



FINANCIAL INVESTIGATION AGENCY

2017 ANNUAL REPORT

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MISSION AND VISION STATEMENTS

The mission statement of the Financial Investigation Agency (“the Agency”) is as follows:

“To provide an effective professional and transparent international cooperation and financial investigation Service that fosters public confidence and promotes the reputation of the Territory of the Virgin Islands as a centre of financial law enforcement excellence.”

Our vision is as follows:

“The Agency acknowledges that it has a vital role to play in helping to maintain a high degree of transparency in the local financial services sector.

To this end the Agency will endeavor to build a closer working relationship with the Financial Services Commission as well as local and foreign law enforcement agencies whose common goal is to implement the strategies aimed at countering money laundering and the financing of terrorism.

The Agency also recognises the importance of working closely with other important stakeholders in the private sector. To this end, the Agency will make it a priority to provide the necessary support to domestic financial Institutions and Company Service Providers.

We recognise that the success of the Agency in effectively performing its core functions depends on the degree of knowledge and competency of our staff. Therefore, we have allocated a large portion of our resources to ensure that staff members receive the necessary training to equip them with the skills needed to effectively perform their assigned duties.”

Contact us:

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Director's Message

The Financial Investigation Agency (the Agency) plays a critical role in the combating of AML/CFT in the territory of the Virgin Islands. This role is played at both the local and international stages. It includes international cooperation aspects of information exchange as well as the receipt, analysis and dissemination of disclosures concerning financial offences.

During the year 2017, the Agency received a total of six hundred and forty-eight (648) disclosures from all the reporting entities in the Virgin Islands. This figure represents a 22.3% increase, when compared to the number of disclosures reported in 2016. What we have observed here is a steady increase in the number of disclosures being filed.

The exchange of information between law enforcement agencies, other FIUs, and the Agency appears to be also increasing slightly. The year 2017 has seen a total number of five hundred and sixty-eight (568) requests for information (RFI). This figure represents a decrease of 15.22% when compared to 2016.

The year also was very significant, since there was a leadership change in about the middle of the year. The Director of the Agency has departed to pursue further studies and some significant changes were made wherein the Deputy Director was required to lead the Agency on an interim basis. Nevertheless, the Agency was able to continue in its quest to effectively combat money laundering and the financing of terrorism by the provision of intelligence to support law enforcement.

Fortunately, the Agency was a survivor of the two powerful hurricanes that devastated the territory in September 2017. There were damages to one office and the main door. However, none of the file rooms were compromised and the data was unaffected.

The Agency continued its active participation within the CFATF, where it is a member of the Risks, Methods, and Trends Working Group, Accreditation Working Group, the CFATF Accreditation Council and the International Cooperation Review Group (ICRG). It also continued to play an active role in the Egmont Group through its active participation in the Membership, Support, and Compliance Working Group (MSCWG).

The Board and staff of the Agency has played a significant role in these trying times. I am grateful for the support afforded to me as I took on this new venture. I have learned a lot in my short tenure and I am thrilled that I was allowed the opportunity to serve in this capacity.



The Agency (Administrative Information)

The Financial Investigation Agency (the Agency) is a body corporate created under the Financial Investigation Agency Act 2003. The Act provides for the Agency to be supervised by a Board that provides oversight relating to policy and good governance. The Board is also responsible for the appointment of all staff members to the Agency in accordance with Section 17 of the Financial Investigation Agency Act 2003 (FIA Act) as amended. The Board Members are made up of officials in certain key positions in the government's structure including financial and law enforcement professionals.

The Board is chaired by the Deputy Governor or a retired Judge. The other Board Members include: the Attorney General as Deputy Chairman; the Financial Secretary; the Managing Director of the Financial Services Commission; the Commissioner of Her Majesty's Customs; and the Commissioner of the Royal Virgin Islands Police Force. The Director of the Agency has been appointed as an ex-officio member of the Board in a 2013 amendment of the FIA ACT. Since the creation of the Agency, the Board has been chaired by the Deputy Governor.

As a large part of the Agency's functions relate to the investigation of financial crimes, the policy makers saw it fit to appoint a Steering Committee to oversee and guide the investigation processes. The Steering Committee is made up of the Attorney General as Chairman, the Managing Director of the Financial Services Commission and the Director of the Agency.

The day to day management of the Agency is carried out by the Director who is appointed by the Board. The present Director of the Agency is Inspector Errol George, who is seconded from the Royal Virgin Islands Police Force. He is assisted by a management team consisting of a Deputy Director, and a Chief Operating Officer. He also receives institutional support from a Legal Counsel, and a Human Resources Manager.

At the time of this report, the Director has been on official study leave from the Agency, to pursue studies at university level. He has been replaced by his Deputy Director, Mr. Alcedo Fahie who is appointed as Interim Acting Director. Furthermore, another employee has been added to the management team to supplement the temporary loss of the director and the subsequent loss of the Deputy Director. This employee is Mr. Dwyane Thomas, who has been seconded from the Financial Services Commission as Acting Deputy Director.

BACKGROUND

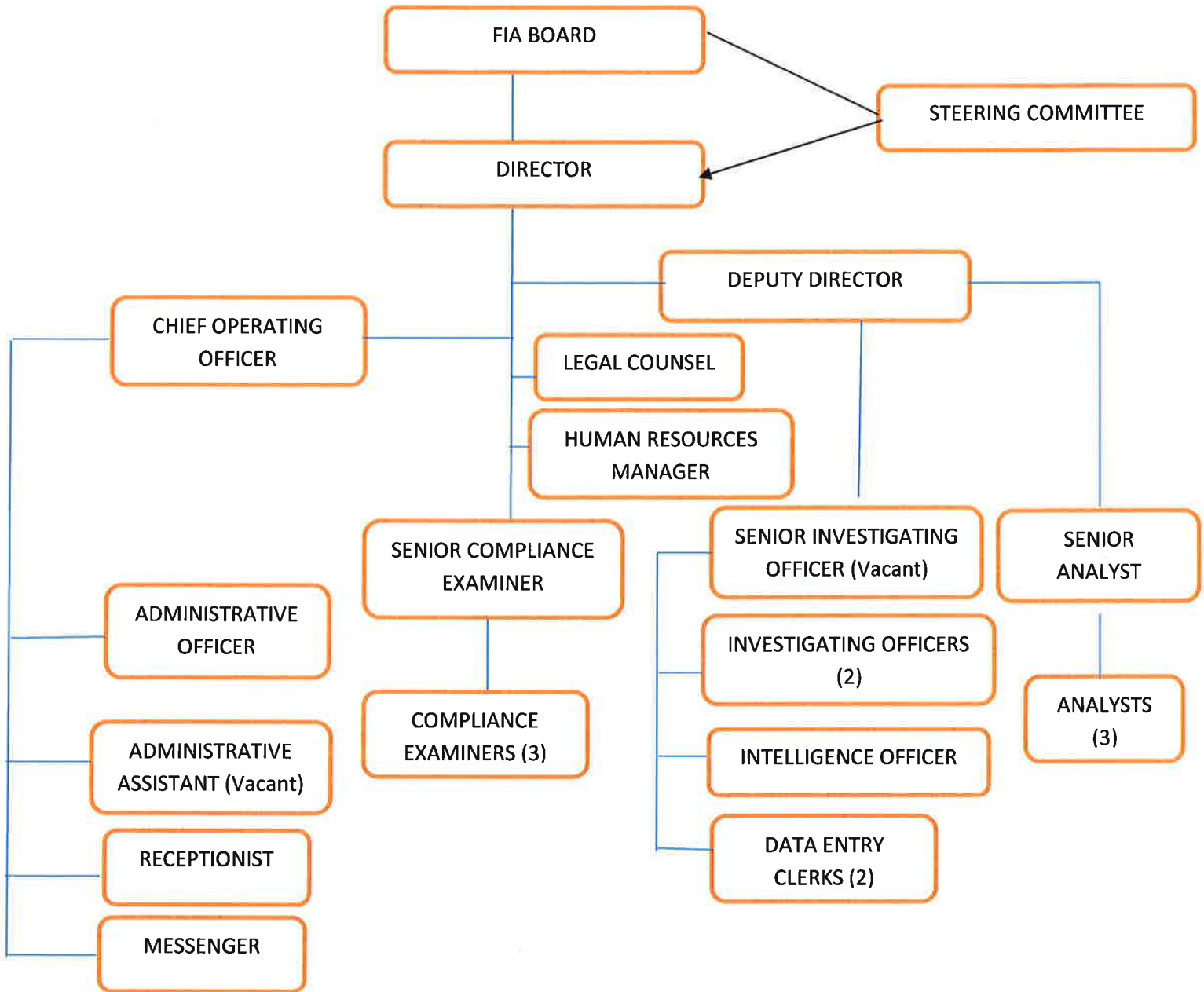
ESTABLISHMENT & COMPOSITION

The Agency was created in April 2004 as a result of the Financial Investigation Agency Act 2003. The Agency was established under Section 3 of the said Act. The creation of this Agency was a direct response to the recommendations made by the CFATF assessors during the 2008 Mutual Evaluation Exercise. As such, the Agency is designated as the national centre for receiving, analysing, investigating and disseminating information which may relate to a financial offence or the proceeds of a financial offence. It is also responsible for the receipt and investigation of requests for legal assistance from an authority in a foreign jurisdiction. Therefore, the Agency acts as the official financial intelligence unit (FIU) of the Virgin Islands in accordance with the FATF Recommendations.

As indicated earlier, the Agency is guided by a Board and a Steering Committee, while the day to day functions are managed by a Director.

At the time of this publication, the Agency is staffed with approximately eighteen (18) persons. These include a Director, a Deputy Director, a Chief Operating Officer, a Legal Counsel, a Human Resources Manager, two (2) Investigating Officers, three (3) Analysts; an Intelligence Officer; three (3) Compliance Examiners; two (2) Data Entry Clerks; a Receptionist and a Messenger.

Organizational Structure



FUNCTIONS OF THE AGENCY

LEGAL FRAMEWORK

The Agency is responsible for carrying out its functions under the following relevant pieces of legislation:

1. The Financial Investigation Agency Act, 2003, as amended
2. The Proceeds of Criminal Conduct Act 1997, as amended
3. Criminal Justice (International Cooperation) Act 1993, as amended.
4. Anti-Money Laundering Regulations 2008, as amended
5. Anti-Money Laundering and Terrorist Financing Code of Practice 2008, as amended
6. Proliferation Financing (Prohibition) Act, 2009.
7. Non-Profit Organisations Act, 2012
8. Mutual Legal Assistance Act 1990
9. Non-Financial Business (Designation) Notice, 2008
10. The Anti-Terrorism (Financial and Other Measures (Overseas Territories) Order 2002
11. Beneficial Ownership Secure Search System Act 2017, as amended.
12. Overseas Territories Order, 2002

The primary functions of the Agency are stipulated under Section 4(1) of the Financial Investigation Agency Act 2003, as amended. The Agency is responsible for receiving, obtaining, investigating, analysing, and disseminating information which relates or may relate to:

- a) a financial offence or the proceeds of a financial offence; or
- b) a request for legal assistance from an authority in a foreign jurisdiction which appears to the Agency to have the function of making such requests.

Additionally, Section 9 (2) of the Virgin Islands Anti- Money Laundering and Terrorist Financing Code of Practice, 2008 (the AML Code) places a statutory obligation on the Financial Investigation Agency to supervise, for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) purposes, all entities that are not regulated by the Financial Services Commission. This essentially involves a review of the entity's risk assessment on money laundering and terrorist financing through its policies, processes, procedures and internal control systems so that an informed and objective assessment can be made of its risk profile; the adequacy or otherwise of its mitigation measures and its compliance with the legislative requirements. Furthermore, Section 18 of the Non-Profit Organisations Act 2012, places certain obligatory functions within the remit of the Agency.

ANALYSIS FUNCTIONS

The Agency is authorized by the FIA Act, and the AML Code, to receive, analyse, investigate and disseminate disclosures (Suspicious Transaction Reports). This function is clearly defined under Section 4 of the FIA Act and Section 7 (1) of the AML Code. At the time of this report, three (3) Analysts are assigned to this function. The Analysts report directly to the Deputy Director since September 2013. Prior to this date, Analysts reported directly to the Director. The introduction of a Senior Analyst and a Deputy Director allowed for the Analysts to report to the Deputy Director via the Senior Analyst. However, the post of Senior Analyst has been vacant since September 2015.

The Agency has been traditionally focusing on tactical analysis of disclosures/ reports sent to the Agency by Banks, Trusts and Corporate Service Providers, Investment Business, and Money Service Businesses to name a few. However, in the last year the focus has changed, and the Agency will evolve to satisfy the requirements of the FATF Recommendations and the Egmont Group. To satisfy these, the Agency has embarked on the introduction of Strategic Analysis to provide quality information through reports to regulators and policy makers regarding the trends associated with Money Laundering, Terrorist Financing, and Proliferation. We have completed a training course for all analysts and investigating officers in the conduct of Strategic Analysis. The International Monetary Fund and the World Bank, in their publication "FINANCIAL INTELLIGENCE UNITS: An Overview" had defined strategic analysis as simply 'the process of developing knowledge...to shape the work of the FIU in the future'. This course was facilitated by a colleague that has been trained by the Egmont Group as a Strategic Analysis Trainer. The training was conducted in the territory for one week during the month of March 2017.

Immediately following the training, the Agency was anxious to implement its new skill and so under the leadership of the facilitator and with the assistance of the analysts, the first strategic analysis project was produced in the territory. The project concerned the Effectiveness of the Disclosure Regime in the territory. The objective of the project was to identify all the reporting entities and analyse whether they were indeed reporting disclosures as mandated by law. Furthermore, the intent is to further educate the entire population on the requirements of the law, thereby encouraging individuals and companies to make disclosures as required.

The project has concluded, and the information has been disseminated to the relevant competent authorities concerned with the supervision/regulation of the various bodies required to make disclosures. Furthermore, the Agency plans to conduct further strategic analysis projects and hopes to be able to designate a Strategic Analyst to ensure the conduct of strategic analysis continues.

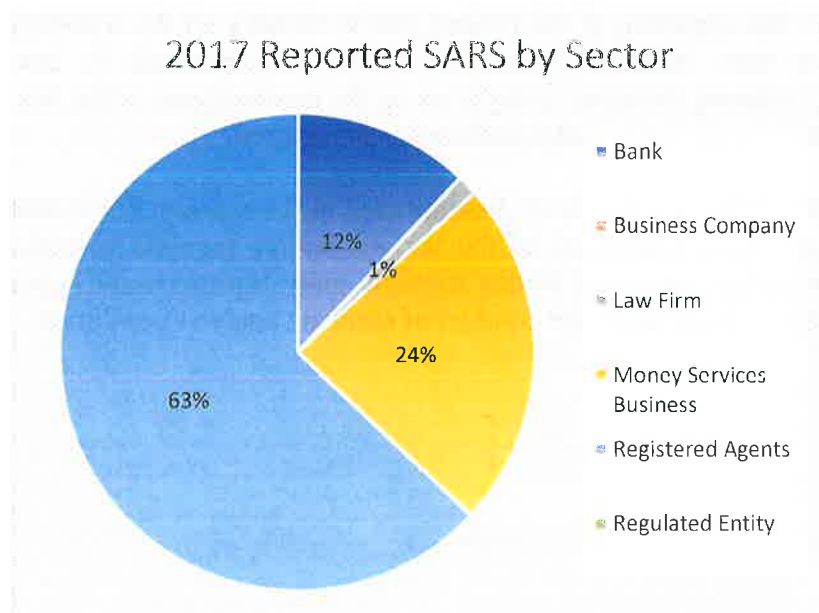
DISCLOSURE REPORTING

One of the primary functions of the Agency is the processing of disclosures such as Suspicious Transaction Reports/Suspicious Activity Reports (STRS/SARS). During the year 2017, the Agency received a total of six hundred and forty-eight (648) STRS/SARS, compared to five hundred and thirty (530) STRS/SARS received in 2016. This shows an increase of 22.3 percent (22.3%) in STR/SAR reporting by the regulated entities.

The following chart represents the number of SARs submitted to the Agency by sector. For the year 2017, the Agency received Four hundred and five (405) STRs/SARs from Trust and Company Service Providers (Registered Agents); One hundred and sixty-one (161) from the Money Service Businesses; Seventy-Seven (77) from Banks; Nine (9) from Law Firms; Two (2) from Overseas Entities; Two (2) from BVI Business Companies; and Two (2) from Individuals. Most STRs/SARs reported to the Agency concerns BVI registered entities. These reports are analysed by the Agency's analysis unit and investigated where necessary. Upon completion of the relevant analysis, the information is shared with other financial intelligence units (FIUs) and law enforcement agencies in the jurisdiction where the BVI registered entity appears to be conducting business. Unfortunately, the Agency is not always privy to the conclusion of the investigation(s), as the relevant authorities in those jurisdictions do not always produce timely feedback. Furthermore, all reports are risk rated and analysed before any further action is taken by the Agency.

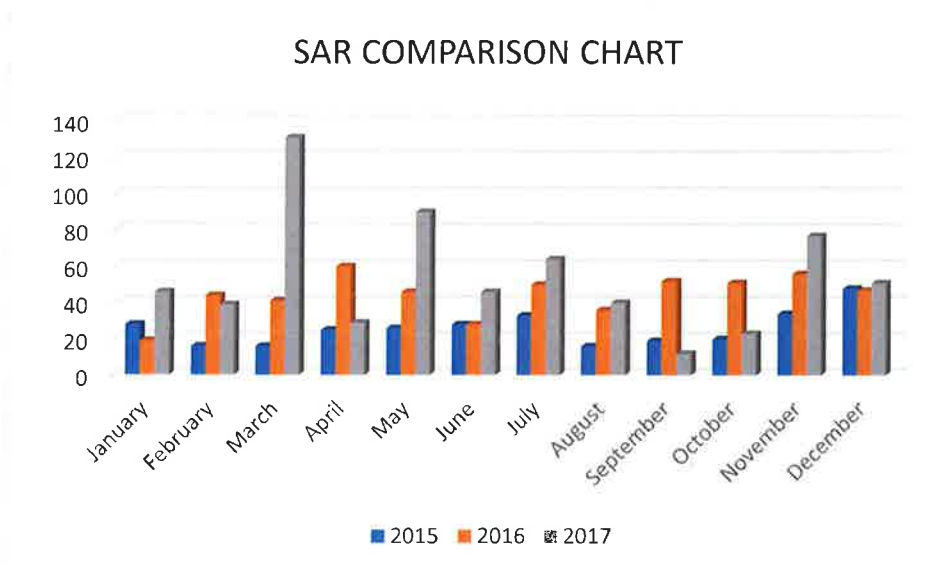
The following chart indicates that Registered agent account for sixty three percent (63%) of all SARS followed by Money Service Businesses which account for twenty four percent (24%) of the total.

Suspicious Activity Reports - 2017 by Sector



The following chart represents the number of SARs submitted by month. We have compared this year 2017 to the years 2016 and 2015. The figures show a significant increase in March of 2017 with a slight decline in April and an increase again in May.

	2015	2016	2017
January	28	19	46
February	16	44	39
March	16	41	131
April	25	60	29
May	26	46	90
June	28	28	46
July	33	50	64
August	16	36	40
September	19	52	12
October	20	51	23
November	34	56	77
December	48	47	51

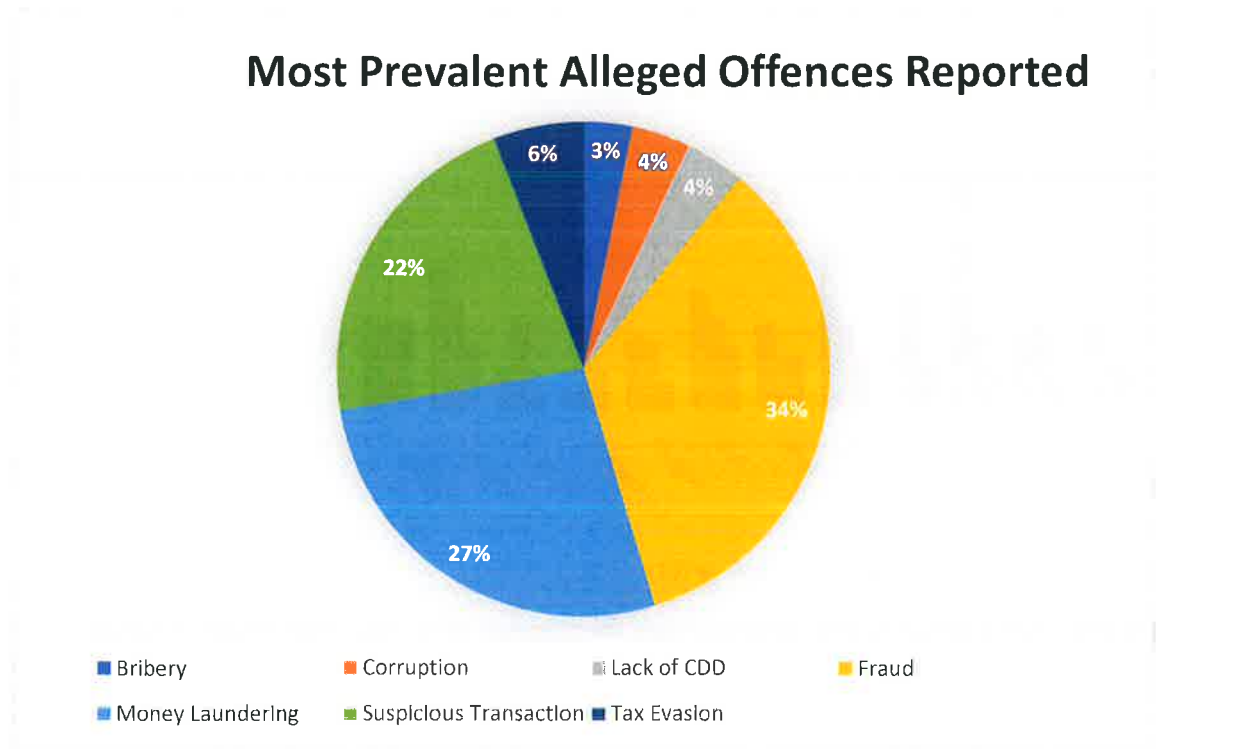


The chart also shows a significant increase with the number of STRs/SARs being reported.

There are several alleged offences that are featured in the reports that were submitted. These alleged offences represent a broad category ranging from corruption to unknown. The number of alleged offences has greatly increased. The alleged offence of money laundering accounts for the highest range of suspicious activity reported for the year. To effectively show the significance of the alleged offences and the prevalence we were forced to create about three diagrams. The first diagram shows the most prevalent alleged offences. These are the alleged offences that were reported in numbers greater than fifteen (15).

The following diagram shows the range of the most prevalent alleged offences in alphabetical order.

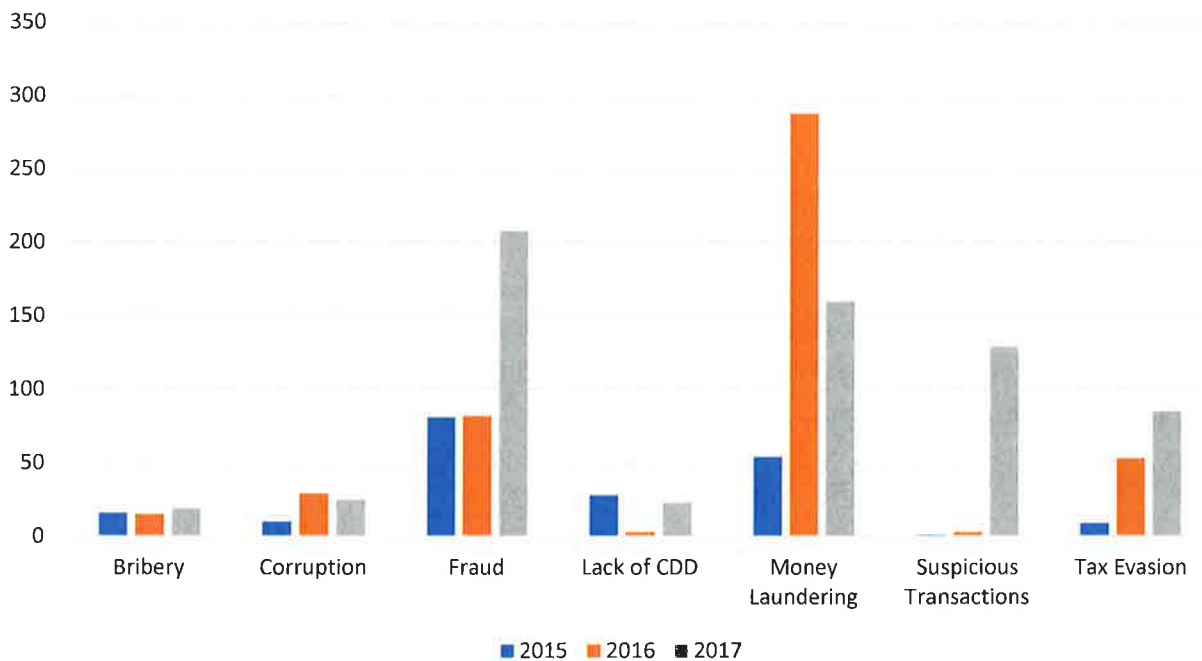
Bribery	19
Corruption	23
Fraud	203
Lack of CDD	13
Money Laundering	160
Suspicious Transaction	129
Tax Evasion	35



The second diagram shows a comparison of the alleged offences reported within the last three years, in alphabetical order

Offences	2015	2016	2017
Bribery	16	15	19
Corruption	10	29	23
Fraud	81	82	203
Lack of CDD	28	3	13
Money Laundering	54	288	160
Suspicious Transactions	1	3	129
Tax Evasion	9	53	35

Comparison Chart on Alleged Offences



The following table provides an indication of the types of other alleged offences that were recorded from disclosures received by the Agency during the year 2017.

Type of Offence	Amt.	Type of Offence	Amt	Type of Offence	Amt.
Drug Trafficking	5	Proliferation	1	Terrorist Financing	1
Embezzlement	5	Ponzi Scheme	3	UK Disqualification	1
Misappropriation of Funds	1	Receiving Stolen Goods	1	Unethical Behaviour	1
Murder/Kidnapping	1	Sanctions	6	Unusual Account Activity	2
Non-Appropriate Licence	1	Smuggling	2	Unknown	4
Non-Compliance	2	Suspicious Activity	2		
Organised Crime	2	Terrorism	1		

To illustrate one of the types of disclosures being received within the Agency, I have provided an example of a case involving a BVI registered entity.

Case Example:

The Agency received a SAR from a BVI Registered Agent in relation to a BVI Registered Company (Company G). The SAR disclosed that Mr. X who is the shareholder and beneficial owner of Company G was arrested and charge in Country Y for Fraud and Money Laundering.

Analysis

The analysis of the report indicated that Mr. X is an Iranian national who lives and work as a Real Estate Professional in Country Y. Mr. X through an introducer was able to incorporate the company G, to which he was the sole shareholder and beneficial owner. Company G holds a bank account in a foreign bank and assets with approximate value of \$500 million USD which includes (real estate property and cash). It also indicated that Company G is linked to ten other companies in other jurisdictions.

Disclosure

The Agency has made a disclosure to the FIU of Country Y of Mr. X business interest in the Territory and his assets holding through Company G. Information was also disclosed about the links of Company G to the ten other companies.

Outcome

Because of the disclosure, Country Y has furthered their investigation in relation to Mr. X's assets (proceeds of crime) and has since file for Mutual Legal Assistance through the relevant authorities.

INVESTIGATING FUNCTIONS

Investigating functions of the Agency are authorised under the following pieces of legislation:

The Proceeds of Criminal Conduct Act, 1997 as amended; the Financial Investigation Agency Act 2003 as amended; the Anti-Money Laundering Regulations 2008 as amended; the Criminal Justice (International Cooperation) Act 1993 as amended; the Anti-Money Laundering and Terrorist Financing Code of Practice 2008 as amended; and the Proliferation Financing Prohibition Act 2012.

The Agency is authorised to investigate Suspicious Transaction Reports prior to dissemination to local and foreign authorities. The AML Code dictates that discreet inquiries should be conducted by the Investigating Officers attached to the Agency prior to any disseminations. The FIA Act 2003 as amended allows for the supervision and guidance over the conduct of all investigations of the Agency, by the Steering Committee. However due to time constraints and the make-up of the Steering Committee, the Director has been conducting the role of the Steering Committee.

The Agency is also authorised to investigate Mutual Legal Assistance Requests under Section 4 of the FIA Act. These requests originate from foreign judicial authorities and are usually channeled through the Attorney General's Chambers and sent to the Agency for processing. This function is carried out by Investigating Officers attached to the Agency utilising the powers derived under the Criminal Justice International Cooperation Act 1993 as amended. To process the requests investigating officers are required to request permission from the Attorney General and apply to a local Magistrate for a search warrants(s) to retrieve the requested documentation or information. After retrieval, the documentation/ information is processed internally by the Agency's investigating officers, before being forwarded to the Attorney General's Chambers for further processing until it is repatriated to the originating jurisdiction.

The Agency also has the authority to exchange information regarding the commission or alleged commission of financial crimes emanating in or with connections to the territory. This role has been very effective within the parameters of the Agency's mandate. The exchange of information regarding beneficial ownership and directors of BVI registered entities has become a regular task for the Agency's Intelligence and Investigating Officers. The introduction of the Beneficial Ownership Secure Search System (BOSSS) has promised to increase the Agency's mandate. The Agency has been identified as the competent authority with the capacity to effectively carry out the duties associated with requirements of the BOSSS Act. At the time of this publication, the use of BOSSS has been mostly geared towards United Kingdom (UK) law enforcement agencies through the National Crime Agency (NCA).

In addition to the NCA, the Agency's exchanges information with many financial intelligence units (FIUs) daily. To exchange information with the FIUs, the Agency uses a system called the Egmont

Secure Web (ESW). This system is used by members of the EGMONT Group of Financial Intelligence Units. The use of this system allows for the information to be encrypted while in route to the receiving party on the other side. Information is also exchanged with law enforcement agencies both locally and internationally including the Royal Virgin Islands Police Force. The information that is exchanged can either emanate from disclosures or from requests from foreign FIUs and law enforcement agencies. The information exchanged in this manner is generally for intelligence purposes only.

Furthermore, the Agency is a member of the Intergovernmental Committee on AML CFT matters. As such the Agency may exchange information with certain members to facilitate the combating on Money Laundering and Terrorist Financing in the territory.

Information Exchange

As part of its main functions the Agency exchanges information with several local and foreign law enforcement agencies, foreign financial intelligence units and the Financial Services Commission. Information is also shared with the various members of the Inter-Governmental Committee on AML/CFT issues as necessary. This type of information sharing is for intelligence purposes only. The Agency is authorised to share information with local and foreign law enforcement agencies and FIUs on matters relating to a financial offence(s). Additionally, the Agency is a member of the Egmont Group of Financial Intelligence Units, which is designed for collaboration and exchange of information among its members.

During the year 2017, the Agency received and processed five hundred and sixty-eight (568) requests for information (RFIs). These requests include requests from the Financial Services Commission (FSC), Royal Virgin Islands Police Force (RVIPF), HM Customs, the Governor's Office, the Attorney General's Chambers (AGC), foreign financial intelligence units, and foreign law enforcement agencies. The majority of the RFIs were received from members of the Egmont Group via the Egmont Secure Web (ESW). The RFIs received also included requests from the UK law enforcement agencies under the Beneficial Ownership Secure Search System (BOSSS).

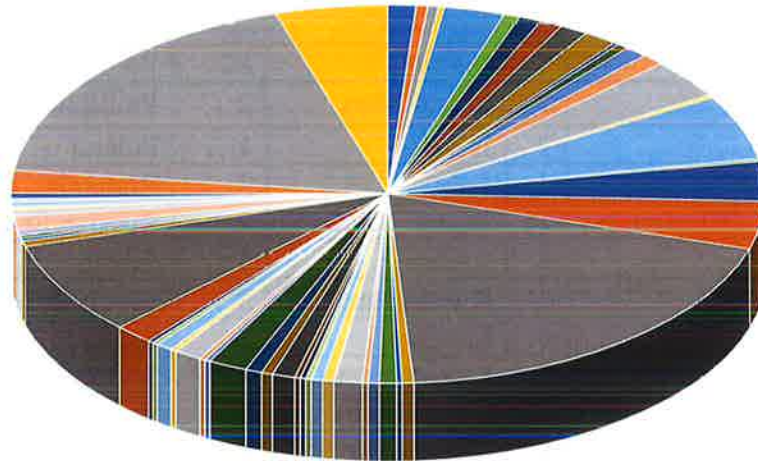
The exchange of information would appear to be one-sided if the Agency was not requesting information from its counterparts, the FSC and local and foreign LEAs. During the year 2017, the Agency has requested a total of one hundred and fifteen (115) RFIs during the investigation and analysis of disclosures.

The Agency also receives spontaneous disclosures from foreign FIUs on matters relating to the conduct of BVI registered entities. During the year 2017 the Agency has received thirty-two (32) spontaneous disclosures whilst it has disseminated fifteen (15) spontaneous disclosures to its counterparts as part of the exchange of information process.

The following chart represents the number of requests received from different countries or organisations in countries outside the Virgin Islands in the year 2017, in Alphabetical order.

Argentina	5	Interpol	80	Peru	3
Australia	2	Isle of Man	2	Phillipines	1
Austria	2	Israel	1	Poland	1
Bangladesh	1	Italy	3	Romania	7
Barbados US Embassy)	11	Japan	2	Russian Federation	33
Belarus	3	Jordan	1	Serbia	2
Belgium	4	Kazakhstan	5	Seychelles	1
Brasil	4	Latvia	2	Spain	1
Bulgaria	5	Liechtenstein	2	Sri Lanka	2
Canada	6	Luxembourg	1	Switzerland	5
Cayman Islands	1	Macedonia	1	Syria	2
Croatia	2	Malawi	1	St. Maarten	1
Cyprus	4	Malta	4	St. Vincent & the Grenadines	2
Czech Republic	4	Mongolia	2	Tajikstan	1
Ecuador	14	Montenegro	3	Thailand	1
Finland	1	Netherlands	7	Ukraine	8
France	23	New Zealand	1	United Kingdom	76
Germany	1	Nigeria	1	United States of America	20
Hong Kong	14	Panama	5		
India	17	Paraguay	1		

2017



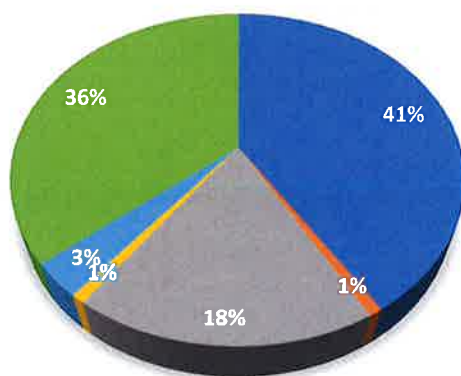
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|----------------------------|--------------------------------|----------------------|
| ■ Argentina | ■ Australia | ■ Austria |
| ■ Bangladesh | ■ Barbados (US Embassy) | ■ Belarus |
| ■ Belgium | ■ Brasil | ■ Bulgaria |
| ■ Canada | ■ Cayman Islands | ■ Croatia |
| ■ Cyprus | ■ Czech Republic | ■ Ecuador |
| ■ Finland | ■ France | ■ Germany |
| ■ Hong Kong | ■ India | ■ Interpool |
| ■ Isle of Man | ■ Israel | ■ Italy |
| ■ Japan | ■ Jordan | ■ Kazakhstan |
| ■ Latvia | ■ Liechtenstein | ■ Luxembourg |
| ■ Macedonia | ■ Malawi | ■ Malta |
| ■ Mongolia | ■ Montenegro | ■ Netherlands |
| ■ New Zealand | ■ Nigeria | ■ Panama |
| ■ Paraguay | ■ Peru | ■ Phillipines |
| ■ Poland | ■ Romania | ■ Russian Federation |
| ■ Serbia | ■ Seychelles | ■ Spain |
| ■ Sri Lanka | ■ Switzerland | ■ Syria |
| ■ St. Maarten | ■ St. Vincent & the Grenadines | ■ Tajikstan |
| ■ Thailand | ■ Ukraine | ■ United Kingdom |
| ■ United States of America | | |

In addition to requests from outside the jurisdiction, we have processed several requests on behalf of domestic law enforcement agencies, government departments and Competent Authorities. Of the total five hundred and sixty-eight (568) RFIs received, domestic/national requests account for one hundred and eighteen (118) or approximately twenty one percent (21%).

These national requests are reflected in the diagram below:

Financial Services Commission (FSC)	50
HM Customs	1
Royal Virgin Islands Police Force (RVIPF)	22
International Tax Authority (ITA)	1
Premier's Office	4
Attorney General's Chambers (AG Chambers)	44
Ministry of Natural Resources & Labour	1

2017



■ Financial Services Commission (FSC)	■ HM Customs
■ Royal Virgin Islands Police Force (RVIPF)	■ International Tax Authority (ITA)
■ Premier's Office	■ Attorney General's Chambers (AG Chambers)

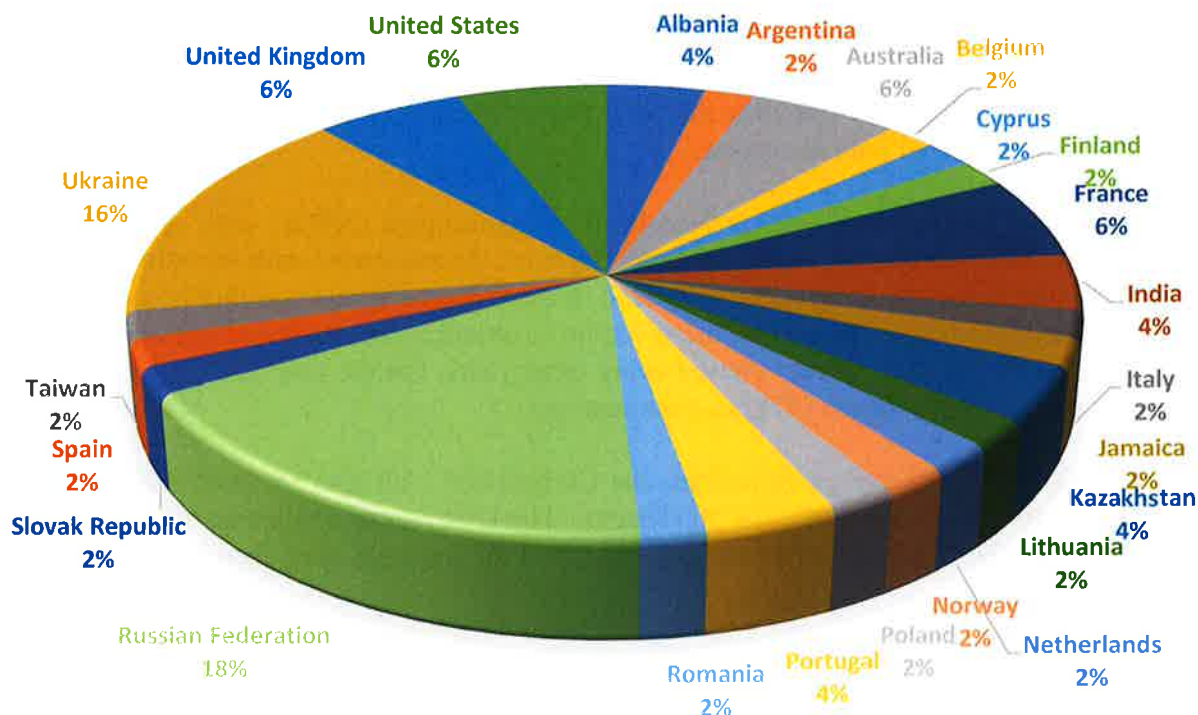
The Agency is also involved with the processing of Mutual Legal Assistance (MLA) requests that were forwarded to it by the Attorney General's Chambers. The responsibility to process such requests lies with the FIA Act 2003, as amended. The FIA Act mandates the processing of MLA requests as one of the main functions of the Agency. Furthermore, the Criminal Justice (International Cooperation) Act 1993 as amended, gives directions and authorizes the investigating officers of the Agency to perform the necessary functions as required. On receipt of an MLA request from the Attorney General's Chambers (Chambers), the file is assigned to an Investigating Officer who will conduct the necessary investigations and return the requested documentation to the Chambers. This process takes approximately twenty-one (21) days if there are no hiccups in the investigation.

During the year 2017, the Agency has processed thirty-eight (38) MLA requests on behalf of different jurisdictions. The following diagrams illustrate the number of MLA requests that were processed.

Albania	2	Netherlands	1
Argentina	1	Norway	1
Australia	3	Poland	1
Belgium	1	Portugal	2
Cyprus	1	Romania	1
Finland	1	Russian Federation	9
France	3	Slovak Republic	1
India	2	Spain	1
Italy	1	Taiwan	1
Jamaica	1	Ukraine	8
Kazakhstan	2	United Kingdom	3
Lithuania	1	United States	3

The diagram below indicates that about eighteen percent (18%) of all MLA requests are from the Russian Federation.

2017 LETTERS OF REQUEST



One of the tools used to facilitate the MLA process is a search warrant. The use of a search warrant is authorised under the Criminal Justice (International Cooperation) Act 1993 as amended. Under this Act the Attorney General may direct an investigating officer to apply to a magistrate for a search warrant to seize the documents required during an MLA investigation. During the year 2017, investigating officers at the Agency were able to acquire a total of twenty (20) search warrants during the investigative process.

In addition to the search warrants, the Attorney General can also issue a compelling notice to individuals/entities during the investigative process. This power being authorised under the CJICA allows for investigating officers to request and receive additional information from entities and individuals in connection with an investigation. For the year 2017, the investigating officers were able to serve thirty-eight (38) compelling notices.

SUPERVISORY FUNCTIONS

Under the Anti-Money Laundering and Terrorist Financing Code of Practice, the Agency is assigned the responsibility to supervise Designated Non-Financial Businesses and Professions (DNFBPs) in relation to AML/CFT purposes. These DNFBPs are identified in the Non-Financial

Business (Designation) Notice 2008. This function has formally begun in 2012. Prior to 2012, DNFBs were not supervised as recommended by the FATF 40+9 Recommendations.

Supervision of the Non-Profit Organisations (NPOs) Sector is also the responsibility of the Agency. This responsibility was issued under the Non-Profit Organisations Act 2012. Therefore, the Agency has been actively pursuing the NPO Sector to identify the risks and to alleviate any identified risks associated with the sector.

The Agency has continued to engage Non-Profit Organisations (NPOs) with AML/CFT pre-examinations. Pre-examinations are done to identify the risks associated with the entity. After pre-examinations are completed, the entity is entered into a risk profile and it is monitored according to the risk identified. High risk entities are given more attention and reviewed periodically every year while low risk entities are reviewed every three years. For the year 2017, the Compliance Unit has completed thirty-seven (37) pre-examinations.

In addition to AML/CFT pre-examinations, the Compliance Unit also received and reviewed a number of compliance manuals for the NPO sector. The Unit received thirty-six (36) compliance manuals from the NPO sector. However only six (6) of the manuals were deemed satisfactory.

Industry Manuals

In addition to the compliance manuals for the DNFBs and NPOs, the Agency continues to review the manuals of the regulated entities for AML/CFT purposes. The review of these manuals by the Agency allows for the Agency to review and advise the respective entities on their obligations as it relates to AML/CFT.

The following chart indicates the number of Compliance manuals reviewed for 2017

Type of Entity	Amount
Banks	1
Company Management	2
Trusts and Corporate Service Providers	29

The Agency is also engaged with other stakeholders as part of its remit. This includes national and international cooperation.

NATIONAL COOPERATION

The Agency is a member of the Joint Anti-Money Laundering and Terrorist Financing Advisory Committee (JALTFAC) and the Inter-Governmental Committee on AML/CFT matters (IGC). These two bodies are the primary statutory bodies with responsibility for advising and coordinating national cooperation on AML/CFT matters.

The Agency also cooperates with other competent authorities such as the Financial Services Commission (FSC), Her Majesty's Customs, the Royal Virgin Islands Police Force (RVIPF), the Virgin Islands Shipping Registry (VISR), and the Attorney General's Chambers AGC) among others. It cooperates with these competent authorities on several matters including exchange of information relating to AML/CFT matters. To ensure cooperation, Memorandums of Understanding (MOUs) were signed with the FSC and the RVIPF. Under the relevant MOUs, the Agency is requested to perform certain functions on behalf of the relevant agencies.

INTERNATIONAL COOPERATION

As a Financial Intelligence Unit, the Agency is involved in several initiatives at home and abroad. These initiatives allow the Agency to be intimately involved in matters concerning ML/TF.

Additionally, the Agency provides support to other financial intelligence units (FIUs) and local and international law enforcement authorities. This support includes but is not necessarily limited to the provision of spontaneous disclosures, replies to requests for information and the processing of Mutual Legal Assistance Requests.

Participation in International Fora

Egmont Group of Financial Intelligence Units

The Agency is a member of the Egmont Group of Financial Intelligence Units (The Egmont Group). The group meets on a bi annual basis to collaborate and exchange ideas regarding AML/CFT matters. The Agency has been represented at these meetings by the Director and Deputy Director. The two most senior officials from the Agency, actively participate in the Membership Support and Compliance Working Group (MSCWG). One of the responsibilities of this working group is to recommend and sponsor financial intelligence units (FIUs) that are not members of the Egmont Group to become members. The sponsors are to work closely with the candidate FIU(s) to ensure that they meet the Egmont definition of an FIU. This process includes ensuring that all legal and technical aspects of the candidate FIU are on par with the requirements of the Egmont Group standards. After the sponsoring FIUs are convinced that the candidates are ready to join the group, an onsite assessment is conducted. An assessment report is written and submitted to the Egmont Secretariat on behalf of the candidate FIU. The report is discussed at the MSCWG and a recommendation is made to the Heads of FIU forum. At the Heads of FIU forum a decision is made on whether to accept the candidate FIU as a member of the Egmont Group. Best practices indicate that at least two FIUs should act as sponsors for candidate FIUs.

During the year 2017, the Agency was represented at the Annual Egmont Working Group Plenary in Macao, Macau. At that plenary many issues were discussed regarding AML/CFT matters as it relates to the work of the Egmont Group. The Agency continues to act as a co-sponsor for the FIU of Montserrat, and the UCREF of Haiti.

Caribbean Financial Action Task Force

The Virgin Islands is a member of the Caribbean Financial Action Task Force (CFATF) which is an associate member of the Financial Action Task Force (FATF). As such, the Agency, being the FIU of the Virgin Islands, is a member of the CFATF's Financial Intelligence Units. In this vein representatives from the Agency's staff, attend and participate in CFATF's Heads of FIU (HOFIU) Meetings.

In addition to the CFATF HOFIU forum, the Agency also participates in the CFATF's Risks Trends and Methods Group (RTMG). The forum is conducted immediately following the CFATF HOFIU meetings. Furthermore, the territory is a member of the Accreditation Council of the CFATF/EU Accreditation Project. This group provides advice to the Secretariat and CFATF Plenary on matters concerning the accreditation of Analysts and Investigating Officers attached to CFATF member countries.

The Agency also provides an assessor to the CFATF International Cooperation Review Working Group (CFATF ICRG). The role of the assessor is to monitor the timelines of an agreed action plan regarding the resolution of outstanding deficiencies identified during the Mutual Evaluation Process. Countries that have not sufficiently achieved a Largely Compliant or higher rating with the Core and Key Recommendations are considered non-compliant and referred to the (CFATF ICRG). The CFATF ICRG's assessors are to complete timely reports on the assessed country's progress and report to the CFATF ICRG at every CFATF plenary. Failure to adhere to the CFATF ICRG's processes and by extension the assessors, can cause a country to undergo stringent measures that seek to generate compliance. These measures may lead to the referral of the relevant country(ies) to the Financial Action Task Force (FATF).

OUTREACH SESSIONS

The Agency has conducted two outreach sessions to the entities that are directly supervised as part of its mandate during the year 2017. To facilitate the outreach sessions, the Compliance and Enforcement Unit partnered with the BVI Association of Compliance Officers (BVIACO) to conduct a training session for the Designated Non-Financial Businesses and Professionals (DNFBPs). The presenters at the training were Ms. Anise Bomi, and Mrs. Adenike Sicard of the BVIACO. The Senior Compliance Examiner of the Compliance Unit also made a presentation on the Agency's role as Supervisor of DNFBPs.

In attendance at the training were twelve (12) representatives from the Real Estate sector and two (2) representatives from the Automobile Dealers sector. A total of approximately twenty-five persons (25) were in attendance and the information was well received. Therefore, the Agency is looking forward to a fruitful working relationship with the DNFBP sector in the coming year and beyond.

During the month of July 2017, the Compliance Unit again partnered with the private sector to provide training to the Non-Profit Organisation Sector. This training/outreach session was in conjunction with Harneys Law Firm. The event was held at Harneys' conference room at Craigmuir Chambers on 11th and 13th July 2018. A total of eighty-five (85) persons were present at the combined events. From all indications it appears that the NPO sector was very engaged in the outreach and training sessions done by the Agency in collaboration with Harneys. We look forward to a fruitful relationship with the NPO sector based on the feedback provided.

Further to the mandate to supervise the DNFBPs and NPOs, the Agency in its capacity as an FIU has had to conduct outreach to other reporting entities on an as needed basis. To facilitate this, the Agency partnered with the Financial Services Commission to conduct an outreach session to the Money Services Business (MSB) Sector. This outreach session was related to the filing of disclosures (Suspicious Activity Reports) to the Agency. The session focused on teaching the sector on the correct method to be used when filing disclosures to the Agency and was held in June 2017.

The outreach session was well attended with representatives from two (2) MSBs, One (1) Bank, the Post Office, Her Majesty's Customs, the FSC and the Agency. The presentation was led by an Analyst with support from the Deputy Director of the Agency.

PROFESSIONAL DEVELOPMENT

The training of the Agency's staff has become a staple in the Agency's budget on an annual basis. We feel it is necessary to do this to effectively combat the risks posed to the territory as it relates to ML/TF and Proliferation issues. The year 2017 was no different as we continued to invest in our human resources thereby enhancing their abilities to continue to contribute to the effectiveness of our mandate.

Staff members from the Agency attended many courses including the following in 2017:

February 2017

- One employee was trained at the Greater Manchester Police Training Center in the on National Intelligence Analysis.

March 2017

- One employee attended and participated in the Proceeds of Crime Conference in St. Vincent and the Grenadines
- Six employees were trained at the Agency's premises in the conduct of Strategic Analysis

April 2017

- Three employees attended the ACAMS Conference in Miami, USA.

July 2017

- One employee was trained as a Law Enforcement Assessor at CFATF Training in Turks and Caicos Islands.

August 2017

- One employee attended the FATF training Course (FATF TREIN) in South Korea
- One employee attended the HR Conference in Orlando, USA

December 2017

- Two employees attended and participated in the Global Forum on Asset Recovery in Washington, DC.
- Two employees were trained as part of the CFATF/EU Financial Analyst Accreditation Programme in Antigua & Barbuda.

OPPORTUNITIES

The Agency has made strides to better serve the community and its partners and has seen some setbacks to effectively meeting its mandate. Unfortunately, the Agency has lost many trained individuals in 2015 and 2016. This loss has provided an opportunity for the Agency to reassess its training budget, wherein employees will be required to be bonded, when assisted with certain certifications. Additionally, the Agency has realised that measures must be taken to ensure that its primary functions are being carried out in an expedient manner as is required by our stakeholders both domestic and internationally. The realisation provided the opportunity for the introduction of a performance budget and subsequently performance measures to ensure that employees are meeting their goals as expected.

The Agency has lost a large part of its resources with the departure of its present Director to pursue university studies. This has impacted the Agency as it creates a gap wherein the Deputy Director has been asked to perform the duties of Acting Director. With the loss of an operational Deputy, and with the absence of a Senior Investigating Officer and Senior Analyst, the Financial Intelligence Section of the Agency would have suffered greatly.

The loss of our Administrative Officer meant that we were saddled with additional responsibilities for the Administrative Staff as that officer played a significant role in the process. Likewise, the loss of our Senior Compliance Examiner left us without the expertise and experience needed to guide the Compliance Unit in the direction necessary to ensure that our mandate is being met.

Although these losses occurred in 2017, with the unfortunate devastation caused by Hurricanes Irma and Maria, they have provided an opportunity for the Agency to reassess its needs and provide the expertise and experience necessary to maintain its operations. New appointments will be recommended to the Board as necessary.

NEW DEVELOPMENTS

The Agency in reviewing its mandate, has embarked on some new initiatives that we deem can assist in the ability to effectively carry out its mandate. Three (3) main developments are worth mentioning currently. The developments include:

- ***Human Resources Manager***

During an internal review of the Agency's operational processes, the management team consisting the Director, Deputy Director and Chief Operating Officer (COO), saw the need for an additional person to assist in the administrative operations of the Agency. This was especially due to the fact the administrative operations of the Agency included the duties of Financial Comptroller and Human Resources (HR) to name a few. A decision was made to request an Officer to carry out the functions of and to effectively separate the financial and HR duties. This was especially necessary as the Agency's staff had grown significantly and the COO was not able to focus entirely on HR matters.

In November of 2016, the Agency hired a HR Manager to carry out the functions of HR matters including Training and the appraisal process among others. We hope that the introduction of the HR Manager will allow the Agency to effectively manage its human resources while ensuring that value for money is achieved in terms of performance and attendance by the staff.

- ***Secure Core Server***

For some time now, the Agency has been concerned about the effectiveness of its Information Technology (IT) Systems and the ability to secure information in its databases. This is very important for the Agency as it holds information in its databases for many institutions globally, in addition to the disclosures received domestically under its mandates. To alleviate this concern that was also coupled with the existence of the recent Panama Papers, the Agency introduced the Secure Core System Server. The benefits of the Secure Core are:

- 1) The SecureCore insures Confidentiality -- Ensuring that information is not accessed by unauthorised persons.
- 2) Integrity -- Ensuring that information is not altered by unauthorised persons in a way that is not detectable by authorised users.
- 3) Dual -Authentication -- Ensuring that users are the persons they claim to be by ensuring two facets of sign-in authentication

- ***Data Entry Clerks***

The introduction of the Ibase database has created a need for additional personnel to be added to the Agency's staff to effectively carry out its functions. The Agency's duties are continually being assessed for effectiveness. During one assessment it was determined there is a need for additional person to ensure that the data is entered in the database in a timely and accurate manner. Thus, the idea for a Data Entry Clerk was born.

- **Strategic Analysis**

In March of 2017, the Agency had embarked on a new concept to the territory as it relates to FIU procedures. In accordance with Recommendation 29 of the FATF Methodology, the Agency had sought assistance to enable it to begin the conduct of Strategic Analysis. The definition of Strategic Analysis for an FIU is indicated by the International Monetary Fund (IMF) and the World Bank Group, in their 2004 Publication: Financial Intelligence Units: An Overview; is as follows:

“Strategic Analysis is the process of developing knowledgeto be used in shaping the work of the FIU in the future”.

Having understood the importance of strategic analysis in our mandate as an FIU, we sought the assistance of a colleague from a counterpart FIU to train us in the conduct of strategic analysis. The training was successful, and the Agency immediately embarked on a strategic analysis project.

This project was geared towards the reporting of disclosures to the Agency. We set out to discover the effectiveness of the disclosure regime in the Virgin Islands. The project took approximately three months and was duly supported and driven by the Deputy Director with majority of the work completed by the Analysis Unit.

Because of the nature of the project, it was not published for public consumption as it would not be beneficial to the public. However, the results of the project were already disseminated to the relevant stakeholders which are the FSC and the Agency’s Compliance Unit. We hope that the dissemination of the information derived from this project will allow the relevant stakeholders to focus on and rectify any deficiencies identified and consider the recommendations made therein.

Looking Ahead

For the year 2018, the Agency intends to contribute to and activate the following measures:

1. Appoint a Strategic Analyst
2. Appoint a Senior Investigating Officer
3. Recruit and appoint a suitable Investigating Officer to conduct operational analysis.
4. Train Analysts and Investigating Officer with the CFATF/EU Project
5. Conduct outreach sessions to educate members of the IGC
6. Update the Agency’s website to include excerpts about the Agency’s functions
7. Aggressively conduct more strategic analysis projects to educate the public
8. Assess the Agency’s performance in accordance with international standards.
9. Appoint a Senior Compliance Examiner
10. Conduct outreach to NPOs and DNFBPs
11. Conduct onsite inspections where necessary to alleviate concerns regarding AML/CFT matters
12. Conduct a comprehensive legislative review
13. Train more staff members as FATF assessors
14. Allocate more resources to actively participate in the functions of the Egmont Group

15. Conduct more outreach sessions on the effective SAR reporting
16. Introduce a new SAR Form

Conclusion

The year 2017 has been a significant year in the existence of the Agency. We have had many challenges as new initiatives were implemented. Some of the initiatives were a direct response to the ongoing need to rectify the NRA deficiencies identified previously. Furthermore, we have enhanced the security of data in the Agency's custody by the introduction of the Secure Core.

We have seen an increase in the number of disclosures being filed with the Agency and the requests for information from our counterparts. The introduction of BOSSS with the Agency as the primary user promises to create the need for more resources in the future. However, the Agency has been responsive and has conducted a pilot strategic analysis project to determine the way forward with respect to the increase.

The Agency continues to evolve in the international sphere by its involvement with the various international bodies including the EGMONT Group and CFATF. The continuation of its membership and participation in these fora are indeed important to the territory from an AML/CFT perspective. We hope to continue to evolve in our quest to contribute to the effective combating of ML/TF on a global scale.

