Guidance on Suspicious Activity and Suspicious Transaction Reporting

Financial Intelligence Agency
Turks and Caicos Islands
FIA-TCI
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Introduction

The Proceeds of Crime Ordinance Chapter 3.15 hereafter "POCO" and the Prevention of Terrorism Ordinance Chapter 3.21 hereafter "POTO" makes provision for the reporting of suspicious activity or suspicious transactions to the Financial Intelligence Agency hereafter the "FIA." To assist the relevant individuals and entities, this Guidance document contains general information which is intended to provide assistance to those meeting the reporting requirement. This Guidance should not be interpreted as legal advice or a replacement to the POCO, the POTO and any subsequent amendments to both Ordinances, the Anti-Money Laundering and Prevention of Terrorist Financing (AML/PTF) Regulations 2010 and the Anti-Money Laundering and Prevention of Terrorist Financing (AML/PTF) Code 2011; all of which should be referenced in conjunction with this Guidance.

This guidance document provides information on Suspicious Activity Reports/ Suspicious Transaction Reports (SARs/ STRs); indicating who must file, when to submit and how to fill out the SAR/ STR form. It also contains indicators of suspicious activities and transactions, which you may find useful when used in conjunction with your own internal guidelines and assessments on whether a transaction or activity is suspicious or warrants reporting to the FIA.

The guidance provided herein cannot anticipate all circumstances and therefore is not exhaustive. Where permitted by the Anti- Money Laundering/ Prevention of Terrorist Financing AML/PTF Regulations 2010 or the AML/PTF Code 2011, regulated entities are expected to adopt an appropriate risk based approach. This document is meant to be a guide, it should be noted that the definitive source of information on the law must always be the Ordinances and Regulations. If in doubt, the Ordinances should be referred to or legal advice sought.

Money Laundering

Money Laundering in general terms is the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have been derived from legitimate sources. The proceeds may include funds or other properties derived from activities such as drug trafficking, human trafficking, arms trafficking and smuggling, white collar crimes and other conduct designated as precursors to money laundering.

The process of Money Laundering can take place at three distinct stages which can overlap. However it is important to note that in some transactions all three stages may not be present for example where money may already be in the financial system and is moved from account to account.

Placement: this can be the most difficult for criminals and it is at this stage that criminally derived funds mostly cash is introduced to the financial system. Large amounts of cash can attract unwanted attention from law enforcement and other would be criminals. Getting the funds into the financial
Layering: this stage further distances the funds from the original source making it harder to trace by law enforcement. In doing so, complex structures are utilised to launder the funds. These structures include sending the funds through various accounts whether onshore or offshore or to accounts in the names of different persons; changing money from one currency to another or purchase of high value items and so on. At this stage, the source and ownership of the funds becomes harder to trace as the funds are comlingled with legitimate finances.

Integration: The third stage, at this point funds are re-introduced in the financial system appearing as though they are derived from legitimate transactions. For example the launderer during the layering stage purchased a property in country B which was put in trust, and a few years later the property is sold. The funds from the sale of the property are transferred into launderer bank's account. The funds now appear to come from a legitimate source (the sale of the property) and the launderer may develop a sense of validation in the use of their 'legitimately' obtained proceeds.

Illustration of the stages of Money Laundering

A TYPICAL MONEY LAUNDERING SCHEME

1. PLACEMENT
   Dirty Money Integrates into the financial System
   Wire Transfer

2. LAYERING
   Transfer funds between various Offshore / Onshore Banks

3. INTEGRATION
   Purchase of Luxury Assets
   Financial Investments
   Commercial / Industrial Investments

**Terrorist Financing**

Conduct of willfully providing or collecting funds by any means, directly or indirectly, with the knowledge or intention that they are to be used or should be used in full or in part to facilitate the commission of terrorist acts, or to any persons or entities acting on behalf of, or at the direction of a person who finances terrorism\(^1\)

Unlike Money laundering where funds are mostly derived from illicit activities, funds used for terrorist financing can be sourced from both legitimate and illicit means. Funds can be raised through legitimate sources such as donations from individuals and countries and profits from businesses and charitable organizations. Funds can also be derived from illicit sources such as drug trafficking, human smuggling and trafficking, smuggling of weapons, precious stones and other goods, various types of fraud and many others crimes from which there can be financial gain.

Reporting entities should apply additional due diligence measures when establishing a business relationship with individuals and legal entities from or connected to countries which feature in terrorism, terrorist financing and related lists.

**Who is required to report Suspicious Activity or Transactions?**

The following reporting entities are required to report suspicious activity or transactions when they know or suspect or have reasonable grounds for suspicion of Money Laundering or Terrorist Financing Offences\(^2\) as mandated under the POCO and the POTO\(^3\).

**Regulated Businesses**

- a bank licensed under section 4(2) (a) & (b) of the Banking Ordinance
- a trust company licensed under section 4 of the Trustees Licensing Ordinance
- an insurance company licensed under the Insurance Ordinance
- a person or company licensed under the Mutual Fund Ordinance
- a person or company licensed under Money Transmitters Ordinance
- investment dealer or advisor licensed under the Investment Dealers(Licensing Ordinance)
- providers of company services under the Company Management (Licensing) Ordinance

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\(^1\) Sec. 2 "Interpretation" Proceeds of Crime Ordinance CAP 3.15  
\(^2\) Money Laundering and Terrorist Financing Offences are specified under Sections 124-126 of the POCO (Revised Dec. 2014) and Sections 9-12 of the POTO respectively.  
\(^3\) Requirements for reporting are found under Section 127 & 128 of the POCO and Section 16 of the POTO respectively.
Financial Business

The following are listed as financial businesses under Schedule 2 of the Anti-Money Laundering and Prevention of Terrorist Financing Regulations 2010:

1. **Money Service Business** - the business of providing the following services:
   - money transmission;
   - cheque cashing;
   - currency exchange
   - the issuance, sale or redemption of money orders or travelers cheques and such other services as the Governor in Cabinet may specify by notice published in the Gazette

2. **Trust and Company Service Providers** - persons who prepares for and carry out the transactions for a client including but not limited to:
   - acting as formation agent of legal persons;
   - acting as secretary of a company, a partner of a partnership, or similar position in relation to other legal persons or arranging for another person to act in one of the forgoing capacities or as director of a company;
   - providing a business, accommodation, correspondence or administration address for a company, partnership or any other legal person or arrangement;
   - acting as, or arranging for another person to act as a nominee shareholder for another person.

3. **A person or entity who conducts as a business the following on behalf of a customer** -
   - lending, including consumer credit, mortgage credit, and financing or commercial transactions;
   - financial leasing;
   - issuing and managing means of payment including credit and debit cards, cheques, travellers cheques, money orders, and bankers' draft and electronic money;
   - financial guarantees or commitments;
   - participation in securities issues and provision services related to such issues;
   - providing advice on capital structure, industrial strategy and related questions and advice services to mergers and the purchase of undertakings;
   - safekeeping and administrations of cash;
   - investing administering or managing funds or money;
   - money broking.

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4 Financial Business has its meaning specified in the Anti-Money Laundering and Prevention of Terrorist Financing Regulations.
4. A person or entity who as a business trades for his own account or for the account of customers in-
   • Money markets instruments, including cheques, bills, certificates of deposits and derivatives;
   • foreign exchange;
   • exchange, interest rate and index instruments;
   • financial futures and options;
   • commodities futures or shares and other transferrable securities.

5. Lawyers, other independent legal professional, accountants and auditing service providers - who provides or carry out transactions for their clients including but not limited to:
   • buying and selling of real estate and business entities
   • the managing of client's money;
   • opening or managing of bank, savings or securities accounts;
   • organisation of contribution necessary for creation, operations or management of companies;
   • creation, operation of management of trusts and similar structures that requires a license under the Trustees Licensing Ordinance or Company Management (licensing) Ordinance.

   Note: an attorney at law or other independent legal professional is not required to disclose any information during communication(s) between a client in privileged circumstances with regard to offering legal advice. However, this does not apply in situations where legal advice is being sought with the intention of furthering a criminal purpose.

6. High Value Dealers\(^5\) – (inclusive of Motor Vehicles, jewellers, antique and fine art dealers, boat dealers, builders, bathroom and kitchen suppliers and auctioneers and brokers) A person who by way of business trades in goods, precious metals or stones who receives, in respect of any transaction executed in a single operation or in several linked operations, a payment or payments of cash of:

   • in the case of precious metals or stones at least $15,000.00, or equivalent in another currency;
   • in the case of any other goods, at least $50,000.00, or the equivalent in another currency.

7. Real Estate Companies and Agents - involve transactions for or on behalf of client concerning the buying, leasing or selling of real estate in relation to both the purchasers and vendors of property.

8. Casinos - Any person who operates by way of business whenever a transaction involves accepting a total cash payment of $3,000.00 or more or equivalent in another currency.

\(^5\) Section 2 of the AML/PTF Regulations 2010
9. **Entities that manage or support the creation of legal persons**, partnership or arrangements have a duty to report suspicion of Money laundering or terrorist Financing to the FIA. The "Duty to disclose knowledge or suspicion of Money Laundering" is found under Sec. 120 of the Proceeds of Crime Ordinance which makes reference to "relevant business." Under the AML-PPT Regulations 2010, "relevant business" means a business which, if carried on by a person, would result in that person being a "financial business." For the purpose of explaining this relationship to legal persons please refer to Schedule 2 (1) (c i, ii, iii) of the AML-PTF Regulations 2010. The AML-CFT Code 2011 outlines the obligations for such businesses as it relates to the Customer Due Diligence Requirements to be carried out on their customers or prospective customers.

**WHAT IS A SUSPICIOUS TRANSACTION/ ACTIVITY?**

Simply put, this is a transaction or activity where there is suspicion or reasonable grounds to believe the commission of a money laundering or terrorist financing offence has occurred or reasonable grounds to suspect there is an attempt to commit a money laundering or terrorist financing offence.

At the stage when a transaction/activity is deemed suspicious, it is important that the Money Laundering Reporting Officer (MLRO) put into context other factors of assessing such suspicion. Transactions can be evaluated as to whether they seem proper at the time and within the normal activities of that specific business, the general knowledge of the customer, patterns and volumes of transactions, previous instructional patterns and other possible connections linking accounts to accounts or customers to customers and so on. Importantly, is the transaction or attempt thereof consistent with those conducted before or comparable to other businesses in that specific area?

Other areas of significance in the assessment of suspicion should include factors based on your knowledge of the customer or client's business, financial history and background. Reasonable grounds or suspicion will also depend on your own internal compliance regime, assessment, evaluation and Customer Due Diligence (CDD) information.

**Some determining factors which can bring about suspicion or reasonable doubt are as follows but not exhaustive:**

- Unusual patterns of transactions which have no apparent economic or visible lawful purpose;
- Use of false documents to open an account;
- Inability, failure or reluctance of a customer/ client to provide necessary due diligence information;
- Account activity or income inconsistent with the customer's profile;
- Unusually large numbers /volumes of wire transfers or repetitive wire transfer patterns inconsistent with normal activity;
• Business transactions with persons (natural or legal) connected to a high risk country or countries known for drug trafficking, high levels of organized crime, vulnerability to corruption or terrorist activity, lax Anti Money Laundering/ Combating the Financing of Terrorism (AML/CFT) regime or which does not apply or insufficiently applies the Financial Action Task Force (FATF) recommendations;
• Complex/ unusual series of transactions indicative of layering between multiple accounts, individuals, banks and jurisdictions.

Transaction used in context includes:
• transactions of any amount and value: no monetary threshold is required for a transaction to be deemed suspicious;
• occasional transaction: that is, a transaction carried out otherwise than as part of a business relationship;
• two or more one-off transactions seemingly linked;
• attempted transaction: one which the client or customer intended to conduct but subsequent action(s) by you or the client cause it not to be carried out or completed.

The following are examples of attempted transactions:
• a financial institution refuses to process a wire transfer because the customer fails to provide the source of funds details.
• a Money Service Business declines to process a request to transfer a large amount of cash because the customer refuses to provide identification when requested.
• a client makes an offer to buy a property on sale through a real estate agent however the client wants to pay the amount in cash, the real estate agent declines the transaction.

The importance of filing SARs/STRs
Filing reports of suspicious activity or transactions to the Financial Intelligence Agency (FIA) is an important step in the combating of money laundering and terrorist financing. It reflects the level of commitment and cooperation of reporting entities in:

• identifying potential and actual criminal activity related to money laundering, terrorist financing offences, and other financial fraud and abuse.
• detects, disrupts & prevents the flow of illicit funds;
• establishes emerging threats through analysis of patterns and trends;
• it highlights the MLRO’s understanding and application of AML/CFT measures and demonstrates their awareness of the risk to their various businesses and their ability to identify red flags when they occur;
• it is a duty under the Proceeds of Crime Ordinance and the Prevention of Terrorism Ordinance.
• assisting law makers and policy makers in the implementation of laws and regulations to combat money laundering and terrorist financing.
When to submit a SAR/STR to the FIA
When the money laundering reporting officer has knowledge or suspicion or reasonable grounds for knowledge or suspicion of money laundering or terrorist financing he or she has a duty to submit to the Financial Intelligence Agency suspicious activity reports as soon as practicable and in any event within twenty four hours\(^6\).

How to Identify a Suspicious Transaction or Suspicious Activity?
The lists on the following pages are comprised of general indicators "red flags" geared toward assisting stakeholders in the financial and non financial sectors to recognize or identify suspicious transactions/activities which give rise to suspicion or reasonable grounds for suspicion of money laundering and terrorist financing. Indicators on their own do not mean that a person has committed a money laundering or terrorist financing offence. MLROs should consider additional factors such as the client's occupation, business, financial history, transactional patterns, the original or recipient country referencing the transaction along with his/ her own internal scrutiny to determine whether or not it warrants making a suspicious activity/ transaction report.

Note on Terrorist Financing
Indicators which may point to or relate to Terrorist Financing in some cases share similarities to those relating to money laundering. Funds derived from legitimate sources or proceeds of crimes/unlawful activities can be used to fund Terrorist activities. Hence, this Guidance document combines indicators for both aspects of Money Laundering and Terrorist Financing.

In addition to suspicion with regard to transactions or activities carried out or attempted by natural or legal persons, stakeholders within the relevant sectors must be wary of establishing business relationships or handling of transactions with individuals, entities or organizations listed as having ties to terrorist financing or terrorism as declared by the Security Council of the United Nations (UN) - namely Resolution 1267\(^7\) and its subsequent amendments and other such resolutions or imposed sanctions by the European Union or other countries. It is important that entities do not engage or establish any business relationships with any individual, or entity or organization that is featured on such listings.

If after carrying out a transaction you become aware that it was conducted by or on behalf of an entity or individual on the designated list you must submit a terrorist property report on the prescribed form.

If there is suspicion that a completed or attempted transaction is related to terrorist financing, you must make a report to the police, a customs officer or FIA without delay. A separate reporting form is provided for reports in relation to knowledge or suspicion of terrorist funds and properties, as terrorist properties are subject to freezing orders.

\(^6\) See section 32 (1) under the AML/CFT Code 2011.
\(^7\) The names of individuals, entities or organizations can be found at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml or you can access the list directly in PDF format at http://www.un.org/sc/committees/1267/1267.pdf
Reports in relation to knowledge or suspicion of terrorist financing whether completed, attempted or denied extend to reports regarding individuals or entities that have been prosecuted for such other matters in relation to money laundering, terrorist financing and other serious offences such as fraud, whether these prosecutions occurred within or outside the islands.
Red Flags

The following lists are provided as a guide and as such will not reflect every possible scenario. It should also be viewed within the context as it would relate to the entity.

Banking Sector

- A customer uses identification documents which cannot be readily or easily verified or maybe expensive to verify.
- Use of false documents or identification belonging to another to conduct transactions or opening of an account.
- Customer reluctance to provide identifying information.
- There is a delay in providing upon any request -the information needed in order to enable verification or completion of application for new account. Some of the information may include the nature of the business, location of business, name of officers and directors, prior banking history, expected amount to account etc.
- Customer's home or business telephone is disconnected or the customer gives the telephone number of someone else's' home or business address.
- Opening an account that is credited solely by cash deposits.
- Opening an account where the account holder does not engage in any known form of economic activity.
- Opening an account for which several individuals have signing authority even though there is no apparent family or business relationship between them.
- Multiple fund transfers conducted from the same location or different branches of the same bank within a short period of time.
- Wire transfer to and from a high-risk geographic location or financial secrecy haven without an apparent business reason or which is otherwise inconsistent with the customer's business or history.
- Wire activity that is unexplained, repetitive, or shows unusual patterns.
- Corresponding outgoing and incoming transfers to and from the same jurisdiction within the same day or a short time frame.
- Same home address provided for fund transfers by different people.
- Small and frequent transfers so as to avoid the bank's reporting threshold or recording of the source of funds.
- Frequent wire transfers with no apparent business reason.
- The customer requests a high volume of incoming and outgoing wire transfers but maintains low or overdrawn account balances.
- Income inconsistent with the customer profile.
- Account activity inconsistent with the customer's profile.
- Frequent cheque or large cash deposits conducted over a short period of time, which when reviewed are inconsistent with the employment history or the business carried out by the customer.
- Multiple deposits made to the customer's account by third party users.
- Using company account for personal purposes.
- Multiple accounts held by the same customer with the same institution.
- Large transfers or other transaction/activities conducted on the account which was otherwise dormant.
• Customer makes multiple deposits over a short period of time so as to avoid the bank's reporting condition or threshold.
• Account operated by third party user.
• Frequent exchanges of small dollar denominations for large dollar denominations.
• Customer deposits notes that are dirty, stained or worn or give off unusual smell.
• Multiple deposits to one account then transferred to other account and finally request made for transfer of funds to an offshore account.

Money Services Businesses

• Use of third party to conduct transaction(s) - sending and receiving.
• Multiple transfers to avoid filling out the source of funds or threshold report.
• Customer uses false ID.
• Two or more customers use the same ID.
• Same home address provided for fund transfers by different people.
• Money is received by the same individual from different money remittance companies or agents.
• The customer shows no sign or interest in the transfer cost.
• Customer refuses to disclose the source of cash/ funds.

• Multiple transfers conducted from the same location and possibly on the same day.
• Multiple transfers made to the same individual(s) overseas by another individual or different people.
• Transfers to and from high risk geographical areas or countries.
• Corresponding transfers (outgoing & incoming) to and from the same jurisdiction within the same day or similar time frame.
• The customer only seems to know which amount is being transferred after the MSB employee counts the cash.

• Customer prefers to use the night safe to make deposits to avoid directly dealing with bank staff or their scrutiny.
• Taking loan(s) and repaying same within a short period or paying back more than what is required.
• Third party paying back loan burrowed by the customer.
• Customer seems unconcerned with the terms of credit or cost associated with completion of a loan transaction.

• Customer on a frequent basis sends money to countries or regions which are known for widespread internet scams.

Insurance Company/Managers:

• The customer cancels an insurance contract then directs that the funds be sent to a third party.
• The customer purchases an insurance policy using cash or other monetary instruments for an amount inconsistent with his or her income.
• The customer secures a policy loan against the cash value soon after policy is issued and quickly repays the loan with cash or various monetary instruments.
• The customer cancels the insurance contract without much concern for loses or the amount he or she has to pay in fees or charges.
• The customer enters into a contract for a considerable sum with the payment of the premiums coming from abroad, specifically from an offshore financial centre.
• The substitution of the initial beneficiary to the contract with a person who has no apparent connection to the policy holder.

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8 Reference regarding some of the indicators have been drawn from NBFIs-redflag.pdf
Investment Companies & Trusts:

- Buying and selling of a security with no discernible purpose or in circumstances which appear unusual.
- Multiple-jurisdictional structures of corporate entities and trusts
- Complex use of nominees (individuals and businesses)
- The establishment of an administered entity with no obvious purpose
- Sales or purchases at inflated or undervalued prices.
- Large payments of third party cheques endorsed in favour of the customer.

Casinos:

- Customer inserts cash into a gaming machine and credits out with little or no game play.
- Client requests cheques that are not for gaming winnings.
- The outcome of the operations or the type of used currencies being disproportionate with the customer's profile.
- Customer request higher denomination bills when redeeming credit redemptions more frequently than usual.
- Customer requests that cheques be drawn in the name of a third party.
- Changing the gambling routines for certain customer in disproportion with his/her income that was declared, e.g. if s/he purchases chips for a game that s/he does not usually play or if it has been found from the circumstances the s/he does not seek profit or is not concerned about losing.
- Customer refuses or is reluctant to produce identification when requested.
- The value being disproportionate to the customer's assumed resources in the light of his/her declared profession.

Real Estate Agents:

- Buying or selling real estate property at a price not commensurate with its actual value, whether by increase or decrease, in comparison with the market prices or the prices of similar real estate in the same area.
- Sale of real estate property directly after buying it at a price less than the price of purchase.
- Client's disinterest in putting their name on any file that may relate to the property, or use of different names when submitting purchase offers.
- Repeated buying of real estate properties where prices do not fit the buyer's usual capacity.
according to the information available on or expected from them (e.g. due to the nature of their profession or business).

- Attempting to register the real estate property at a price less than the actual value or the amount to be paid while offering the difference "under the table."
- Client's disinterest in verifying the legal status of the real estate property s/he intends to buy.
- Replacing the buyers' name shortly before the completion of the transaction without sufficient or clear justification.
- Arranging the financing of purchase transactions, partially or in full through an unusual source or offshore bank.
- Purchases of a number of real estate properties in a short period of time without expressing any interest in their location, condition or otherwise.
- Buying real estate properties in the name of another person who is not clearly or justifiably connected to the client.

**Attorneys/Lawyers:**

- The client resorts to lawyers to create companies, particularly international business companies, from outside the country in a way that shows that the objective is to conceal the illicit source of funds.
- Appointing a lawyer in financial or commercial transactions and requesting the concealment of the customer's name in any of these transactions.
- The lawyer manages investments portfolios, in countries allowing such conduct and receives instructions from the customer to make buying/selling transactions that have no clear economic reason.
- The customer requests, upon hiring a lawyer to incorporate a company, to transfer/ deposit the incorporation fees or the capital to/ in the bank account of the layer through multiple accounts that he/she has no connection to without reasonable justification.

**Notaries:**

- The customer's use of another person to complete a transaction without any legitimate financial, legal or commercial excuse.
- Customer sells assets or real estate properties repeatedly without realizing any profit or providing a reasonable explanation in this respect.
- The customer who creates or wishes to create different companies in a short time frame for his own interest or the legal interest of the other persons without reasonable financial, legal or commercial grounds.
- Customers desire to create or buy a company that has a suspicious objective, does not realize profits or does not seem to be connected to his/her usual profession or related activities, without being able to submit sufficient explanations to the notary.

**High Value Dealers (Precious Stones/Metals):**

- Customer's willingness to pay any price to obtain jewels of extravagant amounts without attempts to reduce or negotiate the price.
- Attempt to sell high value jewels at a price much less than their actual or market value.
- Customer's purchase of jewels of high value does not correspond with what is expected from him/her based on their profession or nature of business.
- Attempt to recover the amount of new purchases without a satisfactory explanation or when the client tries to sell what s/he recently bought at a price that is much less of the purchasing price.
High Value Dealers (Auto):

- Customer uses multiple names on required documents.
- Customer purchases vehicles and registers them in "rental" when they do not operate such a business.
- Customer is known to have criminal background.
- Customer uses significant amount of cash to purchase a vehicle.
- Customer refuses to produce personal identification documents for the transaction to be completed.

HOW TO MAKE A SUSPICIOUS ACTIVITY/ TRANSACTION REPORT

Reports of suspicious activities and transactions relating to money laundering and terrorist financing must be reported by the MLRO to the FIA within twenty-four hours after the information comes to their attention on the Suspicious Activity/Transaction Report SAR/STR form 11.2014S127-8-SARSTRF-0815-1.0 (see Appendix A), electronically via email to fcutcipd@tciway.tc or it may be delivered by hand to our offices. A copy of the SAR/STR form is available via the FIA link on the following website: www.tcipolice.tc. Additionally this form can be provided to you by contacting the FIA directly at 649-941-7691 or email fcutcipd@tciway.tc. If submitted by hand, your report should be sealed in an envelope, marked 'Confidential' and addressed to:

The Director
Financial Intelligence Agency
203 Cabot House, Graceway Plaza
Leeward Highway
Providenciales
Turks & Caicos Islands

Business hours are: Monday – Thursday 8:00AM to 4:30PM, Friday 8:00AM – 4:00PM. Closed - Saturday, Sunday and Public Holidays.

CONTENTS OF THE SAR/STR

The quality of the information within the SAR/STR report is paramount to the FIA in its analysis of the reports received and care must be taken to make sure relevant information is included. The relevant information will include:

- Full details of the customer and as complete a statement as possible of the information giving rise to knowledge, suspicion or reasonable grounds for suspicion of money laundering and terrorist financing or both;
- if a particular type of criminal conduct is suspected, a statement of this conduct;
- where a financial business has additional relevant evidence that could be made available, the nature of this evidence;
- any statistical information as the FIA may require.

It is pertinent that person preparing the report have all relevant information at hand when preparing this report so that a clearer picture can be drawn. This is more so for the descriptive aspect of the report or the narrative.

The Money Laundering Reporting Officer or the Compliance Officer or Designate person when creating the report may need to give consideration to the following:

- WHO: There will be an entity or natural person who is conducting or conducted the suspicious activity. In this case all relevant factors of description of the customer or client (occupation, nationality, business connection, identification document, place of incorporation, date of incorporation, beneficial owners, address etc.) must be recorded. All other person connected to the suspicious activity should be included.
- HOW: How the suspicious transaction/activity was executed. This can include the use of internet, telephone, emails or other such correspondence, ATM etc.
- WHAT: Give information on any factors used (mechanism, services & instruments) to enable the suspicious activity.
- WHEN: this refers to the date of the suspicious activity. If there are multiple suspicions, describe the suspicions in a chronological order.

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9 Sec. 29 (1) (e) AML- CFT Code 2011
- **WHERE**: this refers to the location of the suspicious activity. This includes the address of the office or branch of the entity reporting, origination of the activity especially if another jurisdiction is involved.
- **WHY**: Indicates why the activity is considered suspicious? Give reasons in terms of what is different or inconsistent with the client or customer’s history or different to the activities of other customers.

**SUPPORTING DOCUMENTS**

If supporting documents are submitted with the report briefly describe what the documents are. Note that all documents related to the filing of a SAR/STR must be retained for minimum of 5 years\(^\text{10}\).

**CONSIDERATION FOR ENTITIES FOLLOWING SUBMISSION OF A REPORT TO THE FIA**

There is nothing in the law to indicate that a business ought to continue or terminate the relationship or transaction with a customer after a SAR is submitted to the FIA. However, there must be a consideration by the Reporting entity as to whether there can be the issue of tipping off if they so choose to terminate any relationship. *Notwithstanding the above, it is very important that attention be paid to certain stipulations in the Regulations\(^\text{11}\) regarding the requirements to cease transaction or terminate a business relationship.*

**PROCEDURES UPON THE RECEIPT OF SUSPICIOUS ACTIVITY REPORTS**

When the SAR/STR is received by the Financial Intelligence Agency, the following steps are taken:

1. A SAR/STR acknowledgment is prepared and sent to the MLRO who submitted the report.
2. The report is assigned to a Financial Intelligence Officer for analysis.
3. Further information may be requested by the FIA from the reporting entity for clarification, provide additional details and develop the intelligence.
4. A sanitized version of the report may be disseminated to a foreign counterpart or relevant enforcement agency as permitted by POCO and POTO to further develop intelligence or to assist in international AML/CTF efforts.
5. When the FIA concludes its analysis of a suspicious activity, transaction or series of transactions with findings of criminal activity or regulatory breaches, the result of that analysis is disseminated to the relevant local authorities for further investigation or prosecution.
6. Additional feedback may be provided to the reporting entity on a case by case basis.

*It is important for the reporting entities to understand that submission of a report is not an automatic indication of criminal activity, money laundering or a terrorist financing offence.*

**FILLING OUT THE SAR/STR FORM "11.2014S127-8-SARSTRF-0815-1.0"**

All the fields on the form should be completed where applicable. In cases where a field is not relevant to you, please insert words "Not Applicable" or simply "N/A."

All dates can be entered using the following format: dd/mm/yyyy or dd/mmm/yyyy. *(E.g. 10/02/2015 or 10/Feb/ 2015)*

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\(^{10}\) Anti-Money Laundering and Prevention of Terrorist Financing Code, Regulation 37

\(^{11}\) Anti-Money Laundering and Prevention of Terrorist Financing Regulations, Regulation 12
If there is no available information on the subject to the suspicious activity/transaction report, the MLRO should indicate this with the words "No details available on the subject" in the space allocated where the subject's name should be.

The form can also be appended in the event you have additional information or need to provide details on multiple subjects.

Definitions and Explanations of Sections on the SAR/STR form 11.2014S127-8-SARSTRF-0815-1.0

**SECTION 1**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>1</strong> Report Date: The date when the report is completed by the Money Laundering Reporting Officer. The dates shall be inputted in the date field and shall be in the format day, month, year (dd/mm/yyyy). This format applies to all date fields.</td>
<td></td>
</tr>
<tr>
<td><strong>2</strong> Activity/transaction date: The date when the actual suspicious activity or transaction or attempt occurred.</td>
<td></td>
</tr>
<tr>
<td><strong>3</strong> Type of Report: New: Tick this box if the report is of a new suspicion with regard to a client or customer. **Supplementary: **Tick this box if the report is of a nature where you have additional or other information with regard to a previously submitted suspicious activity/transaction report on a subject. Give an explanation of the additional details in the narrative at Section 6 on the form and reference which previous report it pertains to. Note that a supplementary report does not relate to a new activity or transaction though similar, if it is not related to the subject of the initial report referenced. <strong>Example:</strong> <strong>Initial Report</strong> - A financial institution reports to the FIA that a dormant account containing X dollars saw funds suddenly liquidated over a period of a few days to a number of persons or entities in countries with association to the illegal drug trade. <strong>Then...</strong> a similar series of transactions occurs at the institution under a different account. While the transactions have followed a similar suspicious pattern the second report is not a supplemental of the initial one.</td>
<td></td>
</tr>
<tr>
<td><strong>4</strong> Location Where Activity Occurred: Give the location of the reporting entity's office or branch where the suspicious activity or attempted transaction occurred. Some MLRO's operate out of different locations to where a SAR/STR took place. This is especially so in relation to larger entities which may have different operational offices or branches.</td>
<td></td>
</tr>
</tbody>
</table>

**SECTION 2: DETAILS OF REPORTING ENTITY**

<p>| | |</p>
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5</strong> Name of Reporting Entity: This refers to the name under which the reporting entity is registered or incorporated.</td>
<td></td>
</tr>
<tr>
<td><strong>6</strong> Category: This refers to the classification of the reporting entity for example Attorney, Bank, Casino, Insurance Company, Trust. Make your selection from the drop down list.</td>
<td></td>
</tr>
<tr>
<td><strong>7</strong> Telephone Number: The telephone number at which the FIA can contact a competent person within the institution in relation to the SAR/STR filed.</td>
<td></td>
</tr>
<tr>
<td><strong>8</strong> Email Address: Email address of the MLRO who submitted the report.</td>
<td></td>
</tr>
<tr>
<td><strong>9</strong> Fax Number: Reporting entity's fax number.</td>
<td></td>
</tr>
</tbody>
</table>

**SECTION 3: SUBJECT OF THE REPORT**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>10</strong> Title: If a natural person enter as applies. (Example: Dr., Sir, Mr., Mrs. etc.)</td>
<td></td>
</tr>
<tr>
<td><strong>11</strong> Last Name: Subject's last name.</td>
<td></td>
</tr>
<tr>
<td><strong>12</strong> First Name: Subject's first name</td>
<td></td>
</tr>
<tr>
<td><strong>13</strong> Middle Name: Subject's middle name if available.</td>
<td></td>
</tr>
<tr>
<td><strong>14</strong> Other Names: Aliases which the subject is known by or answers to.</td>
<td></td>
</tr>
<tr>
<td><strong>15</strong> Date of Birth (DOB): Subject's date of birth.</td>
<td></td>
</tr>
<tr>
<td><strong>16</strong> Place of Birth: Enter all details regarding the place or country of birth of the subject.</td>
<td></td>
</tr>
<tr>
<td><strong>17</strong> Nationality: Enter the nationality of the subject.</td>
<td></td>
</tr>
<tr>
<td><strong>18</strong> Address: Some subjects may have more than one address, particularly those which are multi-jurisdictional. All known addresses for the subject should be inputted to the form. The address details should include where available, the unit, apartment, house or other number, street, area/ location, state and country or in which ever format it was obtained.</td>
<td></td>
</tr>
<tr>
<td><strong>19</strong> Occupation: Fully identify the occupation, profession or business of the person who conducted the transaction or attempted transaction. If the subject is self-employed, it is advisable that the specific field of his or her self-employment be stated for e.g. construction labourer, carpenter, fisherman, artist and so on.</td>
<td></td>
</tr>
<tr>
<td><strong>20</strong> Telephone Number: Enter all telephone numbers on record for the subject; the number should be inclusive of the country code and area code to avoid any confusion.</td>
<td></td>
</tr>
</tbody>
</table>
Forms of Identification Available: Enter the type of identification received from the subject during the CDD process. For example passport, driver's license and so on.

Identification Document Number: The identifying number for the form of identification described at item 21.

Date of Issue/ Expiration: This is the date on the form of ID showing when it was issued and the date of expiration.

Place of Issue: The place of issue on the ID. In some instances this may be shown as the country of issue.

Business Relationship: Enter the date when the relationship between the reporting entity and the subject (natural person) began and if applicable when ended.

Account Number if applicable: Where applicable, the subject's bank account number should be placed in the allotted space. This applies if the said account(s) forms part of the suspicion or is connected to the individual(s) reported on.

SECTION 4: DETAILS OF SUBJECT (if subject is a legal entity)

Legal Entity's Name: The full name of the legal entity should be entered in this field.

Country Registered/ Incorporated: Enter the country where the company is registered or incorporated.

Date Registered or Incorporated: This is the date when the legal entity or customer was registered or incorporated.

Address of the Registered Office: Registered address or registered office for the legal entity whether local or overseas. This includes the address of the trustee.

Business Address: This applies if the business address is different to that of registered office. Some legal entities business address and registered office will be the same.

Trade or Business Activity: State the type of trade or activity the legal entity is engaged in. For example - holding company, trust, restaurant etc.

Business Relationship (Commenced/ Finished): Enter the date when the relationship between the reporting entity and the subject (other legal entity) began and ended.

Was the subject introduced?: If the business is introduced by a third party who conducted the due diligence, select the relevant option. If yes, enter the details in the allotted space at item 35 regarding the natural person or legal entity that introduced the subject to your entity.

Shareholders and Directors: Enter the name(s) of the shareholders and directors of the legal entity. If needed additional names can be appended to the report.

Ultimate Beneficial Owner(s): Enter the name and address of the Ultimate beneficial owner(s) (whether natural person or other legal entity/s) if different from 36 and 37 above. Also, should there be more than one beneficial owner, a list of their names and addresses can be appended to the report.

Account Number if Applicable: Where applicable, the subject's bank account number should be placed in the allotted space. This applies if the said account(s) forms part of the suspicion or is connected to the legal entity reported on.

SECTION 5: INSTRUMENTS/MECHANISMS USED/ATTEMPTED

Instrument and Mechanism: Chose by selecting all types that apply to the instruments/mechanism used. (Note that this list is not exhaustive and is only for quick referencing; select other and state where applicable.)

Currency/ Value: If a financial transaction is involved, enter the currency and the amount in which the transaction or attempt is conducted. (Example USD5000.00, £500.00, €700.00.)

SECTION 6: SAR/ STR NARRATIVE: Note that the allotted space will expand as you type.

This section of the report is critical. Provide a chronological and complete account of the activity/transaction detailing what caused your suspicion (i.e.) what is unusual, irregular or suspicious.

The field provided for the narrative increases as you type allowing you to provide as much information as needed.

Note: It is useful to state your reason for suspicion as a caption at the beginning of the narrative or at the end and. For example:
- Customer account activity is inconsistent with customer profile.
- Customer income inconsistent with the customer’s profile.
- Declined business
- Adverse Media Reports or "Indirect Reports"

SECTION 7: This report was prepared by

This section pertains to the person who prepared the Suspicious Activity/Transaction Report.
LEGAL CONSIDERATIONS

Record Keeping 12
Financial businesses are required to keep records/details of any report made to the FIA for a period of 5 years. This also applies to all supporting documents submitted to the FIA.

Protection of Disclosure 13
The Proceeds of Crime Ordinance Chapter 3.15 (POCO) and the Prevention of Terrorism Ordinance 2014 (POTO) contain specific provisions that provide protection from liability for damages in relation to compliance with disclosure requirements under both Ordinances.

Failure to Disclose14
Failure to disclose to the FIA knowledge or suspicion of proceeds of crime and terrorist property is a criminal offence under the POCO and POTO.

Under the POCO, failure to report knowledge or suspicion of money laundering results in the person being liable on summary conviction to imprisonment for the term not exceeding twelve months or a fine not exceeding $20,000.00 or both; or on Indictment, to imprisonment for a term not exceeding five years or a fine without limit or to both.

Under the POTO, a person who fails to report knowledge or suspicion of terrorist property shall be liable on conviction on indictment to a fine or term of imprisonment of seven years, or to both.

Confidentiality of Information Disclosed
The FIA is required to treat SARs/STRs with confidentiality. Where the decision is made by the FIA to further disclose or disseminate information received by way of a SAR/STR, the FIA ensures that the identity of the originator (e.g. reporting entity or MLRO) of such report is protected or not disclosed.

Tipping Off15
When a Suspicious Activity Report pertaining to Money laundering or Terrorism Financing has been submitted to FIA, no member of staff of the reporting entity shall inform or make known to the customer or client the contents of any report or that a report has been submitted regarding an activity or transaction conducted by the customer.

Conclusion
It is important to recognize that it is not the function of the reporting entities to investigate suspicious transactions beyond assembling the basic facts necessary to establish that a transaction is, indeed, suspicious. It is thus expected that a large proportion of reports received by the FIA may be found upon analysis, not to be linked to criminal activity. (IMF/World Bank FIUs: An Overview, 2004: 42).

Your attention and adherence to the laws and regulatory requirements and your civic responsibilities can assist in ensuring that criminals are detected and deterred from conducting activities relating to money laundering and terrorist financing and other crimes in the Turks and Caicos Islands.

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12 See Part 7 of the AML-CFT Code 2011
13 The POCO Section 125 & POTO Section 17
14 The POCO Section 121 & The POTO Section 16
15 Attention should be given to Section 123 and 124 of POCO & Section 30 of the POTO.
Sample Suspicious Activity/ Transaction report Form

SECTION 1

1. Report Date (dd/mm/yyyy):
2. Activity/Transaction Date (dd/mm/yyyy):
3. Type: [ ] New [ ] Supplementary
4. Location where activity occurred:

SECTION 2: DETAILS OF REPORTING ENTITY

5. Name of Reporting Entity:
6. Category:
7. Tel. Number:
8. Email Address:
9. Fax Number:

SECTION 3: SUBJECT OF THE REPORT (This section should be completed if the subject is a stand-alone customer or natural person with no connection to a business entity; however, if connected, this section must be completed along with Section 4.)

10. Title:
11. Last Name:
12. First Name:
13. Middle Name:
14. Other Names:
15. DOB:
16. Place of Birth:
17. Nationality:
18. Address:
19. Occupation:
20. Tel. Number:
21. Forms of Identification Available (i.e. Passport, Driver’s License and others):
22. Identification Document Number:
23. Date of Issue/Expiration:
24. Place of Issue:
Business Relationship:
25. Commenced (dd/mm/yyyy):
26. Account Number if Applicable: Finished (dd/mm/yyyy):

Suspicious Activity/ Transaction Report Form For The Reporting Of Unusual/Suspicious Activities/ Transactions In Accordance With Sections 127 & 128 Of The Proceeds Of Crime Ordinance and Sections 156 & 158 Of the Prevention of Terrorism Ordinance

Completed reports should be submitted electronically to fraud@finint.gov.tc. The document FIA-SARGUI-0815-1.0 provides details on the completion of this form. To view this document, click HERE. Contact the FIA at 1649.941.7691 for any queries.
### SECTION 4: DETAILS OF SUBJECT (If subject is a legal entity)

27. Legal Entity’s Name:

28. Country Registered/ Incorporated:

29. Date Registered/ Incorporated (dd/mm/yyyy):

30. Address of the Registered Office:

31. Business Address:

32. Trade or Business Activity:

33. Business Relationship:

   Commenced (dd/mm/yyyy):  Finished (dd/mm/yyyy):

34. Was the subject introduced?  Yes  No

35. If Yes, state full details and address of introducer in the space below:

   Name:  Tel. Number:  Address:

36. Shareholders:

   Name:  Name:

37. Directors:

   Name:  Name:

38. Ultimate Beneficial Owner(s):

   Name:  Address:
   Name:  Address:

39. Account Number if Applicable:

### SECTION 5: INSTRUMENTS/MECANISMS USED/ATTEMPTED (Choose by ticking all that apply to the instrument/mechanism used)

40. Instruments and Mechanisms

   - Notes/ Currency
   - Credit/ Debit Card
   - Cheque
   - Wire / Money transfer
   - Letter of credit
   - Insurance policy
   - Mutual fund
   - Gaming chips

41. Currency & Value:

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*Suspicious Activity/ Transaction Report Form For The Reporting Of Unusual /Suspicious Activities/ Transactions in Accordance With Sections 127 & 128 of The Proceeds Of Crime Ordinance and Sections 13 & 16 of the Prevention of Terrorism Ordinance*

*Completed reports should be submitted electronically to [report@tciway.tc](mailto:report@tciway.tc). The document FIA-SARGUIDE-0815-1.0 provides details on the completion of this form. To view this document, click [HERE](https://example.com).

Contact the FIA at **1-849-941-7691** for any queries.*

Page 2 of 3
SECTION 6: SAR/STR NARRATIVE: This section of the report is critical to provide a chronological and complete account of the transaction/activity detailing what caused your suspicion (i.e.): what is unusual, irregular or suspicious. The field provided for the narrative increases as you type allowing you to provide as much information as needed.

STATES:

SECTION 7: This report was prepared by

| Last name: |  |
| First name: |  |
| Title/ Post: |  |
| Phone number: |  |
| Date report was prepared: |  |

Suspicious Activity/ Transaction Report Form For The Reporting Of Unusual /Suspicious Activities/ Transactions in Accordance With Sections 127 & 128 of The Proceeds Of Crime Ordnance and Sections 13 & 16 of the Prevention of Terrorism Ordinance

Completed reports should be submitted electronically to fctiplod@telway.tc. The document FIA-SARGUIDE-0815-1.0 provides details on the completion of this form. To view this document, click HERE.

Contact the FIA at 1-649-941-7691 for any queries.