

ANNUAL REPORT

2017-2018



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

Contents

1. Chief Technical Director’s Report	4
2. Financial Intelligence Unit (FIU)	7
A. REPORTS RECEIVED FROM REPORTING ENTITIES.....	9
B. COMPLIANCE RATE OF FINANCIAL INSTITUTIONS.....	14
<i>i. Compliance under POCA (Threshold Transaction Reports)</i>	14
<i>ii. Compliance under TPA (Listed Entities Reports)</i>	15
<i>iii. Requests for Consent</i>	16
<i>iv. Case Disclosures</i>	17
3. Financial Investigations Team (FIT).....	20
4. Legal Services Unit (LSU).....	25
5. Asset Management Unit (AMU).....	27
6. Planning and Administrative Services Unit (PASU).....	31
7. Information Technology Unit (ITU).....	34
8. Audited Financial Statements	38
9. Appendices.....	56
A. GLOSSARY OF TERMS	57
B. LIST OF TABLES	64
C. LIST OF CHARTS	65
D. TABLE OF ACRONYMS.....	65

1. Chief Technical Director's Report

The Financial Investigations Division (FID), which also incorporates the Asset Recovery Agency (ARA), engaged in a number of strategic initiatives to settle the strategic direction of the Division and to bring across the key importance of taking the profit out of crime to the wider public and key stakeholders.

During the year the FID was rebranded with the completion of its new website and logo.

The FID hosted its two - day conference in February 2018 entitled “Taking the profit out of crime, what does it take?” The speakers represented the broad spectrum of international, regional and local stakeholders involved in taking the “Profit out of Crime”. There were over 200 participants from law enforcement, judiciary, financial and non-financial institutions who participated.

A public education programme was undertaken to remind the public about the J\$1 million cash transaction limit placed on persons and institutions by way of section 101A of the Proceed of Crimes (Amendment) Act, 2013. This involved radio and press advertisements, production of flyers and posters, bus wraps and engagement of the media.

In 2017, a Prior Options Review of FID, as well as other divisions in the enforcement, regulation and compliance programme of the Ministry of Finance and the Public Service (MOF&PS) was conducted as part of the strategic transformation being undertaken by the Government. This resulted in the Minister's decision that FID should operationalize its status as a Department of

the Government relative to its current operations as that of a Division. This will involve a review of the structure, the operational and administrative functions currently in place to ensure that the capacity of the FID matches the complexity of the issues encountered in Financial Crimes.

A consensus was arrived at with the Ministries of National Security and Justice on the development of regulations governing an Asset Incentivization Scheme. This will see a part of the proceeds arising from post-conviction forfeiture reserved and utilized specifically for the improvement of law enforcement and the justice system.

The FID holds the chair of the National Anti-Money Laundering Committee (NAMLC). Arising from the CFATF Mutual Evaluation Report (MER) 2016, FID co-ordinated Jamaica's anti-money laundering framework to meet global standards in this area. Some important measures incorporated that improved Jamaica's framework in 2017 included;

- i. the issue of Ministerial Orders under the Terrorism Prevention Act (TPA) that brought certain non-financial professions under that Act,
- ii. the passage of amendments to the Companies Act that dealt with issues relating to beneficial ownership and bearer share warrants, and
- iii. key improvements were also achieved in the expeditious obtaining of orders by the Office of the Director, Public Prosecution (ODPP) under the TPA in listing terrorist entities per the UN Security Council Listings.

In June 2017 a team from FID attended the launch of Asset Recovery Interagency Network of the Caribbean (ARIN CARIB), which provides International cooperation in relation to the assets recovery of owned by suspects in foreign countries. ARIN CARIB facilitates expeditious processing

of Mutual Legal Assistance Treaties (MLAT) with regards to asset recovery, money laundering investigation and the registration of restraint orders. Jamaica was nominated to sit on the steering committee and lead the subcommittee that was responsible to design and development of the website for the Network. During 2018, there were collaboration amongst Jamaica and other Caribbean countries in relation to 11 investigations.

Key areas of focus for the next fiscal year includes:

- a) The commencement of the process for the FID to transform to an autonomous entity in accordance with the provisions of Financial Investigations Division Act (FIDA), 2010, with the appropriate capacity to fulfil its mandate. A submission will be made to Cabinet to position the FID as a Department.
- b) The finalization and implementation of the Asset Incentivization Scheme which will provide the legislative framework for arrangements with the Ministry of Finance for the use of proceeds derived from civil recoveries which by law are required to be used for the benefit of the Division.
- c) Co-ordination of the passage of key legislative amendments to others (e.g. POCA, TPA and the United National Security Council Resolution Implementation Act) to meet international standards.
- d) The FID and its Financial Intelligence Unit (FIU) will be engaging further with regulatory bodies and their licensees to improve Anti-Money Laundering (AML) standards across industries and to improve the quality of reporting by institutions obliged to make these

reports. It is envisioned that the completion of the roll out of goAML to financial and non-financial partners will be critical to the improvement process.

- e) The Division will also seek to negotiate and execute a number of intelligence sharing MOUs with both domestic and overseas law enforcement agencies.

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 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

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

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:

- i. Accountants – when they carry out certain specified financial transactions, supervised by Public Accountancy Board
- ii. Real Estate Dealers supervised by the Real Estate Board
- iii. Casinos supervised by the Casino Gaming Commission
- iv. Gaming Lounges above a certain size – supervised by the Betting Gaming and Lottery Commission
- v. 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 Cannabis Licensing Authority (CLA) was established in 2015 to establish and regulate Jamaica’s legal ganja and hemp industry for the use of the plant and its by-products for medical, therapeutic and scientific purposes. Pursuant to the Dangerous Drugs (Cannabis Licensing) Regulations, 2016 the FID signed a Service Level Agreement with the Cannabis Licensing Authority for the provision of due diligence checks to assist with the grant of licences to

applicants. The aim is to safeguard the integrity of these institutions in fulfilling international obligations and ultimately, the financial sector.

REPORTS RECEIVED FROM REPORTING ENTITIES

FIU made further progress towards the live implementation of the goAML reporting software. All new modules introduced by the UNODC were incorporated and tested by the pilot group, to ensure consistency and conformity with product specifications. The introduction of the goAML regime is expected to assist in demonstrating the improved use of analytical products by law enforcement and other stakeholders. This being an area for improvement as identified in the 2016 MER. The FIU received 250,294 Reports for the 2017/2018 fiscal year and goAML will allow the reporting entities to upload the future reports via the web.

Table 2.1 Reports Received under POCA

Report Type	2016-2017	2017-2018	% Change
Suspicious	159,610	115,866	(27)
Threshold	148,903	134,420	(10)
Authorised Disclosure	23	8	(65)
TOTAL	308,536	250,294	(19)

Table 2.2 Submission of POCA STRs by Financial Institutions

Financial Institution Type	2016-2017	2017-2018	% Change
Commercial Banks	778	1,008	30
Cambios	17,340	10,845	(37)
Credit Unions	279	88	(68)
Building Societies	456	28	(94)
Merchant Banks	4	4	(0)
Securities Dealers	48	19	(60)
Remittance Services	140,659	103,813	(26)
Insurance Services	34	25	(26)
DNFBP	12	36	200
TOTAL	159,610	115,866	(27)

Money Services Businesses (MSBs) – Cambios and Remittance Services continue to submit the majority of STRs received from the financial sector. For the fiscal year 2017-2018, one hundred and fourteen thousand, six hundred and fifty-eight (114,658) (2017: 157,999) STRs were received from MSBs and cambios. This constitutes ninety-nine percent (99%) of total STRs received. The transactions conducted with cambios and the remittance services are relatively small multiple type which are below the normal threshold levels. These transactions are however captured and reported through the filing of a STR.

There was however an overall 27% decline in the number of STRs received from this sector when compared to the prior year (2016-2017), when one hundred and fifty-seven thousand, nine

hundred and nine-nine (157,999) 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 specification and utilization of specialized software in the identification of suspicious transactions.

Table 2.3 Submission of POCA TTRs by Financial Institution Category

Financial Institution Type	2016-2017	2017-2018	% Change
Commercial Banks	122,045	112,366	(8)
Cambios	19,182	17,367	(10)
Credit Unions	13	4	(69)
Building Societies	14,655	138	(99)
Merchant Banks	764	887	(16)
Securities Dealers	113	170	(50)
Remittance Services	2,130	3,485	(64)
Insurance Services	1	3	200
Designated FI	0	0	0
TOTAL	148,903	134,420	(10)

Although, there was an overall decrease of ten percent (10%) of TTRs received, when compared to 2016-2017, specific sectors had large volume of reduction. The operations of some building societies were merged in that to their affiliated Commercial Banks, thus resulting in a smaller number of reports being filed under the heading of building societies. Simultaneously, one of the country's largest building society converted to a full-service Commercial Bank and this reduced the number of STRs and TTRs received from Building Societies.

Table 2.4 Submission of Authorized Disclosures by Sector

Business Type	2016-2017	2017-2018
Attorneys	15	7
Cooperative Society	7	1
Pawn Shop	0	0
Gaming	0	0
Credit Union	1	0
TOTAL	23	8

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 from both regulated and non-regulated persons. The disclosure should be made before doing the prohibited act².

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.

² A prohibited act is defined as a money laundering offence under sections 92 and 93 of POCA.

Attorneys-at-Law are still outside of the regulated sector, following an injunction granted by the Supreme Court until the matter is heard by the Court of Appeal. However, some Authorised Disclosures are received by Attorneys who utilize the provisions of Section 100(4).

Table 2.5 Cross Border Reports Received

International Transportation of Cash or Bearer Negotiable Instruments (BNI) Reports		
REPORT TYPE	2016-2017	2017-2018
International Transportation of Currency (Cross Border Movement of Funds)	142	191
Financial Institutions	317	367

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 who transfer cash across borders in the course of their business.

Table 2.6 Suspicious Transaction Reports Received Under TPA

Financial Institution Type	2016-2017	2017-2018
Commercial Banks	3	1
Insurance Services	1	0
TOTAL	4	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.

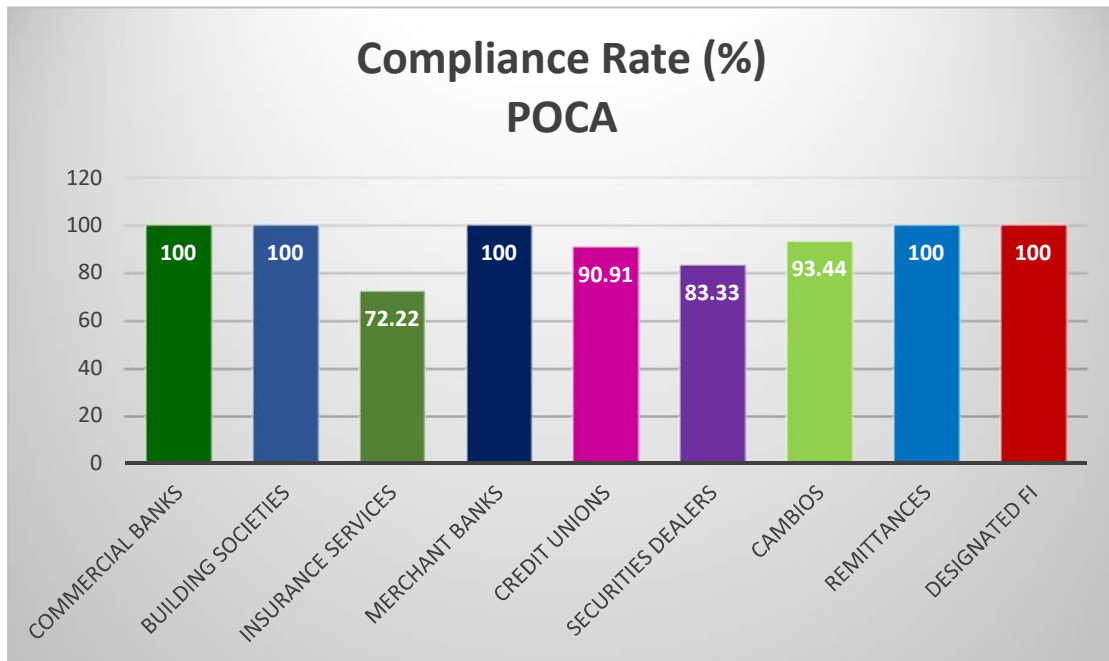
COMPLIANCE RATE OF FINANCIAL INSTITUTIONS

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 86.18%

CHART 1

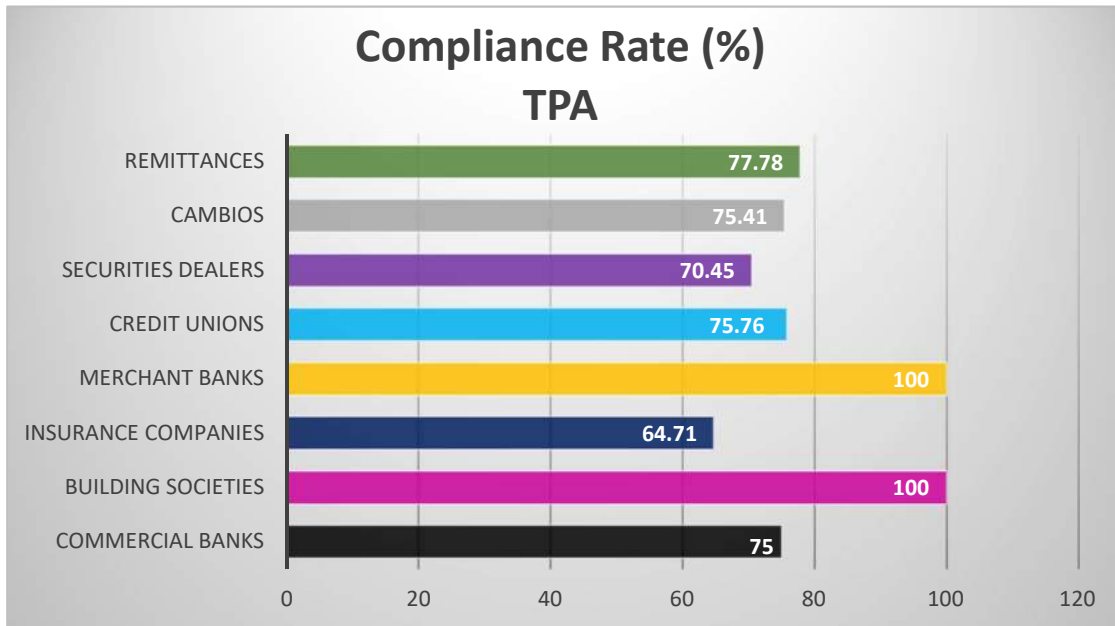


ii. Compliance under TPA (Listed Entities Reports)

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 73.71%

CHART 2



iii. 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 2017/2018, 120 requests for consent were received. This represents a 33% reduction from the 178 requests received for 2016/2017.

iv. 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.

Table 2.7 Disseminations to FIT

Disclosures	2016-2017	2017-2018
New Cases	82	88
Notes to Files ³	21	34
TOTAL	103	122

Table 2.8 Disseminations to External Agencies

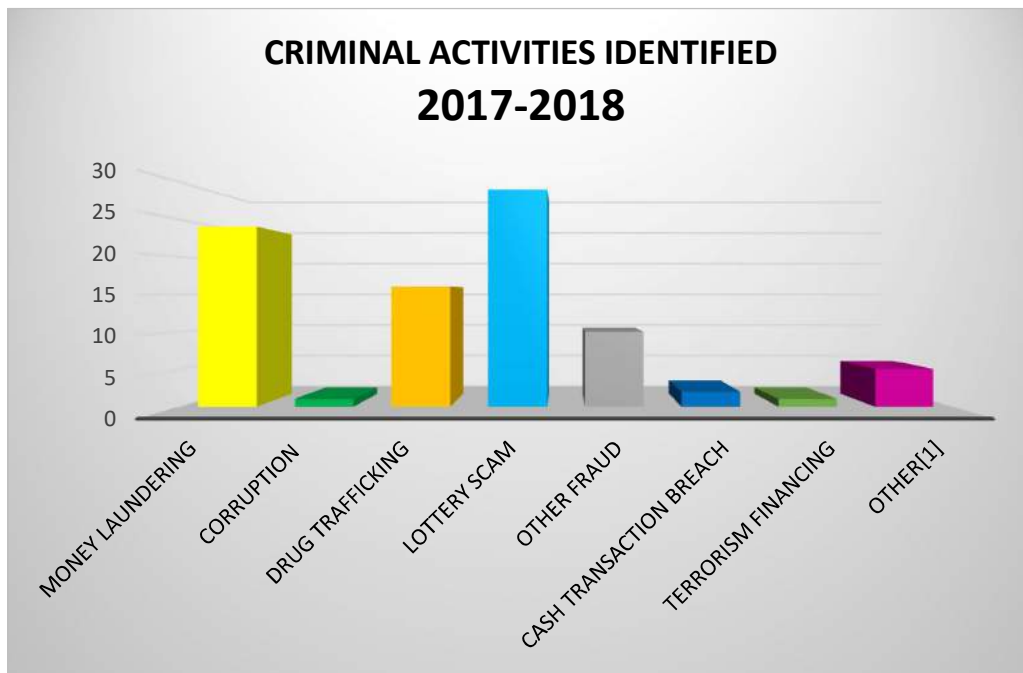
Agency	2016-2017	2017-2018
Jamaica Constabulary Force Fraud Squad	0	7
Tax Administration Jamaica	1	0
Financial Services Commission	2	0
TOTAL	3	7

³ Additional information on previous disseminations

Table 2.9 Criminal Activities Identified in Case Disclosures

Criminal Activities	2016-2017	2017-2018
Money Laundering	34	24
Corruption	5	1
Drug Trafficking	7	16
Lottery Scam	21	29
Other Fraud	8	10
Cash Transaction Breach	4	2
Terrorism Financing	1	1
Other ⁴	2	5
TOTAL	82	88

CHART 3 Criminal Activities Identified in Disclosures from STRs/TTRs



⁴ These involve Operating an illegal Cambio, Tax Evasion, breaches of Securities Act

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 2.10 Due Diligence, FIT & Proper Checks and Financial Profiles

Report Type	2016-2017	2017-2018	% Change
Due Diligence	173	203	17
Fit and Proper Checks	533	563	6
Financial Profiles	97	90	(7)

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, Cannabis Licencing Authority (CLA) 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:

1. Financial crimes including money laundering and other criminal offences under the POCA
2. Cash Seizure
3. Criminal Forfeiture
4. Civil Recovery of Property and
5. 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

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

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 strategic decision was taken to reduce the number of smaller cases referrals and place greater focus on complex high value financial crimes. FID through liaison officers, continues to provide technical support to JCF formations for investigating cases.

A total of sixty-nine (69) cases were referred to FIT and developed for investigation as detailed in the table below:

Table 3.1 New Case Assignments

New Assignments - 2017/2018	
Cash Seizure	22
Money Laundering	33 ⁶
Civil Recovery	-
Criminal Forfeiture	5
Terrorist Financing	1
Other	8
Total	69

⁶ A total of 88 cases were developed by FIU, however, 33 were assigned for investigations by FIT during the period.

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 3.2 below:

Table 3.2 Cash seizures Investigated by FIT over the period 2017-18⁷

Major Currencies	Cash Seized
J\$	7,706,759
US\$	88,952
CN\$	1,350
GBR	4,660

During the fiscal year 2017/2018, 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.

Activities listed in table 3.3 are among some of FIT achievements for the year.

⁷ Information on forfeitures arising from cash seizures are found under Asset Management Unit.

Table 3.3 Investigate and Enforcement Activities

Investigative and Enforcement Activities 2017/2018	
Search and Seizure Operations conducted	21
Number of Arrests	34
Number of Persons Charged for Financial Crimes	34
Number of Charges Laid (counts)	121
Number of Convictions	11

For the period, thirty-four (34) individuals charged in Table 3.3 were charged with money laundering offences pursuant to the Proceeds of Crime Act. Six (6) persons were convicted for money laundering offences 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 2017/2018.

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), Jamaica Customs Agency, Jamaica Constabulary Force, CTOC and other local and international law enforcement agencies. The Division was successful in the following significant matters:

A prominent doctor was charged and convicted of two counts of attempting to pervert the course of justice after he tried to bribe an officer to discontinue an investigation; and

A Westmoreland businessman operated an illegal cambio, which was believed to facilitate criminals to launder monies. The FID driven by intelligence launched an investigation utilizing various investigative techniques, such as extensive surveillance, test transactions and video recordings. This resulted in the businessman and his employee convicted for selling foreign currency without being an Authorised Dealer contrary to S22A of BOJ Act.

4. Legal Services Unit (LSU)

The Legal Services Unit (“LSU”) success in legal matters is due to the dedication of all its officers who deliver 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 memorandum 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 situated 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.

During the fiscal period 2017-2018 the Division was successful in a number of cases including the following:

March 2018, the Agency obtained pecuniary penalty order under S5 of the Proceeds of Crime Act (POCA). In a landmark ruling, High Court judge has ordered a Westmoreland man convicted for drug possession, nearly five years ago, to pay the Government \$17.5 million as a penalty for the benefits he derived from a criminal lifestyle. The judge agreed that the defendant maintained a criminal lifestyle and issued the pecuniary penalty order after assessing the defendants benefit; and

In the Court of Appeal, the Agency was challenged that in the absence of any dedicated procedural rule under POCA, the wrong procedure is being used before the Parish Courts to confiscate cash under Section 79 of POCA. This will affect some 40 cases involving close to \$150 million in cash that has been seized by the Financial Investigations Division (FID) under the Proceeds of Crime Act (POCA). FID intends to challenge this ruling in the UK Privy Court.

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 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:

- Cash, bank accounts and other financial instruments
- Real estate
- Motor vehicles
- Jewellery
- Furniture and appliances

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

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:

- The receipt and processing of properties in accordance with the established guidelines within the Asset Management Procedural Manual.
- The development and maintenance of databases that capture information on the status, value, nature and details of all the assets under management.
- 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.
- 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.
- 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.
- Obtaining valuation reports for personal property and other documents necessary for their disposal.
- Commissioning and facilitating the disposal of properties by way of auction, tender or any other processes deemed appropriate.

- 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.
- 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.
- 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 5.1 Cash Seizures

DESCRIPTION	CURRENCY	2016-17	2017-18	REMARKS
Cash Seizure Cases Investigated by both JCF, FID and Jamaica Customs Agency	-	129	89	
Value of Cash Seized	JA (\$)	25,001,245	7,775,659	Pursuant to Cash Seizure Investigations. POCA Provisions (s)75
	US (\$)	1,198,147	667,348	
	CAD (\$)	80,470	56,570	
	GBP (£)	19,700	4,660	
	EURO (€)	-	-	
Cash Seizure Cases resulting in forfeitures	-	14	37	
Value of Cash Forfeited	JA (\$)	1,551,763	4,980,096	Pursuant to Cash Seizure Investigations. POCA Provisions (s) 79
	US (\$)	547,852	534,344	
	CAD (\$)	266	-	
	GBP (£)	60	28,318	
	EURO (€)	-	41,521	

The accumulated value of assets under the management of the AMU as at March 31, 2018 is reflected below.

Table 5.2 Restrained and Forfeited Assets

TYPE OF ASSET	PERIOD							
	2016-17				2017-18			
	Restrained		Forfeited		Restrained		Forfeited	
	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)	#	(J\$'000)
REAL PROPERTY	71	1,242,358	36	615,517	57	1,000,986	38	693,000
OTHER PROPERTY	-	-	-	1,990	-	-	-	1,958
MOTOR VEHICLES	67	92,260	12	6,800	67	92,260	12	6,800
BANK ACCOUNTS & FINANCIAL INSTRUMENTS	150	253,076	31	253,879	152	235,993	36	264,598
SEIZED CASH		1,066,396		-		1,077,290		-
TOTAL		2,654,090		878,186		2,406,529		966,356

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:

- Continued with maintenance and clean up in relation to forfeited properties.
- Obtained Cabinet Decision for procedure for the disposal of forfeited properties.

6. Planning and Administrative Services Unit (PASU)

In 2017/18, the Planning and Administrative Services Unit continued its mandate to strategically plan for the future needs and development of the Division, to achieve greater organisational effectiveness.

The team continued 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. As such, the team offered a variety of training workshops and professional development activities throughout the year to encourage a culture of performance and excellence. During the year DFID provided valuable training opportunities to the staff of FID as well as other law enforcement agencies and judiciary to facilitate a coordinated approach in the fight against money laundering and terrorism financing.

A total of sixty-one training programmes were provided, and all staff members benefitted from the training opportunities. The training initiatives undertaken by the Division exposed the staff collectively to 551 man-days of training and at the individual level, each employee received 2 man-days of training. The training provided to staff during the year included the following:

- GOJ Risk Management Sensitization;
- Investigative Techniques Applied in Money Laundering;
- Tackling Financial Corruption
- CFATF Training and Accreditation;

- CFATF and the European Union Financial Analyst Course
- NIA Prosecutors' Anti- Corruption Training;
- Improving Customer Service & Telephone Techniques;
- Financial Investigation Course;
- Building Conspiracy Cases;
- Cyber Forensics Training Course;
- Developing SQL database;
- Open Source Intelligence;
- Supervisory Management Course;
- Jamaica Bar Association and General Legal Council Training;
- UK Bar Council International Advocacy Course;
- Coaching through change and transition
- Conferences

Caribbean Financial Action Task Force Plenary and Working groups;

- Middle Managers Conference;
- Human Resource Management Association of Jamaica (HRMAJ) Conference;
- Symposium on Economic Crime;
- Egmont Group Meeting;
- Financial Investigations Division Conference – Taking Profit out of Crime
- goAML International Use Group Meeting

Outreach Programme

The fundamental belief of FID is 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-five (35) institutions, and a total of One Thousand Six Hundred and sixty-four (1,664) 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.

In April 2018 the FID and RPD family mourned the sudden passing of Mr. Rediverse Johnson who gave over 30 years' service to the government. We extend condolences to his family and colleagues.

7. Information Technology Unit (ITU)

The focus of the ITU during the reporting period was the implementation of the hardware to create the secure goAML operating environment. The Dell Service centre supported the ITU team to ensure a successful implementation. At the end of this process, the goAML infrastructure was installed and configured to accommodate both a Demo and Production environments. The Demo area allows Reporting Entities to become familiar with the goAML solution by uploading sample reports to the system. In conjunction with the United Nations Office of Drug and Crime (UNODC), a security assessment was done of the new environment, which proved successful.

The FID, through the Financial Intelligence Unit (FIU), initiated a new phase of the implementation process by establishing a “Pilot User Group” consisting of a sample representation of the Reporting Entities. The pilot group was taken through re-training exercises on the process of filing returns on the system through the Demo Portal. These Entities representatives facilitated the FID by testing all areas of the reporting infrastructure to include Registration, Data Entry, Report Uploading, Report Transition and Bi-directional Communication. The engagement of these entities was welcomed and very fruitful as the FID was able to determine the probability for easy adoption by the remainder of the reporting landscape. Through the work of the Pilot Group, FID was able to evaluate the system and implement appropriate controls and business rules to ensure that the system worked effectively.

The FID developed an internal governance framework, to include members of the ITU and FIU, to ensure that critical concerns regarding the implementation were ventilated and appropriate decisions made. One such decision was the systems readiness for final production

implementation. In these robust sessions, the team settled on a new Service Level Agreement (SLA) with UNODC and invited UNODC to a production mission trip. The mission trip was for two weeks in February 2018. During this trip, UNODC evaluated the systems readiness for production implementation as well as provided training in the analytical and case management element of the goAML system and gave their stamp of approval that the system is ready for the production process. Having successfully completed this production implementation readiness assessment, the goAML taskforce then turned its attention to planning the effective implementation date and full-scale training of all reporting entities across Jamaica. This plan was scheduled to be implemented in the subsequent financial year.

Three members of the GoAML Taskforce were facilitated by the Division to attend the goAML International User Group (IUG) Conference that was held at the Headquarters of the United Nations in New York, USA. During this conference, the team members were exposed to discussions regarding the experiences of other goAML users, strategic policy directions for goAML and the emerging technological developments.

While the implementation of the goAML Online Reporting Platform took shape, the ITU continued to facilitate the quasi-manual process to upload data delivered to the FID on CD's, representing approximately ninety percent of all reports received by the Division.

Other developments that supported the implementation of the goAML solution are the upgrading and expansion of the firewall and edge security system, signing of a Service Level Agreement (SLA) to facilitate off-site storage and backup of data, and the redesign of the FID website to include a goAML portal and a new FID Logo. The firewall solution provided added

resilience to the security infrastructure for the systems implemented within the FID and with particular emphasis on the goAML solution. The FID was aware of the uptick in the cases of ransomware attacks on businesses to include government infrastructure during the period. As such, the server infrastructure was deliberately and strategically hardened against such attacks to include file screening capabilities. The SLA was significant to the security, resilience and continuity of the new solution being launched. It meant for the FID, in the event that systems failed, that any loss that may be experienced would be significantly minimised. The new FID website provided a fresh gateway to the organization and an introduction to the new solution that was now available through the portal.

Other activities pursued by the unit include the following:

- The development of a training platform based on the open source solution Moodle, that is expected to host the Financial Investigators Training and Accreditation Program (FITAP) Portal which will be used by Financial Investigators within the Caribbean.
- Changes to the method of access to the EGMONT Secure Portal. A new server was implemented and the access methodology upgraded to ensure that requests from EGMONT received the greatest visibility and priority.
- An international consultant supported the FID to spearhead the development of a suite of new security policies for the Division. These policies covered the areas of Access Control, Cyber Security, Digital Forensics, Incident Response and Risk Management. These policies are progressively being adopted into the operations of the Division.

- Twenty-two (22) new Digital Forensics cases processed during the period. Fourteen (14) Case reports or statements delivered.
- Supported the initiation of the strategic Prior Options review program for the FID as well as the production of the Division’s annual report.
- Participated in the delivery of the following training programs: goAML Sensitization and Cyber Crimes Investigations;
- Received training from Tax Administration Jamaica, Jamaica Customs Agency and UNODC; training was also received in the areas of Coaching, Communication Skills, Cyber Security, Leadership and Database Management.

Notwithstanding the challenges experienced during the reporting period, particularly relating to information systems and technology failures, the unit has realised a generally successful year. On evaluation of the Operational Plan, the ITU successfully achieved seventy-five percent of the target. The Unit saw one critical team member departing but welcomed three others to the team. This meant that, for the first time, the staffing complement moved from on average fifty percent to eighty-five percent of establishment.

Section II

8. Audited Financial Statements

FINANCIAL INVESTIGATIONS DIVISION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

Table of Contents

	Page
Financial Statements	
<hr/>	
Independent Auditors' Report	
<hr/>	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 14

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



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, 2018, 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, 2018, 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, 2018.

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

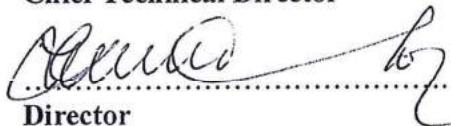
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Date

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	Notes	2018 \$	2017 \$
Non-current assets			
Property, plant and equipment	5	45,119,757	41,096,387
		<u>45,119,757</u>	<u>41,096,387</u>
Current assets			
Financial crime assets	6	2,406,529,156	2,654,310,176
Forfeited assets	7	966,355,730	878,185,909
Prepaid expenses	4	3,636,571	-
Cash and cash equivalents		5,683,418	5,554,004
		<u>3,382,204,875</u>	<u>3,538,050,089</u>
Current liabilities			
Financial crime liabilities	6	2,406,529,156	2,654,310,176
Employee benefits	8	41,313,862	61,146,377
Payables and accruals	9	6,625,352	6,240,731
		<u>2,454,468,370</u>	<u>2,721,697,284</u>
Net current assets		<u>927,736,505</u>	<u>816,352,805</u>
Total assets		<u><u>972,856,262</u></u>	<u><u>857,449,192</u></u>
Equity			
Contributed Capital		38,896,097	38,896,097
Forfeited Asset Reserve		966,355,730	878,185,909
Accumulated (deficit)		(32,395,565)	(59,632,814)
		<u>972,856,262</u>	<u>857,449,192</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

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

**FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF FINANCIAL PERFORMANCE**

As at March 31, 2018

	Notes	2018 \$	2017 \$
INCOME			
GOJ financing from Consolidated Fund	10(a)	307,060,245	280,121,358
Grant	10(b)	12,515,310	16,312,132
Processing fees	11	3,660,000	2,142,000
Proceeds from forfeiture properties		81,941,679	95,128,534
Interest Income		129,414	122,312
Total Income		405,306,648	393,826,336
EXPENDITURE			
Staff costs	12	232,029,797	250,578,285
Goods and services		44,543,928	74,228,009
Premises related services		3,363,047	3,531,427
Depreciation		12,084,948	20,501,927
Other expenses		446,000	125,000
Total operating expenses		292,467,720	348,964,648
Operating surplus		112,838,928	44,861,688
Transferred to Miscellaneous Revenue		(85,601,679)	(83,400,075)
Transferred to Overseas Investigative Agencies		-	(12,169,900)
Net surplus/(deficit)		27,237,249	(50,708,287)

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, 2018

	Contributed capital	Accumulated deficit	Forfeited asset reserve	Total
	\$	\$	\$	\$
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	38,896,097	(59,632,814)	878,185,909	857,449,192
Addition	-	-	88,169,821	88,169,821
Net surplus for the year	-	27,237,249	-	27,237,249
Balance at March 31, 2018	<u>38,896,097</u>	<u>(32,395,565)</u>	<u>966,355,730</u>	<u>972,856,262</u>

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

FINANCIAL INVESTIGATIONS DIVISION
STATEMENT OF CASH FLOWS
As at March 31, 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	<u>27,237,249</u>	<u>(50,708,287)</u>
	27,237,249	(50,708,287)
Adjustments:		
Depreciation Expenses	12,084,948	20,501,927
Decrease in provision for employees' benefit	(19,832,515)	13,930,220
(Increase) / decrease in receivables	(3,636,571)	23,341,160
Increase in payables	<u>384,621</u>	<u>4,549,230</u>
Net cash inflow from operating activities	<u>16,237,732</u>	<u>11,614,250</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(16,108,318)</u>	<u>(9,791,378)</u>
Net cash used in investing activities	<u>(16,108,318)</u>	<u>(9,791,378)</u>
Increase in cash and cash equivalents	129,414	1,822,872
Cash and cash equivalents at beginning of year	<u>5,554,004</u>	<u>3,731,132</u>
Cash and cash equivalents at end of year	<u>5,683,418</u>	<u>5,554,004</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, 2018

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 are 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, 2018

3. Significant accounting policies

i. Basis of preparation

The financial statements have been prepared under the historical cost convention and are presented in Jamaican 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 are 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, 2018

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, 2018 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, 2018

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:

	2018	2017
	<u>\$</u>	<u>\$</u>
Financial Crime Assets	<u>1,077,289,619</u>	<u>1,066,396,185</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, 2018

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	6,625,352	6,625,352	6,625,352	-
Employee benefits	41,313,862	41,313,862	-	41,313,862
At March 31, 2018	<u>47,939,214</u>	<u>47,939,214</u>	<u>6,625,352</u>	<u>41,313,862</u>

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>

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:

	2018	2017
	\$	\$
Prepaid expenses	<u>3,636,571</u>	=

FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2018

5. Property, plant and equipment

	Office equipment	Computers	Furniture, fixtures and fittings	Motor vehicles	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Cost					
April 1, 2017	41,632,271	58,054,930	21,339,347	18,227,138	139,253,686
Additions	738,765	726,729	2,326,079	12,316,745	16,108,318
March 31, 2018	<u>42,371,036</u>	<u>58,781,659</u>	<u>23,665,426</u>	<u>30,543,883</u>	<u>155,362,004</u>
Accumulated depreciation					
April 1, 2017	22,172,568	53,739,149	10,281,777	11,963,805	98,157,299
Charges for the period	4,195,958	1,863,985	2,174,298	3,850,707	12,084,948
March 31, 2018	<u>26,368,526</u>	<u>55,603,134</u>	<u>12,456,075</u>	<u>15,814,512</u>	<u>110,242,247</u>
Net book value:					
March 31, 2018	<u>16,002,510</u>	<u>3,178,525</u>	<u>11,209,351</u>	<u>14,729,371</u>	<u>45,119,757</u>
Net book value:					
March 31, 2017	<u>19,459,703</u>	<u>4,315,781</u>	<u>11,057,570</u>	<u>6,263,333</u>	<u>41,096,387</u>

6. Financial crime assets

	2018	2017
	\$	\$
Balance as at April 1	2,654,310,176	2,099,025,831
Additions	149,681,172	831,691,572
Forfeiture	(87,876,826)	(230,750,347)
Returned	(321,334,811)	(103,280,509)
Interest earned	11,749,445	57,623,629
Balance as at March 31 (i)	<u>2,406,529,156</u>	<u>2,654,310,176</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, 2018

7. Forfeited assets

	2018	2017
	\$	\$
Forfeited property	693,000,000	615,517,000
Forfeited motor vehicles	6,800,000	6,800,000
Forfeited accounts	264,597,611	253,878,469
Other forfeited assets	1,958,119	1,990,440
	<u>966,355,730</u>	<u>878,185,909</u>

8. Employee benefits

	2018	2017
	\$	\$
Provisions for vacation leave	38,632,687	50,008,473
Provisions for gratuity	2,681,175	11,137,904
	<u>41,313,862</u>	<u>61,146,377</u>

9. Payables and accruals

	2018	2017
	\$	\$
Payables	5,401,151	5,424,597
Accruals	1,224,201	816,134
	<u>6,625,352</u>	<u>6,240,731</u>

**FINANCIAL INVESTIGATIONS DIVISION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2018**

10. Subvention and Grants

	2018	2017
	<u>\$</u>	<u>\$</u>
a. GOJ funding:		
Financial Investigation Division	291,864,106	260,217,082
Assets Recovery Agency	15,196,139	19,904,276
	<u>307,060,245</u>	<u>280,121,358</u>

	2018	2017
	<u>\$</u>	<u>\$</u>
b. Grants funding:		
Department of Internal Development (DFID)	10,570,866	12,978,799
European Union (EU)	1,944,444	3,333,333
	<u>12,515,310</u>	<u>16,312,132</u>

11. Processing fees

	2018	2017
	<u>\$</u>	<u>\$</u>
Due diligence fees	<u>3,660,000</u>	<u>2,142,000</u>

12. Staff costs

	2018	2017
	<u>\$</u>	<u>\$</u>
Salaries, wages and related costs	162,161,718	178,039,792
Travelling allowance and subsistence	69,868,079	72,538,493
	<u>232,029,797</u>	<u>250,578,285</u>

Section III

9. 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.

⁹ FATF Recommendations – May 2012 and POCA 2007

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.

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.

GoAML

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 process 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 ORDER ¹¹

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

PROHIBITED ACT

This is defined as a money laundering offence under section 92 and 93 of POCA.

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.

¹² FID Act s20, POCA p.33

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.

List of Tables

TABLES	DESCRIPTION
Table 2.1	Suspicious and Threshold Transaction Reports and Authorised Disclosures Received (POCA)
Table 2.2	Submission of POCA STRs by Financial Institutions Category
Table 2.3	Submission of TTRs by Financial Institutions Category
Table 2.4	Submission of Authorised Disclosure and Protected Disclosure by Sector
Table 2.5	International Transportation of Cash or Bearer Negotiable Instruments (BNI) Reports
Table 2.6	Suspicious Transaction Reports Received (TPA)
Table 2.7	Disclosures Generated From STRs/TTRs to Law Enforcement
Table 2.8	Disclosures Generated From STRs/TTRs to External Agencies
Table 2.9	Criminal Activities Identified In Disclosures From STRs/TTRs
Table 2.10	Due Diligence, Fit & Proper Checks and Financial Profiles
Table 3.1	New Case Assignments
Table 3.2	Cash Seizures Investigated by FIT
	Investigative and Enforcement Activities
Table 5.1	Cash Seizures
Table 5.2	Restrained and Forfeited Assets

List of Charts

Charts	DESCRIPTION
Chart 1	Representation of Financial Institutions' TTR Compliance (POCA)
Chart 2	Representation of Financial Institutions' Compliance (TPA)
Chart 3	Criminal Activities Identified In Disclosures From STRs/TTRs

Table of Acronyms

Acronyms	Details
AML/CFT	Anti-Money Laundering/ Counter Financing of Terrorism
AMU	Asset Management Unit
ARA	Asset Recovery Agency
ARIN CARIB	Asset Recovery Interagency Network of the Caribbean
BGLC	Betting, Gaming and Lotteries Commission
BNI	Bearer Negotiable Instrument
BNS	Bank of Nova Scotia
BOJ	Bank of Jamaica
CCARP	Caribbean Criminal Asset Recovery Programme
CFATF	Caribbean Financial Action Task Force
CFU	Constabulary Financial Unit
CGC	Casino Gaming Commission
CTD	Chief Technical Director
CTOC	Counter-Terrorism and Organised Crime
DFID	Department of International Development
DNFI	Designated Non-Financial Institution
FATF	Financial Action Task Force
FCIU	Financial Crimes Investigation Unit

Acronyms	Details
FID	Financial Investigations Division
FIT	Financial Investigations Team
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GLC	General Legal Council
goAML	Go Anti-Money Laundering
HMF	Honourable Minister of Finance and 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
MLAT	Mutual Legal Assistance Treaty
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	Memorandum of Understanding
NIA	National Integrity Action
NRA	National Risk Assessment
OCG	Office of the Contractor General
ODPP	Office of the Director of Public Prosecution

Acronyms	Details
OTA	Office of Technical Assistance
PASU	Planning and Administrative Services Unit
PDF	Portable Document Format
POCA	Proceeds of Crime Act
REB	Real Estate Board
RPD	Revenue Protection Division
STR	Suspicious Transaction Report
TPA	Terrorism Prevention Act
TTR	Threshold Transaction Report
UNODC	United Nations Office of Drugs and Crime
XML	Extensible Mark-up Language

