



# SUBMITTING SUSPICIOUS TRANSACTION REPORTS (STRs) TO THE FID

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# LEGISLATIVE FRAMEWORK



- The Proceeds of Crime Act (POCA) and Regulations 2007 and POCA Amendments 2013
- The Terrorism Prevention Act, 2005 (TPA) and Amendments 2011, 2012, and 2013
- The Terrorism Prevention (Reporting Entities) Regulations, 2010
- The Financial Investigations Division Act, 2010 and Amendments 2013
- The United Nations Security Council Resolutions Implementation Act, 2013 (UN Act)

# REGULATED SECTOR



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

# NOMINATED OFFICER



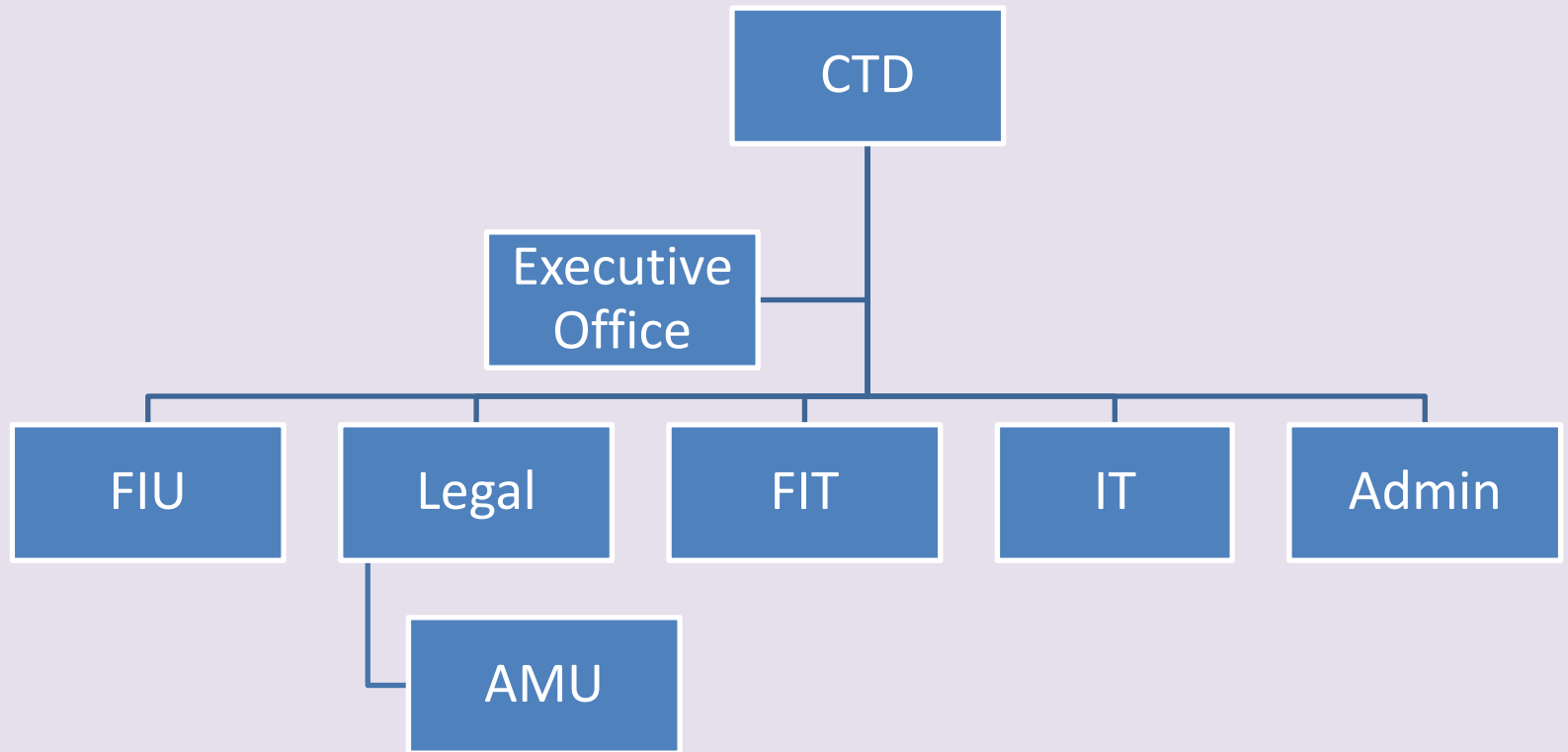
- All regulated entities are required to appoint a **Nominated Officer** through whom reports are to be submitted to the Designated Authority.
- The Nominated Officer must be an officer of the business who performs management functions and who is responsible for ensuring the implementation of the programmes, policies, procedures and controls as is legally required.

# DESIGNATED AUTHORITY



**The Chief Technical Director of the Financial Investigations Division (FID), Ministry of Finance and Planning was named the Designated Authority to receive reports as per sec 91(1)(h) of POCA, Sec 15(1) of TPA and Sec 5(1) of the UN Act**

# THE FINANCIAL INVESTIGATIONS DIVISION



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FIU

- Receives, processes, analyses, and disseminates financial information
- Statistical, tactical & strategic analyses

FIT

- Criminal Investigations
- Civil Investigations

Legal

- Bring civil matters to court for adjudication
- Provide advice on criminal matters

AMU

- Manages restrained and forfeited assets

# PRESCRIBED REPORTS

## Reports to be submitted by DNFIs under POCA

- Suspicious Transaction Report (STR)
- Authorized Disclosure and Request for Consent





# PRESCRIBED REPORTS (POCA)



## SUSPICIOUS TRANSACTION REPORTS

**A person in the regulated sector is to make a required disclosure (STR) if:**

- **that person knows or believes, or has reasonable grounds for knowing or believing, that another person has engaged in a transaction that could constitute or be related to money laundering;**
- **(b) the information or matter on which the knowledge or belief is based or which gives reasonable grounds for such knowledge or belief, came to him in the course of a business in the regulated sector.**

# SUSPICIOUS TRANSACTION REPORTS



## Required Submission Date

- STRs are to be made to the nominated officer or Designated Authority as soon as is reasonably practicable and in any event **within fifteen days** after the information or other matter came to the person.
- The nominated officer should report to the designated authority as soon as is reasonably practicable and in any event **within fifteen days** after the information or other matter came to him.

# SUSPICIOUS TRANSACTION REPORTS



**STR forms can be downloaded at  
[www.fid.gov.jm](http://www.fid.gov.jm)**

**Completed Forms should be submitted  
with a cover letter (in duplicate) on the  
entity's letterhead**

**A stamped copy of cover letter is returned  
in acknowledgement of receipt.**

# Suspicious Transaction Reports



## No. of STRs Received in 2015

Type of Financial Institutions	2015
Cambios	26,564
Commercial Banks	461
Credit Unions	510
Securities Dealers	93
Remittance Service	110,850
Insurance	28
Building Societies	17,731
Merchant Banks	14
Designated FI	0
DNFIs	0
<b>TOTAL</b>	<b>156,251</b>

# PREScribed REPORTS (POCA)

## AUTHORISED DISCLOSURES (& REQUEST FOR CONSENT)

- An authorized Disclosure under Section 100(4) is a report 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;
- The disclosure (report) should be made before doing the prohibited act, for which the consent of the DA is required

**(Applicable to Non Regulated Persons Also)**

# TIPPING OFF PROVISIONS

Under POCA section 97 (1), a person commits an offence if:

- Knowing or having reasonable grounds to believe that a disclosure falling within section 100 has been made, he makes a disclosure which is likely to prejudice any investigation that might be conducted, or
- Knowing or having reasonable grounds to believe that the enforcing authority is acting or proposing to act in connection with a money laundering investigation which is being, or about to be conducted, he discloses information or any other matter relating to the investigation to any other person.

# The Consent Regime



# The Consent Regime

## Authorized Disclosures (POCA S.100.4)

A disclosure is authorized under Section 100(4) if:

- It is a disclosure to an authorized officer or nominated officer of information or other matter that causes the person making the disclosure to know or believe, or to have reasonable grounds for knowing or believing that property is criminal property; (*POCA Amendment 2013*)



# The Consent Regime

## Authorized Disclosures (POCA S.100.4)

It is made under the following conditions:

- Firstly, that the disclosure is made before the person does the prohibited act
- Secondly, if the disclosure is made after doing the prohibited act, the person has a reasonable excuse for failing to make the disclosure before doing the act and the disclosure is made on the person's own initiative and as soon as is reasonably practicable for him to make it.

# The Consent Regime

## Statutory Requirements

- Where a regulated entity has knowledge or reasonable grounds to believe that the funds involved in a transaction are criminal property, the regulated entity must obtain the appropriate consent before doing that transaction or otherwise decline to proceed with the transaction. Failing this, the regulated entity may be liable for engaging in a prohibited transaction.
- A prohibited act is defined as a money laundering offence under sections 92 and 93 of POCA.

# The Consent Regime

## Statutory Requirements

A prohibited transaction should only be done when:

- The DA gives consent to the transaction, or
- 7 working days have passed and the NO has not received a response from the DA, or
- Consent was refused, but 10 days have passed since the receipt of that refusal notice without any subsequent judicial action.

# The Consent Regime

## Statutory Requirements

To avoid tipping off and unauthorized disclosures the regulated entity cannot tell the customer:

- During the 7 working days notice period that the transaction is awaiting consent from the DA,
- During the 10-day moratorium period, that consent was refused by the DA, or
- That law enforcement is or may be conducting an investigation.

# The Consent Regime

## Procedures for Seeking Consent

- Submit authorized disclosure to FID (Form III) or STR with cover letter for the NO to apply for appropriate consent
- Form III is to be gazetted, should soon be available
- For urgent responses, a verbal consent or refusal provided, followed within 5 days by written confirmation

# INDICATORS OF SUSPICIOUS ACTIVITIES IN THE GAMING SECTOR



# INDICATORS OF SUSPICIOUS ACTIVITIES



- Client requests a winnings cheque in a third party's name.
- Acquaintances bet against each other in even-money games and it appears that they are intentionally losing to one of the party.
- Client requests cheques that are not for gaming winnings.

# INDICATORS OF SUSPICIOUS ACTIVITIES



- Client enquires about opening an account with the gaming entity and the ability to transfer the funds to other locations when you do not know the client as a regular, frequent or large volume player.
- Client purchases large volume of chips with cash, participates in limited gambling activity with the intention of creating a perception of significant gambling, and then cashes the chips for a cheque.
- Client puts money into slot machines and claims accumulated credits as a jackpot win.



# INDICATORS OF SUSPICIOUS ACTIVITIES



- Client exchanges small denomination bank notes for large denomination bank notes, chip purchase vouchers or cheques.
- Client is known to use multiple names.
- Client requests the transfer of winnings to the bank account of a third party.

# LIMIT ON CASH TRANSACTIONS



Section 101(A) (POCA) imposes a threshold of one million Jamaican dollars (or its equivalent in any other currency) on cash transactions for the purchase of any goods or services or for the payment or reduction of any indebtedness, accounts payable or other financial obligation unless the transaction is done with a permitted or exempted person.

Where cash transactions relate to a single activity or a series of activities but are artificially reduced so that each falls below the prescribed amount but the aggregate would have exceeded the prescribed amount, this would constitute a breach of this provision.

# LIMIT ON CASH TRANSACTIONS



## Permitted persons are:

- A bank licensed under the Banking Act,
- A licensed deposit-taking institution that is regulated by the Bank of Jamaica
- A person licensed under the Bank of Jamaica Act to operate an exchange bureau and
- Any other person that the Minister may, by order subject to affirmative resolution, prescribe.

# NEW DEVELOPMENTS



- ❑ The FID is in the final stages of the implementation of the goAML solution which is being instituted to allow online reporting.
- ❑ This software provides a more efficient and structured reporting framework which should reduce some of the more arduous elements of filing of reports by regulated entities.

**THANK YOU**