

FINANCIAL INTELLIGENCE UNIT

Securities
Commission of The
Bahamas

FCSP Industry
Briefing

Anti-Money
Laundering and
Combating Terrorist
Financing Training

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DIRECTOR OF FINANCIAL INTELLIGENCE UNIT

This document is the property of the Financial Intelligence Unit of The Bahamas (FIU) and is intended for informational purposes only. No material contained herein supersedes or overrides any obligations or conditions as presented in duly promulgated Legislation, Regulations, and Rules which govern the conduct of financial institutions.

Please refer to the FIU's website (www.bahamas.gov.bs/fiu) for enacted legislation specific to money laundering, terrorist financing and suspicious transaction reporting.

The views expressed in this presentation may not represent those of the Financial Intelligence Unit, its Members, Management or Staff.

Define money laundering.

- Money laundering is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources.

(Interpol)



Part V, Proceeds of Crime Act

- An offence of money laundering is defined under sections 40, 41 and 42 of Part V of the Proceeds of Crime Act.
1. A person is guilty of an offence of money laundering if he directly or indirectly uses, transfers, sends, delivers, disposes, converts, alters or otherwise deals with any property that represents the proceeds of crime.
 2. A person is guilty of an offence of money laundering if he directly or indirectly uses, transfers, sends, delivers, disposes, converts, alters or otherwise deals with another's person's proceeds of crime and he knows, suspects or has reasonable grounds to suspect that the proceeds are of some criminal means.
 3. A person is guilty of an offence of money laundering if he enters into an arrangement to retain or control on behalf of another person, his proceeds of criminal conduct or use those funds to secure funds or used it for that person's benefit to acquire property and he knows, suspects or has reasonable grounds to suspect that the funds are of some criminal means.
 4. A person is guilty of an offence of money laundering if he acquires , uses or has possession of another' person's proceeds of criminal conduct and he knows, suspects or has reasonable grounds to suspect that the funds are of criminal means.

First Schedule, Proceeds of Crime Act

- An offence under the Prevention of Bribery Act, Chapter 88.
- An offence under section 40, 41 or 42 of this Act (Money Laundering).
- An offence under the Anti-Terrorism Act, Chapter 107.
- An offence which may be tried on information in The Bahamas other than a drug trafficking offence.
- An offence committed anywhere that, if it had occurred in The Bahamas, would constitute an offence in The Bahamas as set out in this Schedule.

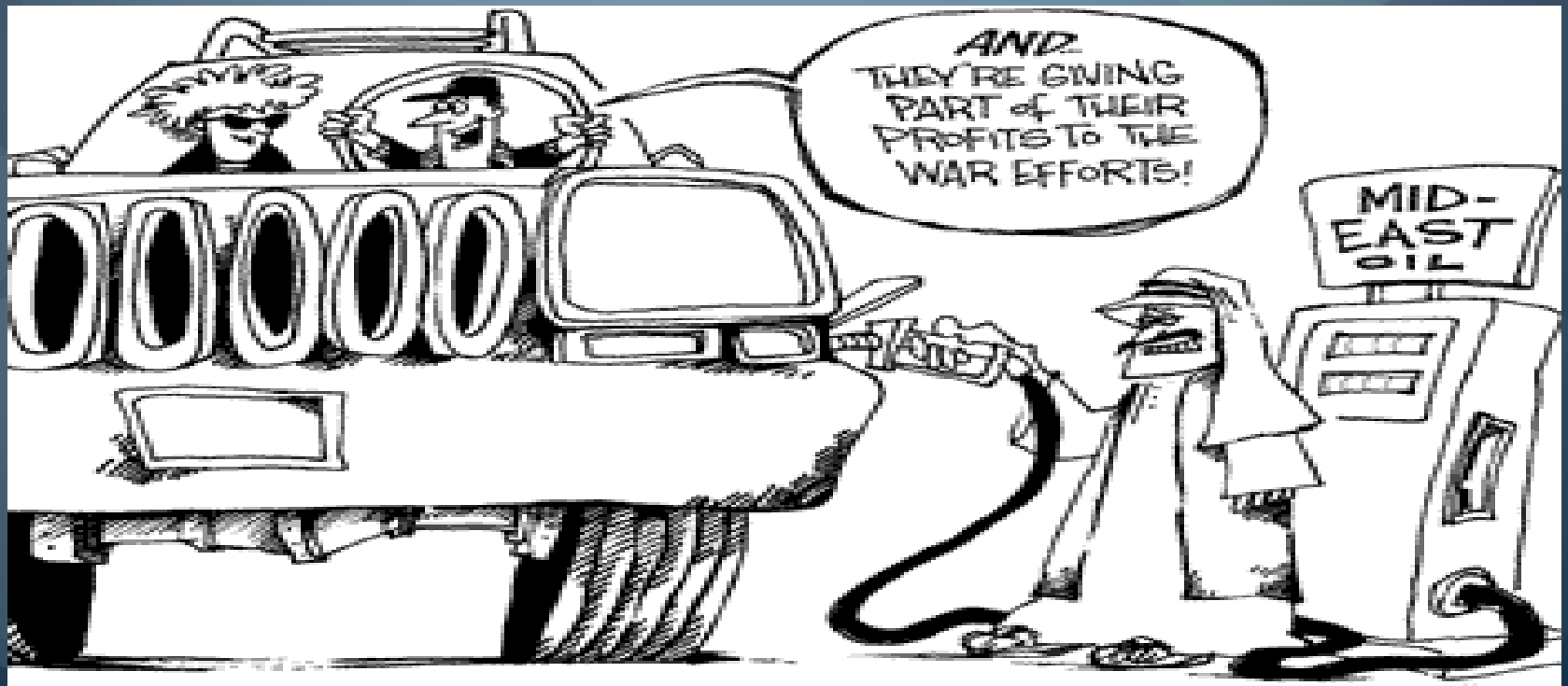
Under the POCA (Amendment) Act 2014 (Appointed Day, 24/11/14)

- An offence under the Gaming Act.
- An offence under the Travellers Currency Declaration Act.



What is terrorist financing?

- An offence of terrorism is defined by section 3(1) of the Anti-Terrorism Act (ATA)
- Terrorist financing is defined under section 5(1) of the ATA



What is fraud?

- Fraud is generally defined as an attempt to unlawfully obtain money.
- Fraud in many cases are perpetrated by deliberate misrepresentation.



Examples of Fraud

- Counterfeiting (cash, cheques, debit cards)
- Outright theft (cash, cheques, credit cards, account information)
- Impersonation (identity fraud, telephone banking fraud)

- Identity theft is one of the oldest form of financial fraud but some modern concepts include “Phishing” and “419 Letters”.
- “**Phishing**” is a form of identity theft in which the objective is to obtain and use personal banking information.
- “**419 Letters**” are letters that persons can receive via fax, email or hard copy requesting the assistance of the addressee.

Relationship between Fraud and Money Laundering

- In most cases, individuals perpetrating fraud need to launder their ill gotten funds through the financial system.
- Therefore fraud and money laundering are in some cases interwoven concepts.

Duty to Report

- Pursuant to Section 14, Financial Transactions Reporting Act, ALL financial institutions have a duty to report suspicious transactions where there is knowledge, suspicion or reasonable grounds to suspect that the transaction or propose transaction involves proceeds of crime or terrorist financing.



Reporting Chain



Employee



MLRO



FIU

Penalties for failing to report

- Every Financial institution which fail to report suspicious transactions in contravention of **section 14(1) of the FTRA** is liable on summary conviction to a fine not exceeding-
 1. In the case of an individual, **twenty thousand dollars**
 2. In the case of a body corporate, **one hundred thousand dollars.**



Role of the FIU

- ❖ The FIU is a statutory agency that was established by the Financial Intelligence Unit Act.



- ❖ The FIU is the body responsible for **receiving, analyzing, obtaining and disseminating** information which relates to or may relate to the proceeds of crime.

Processing an STR



Property of the Financial
Intelligence Unit

Powers of the FIU

- Order in writing any person to refrain from completing any transaction for a period not exceeding seventy hours;
- Order any person to freeze a person's bank account for a period not exceeding five (5) days if satisfied that the request relates to the proceeds of any of the offences list under the POCA.
- May require production of such information excluding information that is subject to legal professional privilege, that the Unit considers relevant to fulfilling its functions.
- Provide information to the Commissioner of Police or foreign FIU where the information may relate to the commission of an offence under the POCA.

TRAINING

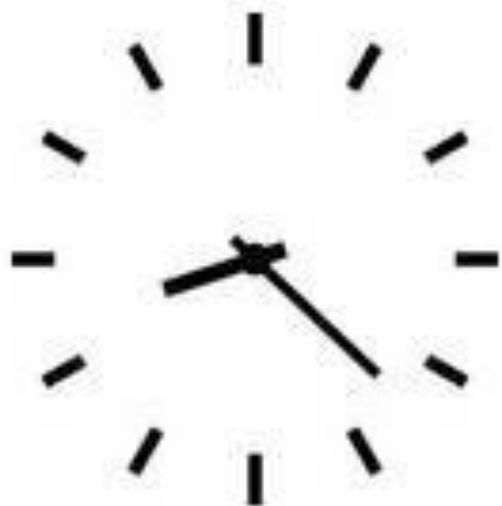


And, you thought LEARN*ing* 'kids' was tough!

- Statutory Responsibility
- S.6 FI(TR)R
- Awareness
- Avoid Risk

Final Thought

"Money laundering and the financing of terrorism are financial crimes with economic effects. They can threaten the stability of a country's financial sector or its external stability more generally. Effective anti-money laundering and combating the financing of terrorism regimes are essential to protect the integrity of markets and of the global financial framework as they help mitigate the factors that facilitate financial abuse. Action to prevent and combat money laundering and the financing of terrorism thus responds not only to a moral imperative, but also to an economic need." – Min Zhu, Deputy Managing Director of the IMF



Q & A time



TIME

is precious

THANK YOU

for giving us

YOURS