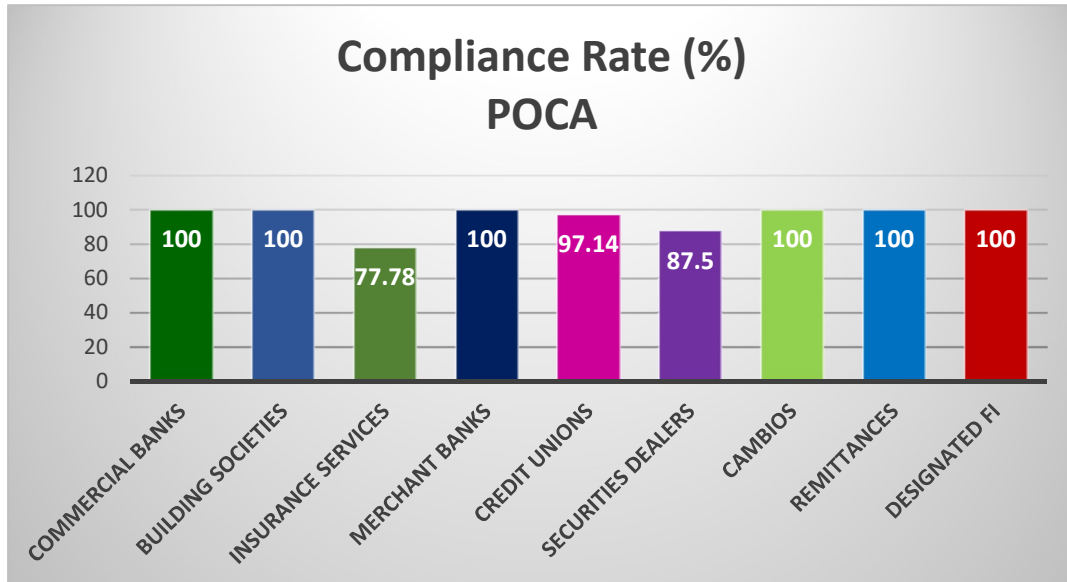
b. COMPLIANCE RATE OF FINANCIAL INSTITUTIONS

i. 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 91.32%

CHART 1

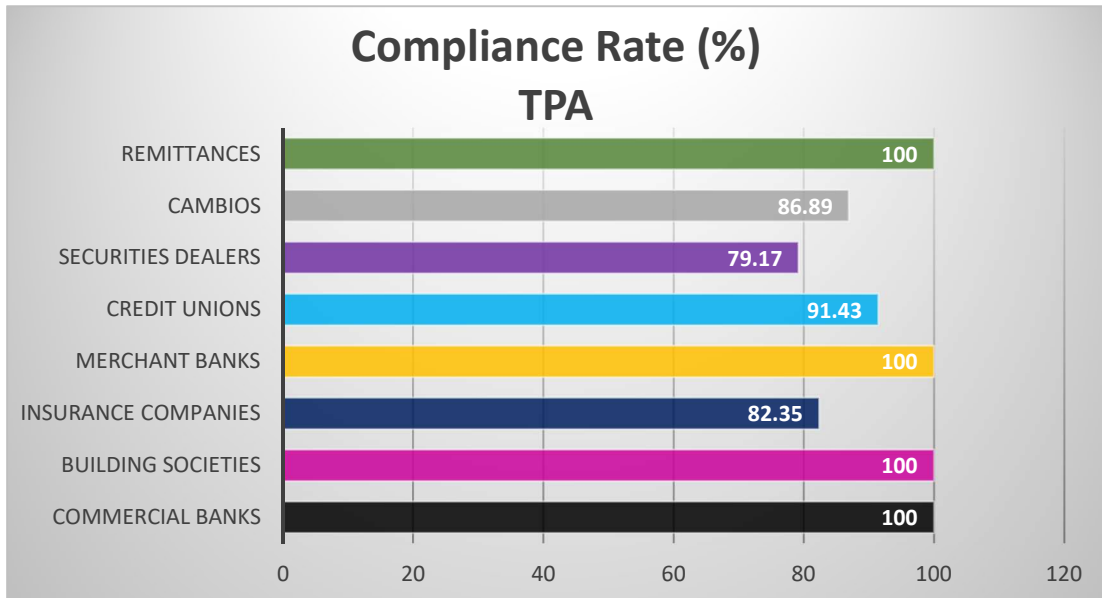


ii. Compliance under TPA (Listed Entities Reports)

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 86.74%

CHART 2



c. 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.

For 2016/2017, 178 Requests for Consent were received. This represents a 4% reduction from the 186 requests received for 2015/2016.

d. 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 are also used in the generation of Disclosures. These include open source information, tax databases, business associations, etc.

E. DISSEMINATIONS TO FIT

TABLE 7

Disclosures	2015-2016	2016-2017
New Cases	98	82
Notes to Files ²	17	21
TOTAL	115	103

f. DISSEMINATIONS TO EXTERNAL AGENCIES

TABLE 8

Agency	2015-2016	2016-2017
Revenue Protection Division	2	0
Tax Administration Jamaica	2	1
Financial Services Commission		2
TOTAL	4	3

² Additional information on previous disseminations

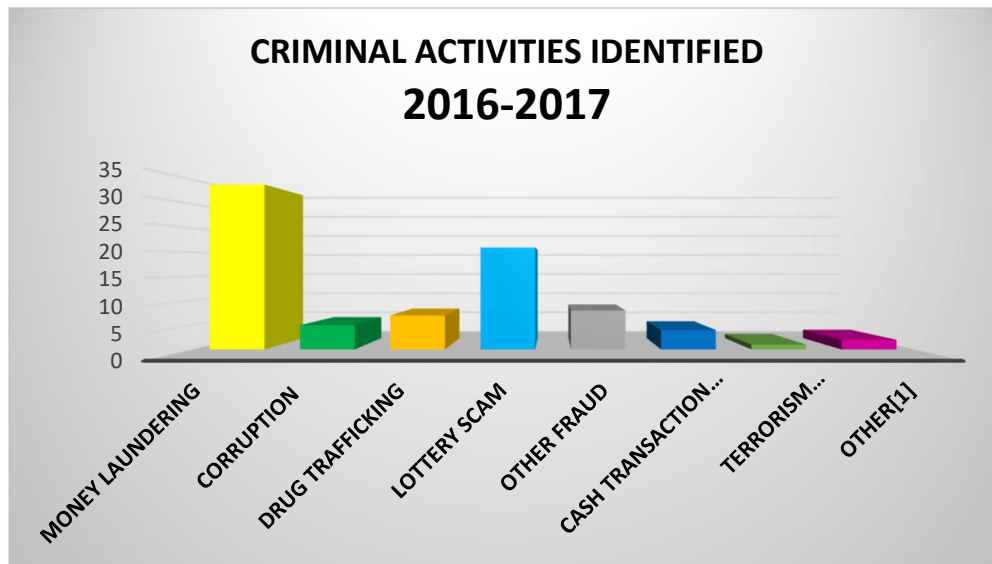
g. CRIMINAL ACTIVITIES IDENTIFIED IN CASE DISCLOSURES

TABLE 9

Criminal Activities	2015-2016	2016-2017
Money Laundering	17	34
Corruption	6	5
Drug Trafficking	24	7
Lottery Scam	36	21
Other Fraud	10	8
Cash Transaction Breach	3	4
Terrorism Financing	1	1
Other ³	5	2
TOTAL	102	82

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.

CHART 3



³ These involve Operating an illegal Cambio and Tax evasion

h. DUE DILIGENCE, FIT & PROPER CHECKS AND FINANCIAL PROFILES

TABLE 10

Report Type	2015-2016	2016-2017	% Change
Due Diligence	13	0	(100)
Fit and Proper Checks	486	533	10
Financial Profiles	209	97	(54)
Total	708	630	(11)

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.

3. 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 a cadre of highly, qualified, trained and experienced forensic examiners and police officers who are designated as authorised officers/authorised financial investigators pursuant to the Financial Investigations Division Act (FIDA) and Proceeds of Crime Act (POCA). Both police officers and civilian financial investigators 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 by the Financial Intelligence Unit.

One hundred and twelve (112) cases were referred to FIT for investigation as detailed in Table 11 below:

TABLE 11

New Assignments – 2016/2017	
Cash Seizure	38
Money Laundering	62 ⁴
Civil Recovery	-
Criminal Forfeiture	-
Other	12
Total	112

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 12 below:

⁴ A total of 82 cases were developed by FIU, however, 62 were assigned for investigations by FIT during the period.

TABLE 12

Major Currencies	Cash Seized
J\$	25,001,245.00
US\$	328,336.00
CN\$	-
GBR	680.00

Cash Seizures Investigated by FIT over the Period 2016-17

During the fiscal year 2016/2017, 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 is shown in Table 13 below:

TABLE 13

Investigative and Enforcement Activities for the Year 2016-17	
Search and Seizure Operations conducted	35 ⁵
Number of Arrests	16
Number of Persons Charged for Financial Crimes	16
Number of Charges	35
Number of Convictions	7
Civil Recovery Cases Completed	5

⁵ This includes 25 operations assisted with other law enforcement agencies

For the period sixteen (16) individuals were charged with money laundering offences pursuant to the Proceeds of Crime Act. Four (4) persons were convicted for the offence during the period while the remainder are currently before the courts.

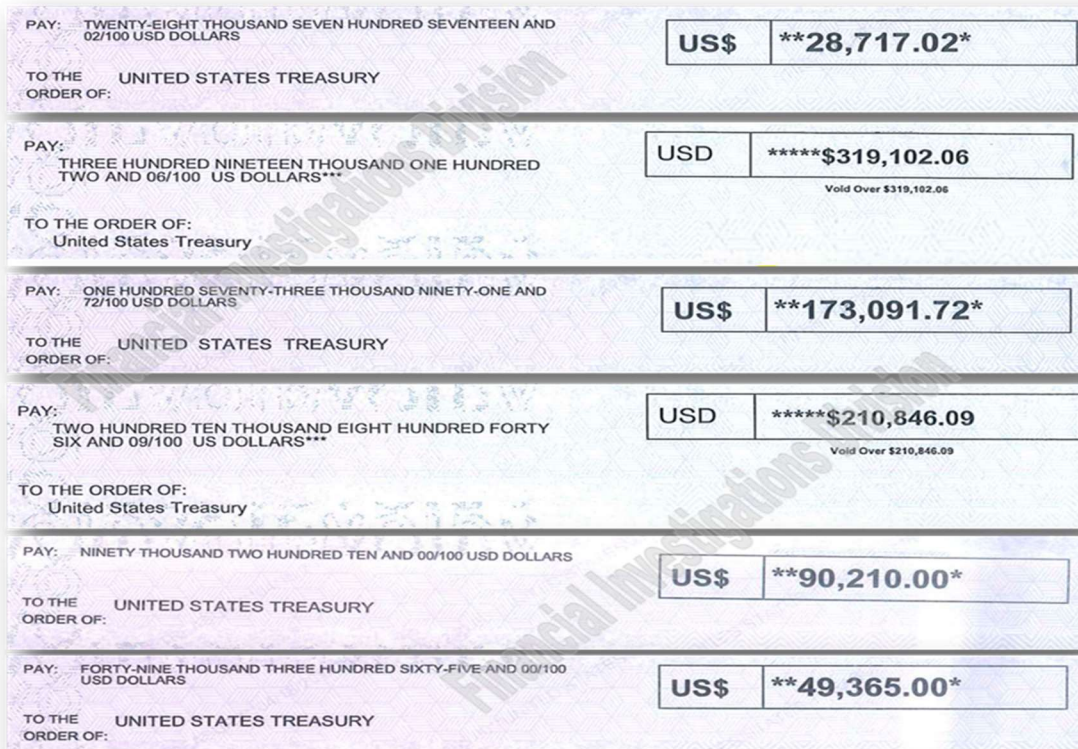
Civil recovery of property investigation and joint forfeiture investigations conducted with overseas jurisdiction have resulted in a number of court decisions in favour of the Assets Recovery Agency (ARA) in the reporting period 2016/2017 Assets valued in excess of Two Hundred and Thirty Million Dollars (\$230,000,000.00) were forfeited in Jamaica based on the investigative efforts of FIT. These assets included real estates, motor vehicles, cash and bank accounts.

The Financial Investigations Team continues to offer quality leadership in the detection and investigation of serious financial crimes and during the year collaborated with the Major Organised Crime and Anti- Corruption Agency (MOCA), Tax Administration Jamaica (TAJ), Office of the Contractor General (OCG), CTOC and other local and international law enforcement agencies. The Division was successful in the following significant matters:

The FID assisted the US authorities in identifying, tracing and registering Final Forfeiture Orders against the following assets, the proceeds from which are to be shared between Jamaica and the US, under the Sharing of Property Act:-

- a. In one case real property with an estimated value of USD\$850,000 (Please see snippets of cheques remitted below at Figure 1)

Figure 1



- b. In another case real property, jewellery and monies in bank accounts with a combined value of approximately USD\$420,000

The Division also successfully prosecuted a former Parks and Market Manager of the National Solid Waste Management Authority (NSWMA), for corruption. The matter is currently the subject of a criminal forfeiture investigation in regards to assets owned by the defendant valued over JMD\$40 million.

Working in concert with MOCA, our team successfully staved off a number of legal challenges, to have the restrained assets of a prominent attorney at law released. The attorney was charged for facilitating a US based self-confessed drug trafficker and his family members, to purchase, sell and manage assets in excess of JMD500 million. Through strong representation, the trafficker, former

Jamaican Police Officer on his return to Jamaica (having served time in US prison), was apprehended and charged for Money Laundering.

Arising from its collaborative efforts with the Drug Enforcement Administration (DEA) and the Office of the Director of Public Prosecutions, assets valued in excess of Four Hundred Million Jamaican Dollars (J\$400 million) owned by a Jamaican convicted in the USA for drug trafficking, were successfully restrained. The restraint order was obtained in the Supreme Court based on a Mutual Legal Assistant Treaty request made by the United States Government arising from the joint investigation undertaken by the FID and the DEA in tracing, identifying and quantifying the assets owned by the defendant in Jamaica. The proceeds from the sale of the property will be shared between the GOJ and the USA Government in keeping with the Sharing of Property Act.

The FID also commenced a civil recovery investigation against a prominent Jamaican Chartered Accountant residing in Florida, USA, and this was concluded in April 2016. The FID, via proactive investigation and working in close collaboration with the US Internal Revenue Service, restrained and eventually repatriated in excess of USD800, 000.00 to the USA for victims.

The Division collaborated with MOCA and the OCG on the successful identification, investigation and restraint of property valued in excess of JMD220 million owned or controlled by an alleged corrupt Parish Council employee, involved in the embezzlement of a significant amount of funds intended for road repairs, drain cleaning and bushing in one of the country's Parish Councils.

4. 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.

The fiscal period 2016-2017 the Division was successful in a number of cases including the following:

- a. On August 10, 2016, the Agency obtained its first default judgment in a civil recovery claim. The Agency had filed a civil recovery claim against several real properties and motor vehicles owned by the defendant since 2011. The matter remained before the court for approximately five years with no defence being filed, in spite of the agency advising the defendant's Counsel of its intention to apply for default judgment, should a defence not be filed. The agency acted upon its promise and applied for default judgment. The court granted the agency's application and issued a civil recovery order in relation to five real properties and eleven motor vehicles. This sends a message to defendants that there will be consequences for their delay and inaction when a claim is filed against them and will encourage defendants to play their part in getting claims swiftly dealt with and determined by the court.
- b. The Agency initiated judicial review proceedings against a Parish Judge and the Attorney General of Jamaica in relation to the procedure to be used to commence continued detention applications under the Proceeds of Crime Act (POCA) in the Parish Courts. POCA is silent on the procedure to be used, but the Agency upon a review of case law and the Parish Court Act and Rules, was of the view that the matters ought to be commenced by way of notice and affidavit. The Parish Judge was of the view that the matters ought to be commenced by way of plaint and particulars of claim and refused to grant applications that were commenced by notice and affidavit. In November 2016, the Supreme Court ruled in favour of the Agency and made a declaration that a continued detention application should be made by notice and affidavit. This declaration has created certainty in the area and has provided well-needed guidance to the Agency, defence attorneys and the judiciary.
- c. In November 2016 the Agency obtained its first order for the appointment of a Director's Receiver under POCA. This order appointed the agency's Assets Forfeiture Manager as the Director's Receiver and gave them wide powers to sell property, in order to satisfy a United Kingdom Confiscation Order that had been registered in Jamaica. The Director's Receiver

will be able to take all necessary steps to sell the property of the defendant and to apply the proceeds of the sale to satisfy the United Kingdom Confiscation Order against the defendant. The monies obtained from the sale will be shared between Jamaica and the United Kingdom, representing a positive step in the enforcement of both foreign and domestic forfeiture orders and will serve as a precedent for future applications.

- d. In December 2016, the Agency obtained its second Forfeiture Order under Section 5 of POCA. The defendant in the matter had pleaded guilty to the charge of conspiracy to defraud. The defendant had conspired with another individual to defraud the Accountant General's Department of JMD\$8,304,842.77. These monies were placed in the defendant's bank accounts and he and his co-conspirator withdrew the majority of the funds over a period of time. A Restraint Order, and subsequently a Forfeiture Order, was obtained in relation to the remaining funds, which totalled JMD\$310,580.02. The forfeiture mechanism under Section 5 of POCA is still novel to the courts. The granting of this order is a positive step in getting the judiciary more familiar with these types of matters and setting precedents.
- e. In September 2016, the team also worked on the conviction of three Chinese Nationals for Money Laundering and subsequent forfeiture of JMD\$5,646,367.00 and USD\$5,612.00.

5. 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 orders⁶. 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.
- 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, by way of visitations by AMU officers, installation of Intrusion Detection System and monitoring of properties by security personnel.

⁶ The recovery orders include: Civil Recovery, Forfeiture and Pecuniary Penalty

- 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, the National Land Agency, 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 14

Cash seizure and forfeiture activities

DESCRIPTION	CURRENCY	2015-16	2016-17	REMARKS
Cash Seizure Cases Investigated by both JCF, FID and Jamaica Customs Agency	-	101	129	
Value of Cash Seized	JA (\$)	21,570,029	25,001,245	Pursuant to Cash Seizure Investigations. POCA Provisions (s)75
	US (\$)	659,029	1,198,147	
	CAD (\$)	176,745	80,470	
	GBP (£)	30,170	19,700	
	EURO (€)	3,185	-	
Cash Seizure Cases resulting in forfeitures	-	22	14	
Value of Cash Forfeited	JA (\$)	1,216,577	1,551,763	Pursuant to Cash Seizure Investigations. POCA Provisions (s) 79
	US (\$)	293,673	547,852	
	CAD (\$)	26,137	266	
	GBP (£)	-	60	
	EURO (€)	-	-	

The accumulated value of assets under the management of the AMU as at March 31, 2017 is reflected below.

Table 15

TYPE OF ASSET	PERIOD							
	2015-16				2016-17			
	Restrained		Forfeited		Restrained		Forfeited	
	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)
REAL PROPERTY	93	728,849	34	470,371	71	1,242,358	36	615,517
OTHER PROPERTY	-	Nil	6	1,910	-	-	6	1,990,
MOTOR VEHICLES	82	121,345	11	9,766	67	92,260	12	6,800
BANK ACCOUNTS & FINANCIAL INSTRUMENTS	171	267,970	19	247,035	150	253,076	31	253,879
SEIZED CASH		980,862		-		1,066,396		-
TOTAL		2,099,026		729,082		2,654,090		878,186

The AMU calculates its property value as follows: a) for real property – the value as stated by the NLA Valuers 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.

Other activities carried out by the AMU over the period included:

- a. Auctioned and/or sold forfeited motor vehicles to the value of JMD\$1,699,939
- b. Processed ten forfeited real properties, valued at JMD\$230,000,000, with a view to submission to the Registrar of Titles for the vesting process to be completed.
- c. Continued with maintenance and clean up in relation to forfeited properties.

- d. Preparation of Policy Paper for additional procedures for the realization of property forfeited.
- e. Driving the passage of laws to correct statutory error that hindered the sale of seized real estate.

6. Planning and Administrative Services Unit (PASU)

For the financial year 2016/17, the Planning and Administrative Services Unit worked assiduously to ensure that the Division was provided with the necessary services and support to carry out its overall objectives.

The Unit accomplished the following achievements

The Division procured important equipment over the period that assisted the staff to carry out their duties effectively. These included cyber forensic equipment, photocopiers, video and other surveillance investigative equipment.

Training and Development

We recognise that people are our greatest asset as we strive to become a premier investigative organisation. To improve the Division's capacity and performance the team was exposed to a variety of training workshops and professional development activities throughout the year

Emphasis was also placed on leadership development and management and both senior and middle managers were provided with the necessary training to equip them to manage and guide the overall team to achieving the objectives of the Division. For the year, forty-five (45) training programmes were provided in various categories. The training initiatives undertaken by the Division exposed the staff collectively to 329 man-days of training and at the individual level, each employee received at least 2 man-days of training.

The training provided during the year included the following:

- a. Countering of the Financing of Terrorism – Foundation, Senior Leaders and Enhanced;
- b. Criminal network disruption;
- c. Narcotics Investigation
- d. Money laundering and terrorism risk assessment
- e. Investigative Analysis Workshop;
- f. Illicit Economy and Financial Flows Investigation
- g. Financial Investigations Techniques;
- h. Cyber- Crimes Investigations Course;
- i. Cyber Forensics “First responder training course
- j. Open Source Intelligence;
- k. Supervisory Management Course;
- l. Human Resource Management Training
- m. Jamaica Bar Association and General Legal Council Training,
- n. UK Regional Asset Recovery Training.

Outreach Programme

The FID continued in its commitment of creating value for our society while contributing to nation building by supporting our community development through partnerships in our outreach programmes and voluntary support of our staff.

During the period under review, the FID made presentations to thirty-seven (37) institutions, and a total of One Thousand, Three Hundred and Seventy seven (1,377) participants benefitted from these outreach programmes.

The outreach programme continued to support its two charities, Dare to Care and the Golden Age Home by making donations, which touches the lives of the children and adults living in these facilities.

7. Information Technology Unit (ITU)

The ITU continued the configuration of the goAML solution during the 2016/17 period. Given the high volume of reports from financial institutions, the solution is expected to play a critical role in the FID's effort to discourage the use of Jamaican financial system for Money Laundering activities. 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 effort to advance the implementation of the goAML solution bore fruit in January 2016. Resources procured through the US Embassy Office of Technical Assistance (OTA) were delivered at an initial cost of USD\$364,000.

In April 2016, the planning process for the implementation of the equipment to create the secure environment started with the support of the supplier UNODC. By the end of 2017, the ITU completed the implementation of key equipment, signing of key service level agreements, completed security, reliability and functionality assessments to the satisfaction of the UNODC.

The ITU, with the support of the Financial Intelligence Unit, concluded the configuration of the goAML web and client interfaces and launched the pilot project to introduce the system to industry players. Several sensitization sessions were conducted as we worked to make the goAML solution fit for purpose and agreeable to the primary stakeholders.

In addition to the core solution and environment, another key measure initiated was the implementation of a Disaster Recovery and Business Continuity Plan (DRP/BCP). This led to the

signing of a hosting contract, installation of a new data connection line to the DRP/BCP site, and the installation and configuration of new servers. This facility was progressively being implemented and will be operational before goAML's production implementation.

In conjunction with the goAML solution implementation, the FID's website was also upgraded in preparation for goAML.

An additional area of emphasis was the upgrading of the capacity of the Division's Cyber Forensics personnel. The staff received training and certification in the uplifting, recording and management of digital evidence, as well as, the presentation of it in court.

Section II

8. Audited Financial Statements

FINANCIAL INVESTIGATIONS DIVISION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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Statement of Changes in Equity	5
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AUDITOR GENERAL'S
P.O. BOX 455
KINGSTON 5
JAMAICA

Email: audgen@auditorgeneral.gov.jm

AUDITOR GENERAL'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 3 to 14, which comprise the Statement of Financial Position as at March 31, 2017, 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.

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, 2017, 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 Division 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. There were no key audit matters for the year ending March 31, 2017.

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 Division 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.

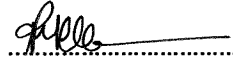
I also:

- 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 Division'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 Division'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 Division 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

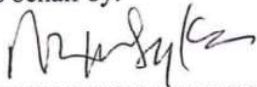
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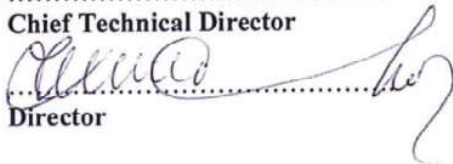
Date

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	Notes	2017 \$	2016 \$
Non-current assets			
Property, plant and equipment	5	41,096,387	51,806,936
		<u>41,096,387</u>	<u>51,806,936</u>
Current assets			
Financial crime assets	6	2,654,310,176	2,099,025,831
Forfeited assets	7	878,185,909	729,082,059
Cash and cash equivalents		5,554,004	3,731,132
Advances and prepayments	8		23,341,160
		<u>3,538,050,089</u>	<u>2,855,180,182</u>
Current liabilities			
Financial crime liabilities	6	2,654,310,176	2,099,025,831
Employee benefits	9	61,146,377	47,216,157
Payables and accruals	10	6,240,731	1,691,500
		<u>2,721,697,284</u>	<u>2,147,933,488</u>
Net current assets		<u>816,352,805</u>	<u>707,246,694</u>
Total assets		<u>857,449,192</u>	<u>759,053,630</u>
Equity			
Contributed Capital		38,896,097	38,896,097
Forfeited Asset Reserve		878,185,909	729,082,060
Accumulated (deficit)		(59,632,814)	(8,924,527)
		<u>857,449,192</u>	<u>759,053,630</u>

Approved for issue on behalf of the Financial Investigations Division on July 24, 2019 and signed on its behalf by:


.....
Chief Technical Director


.....
Director

FINANCIAL INVESTIGATIONS DIVISION
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

Year ended March 31, 2017

	Notes	2017 \$	2016 \$
INCOME			
GOJ financing from Consolidated Fund	11(a)	280,121,358	228,709,169
Grant	11(b)	16,312,132	12,092,222
Processing fees	12	2,142,000	2,577,000
Proceeds from forfeiture properties		95,128,534	43,707,566
Interest Income		122,312	210,741
Total Income		393,826,336	287,296,698
EXPENDITURE			
Staff costs	13	250,578,285	183,976,274
Goods and services		74,228,009	60,287,177
Premises related services		3,531,427	4,472,386
Depreciation		20,501,927	26,549,667
Other expenses		125,000	64,316
Total operating expenses		348,964,648	275,349,820
Operating surplus		44,861,688	11,946,878
Transferred to Miscellaneous Revenue		(83,400,075)	(46,284,566)
Transferred to Overseas Investigative Agencies		(12,169,900)	-
Net deficit		(50,708,287)	(34,337,686)

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

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF CHANGES IN EQUITY
As at March 31, 2017

	Contributed capital	Accumulated deficit	Forfeited asset reserve	Total
	\$	\$	\$	\$
Balance 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 at March 31, 2016	38,896,097	(8,924,527)	729,082,060	759,053,630
Addition	-	-	149,103,849	149,103,849
Net deficit for the year	-	(50,708,287)	-	(50,708,287)
Balance at March 31, 2017	<u>38,896,097</u>	<u>(59,632,814)</u>	<u>878,185,909</u>	<u>857,449,192</u>

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

FINANCIAL INVESTIGATIONS DIVISION

STATEMENT OF CASH FLOWS

Year ended March 31, 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	(50,708,287)	(34,337,686)
	<u>(50,708,287)</u>	<u>(34,337,686)</u>
Adjustments:		
Depreciation Expenses	20,501,927	26,549,667
Increase in provision for employees benefit	13,930,220	3,512,130
Increase in receivables	23,341,160	7,112,912
Increase in payables	4,549,230	1,283,433
Net cash inflow from operating activities	<u>11,614,250</u>	<u>4,120,456</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,791,378)	(3,909,715)
Net cash used in investing activities	<u>(9,791,378)</u>	<u>(3,909,715)</u>
Increase in cash and cash equivalents	1,822,872	210,741
Cash and cash equivalents at beginning of year	<u>3,731,132</u>	<u>3,520,391</u>
Cash and cash equivalents at end of year	<u>5,554,004</u>	<u>3,731,132</u>

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

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2017

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 objective 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.

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2017

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 hand.

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, 2017

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, 2017 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, 2017

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 rates. The Division's interest rate risk arises from deposits as follows:

	2017	2016
	\$	\$
Financial Crime Assets	<u>1,066,396,185</u>	<u>980,862,063</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, 2017

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	6,240,731	6,240,731	6,240,731	-
Employee benefits	61,146,377	61,146,377	-	61,146,377
At March 31, 2017	<u>67,387,108</u>	<u>67,387,108</u>	<u>6,240,731</u>	<u>61,146,377</u>

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>1,691,500</u>	<u>47,216,157</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:

	2017	2016
	\$	\$
Advance and prepayments	<u>-</u>	<u>23,341,160</u>

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2017

5. Property, plant and equipment

	Office equipment (\$)	Computers (\$)	Furniture, fixtures and fittings (\$)	Motor vehicles (\$)	Total (\$)
Cost					
April 1, 2016	37,597,741	52,719,648	20,917,781	18,227,138	129,462,308
Additions	4,034,530	5,335,282	421,566	-	9,791,378
March 31, 2017	41,632,271	58,054,930	21,339,347	18,227,138	139,253,686
Accumulated depreciation					
April 1, 2016	18,192,185	42,984,215	8,160,595	8,318,377	77,655,372
Charges for the period	3,980,383	10,754,934	2,121,182	3,645,428	20,501,927
March 31, 2017	22,172,568	53,739,149	10,281,777	11,963,805	98,157,299
Net book value:					
March 31, 2017	19,459,703	4,315,781	11,057,570	6,263,333	41,096,387
Net book value:					
March 31, 2016	19,405,556	9,735,433	12,757,186	9,908,761	51,806,936

6. Financial crime assets

	2017 \$	2016 \$
Balance as at April 1	2,099,025,831	2,362,888,993
Additions	831,691,572	435,172,902
Forfeiture	(230,750,347)	(419,058,466)
Returned	(103,280,509)	(394,027,940)
Interest earned	57,623,629	114,050,342
Balance as at March 31 (i)	<u>2,654,310,176</u>	<u>2,099,025,831</u>

- 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, 2017

7. Forfeited assets

	2017	2016
	<u>\$</u>	<u>\$</u>
Forfeited property	615,517,000	470,369,713
Forfeited motor vehicles	6,800,000	13,498,059
Forfeited accounts	253,878,469	243,303,705
Other forfeited assets	1,990,440	1,910,582
	<u>878,185,909</u>	<u>729,082,059</u>

8. Advances and prepayments

	2017	2016
	<u>\$</u>	<u>\$</u>
Prepaid Expenses	-	721,233
Advanced Software User Fee	-	22,619,927
	<u>-</u>	<u>23,341,160</u>

9. Employee benefits

	2017	2016
	<u>\$</u>	<u>\$</u>
Provision for vacation leave	50,008,473	43,360,845
Travelling Arrears	-	1,868,902
Salary arrears	-	96,379
Provision for gratuity	11,137,904	1,890,031
	<u>61,146,377</u>	<u>47,216,157</u>

10. Payables and accruals

	2017	2016
	<u>\$</u>	<u>\$</u>
Payables	5,424,597	1,283,433
Accruals	816,134	408,067
	<u>6,240,731</u>	<u>1,691,500</u>

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2017

11. Subvention and Grants

	2017 \$	2016 \$
a. GOJ funding:		
Financial Investigation Division	260,217,082	204,794,419
Assets Recovery Agency	19,904,276	23,914,750
	<u>280,121,358</u>	<u>228,709,169</u>
b. Grant funding		
Department of Internal Development (DFID)	12,978,799	8,758,889
European Union (EU)	3,333,333	3,333,333
	<u>16,312,132</u>	<u>12,092,222</u>

12. Processing fees

	2017 \$	2016 \$
Due diligence fees	<u>2,142,000</u>	<u>2,577,000</u>

13. Staff costs

	2017 \$	2016 \$
Salaries, wages and related costs	178,039,792	120,227,146
Travelling allowance and subsistence	72,538,493	63,749,128
	<u>250,578,285</u>	<u>183,976,274</u>

Section III

9. Appendices

a. 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 INSTITUTION⁷ (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 Banking Services Act, 2014
- A financial institution licensed under the Financial Institutions Act, subsequently repealed by the Banking Services Act;
- A building society registered under the Building Societies Act, subsequently amended by the Banking Services Act;
- A credit union under the Co-operative Societies Act;
- A person who:
 - Engages in insurance business within the meaning of the Insurance Act;
 - Performs services as an insurance intermediary within the meaning of the Insurance Act, but does not include an insurance consultant or an adjuster;
- A person licensed under the Bank of Jamaica Act to operate an exchange bureau;
- A person licensed under the Securities Act as a dealer or investment adviser;
- Approved money transfer and remittance agents and agencies as defined by section 2 of the Bank of Jamaica Act;
- Any other person declared by the Minister responsible for national security, by order subject to affirmative resolution, to be a financial institution for the purposes of this Act.

FINANCIAL PROFILE

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).

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.

⁷ FATF Recommendations – May 2012 and POCA 2007

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.

Go AML

This 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. The software facilitates online filing of suspicious transaction reports, threshold transaction report and authorized disclosure reports in accordance with POCA and TPA

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 ORDER⁸

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

PRODUCTION ORDER AND INSPECTION ORDER⁹

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.

⁸ POCA s5(3)

⁹ 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 ORDER¹⁰ (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.

¹⁰ FID Act s20, POCA p.33

b. LIST OF TABLES AND CHARTS

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2	Submission of POCA STRs by Financial Institutions Category
3	Submission of TTRs by Financial Institutions Category
4	Submission of Authorised Disclosure and Protected Disclosure by Sector
5	International Transportation of Cash or Bearer Negotiable Instruments (BNI) Reports
6	Suspicious Transaction Reports Received (TPA)
7	Disclosures Generated From STRs/TTRs to Law Enforcement
8	Disclosures Generated From STRs/TTRs to External Agencies
9	Criminal Activities Identified In Disclosures From STRs/TTRs
10	Due Diligence, Fit & Proper Checks and Financial Profiles
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13	Investigative and Enforcement Activities
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1	Representation of Financial Institutions' TTR Compliance (POCA)
2	Representation of Financial Institutions' Compliance (TPA
3	Criminal Activities Identified In Disclosures From STRs/TTRs

c. TABLE OF ACRONYMS

Acronyms	Details
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
CCFP	Certified Cyber Forensics Professional
CFATF	Caribbean Financial Action Task Force
CFT	Counter Financing Terrorism
CFU	Constabulary Financial Unit
CGC	Casino Gaming Commission
CLA	Cannabis Licensing Authority
CTD	Chief Technical Director
CTOC	Counter – Terrorism and Organised Crime
DDA	Dangerous Drugs Act
DFID	Department of International Development
DNFI	Designated Non-Financial Institution
DPP	Director of Public Prosecutions
FATF	Financial Action Task Force
FCIU	Financial Crimes Investigation Unit
FID	Financial Investigations Division
FIDA	Financial Investigations Division Act
FIT	Financial Investigations Team

Acronyms	Details
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GLC	General Legal Council
goAML	Go Anti-Money Laundering
HMF	Honourable Minister of Finance and the Public Service
ICT	Information and Communication Technology
ITU	Information Technology Unit
JBA	Jamaica Bankers Association
JCA	Jamaica Customs Agency
JCCUL	Jamaica Co-operative Credit Union League
JCF	Jamaica Constabulary Force
JSAT	Justice Security Accountability and Transparency
LSU	Legal Services Unit
MER	Mutual Evaluation Report
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
NRA	National Risk Assessment
OCID	Organized Crime Investigation Division
OCG	Office of the Contractor General
ODPP	Office of the Director of Public Prosecution
OTA	Office of Technical Assistance

Acronyms	Details
OSINT	Open Source Intelligence
PAB	Public Accountancy Board
PASU	Planning and Administrative Services Unit
PDF	Portable Document Format
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 Drugs and Crime
XML	Extensible Mark-up Language

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