

The Role of the FIU in the AML/CFT framework

Key Success Factors



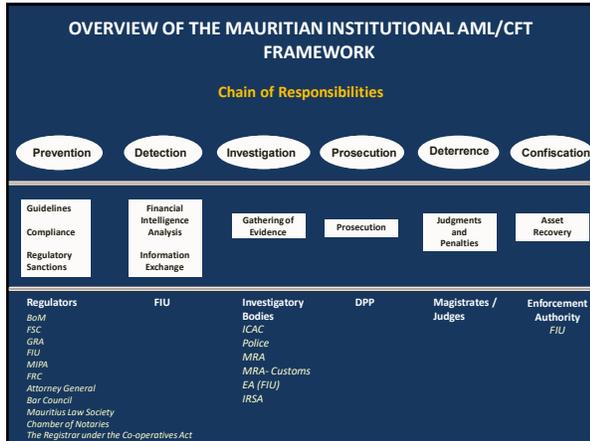
THE AML/CFT LEGAL AND INSTITUTIONAL FRAMEWORK IN MAURITIUS

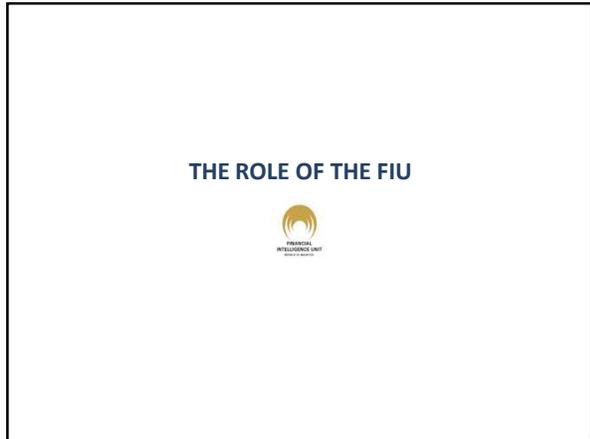


OVERVIEW OF THE AML/CFT LEGAL FRAMEWORK

- **Financial Intelligence and Anti Money Laundering Act 2002 (FIAMLA, amended in 2016)**
- **Financial Intelligence and Anti Money Laundering Regulations 2003**
- **FIU Guidelines**
- The Asset Recovery Act of 2011
- Convention for the Suppression of the Financing of Terrorism Act 2003
- Prevention of Corruption Act 2002 (POCA)
- Prevention of Terrorism Act 2002
- Bank of Mauritius Act 2004
- Banking Act 2004
- Financial Services Act 2007







FINANCIAL ACTION TASK FORCE (FATF) RECOMMENDATION 29

Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of:

- (a) suspicious transaction reports; and
- (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis.

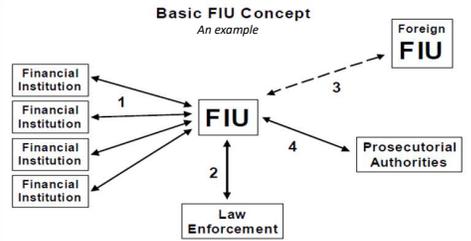
The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.

TYPES OF FIUS

- **Judicial Model** – is established within the judicial branch of government wherein “disclosures” of suspicious financial activity are received by the investigative agencies of a country from its financial sector such that the judiciary powers can be brought into play. Ex: seizing funds, freezing accounts, conducting interrogations, conducting searches etc.
- **Law Enforcement Model** – implements AML measures alongside already existing law enforcement systems, supporting the efforts of multiple law enforcement or judicial authorities with concurrent or sometimes competing jurisdictional authority to investigate ML.
- **Administrative Model** – is a centralized, independent, administrative authority, which receives and processes information from the financial sector and transmits disclosures to judicial or law enforcement authorities for prosecution.
- **Hybrid Model** – serves as a disclosure intermediary and a link to both judicial and law enforcement authorities.

Source: Egmont Group 

Basic FIU Concept *An example*



The diagram illustrates the 'Basic FIU Concept' with the following components and interactions:

- Financial Institutions:** Four boxes on the left, each with an arrow pointing to the central **FIU** box, labeled '1'.
- Law Enforcement:** A box at the bottom with a double-headed arrow to the central **FIU** box, labeled '2'.
- Foreign FIU:** A box at the top right with a dashed arrow pointing to the central **FIU** box, labeled '3'.
- Prosecutorial Authorities:** A box on the right with an arrow pointing from the central **FIU** box, labeled '4'.

1. Disclosures transmitted to FIU.
 2. FIU receives additional information from law enforcement.
 3. Possible exchange with foreign counterpart FIU.
 4. After analysis, FIU provides case to prosecutor for action.

Source: Egmont Group

FUNCTIONS OF THE FIU

Section 10(2) of the FIAMLA

- 1) Collect, process, analyse and interpret all information disclosed to it or obtained by it;
- 2) Inform, advise and co-operate with investigatory and supervisory authorities;
- 3) Issue guidelines to DNFBBs on measures to combat ML or TF that are in force in jurisdictions having standards comparable to Mauritius;
- 4) Issue guidelines to reporting entities on the manner in (i) which STRs shall be made and (ii) additional information may be supplied to the FIU, on a suspicious transaction, pursuant to a request made under section 13(2) or (3) of FIAMLA;
- 5) Exchange information with overseas FIUs;
- 6) Undertake, and assist in, research projects in order to identify the causes of money laundering and terrorist financing and its consequences;
- 7) Perform such other functions as are conferred on it under the Asset Recovery Act.



FIU CORE FUNCTIONS
Receipt

- Suspicious Transaction Reports ('STRs')
- Referrals from investigatory or supervisory authorities
- Referrals from overseas FIUs
- Referrals from international LEAs
- CTRs and EFTs
- Other



FIU CORE FUNCTIONS
Receipt

- Key success factors:
 - Good reporting culture
 - High quality information
 - Online means of providing information to FIU
 - Good interaction with reporting entities



FIU CORE FUNCTIONS
DATA COLLECTION

- Domestic Source
 - ✓ FIU's database
 - ✓ Public databases
 - ✓ UN and other lists of terrorists
 - ✓ Information from reporting entities
- Foreign Source
 - ✓ Foreign FIUs (Egmont network)
 - ✓ Foreign public databases
 - ✓ Commercial databases
 - ✓ Others



FIU CORE FUNCTIONS
DATA COLLECTION

▪ **Key Success Factors:**

- Access to as many data sources as possible
- Real-time online access
- High Quality IT infrastructure (automation of processes)
- Good data collection systems require good data retrieval systems!!!



FIU CORE FUNCTIONS
FINANCIAL INTELLIGENCE ANALYSIS

Objective of Analysis

- Using all the information available and collected to reconstruct the financial crime (Conduct analysis to identify and document movement of money during the course of a crime)
- These can provide proof of criminal activities
- Two types of analysis: Tactical and Strategic



FIU CORE FUNCTIONS
BACKGROUND INFORMATION

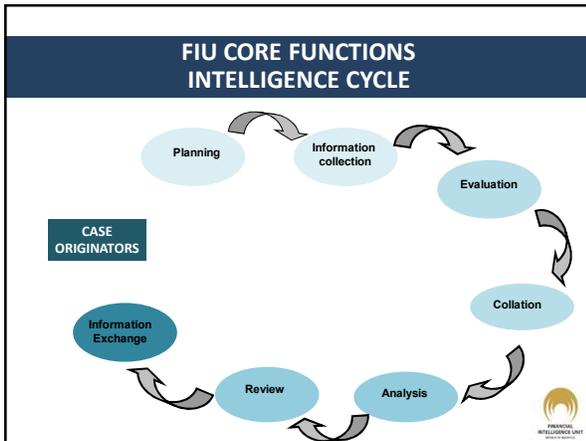
- ✓ Personal and family information
- ✓ Lifestyle
- ✓ Business profiles
- ✓ Criminal record



FIU CORE FUNCTIONS
FINANCIAL PROFILE

- Indication of wealth
 - ✓ Sources of revenue
 - ✓ Business operations
 - ✓ Asset and liabilities of suspect
 - ✓ Net worth of suspect
 - ✓ Other hidden wealth





FIU CORE FUNCTIONS
FINANCIAL INTELLIGENCE ANALYSIS

- Key Success Factors:
 - Adequate training for analysts
 - Access to analytical software (automation of processes)
 - Favouring logic and reasoning over 'box ticking' approach



DISSEMINATIONS

Types of financial intelligence packages disseminated:

- Statutory Reports
- Further Statutory Reports
- Intelligence Reports

Recipients of financial intelligence packages:

| | | |
|------------------------------------|-------------------------------|---------------------|
| Law Enforcement Authorities | Regulators | Foreign FIUs |
| ICAC | BOM | |
| Police | FSC | |
| MRA | AML/CFT Regulators for DNFbps | |
| MRA-Customs | | |
| ARID | | |
| IRSA | | |



DISSEMINATIONS UNDER THE FIAMLA

DOMESTIC

- Disseminations to **investigatory bodies** are done pursuant to the following sections of the FIAMLA:

s13(1) – “Where there are grounds to suspect money laundering, predicate offences or terrorism financing, the Director shall disseminate information and the results of the analysis of the FIU to the relevant investigatory authority, supervisory authority, overseas financial intelligence unit or comparable body for appropriate action.”

s21(2) – “Where it becomes aware of any information which may be relevant to an investigation or prosecution being conducted by one of the investigatory authorities, the FIU shall, subject to subsection (4), pass on the information to that investigatory authority.”

- Disseminations can be done spontaneously or on request.



DISSEMINATIONS UNDER THE FIAMLA

The FIU is also capable of disseminating information pursuant to sections 30(2)(b) and 30(2)(c) of the FIAMLA:

30. (2) “No information from which an individual or body can be identified and which is acquired by the FIU in the course of carrying out its functions shall be disclosed except where the disclosure appears to the FIU to be necessary -

(b) in the interests of the prevention or detection of crime; or

(c) in connection with the discharge of any international obligation to which Mauritius is subject.”



DISSEMINATIONS UNDER THE FIAMLA

INTERNATIONAL

- Exchange of information to overseas counterparts is covered under the following sections:
 - s10(2)(f) – *“For the purposes of subsection (1), the FIU shall exchange information with overseas financial intelligence units and comparable Bodies”*
 - s20(1) - *The FIU shall be the only body in Mauritius which may seek recognition by any international group of overseas financial intelligence units which exchange financial intelligence information on the basis of reciprocity and mutual agreement.*
 - s20(2) - *Where it becomes a member of any such international group as is referred to in subsection (1), the FIU may exchange information with other members of the group in accordance with the conditions for such exchanges established by the group.*



DISSEMINATIONS UNDER THE FIAMLA

INTERNATIONAL

s20(3) - *Without prejudice to subsections (1) and (2), where the FIU becomes aware of any information which may be relevant to the functions of any overseas financial intelligence unit, or comparable body it may, offer to pass on that information to the overseas financial intelligence unit or comparable body on terms of confidentiality requiring the consent of the FIU prior to the information being passed on to any other person.*

s20(4) - *Subject to subsection (5), where a request for information is received from an overseas financial intelligence unit or comparable body, the FIU shall pass on any relevant information in its possession to the overseas financial intelligence unit or comparable body, on terms of confidentiality requiring the consent of the FIU prior to the information being passed on to any other person.*



EXCHANGE OF INFORMATION

- Since January 2014, the FIU uses the UNODC goAML software to carry out its operational analysis and regularly disseminates the results of this analysis to investigatory and supervisory authorities.



AML/CFT COOPERATION

- **Domestic Cooperation**
 - Signing of domestic MoUs
 - The National Committee for Anti-Money Laundering and Combating the Financing of Terrorism established under s19A of the FIAMLA
- **Regional Cooperation**
 - Mauritius is a founding member of the Eastern and Southern African Money Laundering Group (ESAAMLG)
- **International Cooperation**
 - The FIU Mauritius is a member of the Egmont Group of FIUs



AML/CFT COOPERATION

- **Key Success Factors:**
 - Egmont membership
 - Ability to collaborate with foreign LEAs
 - Collaboration with investigatory and supervisory authorities
 - Ability to ensure confidentiality



Thank you for your attention

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