



FINANCIAL INVESTIGATION AGENCY

2018 ANNUAL REPORT

2018 at a glance

Information Received

- 615 Suspicious Activity Reports

Information Analysed and Disseminated

- 69 SARs analysed
- 16 SARs/STRs disseminated
- 1 Referrals to the RVIPF
- 7 Referrals to FSC
- 1 Referral to foreign FIUs

Cooperation with Domestic Agencies

- 18 Company Check Enquiries received from the AGC
- 21 Regulatory requests received from the FSC
- 4 Requests for Information sent to the FSC
- 16 Requests sent to Government Departments
- 1 Request from the Immigration Department
- 2 Request received from the International Tax Authority
- 1 Request from the Ministry of Natural Resources & Labour
- 24 Requests received from the RVIPF Financial Crime Unit
- 23 Requests sent to the RVIPF Financial Crime Unit
- 1 Request from the Treasury Department
- 1 Request received from the Virgin Islands Shipping Registry

International Cooperation Exchange of Information

- 169 Spontaneous Disclosures received from foreign FIUs
- 20 Requests for information sent to foreign FIUs
- 295 Requests received from foreign FIUs and LEAs
- 39 MLA Requests received
- 139 BOSSS Requests
- 63 Requests from RVIPF on behalf of Interpol

Compliance Unit

Information Received

- 5 DNFB Compliance Manuals
- 8 NPO Compliance Manuals

Approvals

- 3 DNFBP Compliance Manuals
- 6 NPO Compliance Manuals

Supervision

- 149 NPO Pre-examinations
- 13 DNFBP Pre-examinations

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GLOSSARY

| | |
|-----------------|---|
| AGC | Attorney General Chambers |
| AML | Anti-Money Laundering |
| BVIBC | British Virgin Islands Business Company |
| CFT | Counter Financing of Terrorism |
| CFATF | Caribbean Financial Action Task Force |
| DNFBP | Designated Non-Financial Businesses and Professionals |
| EGMONT | Egmont Group of Financial Intelligence Units |
| EU | European Union |
| FATF | Financial Action Task Force |
| FCU | Financial Crime Unit |
| FIA | Financial Investigation Agency |
| FIU | Financial Intelligence Unit |
| FSC | Financial Services Commission |
| HOFIU | Heads of Financial Intelligence Units |
| INTERPOL | International Criminal Police Organisation |
| LEA | Law Enforcement Authorities |
| ICRG | International Cooperation Review Group |
| MLA | Mutual Legal Assistance Request |
| MSCWG | Membership Support and Compliance Working Group |
| NPO | Non-profit Organisation |
| NRA | National Risk Assessment |
| PCCA | Proceeds of Criminal Conduct Act |
| RFI | Request for Information |
| SAR | Suspicious Activity Report |
| STR | Suspicious Transaction Report |
| UNCAC | United Nations Convention against Corruption |

MISSION

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.

VISION

The Financial Investigation 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 continue 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, a large portion of the Agency's financial resources is allocated so as to ensure that staff members receive the necessary training to equip them with the skills needed to effectively perform their assigned duties.

Contact us:

Mailing Address:

Financial Investigation Agency
PO Box 4090
2nd Floor, Ritter House,
Wickhams Cay II, Tortola, Virgin Islands VG1110
Telephone: 284 494 1335
Fax: 284 494 1435
Email: Fia@fiabvi.vg

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. Furthermore, the Agency has also been designated as the body responsible for the Supervision of Designated Non-Financial Businesses and Professionals (DNFBP) and Non-Profit Organisations (NPO).

The leadership of the Agency has been involved in several international efforts as we continue to contribute to the global efforts to eradicate Money Laundering Terrorist Financing and Proliferation of weapons of mass destruction. Our contributions have led to an invitation from the United Nations Convention against Corruption (UNCAC) wherein we were asked to provide details on International Cooperation as it relates to the Virgin Islands.

Furthermore, we have continued to participate in the CFATF Accreditation Working Group, the CFATF Risks Trends and Methods Working Group and the CFATF International Cooperation Review Group (CFATFICRG). We have also continued our participation with the EGMONT Group of FIUs where we have actively participated in the Membership Support and Compliance Working Group for several years. This year the Agency has also been introduced to the Information Exchange Working Group (IEWG), to strengthen our capacity and increase our knowledge of the information exchange processes in the Egmont Group.

Many of our efforts have been centered on the continued drive to rectify the deficiencies identified in the National Risk Assessment Report. We are pleased to inform that we have made some strides in this regard. Furthermore, we have embarked on making additional strides to rectify other deficiencies that may not have been identified but is seen as relevant to financial intelligence units. Our participation in the international fora, allows us to identify and relate, based on best practices employed by other jurisdictions; as well as to provide advice based on our knowledge and expertise.

We have had to recruit a Senior Compliance Examiner from outside the territory in hopes to ensure that our employees are trained in the supervision of DNFBPs and NPOs. This aspect of our mandates has proven to be a daunting task as local expertise in this area is not present in the Agency at the time. Nevertheless, we have made some efforts to ensure that the operations of the Agency are indeed in line with international standards and best practices. Due to our involvement with other FIUs and International bodies, we provide support to each other whenever necessary. This support mechanism has led to the recruitment of a colleague from a regional FIU to assess the Agency. The assessment lasted about 5 days and determined that the Agency was conducting its business in the right manner. However, some deficiencies were identified.

One of the main issues facing the Agency stems from the lack of supervisors to effectively guide and monitor the Analysts and Investigating Officers in their daily tasks. This has resulted in a

reduction in the number of positive results that the Agency has been accustomed to producing. Furthermore, the upsurge of defensive filings of suspicious activity reports has also created an additional burden on the Agency's resources.

The consistent reduction in budgetary allocations to the Agency, coupled with the high cost of rent, has also contributed to the inability to recruit additional staff. It has further intensified the need for the Agency to be provided with proper support, including human, technical and financial resources, to ensure that its mandate is effectively carried out.



Alcedo Fahie
Interim Acting Director

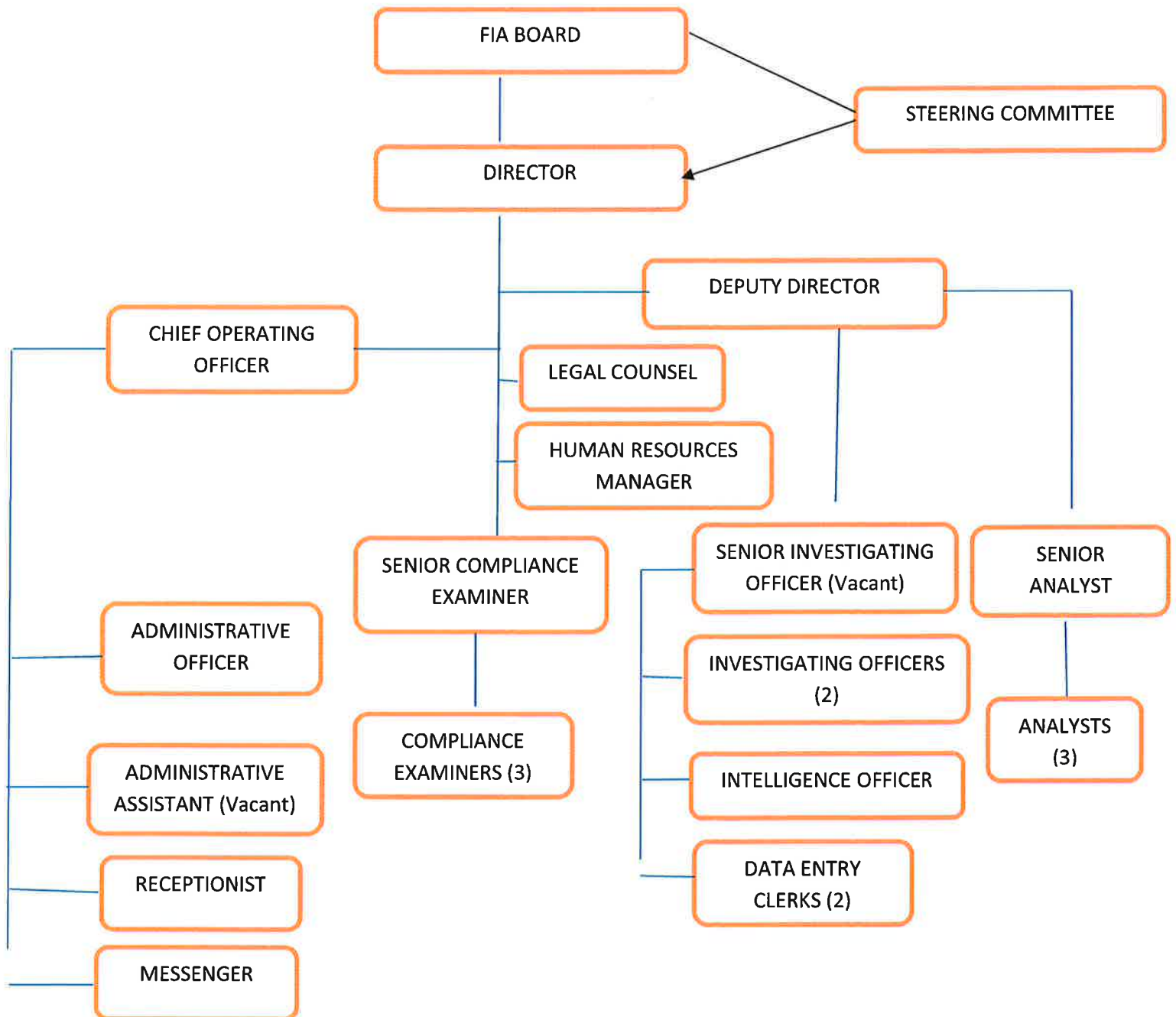
THE AGENCY

Created in 2004 by the enactment of the Financial Investigation Agency Act 2003, the Agency has been designated as the official financial intelligence unit (FIU) of the Virgin Islands. 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 the Deputy Governor or a retired Judge as Chairman, 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. Since the creation of the Agency, the Board has been chaired by the Deputy Governor.

As the Agency's functions relate to the investigation of financial crimes, a Steering Committee has been created 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 a Director.

During the reporting period, the Agency was 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.

ORGANISATIONAL 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. The Terrorism (United Nations Measures) (Overseas Territories Order), 2001
13. Drug Trafficking Offences Act, 1992, as amended

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. During the reporting period, 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.

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 2018, the Agency received a total of six hundred and fifteen (615) STRS/SARS, compared to six hundred and forty-eight (648) STRS/SARS received in 2017. This shows a slight decrease of 4.95 percent (4.95%) in STR/SAR reporting by the reporting entities and individuals. The Agency considers the reduction of filings to be a result of the training provided to some reporting entities with regards to the quality of information being provided when filing reports. Additionally, there was a reduction in business due to the disasters of 2017, which caused the economy of the territory to slow down.

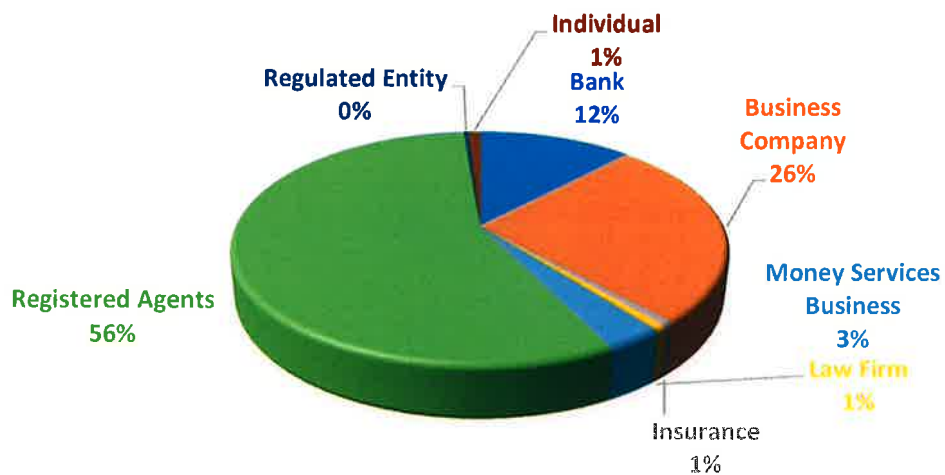
The following chart represents the number of SARs submitted to the Agency by sector. For the year 2018, the Agency received three hundred and forty five (345) STRs/SARs from Trust and Company Service Providers (Registered Agents); One hundred and sixty (160) from the BVI Business Companies, Seventy four (74) from Banks; Six (6) from Individuals; Four (4) from Law Firms; Four (4) from Insurance Companies; and Two (2) from Overseas Entities. 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 Agents account for fifty six percent (56%) of all SARS followed by Business Companies which account for twenty six percent (26%) of the total.

Suspicious Activity Reports - 2018 by Sector

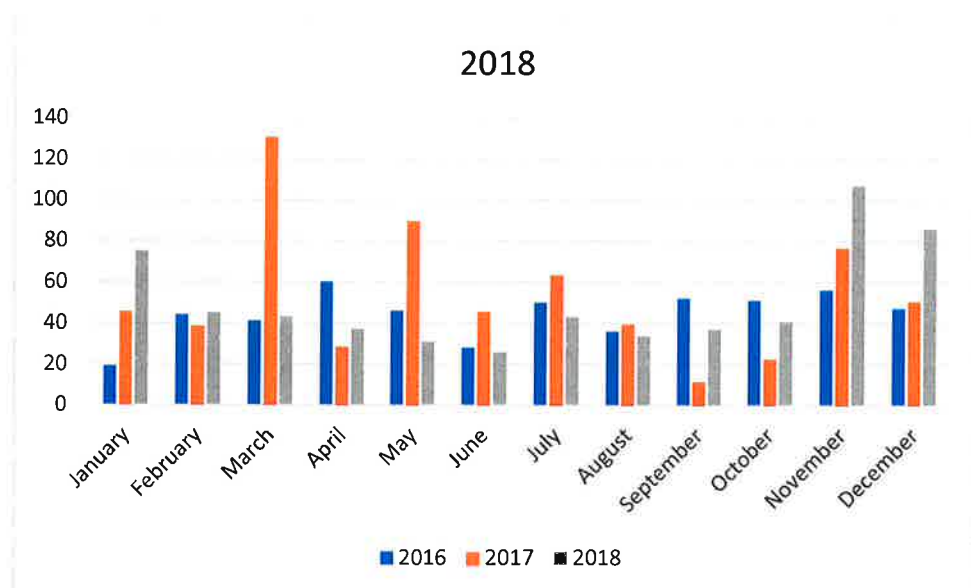
| SARs | 2018 |
|-------------------------|------|
| Bank | 74 |
| Business Company | 160 |
| Insurance | 4 |
| Law Firm | 4 |
| Money Services Business | 20 |
| Registered Agents | 345 |
| Regulated Entity | 2 |
| Individual | 6 |
| TOTAL | 615 |

2018 SARS



The following chart represents the number of SARs submitted by month. We have compared this year 2018 to the years 2016 and 2017.

| | 2016 | 2017 | 2018 |
|-----------|------|------|------|
| January | 19 | 46 | 75 |
| February | 44 | 39 | 45 |
| March | 41 | 131 | 43 |
| April | 60 | 29 | 37 |
| May | 46 | 90 | 31 |
| June | 28 | 46 | 26 |
| July | 50 | 64 | 43 |
| August | 36 | 40 | 34 |
| September | 52 | 12 | 37 |
| October | 51 | 23 | 41 |
| November | 56 | 77 | 107 |
| December | 47 | 51 | 86 |

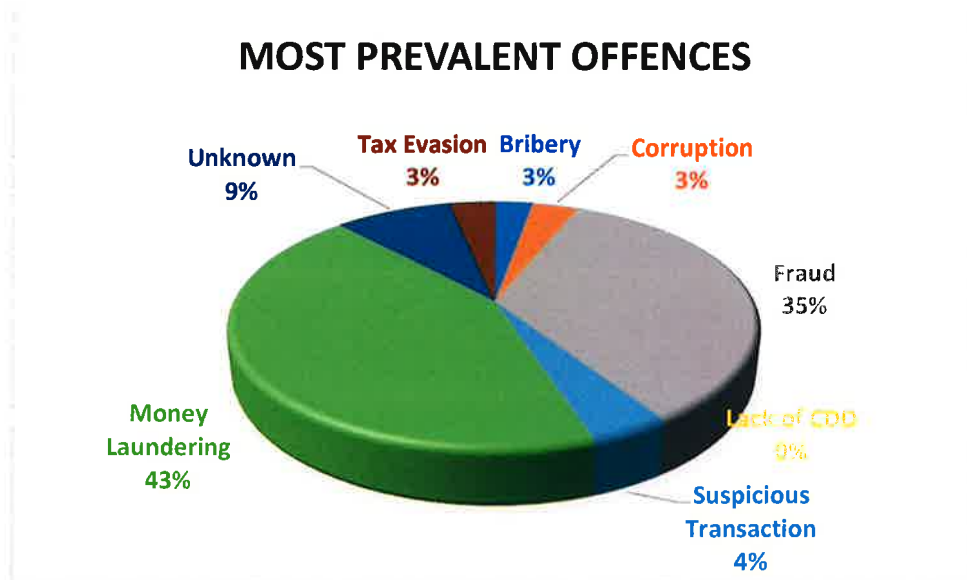


The chart also shows a significant increase with the number of STRs/SARs being reported.

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).

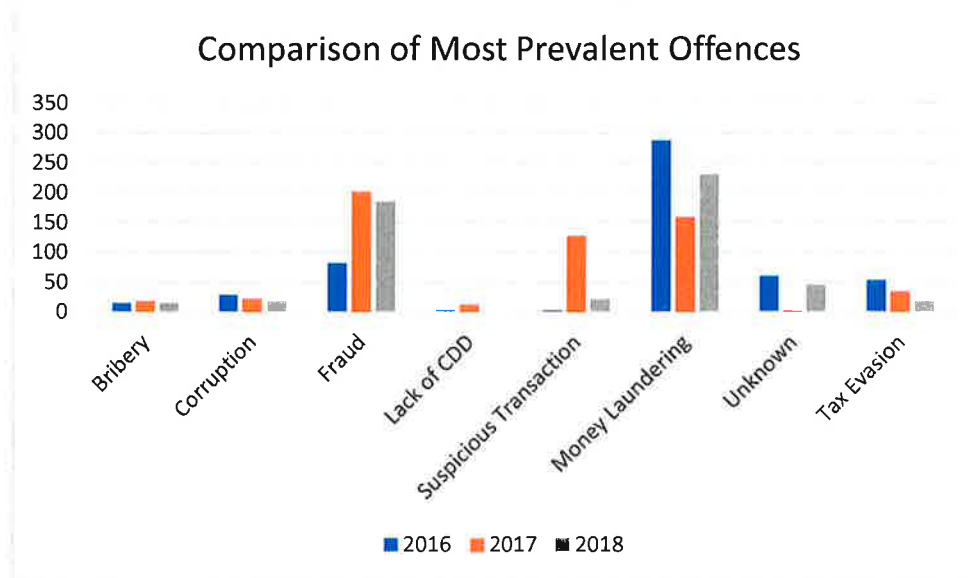
The following diagram shows the range of the most prevalent alleged offences in alphabetical order.

| | |
|-------------------------------|-----|
| <i>Bribery</i> | 15 |
| <i>Corruption</i> | 18 |
| <i>Fraud</i> | 185 |
| <i>Suspicious Transaction</i> | 22 |
| <i>Money Laundering</i> | 231 |
| <i>Unknown</i> | 46 |
| <i>Tax Evasion</i> | 18 |



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

| Offences | 2016 | 2017 | 2018 |
|------------------|-------------|-------------|-------------|
| Bribery | 15 | 19 | 15 |
| Corruption | 29 | 23 | 18 |
| Fraud | 82 | 203 | 185 |
| Lack of CDD | 3 | 13 | 0 |
| Money Laundering | 288 | 160 | 231 |
| Tax Evasion | 53 | 35 | 18 |
| Unknown | 60 | 4 | 46 |



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 2018.

| Type of Offence | Amt. | Type of Offence | Amt |
|--------------------------------|------|--------------------------|-----|
| Breach of Trust | 4 | Market Abuse | 2 |
| Cheating | 2 | Misappropriation | 3 |
| Child Pornography | 1 | Murder/Kidnapping | 2 |
| Concealing Assets | 1 | OFAC Sanctions | 3 |
| Conspiracy | 4 | Organised Crime | 2 |
| Counterfeit Documents | 3 | Robbery | 1 |
| Depositing Empty ABM Envelopes | 1 | Sanctions | 10 |
| Drug Trafficking | 4 | Scams | 5 |
| Embezzlement | 8 | Smuggling | 1 |
| Financial Crime | 1 | Tax Claims | 3 |
| Forgery | 1 | Terrorism | 2 |
| Illicit Electoral Financing | 2 | Theft | 3 |
| Illegal Trading | 1 | Trade Licence Violation | 1 |
| Insider Trading | 8 | Unknown | 46 |
| Lost Contact | 4 | Unusual Account Activity | 7 |

To illustrate the types of disclosures being received within the Agency, we have provided two typologies (cases).

Case 1 – Drug Trafficking

Mr. X was the Subject of a Suspicious Activity Report submitted by a bank located in Country A. The report was filed after the bank learned of a massive drug bust in Country B which involved Mr. X. The bank then reviewed the activities on both of his accounts over a given period and found large cash deposits totaling \$119,784.15 and 222,074.32, on each account, which they found to be have been suspicious in nature. Mr. X, along with his alleged associates were subsequently arrested. Each received a charge of possession of cocaine with the intent to supply to another, attempt to export the cocaine out of Country B and possession of cocaine. Bail was granted to the accused five days following the discovery.

Analysis:

Mr. X, along with his alleged associates were subsequently arrested. Each received a charge of possession of cocaine with the intent to supply to another, attempt to export the cocaine out of Country B and possession of cocaine. Bail was granted to the accused five days following the discovery. Information suggested that Mr. X is the owner of a produce farm in Country B. Produce from the farm in Country B is regularly transported to Country A for sale to established vendors. In 2017, law enforcement authorities in Country B discovered a large quantity of cocaine in a shipping container among the produce destined for Country A. The cocaine was discovered hidden among edible items in a specially marked carton.

Disclosure:

A disclosure was made to law enforcement authorities in Country A, including information on the alleged associates. Information was also disclosed to Country B.

Outcome:

The case was reportedly “struck off” in Country B for want of prosecution due to failure of the prosecution to produce all the witnesses for the case.

Case 2 – Investment Fraud

The local FIU received a Suspicious Activity Report that was filed by a local Registered Agent related to a bank by the name of ABC Invest Bank (ABC). ABC claims to be the first bank of its kind to be established in Country A, according to its website. ABC has been soliciting individuals globally to make investments into the bank. Mr. X was one such individual who was solicited to invest several million dollars to be held in safekeeping by the bank. Mr. X received a safekeeping certificate from ABC Invest Bank with a face value of \$US\$100 million bearer bonds issued by XYZ bank in Country Y that claims to be issued under the laws of Country A. The name on the safekeeping certificate displayed a similar but different name (ABZ Invest Bank) to that of ABC Invest Bank and an address of a named island that is not associated with Country A. Mr. X sent an e-mail to the address listed on the certificate to obtain further information; however, a failed reply was received stating that the email address could not be located.

Analysis

Further information was collected, and an analysis was done that determined ABC Invest Bank was purporting to be a regulating entity in Country A to lure potential investor into false investments.

Disclosure

The information was disseminated to the regulator of Country A for further investigation. It was confirmed by the regulator that the entity was not incorporated in Country A, nor was it issued a license to carry out any type of financial services activity in the jurisdiction.

Outcome

An advisory was issued by the regulator informing the public to exercise extreme caution if solicited by ABC Invest Bank and to refrain from conducting any financial services business with the entity.

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. 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 2018, the Agency received and processed six hundred and fifty-four (654) requests for information (RFIs). These requests include requests from the Financial Services Commission (FSC), Royal Virgin Islands Police Force (RVIPF), International Tax Authority, 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 one hundred and thirty-nine (139) 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 2018, the Agency has requested a total of ninety-eight (98) 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 2018 the Agency has received one hundred and sixty-nine (169) spontaneous disclosures whilst it has disseminated eight (8) 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 2018, in Alphabetical order.

| | | | | | |
|-------------------|----|-------------|----|------------------------------|-----|
| Angola | 1 | Hungary | 1 | Paraguay | 2 |
| Antigua & Barbuda | 2 | India | 17 | Peru | 4 |
| Argentina | 8 | Isle of Man | 2 | Romania | 3 |
| Armenia | 1 | Israel | 3 | Russian Federation | 30 |
| Austria | 1 | Italy | 8 | RSS/ARU | 1 |
| Australia | 4 | Interpol | 63 | San Marino | 2 |
| Bangladesh | 1 | Japan | 1 | Singapore | 1 |
| Belgium | 6 | Jersey | 5 | Spain | 3 |
| Botswana | 1 | Kazakhstan | 2 | South Africa | 1 |
| Brasil | 9 | Korea | 5 | Sri Lanka | 8 |
| Bulgaria | 1 | Lithuania | 2 | St. Vincent & the Grenadines | 3 |
| Canada | 3 | Luxembourg | 2 | Switzerland | 3 |
| Croatia | 1 | Macao | 1 | Tajikistan | 1 |
| Cyprus | 2 | Macedonia | 4 | Tanzania | 1 |
| Czech Republic | 3 | Malta | 9 | Thailand | 1 |
| Ecuador | 1 | Malaysia | 2 | Trinidad & Tobago | 2 |
| Finland | 1 | Moldova | 1 | Tunisia | 1 |
| France | 14 | Mongolia | 2 | Turkey | 1 |
| Gabon | 1 | Monaco | 1 | Turks and Caicos | 1 |
| Germany | 1 | Montenegro | 4 | Ukraine | 12 |
| Ghana | 2 | Mauritius | 1 | United Kingdom | 176 |
| Greece | 3 | Netherlands | 1 | United States | 19 |
| Grenada | 1 | Nigeria | 1 | United States Embassy | 18 |
| Guernsey | 1 | Norway | 1 | Uzbekistan | 1 |
| Hong Kong | 6 | Panama | 1 | | |

2018



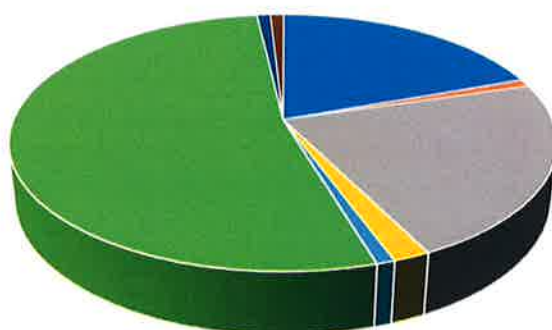
- | | | |
|--------------------------------|-----------------------|----------------------|
| ■ Angola | ■ Antigua & Barbuda | ■ Argentina |
| ■ Armenia | ■ Austria | ■ Australia |
| ■ Bangladesh | ■ Belgium | ■ Botswana |
| ■ Brasil | ■ Bulgaria | ■ Canada |
| ■ Croatia | ■ Cyprus | ■ Czech Republic |
| ■ Ecuador | ■ Finland | ■ France |
| ■ Gabon | ■ Germany | ■ Ghana |
| ■ Greece | ■ Grenada | ■ Guernsey |
| ■ Hong Kong | ■ Hungary | ■ India |
| ■ Isle of Man | ■ Israel | ■ Italy |
| ■ Interpol | ■ Japan | ■ Jersey |
| ■ Kazakhstan | ■ Korea (Republic of) | ■ Lithuania |
| ■ Luxembourg | ■ Macao | ■ Macedonia |
| ■ Malta | ■ Malaysia | ■ Moldova |
| ■ Mongolia | ■ Monaco | ■ Montenegro |
| ■ Mauritius | ■ Netherlands | ■ Nigeria |
| ■ Norway | ■ Panama | ■ Paraguay |
| ■ Peru | ■ Romania | ■ Russian Federation |
| ■ RSS/ARU | ■ San Marino | ■ Singapore |
| ■ Spain | ■ South Africa | ■ Sri Lanka |
| ■ St. Vincent & the Grenadines | ■ Switzerland | ■ Tajikistan |
| ■ Tanzania | ■ Thailand | ■ Trinidad & Tobago |
| ■ Tunisia | ■ Turkey | ■ Turks and Caicos |
| ■ Ukraine | ■ United Kingdom | ■ United States |
| ■ United States Embassy | ■ Uzbekistan | |

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 six hundred and fifty-four (654) RFIs received, domestic/national requests account for one hundred and eight (108) or approximately sixteen and a half percent (16.5 %).

These national requests are reflected in the diagram below:

| | |
|---|----|
| Financial Services Commission (FSC) | 21 |
| Treasury Department | 1 |
| Royal Virgin Islands Police Force (RVIPF) | 24 |
| International Tax Authority (ITA) | 2 |
| Immigration Department | 1 |
| Attorney General's Chambers (AG Chambers) | 57 |
| Ministry of Natural Resources & Labour | 1 |
| Virgin Islands Shipping Registry | 1 |

2018 Domestic Requests

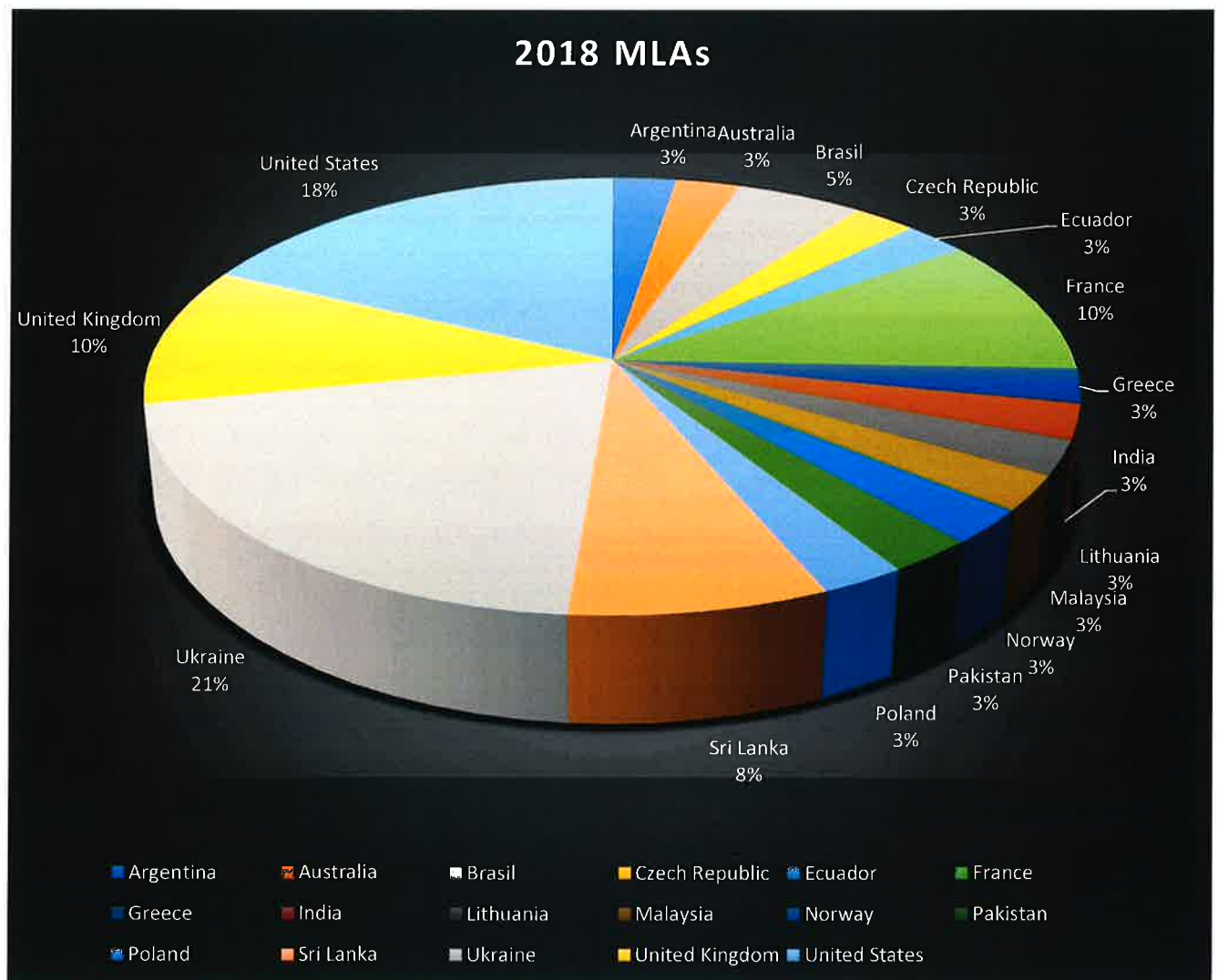


The Agency is also involved with the processing of Mutual Legal Assistance (MLA) requests that were forwarded to it by the Attorney General's Chambers. The responsibility to process such requests lies with the FIA Act 2003, as amended. The FIA Act mandates the processing of MLA requests as one of the 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 2018, the Agency has processed thirty-nine (39) MLA requests on behalf of different jurisdictions. The following diagrams illustrate the number of MLA requests that were processed.

| | | | |
|----------------|---|----------------|---|
| Argentina | 1 | Malaysia | 1 |
| Australia | 1 | Norway | 1 |
| Brasil | 2 | Pakistan | 1 |
| Czech Republic | 1 | Poland | 1 |
| Ecuador | 1 | Sri Lanka | 3 |
| France | 4 | Ukraine | 8 |
| Greece | 1 | United Kingdom | 4 |
| India | 1 | United States | 7 |
| Lithuania | 1 | | |

The diagram below indicates that about twenty one percent (21%) of all MLA requests are from Ukraine.



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) for AML/CFT purposes. These DNFBPs are identified in the Non-Financial Business (Designation) Notice 2008. This function formally begun at the Agency, in 2012. At that time a specialist supervisory unit was created to facilitate the supervision of DNFBPs and Non-Profit Organisations. The responsibility for the supervision of NPOs was issued under the Non-Profit Organisations Act 2012. Therefore, the Agency has been actively pursuing the DNFBP and NPO Sectors to identify and alleviate any AML/CFT risks associated with each 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.

The following charts indicate the number of pre-examinations conducted by the Agency for 2018.

Pre-examinations:

| | |
|--------|-----|
| NPO | 149 |
| DNFBPs | 13 |

Compliance Manuals:

| | |
|-------------------|---|
| DNFBPs | |
| Received | 5 |
| Approved | 3 |
| Feedback Provided | 5 |

| | |
|----------|---|
| NPOs | |
| Received | 8 |
| Approved | 6 |
| Feedback | 7 |

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 (IGC) on AML/CFT matters. These two (2) bodies are the primary statutory bodies with responsibility for advising and coordinating national cooperation on AML/CFT matters.

The Agency is also a member of the Council of Competent Authorities (CCA). The CCA is the body which was established by the Cabinet to facilitate coordination of domestic and international cooperation matters and other relevant AML/CFT issues relating to or affecting the Territory.

The Agency also cooperates with other competent authorities such as the Financial Services Commission, Her Majesty's Customs, the Royal Virgin Islands Police Force, the Virgin Islands Shipping Registry (VISR), and the Attorney General's Chambers 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 Financial Services Commission and the Royal Virgin Islands Police Force. 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 domestically and internationally. 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. 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 (2) FIUs should act as sponsors for candidate FIUs.

During the year 2018, the Agency was represented at the Annual Working Group Meetings in Buenos Aires, Argentina and the Annual Egmont Working Group Plenary in Sydney Australia. At the meetings, many issues were discussed regarding AML/CFT matters as it relates to the work of the Egmont Group. The theme of both meetings centered on the topic of Operational Independence and Autonomy for Financial Intelligence Units. Meanwhile, the Agency acts as a co-sponsor for the FIUs of Guyana and 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 Heads of FIU (HOFIU) forum, the Agency also participates in the CFATF's Risks Trends and Methods Group (CFATFRTMG). 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 of 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 FATFICRG.

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 2018 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 2018:

February 2018

- One employee attended an attachment at Financial Intelligence Unit of St. Vincent and the Grenadines.

May 2018

- One employee attended an CFATF/EU Open Source Investigations course in Jamaica.

July 2018

- One employee attended the CFATF/EU Analysts Accreditation training in Antigua & Barbuda.
- Two employees attended a Targeted Financial Sanctions Training in the Cayman Islands.
- Three employees attended CFATF/EU Open Source Training in Antigua & Barbuda.

October 2018

- One employee attended an attachment at Financial Intelligence Unit of St. Vincent and the Grenadines.

November 2018

- Six employees attended and participated in Targeted Financial Sanctions training locally.
- Six employees attended and participated in Countering the Financing of Terrorism course at the Financial Services Commission.
- Two employees attended and participated in Basic Countering the Financing of Terrorism Techniques course in Barbados.

December 2018

- One employee was trained by the Egmont Group as a trainer for Securing an FIU course, in Taiwan.

NEW DEVELOPMENTS

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

- **FIU Assessment**

The Agency continues to provide resources to rectify the deficiencies identified in the 2015 Mutual Evaluation Report. One such deficiency required that the Agency should conduct a self-assessment to determine whether its operations met the requirements as set out in the 2012 FATF Recommendations.

The Agency was able to garner the services of Mr. Tafawa Pierre, Director of the Financial Intelligence Unit of Grenada to conduct the assessment. The assessment noted that there were minor deficiencies in the Agency and that the Agency meets the requirements as set out in the international obligations.

- **Strategic and Operational Analysis Policy (SOAP)**

In March of 2017, the Agency embarked on training for its employees (analysts and investigating officers) in the conduct of Strategic Analysis. This led to the creation of a Strategic Analysis Project later in 2017. Later in the year, discussions were held regarding the conduct of Strategic and Operational Analysis as is required under the 2012 FATF Recommendations. During the discussions it was noted that no other policy exists for the conduct of Strategic and Operational Analysis. Having learnt this, the Interim Acting Director and his team set out to draft a policy for the Board's consideration. After much deliberation, the policy was approved by the Board on June 12th, 2018.

- **New MOU**

During the Egmont Working Group Meetings in Buenos Aires, the Interim Acting Director signed a MOU with the Director of the Unidad de Análisis Financiero (UAF-Panama).

- **UNCAC Presentation**

In June 2018, the Interim Acting Director was invited to Vienna Austria to present on International Cooperation in the Virgin Islands. The presentation was made to the participants at the United Nations Convention against Corruption, on behalf of the Attorney General's Chambers.

LOOKING AHEAD

For the year 2019, the Agency intends to contribute to and activate the following measures:

1. Appoint a Senior Analyst
2. Appoint a Senior Investigating Officer
3. Recruit and appoint a suitable Investigating Officer to conduct operational analysis.
4. Conduct outreach sessions to educate members of the IGC
5. Update the Agency's website to include excerpts about the Agency's functions
6. Aggressively conduct more strategic analysis projects to educate the public
7. Appoint a Senior Compliance Examiner
8. Conduct outreach to NPOs and DNFBPs
9. Conduct desk-based reviews and onsite inspections on DNFBPs and NPOs where necessary to alleviate concerns regarding AML/CFT matters
10. Conduct a comprehensive legislative review
11. Train more staff members as FATF assessors
12. Allocate more resources to actively participate in the functions of the Egmont Group
13. Conduct more outreach sessions on the effective SAR reporting