

# 2013 ANNUAL REPORT

## SOLOMON ISLANDS FINANCIAL INTELLIGENCE UNIT



Solomon Islands Government



Central Bank of Solomon Islands

## OUR VISION

Protecting Solomon Islands from Money Laundering

## OUR MISSION

1. Formulate and implement strategies to combat money laundering, terrorist financing and other serious crimes to ensure the safety and integrity of Solomon Islands financial system.
2. Ensure compliance with global standards on anti-money laundering and combating the financing of terrorism.
3. Assist in the detection, investigation and prosecution of money laundering and terrorist financing offences.
4. Provide timely and quality information and advice to our stakeholders.
5. Develop and utilise skilled staff.

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## ROLES AND FUNCTIONS OF SIFIU

The Financial Intelligence Unit (FIU) is established under the Money Laundering and Proceeds of Crime Amendment Act 2010. The roles and functions of the FIU are provided under the Money Laundering and Proceeds of Crime (MLPC) Act. The FIU is one of the leading agencies in the Solomon Islands that is primarily responsible for preventing and detecting money laundering and terrorist financing activities.

The FIU is also Solomon Islands anti-money laundering (AML) and combating the financing of terrorism (CFT) regulator and the lead agency on AML/CFT policy formulation and enforcement in the Solomon Islands.

The SIFIU is a more hybrid FIU in that it has both the Compliance and Intelligence functions. With its compliance function, it ensures that financial institutions, cash dealers and designated non-financial businesses and professions comply with relevant sections of the MLPC Act. Its intelligence function extends beyond just sharing information with law enforcement agencies in that the MLPC Act vests in SIFIU the power to carry out investigations and, with the assistance of DPP, to pursue orders for restraining assets or properties of suspected offenders under the MLPC Act. The specific roles and functions of the SIFIU as outlined in the MLPC AA 2010, sec. 11H include the following:

### **Roles of the FIU**

- Coordinate the fight against money laundering & terrorism financing activities, generally – financial crimes.
- The prevention and detection of money laundering, terrorist financing and, where allowed for, predicate offences;
- The apprehension offenders;
- The identification of criminally derived assets;
- Support of investigations;
- The promotion of positive relationships between the Unit and its client organizations;
- The establishment and maintenance of positive relationships with similar units in other countries.

### **Functions**

- To receive and analyze reports, both domestic and foreign;
- To forward any information or report to the appropriate law enforcement agency;
- To compile statistics and records;
- To issue guidelines to the reporting entities;
- To periodically provide feedback on outcomes to any report provided under the MLPC Act to the reporting entities;
- To destroy a suspicious transaction report received after six years.

## Powers

- To request information or report from any reporting entities;
- To make any enquiries from any reporting entities;
- To require reporting entities to disclose records in its possession relating to a particular account or person;
- With a warrant or with the consent of a reporting entity, enter the premises for the purpose of inspecting any record kept;
- To collect any information that the Unit considers relevant for its analysis;
- To obtain from a Government department or agency records of any person under investigation;
- To obtain from any telecommunication company in the Solomon Islands any telephone call of the person under investigation;
- To act on behalf of Solomon Islands in seeking information from any government agency of another country;
- To refer any report to the Police;
- To instruct any reporting entity to take such steps as may be appropriate in relation to any report received by the Unit;
- To instruct reporting entities to freeze any account under investigation;
- To ask any question or obtain further information on any person under investigation;
- To conduct training programs for the reporting entities;
- To conduct research into trends and development in the area of ML/FT;
- To conduct public education and awareness relating to prevention of ML/FT;
- To enter into MOUs with for the purpose of information sharing with local law enforcement agencies;
- To enter into MOUs with for the purpose of information sharing with foreign law enforcement agencies;
- To provide a written monthly report to the Commission;
- To provide to the Commission prior to end of each financial year, the Program of activities and the Operational budget of the Unit for the following year.

## DIRECTOR'S FOREWORD



I am pleased to present the 2013 Annual Report of the Solomon Islands Financial Intelligence Unit.

Solomon Islands Financial Intelligence Unit (SIFIU) continues to perform its twin objectives as anti-money laundering and counter financing of terrorism activities (AML/CFT) regulator and financial intelligence sharing amongst appropriate law enforcement agencies (LEAs) during the year. In 2013, the SIFIU again worked closely with the Financial Markets Supervision Department of the Central Bank of Solomon Islands, the Royal Solomon Islands Police Force (RSIPF), the Customs & Excise division of the Ministry of Finance and Treasury and other law enforcement agencies in the country achieving its mandate.

SIFIU also continues building its relationships with the reporting entities, especially the Commercial banks. We also value very much the support and commitment by the Central Government through the Ministry of Justice and Legal Affairs, our main donor provider for the budgetary support provided to us in 2013. The SIG through the Ministry of Justice and Legal Affairs provided a budgetary support of \$676,000 to the SIFIU in 2013.

The key achievements of the SIFIU in 2013 are as follows:

- Recruitment of 2 new officers;
- Received 28 suspicious transactions and analysed 5 reports;
- Received 41 border currency reports;
- Received 52,129 cash transaction reports;
- Received 13,364 electronic funds transfer reports;
- Disseminated 13 intelligence reports to law enforcement agencies;
- Assisted in 52 requests for investigations from law enforcement agencies;
- Handled 2 requests for due diligence checks from government agencies;
- Provide Secretariat support for the AMLC and the AMLTEG;

I would like to sincerely thank the AMLC and the CBSI for the administrative support rendered to the SIFIU during the period from January to December 2013. I am looking forward again to working closely with you in the future to achieving our objectives, especially to make our financial system free from money laundering and terrorism financing activities.

Jimmy Sendersley

A handwritten signature in black ink, appearing to read 'J. Sendersley', written over a light blue horizontal line.

Director

**ANTI MONEY LAUNDERING COMMISSION at the end of 2013**



**Mr. Billy Titiulu**  
Chairman, AMLC  
Attorney General



**Mr. Denton Rarawa**  
D/Chairman AMLC  
CBSI Governor



**Mr. Shadrach Fanega**  
Commissioner  
PS Finance & Treasury



**Mr. Peter Aoraunisaka**  
AML Commissioner  
APC Operations



**Mr. Nathan Kama**  
Commissioner  
Comptroller of Customs



**Mr. Jimmy Sendersley**  
Secretary AMLC  
Director, SIFIU

## GOVERNANCE

### The Establishment of the FIU

The SIFIU was formally established on the 4th April 2006, operated under the Money Laundering and Proceeds of Crime Act 2002. The legislation has gone through two amendments since it was first introduced in parliament in 2002, the latest one was in 2010, the MLPC Amendment Act 2010. This year, the FIU is in its 7th year of operation and has achieved some good results on its performance; staffing has grown from only 2 officers in 2007 to 4 at the end of 2013. The Unit is also now moving on undertaking some of the tasks not able to be undertaken in the past years due to resource constraints. The MLPC Act 2002 is still being maintained as the AML/CFT Principle legislation. The SIFIU is an administrative establishment by the Solomon Islands Government with its functions, powers and duties clearly defined in the MLPC AA (2010).

### The Anti-Money Laundering Commission

The Solomon Islands Anti-Money Laundering Commission, the (AMLC) is the body that oversees and provides guidance to the operation of the Solomon Islands Financial Intelligence Unit, the (SIFIU). The SIFIU is the body coordinating the fight against money laundering and financing of terrorism activities in the country. The AMLC was established under the Money Laundering and Proceeds of Crime Act 2002, under part 2 of the Act, section 11. Under the Money Laundering and Proceeds of Crime (Amendment) Act 2010, the section was repealed and re-established under the same section with an addition to the make-up of the Commission, the inclusion of the Comptroller of Customs who now makes up the members of the Commission to be five (5).

### The Make-Up of the AML Commission

- (a) The Attorney General or a representative of the Attorney General, as the Chairperson;
- (b) The Governor of the Central Bank of Solomon Islands or a representative of the Governor, as the Deputy Chairperson;
- (c) The Commissioner of Police or a representative of the Commissioner;
- (d) The Permanent Secretary for Finance or a representative of the Permanent Secretary;
- (e) The Comptroller of Customs, or a representative of the Comptroller.
- (g) The Director of the SIFIU is the Secretary of the Commission.

### The Function of the AML Commission

The functions of the Commission are –

- (a) To provide overall management, control and supervision of the operations of the Unit and the Director;
- (b) To formulate, implement, monitor and review policies in relation to MLPC Act;
- (c) To receive monthly reports from the Director in relation to the functions, powers operations and other responsibilities of the Unit;



- (d) To submit annual reports of its operations and of the Unit to the Minister for laying in Parliament;
- (e) To perform other functions conferred on it under the MLPC Act or any other written law.

### **The Powers of the AML Commission**

The powers of the Commission are –

- (a) To appoint a suitably qualified person as the Director;
- (b) To appoint other suitably qualified officers, employees, consultants or agents of the Unit as are necessary for the administration and operation of the MLPC Act;
- (c) To determine the remuneration and other terms and conditions of employment of persons appointed under the MLPC Act or of persons seconded to the Unit, including their promotion, transfer, suspension, discipline and dismissal;
- (d) To authorise in writing any person subject to any terms and conditions that the Commission may specify, to carry out any power, duty or function conferred on the Director under the MLPC Act;
- (e) To exercise other powers conferred on it by MLPC Act or under any other written law.

### **The Governor of the Central Bank of Solomon Islands**

The Governor of the Central Bank of Solomon Islands is the Deputy Chairman of the Anti-Money Laundering Commission and as such provides the administrative support to the SIFIU operations. In 2013, the CBSI provides three (3) of its staff as fulltime personnel seconded to the SIFIU. The Unit also has one seconded staff from the Ministry of Police, National Security and Correctional Services, working as the Investigator for the Unit. Along with hosting the SIFIU office, the CBSI is also assisting the Unit financially, salaries for two officers and all other benefits for all the officers of the Unit. The CBSI also subsidises some of the expenditure heads of the Unit.

### **Director of the FIU**

The Director of the FIU is responsible for exercising the powers, duties and functions of the FIU as specified in the MLPC AA (2010). The Director reports to the AML Commission through the Chairman, the Attorney General or the Deputy who is the Governor of the Central Bank of Solomon Islands.

The Director is the Secretary to the AMLC and also advises the AMLC on new AML/CFT requirements and developments within the region. The Director is also the Deputy Chairman of the Anti-Money Laundering Technical Expert Group (AMLTEG), the group established in 2008, initially to work on preparations for the AML/CFT onsite inspections carried out by the World Bank and APG at the end of 2009. The committee was later mandated by the AMLC to continue on with its work as an expert group to look into and addressing AML/CFT issues in the country.

## **Accountability to the CBSI Governor**

The FIU's administrative processes and procedures are linked to that of the CBSI and such it observes CBSI's stringent procurement processes and adheres to very high level of budgetary control as of the normal Central Bank accounting process. The Governor's office also Oversees the staff and affairs of the SIFIU operations within the bank.

## **Budgetary Support**

The SIFIU receives its annual budget from the Solomon Islands Government through the Attorney General's Chamber under the Ministry of Justice and Legal Affairs as form of grant to the SIFIU. The Central Bank of Solomon Islands through its Finance and Accounts Department then administers the proceeds through the normal bank procurement process. The CBSI provides administrative support to the AMLC and the SIFIU to ensuring that its functions and duties are realized. The CBSI also provides a great deal to the SIFIU, financially and through hosting of the Unit.

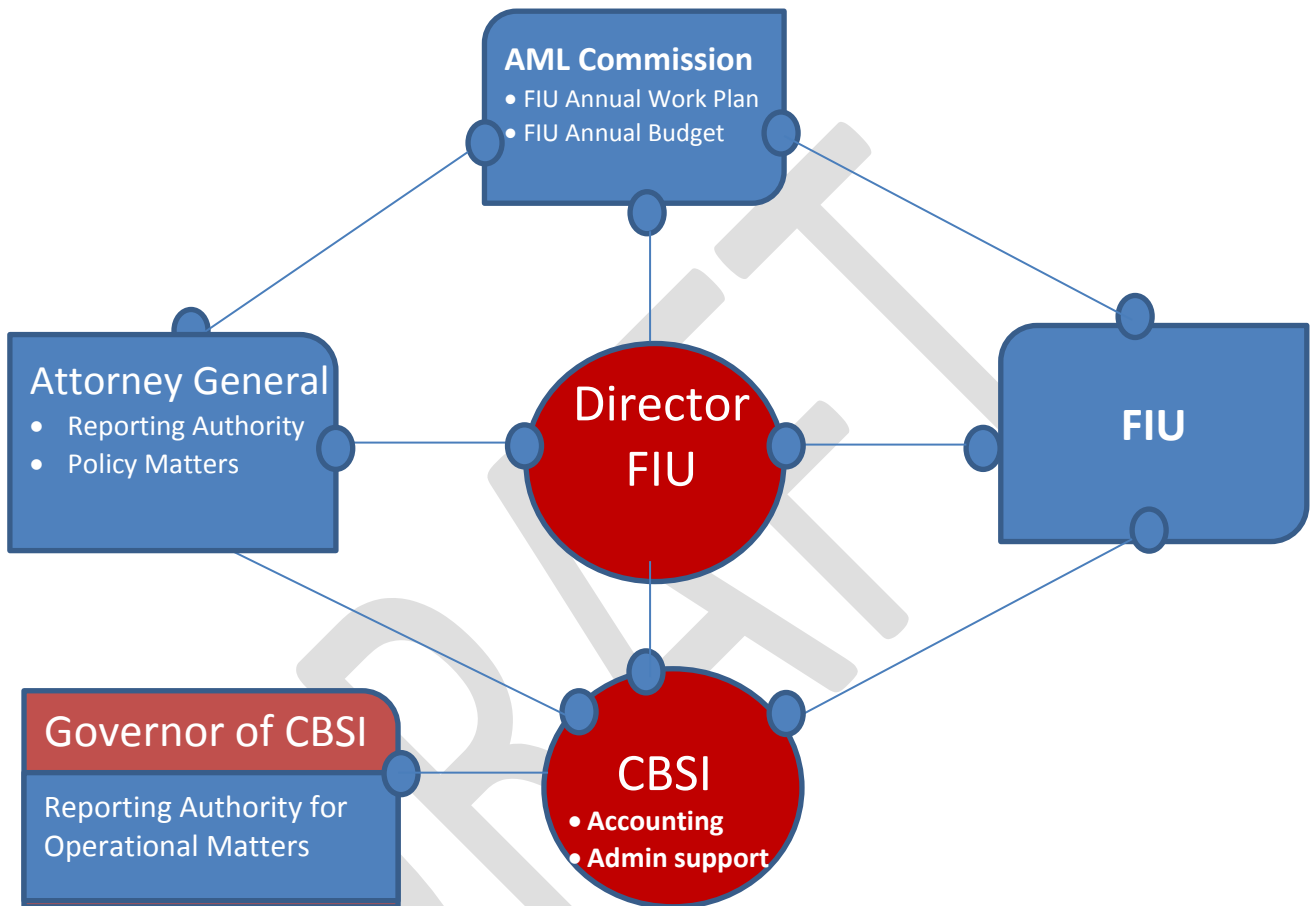
## **Independence of the SIFIU**

While the SIFIU is located within the CBSI premise and also under the watchful eyes of the AMLC and the Governors of the CBSI and even though, technically the SIFIU is termed as part of the CBSI, the Bank allowed the Unit to operate independently with its own budget and according to its work plans for each year. In terms of its functions, it does not require to seek the AMLC's approval in carrying out its core functions of Receiving, Analysing and Disseminating of financial reports to the appropriate law enforcement agencies for further investigations.

The functional and operational independence of the SIFIU is provided under the MLPC AA (2010) section 11F. The Director may use a whole range of powers under the Act to execute his roles. The SIFIU and the AMLC are also mindful of the independent requirement of the FIU under its international obligation. The Unit must not be only said to be independent but also to be seen as independent in performing its roles.

In ensuring that the SIFIU is independent when executing its functions as stated in the MLPC AA 2010, the Director is solely vested with powers to discharge the statutory and functional responsibilities of the SIFIU under the guidance and supervision of the AMLC.

The diagram below shows the link between the Director, the FIU, the AMLC and the CBSI.



Source: SIFIU

## IMPLEMENT STRATEGIES TO COMBAT MONEY LAUNDERING, AND OTHER SERIOUS CRIMES

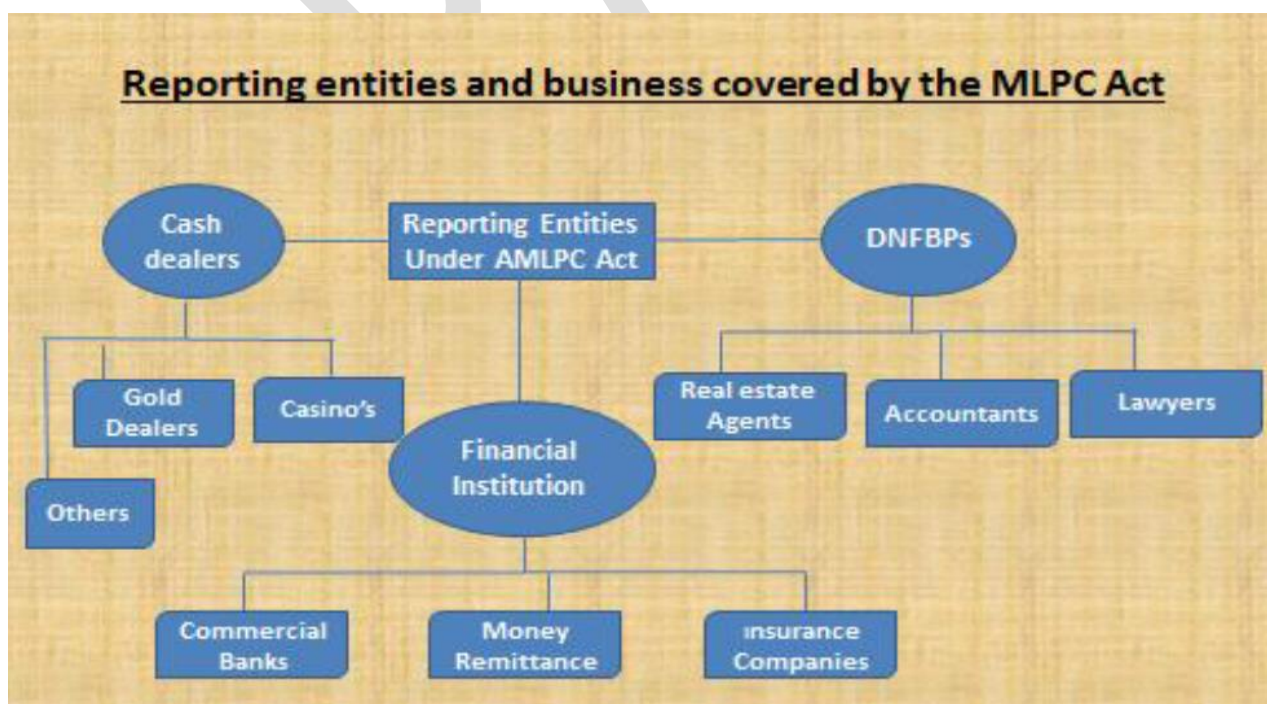
### Implementation of the MLPCA

The FIU continued to work closely with financial institutions during 2013 to implement the requirements of the MLPCA. These requirements aim to prevent or detect money laundering and terrorist financing activities within Solomon Islands financial system. The requirements in the MLPCA are based on international AML/CFT standards, the Financial Action Taskforce (FATF) Forty Recommendations.

Entities and businesses that are required to comply with the requirements of the MLPC Act include:

- i. Financial institutions such as, commercial banks, insurance companies and intermediaries, finance companies, money remitters, money changers, investment advisors, brokers and dealers, unit trust or managed funds and mobile phone banking service providers.
- ii. Cash dealers such as casinos, gambling house or lottery operator, a real estate agent and a dealer in precious metals or in precious stones.
- iii. Other designated non-financial businesses and professions (DNFBPs) such as accounting firms, law firms and real estate agents businesses.

### Entities and Businesses Covered by the MLPC Act



Source: SIFIU

In 2013, The FIU issued a Guideline on the Minimum KYC Risk-Based Classification to the financial institutions in Solomon Islands. The guidelines given out were made in a way to provide easier access for the village rural dwellers to the banking system. The New Minimum KYC guidelines were set up in a graduating format where additional identification documentations will be required when the account balances increase from one level to another in the ascending format. For instance, an account that holds \$0.00 to \$15,000, only require support letters from Community leaders, such as chiefs and Church pastors. However, when the level of deposits move beyond \$15,000, financial intuitions must ask for additional identification documentations from their clients, higher category ones like statutory declaration forms or passports.

Appendix II at the back lists the copy of the Minimum KYC Risk Based Classification.

## **MEASURES TAKEN TO COMBAT MONEY LAUNDERING AND SERIOUS FINANCIAL CRIMES**

### **Implementation of the Money Laundering and Proceeds of Crime Act**

The Money Laundering and Proceeds of Crime Amendment Act 2010 (MLPCAA) was passed in June 2010. The principal objective of the Amendment Act is to establish the SIFIU as a body vested with powers amongst others to administer the Anti-Money Laundering legislation, introduce the Cash transaction reporting (CTR) and to make it legal for the SIFIU to take on board also the Cash dealers and legal practitioners to come under its supervision in terms of AML/CFT.

Under the Amendment Act, the reporting obligations also expanded from the traditional entities such as the commercial banks and cash dealers to include legal practitioners, real-estate dealers and accountants to name a few. All these entities are required by the Act to submit suspicious transactions reports (STR), CTR and EFTR to the SIFIU for analysis.

### **Establishment of the Financial Intelligence Unit**

Although the MLPC Act was enacted in 2002, the establishment of SIFIU was not done until the passage and enforcement of an amendment Act in 2004. The 2004 amendment allows AMLC to delegate its functions to the SIFIU, and this was done under a delegation instrument issued by the AMLC on the 3<sup>rd</sup> April 2006. The SIFIU was then seen as the National Center for receiving, analyzing and disseminating of financial information from the financial institutions and cash dealers, to the appropriate law enforcement agencies (LEAs). The SIFIU has adopted the international interpretation of FIU by Egmont group as the only National Institution to which all Suspicious Transaction should be reported for analysis and referral to appropriate LEAs.

The SIFIU since then has established itself as the leading agency on AML/CFT measures in the country and has demonstrated leadership amongst its peers both domestically and internationally, in the fight against financial and transnational crime, including money laundering and terrorist financing.

## **Issuing of Guidelines to Financial Institutions and Cash Dealers**

The SIFIU issued the first guideline to all the reporting entities in 2006. A more revised and detailed version of the guideline was issued to all the financial institutions and cash dealers in January 2009. The guidelines although not a statutory instrument per se, sets out the operational procedures of the MPLC Act and bridges the gaps in the Act. Further, and to some extent it bridges the International standards especially on the CDD, Record Keeping and Ultimate Beneficiaries Identification. It also contains a Suspicious Transaction template which the reporting entities used for reporting of suspicious transactions to the SIFIU. A simpler form was later given out in 2011 following a review made considering the concerns raised by the reporting entities.

The latest guideline given out by the FIU is the New and Revised Minimum Risk Based KYC identification issued in January 2013.

The document could be down loaded from SIFIU website. [www.cbsi.com.sb/sifu](http://www.cbsi.com.sb/sifu).

## **Adoption of the Standard Operational Procedure**

The SIFIU is amongst the few FIUs around the region to have its own Standard Operating Procedure (SOP) guiding its operation. The SOP resembles a policy document on how the SIFIU performs its functions. This document is vital in the operations of the SIFIU because it contains the protocols on how the officers of the SIFIU handle their daily work when performing their duties under the legislation. The roles and functions of the SIFIU entails handling of sensitive information and so the availability of the SOP document is imperative for guiding and protecting SIFIU officers from any maladministration and abuse of the functions delegated to them under the MPLC Act.

## **Implementation of the Border Currency Report (BCR)**

The Border Currency Reporting (BCR) regime was initially implemented in the year 2009. To date SIFIU continued to work along with the Customs & Excise division of the Ministry of Finance and Treasury to ensure that our borders are not used as transit points by criminals to advance their aims and objectives. This BCR regime ensures that incoming and outgoing passengers must declare if they are carrying more than SBD\$50,000 or equivalent in foreign currency in their possession.

Any person who fails to declare or falsely declare the above prescribed amount to an authorized officer, commits an offence and is liable on conviction to one or more of the following penalties:

- (a) To a fine not exceeding 500,000 penalty units;
- (b) To imprisonment for a term not exceeding five years;
- (c) An order for forfeiture of the currency under section 10 of the Currency Declaration Act 2009, by the High Court Judge.

The objective of the above regime is to ensure that ill-gotten Launderers do not target Solomon Islands shores as gate way to launder their stolen assets and wealth. It has now becoming common typology that smugglers not only transfer money through the banks and other financial institutions but smuggle physical cash or valuable items into or out of the country through the borders.

**Table 1 Border Currency Report for Year 2013**

Month	Incoming Passenger	Outgoing Passenger
<b>January</b>	1	0
<b>February</b>	1	1
<b>March</b>	0	1
<b>April</b>	4	0
<b>May</b>	0	0
<b>June</b>	1	2
<b>July</b>	1	2
<b>August</b>	3	9
<b>September</b>	6	6
<b>October</b>	1	2
<b>November</b>	0	0
<b>December</b>	0	0

Source: SIFIU

**Table 2 Border Currency Reports Received in 2013**

	2013		2012	
	Numbers	Value (SBD)	Numbers	Value (SBD)
Declarations - Inbound Travelers	18	1,224,399	7	891,451
Declarations – Outbound Travelers	23	3,234,103	4	3,366,490

Table 1 & 2 shows the number of incoming and outgoing passengers who declared currencies in their possessions. The amounts reported for 2013 in terms of value are \$1,224,399 and \$3,234,103 for arriving and departing passengers' respectively. In most cases the currencies declared are foreign currencies but converted to reflect the value in the local currency. The declarable currency extends to include, negotiable bearer instruments, coin and paper money of Solomon Islands or of a foreign country that is designated as legal tender and which is customarily used and accepted as a medium of exchange in the country of issue. It also includes monetary instruments that may be exchanged for money, including cheques, travelers' cheques, money orders, and negotiable instruments in a form in which title passes on delivery. Furthermore, declarable currencies also includes precious metal, precious stone, pearl or jewellery made of precious metal or stone and also currency in electronic form and

any other prescribed kind of monetary instrument which is found at any place in Solomon Islands.

## **Compliance**

Ensuring that the Financial Institutions comply with the requirement of the MLPC Act is also considered as one of the main roles of the Solomon Islands Financial Intelligence Unit. The Unit holds quarterly meetings with the Money Laundering Reporting officers from the three commercial banks in the country, Bank South Pacific, Westpac Banking Corporation and ANZ Bank. During the meetings held, Banks were able to discuss AML/CFT issues they faced with and were also able to share ideas of how to address these issues. During the year, the SIFIU conducted some awareness workshops and training sessions for some law enforcement agencies in Honiara.

### **AML/CFT Compliance Examination of Financial Institutions**

The SIFIU is designated as the AML/CFT supervisory authority under the MLPC Act. The MLPC Act mandates the SIFIU to supervise all financial institutions, cash dealers and designated non-financial businesses and professions in terms of complying with the FATF and the International Standards on Anti-money laundering and combating of terrorism. The passage of the Money Laundering and Proceeds of Crime Amendment Act 2010 (MLPCAA) in the beginning of 2010 gives SIFIU's supervision scope to extend to cover lawyers who are dealing mainly with trust accounts and accountants, real estate dealers, gold dealers and the casinos. Due to staffing constraint, the Unit was not able to undertake onsite inspections on the reporting entities in 2013.

### **Appointment of Anti-Money Laundering Reporting officers**

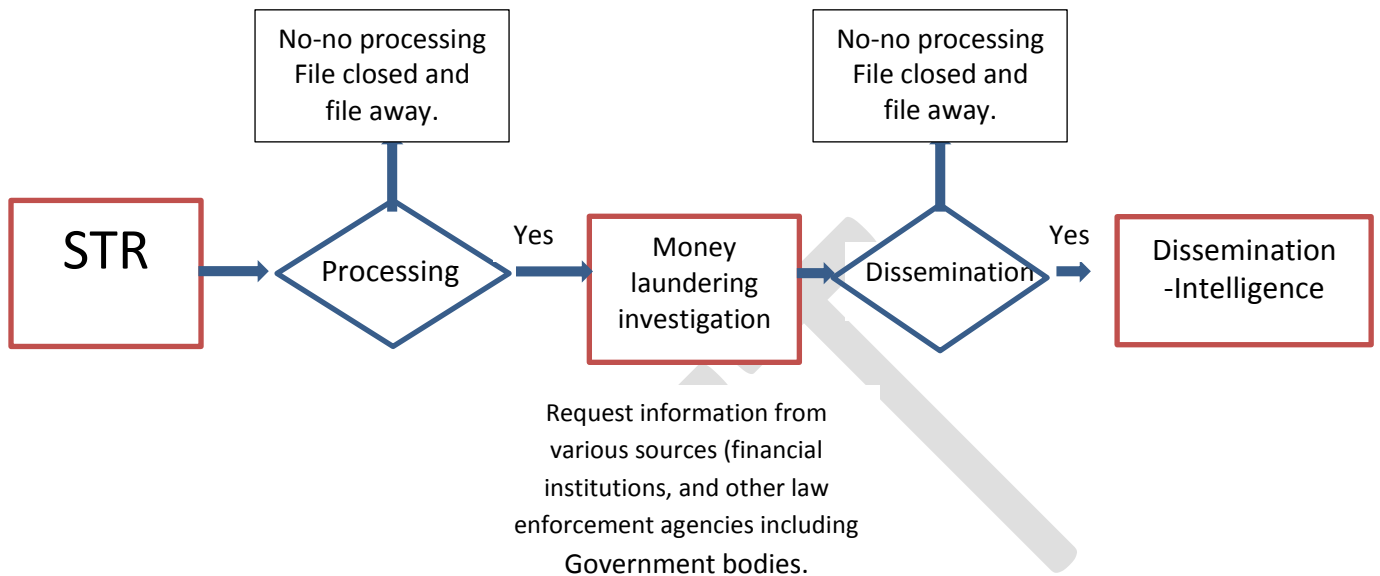
All reporting agencies are required to appoint Money Laundering Reporting officers (MLRO) to be the contact person for their Institution. The money laundering reporting officers will be responsible for overseeing the implementation of the MLPC Act within their entity. All financial institutions, cash dealers and designated non-financial businesses and professions are required to report any suspicious transaction to the FIU. The reporting officers are required to keep records of all the STRs provided to the SIFIU.

The MLROs are primarily responsible for the effective implementation of the AML/CFT legislation together with the guidelines issued by the SIFIU. They act as the main contact persons between the financial institutions and the SIFIU office. Currently the MLROs meet quarterly to discuss AML/CFT issues and trends within their institutions.



## Suspicious Transaction Report Analysis Process

The suspicious transaction reports are assessed and processed according to the following process.



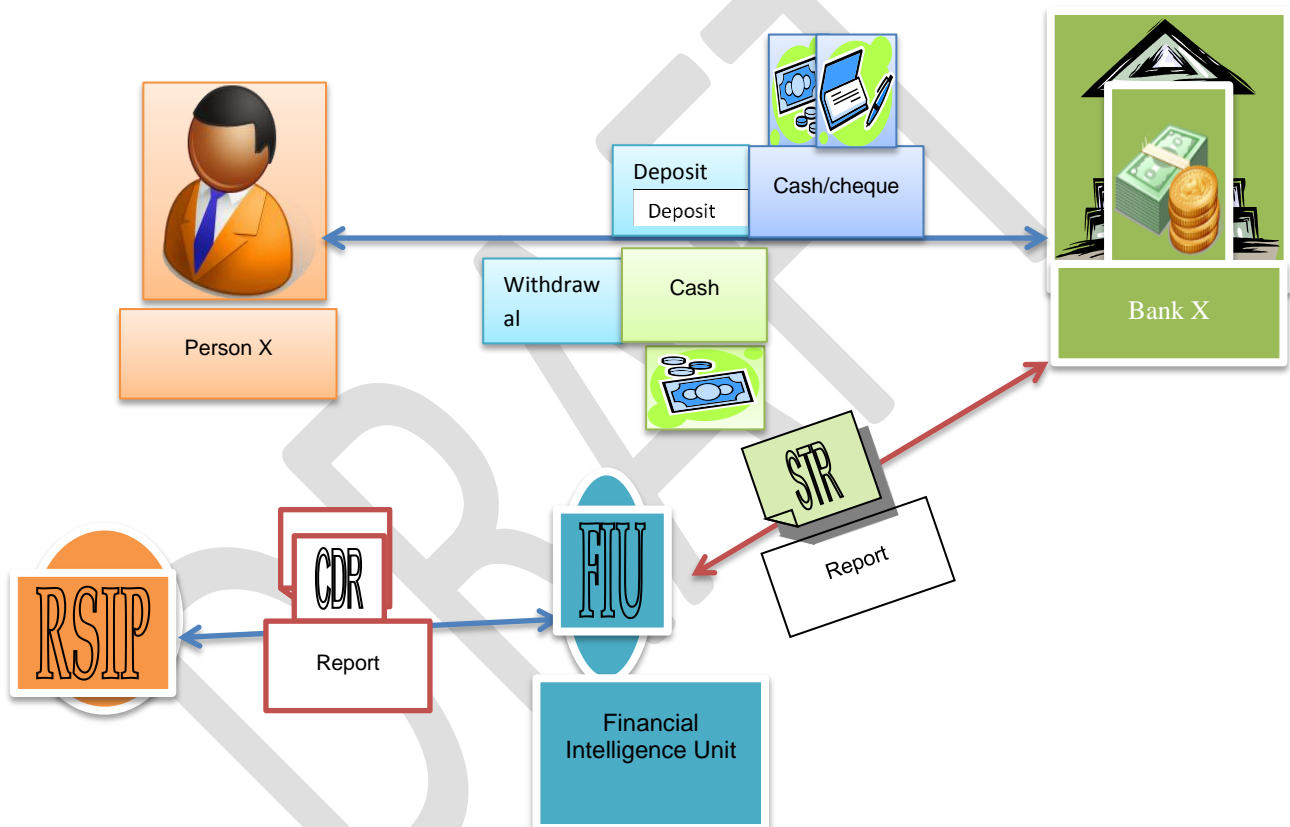
All money laundering reports are initially assessed and evaluated on the basis of the contents of the reported case of money laundering. If the initial assessment leads to an enhanced supposition, the information will be further processed as a case of money laundering.

## TYPOLOGIES

### Typology of 2013 STR's

#### Case 1

Person X, a public servant has a personal account which showed a trend of large cash and cheque deposits into the account. He conducted bank transactions more often ranging between 100K to 500k. He usually made withdrawals from the account after the deposits were made but on different dates. The withdrawals were in the range of 30k to 120k. Bank X filled out an STR form which they provided to the FIU. After analysing the STR, the FIU disseminated the case to the police for further investigation.

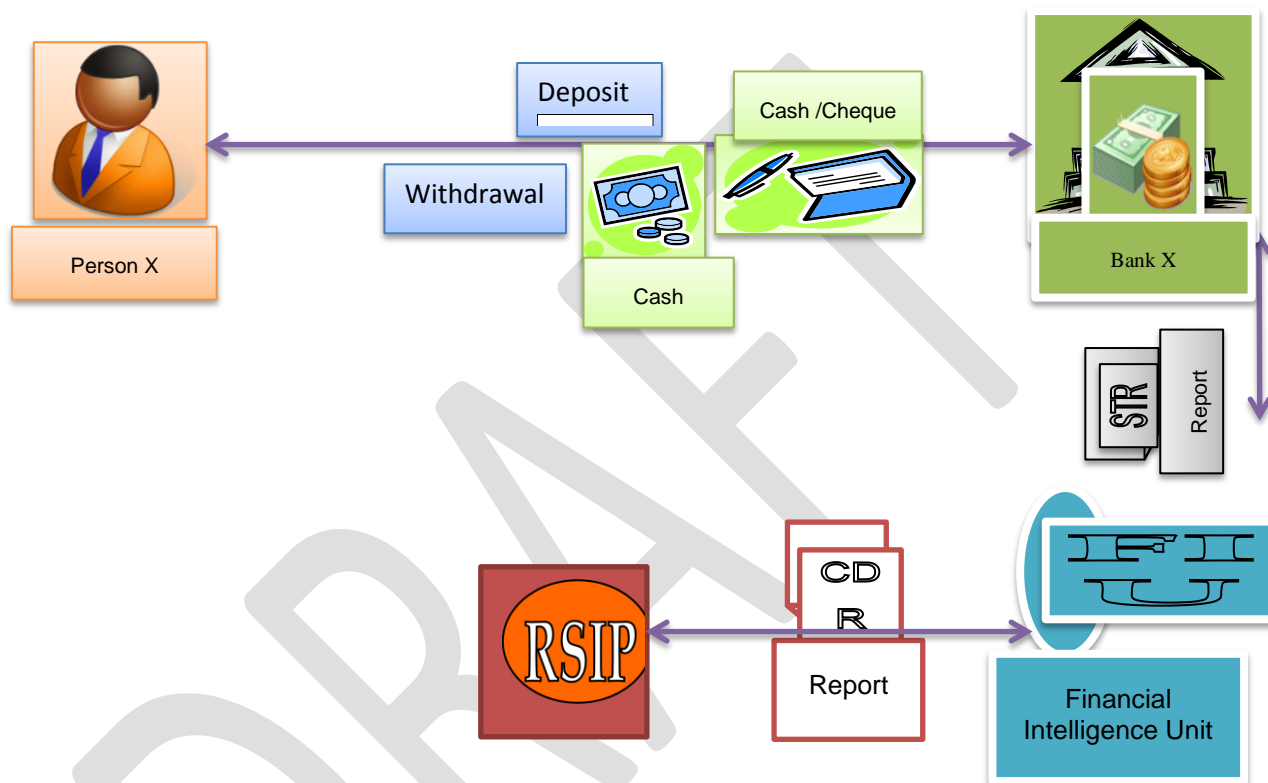


#### Possible indicators:

- ❖ Person X deposited large amounts of cash and cheques into his personal account
- ❖ Withdrawals were made immediately after the deposits were made.

## Case 2

During the period from 15<sup>th</sup> February 2013 – 23<sup>rd</sup> July 2013, person Y a Security officer operated a cheque account with Bank X. Person Y during the period transacted varying amounts of funds ranging from 4K to 500K both in cash and cheque. The transactions occur almost on weekly basis with large amounts of deposits and withdrawals that do not correlate well with the security officer's earning level in terms of his wages. The matter is still being investigated.



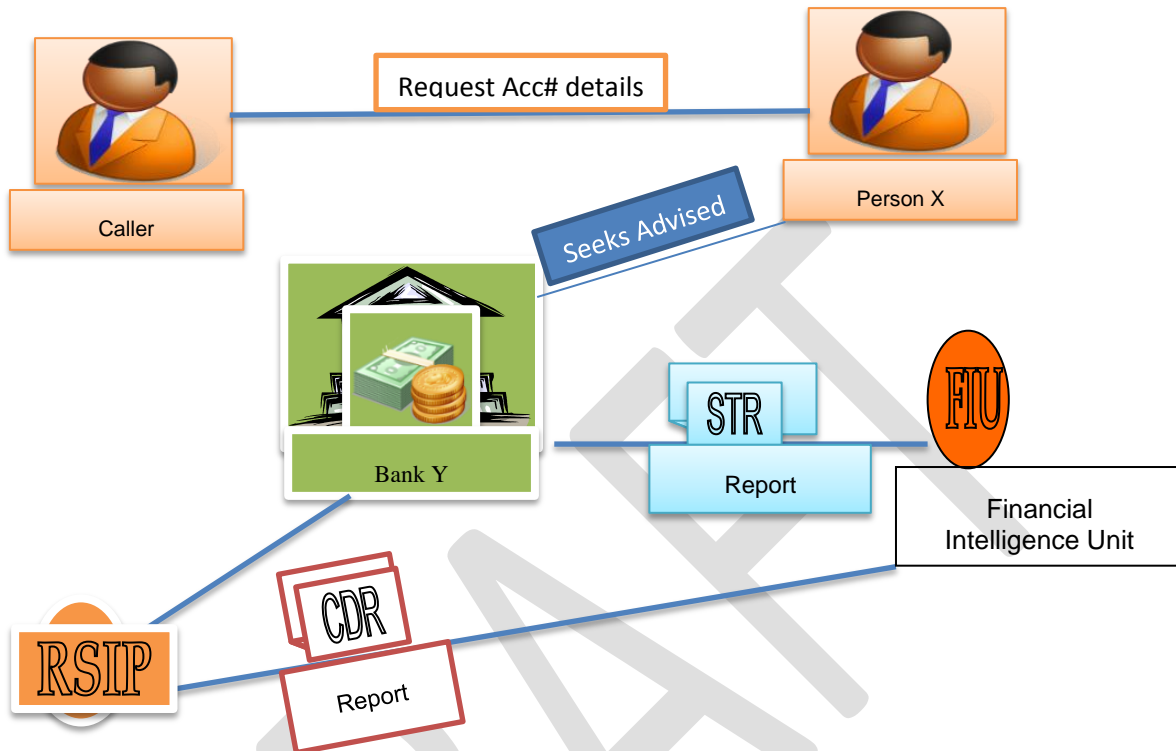
### Indicators

- ❖ Placement of Large sum of cash and cheque through the banking system
- ❖ Followed by withdrawals.
- ❖ Transactions do not reflect person Y's salary level.
- ❖ Transaction trend is done week

## Case 3

Person 'Z' an owner of a business in country 'A' received phone calls from someone in country 'B'; he received frequent calls each week from the same caller. The caller requested person 'Z' to provide him with his bank account number and other details. Person 'Z', on being curious about the many telephone calls he received, seeks bank 'Y's' advice. He wanted to be certain that the request he received is genuine. Bank 'Y' advised person 'Z' to ignore the caller, as many of the calls he received were made during odd hours, not during normal banking business hours. Person 'Z' was also advised by the bank that it is against good banking practices to provide personal confidential information to anonymous callers. For the reason, person 'Z' was advised to stop communicating with the anonymous caller as

the deal appears to be a scam. Bank Y raised an STR and sent it to the FIU. The FIU, after having undertaken an analysis on the report, disseminated an intelligence report to the Police on the case to carry out further investigation on it.

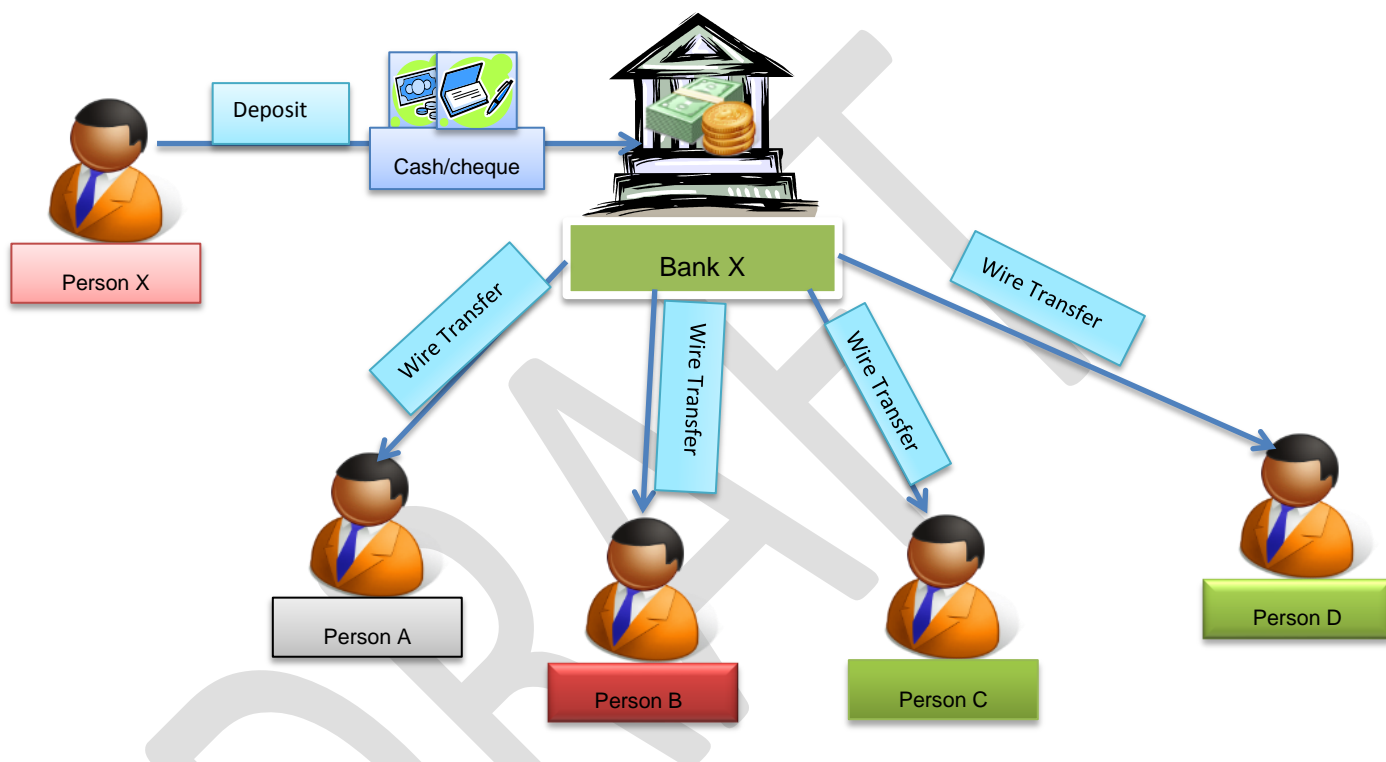


### Possible Indicators

- ❖ Call requesting bank personal account detail information.
- ❖ Frequent calls made by the same caller, stating the calls were urgent.

#### Case 4

Person X opens an account with bank Y. Account review showed a pattern of cash deposits to the opened account only to be followed by subsequent wire transfers to different individuals in a foreign jurisdiction immediately after. During the period from January to June 2013, person X transacted through the account several times amounts of 30k and under. This was deliberately done to avoid detection for breach of the Foreign Exchange Policy on the monthly pay out limit imposed by the CBSI.



#### Possible indicators

- ❖ Large sum Deposits to the banks ( Layering)
- ❖ Wire transfer to overseas countries to various individual (Placement).

## PYRAMID SCHEMES

### Case Study

#### Five Golden Dreams Investment and JJ ark Investment Principle

#### Background information Five Golden Dreams Investment

In the 2<sup>nd</sup> half of 2013, a Fast Money-Making Scheme known as “**Five Golden Dreams Investment**” was promoted in Lata, Temotu Province. Information gathered revealed the promoter of the scheme convinced his clients saying the scheme was meant to assist the

February 06 tsunami victims in the province as part of the rehabilitation program. He stated the scheme's initial funding was a donation from a couple from USA. By using his canning tactics, the promoter of the scheme was able to convince many in Lata and later on also many others in Honiara and Noro in the Western Province became his clients.

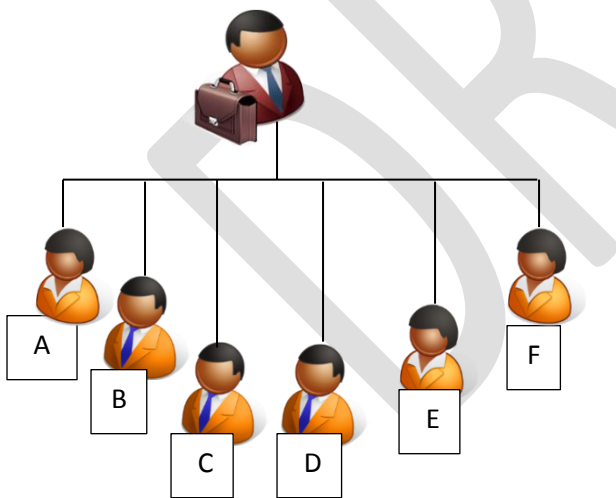
The scheme requires people to pay \$250 and get \$5,000 in return. Members were convinced that they can get even higher returns for their investment if they allow them to roll over for longer time period. The promoter of the scheme later on made rolling over of investments compulsory.



**STAGE 1:**

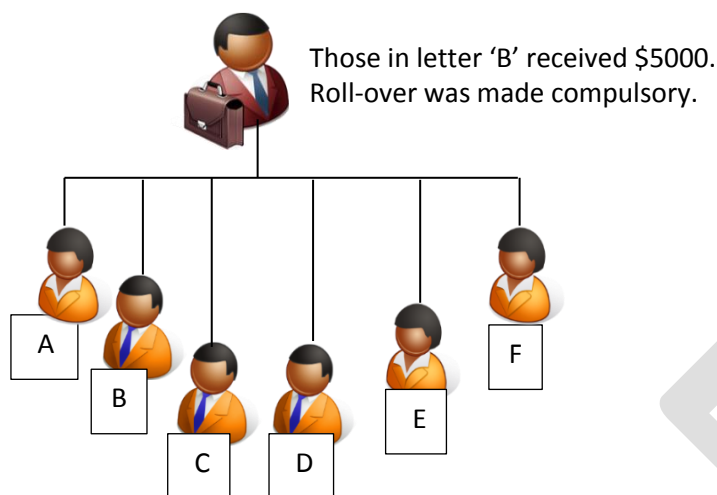
Pay \$250 to qualify as member and issued with a ticket. Members pay in their investments following the alphabetical system, 100 tickets for letter 'A', and another 100 tickets for letter 'B' and so on.

**STAGE 2**



After the 100 tickets in Letter 'A' have been paid for, the owner then proceeded on to getting memberships and payments for letter 'B', then moved on to letter 'C' and so on up to letter 'E' when the first lots of tickets were paid for and have closed. Those under lot 'A' were the first ones receiving their promised returns; straight after payments for letter 'E' membership were received from members. After payments were made to letter 'A' members, the promoter again began collecting the \$250 investment amounts from new members who were categorised under letter 'G'. The joining in of letter 'G' members to the scheme pushed those in letter 'B' up the ladder to qualify for their returns of \$5,000.

### **STAGE 3**



Those paying under letter 'B' got the second set of payments followed by 'C' and then 'D' and so on. There are five levels to the system. Letter 'A' members got their payments after level letter 'E' closed, likewise members who paid under letter 'B' got their payments after the letter 'G' level closed and so on. The levels kept moving up when new members joining in at the bottom. The Price of one ticket is \$250 with a promised return of \$5,000. Many members purchased more than one ticket as they were led to believe they will get huge returns for doing that.

- ⊙ The problem is that the scheme cannot go on forever, because there are a finite number of people who can join the scheme (even if all the people in the world were to join).
- ⊙ People are deceived into believing that by giving money, they will make more money; however, no wealth has been created, no product has been sold, no investment has been made, and no service has been provided.
- ⊙ The fraud lies in the fact that it is impossible for the cycle to sustain itself, so people will lose their money somewhere down the line.
- ⊙ Those who are most vulnerable are those toward the bottom of the pyramid or those who purchase last tickets, where it becomes impossible to recruit the number of people required to pay off the previous layer of recruiters or those who cannot push the letter up to next level.

## **NATIONAL COORDINATION**

### **Anti-money Laundering Commission (AMLC)**

The Anti-Money Laundering Commission has gone through enormous development within the past seven years of operations. Under the MLPCA 2010, it stipulates that the Anti-Money Laundering Commission shall consist of the following members:

- The Attorney General or a representative of the Attorney General, as the Chairperson;
- Governor of the Central Bank of Solomon Islands or a representative of the Governor, as the Deputy Chairperson;
- Commissioner of Police or a representative of the Commissioner;
- Permanent Secretary for Finance or a representative of the Permanent Secretary;
- Comptroller of Customs, or a representative of the Comptroller.
- Director of the Unit (SIFIU) or a representative of the Director shall be the Secretary to the Commission.

### **Functions of the Anti-Money Laundering Commission**

The main role of the AMLC is to oversee the policy coordination of AML/CFT development in the country. It is also responsible for ensuring that Solomon Islands comply with international standards on AML/CFT as set by the FATF. In terms of policy and legislative development the AMLC is also responsible for recommending relevant legislative reforms to the Cabinet and the development of the AML/CFT sector in the country. The AMLC also provides supervision and guidance to the SIFIU operations.



## Anti-Money Laundering Technical Expert Group

The AML TEG was formed in 2008 by virtue of a resolution passed by the AMLC with the objective of establishing a working group that looks at the operational level of the AML/CFT development in the country. The AML TEG is chaired by the Director of Public Prosecutions and has the membership of the : Manager Financial Markets Supervision Department (CBSI), National Manager Border Control and Enforcement (CED) , Assistance Commissioner of Police Crime and a representative of the Immigration division. The group meets every quarter and discusses AML/CFT developments within their respective organizations and departments.

### Anti-Money Laundering Technical Expert Group as at the end of 2013.



Ronald Bei Talasasa Jr



Jimmy Sendersley



Edmond Limoni



Sarah Wickham



Trevor Manemahaqa



Christopher Akosawa



Walter Diamana



Jimmy Vaja



Joseph Siapu



Source: SIFIU

The AML TEG during one of its meetings in 2013

### **Informal Networking Lunch Meetings**

In 2013, Law Enforcement bodies in the country embarked on an informal kind of meetings purposely for operational officers to converse and to discuss issues they faced with during the course of carrying out their different roles and functions. The meetings brought together officers from Police, Immigration, Customs, Foreign Investment Board, Inland Revenue division and the FIU. We found this kind of informal meetings to be helpful as it creates good understanding and good working relationships between officers of different law enforcement agency. The FIU during the year also organised such informal lunch meetings for the reporting entities in the country, especially those in Honiara.



Law Enforcement Agencies networking lunch meeting hosted by the Transnational Crime Unit (TCU) of the Ministry of Police, National Security and Correctional Services.

## **COMPLIANCE WITH GLOBAL ANTI-MONEY LAUNDERING & COMBATING TERRORIST FINANCING**

The Solomon Islands Financial Intelligence Unit became a member of the Asia Pacific Group on Money Laundering in May 2007. This event marked an important milestone in the history of AML/CFT development in the Solomon Islands. Being a member of this prestigious regional body against ML/FT, Solomon Islands has demonstrated to the international community that it is committed to combating money laundering and terrorist financing both nationally and globally.

### **Legal Compliance**

The Government of Solomon Islands (GoSI) has enacted the following legislations to comply with the FATF 40 +9 Special recommendations on Money Laundering and Transnational Crime including Counter Financing of Terrorism;

- (i) The Money Laundering and Proceed of Crime Act (2002);
- (ii) The Money Laundering and Proceeds of Crime Amendment Act 2004;
- (iii) The Mutual Legal Assistance in Criminal Matters (2002);
- (iv) The Counter Terrorist Act (2009) and the Currency Declaration Act (2009);
- (v) The Money Laundering and Proceeds of Crime Amendment Act 2010.

Under the Currency Declaration Act, the Customs, Police and Quarantine officers are appointed as authorised officers to seize and detain currency or negotiable bearer instruments which are illegally brought into the country by travellers. The officers must, however, have reasonable suspicions that the activities of carriers relate to serious offences, including money laundering offences.

### **Detecting and Investigating Money Laundering and Terrorist Financing**

Under the MLPC Act all the Financial Institutions and Cash dealers are required to report suspicious transactions to the FIU. The legislation is not clear in defining what a suspicious transaction is. However a suspicious transaction, in broad terms is a transaction which is not consistent with a customer's known, legitimate business or personal financial activities. General, any transaction or activity that is not normal to the normal banking business activity should be termed as suspicious transaction or activity.

**Table 3 Suspicious Transactions Reported in 2013**

Bank A	21
Bank B	11
Bank C	16
Bank D	0
Others	1
<b>Total</b>	<b>49</b>

Source: SIFIU

Table 3 above showed the number of suspicious transactions that were reported to the SIFIU by the commercial banks in 2013. The table and the graph also showed that, only banks are currently reporting to the SIFIU, although the requirement is for both the Cash dealers and financial Institutions to report STRs to the Unit.

### **Providing Timely and Quality Reports to Stakeholders**

The SIFIU is also responsible for providing timely and added value quality information to the stakeholders about the implementation of the MLPCA, the CTA and the CDA. The MLPCA requires all financial institutions, cash dealers and DNFBPs to comply with record keeping requirements, identification of customers and reporting of suspicious transactions to the SIFIU.

**Table 4 Suspicious Transactions Referral in 2013**

Suspicious Transactions	49
Referral to Law Enforcement	14
Referrals resulted in investigations	0
Convictions	0

Source: SIFIU

Table 4 shows the number of referrals that were made by the SIFIU to the law enforcement agencies (LEAs) in 2013. The SIFIU has given out many advisories to LEAs and other institutions in the past years including 2013 but fall short of including those advisories to its list of referral given out under the SIFIU reporting policy. The SIFIU only reported its Analysis reports that were sent to the RSIPF for investigation as reportable statistics under this requirement. For future reports, SIFIU intends to properly classify referrals made to LEAs, specifying the different agencies the reports go to, for instance, RSIPF, IRD, Customs and Immigration. Hence it is expected that future SIFIU reports will show increase on the number of referrals the SIFIU will make to the LEAS.

**Table 5 Total Value of Transactions Reported as Suspicious in 2013**

Month	Value (SBD)
<b>January</b>	\$20,000.00
<b>February</b>	\$170,260.38
<b>March</b>	\$1,260,264.00
<b>April</b>	0
<b>May</b>	\$2,012,910.45
<b>June</b>	\$55,679.29
<b>July</b>	0
<b>August</b>	\$6,717,253.01
<b>September</b>	\$622,700.00
<b>October</b>	\$1,016,350.00
<b>November</b>	\$7,005,5 16.02
<b>December</b>	0
<b>Total</b>	\$18,880,933.15

Source: SIFIU

The value of STRs as shown in table 5 do not necessarily reflect the level of money laundering and terrorism financing activities in the country. The total value of STRs reported in terms of SBD in 2013 is \$18,880,933.15. Although the total amount shown does not represent the level of money laundering and financing of terrorism activities in the country, it indicates unequivocally that Solomon Islands is not immune to these kinds of crimes. Vulnerability to Money laundering, terrorism financing and other financial crimes remain high. Solomon Islands must continue working on ways to mitigate these risks. It is vital for the responsible law enforcement agencies and regulatory authorities in the country to continue strengthening the AML/CFT legal frame work that has been in place in the country.

### **FIU Website**

The SIFIU has also maintained a webpage in the Central Bank of Solomon Islands website. The webpage is educational in that it provides to users all the legislative frame work of the AML/CFT regime in the country. It further contains the Unit's notices and useful information about the AML/CFT warnings and advices. Beside those, SIFIU also posted some very important documents on the site. These documents includes, Standard Operational Procedure (SOP), Guideline for Financial Institutions and Cash Dealers , Instructions on how to report Suspicious Transactions, AML Onsite Manual and copy of the Suspicious Transaction Report. The SIFIU will continue to update information posted in the webpage for public reading.

### **Asia Pacific Group on Money Laundering**

Since becoming a permanent member of the APG, the Solomon Islands officials have been attending its annual meeting every year. Solomon Islands was voted in as an APG member in 2007 during the Annual meeting which was attended by the then Governor of the Central Bank, Mr. Ricky Hou, and the Head of the Financial Intelligence Unit. During the last plenaries Solomon Islands FIU was congratulated by the APG Secretariat for its achievements since it became a member especially on the progresses made after the Mutual Evaluation in 2009. During the 2012 plenary, Solomon Islands was seen by the general

membership of the APG to be making some significant progress on its efforts to addressing the short falls as highlighted in the 2009 Mutual Evaluation report. For its good ratings and progresses made, Solomon Islands was fortunate to avoid being listed under the enhanced reporting category by the APG. Solomon Islands was only required to make regular follow-up reports to the APG each year.

## STAFF RECRUITMENT AND DEVELOPMENT

The SIFIU started off with only 2 officers at the beginning of the year, the Acting Director which was seconded from the CBSI and the investigator on secondment from the Ministry of Police, National Security and Correctional Services. With the approval from the AML Commission at mid-2013 to better resource the Unit with 2 additional staff, a recruitment exercise was undertaken in October 2013. The 2 positions advertised were the Compliance officer's position and the Financial Analyst position. There were high numbers of interested applicants applied for the 2 positions. Resulted of the recruitment exercise undertaken, two new officers joined the Unit in November 2013. The new staff were recruited as CBSI officers seconded to the FIU.



Mr. Jimmy Vaja is part Malaita and Choiseul. He joined the FIU on November 2013.



Mr. Peter Damien Tura is from Russel, Central Islands Province. He joined the FIU on November 2013.

### Professional Development of Staff

Various training opportunities for professional development and capacity building have been provided to the SIFIU staff since its establishment in 2005. Apart from the training opportunities, staff also attended various workshops and meetings overseas which are fully or partly funded by host organisations.

**Table 6 Trainings and Meetings Attended in 2013**

No	Time	Country	Meeting/Training	Attendees
1	2013 January	Auckland, New Zealand	Director attended a 1 day meeting in Auckland on Terrorism Financing organised by the International Institute for Strategic Studies (IISS)	1. Walter Diamana – MFA 2. Jimmy Sendersley

2	2013 March	Brisbane, Australia	Investigator/Analyst –FATF Revised Standards and Typologies organised by APG	1. Jimmy Sendersley
3	2013 March	New York, USA	Expert Working Group Meeting on Preventing Terrorism Abuse of the Non-Profit Sector organised by the Organisation and funded by the Centre on Global Counterterrorism	1. Walter Diamana 2. David Lidimani 3. Nancy 4. Ronald Bei Talasasa 5. Jimmy Sendersley
4	2013 July	Shanghai, China	AMLC Chairman, Vice Chairman and Director attended the 2013 Annual Plenary in Shanghai, China	1. Billy Titiulu 2. Denton Rarawa 3. Jimmy Sendersley
5	2013 August	Singapore	Training on the Revised International Standard on Combating Money Laundering and Financing of Terrorism & Proliferation.	1. Jimmy Sendersley



Mr. Sendersley, Ambassador Collin Beck & Mr. Talasasa.  
A visit to the SI Embassy office in NY.



SI delegation to the Expert Working Group Meeting on Preventing Terrorism Abuse of the Non-Profit Sector in the UN Office NY.

## APPENDICES

### Appendix 1

#### Statement of Income and Expenses of the SIFIU for year ended 2013

##### NOTE

<b>OPERATING REVENUE</b>	<b>2013</b>	<b>2012</b>
Surplus Owed to the CBSI at the end of 2013	-118,312.07	-41,010.72
Solomon Islands Government	676,000.00	683,471.89
Central Bank of Solomon Islands	42,206.66	0
Other Income	7,305.47	0
<b>Total FIU Revenue (A)</b>	<b>607,200.06</b>	<b>642,461.17</b>
<b>FIU Operation Expenses</b>		
FIU Staff Salaries & Benefits	154,104.81	188,505.21
FIU Staff Allowances	94,494.10	88,275.78
Employers NPF Contribution	16,510.09	20,440.00
Training Expenses	79,059.15	225,800.16
Meetings and Seminars	88,025.31	79,175.85
Leave Travel	7,000.00	0.00
Printing and Stationery	350.00	6,589.00
IT Supplies and consumable	0.00	8,556.67
Communication Expenses	425.99	0.00
Repair and Maintenance	0.00	0.00
FIU Workshops - Provincial Outreach	10,153.90	0.00
FIU Advertising & Community	26,003.00	0.00
FIU Subscription Fees	74,631.69	68,474.43
FIU Books & Magazines	0.00	0.00
FIU Hospitality	0.00	0.00
AMLC Sitting allowances	17,432.30	13,140.49
Vehicle Running Expenses	27,565.20	12,828.00
Vehicle Repairs & Maintenance	32,704.54	41,592.70
General Office Expenses	395.00	7,394.95
Medical & Health Expenses	7,015.00	0
<b>Sub Total Operating Expenses (B)</b>	<b>635,870.08</b>	<b>760,773.24</b>
<b>Capital Expenditures</b>		
Office Vehicle	0.00	0.00
Laptop (Note Book)	0.00	0.00
Printer	0.00	0.00
Office Renovation	0.00	0.00
<b>Sub Total Capital Expenditure (C)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Cash Expenditure</b>	<b>635,870.08</b>	<b>760,773.24</b>
<b>Surplus/Deficit (D)</b>	<b>-35,975.49</b>	<b>-118,312.07</b>
<b>Non Cash Expenses</b>		
Office Rental	36,000.00	0.00
Electricity	24,000.00	0.00
Water	1,200.00	0.00
<b>Sub Total Non-Cash Expenses</b>	<b>61,200.00</b>	<b>0.00</b>



**Total Budget Expenses (Cash & Non Cash) (E)**

**697,070.08**

**760,773.24**

## **Explanatory Notes**

### **A. Total Revenue**

The total funds the SIFIU received from the Solomon Islands Government, through the Ministry of Justice and Legal Affairs in 2013 was \$676,000.00. The SIFIU also received significant assistance from the Central Bank of Solomon Islands in 2013 through salary payments and other benefits for the two (2) officers taken in on the last quarter of the year. The Unit will include in the coming years annual reports, beginning in 2014, the exact value in monetary term, the CBSI assistance to the Unit.

### **B. Operating Expenses**

The Operational Expenses of the SIFIU covers the salary and other benefits of the Unit's staff, various trainings and meetings, workshops, advertisements, subscription fees, AMLC meeting expenses, other AML committee meeting expenses, vehicle repairs and vehicle running expenses, hospitality and general office expenses. The total amount of funds spent on the operation of the Unit in 2013 was \$754,182.20. This includes the amount of \$118,312.20 the Unit owed to the CBSI at the end of 2012 settled in 2014.

### **C. Total Capital Expenditures**

The SIFIU does not have capital spending in 2013. The reason being, CBSI provided all the required and necessary equipment, such as laptops and printers the Unit needs to carry out its work. We will ensure CBSI contributions to the SIFIU will be adequately reported on the next Annual report.

### **D. Deficit**

The SIFIU had a deficit of \$35,975.49 on its Operational budget in 2013. This means, the Unit spends \$35,975.49 more than the revenue it received from the Government and the CBSI.

## Appendix 2 – Customer Identification and Verification Minimum Standard

### Solomon Islands Financial Intelligence Unit

#### Guideline No. 1 2013

#### Money Laundering and Proceeds of Crime Act

**This Guideline is issued in accordance with the powers of the Financial Intelligence Unit under the Money Laundering and Proceeds of Crime (Amendment) Act 2010, section 11H(1)(d)**

#### Customer Identification and Verification

##### 1. Introduction

1.1 Financial Institutions, Cash dealer or Legal practitioner under section 12A of the Money Laundering and Proceeds of Crime (Amendment) Act 2010, are required to identify and verify the identity of their customer.

1.2 This Guideline is issued outlining the minimum KYC risk based classification (as annexed) for financial institutions to apply to their customers.

1.3 The minimum KYC risk based classification is divided into two parts:

**(i) PART 1: Individual Customer Category –**

Individual customers are classified under three categories, namely high risk category, medium risk category and low risk category.

Risks are derived from the basis of the risks involved, and for the purpose of this requirement, the basis of risks are determined by (1) customer background (the type of person), (2) country of origin or location (where he/she comes from and where he/she normally resides), (3) value of transaction (value of the customer's account balance at any given time), and (4) the type of services and products (sophistication of service and product use)

(a) *For High Risk Category* : Customer background basis of risk may include and limited to those living in urban, senior public officers, military officials, politically exposed persons (PEPs), Non face to face customers, and blacklisted countries' customers. Country of origin or location basis of risk includes offshore customers, Non-residents and Non Cooperative Countries and Territories (NCCT). Value of transaction basis of risk includes high net worth individuals and those individuals who transact amounts more than minimum SBD 50,000.00. And the types of services and product basis of risk include those who operating multiple signatories' accounts and those who have black listed accounts and products.

Customer identification under high risk category would require a minimum of two documents, one from category A and one from category B.

- (b) *For Medium Risk Category:* Customer background basis of risk may include and limited to those people living in both urban and rural. Country of origin or location basis of risk may include both non-residents and residents. Value of transaction basis of risk may include those individuals who transact amounts between SBD 15,000 up to SBD 50,000.00. And the types of services and product basis of risk may include those who operate both single and multiple signatories' accounts.

Customer identification under medium risk category would require a minimum of two documents, one from category B and one from category C.

- (c) *For Low Risk Category:* Customer background basis of risk may include and limited to village and rural Customers, local salaried and wage earners. Country of origin or location basis of risk may include residents only. Value of transaction basis of risk may include those individuals who transact amounts up to a maximum of SBD 15,000. And the types of services and product basis of risk may include those who operate both single and multiple signatories' accounts.

Customer identification under low risk category would require a minimum of one document only, either from category B or from category C.

(ii) PART 2: Document Categories

Required documents for the purpose of this guideline are classified under three categories namely; categories A are official documents, category B are Other Authority Issued Documents and category C are Other Identification Documents.

- (a) *Category A* – Official documents may include documents that are issued by government and or government representatives which include but limited to current Passport issued by all countries; Foreign Citizenship certificate; Current Driver's License; Birth Certificate; Other Official Records from the Government of Solomon Islands; Marriage Certificate; Solomon Islands Work Permit; Government Identification; Statutory declaration
- (b) *Category B* – Other authority issued documents may include and limited to Certificate of Christening/Baptism; Employment letter or Identification; Employment Records or pay slips; Existing Bank Customer; Foreign Pensioners Card; Educational Institution Certificates; Student Card or Registration Document; Government Health Card; License or Permit Issued by SIG; Public Utilities record or bills; Bank Cards and Credit Cards (Master Cards, VISA, DINERS CLUB); Superannuation or Provident Fund Cards (NPF Cards); Fire Arms License; Mortgage or Security documents
- (c) *Category C* – Other Identification may include and limited to written reference from Church leader; written reference from village elder/chief; written reference from relative who is an existing customer of the bank; written reference from a bank employee

(iii) PART 3: Timing of Document Submission

High Risk	-Provide KYC within 2 working days
Medium	-Provide KYC within a week
Low Risk	-Provide KYC 2 weeks

**Annex**

**MINIMUM KYC RISK-BASED CLASSIFICATION**

**Part 1: Individual Bank Customer Category**

Risk Level	Basis of Risk				
	Customer Background (Types of person)	Country of Origin/Location	Value of transactions	Types of Service or Products	Classified Documents Required
	1	2	3	4	5
<b>High</b>	Urban, Senior Public Officers, Military Officials, Politically Exposed Person (PEPs) Non face to face customers, Blacklisted countries customers.	Offshore Customers, Non Residents, NCCT (Non Cooperative Countries and Territories),	Min.SBD 50,000 and, High Net worth Individuals	Multiple Signatories Accounts, Blacklisted accounts and products	<b>2 documents:</b> 1xcat.A & 1xcat.B;
<b>Medium</b>	Urban & Rural Customers	Non Residents and Residents	Between SBD15,000 to SBD50,000	Multiple and Single signatories Accounts	<b>2 documents:</b> 1xcat.B and 1xcat.C
<b>Low</b>	Village and Rural Customers, Local Salaried and Wage Earner.	Residents only	Maximum SBD15,000	Multiple and Single signatories Accounts	<b>1 document:</b> 1xcat.B (if available) or 1xcat.C

**PART 2: Document Categories**

Category A – Official Documents	Category B – Other Authority issued documents	Category C – Other Identification
(iv) Current Passport (all countries)	1) Certificate of Christening/Baptism	1) Written reference from Church leader
(v) Foreign Citizenship certificate	2) Employment letter/Identification	2) Written reference from village elder/chief
(vi) Current Driver's License	3) Employment Records/pay slips	3) Written reference from relative who is an existing customer of the bank
(vii) Birth Certificate	4) Existing Bank Customer	4) Written reference from a bank employee
(viii) Other Official Records from the Government of Solomon Islands	5) Foreign Pensioners Card	5) Written reference from senior public servant
(ix) Marriage Certificate	6) Educational Institution Certificates	
(x) Solomon Islands	7) Student Card or Registration Document	
	8) Government Health Card	
	9) License or Permit Issued by SIG	
	10) Public Utilities record or bills	
	11) Bank Cards and Credit Cards (Master Cards, VISA, DINERS)	

(xi)	Work Permit Government Identification	CLUB) 12) Superannuation or Provident Fund Cards (NPF Cards)	<u>Note:</u> reference to confirm customer's name in full, date of birth, occupation and resident
(xii)	Statutory declaration	13) Fire Arms License 14) Mortgage or Security documents	

**PART 3: Timing of KYC Identification submission (MPLCA) 12C, 3 (b)  
Amended)**

- High Risk -Provide KYC within 2 working days
- Medium -Provide KYC within a week
- Low Risk -Provide KYC 2 weeks

DRAFT

## Appendix 3 – Revised FATF Standards

### The FATF Recommendations were revised in 2012

#### **A – AML/CFT POLICIES AND COORDINATION**

- 1 - Assessing risks & applying a risk-based approach
- 2 - National cooperation and coordination

#### **B – MONEY LAUNDERING AND CONFISCATION**

- 3 - Money laundering offence
- 4 - Confiscation and provisional measures

#### **C – TERRORIST FINANCING AND FINANCING OF PROLIFERATION**

- 5 - SRII Terrorist financing offence
- 6 - SRIII Targeted financial sanctions related to terrorism & terrorist financing
- 7 - Targeted financial sanctions related to proliferation
- 8 - Non-profit organisations

#### **D – PREVENTIVE MEASURES**

- 9 - Financial institution secrecy laws

#### **Customer due diligence and record keeping**

- 10 - Customer due diligence
- 11 - Record keeping

#### **Additional measures for specific customers and activities**

- 12 - Politically exposed persons
- 13 - Correspondent banking
- 14 - Money or value transfer services
- 15 - New technologies
- 16 - Wire transfers

#### **Reliance, Controls and Financial Groups**

- 17 - Reliance on third parties
- 18 - Internal controls and foreign branches and subsidiaries
- 19 - Higher-risk countries

#### **Reporting of suspicious transactions**

- 20 - Reporting of suspicious transactions
- 21 - Tipping-off and confidentiality

#### **Designated non-financial Businesses and Professions (DNFBPs)**

- 22 - DNFBPs: Customer due diligence
- 23 - DNFBPs: Other measures

#### **E – TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS AND ARRANGEMENTS**

- 24 - Transparency and beneficial ownership of legal persons
- 25 - Transparency and beneficial ownership of legal arrangements

## **F – POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES AND OTHER INSTITUTIONAL MEASURES**

### **Regulation and Supervision**

- 26 - Regulation and supervision of financial institutions
- 27 - Powers of supervisors
- 28 - Regulation and supervision of DNFBPs

### **Operational and Law Enforcement**

- 29 - Financial intelligence units
- 30 - Responsibilities of law enforcement and investigative authorities
- 31 - Powers of law enforcement and investigative authorities
- 32 - Cash couriers

### **General Requirements**

- 33 - Statistics
- 34 - Guidance and feedback

### **Sanctions**

- 35 - Sanctions

## **G – INTERNATIONAL COOPERATION**

- 36 - International instruments
- 37 - Mutual legal assistance
- 38 - Mutual legal assistance: freezing and confiscation
- 39 - Extradition
- 40 - Other forms of international cooperation

## Appendix 4

### Glossary

<b>AGC</b>	Attorney Generals Chambers
<b>AML/CFT</b>	Anti-Money Laundering and Counter Terrorism Financing
<b>AML TEG</b>	Anti-Money Laundering Technical Expert Group
<b>AMLAT</b>	Anti-Money Laundering Assistance Team
<b>AMLC</b>	Anti-Money Laundering Commission
<b>APG</b>	Asia Pacific Group on Money Laundering
<b>AUSTRAC</b>	Australia Transaction Reports and Analysis Centre
<b>BCR</b>	Border Currency Report
<b>CBSI</b>	Central Bank of Solomon Islands
<b>CDA</b>	Currency Declaration Act
<b>CTA</b>	Counter Terrorism Act
<b>CTR</b>	Cash Transaction Report
<b>CTT</b>	Corruption Targeting Team
<b>EFTR</b>	Electronic Funds Transfer Report
<b>FATF</b>	Financial Action Task Force
<b>FIU</b>	Financial Intelligence Unit
<b>IMF</b>	International Monetary Fund
<b>MLPCA</b>	Money Laundering and Proceeds of Crime Act
<b>MOU</b>	Memorandum of Understanding
<b>PALP</b>	Pacific Anti-Money Laundering Program
<b>RSIPF</b>	Royal Solomon Islands Police Force
<b>SIFIU</b>	Solomon Islands Financial Intelligence Unit
<b>STR</b>	Suspicious Transaction Report
<b>UNODC</b>	United Nations Office on Drug and Crime