

CRCA – Typologies and SAR Considerations

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Terrorism Financing – International Perspective

- Caribbean is 3rd US border.
- Tourism in the Caribbean - potential target
- Source of terrorism funding:
 - Legal Sources
 - Charitable entities
 - Legitimate businesses
 - Self-financing
 - Criminal sources.
 - Narco-trade
 - Organized fraud
 - Extortion & kidnapping
 - Financing from rouge states, and wealthy individuals.
- Low costs of terrorist acts relative to potential catastrophe



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Illicit Traffic in Tobacco, alcohol & other Goods

- Illicit trade in counterfeit goods, (tobacco, alcohol, shoes, DVDs) generate tens of billions in revenue globally which has to be laundered.
- Involvement of criminal gangs,
- Implication
 - Reduced tax revenue & duties
 - Health & safety issues
 - Fair competition, copyright & trademarks
 - Funds for other organize crime activities & terrorism



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ML Trend Associated with Narco Trade



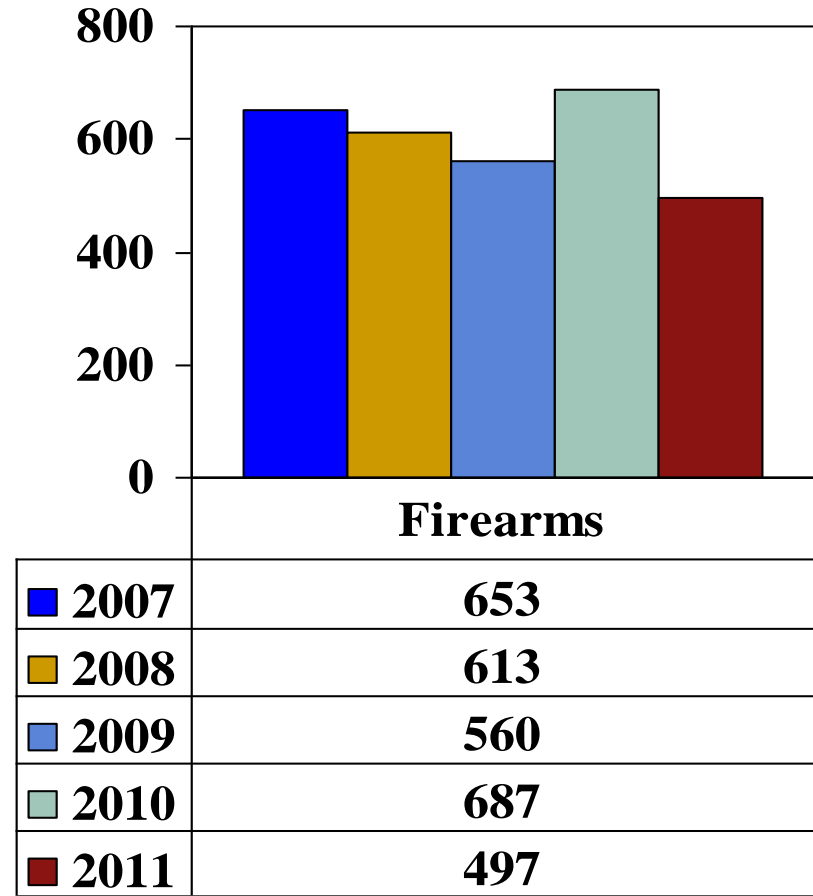
- US intensifies counter-measures in Mexico & Central America.
- Resurgence of use of Caribbean as transshipment point by drug cartels.
- Integration of Central and South America cartels in the Caribbean
- Use of drug-proceeds to finance terrorism in Colombia
- J\$700m in real estate linked to Jamaican drug dealers restrained.
- Drug proceeds flowing into banks via shell company.

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Arms Trade

- Proliferation of small arms trafficking globally
- Significant Inflows from USA by OCGs in Jamaica
- Drugs for gun trade
- High level of gun seizures in Jamaica (500-700 pa)
- Significant income from arms trade in Jamaica
 - Rental
 - Sale
 - Hire



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Dubious Investment Schemes

- Olint Corp & David Smith
- Cash Plus
- Alan Stanford
- Licensees of FSC
 - Intertrade Investments Limited
 - Lorreston License Dealer
 - Bailey Securities
- Fuelled by greed
- Opportunity to launder cash
- Poor monitoring by regulator
- Ineffective legislation



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Infamous Lottery Scam

- US estimates
 - US\$30m (2009)
 - US\$300m-US\$1b (presently)
- Money flow – remittances, wire transfers, bulk cash smuggling (Human couriers, FedEX, USPS)
- Risks
 - Reputational, business, investment, organized crime, money laundering.
- Nearly 500,000 STRs, TTR received from remittance agencies in 2012. GoAML



Restrained house of 31 yrs old deceased scammer (unemployed)

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Cash for Gold

- High price of gold – US\$1.35 per ounce.
- Fuel other crimes
 - Robbery, break-in
 - Murder
 - Petty theft
- OCGs involvement
- Funding of gangs – arms, motor vehicles
- STRs
 - Evasion of taxes/money laundering



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Big Fish & Facilitators – The Shady Characters



- Politically Exposed Personalities (Corruption)
- Professional facilitators of ML
 - Lawyers
 - Accountants
 - Bankers
 - Real estate dealers
- Dons and OCGs
- Current trend - use of corporate vehicle, trust & overseas jurisdiction (off-shore centres)

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General Deficiencies

- Lack of effective regulations
- DNFBPs - lawyers, real estate dealers, accountants, dealers in precious metals & jewellery. Car dealers?
- Egmont Group of FIUs
 - Sharing of financial intelligence
 - Technical support
- CFATF monitoring
- Government desire & support
- Limited resources, funding, training, staffing



Specific Deficiencies - Financial Institutions

- Adequacy of ML/TF system
 - KYC
 - Due Diligence
 - Consent Regime
- Staff ethics & integrity
 - High morals
 - Financial history
 - Continuous training
- BOJ/FSC Guidelines
- Independent audit
- Enforcement actions – FID/BOJ/FSC



International Experience

HSBC 

The world's local bank

Standard
Chartered 

- HSBC (Europe's largest bank) & Standard Chartered fined for lax ML/TF controls in Aug 2012.
- HSBC
 - Processed US\$26.4b for Mexican drug lords, Iran, Taliban, A Syrian terrorist & Hamas.
 - Set aside US\$700m for possible penalty & paid US\$27.5m penalty to Mexican bank regulator
- Standard Chartered
 - Channeled money for Iran (terrorism & drug trafficking)
 - US\$340m settlement with US regulators.

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New Paradigm

- New government support
- New Priorities & Strategies
- Multi-agency approach
 - Tax Administration
 - Customs
 - RPD
 - MOCA
- Legislative review
- Capacity building
- International Support



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Measuring Success

- Egmont membership
- CFATF – Mutual Evaluation Mechanism
- Assessment of Donor Agencies
- Public
- ML conviction & asset forfeiture
- ARIS



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