

FINANCIAL INVESTIGATION AGENCY



**Annual Report
2005**

FINANCIAL INVESTIGATION AGENCY

**P. O. Box 4090, Pasea Estate,
Road Town, Tortola,
British Virgin Islands**

TABLE OF CONTENTS

List of Abbreviations	i
Executive Summary	ii
1. The Organisation	1-5
Introduction	
Mission Statement	
Vision Statement	
Staffing	
2. The Operating Environment	6-11
FIA Logo	
Legislation	
Training/Events 2005	
Major Challenges	
Outstanding Issues	
3. The Year in Review	12-21
Suspicious Transaction Reports, 1998 – 2005	
Requests for Legal Assistance	
Company Inquiries	
Other Achievements	
4. Financial Performance	22
5. Conclusion	23
6. Appendices	24-42
Appendix I -	Egmont Group Members
Appendix II -	The FIA Board 2005
Appendix III -	FIA Staff & Organisation
Appendix IV -	Chronology of Events Leading to the creation of the Financial Investigation Agency
Appendix V -	Procedures followed from the making of a disclosure in relation to the exchange of information
Appendix VI -	The FIA Steering Committee
Appendix VII -	FIA Unaudited Financial Statements for the year ended 31 st December, 2005
Appendix VIII-	Statistical Summary of FIA Performance 1998 - 2005

LIST OF ABBREVIATIONS

FIA	Financial Investigation Agency
CFATF	Caribbean Financial Action Task Force
STR	Suspicious Transaction Report
FIU	Financial Intelligence Unit
FSC	Financial Service Commission
MLAT	Mutual Legal Assistance Treaty
RVIP	Royal Virgin Islands Police

EXECUTIVE SUMMARY

The purpose of the Financial Investigation Agency (FIA) is to lead the British Virgin Islands (BVI) effort in its contribution to the global fight against money laundering, terrorist financing and drug trafficking, through monitoring of financial services activities.

Our mission is to provide effective, professional and transparent, international co-operation and financial investigation services that build, consolidate and guard the reputation of the BVI as a financial centre.

Our vision is to be a leading financial investigation unit in which our stakeholders have the fullest confidence in our integrity, competence and achievements.

As 2005 was our first year of operation some basic organisational things were done. Among these, was the development of a logo for our organisation. Consisting of a triangle of our initials, our logo represents the physical, sociological and historical features of our country. The new logo adds to the identification of our organisation.

Other events in 2005 include training of staff in key operational areas, attending relevant international meetings and improvement of functional co-operation with domestic agencies of government.

Staff members attended meetings of the Caribbean Financial Action Task Force (CFATF) and the Egmont Group. Staff were trained in basic financial investigations, fraud examinations, national intelligence analysis and money laundering investigations.

The FIA was created by the Financial Investigation Agency Act, 2003. The Agency is required to apply and abide by the laws of the BVI. However, the basis and conduct of our operations are the following pieces of legislation:

- The Criminal Justice (International Cooperation) Act, 2004
- The Proceeds of Criminal Conduct Act, 1997
- The Mutual Legal Assistance (United States of America) Act, 1990
- The International Business Companies Act, Cap 291 (now the BVI Business Companies Act)
- The Anti-Money Laundering Code of Practice, 1998

Currently, the major challenge for the FIA is developing a cadre of highly trained staff on its permanent establishment to ensure that we have the capacity to respond to the increasing sophistication of financial crimes. The minor challenge is finding suitable training programmes in our region.

We are still faced with the outstanding issue of the permanence of staff given that our key operational staff members are seconded from other law enforcement agencies of the Government of the British Virgin Islands. In particular, our efforts will focus on succession planning to replace the police and customs officers now on secondment to the FIA.

In its first year of operation, the FIA saw a considerable increase in our workload overall when compared to work done in the area in previous years. There was a 60.0 % increase above the 1998-2004 average of 62.5 in Suspicious Transactions Reports (STR's). The number of STR's increased from 61 to 101 in 2005 over the previous year.

Our performance indicators show that company checks and company enquiries grew 24.0% and 24.8%, respectively over 2004. On the other hand, the FIA responded to 53 requests for legal assistance from 27 countries, including 11 from the Russian Republic which represented the largest number from a single country. Further details of our operational statistics are shown in Appendix VIII.

The FIA was elected as the chair of the CFATF Information Technology Committee for the Heads of Financial Intelligence Units. In this connection our mission was to identify

a suitable computerised database to facilitate the exchange of information between FIU's in the region. The other major achievements related to the advanced training of staff in technical areas.

The FIA is financed by grants from the FSC and the Consolidated Fund. At the end of the financial year 2005 the Total Assets and Total Liabilities and Reserves rose from \$978,196 to \$1,662,590 while total income remained constant at \$1,200,000. Total expenditure increased 134.7% to \$528,647 from \$225,226. Cash flow from operation stands at \$1,526,867 at the end of 2005.

The FIA's performance is an indication of how well its mission was executed. The FIA is a key BVI agency in the forefront of the global fight against money laundering, terrorism and illicit financial activities.

In its first full year of existence the FIA has proven its vital importance to the domestic and global financial industry. The FIA's performance in 2005, the preparedness of its human resources and the legislative framework are strong indicators of the organization's future.

INTRODUCTION

The British Virgin Islands are known as an important member of the worldwide financial services industry, and because of this, the Territory attracts business from every corner of the world. The very fact that it does, makes the Territory attractive to persons who look to abuse systems for their own greed. Aware of this, the British Virgin Islands has set in place the laws and mechanisms required to guard against money laundering. The Financial Services Commission is the controlling body responsible for licensing and registration of financial institutions, as well as legal enforcement of the financial services industry.

The Financial Investigation Agency Act 2003, created a statutory body, which although small, is a vital body, dedicated to combating Money Laundering and the Financing of Terrorism. The **Financial Investigation Agency** (FIA) fulfils the function of the Financial Intelligence Unit (FIU) for the British Virgin Islands. The FIA is also a member of the Egmont Group and as such is in compliance with recommendation number 26 of the Caribbean Financial Action Task Force (CFATF) amended Forty (40) recommendations. This states that:

“Countries should establish an FIU that serves as a national centre for receiving (and, as permitted, requesting), analysis and dissemination of Suspicious Transaction Reports (STRs) and other information regarding potential money laundering or terrorist financing. The FIU should have access, directly or indirectly, on a timely basis to the financial, administrative and law enforcement information that it requires to properly undertake its functions, including the analysis of STRs.

The Egmont Group was formed in 1995 after a group of FIUs met at the Egmont Arenberg Palace in Brussels, Belgium and decided to form an informal group for the simulation of international co-operation. The Egmont Group now consists of FIU’s from 101 countries (see Appendix I). One of the main goals of Egmont is to create a global network through which member countries FIUs can share financial information and intelligence linked to money laundering and financing of terrorist activities. The Egmont Group defines an FIU as:

“a central, national agency responsible for receiving, (and as permitted, requesting), analyzing and disseminating to competent authorities, disclosures of financial information.

- i. concerning suspected proceeds of crime and potential financing of terrorism, or*
- ii. required by national legislation or regulation in order to combat money laundering and the financing of terrorism”.*

The role of the FIA however, goes further than being the FIU for the British Virgin Islands. In addition to this role, the FIA deals with Mutual Legal Assistance Treaty requests from the United States of America (M.L.A.T), and requests for legal assistance, made under the Criminal Justice (International Co-operation) Act from countries worldwide. These are requests for evidence, or exhibits required by the requesting authority, in a form that is admissible in a court of law.

Enquiries made by other Egmont Group FIU’s worldwide are received and investigated by the FIA. Other enquiries by non-Egmont FIU’s and other authorities competent to make such requests for information are also dealt with by the FIA. It should be noted that these enquiries differ from the requests for legal assistance as they relate to intelligence or information and are not requests for evidence. The exchange of information through the Egmont Group and the passing on of information to other competent authorities is a vital part in the fight against money laundering and combating the financing of terrorism.

In order to fulfill the international obligations to play its part in the fight against money laundering, the British Virgin Islands took the approach of removing the FIU from being a department of the (RVIPF) and created by statute a separate body. The separation of the FIA from the Police and its establishment as an independent statutory body has brought a level of transparency that has boosted confidence in the entire system and can only be of benefit to the British Virgin Islands.

In its first year of operations the FIA, out of necessity and in order to satisfy its legal obligations, had to establish its administrative and operational mechanisms. The FIA Board (see Appendix II) among other things approved a Mission Statement, Vision Statement, a logo and accommodations for the FIA.

MISSION STATEMENT

To provide an effective, professional and transparent, international co - operation and financial investigation service, that fosters public confidence and promotes the reputation of the British Virgin Islands as a centre of financial law enforcement excellence.

VISION STATEMENT

The FIA acknowledges that it has a vital role to play in helping to maintain a high degree of transparency in the Financial Services Sector. To this end it will work closely 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 FIA also recognizes the importance of working closely with other important stakeholders in the private sector. To this end the FIA will make it a priority to provide the necessary support to local Financial Institutions and Company Service Providers.

Recognising that the success of the FIA in properly carrying out its core functions largely depends on the degree of knowledge and competencies of persons employed within, a great deal of resources will be allocated to ensure that staff members receive the necessary training to equip them with the skills needed to be able to perform effectively in their roles.

STAFFING

The FIA is staffed with a healthy mix of Police and Customs Officers and civilians, each of whom brings their own skills and experience to the organisation. Starting from this base, the FIA has trained its staff to a high level. The Police Officers and Customs Officers are on secondment with the FIA and will undoubtedly take back acquired skills to their parent organisations, which will be of benefit to the Police and Customs Departments, respectively, and also to the FIA. The staff complement and organisational chart are presented at Appendix III.

FIA LOGO

The logo is a triangle made up of the FIA letters. Green is the colour on the flag of the British Virgin Islands representing St Ursula and the colour that is seen on approaching the islands from the sea. The shape of the letters represents the steep sided shape of the physical terrain of the Territory. The yellow line represents the sandy beaches and the blue line, the sea which surrounds the Territory. The angle of the triangle is close to the longitude of the Territory and finally the three points on the triangle stand for the three most important factors that make up the heritage and traditions of the British Virgin Islands. The Sea, the Land and the People.



LEGISLATION

The FIA is obliged to apply and abide by all of the laws of the Virgin Islands, but in particular, it applies the following pieces of legislation:

1. The Financial Investigation Agency Act, 2003.
2. The Criminal Justice (International Cooperation) Act 2004, as amended
3. The Proceeds of Criminal Conduct Act, 1997.
4. The Mutual Legal Assistance (United States of America) Act, 1990.
5. The International Business Companies Act, Cap 291.
6. The Anti-Money Laundering Code of Practice 1998 (as amended)

The Proceeds of Criminal Conduct Act of 1997 introduced the principle of disclosure as a valuable tool to combat money laundering. Once a disclosure is made it becomes a Suspicious Transaction Report (STR). The FIA has an established procedure that is used in dealing with STRs. This is in keeping with international best practices and a chart highlighting the procedures followed in dealing with an STR is at Appendix V.

TRAINING / EVENTS 2005

There is a strong commitment to the training of all personnel at the FIA and a concerted effort to put the FIA in a position where it is seen as an inspiration to all in the fight against money laundering and the combating of the financing of terrorism. Accordingly, the FIA has participated in the following:

- 1) The Caribbean Financial Action Task Force (CFATF) Heads of FIU meeting which was held in Guatemala. This was attended by the Director, Mr Graeme Smith and Senior Investigating Officer, Mr Errol George. The Director gave an address in relation to the setting up of an information exchange system for Financial Intelligence Units in the region.
- 2) The Egmont Plenary in Washington DC. The FIA was represented by the Director and Senior Investigating Officer who participated in the Training Working Group as well as the Heads of FIU's and main Plenary meetings. The Chairman of the Board and the Comptroller of Customs, a member of the Board, also attended the Plenary. During this meeting the proposal for an Egmont Secretariat was taken one step further with the formation of a transition Sub-Committee to cover Funding/Location/administration a Memorandum of Understanding. The BVI joined the Funding Committee.
- 3) The FIA presented two separate training sessions at the HLSCC Compliance Diploma Course at Paraquita Bay. These covered the role of the FIA as the Reporting Authority and the implications of Section 4 of the Financial Investigations Agency Act on compliance issues. The Director and Senior Investigating Officer conducted these training sessions.
- 4) The FIA held an afternoon training session for all staff on Combating the Financing of Terrorism. This was presented by Detective Constable Ian Cobbam and Detective Constable Steve Rickard from the National Terrorism Financing Intelligence Unit, Scotland Yard.

- 5) Training was provided for the Financial Services Commission new trainees by the Director of the FIA.
- 6) The FIA was represented at an Egmont Training Working Group in Curacao in 2005.

Additionally, the FIA's staff has attended various training courses. These are listed below:

- 1) Alcedo Fahie completed the *Redtrac* Basic Financial Investigation Training Course and Intelligence Gathering & Analysis Course in Jamaica in March and June 2005, respectively.
- 2) Julien Johnson and Selwyn Rock attended the Money Laundering Alert International Money Laundering Conference and Exhibition in Hollywood, Florida in March 2005.
- 3) Julien Johnson and Selwyn Rock attended the Association of Certified Fraud Examiners (ACFE) Investigating by Computer Course in Denver, Colorado in June 2005.
- 4) Selwyn Rock completed The Association of Certified Fraud Examiners - Investigation by Computer Training Course in Florida in June, 2005.
- 5) Selwyn Rock attended the National Intelligence Analyst Foundation Course at the West Yorkshire Police in the United Kingdom in July, 2005.

A chronology of events leading to the creation of the Financial Investigation Agency is presented at Appendix IV.

MAJOR CHALLENGES

Money Laundering and the Financing of Terrorist activities continued to be the foremost threat to the British Virgin Islands Financial Services Sector. Recognising that the sophistication of these crimes continues to evolve, the most noticeable problem for the year in review was the challenge to train the members of staff so as to better equip them to perform their functions.

However, the challenge to provide the necessary training was due to a lack of availability of some of the appropriate training courses in the region. This means that the FIA will have to rely more and more on identifying suitable training courses outside the region in places such as the United Kingdom.

The vision for the FIA is that each member of staff will be trained to a high degree and the seconded officers will be able to take something valuable back to their respective organisations at the end of their secondment. The reality is that having more people trained in Anti-Money Laundering and Financing of Terrorist activities will serve to strengthen the territory's position as a world class financial services centre.

OUTSTANDING ISSUES

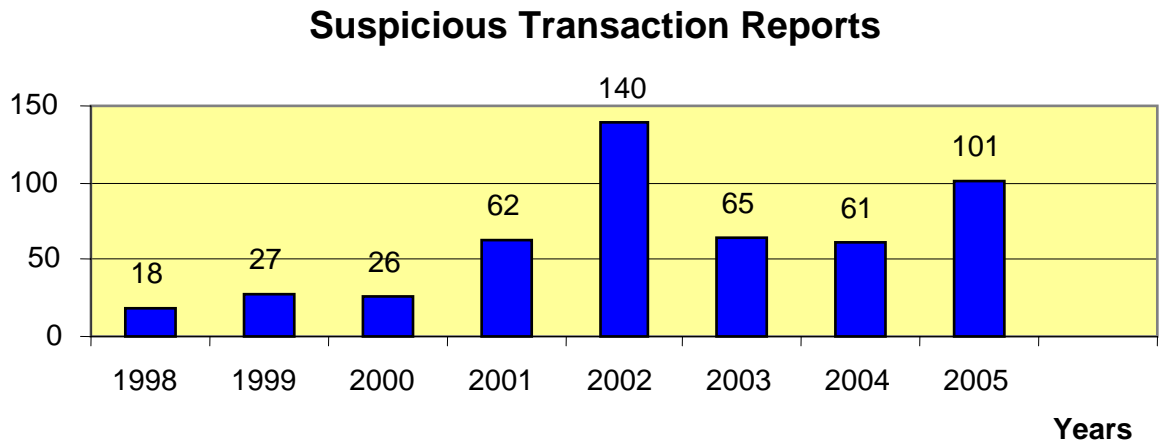
Presently there are three seconded officers within the FIA. These officers include Inspector Errol George and Sergeant Selwyn Rock who were both seconded from the Police Force in June of 2004 and Senior Customs Officer Alcedo Fahie who was seconded from HM Customs in November of 2004. Inspector George and Sergeant Rock's initial secondment expired in May of 2006. An extension to their secondment was granted by the Commissioner of Police and subsequently approved by the FIA's Board. Mr Fahie's initial secondment is due to expire in November of 2006.

The issue of having seconded officers within the FIA and its ability to be able to draw officers from the Police and Customs Departments is one that would warrant the Board's attention in the future. It is expected that these seconded officers may wish to return to their respective departments at some point in the future. If and when this happens the FIA would be tasked with finding suitable replacements.

SUSPICIOUS TRANSACTION REPORTS 1998 TO 2005

The chart below shows the number of STRs recorded annually since the passing of the Proceeds of Criminal Conduct Act 1997. Section 27 (2) created the Reporting Authority for the British Virgin Islands and gave it the power to receive disclosures made under section 28(2) of that Act. This section has been amended by the Financial Investigation Agency Act 2003 section 24 of which replaces the Reporting Authority for the British Virgin Islands with the Steering Committee (see Appendix VI), appointed under the Financial Investigation Agency Act.

Volume



The table below breaks down the number of STRs reported during 2005, into the number recorded for each month.

MONTHLY BREAKDOWN FOR 2005

January	11 Reports	July	11 reports
February	5 Reports	August	6 reports
March	6 Reports	September	2 reports
April	6 Reports	October	26 reports
May	13 Reports	November	7 reports
June	7 Reports	December	1 report

REQUESTS FOR LEGAL ASSISTANCE

As the body responsible for obtaining information and evidence for the purpose of criminal proceedings or investigations taking place outside the Territory of the British Virgin Islands in accordance with the Mutual Legal Assistance (United States of America) Act, 1990 and The Criminal Justice (International Co-operation) Act, 1993, the FIA continued to fulfill its obligations.

The Criminal Justice (International Co-Operation), Act, 1993 enables the British Virgin Islands to join with other countries in implementing the Vienna Convention against Illicit Traffic of Narcotic Drugs and Psychotropic Substances. Categories of Mutual Legal Assistance under the Criminal Justice (International Co-operation) Act, 1993 for which the FIA's assistance is sought are as follows:

- 1) Evidence collected in the British Virgin Islands for use overseas pursuant to Section 5. This section has effect where the Governor receives from a court or tribunal exercising criminal jurisdiction in a country or territory outside the Virgin Islands or a prosecuting authority in such a country, which appears to him to have the function of making requests of the kind to which section 5 applies.

If the Governor, after consultation with the Attorney General is satisfied that an offence under the laws of the country or territory in question has been committed or that there are reasonable grounds for suspecting that such an offence has been committed and that proceedings in respect of that offence have been instituted in that country or territory or that an investigation into that offence is being carried on there, he may after consultation with the High Court Judge, by a notice in writing nominate a court in the Virgin Islands, to receive such evidence to which the request relates as may appear to the court to be appropriate for the purpose of giving effect to the request.

- 2) Evidence collected in the British Virgin Islands for use overseas pursuant to Section 6. This section has effect where the Attorney General receives, either directly or through the

statements and other relevant evidence for the purposes of criminal proceedings that have been instituted, or a criminal investigation that is being carried on in a country or territory outside the British Virgin Islands.

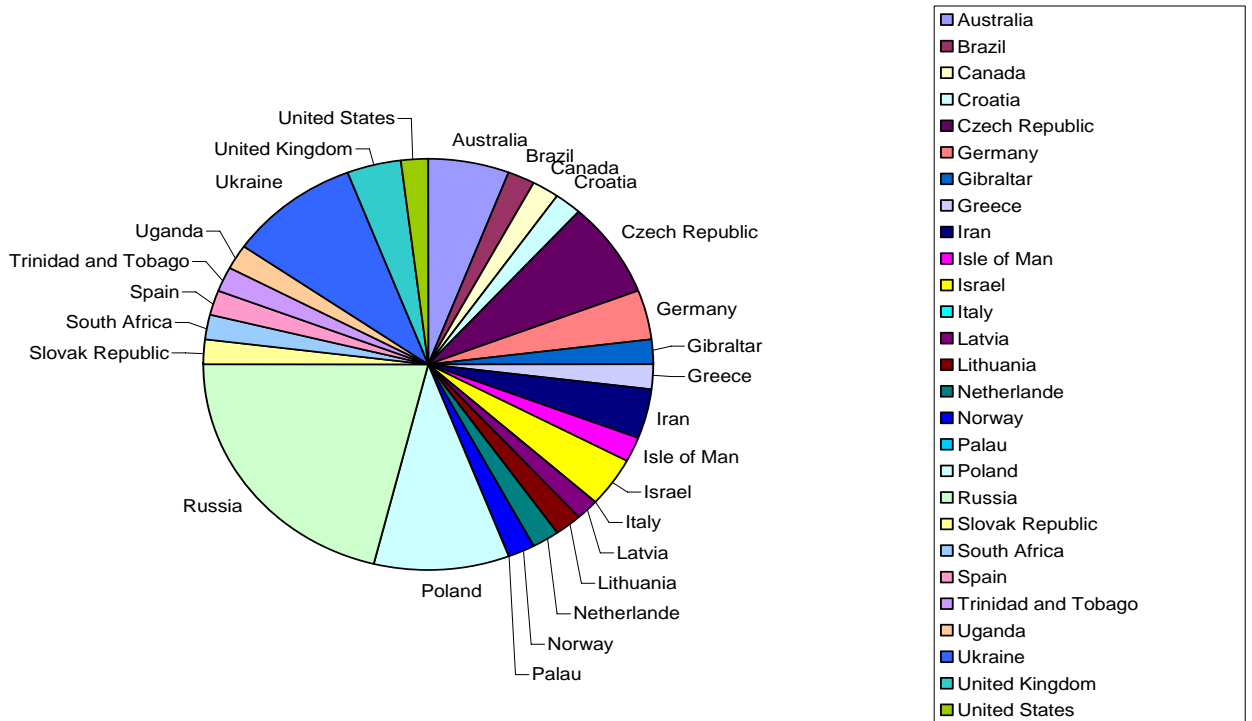
- 3) The Mutual Legal Assistance (United States of America) Act, 1990 makes provision for giving effect to the terms of a Treaty made between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, concerning the Cayman Islands in 1986, which was extended to the British Virgin Islands in 1990. It enables both countries to improve the effectiveness of their law enforcement authorities in the prosecution and suppression of crime through co-operation and mutual legal assistance in criminal matters, and purposes connected therewith.

The FIA is generally called upon to assist the United States under this MLAT as follows:

- 1) Service of documents or orders or the seizure of any article in pursuance of any article or in pursuance of any instructions given by the Attorney General.
- 2) Officers in the FIA, if instructed, can also take testimony or statements of persons, provide documents, records, and articles of evidence, locate persons to include witnesses or accused persons, transfer persons in custody for testimony, execute request for search and seizures, freeze or restrain criminally obtained assets and assist in proceedings related to forfeiture, restitution and collection of fines and any other steps deemed appropriate by both Central Authorities.

The following chart contains a breakdown of requests received in 2005 showing the countries of origin of the requests.

LEGAL ASSISTANCE REQUESTS

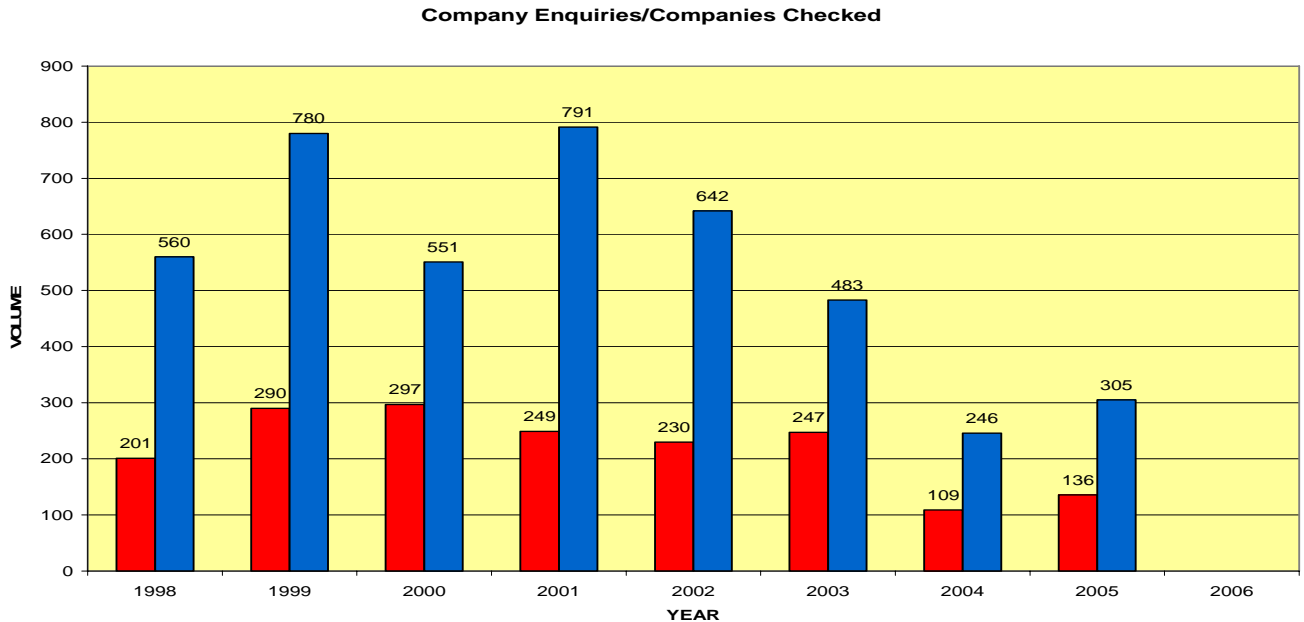


Country	No. of Request	Predicate Offence(s)
Australia	3	Fraud, Theft, M/Laundering
Brazil	1	Fraud, M/Laundering
Canada	1	Fraud, M/Laundering
Croatia	1	Fraud, M/Laundering
Czech Republic	4	Fraud, M/Laundering
Germany	2	Fraud, M/Laundering
Gibraltar	1	Fraud, M/Laundering
Greece	1	Fraud, M/Laundering
Iran	2	Fraud, Theft, M/Laundering
Isle of Man	1	Fraud, M/Laundering
Israel	2	Fraud, Illegal Gaming
Italy	1	Fraud/ M/Laundering
Latvia	1	Fraud, M/Laundering
Lithuania	1	Fraud, M/Laundering
Netherlande	1	Fraud, M/Laundering
Norway	1	Fraud, M/Laundering
Palau	1	Fraud, M/Laundering
Poland	5	Fraud, M/Laundering
Russia	11	Fraud, Theft, M/Laundering
Slovak Republic	1	Fraud, M/Laundering
South Africa	1	Fraud, M/Laundering
Spain	1	D/Trafficking, M/Laundering
Trinidad and Tobago	1	Fraud, M/Laundering
Uganda	1	Fraud, M/Laundering
Ukraine	5	Fraud, M/Laundering
United Kingdom	2	Fraud, Terrorist Financing M/Laundering
United States	1	Fraud, M/Laundering

The chart shows that in 2005 the FIA dealt with fifty three (53) requests for legal assistance from twenty seven (27) different countries. Eleven (11) of these came from the Russian Authorities which represents the highest number of requests received from a single country. Following are the Ukraine and Poland with five requests each. Also of interest is a request that originated from Palau. This is the first request from a small island on the Pacific Rim and displays that there is no where that is out of reach from the money launderer, but also that there is nowhere that the money launderer is safe to hide.

It should be noted that prior to the summer of 2004, all requests for legal assistance were dealt with through the office of the Attorney General or the Royal Virgin Islands Police Force.

COMPANY ENQUIRIES



Note: - Blue represents BVI registered companies checked
Red represents the number of enquiries received
It is not unusual for enquiries to name several companies.

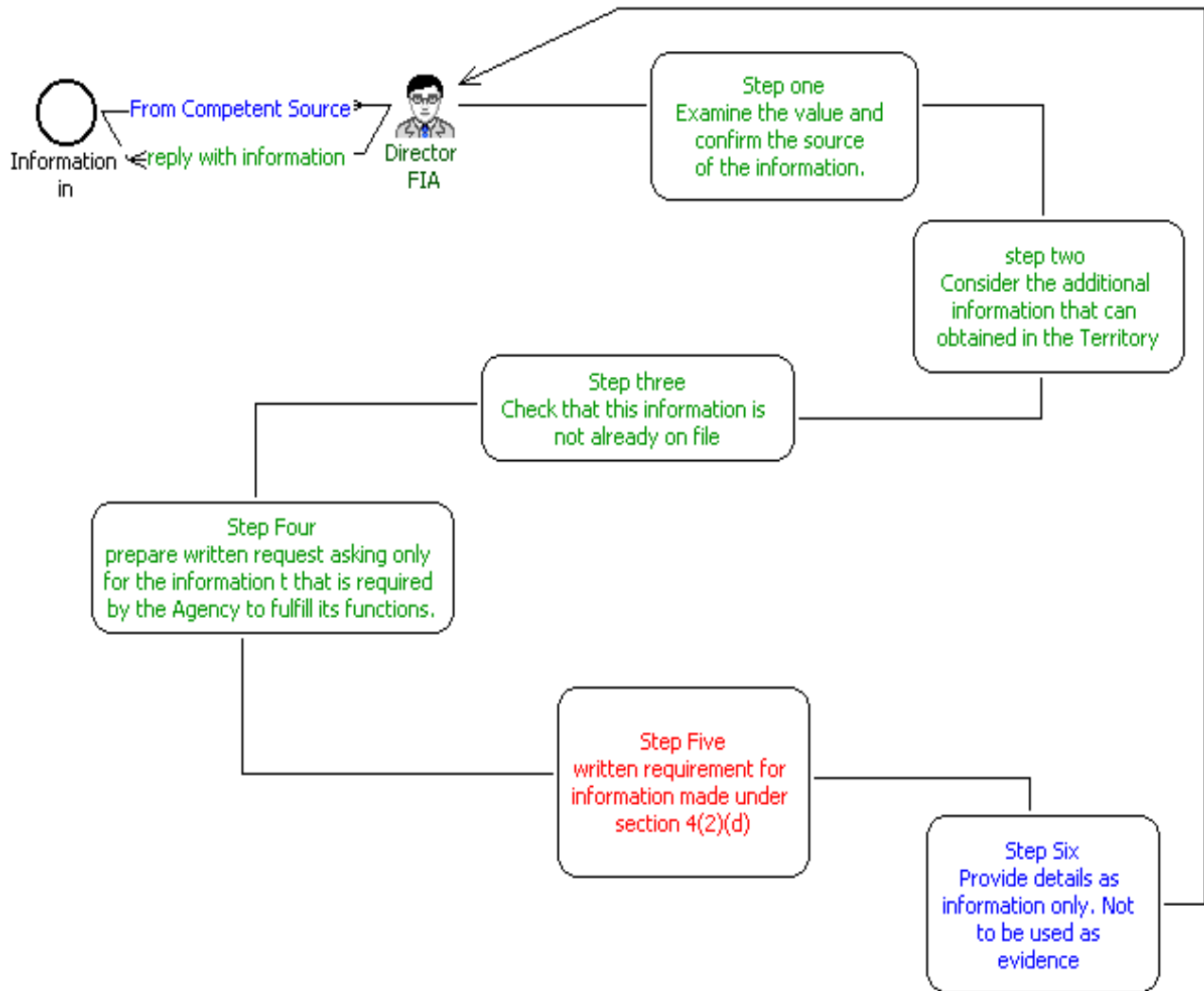
Since 1984 there have been over 650,000 Business Companies incorporated in the British Virgin Islands. These companies conduct business worldwide and attract attention from numerous sources. It is not unusual for some of these companies to be the victims of crime as well as sometimes being abused to hide the proceeds of crime. Because of this there will always be a need to provide information on BVI Business companies. It is clear from the above chart that the number of requests for information on business companies is lower than it has been in the past. This may be a product of technological advancements, with information now being available at the press of a button. The requests for information on companies that are made today are more likely to be linked to an investigation. It is anticipated that this number will remain at about this level and not reach the levels of the past. In 2005 there were one hundred and thirty six (136) enquiries, for company's details to be checked by thirty-eight (38) different countries, requiring 305 company names to be checked.

Requirements to provide information

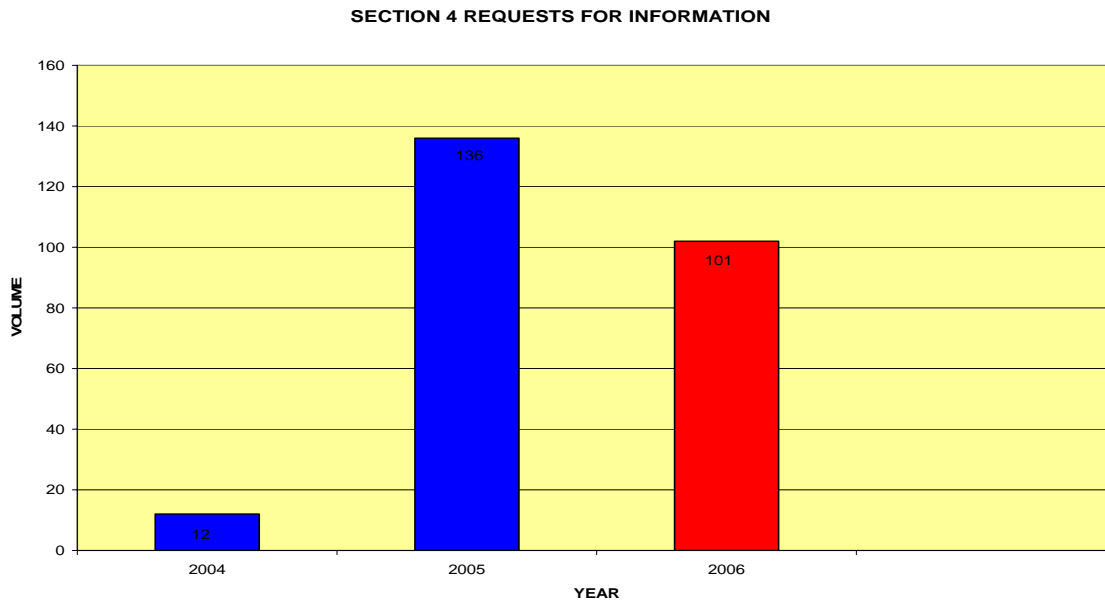
Under Section 4(2)(d) of the Act, the FIA may require the production of such information, excluding information subject to legal privilege, that the FIA considers relevant to the performance of its functions.

The Act provides in section 4(4), that any person failing or refusing to provide the information required under subsection (2)(d) above, commits an offence and is liable on summary conviction to a fine not exceeding twenty thousand dollars or to imprisonment for a term not exceeding two years or both.

Graphical illustration: Requirements to provide information



The following chart shows the number of requests made under section 4 (2) (d) of the FIA Act.



Monthly breakdown for 2005

January	6	Letters	July	14	Letters
February	9	Letters	August	12	Letters
March	9	Letters	September	20	Letters
April	13	Letters	October	16	Letters
May	9	Letters	November	12	Letters
June	10	Letters	December	6	Letters

It should be noted that the information supplied as a result of a section 4 request is information only and cannot be used or passed on as evidence. If the information is required to be used as evidence, it must be obtained through the approved channels.

The FIA dealt with 3 MLATS between October and December 2003. During 2004, thirty three (33) International Letters of request were completed and 58 Search Warrants were executed to recover documents connected to disclosures.

OTHER ACHIEVEMENTS

During 2005 the FIA was involved in the Caribbean Financial Action Task Force (CFATF) Training as the Chair for the Information Technology (IT) Committee for the Heads of Financial Intelligence Units. The FIA proposed a new system of information exchange between FIU's and has worked on this system throughout the year with some involvement from the World Bank which is actively involved in the region to assist in training needs.

As a matter of importance to the region, the FIA has been intricately involved in researching a computer database/research system that will fulfill the needs of the Territory and could be a possible standard for the region. This was part of an ongoing task working with the Cayman Islands Financial Intelligence Unit (CAYFIN) which was the Chair of the IT Committee (2003). In addition there are a number of initiatives that although small, are additional tools to be used in the fight against money laundering.

A notable achievement for the FIA in 2005 is the strides made towards training the investigative staff to a higher level. The entire investigative team has acquired advanced level investigative training. This is a testament to the FIA's strong commitment to training and a concerted effort to put the FIA in a position where it is seen as an inspiration to all in the fight against money laundering and the combating of the financing of terrorism.

FINANCIAL PERFORMANCE

Details of the FIA's financial performance for 2005 are at Appendix VII.

CONCLUSION

The year 2005 has been the first full year of existence for the FIA. It has started as a strong dedicated agency keen on working hard to deliver on its mission.

The FIA is a positive indication to the world that the British Virgin Islands is at the forefront in the fight against money laundering. The commitment of trained officers from the Police and Customs working alongside dedicated civilian staff, indicates the value placed on supporting the financial services industry to combat money laundering and the financing of terrorism in accordance to the CFATF recommendations.

APPENDIX I

EGMONT GROUP MEMBERS

Albania	DBLKPP	
Andorra	FIU	Unitat de Prevencio Blanqueig
Anguilla	MLRA	Money Laundering Prevention Authority
Antigua & Barbuda	ONDCP	Office of National Drug and Money Laundering Control Policy
Argentina	UIF	Unidad de Información Financiera
Aruba	MOT	Meldpunt Ongebruikelijke Transacties-Aruba Ministerie van Financien en Economische Zaken
Australia	AUSTRAC	Australian Transaction Reports & Analysis Centre
Austria	FIU	Bundeskriminalamt A-FIU
Bahamas	FIU	Financial Intelligence Unit
Bahrain	AMLU	Anti-Money Laundering Unit
Barbados	AMLA	Anti-Money Laundering Authority
Belgium	CTIF/CFI	Cellule De Traitement des Informations Financieres/ Cel voor Financiële Informatievrwerking Autonomous Administrative Authority
Belize	FIU	Financial Intelligence Unit
Bermuda	FIU	Financial Intelligence Unit
Bolivia	UIF	Unidad de investigaciones Finacieras
Bosnia & Herzegovina	FID	Financial Intelligence Department
Brazil	COAF	Conselho de Controle de Atividades Financieras Ministerio da Fazenda
British Virgin Islands	FIA	Financial Investigation Agency
Bulgaria	BFI	Bureau of Financial Intelligence

Canada	FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
Cayman Islands	FRU	Financial Reporting Authority
Chile	FIU	Unidad de Analisis Financiero
Columbia	UIAF	Unidad de información y Analisis Financiero
Cook Islands	CIFIU	Cook Islands FIU
Costa Rica	CICAD/UAF	Instituto ostaricense sobre Drogas Unidad de Analisis Fincerio
Croatia	FIU	Financijska Policita
Cyprus	MOKAS	Unit for Combating Money Laundering
Czech Republic	FAU	Financni analyticky utva Ministerstvo finance
Denmark	FIU	Hvidvasksekretariatet
Dominica	FIU	Financial Intelligence Unit
Dominican Republic	UIF	Unidad de Inteligencia Financiero
Egypt	EMLCU	Egyptian Money Laundering Combating Unit
El Salvador	UIF	Unidad de Investigaciones Financieras
Estonia	FIU	Rahapesu Andmebüro
Finland	FIU	Keskusrikospoliisi Rahanpesun selvittelykeskus
France	TRACFIN	Traitement du Renseignement et Action Contre les Circuits Financiers Clandestins Ministere des Finances
Georgia	FMS	Financial Monitoring Service Of Georgia
Germany	FIU	Zentralstelle für Verdachtanzeigen
Gibraltar	GFIU	Gibraltar Financial Investigation Unit
Greece	CFCI	Committee of Financial Criminal Investigation
Grenada	FIU	Financial Intelligence Unit
Guatemala	SVF	Intendencia de Verificación Especial

Guernsey	FIS	Financial Intelligence Service
Honduras	UIF	Unidad de información Financiera
Hong Kong	JFIU	Joint Financial Intelligence Unit
Hungary	ORFK	ORFK Money Laundering Section
Iceland	RLS	Ríkislogreglusjorin
Indonesia	INTRAC/PPATK	Indonesian Financial Transaction Reports and Analysis Centre
Ireland	FIU	Bureau of Fraud Investigation
Isle of Man	FCU	Financial Crime Unit
Israel	IMPA	Israel Money Laundering Prohibition Authority
Italy	UIO/SAR	Servizo Antieiciciaggio Ufficio Italiano dei Cambi
Japan	JAFIO	Japan Financial Intelligence Unit
Jersey	FIU	Financial Intelligence Unit
Korea	FIU	Financial Intelligence Unit
Latvia	KD	Controles dienest Noziedzīgi iegutu lizekui legalizācijas novēršanas dienest
Lebanon	SIC	Special Investigation Comisión
Liechtenstein	EFFI	Einheit für Finanzinformationen
Lithuania	FNTT	Finansiniu Nusikatimu Tyrimo Tarnyba
Luxembourg	FIU	FIU/LUX
Macedonia	DSPP	Direkcija za sprečevanje na perenje pari
Malaysia	UPW	Unit Perisikan Kewangan
Malta	FIAU	Financial Intelligence Analysis Unit
Marshall Islands	FIU	Domestic Financial Intelligence Unit
Mauritius	FIU	Financial Intelligence Unit
Mexico	FIU	Financial Intelligence Unit

Monaco	SICCFIN	Service d'Information et Controle sur les Circuits Financier
Montenegro	APML	Administration for the Prevention of Money Laundering
Netherlands Antilles	MOT	Meldpunt Ongebruikelijke Transacties Netheriandse Antillen
New Zealand	FIU	Financial Intelligence Unit
Norway	FIU	Okokrim/Hvitvaskingsenheten
Panama	FIU	Unidad de Analisis Financiero
Paraguay	UAF	Unidad de Analisis Financiero
Peru	UIF	Unidad de Analisis Financiero
Phillippines	AMCL	Anti-Money Laundering Council
Poland	FIU	Generalyny Inspektor Informacji Finansowej
Portugal	UIF	Unidade de Informacao Financeira
Qatar	QFIU	Qatar Financial Intelligence Unit
Romania	FIU	Oficial Nacional de Prevenire si Combatere a Spalarii Banilor
Russia	FMS	Federal Service for Financial Monitoring
San Marino	FIU	Financial Intelligence Unit
Serbia	APML	Uprava Za Sprecavanje Pranja Nazca
Singapore	STRO	Suspicious Transaction Reports Office
Slovakia	FIU	Spavodajska' jednotka financnej policie Urada Boja organizovanej Kriminalite
Slovenia	OMPL	Office of Money Laundering Prevention
South Africa	FIC	Financial Intelligence Centre
Spain	SEBLAC	Executive Services Of the Commission for the Prevention of Money Laundering & Monetary infractions- Bank of Spain
St Kitts & Nevis	FIU	Financial Intelligence Unit
St Vincent & the Grenadines	FIU	Financial Intelligence Unit

Thailand	AMLO/IAC	Information & Analysis Centre/Anti-Money Laundering Office
Turkey	MSK	Mali Suclan Arastirma Kurulu
Ukraine	SDFM	State Committee for Financial Monitoring
Sweden	FIPO	Finanspolisen Rikspolisstyrelsen
Switzerland	MROS	Meldestelle fur Geldwa'scherei (MGW)
Taiwan	FIU	Financial Intelligence Unit
United Arab Emirates	AMLSCU	Anti-Money Laundering and Suspicious Cases Unit
United Kingdom	NCIS/FID	National Crime Intelligence service/Financial Intelligence Division
United States	FINCEN	Financial Crimes Enforcement Network
Vanuatu	FIU	Financial Intelligence Unit of the State Law Office
Venezuela	UNIF	Unidad de Inteligencia Financiera

APPENDIX II

THE FIA BOARD 2005

Chairman	Mrs. DANCIA PENN. O.B.E., Q.C.	Deputy Governor
Members	Mr. CHERNO JALLOW	Attorney General
	Mr. GLENROY FORBES	Financial Secretary
	Mr. ROBERT MATHAVIOUS	Managing Director/C.E.O. Financial Services Commission
	Mr. WADE SMITH	Comptroller of Customs
	Mr. BARRY WEBB/	Commissioner of Police
	Mr. REYNELL FRASER	

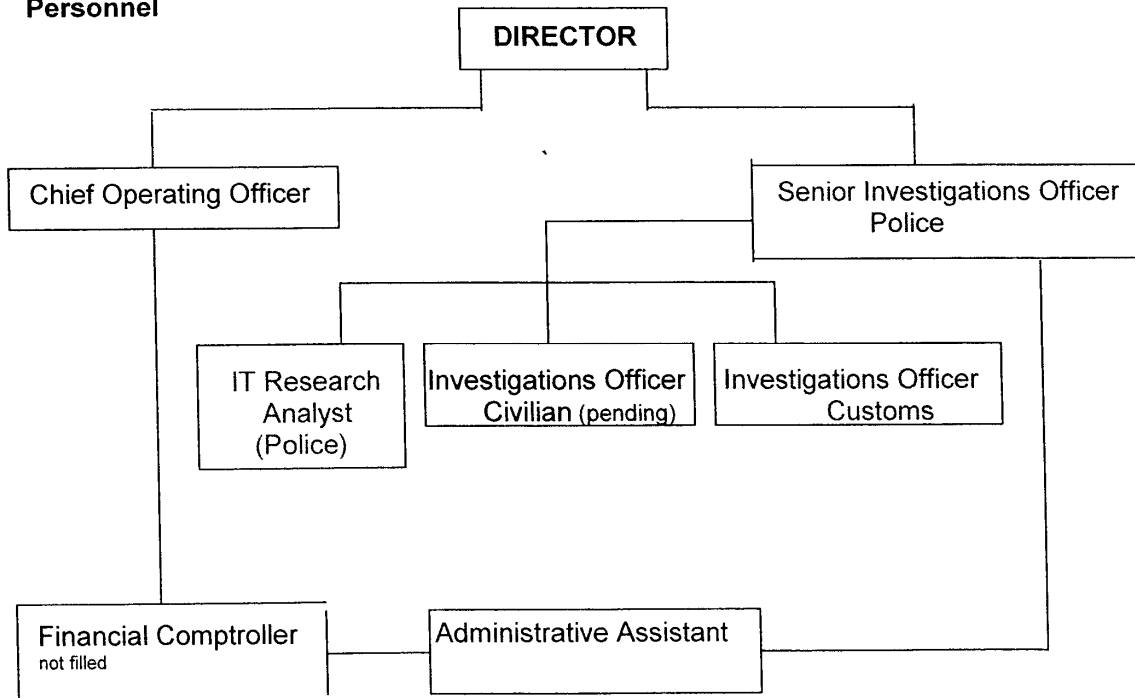
APPENDIX III

THE FIA STAFF & ORGANIZATION

GRAEME McDOWELL SMITH	Director
JULIEN JOHNSON	Chief Operating Officer
ERROL GEORGE	Senior Investigating Officer
SELWYN ROCK	Investigating Officer/ IT Officer
ALCEDO FAHIE	Investigating Officer
DELIA JON-BAPTISTE	Administrative Assistant

ORGANISATION

Personnel



APPENDIX IV

CHRONOLOGY OF EVENTS

Leading to the creation of the Financial Investigation Agency

BRITISH VIRGIN ISLANDS

1984 – Enactment of the International Business Companies Act

1992 - Appointment of a Drugs and Fraud Profit Confiscation Officer.

1993 - Financial Investigation Unit is formed, as part of the Royal Virgin Islands Police Force.

- Criminal Justice (International Co-operation) Act passed.

1994 - Drugs Trafficking Offences Act passed.

1997 - Proceeds of Criminal Conduct Act passed.

- Criminal Code Passed.

- First Due-Diligence and Compliance Conference held in the BVI.

1998 – Anti-money Laundering Code of Practice promulgated.

INTERNATIONAL

1988 - United Nations Vienna Convention on Narcotic Drugs and Psychotropic Substances concluded.

1989 - The Financial Intelligence Units Recognized the need for Financial Units.

1995 - Formation of the Egmont Group Brussels.

1996 - FATF/Caribbean Financial Action Task Force (CFATF) referred to FIU's as a Central Authority in the Context of STRs

2000 - United Nations Convention on Transnational Organized Crime concluded.

2001 - Special recommendations in relation to the financing of terrorism. (FATF/CFATF).

2003 - FATF/CFATF recommendation 26 requiring each country to have an Egmont-styled FIU.

2003 – October, Director Designate Appointed to the Financial Investigation Agency

– December, Financial Investigation Agency Act passed.

2004 – May, Inaugural meeting of the Board for the Financial Investigation Agency. Director appointed.

– June, Police Officers seconded

- July, Chief Operating Officer appointed

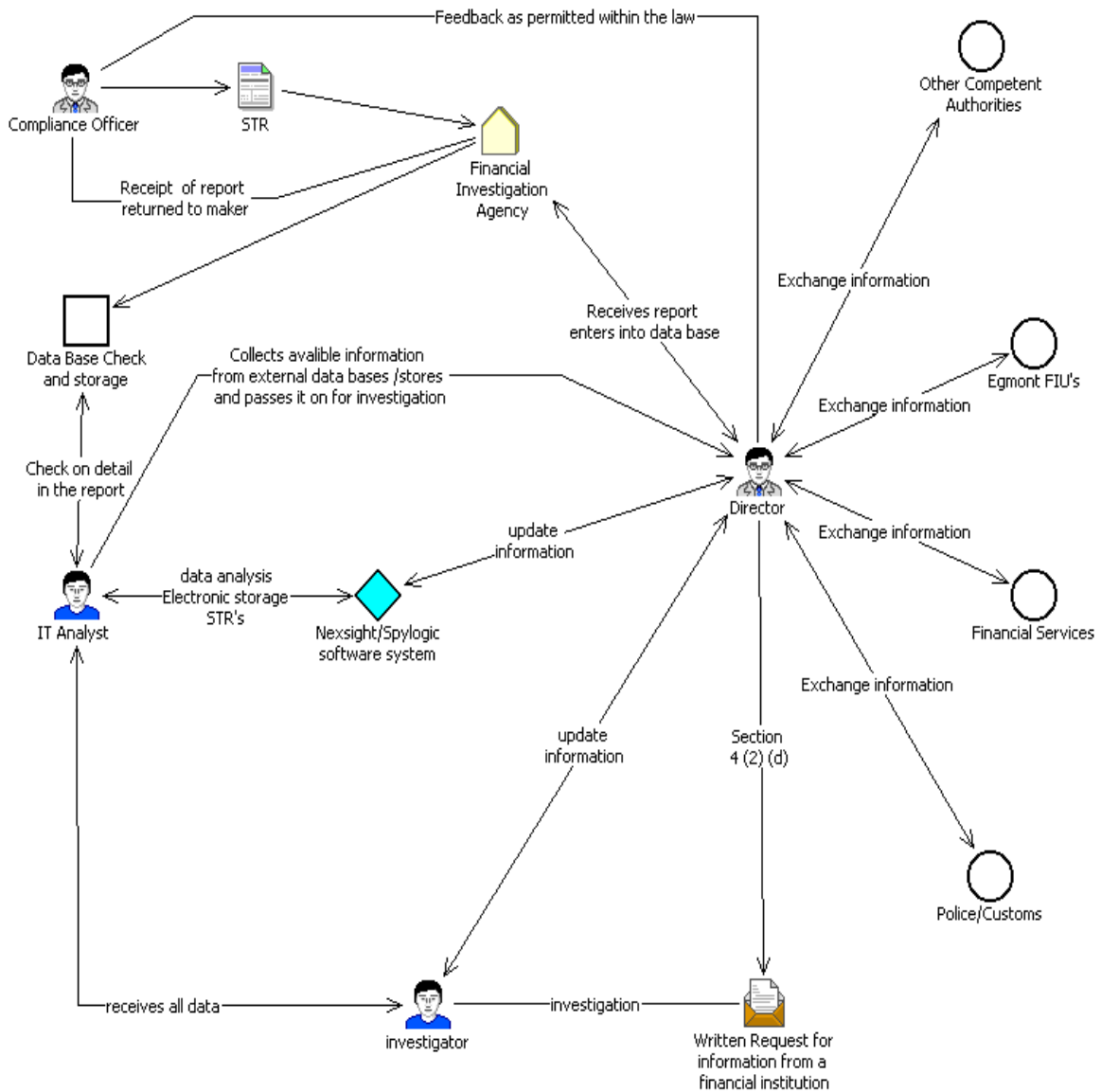
- September, Administrative Assistant appointed

- November, Customs Officer seconded

FINANCIAL INVESTIGATION AGENCY FULLY OPERATIONAL

APPENDIX V

Procedure followed from the making of a disclosure in relation to the exchange of information



APPENDIX VI

THE FIA STEERING COMMITTEE

Mr. ROBERT MATHAVIOUS	Managing Director/C.E.O. Financial Services Commission
Mr. BABA AZIZ	Representing the Attorney General
Mr. GRAEME McDOWELL SMITH	Director, FIA

APPENDIX VII

BRITISH VIRGIN ISLANDS
FINANCIAL INVESTIGATION AGENCY
UNAUDITED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

COMPILATION REPORT
TO THE BOARD OF DIRECTORS OF
BRITISH VIRGIN ISLANDS
FINANCIAL INVESTIGATION AGENCY

On the basis of information provided by management we have compiled in accordance with International Standards on Auditing applicable to compilation engagements, the balance sheet of British Virgin Islands Financial Investigation Agency at December 31, 2005 and the related statement of income and retained earnings and cash flow statement for the year then ended. Management is responsible for this financial information. We have not audited or reviewed the financial information and accordingly express no assurance thereon.

February 22, 2006

BRITISH VIRGIN ISLANDS FINANCIAL INVESTIGATION AGENCY

Balance Sheet

As at December 31, 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
ASSETS			
Non-current assets			
Fixed Assets	3	<u>72,466</u>	<u>44,312</u>
		<u>72,466</u>	<u>44,312</u>
Current assets			
Cash at bank		1,478,125	-
Prepayments		1,619	-
Due from BVI Government		-	473,611
Due from BVI Financial Services Commission		<u>110,380</u>	<u>460,273</u>
		<u>1,590,124</u>	<u>933,884</u>
TOTAL ASSETS		US\$ <u>1,662,590</u>	US\$ <u>978,196</u>
 RESERVES AND LIABILITIES			
Reserves			
General reserve		<u>1,646,127</u>	<u>974,774</u>
 Current liabilities			
Due to BVI Government		14,783	-
Trade and other payables	4	<u>1,680</u>	<u>3,422</u>
		<u>16,463</u>	<u>3,422</u>
TOTAL RESERVES AND LIABILITIES		US\$ <u>1,662,590</u>	US\$ <u>978,196</u>

Signed on behalf of the Agency _____ 2006

Director

The accompanying notes are an integral part of these financial statements.

BRITISH VIRGIN ISLANDS FINANCIAL INVESTIGATION AGENCY

Statement of Income

For The Year Ended December 31, 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
INCOME			
Contributions from:			
BVI Government		700,000	700,000
BVI Financial Services Commission		<u>500,000</u>	<u>500,000</u>
TOTAL INCOME		<u>1,200,000</u>	<u>1,200,000</u>
EXPENSES			
Accountancy		1,500	1,000
Bank charges		954	-
Consultancy fees		3,742	-
Depreciation		20,588	5,704
Entertainment		1,376	1,030
Insurance		1,850	-
IT support and website		5,718	-
Maintenance		1,549	1,044
Office, postage and stationary		13,371	8,611
Rent		25,416	29,652
Security		330	-
Staff costs	5	359,411	141,076
Subscriptions and dues		6,034	-
Training		8,830	3,483
Travel		53,708	19,547
Utilities		20,913	14,079
Vehicle expenses		<u>3,357</u>	<u>-</u>
TOTAL EXPENSES		<u>528,647</u>	<u>225,226</u>
SURPLUS FOR THE YEAR TRANSFERRED TO GENERAL RESERVES		US\$ <u>671,353</u>	US\$ <u>974,774</u>

The accompanying notes are an integral part of these financial statements.

BRITISH VIRGIN ISLANDS FINANCIAL INVESTIGATION AGENCY

Statement of Cash Flows

For The Year Ended December 31, 2005

CASH FLOW FROM OPERATING ACTIVITIES	<u>2005</u>	<u>2004</u>
Surplus for the year	671,353	974,774
Adjustment to reconcile net profit to net cash from operating activities:		
Depreciation	<u>20,588</u>	<u>5,704</u>
Operating profit before working capital changes	691,941	980,478
Due from BVI Government	488,394	(473,611)
Due from BVI Financial Services Commission	349,893	(460,273)
Prepayments	(1,619)	-
Trade and other payables	<u>(1,742)</u>	<u>3,422</u>
Net cash generated from operations	<u>1,526,867</u>	<u>50,016</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(48,742)</u>	<u>(50,016)</u>
Net cash used in investing activities	<u>(48,742)</u>	<u>(50,016)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	1,478,125	-
 CASH AND CASH EQUIVALENTS		
At beginning of year	<u>-</u>	<u>-</u>
At end of year	US\$ <u>1,478,125</u>	US\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

BRITISH VIRGIN ISLANDS FINANCIAL INVESTIGATION AGENCY

Notes to the Financial Statements For The Year Ended December 31, 2005

1. Organization and Objectives

The British Virgin Islands Financial Investigation Agency (the “Agency”) was established under the Financial Investigation Agency Act, 2003 (the “Act”) which came into force on April 1, 2004. The Act established the Agency as an autonomous law enforcement arm responsible for receiving, obtaining, investigating, analysing and disseminating information relating to a financial offence or the proceeds of a financial offence and requests for legal assistance from authorities in foreign jurisdictions. Under the Act, the Agency is also designated as the receiver of all disclosures of information required to be made pursuant to any financial services legislation relevant to its functions including suspicious transactions, reports and disclosures from foreign authorities.

2. Significant Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards issued or adopted by the International Accounting Standards Board and interpretations issued by its Standing Interpretations Committee. They have been prepared under the historical costs convention and are expressed in U.S. dollars.

(b) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset over their estimated useful life as follows:

Computer equipment	3 years	Motor vehicles	5 years
Office equipment	7 years	Leasehold improvements	10 years

(c) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of current deposits held with commercial banks with maturity dates of three months or less.

(d) Revenue Recognition

Contributions from the BVI Government and the BVI Financial Services Commission are recognised on an accrual basis, based on the contributions designated per Section 12 of the Act. Other income and expenses are recognised on an accrual basis.

(e) Taxation

In accordance with Section 16 of the Act, the Agency is exempt from the payment of taxes on its income and operations.

(f) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

BRITISH VIRGIN ISLANDS FINANCIAL INVESTIGATION AGENCY

Notes to the Financial Statements
For The Year Ended December 31, 2005

3. Fixed Assets

	Furniture & Equipment	Computer & Software	Leasehold Improvements	Motor Vehicle	Total
Cost					
January 1, 2005	21,163	23,190	5,663	-	50,016
Additions	<u>8,107</u>	<u>19,165</u>	<u>-</u>	<u>21,470</u>	<u>48,742</u>
December 31, 2005	<u>29,270</u>	<u>42,355</u>	<u>5,663</u>	<u>21,470</u>	<u>98,758</u>
Depreciation					
January 1 2005	1,175	4,246	283	-	5,704
Charge for year	<u>3,938</u>	<u>11,790</u>	<u>566</u>	<u>4,294</u>	<u>20,588</u>
December 31, 2005	<u>5,113</u>	<u>16,036</u>	<u>849</u>	<u>4,294</u>	<u>26,292</u>
Net book value					
December 31, 2005	US\$ <u>24,157</u>	US\$ <u>26,319</u>	US\$ <u>4,814</u>	US\$ <u>17,176</u>	US\$ <u>72,466</u>
December 31, 2004	US\$ <u>19,988</u>	US\$ <u>18,944</u>	US\$ <u>5,380</u>	US\$ <u>-</u>	US\$ <u>44,312</u>

4. Trade and Other Payables

	<u>2005</u>	<u>2004</u>
Accounts payable	-	2,422
Accruals	<u>1,680</u>	<u>1,000</u>
	US \$ <u>1,680</u>	US\$ <u>3,422</u>

5. Staff Costs

	<u>2005</u>	<u>2004</u>
Wages and salaries	266,930	141,076
Allowances and benefits	75,567	-
Payroll tax	<u>16,914</u>	<u>-</u>
	US\$ <u>359,411</u>	US\$ <u>141,076</u>

The average number of full time employees in 2005 was six (6). (2004: 3)

6. Risk Associated With Financial Instruments

The Agency has no significant concentrations of credit risk, interest rate risk, currency risk or liquidity risk. The Agency as at December 31, 2005, did not own any assets or liabilities that are denominated in foreign currency or are exposed to adversities of fluctuating interest rates. In addition, it did not own any illiquid assets.

APPENDIX VIII

STATISTICAL SUMMARY OF FIA PERFORMANCE 1998 - 2005

The figures below date from 1998 which includes figures that date back to the time when the FIA was part of the RVIPF.

YEAR	2005	2004	2003	2002	2001	2000	1999	1998
STR Received	101	61	65	140	62	26	27	18
Company Enquiries	136	109	247	230	249	297	290	201
Companies Checked	305	246	483	642	791	551	780	560
Restraint Orders	7	1	1	2	1	0	0	0
Production Orders	2	1	3	7	3	4	1	0
Section 4 Requests for information	136	12	New power December 2003 FIA only					
Letters of Request/MLAT	53	33	3	<i>Royal Virgin Islands Police Stats</i>				
Search Warrants Executed	91	58	<i>Royal Virgin Islands Police Stats</i>					