



TRINIDAD AND TOBAGO

FIU Financial
Intelligence
Unit
TRINIDAD AND TOBAGO

Annual Report 2011



TRINIDAD AND TOBAGO

FIU Financial Intelligence Unit

TRINIDAD AND TOBAGO

Annual Report 2011





strong financial
contributing to a
and business
safe financial and
sectors free
social economic
from crime
environment



Vision

Our vision is for Trinidad and Tobago to have strong and dynamic financial and business sectors free from money laundering, terrorist financing and other financial crimes.

Mission

To effectively detect and deter money laundering and terrorist financing, in collaboration with local law enforcement, regulators and international counterparts, thereby contributing towards a safe and stable financial and social economic environment.

TABLE OF CONTENTS

Vision and Mission	4	CHAPTER V - CO-OPERATION	25
Letter of Transmittal	5	NATIONAL CO-OPERATION WITH	
Preface	6	COMPETENT AUTHORITIES	25
Highlights	7	Law Enforcement Agencies	25
Introduction	8	Supervisory Authorities	25
		The AML/CFT Compliance Unit	26
CHAPTER I - THE LEGAL FRAMEWORK	9	The National AML/CFT Committee	26
The Proceeds of Crime Act	9	INTERNATIONAL CO-OPERATION WITH COMPETENT	
The Anti-Terrorism Act	9	AUTHORITIES	27
The Financial Intelligence Unit Act	9	Information Sharing with Foreign FIUs	27
The Financial Obligations Regulations, 2010	9	MOUs with foreign FIUs	27
The Financial Intelligence Unit of Trinidad and Tobago Regulations, 2011	10	CHAPTER VI - INSTITUTIONAL STRENGTHENING	28
		The Working Environment	28
CHAPTER II - THE FIUTT	11	Resources	28
Background	11	Information Technology	28
The FIUTTs Statutory Mandate	12	Professional Development	28
The FIUTT's Role	12	Standard Operating Procedures and	
Governance	13	other Internal Processes	29
Organisational Structure of the FIUTT	13		
Compliance & Outreach	14	CHAPTER VII - PARTICIPATION IN	
		INTERNATIONAL EVENTS	30
CHAPTER III - COLLECTION, ANALYSIS AND		CFATF	30
DISSEMINATION OF INFORMATION	15	EGMONT Group of FIUs	30
Suspicious Transaction/Activity Reporting	15	The FAFT	30
Statistics	15	Caribbean Association of Judicial Officers	30
Analysis	18		
Dissemination	19	CHAPTER VIII - PROJECTIONS FOR THE	
Trends & Typologies	19	YEAR 2011/2012	31
Feedback	20	Capacity Building	31
Requests for Information	20	Compliance and Training	31
		Inter-Agency Co-operation	31
CHAPTER IV - ENSURING AML/CFT COMPLIANCE	21	IT Projections	31
Supervisory Authorities	21	Implementation of a Warm Site	31
Compliance and Outreach	21	Document Management System	32
Compliance Examination	22	Additional Statistical Information	32
Consultation with the other Supervisory Authorities	23		
Sanctions	23	GLOSSARY	33
Awareness and Training	23		
Public Awareness	24	TABLES, CHARTS, PICTURES, DIAGRAMS	35



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

FIU Ref: INF/272/2011

November 30, 2011

The Honourable Mr. Winston Dookeran
Minister of Finance
Ministry of Finance
Level 8
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

Dear Minister,

RE: LETTER OF TRANSMITTAL

I have the honour to submit the Second Annual Report on the work of the Financial Intelligence Unit for the period October 1, 2010 to September 30, 2011.

The Annual Report is submitted pursuant to Section 18 of the Financial Intelligence Unit of Trinidad & Tobago Act, 2009.

Yours Sincerely,

Susan S. Francois
Director

Level 25, Tower D, International Waterfront Complex, 1A Wrightson Road, Port of Spain, Trinidad and Tobago, West Indies

■ PREFACE

I am pleased to present this second Annual Report of the Financial Intelligence Unit of Trinidad and Tobago (the "FIUTT"). This report, pursuant to section 18 of the Financial Intelligence Unit Act, 2009 (the "FIUA"), covers the activities of the FIUTT for the period October 1st, 2010 to September 30th, 2011. The report also highlights the FIUTT's aims and objectives for the next year.

During the period under review the FIUTT continued to pursue Trinidad and Tobago's anti-money laundering and counter terrorist financing ("AML/CFT") initiatives and the implementation of relevant AML/CFT laws as it sought to meet international requirements.

Having established the initial institutional structure and operational procedures for fulfilling its primary functions of receiving, analysing suspicious transactions reports and disseminating intelligence in the year 2010, in this second year, the FIUTT pursued the development of its administrative structure and resources to fulfill its other responsibilities under the AML/CFT laws. At the same time it continued to strengthen its ability to perform its primary role.

One of the FIUTT's specific goals was to deepen reporting entities' awareness, in particular, the listed businesses, of their AML/CFT obligations to ensure that reporting entities register with the FIUTT, develop written compliance programmes and implement same. Major successes were the registration drive conducted to bring all supervised entities within the AML/CFT reporting regime and the initialising of the supervisory regime through onsite examinations. In this regard the FIUTT has forged ahead of many of its regional counterparts.

The FIUTT continued to foster constructive working relationships with its counterparts as well as with law enforcement agencies, both international and domestic. Active participation and input into the work already being done with the Financial Action Task Force (FATF), the Caribbean Financial Action Task Force (CFATF) and the Egmont Group continued.

In the next year the FIUTT will continue to pursue institutional strengthening to build an effective infrastructure with well trained and competent staff. The FIUTT will provide stakeholder training and industry guidance through issuance of guidelines and standards incorporating clearly defined policies and procedures. It aims to accomplish this through its strategic and action plan.

While much work remains to be done, the FIUTT is committed to enhancing citizen security by building an effective Financial Intelligence Unit dedicated to the global pursuit of money launderers and the terrorist financiers.

In closing, I would like to say that this annual report was a collaborative exercise of the FIUTT's officers. Credit must be given to the officers who prepared the statistical reports as well as to the support staff who helped to edit the final result. This collaborative team work, which produced this report within the given timeframe, was also instrumental in enabling the FIUTT to accomplish many of the activities reflected in the report.

Susan S. Francois
Director

■ HIGHLIGHTS

Receipt, Analysis and Dissemination

- STRs/SARs received and analysed
- Intelligence and information disseminated

Compliance Initiatives

- Stakeholder training & awareness
- Registration of reporting entities
- Onsite examinations

Information Technology

- Implementation of electronic feedback
- Website updating

Co-operation

- Disseminating intelligence and information to law enforcement
- Information sharing with foreign FIUs

Projections

- Capacity Building
- Compliance
- Information Technology

■ INTRODUCTION

In 2011 the Financial Intelligence Unit of Trinidad and Tobago (“the FIUTT”) made giant strides in its evolution.

In 2010 the FIUTT took the first steps in laying the groundwork for creating a financial environment averse to money laundering and terrorist financing crimes. From this platform, it then launched a programme of activities and initiatives to strengthen its position as a major player in interagency efforts to combat money laundering and terrorist financing in Trinidad and Tobago during the period October 01, 2010 to September 30, 2011 (the review period).

Consequently, the FIUTT regards 2011 as a year of rapid development. It achieved several successes in its role in combating money laundering and terrorist financing to enhance citizen security.

The number of suspicious transaction/activity reports (STRs/SARs) received in 2011, almost tripled that received in 2010. The increase in the number of STRs/SARs received could be justifiably attributed to greater awareness in detecting and reporting suspicious transactions/activities resulting from the FIUTT’s aggressive outreach campaigns and training efforts directed at the reporting sectors.

New emphasis was placed on publication of educational materials since such materials are generally recognised as effective tools to improve the knowledge of anti-money laundering and counter financing of terrorism (“AML/CFT”) of reporting sectors, in particular, of the listed businesses.

A necessary priority for the FIUTT was effective implementation of the AML/CFT laws and regulations it administered. Trinidad and Tobago had taken major steps to strengthen its AML/CFT legal framework to ensure that it met the international standards of the Financial Action Task Force (“FATF”) as espoused in its 40+9 Recommendations. However, in assessing a jurisdiction’s compliance with the recommendations, FATF considers not only the enactment of laws and regulations but also their effective *implementation*.

This fact was brought home forcibly in February 2011 when FATF issued a warning that it was not satisfied with Trinidad and Tobago’s progress on implementation of significant components of its action plan. Since Recommendation 26 was one identified component, the FIUTT took immediate remedial measures. At the June 2011 FATF plenary, Trinidad and Tobago was able to show

sufficient progress in its action plan and thus avoided public identification.

Local and international cooperation was enhanced, which further established Trinidad and Tobago as a member of the international community which battles financial crimes. The FIUTT strove to cement stronger ties with several government agencies since such contact is essential to facilitate information flow, dissemination and dialogue on AML/CFT policies. On the international front the FIUTT forged new alliances to create easier communication channels with other financial intelligence agencies.

The FIUTT continued to source training opportunities for its staff to strengthen their knowledge and skills, to improve the intelligence flow and to provide more useful intelligence to the law enforcement authorities to facilitate investigation.

Stakeholders awareness of the severe harm that money laundering and terrorist financing can do to the financial, economic and social fabric of our country continued to be a priority. The FIUTT’s training actions were aimed at encouraging AML/CFT compliance without resorting to sanctions, as a first measure.

While much work was accomplished in this reporting year, much remains to be done. To this end, support must be given to legal, law enforcement, regulatory and intelligence agencies (including the FIUTT) to fulfil their AML/CFT responsibilities.

In order to make this Annual Report as comprehensive as possible of the FIUTT’s efforts and activities, the report is divided into eight (8) chapters and further subdivided into a number of sections. **Chapter I** reviews the development of Trinidad and Tobago’s AML/CFT legal framework. **Chapter II** covers the institutional framework of the FIUTT. **Chapters III, IV, and V** reflect the efforts made by the FIUTT in its core functions - as a repository, in analysing reported suspicion and as a conduit of financial intelligence - as well as in its supervisory role in ensuring AML/CFT compliance and in national and international co-operation efforts. **Chapter VI** focuses on institutional strengthening activities. **Chapter VII** provides an overview of the FIUTT’s participation in regional and international events and finally, **Chapter VIII** is devoted to the FIUTT’s objectives for the next reporting year. Statistical data for the period under review provide added value.

■ CHAPTER I - THE LEGAL FRAMEWORK

Trinidad and Tobago has taken some important initiatives to develop a robust legal framework to combat money laundering and terrorist financing (“AML/CFT”). During the period under review further steps were taken to strengthen the AML/CFT legal regime. Under the interventions of the Financial Action Task Force (the “FATF”) several amendments to existing legislation were enacted and regulations passed.

1. The Proceeds of Crime Act

The Proceeds of Crime Act Ch. 11:27 (the “POCA”) was the first piece of legislation which signalled Trinidad and Tobago’s intention and commitment to combat money laundering. The POCA came into effect on November 9, 2000, the date it was proclaimed by the President. The POCA was enacted to establish the procedure for the confiscation of the proceeds of certain drug-related and specified offences.

In 2009 substantial amendments were made to the POCA for the criminalising of money laundering and to strengthen the Law Enforcement and Supervisory Authorities’ powers in implementing the AML/CFT regime. Some of the amendments effected were (i) making money laundering a stand-alone offence; (ii) imposing obligations on financial institutions and certain categories of businesses and professionals to report suspicious transactions and suspicious activities (“STRs/SARs”); (iii) making the FIUTT as the Supervisory Authority for non-regulated financial institutions such as Co-operative Societies, remittance services, postal services and listed businesses; and (iv) extending the reach of the AML/CFT obligations to certain categories of businesses and professionals such as:

Private Members’ Clubs, Accountants, Attorneys-at-Law, other Independent Legal Professionals, Art Dealers and Trust and Company Service Providers.

2. The Anti-Terrorism Act

The Anti-Terrorism Act (the “ATA”) was assented to on September 13, 2005. The ATA was enacted to criminalise terrorism, and to provide for the detection, prevention, prosecution, conviction and punishment of terrorist activities and for the confiscation, forfeiture and seizure of terrorists’ assets and of those involved in the financing of terrorism and for related matters.

In keeping with international standards to combat terrorist financing the ATA was amended in 2010 and again in 2011. These amendments included criminal offences for the financing of terrorism; the identification of terrorist entities; obligations to file STRs/SARs for terrorist related offences and the confiscation, forfeiture and seizure of assets of those involved in the financing of terrorism.

3. The Financial Intelligence Unit Act

The Financial Intelligence Unit Act No. 11 of 2009 (the “FIUA”) was assented to on October 9, 2009 and proclaimed by the President of Trinidad and Tobago on February 9, 2010. The FIUA established the Financial Intelligence Unit of Trinidad and Tobago (the “FIUTT”) for the implementation of the Recommendations of the FATF on money laundering. The FIUTT’s remit was expanded to include financing of terrorism and other related matters.

The Financial Intelligence Unit of Trinidad and Tobago (Amendment) (No. 2) Act, 2011, (the “FIUAA”) was assented to on May 5, 2011. The FIUAA extended the authority of the FIUTT by providing it with supervisory powers to monitor listed businesses and non-regulated financial institutions for AML/CFT compliance and to institute certain measures to secure compliance. The FIUAA also added Customs & Excise, Board of Inland Revenue and the Chief Immigration Officer to the list of law enforcement authorities to whom the FIUTT can submit reports for investigation. Prior to the FIUAA, reports for investigation could only be submitted to the Commissioner of Police.

4. The Financial Obligations Regulations, 2010

The Financial Obligations Regulations, 2010 (the “FOR”) were made by the Minister of Finance under section 56 of the POCA and came into effect on January 19, 2010. The FOR sets out the AML/CFT obligations of all financial institutions and listed businesses. Obligations under the FOR include appointment and training of a senior officer as compliance officer, developing and implementing compliance programmes, training staff in AML/CFT, conducting customer due diligence and record keeping requirements.

■ CHAPTER I - THE LEGAL FRAMEWORK (continued)

5. The Financial Intelligence Unit of Trinidad and Tobago Regulations, 2011

The Financial Intelligence Unit of Trinidad and Tobago Regulations, 2011 (the "FIU Regulations") were made by the Minister of Finance under section 27 of the FIUA and came into effect on February 10, 2011. The FIU Regulations guide the FIUTT in exercising its obligations and responsibilities under the FIUA. The FIU Regulations include processes for collecting, receiving and storing financial information from financial institutions and listed businesses, processes for providing feedback on STRs/SARs, processes for disseminating financial intelligence and for examining compliance programmes.

■ CHAPTER II - THE FIUTT

1. Background

Financial Intelligence Units (FIUs) are specialised intelligence government agencies created in the jurisdiction to act as an interface between the reporting sectors and law enforcement agencies for receiving, analysing and disseminating information, particularly about suspicious financial transactions. Generally, FIUs are of four kinds (i) Administrative; (ii) Law Enforcement; (iii) Judicial; and (iv) Hybrid (a combination of i, ii and iii). Table 1 at right shows the type of FIUs found in the Caribbean region.

The creation and establishment of a FIU is an international requirement in the fight against money laundering and terrorism financing as recognised by the following:

- (i) Article 7.1.b of the United Nations Convention against Transnational Organised Crime (The Palermo Convention) requires member states to consider the establishment of a financial intelligence unit to serve as a national centre for the collection, analysis and dissemination of information regarding potential money laundering.
- (ii) FATF's Recommendation 26 also requires each State to establish a FIU to serve as a national centre for receiving, analysing and disseminating STRs/ SARs and other information regarding potential money laundering or terrorist financing.
- (iii) The Egmont Group defines a FIU as:
"A central, national agency responsible for receiving, (and as permitted, requesting), analysing, and disseminating to the 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 counter money laundering and terrorism financing."

TABLE 1:
REGIONAL FIUs

COUNTRY	FIU	TYPE	EGMONT MEMBER
Anguilla	MLRA	Hybrid	Yes
Antigua & Barbuda	ONDCP	Hybrid	Yes
Bahamas	FIU	Administrative	Yes
Barbados	FIU	Administrative	Yes
Belize	FIU	Hybrid	Yes
Bermuda	FIA	Administrative	Yes
British Virgin Islands	FIA	Hybrid	Yes
Cayman Islands	FRA	Administrative	Yes
Dominica	FIU	Hybrid	No
Grenada	FIU	Hybrid	Yes
Guyana	FIU	Hybrid	No
Haiti	UCREF	Administrative	No
Jamaica	FIU	Hybrid	No (pending)
Montserrat	RA	Hybrid	No
St Kitts and Nevis	FIU	Administrative	Yes
St Lucia	FIA	Hybrid	Yes
St Vincent and the Grenadines	SVGFIU	Hybrid	Yes
Trinidad and Tobago	FIU	Administrative	No (pending)
Turks and Caicos Islands	MLRA	Hybrid	Yes

■ CHAPTER II - THE FIUTT (continued)

2. The FIUTT Statutory Mandate

The FIUA established the FIUTT as a department of the Ministry of Finance. Under the FIUA the FIUTT is responsible for carrying out wide ranging functions aimed at deterring and detecting money laundering and terrorist financing activities in Trinidad and Tobago. The FIUTT is one of Trinidad and Tobago's regulators in AML/CFT compliance enforcement and a contributor to policy formulation in Trinidad and Tobago.

The FIUTT's statutory mandate includes:

- i. receiving financial intelligence and other information from financial intermediaries and other reporting entities;
- ii. analysing information and producing intelligence;
- iii. disseminating information of possible money laundering and terrorism activities or other serious offences to appropriate law enforcement agencies (LEAs);
- iv. providing local and foreign authorities and affiliates within the intelligence community with the financial intelligence and information that would be relevant to the investigation and prosecution of money laundering offences and terrorist financing offences;
- v. enforcing compliance by financial institutions and listed businesses with their AML/CFT obligations;
- vi. providing industry education and awareness training of matters related to money laundering and terrorist financing; and
- vii ensuring that information under its control is protected from unauthorised disclosure.

3. The FIUTT'S Role

The FIUTT is statutorily empowered to request and receive a wide variety of information from diverse sources relevant to analysis. A key task is to analyse this information, to determine if the suspicion of money laundering and terrorist financing is substantiated, for use by domestic and foreign law enforcement and financial institutions' regulatory agencies. Thus, effective use of FIUs is an essential element of successful AML/CFT efforts.

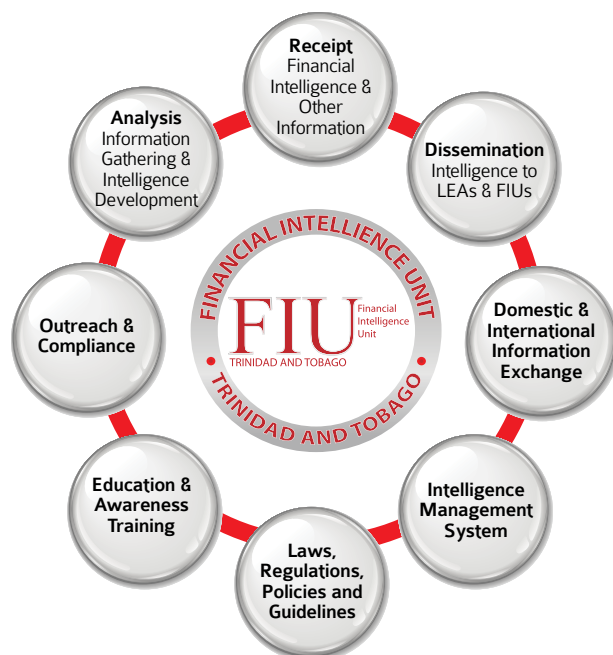
If the predicate crime to money laundering or terrorist financing activity is itself a financial crime, the FIU plays a double role in uncovering financial crimes. Because the FIU is a central repository for analysing a broad range of domestic and foreign financial information, it could also be effective in uncovering patterns and trends in financial crime. Indeed, the World Bank, International Monetary Fund observed that reports from many FATF member countries conclude that a majority of the financial information received and analysed by their FIUs does not point to possible money laundering, but rather to fraud against the financial institutions themselves, including wire and check fraud, credit card fraud, loan fraud, and embezzlement.

Since the FIU receives STRs/SARs from all reporting entities, who are required to make such reports, and can seek additional information from governmental and other sources with respect to those transactions, such information can disclose complex money laundering schemes. And if the transactions involve multiple jurisdictions, the ability to share information with foreign law enforcement authorities becomes important.

The FIU also plays an important role in international AML/CFT initiatives by contributing to international AML/CFT programmes and policy discussions.

■ CHAPTER II - THE FIUTT (continued)

**CHART 1:
FIUTT'S ROLE**



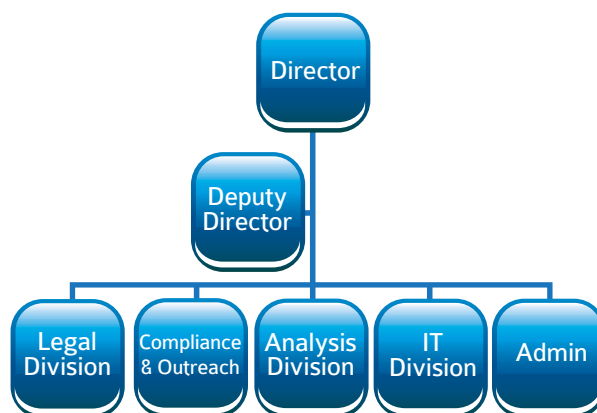
4. Governance

- The FIUA established the FIUTT as an administrative FIU with its powers, duties and functions clearly defined in the FIUA and in its subsequent amendments.
- Pursuant to section 3(1) of the FIUA, the FIUTT is a department within the Ministry of Finance. The Ministry of Finance provides funding and administrative support for the FIUTT's operations.
- The Public Service Commission is responsible for appointing the Director and Deputy Director and other officers of the FIUTT.
- The Permanent Secretary of the Ministry of Finance may appoint other members of staff, including consultants and experts on a contractual basis only.
- The organisational structure of the FIUTT is approved by the Cabinet.

5. Organisational Structure of the FIUTT

The responsibilities of the FIUTT are encapsulated into three (3) main operational areas: STR/SAR Analysis, International Co-operation and Compliance & Outreach. These functions are performed with the support of three (3) groups of back-office personnel: Legal Counsel, IT Support and Administration. The Director assumes the leadership, co-ordination and management responsibilities with the support of a Deputy Director. The table below reflects the organisation structure for FIUTT. A brief synopsis of each operational area follows.

**CHART 2:
FIUTT'S ORGANISATIONAL STRUCTURE**



STR/SAR Analysis

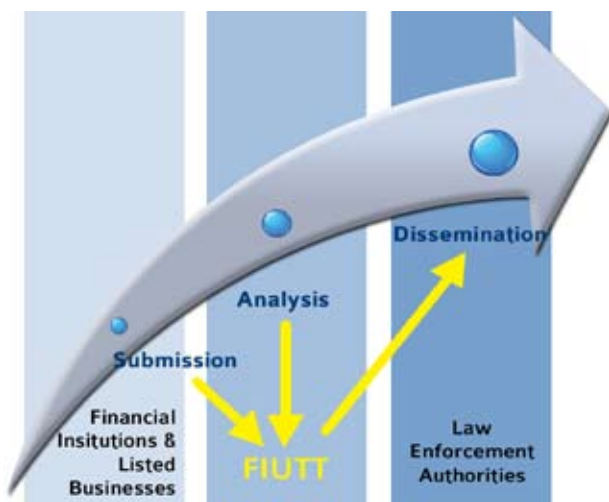
The FIUTT receives and analyses STRs/SARs submitted by the reporting entities. The FIUTT has implemented a Standard Operating Procedure ("SOP") for receiving, recording and analysing STRs/SARs.

Each incoming STR/SAR is examined to ensure that the report contains all required data and then the data is inputted into the database. First, feedback is sent to the reporting entity and where necessary subsequent follow-up communication. The STR/SAR is then subject to analysis, including data matching against existing records and intelligence provided by law enforcement and foreign counterparts. The FIUTT has the authority to request additional information from reporting entities, if necessary

■ CHAPTER II - THE FIUTT (continued)

for in-depth study on any case, and to submit analysed reports (not the STR/SAR) to the Law Enforcement Authorities (“LEAs”) for investigation.

**DIAGRAM 1:
FIUTT INTELLIGENCE FRAMEWORK**



- **Statistics & Typologies**

During the analytical process the FIUTT may extract statistical data periodically from STRs/ SARs received and provide instructive information such as trends and typologies to the supervisory agencies and reporting entities.

- **Compliance & Outreach**

The FIUTT as a supervisory authority is charged with the responsibility to monitor non regulated financial entities and listed businesses for compliance with the AML/CFT laws and regulations. Increasing these entities’ awareness on AML/CFT is also an important responsibility. Consequently, the Compliance and Outreach Division will carry out supervision and awareness and training actions.

■ CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION

1. Suspicious Transaction/Activity Reporting

Financial Institutions and Listed Businesses are required under the POCA to submit to the FIUTT, reports of any suspicious transactions or activities, including attempted suspicious transactions whether completed or not, that may be related to a specified offence, a money laundering offence or an offence of financing of terrorism. These reports must be submitted as soon as possible, but in any event within fourteen (14) days after forming that suspicion.

The reports are submitted on the form (Suspicious Transactions/Suspicious Activity Report) specified in the Third Schedule of POCA. The STRs/SARs are a critical source of information as they link to other transactions or activities that are not captured in other reporting requirements of the FIUTT.

The chart next shows the categories of reporting entities as shown in Chart 3 at right.

In 2011, the FIUTT observed an increase in the number of STRs/SARs submitted. The FIUTT noted that while more reports were made by the Financial Institutions, STRs/SARs were also submitted from entities which had not previously reported, notably in the listed business sector. The increase in STR/SAR reporting could be attributed to the greater awareness and acknowledgement by reporting entities of their role in fighting money laundering and terrorist financing crimes as well as the development and implementation of their internal compliance.

2. Statistics

For the reviewed period three hundred and three (303) STRs/SARs were filed with the FIUTT as compared with one hundred and eleven (111) filed in 2010. This brings the total number of STRs/SARs submitted to the FIUTT since it became operational, in February 2010, to four hundred and fourteen (414). Table 2 gives an overview of the number of STRs/SARs submissions by reporting sector.

As shown in Table 2 the banking sector remains the main source of STRs/SARs filed during the period under review, as well as in the previous reporting period. The banking sector submitted one hundred and fifty one (151) STRs/SARs which represents over 50% of the total number of STRs/SARs received by the FIUTT for the period under review.

CHART 3:
REPORTING ENTITIES UNDER POCA



CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION (continued)

Filing of STRs/SARs by Listed Businesses also increased from the previous reporting year.

Of the three hundred and three (303) filings of STRs/SARs for the period, ninety six (96) were from Listed Businesses as compared to two hundred and seven (207) from financial institutions. This increase reflects the success of the FIUTT's Awareness/Training sessions conducted to educate the listed businesses on their obligations under the AML/CFT legislation. It suggests that the listed business sector is becoming more familiar with their AML/CFT obligations and more confident of the transactions or activities which warrant the submission of an STR/SAR.

Table 2 at right shows submission of STRs/SARs by sectors and Chart 4 below shows the percentage of STRs filing by the various sectors.

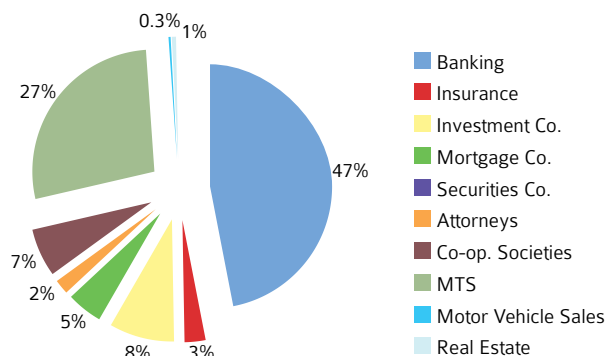
The FIUTT has also observed improvement in the quality of information provided in the STR/SAR, especially in identification of the suspicious activity and provision of the supporting data. Where deficiencies were identified in the quality of the STRs/SARs, feedback was given to the reporting entities. Seven (7) feedback letters were directed to reporting entities. Such feedback provides compliance officers with useful information to better perform their functions.

TABLE 2:

STRs/SARs RECEIVED FROM REPORTING ENTITIES

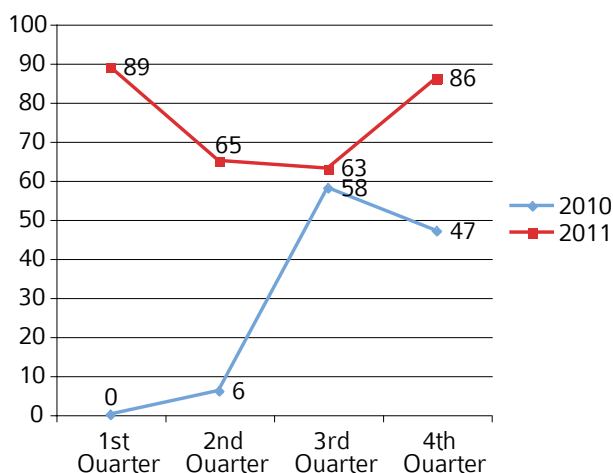
Reporting Entities		
	2010	2011
Financial Institutions		
Banking	58	151
Insurance Co.	1	9
Investment Co.	19	28
Mortgage Co.	5	14
Security Dealers	1	0
Co-operative Societies	2	5
Listed Businesses		
Attorneys	0	2
Money/Value Transfer	25	90
Motor Vehicle Sales	0	1
Real Estate	0	3
TOTAL	111	303

CHART 4:
STRs FILING BY SECTOR



■ CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION (continued)

CHART 5:
COMPARISON OF STRs/SARs FILED PER QUARTER IN 2010 & 2011



The highest filing for the reviewed period was observed in the first quarter, Oct. 2010 to Dec. 2010 and in the fourth quarter, July to Sept. 2011. The second and third quarters were relatively similar in the number of filings. It is to be noted that although the lowest number of filings of 2011 was in the 3rd quarter, it exceeded the highest filing quarter of 2010, which occurred in the 3rd quarter of 2010.

The monetary value of STRs/SARs reported for the reviewed period was approximately TT\$ five hundred and sixty nine (569) million. Variables which may account for the growth of STRs/SARs being reported include the strengthening of the legislation (which brought additional persons within the AML/CFT reporting regime) and the FIUTT's robust awareness and compliance actions.

The monetary values of the STRs/SARs filed are shown in Table 3.

	FEB – SEP 2010	OCT 2010 – SEP 2011
1st Quarter	FIUTT was not operational	Oct. to Dec
2nd Quarter	9 Feb. to Mar.	Jan. to Mar.
3rd Quarter	Apr. to June	Apr. to June
4th Quarter	July to Sept.	July to Sept.

TABLE 3:
MONETARY VALUES OF STRs/SARs FILED

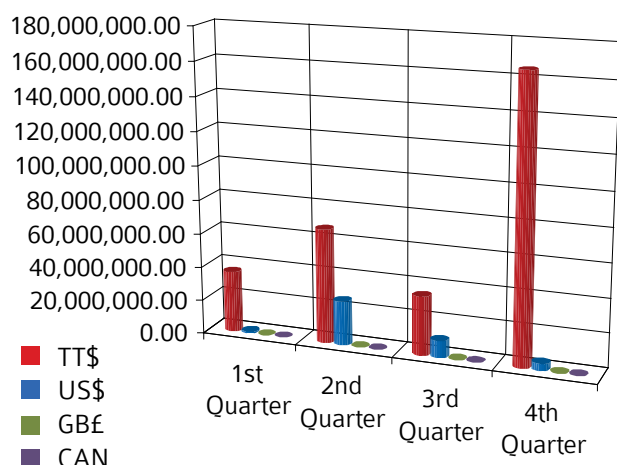
	TTD	USD	GBP	CAN
1st Quarter	36,111,799	967,447	6,000	0
2nd Quarter	67,588,030	26,264,072	0	0
3rd Quarter	34,836,889	9,992,661	0	23,382
4th Quarter	165,563,776	4,195,139	0	0
TOTAL	304,100,494	41,419,319	6,000	23,382

CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION (continued)

Chart 6 below shows the monetary value of STRs/SARs in various currencies and Chart 7 below shows the monetary value in TT\$. The conversion rates were based on the CBTT's rate of exchange up to September 30, 2010

CHART 6:

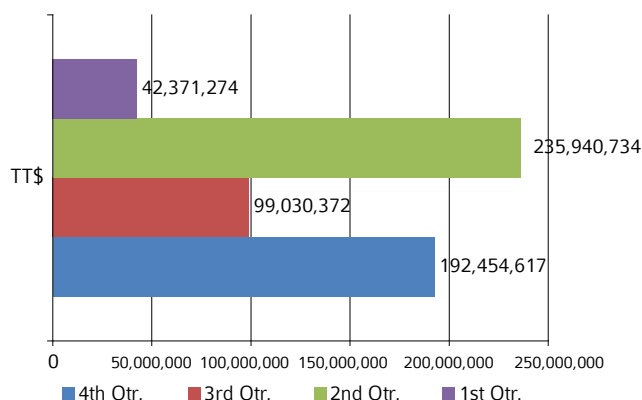
MONETARY VALUE OF STRs/SARs FILED (TT\$)



1 US\$ equivalent to TT\$ 6.41
1 GB£ equivalent to TT\$ 9.69
1 CAN equivalent to TT\$ 6.01

CHART 7:

MONETARY VALUE OF STRs/SARs FILED IN TT\$



3. Analysis

A fundamental function of the FIUTT is the analysis of STRs/SARs received. In the analysis process the information from the STRs/SARs is supplemented by other relevant information that the FIUTT may already possess or that it obtains from other competent authorities, who in the opinion of the FIUTT, may be in possession of relevant information. A request could also be made through the Production of Information request as facilitated in the FIUA section 11 (a) for additional financial information from the reporting entities. The STRs/SARs received from the reporting entities are confidential documents which are retained by the FIUTT and are never disseminated to law enforcement or any other authority.

Although more STRs/SARs were submitted in the first and the fourth quarters, the second quarter has the highest TT\$ monetary value but with a lower number of STRs/SARs filings.

Table 4 opposite gives an overview of the number of STR/SAR submissions, the number analysed and passed to Law Enforcement Authorities ("LEAs") for investigation, STRs/SARs closed ¹ and those which are undergoing further analysis.

¹ It is not possible for the FIUTT to analyse all STRs received in a timely fashion, therefore, the FIUTT uses internationally accepted criteria to prioritise reports. STRs that are not immediately analysed are stored. New reports which are received are matched with this stored data and thus, a STR/SAR may be re-evaluated with the receipt of new information.

■ CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION (continued)

TABLE 4:
OVERVIEW OF THE NUMBER OF STRs/SARs SUBMISSIONS, ANALYSIS, PASSED TO LEA'S, STRs/SARs CLOSED & ON-GOING ANALYSIS

No. of STRs/SARs	2010	2011	TOTAL
Received	111	303	414
Passed on	3	13	16
Closed	5	71	76
Ongoing analysis	103	219	322

Period 2010 refers to: February 9th, 2010 (when the FIUTT became operational) to September 30th, 2010. The period 2011 refers to: October 1st, 2010 to September 30th, 2011.

4. Dissemination

In sixteen (16) cases the FIUTT submitted reports to (LEAs) for investigation. In two (2) cases, the FIB responded that no further action could be taken, therefore, the cases were closed.

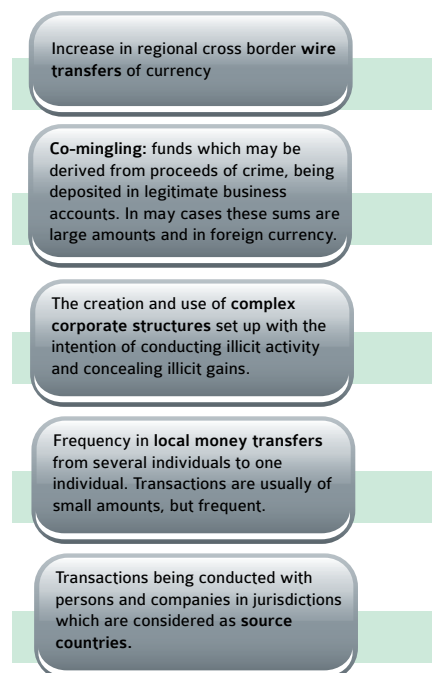
One explanation why all STRs/SARs received in the year under review were not forwarded to the LEAs resides in the role of the financial intelligence unit as a catalyst. A STR/SAR is only a report of suspicion. If the FIUTT's subsequent analytical study tends to substantiate the suspicion of money laundering, or a predicate offence leading to money laundering or organised crime, the analytical report and supporting documentation are forwarded to the LEAs for investigation.

The FIUTT report may very well be the trigger for the money laundering investigation by LEAs.

5. Trends and Typologies

Some of the trends observed over the review period are as follows:

DIAGRAM 2:
TRENDS & TYPOLOGIES



The FIUTT wishes to highlight a typology involving use of complex business structures in suspected money laundering.

■ CHAPTER III - COLLECTION, ANALYSIS AND DISSEMINATION OF INFORMATION (continued)

TYPOLGY

Person A forms Company X to conduct "General Construction and Real Estate Services." Person A opens a business account in Bank 1 and is a holder of a personal account in Bank 2. Person A has also formed other companies, Company Y for real estate services and Company Z, with other persons. Accounts have been opened in the names of these companies in Bank 1, Bank 2 and Bank 3 and other financial institutions. These accounts include multiple currency accounts, several of which have been dormant. Business cheques and cash are being deposited into the personal account in Bank 1. Cash and business cheques are being deposited to Company X, Company Y and Company Z accounts and immediately transferred to other accounts and other persons. Funds in personal accounts in Bank 1 and business accounts are used to purchase real estate, jewellery and other luxury items. It is unclear whether any construction services are being provided to clients or any real estate is being bought or sold for clients.

6. Feedback

The FIUTT provides feedback to a reporting institution in the form of an acknowledgment of receipt of the STR/SAR. Feedback is also given in a more general way such as by providing financial institutions with information on the *modus operandi* used by money launderers and terrorist financiers. There is also feedback on the result after an investigation or prosecution has been closed.

7. Requests for Information

The FIUTT has been very active in analysing STRs/SARs submitted by reporting entities. In order for the FIUTT to add valuable information to the analytical process often further information is required from reporting entities. In furtherance of the analytical process under section 3(a) of the FIUA the FIUTT has made one hundred and thirty (130) requests for financial information which were satisfied by the reporting entities. Those requests were made in accordance with the FIUA, 2009 section 11 (a). The Financial Institutions and Listed Businesses have shown their commitment to AML/CFT by their timely response to requests.

■ CHAPTER IV - ENSURING AML/CFT COMPLIANCE

1. Supervisory Authorities

The AML/CFT laws (the FIUA, POCA, ATA and Regulations made thereunder) impose obligations on financial institutions and listed businesses. Apart from the obligation to submit STRs/SARs to the FIUTT, these entities are also required to have in place policies and procedures that ensure the effective fulfillment of their obligations.

The diagram below depicts the obligations of financial institutions and listed businesses.

**CHART 8:
OBLIGATIONS OF FINANCIAL INSTITUTIONS
AND LISTED BUSINESSES**



As regards obligations under the FOR, three (3) Supervisory Authorities are responsible for supervising and monitoring financial institutions and listed businesses for AML/CFT compliance: the Central Bank of Trinidad and Tobago ("CBTT"); the Trinidad and Tobago Securities and Exchange Commission ("TTSEC") and the FIUTT. The supervisory authorities and the entities each supervises are shown in the diagram below.

DIAGRAM 3:

SUPERVISORY AUTHORITIES & THE ENTITIES EACH SUPERVISES



2. Compliance and Outreach

In 2011, the FIUTT focused on strengthening its supervisory authority. An aggressive awareness and outreach programme was launched in February 2011 targeted at the listed businesses and professionals sectors ('DNFBPS'), who were newcomers in the AML/CFT reporting regime.

One of the first steps was a registration drive to ensure that DNFBPs register in accordance with the FIU Regulations.

Although the proposed Compliance & Outreach Division has not yet been staffed, the FIUTT re-organised its resources internally to achieve over one thousand four hundred (1,400) registrations by DNFBPs. This has been a remarkable achievement for the FIUTT since many regional counterparts have not yet brought the full range of DNFBPs under their AML/CFT regime as required by the FATF Recommendations.

The table below shows the categories and numbers of registered businesses and professionals. Clearly, Attorneys and Real Estate Agents have been very proactive in registering with the FIUTT.

■ CHAPTER IV - ENSURING AML/CFT COMPLIANCE

(continued)

TABLE 5:
CATEGORIES & NUMBERS OF REGISTERED
BUSINESSES AND PROFESSIONALS

LISTED BUSINESS	NO.
Accountants	109
Art Dealers	8
Attorneys at Law	565
Building Societies	2
Co-operative Societies	172
Gaming Houses	4
Jewellers	89
Money or Value Transfer Services	4
Motor Vehicle Sales	100
National Lotteries On-Line Betting Games	1
Pool Betting	8
Postal Service	11
Private Members' Clubs	35
Real Estate Agencies	341
Trust and Company Service Provider	16
TOTAL REGISTRATIONS	1465

3. Compliance Examinations

In accordance with the powers given under the FIUAA, the FIUTT began to monitor supervised entities to ensure compliance with their AML/CFT obligations. For the very first time, the FIUTT conducted on site examinations on supervised entities. In the period under review the FIUTT examined nineteen (19) compliance programmes and conducted on-site examinations on two (2) Attorneys' firms.

PICTURE 1:

FIUTT'S COMPLIANCE EXAMINATION TEAM



To guide its Officers in examining compliance programmes and in conducting onsite examinations the FIUTT developed a compliance examination manual. The purpose of the manual is to ensure that policies and procedures regarding examinations are uniformly applied. The goal is a Compliance Examination that is — and is perceived to be — fair and equitable in its application.

The manual includes procedures for the following:

1. for reviewing and approving the compliance programmes;
2. for assessing the Compliance Officer's awareness of AML/CFT responsibilities;
3. for pre-planning processes of the on-site examination;
4. for the responsibilities of the examiner in chief and the FIUTT's examination officers;
5. for conducting risk assessments on supervised entities;
6. for informing the supervised entity of the proposed on-site examination;
7. for obtaining consent to enter the premises;
8. for assessing the entities compliance in all areas to be tested;
9. for documenting the findings;
10. for feedback to the supervised entity to inform of shortcomings and to provide recommendations and best practices; and
11. for the use of templates on all the above procedures.

■ CHAPTER IV - ENSURING AML/CFT COMPLIANCE

(continued)

The principal shortcomings identified by the FIUTT following its on-site compliance examinations related to inadequate implementation of due diligence measures; risk assessment and risk management procedures; failure to implement appropriate internal reporting procedures; and insufficiently trained Compliance Officers and employees in AML/CFT. The FIUTT afforded the supervised entities the opportunity to rectify the shortcomings within stipulated timeframes.

4. Consultation with the other Supervisory Authorities

Under regulation 31(1) of the FIU Regulations, the reporting entities are required to submit their written compliance programmes to the FIUTT for approval. Upon receipt of a compliance programme from an entity which is supervised by another Supervisory Authority, the FIUTT reviews the compliance programme and submits its findings to the relevant Supervisory Authority. The FIUTT considers the views of the Supervisory Authority before granting approval. In 2011 the FIUTT began the process of consultation and submitted five (5) programmes to the CBTT.

5. Sanctions

During the year under review, the FIUTT favoured a co-operative, “no surprises” approach to ensuring compliance. It is believed that most supervised entities are making a sincere effort to comply with their obligations under Trinidad and Tobago’s AML/CFT laws.

The FIUTT is committed to working constructively with supervised entities to assist them to understand and comply with their obligations. When compliance issues are identified, FIUTT’s officers work with the supervised entity to find reasonable solutions. If these efforts are unsuccessful, or if the supervised entity continues to be in non-compliance, the FIUTT will take the necessary steps to impose legal sanctions.

6. Awareness and Training

Education and training are vital components of successful AML/CFT efforts.

During the period under review the FIUTT hosted several in-house awareness training seminars and participated at training activities organised by the entities. While in

2010 the FIUTT concentrated on awareness training for the financial institutions, in 2011 the FIUTT intentionally shifted its focus to the DNFBPS which it supervises. Issues covered included how to identify and report suspicious transactions, customer due diligence (“CDD”) and verification requirements, the role and functions of the Compliance Officer, and money laundering case studies, methods and typologies. Sixteen (16) categories of reporting entities were covered in thirty one (31) sessions which were attended by one thousand four hundred and eighty one (1,481) persons.

TABLE 6:
TRAINING & OUTREACH

TYPE OF AGENCY TRAINED	SESSIONS & ATTENDANCE	
	NO. OF TRAINING SESSIONS	NO. OF PERSONS TRAINED
Attorneys & Legal Professionals	3	200
Accountants	2	345
Art Dealers	1	12
Banks	1	104
Co-operative Societies	4	212
General Business	1	100
Government Agencies	1	4
Investment	2	32
Jewellers	1	44
Money & Value Transfer Service	2	25
Motor Vehicle Sales	3	28
National Lotteries On-line Betting	1	17
Pool Betting	1	4
Postal Services	1	39
Private Members’ Clubs	1	33
Real Estate	4	202
Securities Dealers	1	37
Trust & Company Service Providers	1	43
TOTAL	31	1,481

CHAPTER IV - ENSURING AML/CFT COMPLIANCE

(continued)

7. Public Awareness

The website of the FIUTT, which was created in 2010, continued to serve as a communication platform. The latest news about the FIUTT, updates on AML/CFT developments in Trinidad and Tobago, as well as updates from international organisations, mainly FATF and UN Security Council can be accessed by the public.

The website content has been enriched by the inclusion of amendments to AML/CFT laws and regulations, publications of the FIUTT e.g. a guide to developing a Compliance Programme, CDD guidelines, STR/SAR Reporting Standards, Public Notice to Stakeholders, and a list of offences under the AML/CFT laws. Apart from improving the website, the FIUTT has been working on another important feature of the website – an on-line registration module for supervised entities via the website. It is under construction and is now in the final phase of testing.

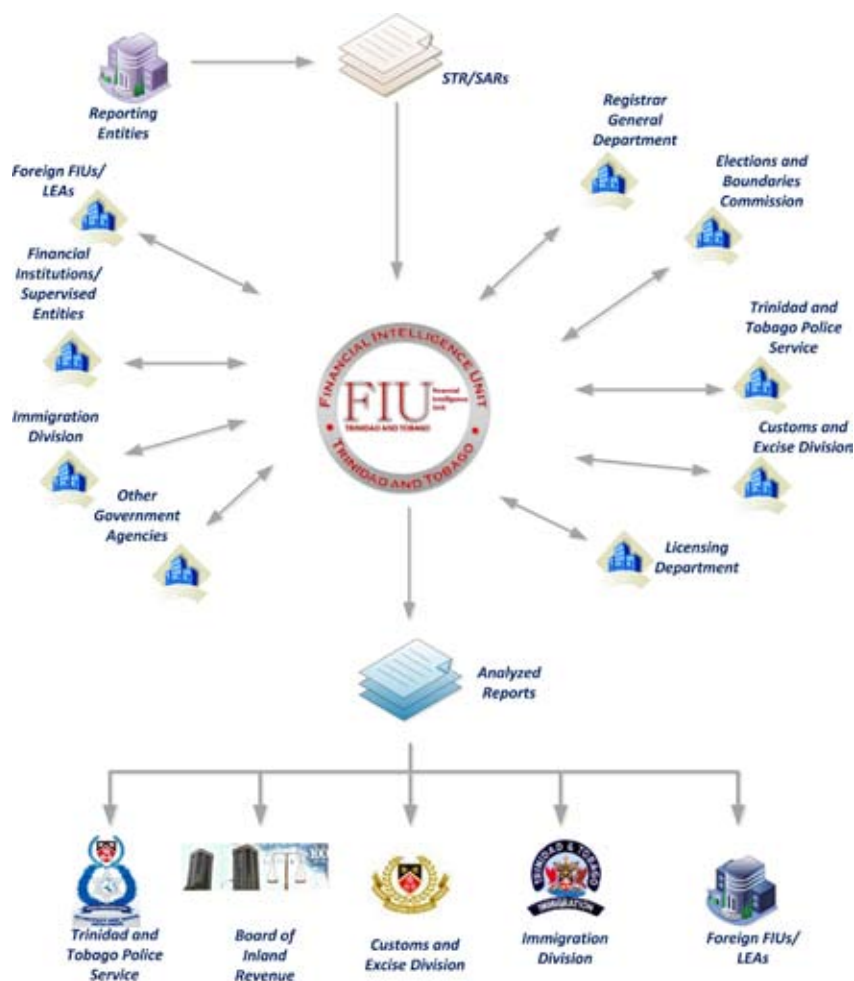
PICTURE 2:

PUBLIC AWARENESS TRAINING



CHART 9:

FIUTT'S INTERNAL ANALYSIS PROCESS



CHAPTER V - CO-OPERATION

A. NATIONAL CO-OPERATION WITH COMPETENT AUTHORITIES

1. Law Enforcement Agencies

The FIUTT undertook several initiatives in order to strengthen domestic coordination on AML/CFT issues. One initiative is to enter into Memoranda of Understanding (“MOUs”) with LEAs and Supervisory Authorities for the sharing and exchange of information.

The FIUTT signed an MOU with the Registrar General in February 2011 which gave the FIUTT direct electronic access to Registries’ Databases.

Signing of an MOU: FIUTT and the Registrar General Department

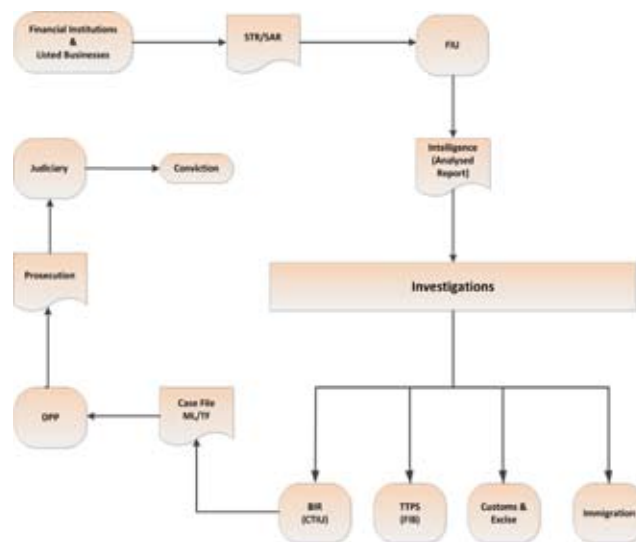
PICTURE 3:

SIGNING OF AN MOU: FIUTT AND THE REGISTRAR GENERAL DEPARTMENT



The FIUTT pursued and obtained an agreement with the Trinidad and Tobago Police Service (“TTPS”) which details the procedure for the dissemination of analysed reports to the TTPS. Agreements for procedure for the dissemination of analysed reports from the FIUTT to the other LEAs (i.e. Comptroller of Customs & Excise, Chief Immigration Officer and the Chairman of the Board of Inland Revenue) are being pursued.

**CHART 10:
AML/CFT PROCESS**



In another initiative, the FIUTT has commenced monthly meetings with the LEAs to improve the quality and quantity of intelligence disseminated to the LEAs.

The FIUTT also responded to requests for assistance from LEAs and other competent authorities. This was on a reciprocal basis as shown in Table 7 below.

**TABLE 7:
REQUESTS FOR ASSISTANCE FROM LEAs**

REQUESTING AGENCY	INCOMING	OUTGOING
Government	0	2
Law Enforcement	36	17
TOTAL	36	19

2. Supervisory Authorities

The FIUTT has established arrangements with the CBTT for quarterly meetings to coordinate approaches on AML/CFT supervision issues. In particular, a coordinated

■ CHAPTER V - CO-OPERATION (continued)

approach is required on the implementation of the FOR and on development of proposed guidelines to assist entities in their compliance measures. Similar arrangements are being pursued with the TTSEC.

In the next reporting year, the FIUTT will continue to collaborate with Supervisory Authorities in the adoption of coordinated compliance approaches.

3. The AML/CFT Compliance Unit

This Unit was established in the Ministry of National Security by Cabinet in April, 2010 to guide policy on AML/CFT compliance issues in Trinidad and Tobago. The objectives of the Unit include:

- Providing timely advice to the Minister of National Security in his capacity as the Prime Contact to CFATF;
- Advising on the implementation of recommendations emanating from the Mutual Evaluation Report Programme;
- Receiving, analysing and responding to requests and reports from FATF and CFATF;
- Liaising with key stakeholders with the aim of addressing concerns, providing clarification or requesting recommendations on AML/CFT issues;
- Advising the Prime Contact and other relevant Ministries of Government on legislative and administrative responses to FATF's AML/CFT recommendations.

4. The National AML/CFT Committee

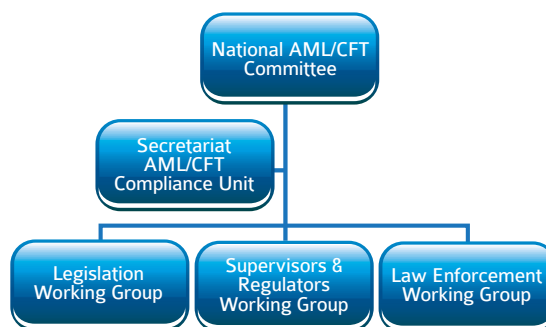
The Committee was established in March 2006 along the lines of FATF's Recommendation 31 (of the 40 + 9 recommendations) and brings together the various government agencies in the field of AML/CFT compliance. Its terms of reference include developing strategies for rectifying deficiencies identified in the CFATF's last Mutual Evaluation Report in 2005 and to engage and consult with stakeholders to strengthen Trinidad and Tobago's AML/CFT regime.

The Committee is chaired by the Director of the AML/CFT Compliance Unit. The committee members comprise the following:

- Senior Legal Advisor to the Attorney General;
- Director of Public Prosecutions;
- The Commissioner of Police;
- The Chief Immigration Officer;
- The Comptroller of Customs & Excise;
- Deputy Permanent Secretary Ministry of Finance;
- Head of the Financial Intelligence Unit;
- The Head of the Financial Investigations Branch;
- The Head of Central Authority Unit;
- The Legal Advisor to the Minister of Justice;
- The Legislative Drafting Department;
- The Trinidad and Tobago Securities & Exchange Commission; and
- The Central Bank of Trinidad and Tobago.

The AML/CFT Compliance Unit is the secretariat to the National AML/CFT Committee as well as to its three (3) Working Groups. The Working Groups are responsible for monitoring and implementing the FATF's 40 + 9 Recommendations.

**CHART 11 :
NATIONAL AML/CFT COMMITTEE &
WORKING GROUPS**



■ CHAPTER V - CO-OPERATION (continued)

B. INTERNATIONAL CO-OPERATION WITH COMPETENT AUTHORITIES

5. Information Sharing with Foreign FIUs

The FIUTT is alive to the importance of cooperation with foreign FIUs in the global fight against money laundering and the financing of terrorism. Indeed, the FIUA and the FIU Regulations recognise information sharing across borders as critical in AML/CFT global initiatives. The exchange of financial intelligence and information with Foreign FIUs is effected on a reciprocal basis in accordance with the Egmont Group best practices for the exchange of information.

6. MOUs with Foreign FIUs

To facilitate cooperation and information sharing the FIUTT may enter into MOUs with foreign FIUs. The MOU would establish the protocols for handling requests to and from foreign FIUs. Such protocols would include restrictions on the purpose for which the information could be used and confidentiality provisions. The FIUTT is at the final stages of entering into its first MOU, this with the Jamaica Financial Investigations Division (FID). In the next reporting year the FIUTT intends to sign MOUs with two (2) other regional FIUs.

**TABLE 8:
INTERNATIONAL COOPERATION**

Jurisdiction	Incoming	Outgoing
Barbados	1	0
British Virgin Islands	0	2
Grenada	9	1
Jamaica	0	1
St. Kitts	7	0
St. Lucia	3	0
Saint Vincent & the Grenadines	6	0
Regional	26	4
United Kingdom	4	0
United States of America	6	1
International	10	1
TOTAL	36	5

■ CHAPTER VI - INSTITUTIONAL STRENGTHENING

1. The Working Environment

The FIUTT is located at Level 25, Tower D, of the International Waterfront Complex, 1A Wrightson Road, Port of Spain. The 25th floor comprising approximately 25,000 sq ft is occupied by the FIUTT.

Tower D is a modern and spacious building which houses other government departments. The Staff can be assured of their safety with 24-hour monitoring effected by both physical and electronic security measures which meet international standards. The office has comfortable working spaces which includes conference rooms, a server room, a security room, a reception area, library, executive offices, and work stations. The environment created is conducive to productivity.

2. Resources

In the period under review the staff establishment of the FIUTT increased incrementally. In February 2011, a Director was appointed (on secondment). In March, two (2) administrative support staff joined the Unit and in September, an IT Manager, a Network Administrator and secretarial support were added. Assistance in compliance efforts was obtained in the form of temporary employees (on a short- term contractual basis), two (2) in March and another in August. Despite these additions however, it is clear that concrete steps must be taken to build the technical capacity which the FIUTT needs to effectively fulfil its statutory mandate.

3. Information Technology

In 2011, the FIUTT continued to acquire the necessary Information, Communication and Technology (ICT) infrastructure to support its business needs.

In September, the Information Systems Manager assumed responsibility for the FIUTT's ICT initiatives and projects such as:

- i. Updating the FIUTT's website on new laws promulgated, guidelines and standards and other public information;
- ii. The FIUTT e-registration project for online registration. This involves the development and implementation of an application software module accessible via the

internet which would allow a supervised entity to log-in, create a personal account in a secure environment and submit its application for registration; and

- iii. Implementation of the policies emanating from the Privacy Impact Assessment. Since the FIUTT places a high value on data security and protection it is committed to implementing the relevant ICT policies.

4. Professional Development

Money laundering methods and techniques change in response to regulatory counter-measures. The FATF has noted the increasing sophistication of money laundering and terrorist financing techniques such as the use of legal persons to disguise true ownership and the use of professionals for assistance in these crimes. Thus, the ever-evolving techniques mean that the AML/CFT regime must also be dynamic. Regulators, such as the FIUTT, must ensure that its officers keep abreast with international developments and continually strengthen their knowledge and expertise. Consequently, a number of officers of the FIUTT were afforded opportunities to pursue various training courses in their field of competence.

In April 2011, four (4) FIUTT Officers attended a Forensic Accounting and Fraud Workshop hosted by ACCA and ICATT in Trinidad. The workshop exposed the Officers to tools useful in analysing financial transactions and in detecting trends and typologies relating to money laundering and fraud offences.

In May 2011, the Director attended a Tactical Analysis Training Course funded by the Egmont Group of FIUs held in Aruba in the processes for analysing STRs/SARs, prioritising STRs/SARs and for disseminating intelligence to LEAs. This course also had a train-the-trainer component.

In August 2011, an Analyst attended a two-week Financial Investigations Training Course at the Regional Drug Training Academy in Jamaica. This course provided a basic understanding of Financial Investigations to better equip analysts to effectively respond to LEAs requests for information and intelligence. Analysts need to be aware of what information is most useful to LEAs in conducting investigations into money laundering, terrorist financing and related crimes.

■ CHAPTER VI - INSTITUTIONAL STRENGTHENING

(continued)

In August 2011, an IT Officer participated in a National Cyber Crime Security Assessment Workshop held in Trinidad by the Ministry of National Security, in developing policies related to internet security.

In September 2011, seven (7) FIUTT Officers attended a Financial Crimes Training Course sponsored by the FBI (USA) in Trinidad. The topics covered included the nature and scope of financial crime, identifying emerging trends and the necessity for a multi-agency approach to addressing financial crimes.

5. Standard Operating Procedures and other Internal Processes

During the reporting period the FIUTT has improved internal work procedures and administrative processes. Standard operating procedures were created and implemented for the receipt and analysis of STRs/SARs and for dissemination of intelligence reports to LEAs. Manuals for registration and compliance procedures were created. Administrative policies for the smooth functioning of the Unit were documented.

■ CHAPTER VII - PARTICIPATION IN INTERNATIONAL EVENTS

During the reporting period the FIUTT was represented at the following Meetings and Conferences:

1. CFATF

- CFATF XXXII Plenary of Officials and Council of Ministers which was held in the Cayman Islands during November 2nd – 4th, 2010. The delegation, which was led by Senator the Honourable John Sandy, Brigadier General (Ret'd) Minister of National Security, included representatives of the AML/CFT Compliance Unit, FIUTT and the CBTT.
- CFATF XXXIII Plenary of Officials and Council of Ministers which was held in Honduras during May 17th – 20th, 2011. The delegation which was led by Senator the Honourable John Sandy, Brigadier General (Ret'd) Minister of National Security included representatives of the AML/CFT Compliance Unit, the FIUTT and the CBTT.

2. Egmont Group of FIUs

Egmont Working Groups and Committee Meetings in Aruba held during March 14th – 17th, 2011. The Director and Deputy Director attended with Observer Status having being invited by the Egmont Secretariat. The FIUTT sponsors, the Bahamas FIU and the British Virgin Islands FIA, presented the FIUTT report to the Legal Working Group (LWG) and the Outreach Working Group (OWG) of Egmont. The Director made a presentation to the OWG on the status of the establishment of the FIUTT and its outreach efforts to supervised entities. At the end of the meeting the OWG recommended that the FIUTT be admitted as an Egmont member. However, the LWG was unable to make a similar recommendation because they needed time to review the recently enacted FIU Regulations. Subsequently, the LWG submitted a list of issues on the AML/CFT laws and regulations on which they sought clarification. A response is expected before the Working Groups and Committee Meeting scheduled for January 2012.

3. THE FATF

- Face to Face Meeting with Co-Chairs of the Americas Regional Review Group (AARG) of the FATF, Miami Florida, USA on January 7, 2011. The delegation, led by Senator the Honourable John Sandy, Brigadier General (Ret'd) Minister of National Security, included representatives of the AML/CFT Compliance Unit and the FIUTT.
- The Joint Plenary of the FATF and the South America Financial Task Force, held in Mexico during the period June 23rd – 24th, 2011. The FIUTT's Director was included in the delegation led by Senator the Honourable John Sandy, Brigadier General (Ret'd) Minister of National Security. Trinidad and Tobago was successful in showing sufficient progress in addressing its AML/CFT deficiencies and so avoided being placed on FATF's list of high risk and non-cooperative jurisdictions.
- Face to Face Meeting with Co-Chairs of the Americas Regional Review Group (AARG) of the Financial Action Task Force, held in Miami Florida, USA during the period September 13th - 15th, 2011. The FIUTT was part of the delegation which addressed the outstanding strategic deficiencies identified by the AARG in the FATF's public statement of June 2011.

4. Caribbean Association of Judicial Officers (CAJO)

- The Director was part of a panel presenting on "Judicial sensitisation on Money Laundering" at the Second Biennial Conference at the Caribbean Association of Judicial Officers held in the Bahamas during October 6th – 8th, 2011.

■ CHAPTER VIII - PROJECTIONS FOR THE YEAR 2011/2012

1. Capacity Building

The FIUTT hopes to strengthen its human resource capacity in the next year to be operationally and technically capable of performing each function more effectively and efficiently. It is expected that the staff level and its technical capacity would increase in parallel with the growing and more demanding responsibilities of the Unit.

2. Compliance and Training

An important element of the FIUTT's strategy to enhance compliance and reporting by reporting entities involves training the staff of reporting entities especially, the listed businesses and professional sector, which are relative newcomers in the AML/CFT regime.

While the reporting entities are responsible for implementing AML/CFT compliance programmes which include ongoing staff training, it is in the interest of the FIUTT to participate in such training.

Training the staff of reporting entities on what constitutes a good-quality STR, and what information is useful to the FIUTT (and what is not) contributes to better quality STRs. Such interaction with the staff of the reporting entities not only helps them to understand the legal requirements, but it can also contribute to the building of a climate of trust between the FIUTT and the reporting entities. This is critical especially in the first few years of the FIUTT's existence, where there may be initial reticence to overcome before satisfactory levels of reporting can be achieved.

During the reporting period 2012 the FIUTT plans to implement the following:

- Develop and publish guidelines to assist supervised entities in complying with their AML/CFT obligations;
- Compliance Workshop Programmes - These workshops are geared towards Compliance Officers of the Supervised Entities;
- AML/CFT Awareness Seminars - These AML/CFT seminars would focus mainly on new registrants as well as on each reporting sector and would be designed to ensure that they are aware of their responsibilities under the AML/CFT legal regime ;
- Compliance On-site Examinations – To continue on-site examinations and to increase the number of such

examinations when the compliance and outreach division of the FIUTT is staffed;

- Off-site Examinations – To implement measures to commence off-site examinations using a risk based approach;
- Addressing areas of non-compliance – Where the FIUTT identifies regulatory breaches, the appropriate legal measures will be taken;
- Training for FIUTT Compliance staff – This will ensure that staff is trained to perform the necessary supervisory and monitoring functions.

3. Interagency Co-operation

Meetings with Stakeholders – The FIUTT will continue regular meetings with LEAs to ensure that the regulatory mandates/objectives are clearly understood and co-operation is maintained; and

Meeting with Supervisory Authorities – The FIUTT will continue to meet with the other Supervisors in the AML/CFT to coordinate compliance approaches and to monitor compliance.

4. IT Projections

Electronic submission of:

- STRs/SARs; and
- Supervised Entities registration information.

In both cases, electronic forms would be available on the website for the submission of the information in a highly secured reporting environment. Such e-registration and e-filing would facilitate a fast and efficient means of committing information into the FIUTT's databases.

Implementation of a Warm Site

A Warm site implemented in an off-site facility would allow the automatic back up of data on a scheduled basis. In the event of system failure at the FIUTT, failover would take place with minimal downtime.

■ CHAPTER VIII - PROJECTIONS FOR THE YEAR 2011/2012

(continued)

5. Document Management System

The FIUTT is mandated by the FIUA to keep documents for a six (6) year period before disposal. The implementation of a Document Management System is required for promoting efficient work flow processes. The FIUTT will collaborate with its regional counterparts to secure an appropriate system.

6. Additional Statistical Information

The FIUTT would implement a system for maintaining comprehensive statistics on:

- i. Categories of suspected predicate criminality gathered from STRs/SARs;
- ii. Investigations and convictions into money laundering; and
- iii. Frozen, seized and confiscated property.

■ GLOSSARY

MONEY LAUNDERING

Money laundering is the process by which illegally obtained funds are given the appearance of having been legitimately obtained. The process may involve one or more of the following methods:

- **Placement**

Illegal funds or assets are first brought into the financial system. This 'placement' makes the funds more liquid using a variety of techniques, which include depositing cash into bank accounts and using cash and other instruments to purchase assets.

- **Layering**

To conceal the illegal origin of the placed funds and thereby make them more useful, the funds must be moved, dispersed and disguised. The process of distancing the placed funds from their illegal origins is known as 'layering'. These include using multiple banks and accounts, having professionals act as intermediaries and transacting through corporations and trusts. Funds may be shuttled through a web of many accounts, companies and countries in order to disguise their origins.

- **Integration**

Once the funds are layered and distanced from their origins, they are made available to criminals to use and control as apparently legitimate funds. The laundered funds are made available for activities such as investment in legitimate or illegitimate businesses, to fund further criminal activity or spent to enhance the criminal's lifestyle.

At this stage, the illegal money has achieved the appearance of legitimacy.

TERRORIST FINANCING

Terrorist financing may involve funds raised from legitimate sources, such as personal donations and profits from businesses and charitable organisations, as well as from criminal sources, such as the drug trade, the smuggling of weapons and other goods, fraud, kidnapping and extortion. Therefore funds derived from legitimate as well as illegal activities can be used for or to facilitate terrorist activities.

GENERAL SUSPICIOUS TRANSACTIONS INDICATORS

- Transactions take place for which there appears to be no logical business or other economic purpose, particularly when this is through or from locations of concern, such as countries known or suspected to facilitate money laundering activities.
- The client cannot provide satisfactory evidence of identity.
- Situations where the source of funds cannot be easily verified.
- Situations where it is very difficult to verify customer information.
- Frequent change of ownership of same property in unusually short time period with no apparent business, economic or other legitimate reason & between related persons.
- Client wants to re-sell Property shortly after purchase at a significantly different purchase price, without corresponding changes in market values in the same area.
- Client wishes to form or purchase a company whose corporate objective is irrelevant to the client's

■ GLOSSARY (continued)

normal profession or activities, without a reasonable explanation.

- The client sets up shell companies with nominee shareholders and/or directors
- The client has companies with capital in the form of bearer shares.
- Client repeatedly changes Attorneys within a short period of time without any reasonable explanation.
- Client purchases property in names of other persons or uses different names on Offers to Purchase, closing documents and deposit receipts.
- Client deposits large amount of cash with you to make payments and investments on his behalf.
- Client negotiates a purchase but wants to record a lower value on documents, paying the difference "under the table" (inadequate consideration).
- Client's documents such as identification, income statements or employment are provided by an intermediary who has no apparent reason to be involved, (intermediary may be the real client).
- Client gives power of attorney to a non-relative to conduct large transactions (same as above).
- Transaction involves legal entities and no relationship seen between the transaction and the business activity of the buying company, or the company has no business activity (Shell Company).
- Client requests the firm to act as his agents in obtaining high sum bankers' drafts, cashiers' cheques and other cash equivalent or near cash monetary instruments or in making wire transfers to and from other bank or financial institutions (anonymity).
- Divergence from the type, volume or frequency of transactions expected in the course of the business relationship.

■ LIST OF TABLES, CHARTS, PICTURES AND DIAGRAMS

Tables

TABLE 1	Regional FIUs
TABLE 2	STRs/SARs Received From Reporting Entities
TABLE 3	Monetary Value of STRs/SARs filed
TABLE 4	Overview of STRs/SARs Submissions, Numbers Analysed, Passed to LEAs, STRs/SARs closed & On-going Analysis
TABLE 5	Categories & Numbers of Registered Businesses and Professionals
TABLE 6	Training & Outreach
TABLE 7	Requests for Assistance from LEAs
TABLE 8	International Cooperation

Pictures and Diagrams

PICTURE 1	FIUTT's Examination Team
PICTURE 2	Public Awareness Training
PICTURE 3	Signing of MOU: FIUTT and the Registrar General Department
DIAGRAM 1	FIUTT Intelligence Framework
DIAGRAM 2	Trends & Typologies
DIAGRAM 3	Supervisory Authorities & the Entities each supervises

Charts

CHART 1	The FIUTT's Role
CHART 2	The Organisational Structure of the FIUTT
CHART 3	Reporting Entities under POCA
CHART 4	Percentage of STR filings by sector for the period 01. Oct. 2010 to 30 Sept. 2011
CHART 5	Comparison of STRs/SARs filed per quarter in 2010 & 2011
CHART 6	The monetary value of STRs/SARs
CHART 7	The monetary value of STRs/SARs in \$TTD
CHART 8	Obligations of Financial Institutions and Listed Businesses
CHART 9	FIUTT's Internal Analysis Process
CHART 10	ML/FT Process
CHART 11	National AML/CFT Committee & Working Groups

Enquiries relating to this report should be addressed to:

The Director
Financial Intelligence Unit of Trinidad and Tobago
Level 25, Tower D
International Waterfront Complex
1A Wrightson Road
Port of Spain

Telephone +(868) 625-8351
Fax +(868) 627-7018
e-mail fiufeedback@gov.tt
Website www.fiu.gov.tt