

GD 2018/0077



**Isle of Man Financial Intelligence Unit**  
*Ellan Vannin Unnid Tushtag Argidoil*

## Annual Report 2017/2018



# ISLE OF MAN FINANCIAL INTELLIGENCE UNIT

## ANNUAL REPORT 2017/18

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## Foreword

I am pleased to present the Annual Report 2017/18 for the Isle of Man Financial Intelligence Unit ("FIU"). Each year the FIU publishes a report providing an account of its activities over the past year, with this being the second such report. The Report outlines the exercise of the functions of the FIU and provides an assessment of the extent to which the FIU's annual plan, as set out in its Strategic Delivery Plan for 2017/18 (GD 2017/0059) has been carried out.

In terms of the FIU's intelligence gathering function, 2017/18 showed continuity with the previous year. Whilst the number of suspicious activity reports received during the year fell once again, due to increased engagement with industry resulting in fewer but better quality SARs, the resulting workload and effort on the part of the FIU has increased considerably. To assist with this increase and to make processes more effective the FIU has continued to invest in improvements to its online reporting system, Themis. The FIU has also continued to invest in the development of its staff, having implemented a staff training and development programme.



In addition to the processing and evaluation of intelligence received by the FIU, strategic analysis is playing an increasingly important role. The goal of strategic analysis is to identify trends and methods of money laundering and terrorist financing and to develop measures against these threats. These analyses will also be useful to those subject to due diligence so that they can apply their methods even more strongly than before in a risk-oriented manner. With this in mind the FIU started to issue typologies within the last financial year and will continue to do so throughout the coming years.

It is hoped that this Report will be of value to all of the FIU's stakeholders and to the public to enable all to better appreciate the nature and value of the work the FIU does. Money laundering methods are becoming increasingly complex, with those involved developing strategies to circumvent measures put in place to combat money laundering. Finance centres, such as the Isle of Man, must be nimble in recognising the changing threats and adjusting its defensive measures. The FIU plays a key role in this process and is guided by its strategic objectives as set by the FIU Board. I am pleased to report that the FIU has been able to carry out the objectives set by the FIU Board in the FIU's Strategic Delivery Plan for 2017/18.

The FIU and the FIU Board are committed to the FIU continuing to make the improvements required in order that the FIU may play its role in pro-actively combatting global financial crime and both terrorist and proliferation financing and protecting the Island's future.

John L M Quinn  
**H.M. Attorney General**  
Chair of the FIU Board

## Introduction

The FIU was established as a statutory body on 20 April 2016 by the Financial Intelligence Unit Act 2016 (the "Act"). The strategic priorities of the FIU are determined by the FIU Board which is made up of H.M. Attorney General (Chair), the Chief Constable and the Collector of Customs & Excise. The functions of the FIU are exercised by its Director, subject to any directions given by the Board. The staff of the FIU includes persons with wide ranging experience, including experience gained in the Isle of Man Constabulary, the Treasury (the Customs & Excise Division and the Income Tax Division), the Gambling Supervision Commission, the finance sector (the banking and trust and corporate service provider sectors), the legal profession and the military.

The primary aims of the FIU Board as set out in the Strategic Delivery Plan 2017/18 build upon the objectives identified by the FIU Board for 2016/17 and aim to ensure that the FIU provides the central focus and lead for all AML/CFT intelligence with a particular focus on those matters identified as key priorities following the National Risk Assessment 2015 and the Moneyval 5<sup>th</sup> Round Mutual Evaluation Report.

It is also the FIU's aim to ensure that criminals do not profit from crime, either within the Island or internationally by detecting financial crime, countering money laundering and detecting both the financing of terrorism and proliferation. Where criminals have made material gain, the FIU will support all legitimate actions to restrain and ultimately confiscate the resulting proceeds and other crime related assets. In addition, the FIU is committed to playing its part in ensuring that the Isle of Man plays no part in the financing of terrorism or proliferation. Whilst the Isle of Man's risk of being directly affected by an act of terrorism is considered to be very low, the Island is nonetheless called upon to combat the financing of terrorism, either directly or indirectly, particularly in light of the increase in the risk of terrorism across Europe.

## The Role of the FIU

The FIU plays a key role in the global fight against terrorism, proliferation and financial crime with the FIU's statutory functions, as set out at section 5 of the Act, being –

- Receiving, gathering, analysing, storing and sharing information about financial crime (whether in the Island or elsewhere);
- Assisting with the prevention and detection of crime, and in particular, financial crime (whether in the Island or elsewhere);
- Cooperating with law enforcement agencies;
- Contributing to the reduction of crime, and in particular, financial crime and to the mitigation of its consequences.

In considering the FIU's exercise of its functions and building on the first Strategic Delivery plan, the FIU's second Strategic Delivery Plan provided that the FIU would: -

- Ensure that its staff receive training from recognised experts, including financial intelligence officer training, anti-money laundering training and terrorist financing training.
- Develop a programme for increased liaison with industry, including speaking at forums/conferences and meeting with the regulators, industry bodies and industry members.
- Produce guidance for industry on the risk indicators for terrorist financing.
- Produce guidance for industry on the online reporting system (Themis) and on the SAR reporting regime.
- Produce an operational analysis handbook for use by FIU staff.
- Increase the dissemination of actionable intelligence to law enforcement agencies (including ICART) and regulatory bodies.
- Collect and analyse intelligence from mutual legal assistance requests received by H.M. Attorney General and provide meaningful intelligence packages for use by law enforcement agencies and regulatory bodies.

## The Aims and Strategic Objectives of the FIU

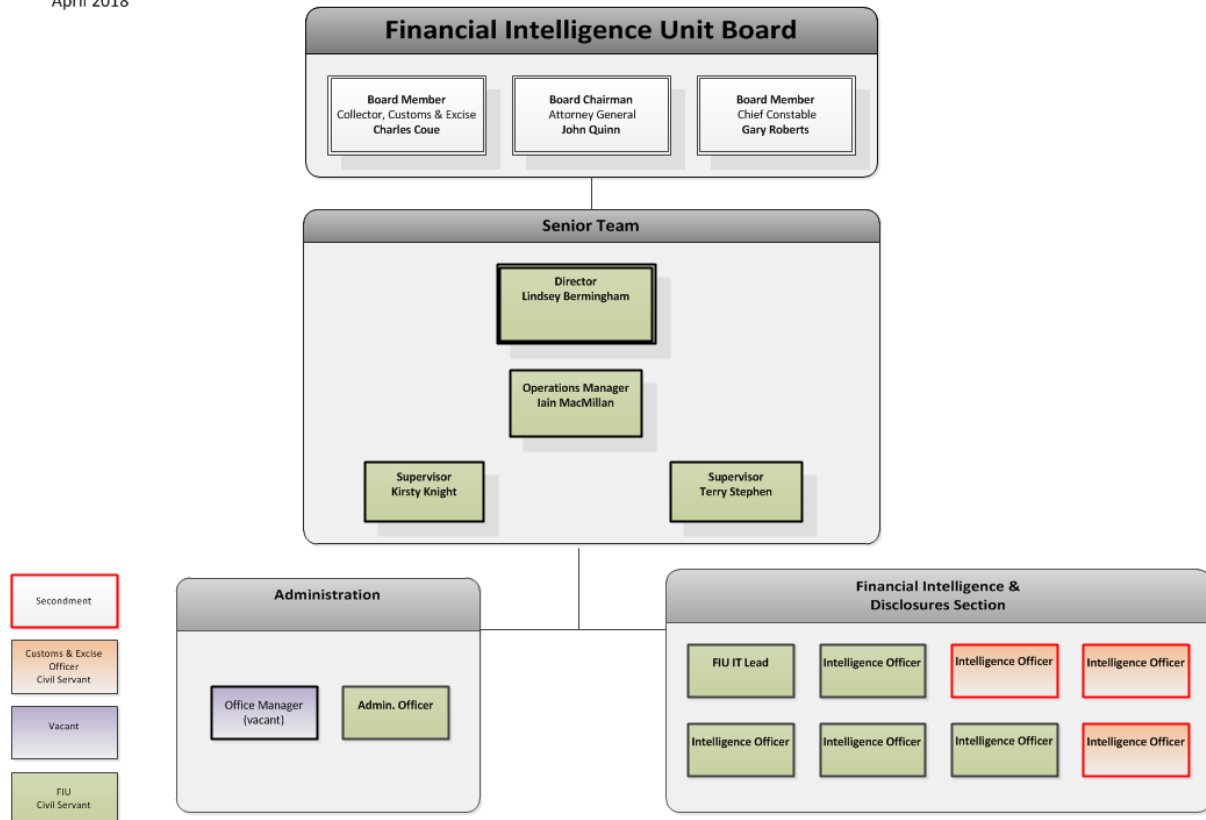
The FIU's strategic objectives, as identified by the FIU Board are:

- Identifying and addressing cases of high level financial crime and corruption thereby ensuring that the Isle of Man continues to develop as a safe, well regulated and dynamic business centre, thereby protecting its international reputation by complying with recognised international standards.
- Re-assessing the Island's cross-border ML & TF threats in light of information gathered by partner agencies on the flows of funds into and out of the Island's financial sector.
- Providing a high quality of international co-operation in support of the Isle of Man's long-standing commitment to complying with international standards on tax co-operation, transparency and combatting money laundering and the financing of terrorism.
- Providing intelligence to enable partner agencies to detect AML/CFT activity, investigate financial crimes (including tax evasion), disrupt criminal activity, secure prosecutions and confiscate proceeds of crime.
- Providing high quality and timely analysis and advice to government on emerging financial crime threats and typologies.
- Addressing the identified need for additional specialist financial intelligence investigators.
- Implementing a wide ranging training programme that ensures the FIU's compliance with international standards.
- Using technology to enhance both the performance and effectiveness of the FIU by improving the quality of the material it receives and produces.
- Engaging with industry in a meaningful partnership, particularly in regards to improving the quality of SARs/online reporting, ML and TF typologies and emerging threats.
- Producing and issuing an annual report for the FIU as required by the Financial Intelligence Unit Act 2016.
- Operating within the clear lines of communication and arrangements set out in the Memoranda of Understanding agreed with partner agencies.

## Internal Developments During 2017/18

The FIU recruited three new members of staff during this period, bringing the number of staff members to thirteen. A chart showing the organisational structure of the FIU as at 5 April 2018 is set out below.

April 2018



The FIU carried out significant work to improve the induction process for new staff. This resulted in improvements to the FIU's training programme for new starters which now includes completion of the operational and tactical analysis courses offered by the Egmont Group of Financial Intelligence Units (the 'Egmont Group')<sup>1</sup>. The FIU also invested significantly in the development of existing staff, with three members of staff undertaking diploma level qualifications in anti-money laundering. In addition, training has been provided by UK experts in relation to countering terrorist financing.

FIU staff also received briefings during the year from the Island's regulators, the Isle of Man Financial Services Authority and the Gambling Supervision Commission. Finally, six FIU officers attended the National Crime Agency's training for Financial Intelligence Officers.

In addition to the above, the FIU produced an operational handbook for the use of all staff during the course of 2017/18. The handbook provides guidance to staff in dealing with intelligence received, stressing the commitment of the FIU to increasing the quality and amount of intelligence received and appropriately disseminated and the importance of the

<sup>1</sup> More information on the Egmont Group can be found at [www.egmontgroup.org/](http://www.egmontgroup.org/)

analysis of information received by the FIU in the fight against money laundering and the financing of terrorism.

Also during the course of 2017/18, the Director of the FIU chaired a cross-government working party to assess the threats presented by legal persons and arrangements established under Isle of Man legislation. The working group found that there are no specific threats uniquely presented by such persons, with the threats posed being the same for any of the different corresponding legal persons found in other jurisdictions. The characteristics of Manx legal persons are fundamentally common throughout the world. The threats are not in the legal structures themselves, but more in their potential use in complex international structures used in a layering context.

## Working with Local Law Enforcement Agencies

The FIU continues to work closely with the Isle of Man Constabulary (particularly its Economic Crime Unit), the Customs & Excise and Income Tax Divisions of the Treasury, the International Cooperation and Asset Recovery Team in the Attorney General's Chambers ('ICART'), the Isle of Man Government Financial Services Authority and the Gambling Supervision Commission. Representatives of these bodies meet regularly, with intelligence being shared between the bodies in accordance with agreed protocols.

The table below shows the number of SARs received by the FIU for each of the quarters of 2017/18, together with the number of resulting domestic disseminations. Whilst the majority of domestic disseminations were made to the agencies referred to above, information was also disseminated to other government departments, including the Department for Enterprise and the Department of Health and Social Care.

Year / Quarter	Number of SARs Received	Number of disseminations made locally
2017 Q2	338	57
2017 Q3	365	59
2017 Q4	318	92
2018 Q1	361	126

Over the time period, there were 18 investigations commenced by the Isle of Man Constabulary which were initiated by the dissemination of information from the FIU following the receipt of a SAR. Of these, 44.4% were in relation to suspected fraud offences, with others relating to suspected terrorist financing, corruption/bribery and drugs related activities. Investigations led by the other agencies disseminated to were mostly concerning suspected tax evasion.



## International Co-operation

The FIU is the single point of contact for Isle of Man law enforcement agencies with international financial intelligence units and is a full member of the Egmont Group. The Egmont Group is a body of over 155 financial intelligence units which provides a forum for FIUs around the world to improve cooperation in the fight against money laundering and the financing of terrorism. This support includes:

- Expanding international cooperation in the reciprocal exchange of information
- Increasing the effectiveness of FIUs by offering training and promoting personnel exchanges to improve the expertise and capabilities of personnel employed by FIUs
- Fostering better and secure communication among FIUs through the application of technology, presently via the Egmont Secure Web (ESW)
- Fostering increased coordination and support among the operational divisions of member FIUs
- Promoting the operational autonomy of FIUs
- Promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the first stages of development.

The value of information exchange on an international level in support of respective law enforcement efforts has proven to be highly significant. FIUs have a unique ability to exchange financial information that may be helpful in following the financial trail in law enforcement investigations, including those related to terrorism and uncovering criminal assets. This information could stem from suspicious activity reports or other disclosures from the finance sector and other obliged entities, as well as government administrative data and public record information. Opening and maintaining this line of communication among the Egmont Group of FIUs benefits law enforcement efforts globally by providing another potential source of foreign financial intelligence that may be crucial to a national investigation. Information exchange between FIUs has a high value since sometimes it is the only portal for an exchange of financial intelligence between jurisdictions. The Egmont Group's main mission is to foster information exchange and international cooperation as outlined in the Group's Principles for Information Exchange.

In addition to the success of developing principles for Information Exchange, Egmont has created a secure encrypted capability to share information over the internet. Egmont's Secure Web (ESW) permits members of the Group to communicate with one another via secure email. Egmont members are able to exchange operational information knowing that the information is communicated in a secure way, will be safeguarded at the receiving end, and acted upon appropriately and in a timely fashion. The ESW also allows Egmont members access to meeting minutes and related documents, contact information for all members and sanitised case typologies.

As part of the recognised global network of FIUs, Egmont members can take advantage of the cooperation and mutual assistance fostered by the group. Meetings and workshops provide a forum for the sharing of best practices, and allow all members to participate in Egmont Group decision-making processes. Members share experiences and ideas, offer advice, and learn from the successes and mistakes of colleagues. The FIU is a member of

Egmont working groups and takes part in working group projects. In July 2017 the Director of the FIU, Lindsey Bermingham, was elected one of the two regional representatives for the Europe II region of the Egmont Group and accordingly has a seat on the Egmont Committee.

In March 2018 Egmont Group members met in Buenos Aires, Argentina, to discuss the unique role of FIUs within the broader AML/CFT system in addressing the money laundering of the proceeds of corruption, including the autonomy of FIUs in the fight against corruption. A link to the Egmont Group's communiqué following this meeting can be found below<sup>2</sup>.

The FIU assists its international partners in tracing and identifying the proceeds of crime and other crime related property which may become subject to subsequent restraint, freezing, seizure or confiscation orders. The FIU also sends and receives information to and from overseas jurisdictions via the ESW relating to money laundering and the financing of serious organised crime, terrorism and proliferation.

Any information shared by the FIU is strictly controlled and safeguarded ensuring compliance with the Financial Intelligence Unit Act 2016 and national provisions on data protection and privacy. As a minimum, exchanged information is protected by the same confidentiality provisions that apply to information from domestic sources obtained by the receiving financial intelligence unit.

The FIU, upon receiving assistance requests from partners overseas, searches against databases available to it to collect information on subjects. The information is then assessed for relevance to the request. Relevant information is then entered into an intelligence report for dissemination to the requesting party. The information may be used for intelligence purposes only. The information may be forwarded to national prosecution authorities only with the express consent of the FIU. If the information is required for evidential purposes, prosecuting authorities must request disclosure of the information by way of a request for mutual legal assistance to Her Majesty's Attorney General.

Where applicable, the FIU seeks the consent of the overseas partner to share information obtained from their request for assistance with local law enforcement. The same process is used where the FIU receives local intelligence which has potential relevance to an overseas jurisdiction; a report is prepared and spontaneously disseminated via secure networks such as the ESW.

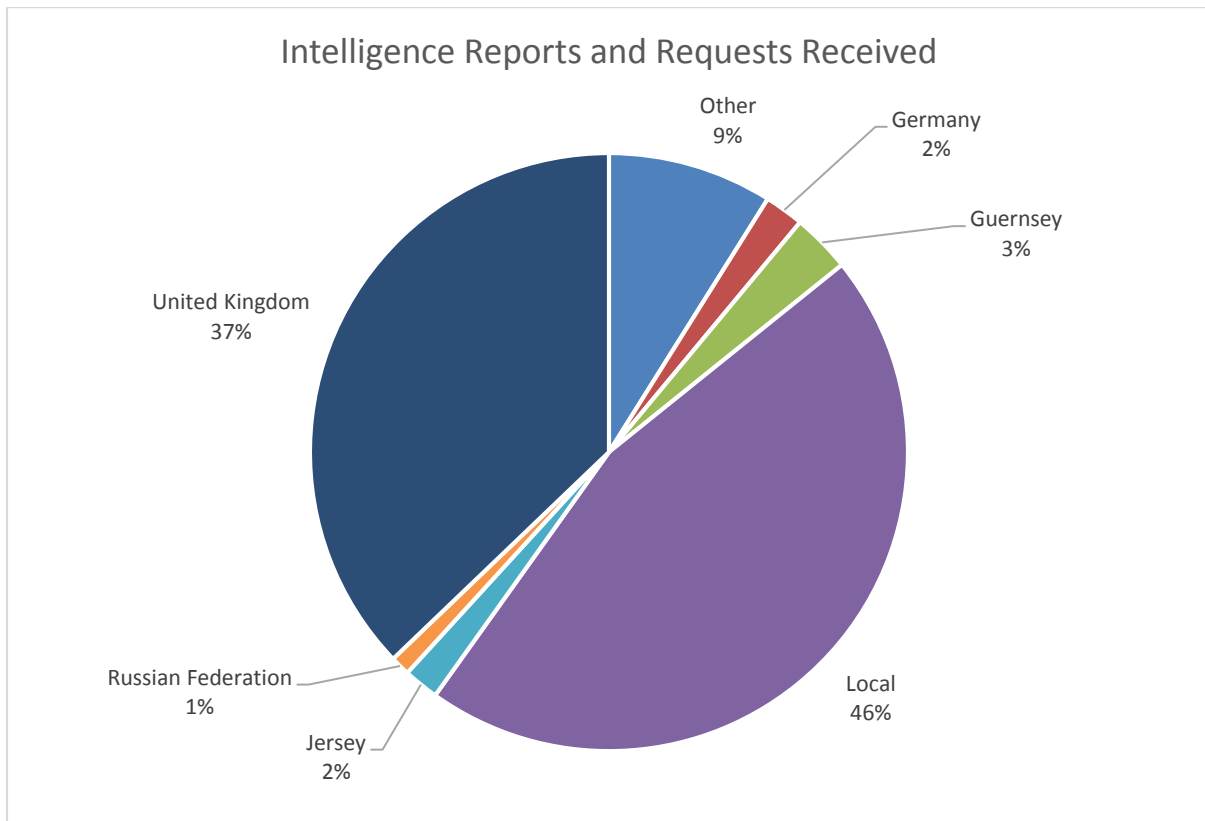
The FIU does not require a memorandum of understanding in order to exchange information, as this can be done through the existing legal framework. The FIU will nevertheless enter into such agreements if required by other jurisdictions or organisations.

The chart below shows the jurisdictions from which intelligence reports and requests for information were received in 2017/18. Whilst the majority of reports and requests (46%) were received from local agencies, 37% were received from the United Kingdom and 5% from

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<sup>2</sup> <https://egmontgroup.org/en/content/communiqu%C3%A9-egmont-group-commits-combat-corruption>

the Crown Dependencies of Jersey and Guernsey. The remaining 12% was from other jurisdictions, with the greatest number of these being from Germany (2%) and Russia (1%).



The table below shows the number of SARs received by the FIU for each of the quarters of 2017/18, together with the number of resulting international disseminations. As the Isle of Man is an international finance, the number of international disseminations is not surprising and shows the commitment of the FIU to play its part in fighting financial crime, wherever committed.

Year / Quarter	Number of SARs Received	Number of disseminations made internationally
2017 Q2	338	248
2017 Q3	365	209
2017 Q4	318	149
2018 Q1	361	303

Whilst obtaining reliable feedback on international disseminations is a challenge for most jurisdictions, the Isle of Man has received a largely positive response from those who have engaged following disseminations.

Each dissemination is accompanied by a feedback form that the jurisdiction receiving the intelligence is encouraged to return – a sample of this data between 1<sup>st</sup> December 2017 and

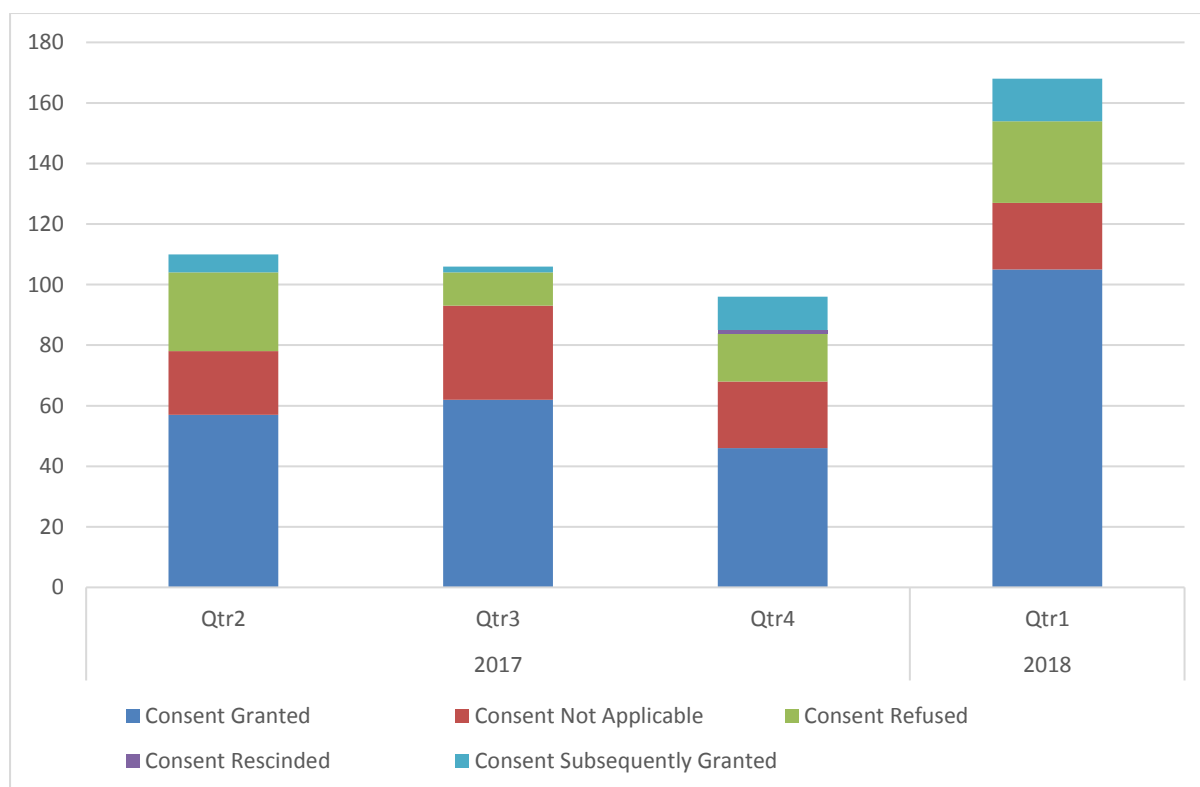
20<sup>th</sup> February 2018 shows that over 66% of jurisdictions found the FIU's intelligence to be more than satisfactory.

## The Consent Regime

The Proceeds of Crime Act 2008 (POCA) allows persons to avail themselves of a defence against money laundering charges by seeking the consent of the FIU to conduct a transaction or undertake other activity (a 'prohibited act') about which they have concerns. In January 2018, the FIU issued guidance on the submission of suspicious activity reports (SAR Guidance) via its online reporting system, Themis. The SAR Guidance includes guidance on seeking the consent of the FIU to carry out specified activities or transactions. Copies of the SAR Guidance may be obtained from the FIU.

The decision to refuse or grant consent is made by the FIU following consultation with the relevant law enforcement agency. Where the FIU is unable to establish a link to criminality consent is granted. Where consent is refused, the person will not proceed with the transaction or activity for fear of committing a money laundering offence and the relevant law enforcement agency is able to seek the restraint, seizure or freezing of the relevant funds to prevent their movement. In this financial year ICART restrained £184,632,128.11 in 19 matters emanating from intelligence provided by the FIU.

The chart below shows a significant increase in consent requests for Q1 2018, which reflects a small number of cases with a large number of consent requests on each. If these cases are discounted, the number of consent requests is largely in line with previous quarters, with a slight growth indicated.



## Building Relationships with the Private Sector

To be an effective financial intelligence unit the FIU needs to work collaboratively with private industry and to help industry with regard to improving the quality of SARs/online reporting and providing money laundering and terrorist financing typologies and emerging threats so enabling better identification and reporting of suspicious activities. As such, in 2017/18, the FIU delivered further presentations to private industry, including presentations to the following:

- Online/e-gaming MLROs;
- Advocates and lawyers
- Estate agents
- Charities
- Government Departments
- Regulators
- Banks
- Tax Advisers
- Professional bodies i.e. the AICP and the ACSP

The presentations covered the establishment of the FIU, the provisions of the Financial Intelligence Unit Act 2016, the SAR regime and Themis (the FIU's online reporting system). The FIU received positive feedback following these presentations and is putting together an on-going programme of presentations for 2018/19.

In October 2017, the FIU's Financial Intelligence & Technical Officer attended the Egmont Group's Strategic Analysis Course in Kuala Lumpur, Malaysia. Following this training, in early 2018, the FIU began to publish typologies from the practice of the FIU to those registered on Themis. The purpose of the typologies is to give those to whom the Island's AML/CFT obligations apply additional indications of possible suspicious facts and is part of the FIU's commitment to fulfil international obligations under Financial Action Task Force (FATF) Recommendation 29 to identify money laundering and terrorist financing related threats and vulnerabilities and to assist with the provision of awareness training in relation to financial crime.

Also in October 2017, the FIU issued revised guidance on the use of Themis, a copy which is available on the FIU's website<sup>3</sup>. In addition, the FIU has provided interactive training on the use of Themis to certain businesses and sectors, upon request.

In January 2018 the FIU issued guidance to industry on the reporting of suspicions related to the financing of terrorism.

During the period the FIU also published several advisory notices to reporting entities via Themis on a variety of subjects. The FIU will continue to publish advisory notices, typologies and guidance via Themis.

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<sup>3</sup> <https://www.gov.im/media/1358901/guide-to-themis-for-the-industry-v3-october-2017.pdf>

## Intelligence Receipt, Analysis and Dissemination

The FIU received 1381 suspicious activity reports (SARs) during 2017/18. As can be seen from the table below, the volume of SARs submitted to the FIU decreased by 10% on the previous year. This is considered to be as a result of improved engagement with industry, resulting in fewer but better quality SARs as demonstrated by the number of intelligence packages disseminated to local law enforcement.

Whilst the number of SARs submitted to the FIU decreased, the number of SARs submitted under the Anti-Terrorism and Crime Act 2003 (ATCA 2003) increased by 33%. This is considered to be due to a greater industry awareness of terrorist financing and its indicators, brought about by increased outreach and training by the FIU.

The table below also shows that the number of consent requests received by the FIU also increased significantly during 2017/18. This is again considered to be due to improved engagement with and training and guidance provided to industry. The number of consent requests refused by the FIU also shows a significant increase on the previous year, reflecting the increased engagement of the FIU with other financial intelligence units and with local law enforcement agencies in the fight against money laundering and the financing of terrorism.

Statistics	April 2017- March 2018	% Change from prior year	April 2016 – March 2017	% Change from prior year	April 2015 – March 2016
Total SARs	1381	-10%	1536	-14%	1795
SARs under POCA 2008	1186	-19.5%	1475	-18%	1792
SARs under ATCA 2003	16	33%	12	300%	3
SARs under 'Other'	179	389%	49	-	-- <sup>4</sup>
Consent requests	446	259%	172	17%	147
Consent requests refused (and %)	80 (17.9%)	615%	13 (7.5%)	1200%	1 (0.6%)
Refused consent requests subsequently granted during the moratorium period (and %)	33 (41.25% of refused requests)		4 (2.3%)		-- <sup>5</sup>

In addition to the suspicious activity reports received from industry and information received from other financial intelligence units and domestic law enforcement agencies and the regulators, the FIU also receives intelligence from H.M. Attorney General relating to requests for mutual legal assistance received by him. During the course of 2017/18 the FIU has revised the procedure it has in place for analysing the intelligence received to ensure that it can provide meaningful intelligence packages for use by law enforcement agencies and regulatory bodies.

<sup>4</sup> The ability to make SARs to the FIU other than under POCA was introduced by the Act on 22 April 2016.

<sup>5</sup> Data is only available from the introduction of the FIU's online reporting system, Themis, on 1 April 2016

## Summary of SARs by Reporting Sector

During 2017/18 the largest reporting sector in the Island was the bank and building society sector, making up 54.2% of all SARs received. The Online/E-Gaming sector was the second highest reporting sector with 18.0% of all SARs received and the Life Assurance / Insurance sector was the third largest reporting sector with 8.9%. These figures are reflective of both the nature and relevant size of business undertaken in the Isle of Man.

	2017									2018			Grand Total	Percentage
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Accountant	2	4	0	2	2	1	1	2	1	0	0	0	15	1.1%
Bank/Building Society	56	65	75	65	78	62	68	63	44	60	51	61	748	54.2%
Estate Agent	0	0	0	0	0	0	0	0	0	0	1	0	1	0.1%
Financial Advisor	1	0	1	2	2	2	4	1	5	1	6	1	26	1.9%
Investment/Fund Manager	2	1	0	3	1	1	1	2	1	2	0	1	15	1.1%
Lawyer	3	0	9	1	1	2	2	1	1	6	4	5	35	2.5%
Life Assurance/Insurance	18	4	12	10	8	11	11	11	10	7	14	7	123	8.9%
Money Service	1	0	0	2	2	4	3	2	3	5	1	0	23	1.7%
Offline Gaming	0	1	0	0	0	2	0	0	0	0	0	0	3	0.2%
Online/eGaming	5	21	16	24	12	31	26	17	8	16	42	30	248	18.0%
Payroll Service	1	2	0	2	0	0	1	0	0	0	0	2	8	0.6%
Post Office	0	0	0	0	1	2	2	1	0	0	0	1	7	0.5%
Regulator	0	0	0	0	0	0	1	0	0	0	2	0	3	0.2%
TCSP's	16	9	11	9	11	7	9	10	4	9	7	9	111	8.0%
Virtual Currency Service	1	1	0	0	1	0	2	0	0	0	0	10	15	1.1%
<b>Grand Total</b>	<b>106</b>	<b>108</b>	<b>124</b>	<b>120</b>	<b>119</b>	<b>125</b>	<b>131</b>	<b>110</b>	<b>77</b>	<b>106</b>	<b>128</b>	<b>127</b>	<b>1381</b>	<b>100%</b>

The main known or suspected criminality identified by the Bank/Building Society sector was suspected tax evasion with 38.5% of SARs from this sector relating to this type of offence. This was also replicated across the TCSP sector with 50.4% of SARs submitted relating to suspected tax evasion.

## Summary of SARs by Identified Criminality

	2017									2018			Grand Total	Percentage
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Bribery	0	0	0	0	0	0	0	0	0	1	0	0	1	0.1%
Corruption	6	2	2	7	4	4	1	4	8	6	7	5	56	4.1%
Drugs Related Activities	4	3	4	3	5	7	5	3	2	1	3	2	42	3.0%
Excise Related	0	0	0	0	0	0	0	0	0	0	1	0	1	0.1%
Fraud, False Accounting or Forgery	25	32	21	24	15	33	22	19	15	29	37	38	310	22.4%
Immigration Related	0	1	0	0	0	0	0	1	0	0	0	1	3	0.2%
Money Laundering	25	33	40	33	50	47	57	44	22	29	50	40	470	34.0%
Murder	1	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
None (Section 24 Only)	0	0	0	0	0	0	0	0	0	0	0	1	1	0.1%
Not Known (POCA) <sup>6</sup>	0	0	0	0	0	0	0	0	0	3	0	5	8	0.6%
Organised Crime /Mafia	1	2	1	1	0	0	1	0	0	1	0	1	8	0.6%
Other	6	2	5	2	3	2	4	6	5	1	2	0	38	2.8%
Paedophilia	0	0	1	0	0	0	0	0	1	0	0	0	2	0.1%
Should not have been a disclosure	3	2	1	6	2	1	1	1	0	1	1	0	19	1.4%
Tax Evasion	35	29	48	43	37	30	38	30	24	33	27	29	403	29.2%
Terrorism	0	2	1	1	3	1	2	2	0	1	0	5	18	1.3%
<b>Grand Total</b>	<b>106</b>	<b>108</b>	<b>124</b>	<b>120</b>	<b>119</b>	<b>125</b>	<b>131</b>	<b>110</b>	<b>77</b>	<b>106</b>	<b>128</b>	<b>127</b>	<b>1381</b>	<b>100%</b>

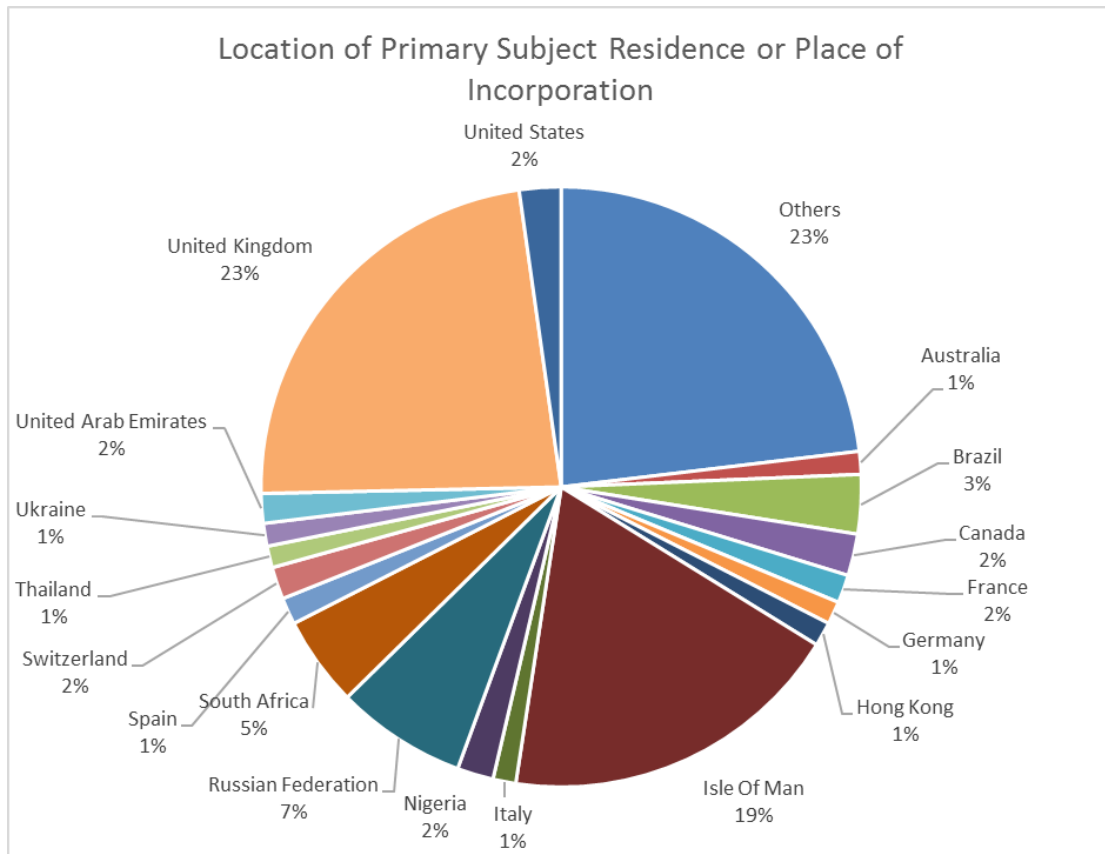
The above table displays the suspected predicate offences set out in the SARs that have been submitted across all of the sectors, as identified by the FIU. Fraud, false accounting and forgery (as one category) and tax evasion are the suspected predicate offences that have the most submissions, with 22.4% and 29.2% respectively.

<sup>6</sup> It should be noted that the FIU has changed the way it records (i) bribery and corruption; and (ii) suspected money laundering but where the predicate offence is unknown, during the course of this financial year. Bribery and corruption are now identified as two separate offences and where the predicate offence is unknown, this is now marked as 'unknown' rather than as 'money laundering'.



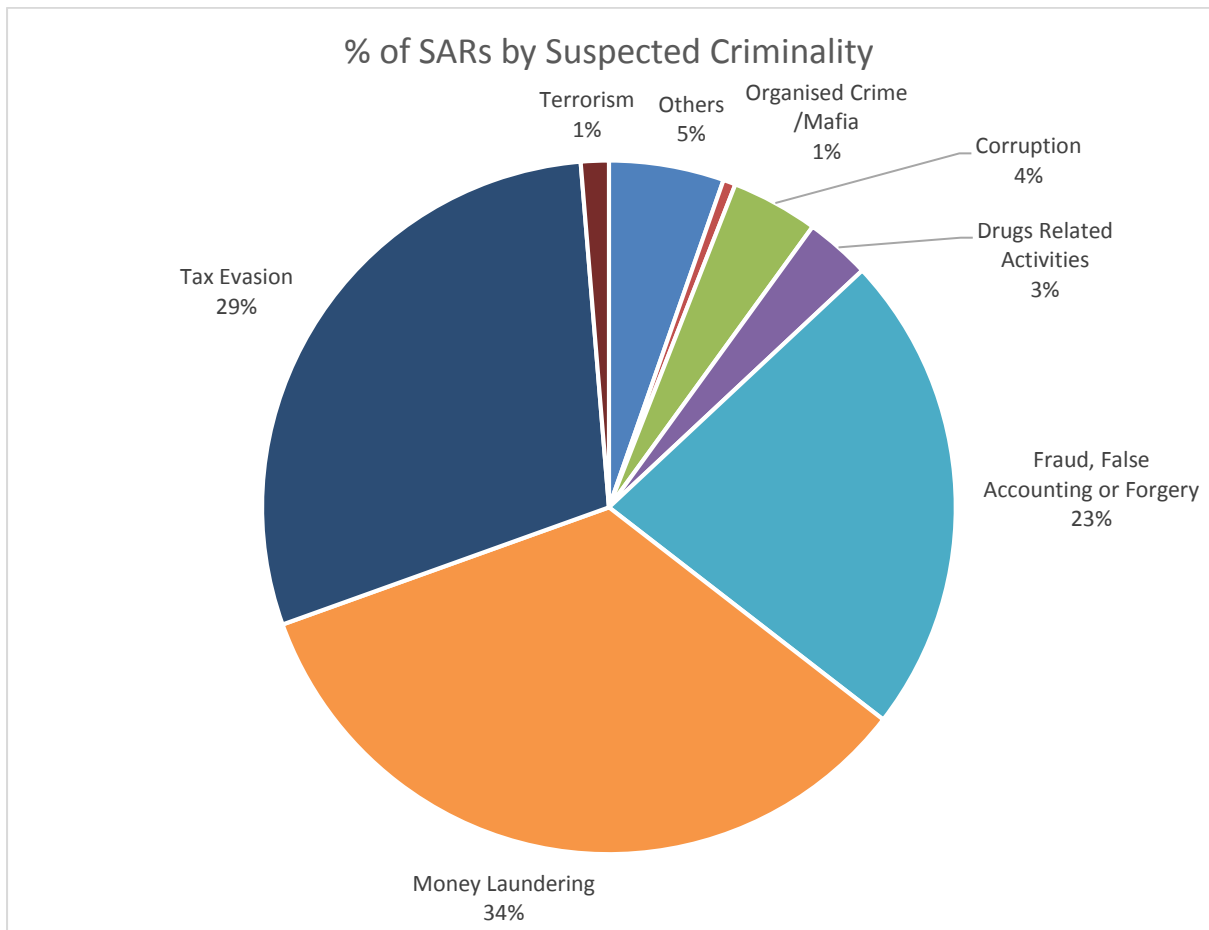
## Summary of all SARs by jurisdiction of residence of subject 2017-18

The SARs received in 2017/18 related to subjects' resident or incorporated in over 100 jurisdictions, with most subjects' resident in or incorporated in the Isle of Man or the United Kingdom. The chart below shows the percentage of SARs relating to each of the top 16 jurisdictions and also identifies that there is a wide scope of others as reflected on the following map.



## % of SARs by suspected criminality 2017/18

The largest category of suspected criminality was again 'money laundering', which is often used where the underlying or predicate offence cannot be identified. The second highest category is again tax evasion and the third fraud, false accounting or forgery. There is little difference in the figures to what was seen by the FIU in the last financial year.



## Key Highlights during 2017/18

The key highlights for the FIU during 2017/18 were as follows:

- Issuing several typologies to industry, industry bodies and relevant parts of government following the analysis of information received by the FIU;
- Entering into Memoranda of Understanding with other financial intelligence units;
- Analysis of the feedback received on information disseminated by the FIU showing that 93% of intelligence disseminated was considered either excellent, good or satisfactory by recipients;
- The successful completion of the National Crime Agency's Financial Intelligence Officer training by a further 6 members of the FIU staff;
- The attendance, by representatives of the FIU, at Egmont Group Meetings held in Macao in July 2017 and Buenos Aires in March 2018, allowing the FIU to engage directly in the formulation of operational systems and processes for financial intelligence units and assisting the Egmont Group in gaining a greater appreciation of the Isle of Man's circumstances;
- The appointment of the FIU Director, Lindsey Bermingham, as one of the two regional representatives for the Europe II region of the Egmont Group;
- Continuing to provide training to industry to improve the quality of the reporting regime, with over 1000 industry representatives having attended sector specific training provided by the FIU;
- The attendance of one member of the FIU on Egmont's strategic analysis course, held in Malaysia in October 2017, with all of the FIU's Financial Intelligence Officers having completed Egmont's Tactical Analysis Course;
- Continuing to increase its engagement with the Egmont Group of Financial Intelligence Units, with the Director of the FIU being elected one of the co-chairs of the Europe II regional group and having a seat on the Egmont Committee;
- Building closer working relationships with counterparts overseas, particularly in relation to terrorist financing.

## Relevant legislative changes during 2017/18

2017/18 saw the introduction of two pieces of legislation relevant to the FIU.

First, the *Financial Intelligence Unit (Tipping Off) Regulations 2018*<sup>7</sup>, which create an offence of tipping-off resulting from the issue of a request for information by the FIU under section 18(4) of the Financial Intelligence Unit Act 2016. The Regulations define tipping off as relating to the disclosure of information relating to an FIU request under section 18(4) to any person that may prejudice a civil, criminal or regulatory investigation.

Second, the *Anti-Money Laundering and Other Financial Crime (Miscellaneous Amendments) Act 2018*<sup>8</sup> which amends the Anti-Terrorism and Crime Act 2003, the Financial Intelligence Unit Act 2016 and the Proceeds of Crime Act 2008 to make the fine for failing to provide records to the FIU (under section 18(4) of the Financial Intelligence Unit Act 2016) and others under relevant sections of the legislation unlimited.

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<sup>7</sup> <http://www.tynwald.org.im/links/tls/SD/2018/2018-SD-0037.pdf#search=%22financial%20intelligence%20unit%22>

<sup>8</sup> [https://legislation.gov.im/cms/images/LEGISLATION/PRINCIPAL/2018/2018-0011/Anti-MoneyLaunderingandOtherFinancialCrimeMiscellaneousAmendmentsAct2018\\_1.pdf](https://legislation.gov.im/cms/images/LEGISLATION/PRINCIPAL/2018/2018-0011/Anti-MoneyLaunderingandOtherFinancialCrimeMiscellaneousAmendmentsAct2018_1.pdf)

## Priorities for 2018/19

In order to meet its strategic objectives and to build upon the achievements it has made over the last couple of years the FIU has identified its key priorities for 2018/19 as:

- Continuing to develop and implement a training and development programme for FIU staff;
- Continuing to provide education, guidance and training for industry on suspicious activity reports (SARs) and to publish typologies from the analysis of SARs;
- Continuing to improve the level of analysis of SARs and to undertake regular strategic analysis of threats based upon intelligence received;
- Continuing to build strategic and productive relationships with the financial and non-financial sectors and law enforcement agencies both on and off the Island.
- Continuing to review and further develop the FIU Operational Analysis Handbook.
- Continuing to review and develop Financing of Terrorism specific procedures for providing 'real time' guidance to Financial Institutions and DNFBP's where FT suspicion arises (e.g. consent requests).

The FIU will measure the success of its progress by assessing a range of performance indicators. These include the quality, relevance and usefulness of its products, its interactions with law enforcement agencies and other FIUs and feedback from its stakeholders on the value of its training and analytical products.

In focussing on its key priorities the FIU will, amongst other things –

- Ensure that its staff continue to receive training from recognised experts, including in relation to anti-money laundering, terrorist financing and proliferation financing;
- Increase the ability of its staff to carry out meaningful analysis of the information received by the FIU;
- Continue with its programme for increased liaison with industry, including speaking at forums/conferences and meeting with the regulators, industry bodies and industry members, producing relevant statistics and analyses for those bodies;
- Increase the dissemination of actionable intelligence to law enforcement agencies (including ICART) and regulatory bodies;
- Continue to represent the Island at international money laundering and terrorist financing forums such as the Egmont Group of Financial Intelligence Units, increasing its participation in and contribution to the stated aims of the forums.

## Contact Details

If you wish to obtain further information on the FIU, its contact details are set out below:

*Telephone* + 44 (0) 1624 686000

*Email* [fiu@gov.im](mailto:fiu@gov.im)

*Website* [www.fiu.im](http://www.fiu.im)

The above contact details may also be used if you are outside the regulated sector and you have a suspicion or knowledge of money laundering or if you have concerns about a suspected financial crime that you wish to report to the FIU.