



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

**FINANCIAL INTELLIGENCE UNIT
OF TRINIDAD AND TOBAGO**
MINISTRY OF FINANCE



FIUTT REFERENCE: ADV/001/2021

**ADVISORY
TO
JEWELLERS AND FINANCIAL INSTITUTIONS:
THE PURCHASE OF JEWELLERY/GOLD RELATIVE
TO MONEY LAUNDERING**



The Financial Intelligence Unit of Trinidad and Tobago (“the FIUTT”) is publishing this Advisory in accordance with *Section 17(1)(b) of the Financial Intelligence Unit of Trinidad and Tobago Act, Chap. 72:01, and Regulation 26(1)(d)(ii) of the Financial Intelligence Unit of Trinidad and Tobago Regulations.*

PURPOSE OF THIS ADVISORY

This *Advisory* is intended to:

1. **Assist Jewellers and Financial Institutions in identifying the indicators** relating to purchase of jewellery/gold, and possible money laundering.
2. **Inform Compliance Officers of observed techniques and trends** relating to customers who may be suspected of laundering the proceeds of crime through the purchase of gold/jewellery.

GENERAL INFORMATION

Jewellery as defined in the First Schedule of the Proceeds of Crime Act, Chap. 11:27 states, “A Business licensed under the Licensing of Dealers (Precious Metals and Stones) Act, Chap. 84:06” is considered a Listed Business and falls under the FIUTT for anti-money laundering and counter financing of terrorism (AML/CFT) supervision.

The purchase of assets with ill-gotten gains is one of the methods used by criminals to disguise their crime in order to launder money. One of the oldest and most sought-after physical assets, gold, remains a customary money laundering risk. Gold is a potentially attractive vehicle for money laundering, in part, because it can be transported easily, it is universally accepted, it provides anonymity, it is easily changed in form, conveyed publicly and can be sold at market value for purposes of reintegrating funds without attracting authorities¹.

The FIUTT has noticed an increase in reports involving individuals who have visited Jewellery stores and used large volumes of cash to purchase multiple pieces of jewellery (mainly gold). These purchases occurred from 2019 to 2020, notably during the demonetization period. These purchases consisted of one, to numerous items of gold jewellery, for example, chain, pendant, ring, etc. The value of each purchase ranged from TTD 2,500.00 to over TTD 279,600.00. The reason for the purchase is normally personal gifts, either for themselves or for others. In most cases, the source of funds was either unknown, not specified, or unverifiable. Persons conducted most of these transactions within the same day of the visit, purchasing several jewellery pieces during a single visit to the store. In some instances, individuals would visit several branches of a Jewellery store and conduct more than one transaction within days of each other. **The ultimate goal appears to be the conversion of large amounts of money into gold, thereby transforming liquid cash into a tangible asset of similar value.**

THE PROCESS/HOW IT WORKS

Individuals would enter the Jewellery store and engage the sales representative by requesting to view several pieces of jewellery. The individual would either purchase immediately or leave and return, sometimes on the same day or within several days for the purpose of purchasing jewellery. In most cases, individuals purchase multiple pieces of high-valued jewellery with cash, a combination of money and credit, or debit cards or manager’s cheques derived from cash deposits to personal bank accounts within financial institutions

¹ <https://www.riskscreen.com/kyc360/article/precious-metals-the-gold-standard-in-money-laundering/>

MONEY LAUNDERING

Smurfing is a common placement technique. Cash from illegal sources is divided between 'deposit specialists' or 'smurfs', who make multiple deposits into multiple accounts (often using various aliases) at any number of financial institutions. In this way, money enters the financial system and is then available for layering. Suspicion is often avoided as it is challenging to detect any connection between the 'smurfs', deposits and accounts.



The use of different individuals to purchase jewellery/gold with cash from possible illegal sources can be considered a form of smurfing or could be likened to this money laundering activity. Someone (the true beneficial owner) may have sent the reported individuals to conduct those transactions on another person's behalf. With this practice, persons can avoid suspicion as it will be difficult to detect the connections between the main suspects and the individuals conducting purchases and the transactions.

CAUTION AND RED FLAG INDICATORS

JEWELLERS

- ❖ Large volumes of only cash or a combination of cash and card (mostly credit card) being used to conduct purchases;
- ❖ Purchases of multiple pieces of low to medium-valued jewellery (gold) or purchase of one to two pieces of high-valued jewellery (gold with diamonds);
- ❖ Purchases of multiple pieces of jewellery by one individual during one visit to one branch/store;
- ❖ Purchases of multiple pieces of jewellery conducted by one individual at several branches of the same store over a short period (within one to two weeks);
- ❖ Purchases conducted by individuals with profiles that are not commensurate with the type of purchases;
- ❖ Purchases conducted by individuals who are unemployed or by individuals with relatively low-income earning occupations (e.g. Security Guard, driver, etc.);
- ❖ Reluctance by the purchaser to provide the required customer due diligence to the sales representative;
- ❖ Undisclosed or unverifiable source of funds; and
- ❖ The purpose given by the purchaser does not make economic sense or may be considered questionable i.e., multiple pieces of high-valued jewellery being purchased as “gifts for family” or “gifts for themselves.”



FINANCIAL INSTITUTIONS

Based on your customer/client profile established with your organisation:

- ❖ Customer/client withdrawals of large volumes of cash to purchase jewellery (once stated);
- ❖ Customer/client withdrawals of large manager's cheques paid to the order of a jewellery store;
- ❖ Customer/client do large or multiple credit or debit card transactions conducted at one or more Jewellery store outlets;
- ❖ Customer/client reluctant to disclose source of funds when withdrawing for the purpose of conducting jewellery purchases;
- ❖ Customer/client conducts multiple transactions at several branch locations for the purpose of withdrawing funds for jewellery purchases; and
- ❖ Transactions conducted by the customer/client appears to be incommensurate with that customer's financial profile.

RECOMMENDATIONS

The FIUTT advises the following:

Jewellers should undertake Simplified Due Diligence, where necessary, by capturing more information during the sale/transaction; i.e. bio-data such as name, date of birth, national identification (ID/DP/PP), address, etc. This information should include, but not limited to, occupation, source of funds, and purpose for purchase.

Jewellers should also attach copies of important documents such as sales receipts, identification, and manager's cheques, when submitting an STR/SAR. This information would assist in supporting the narrative detailing the transaction(s), completed or attempted, by the customer making the purchase.

Financial Institutions should continue monitoring of customers account(s) with their customer profile (CDD) to identify large monetary transactions for the purpose of purchasing jewellery (if stated) and should also provide a financial history/background when submitting STRs/SARs.

Dated: May 26, 2021

Financial Intelligence Unit of Trinidad and Tobago