Financial Intelligence Unit - Jersey

Bribery & Corruption - PEPs - Banking Sector

Background:

An offshore regulated Financial Services Business (FSB) provides banking facilities to Client X, deemed a Politically Exposed Person (PEP) due to their position as a government minister in a foreign jurisdiction.

Client X already has banking relationships with the institution in other jurisdictions, which enables them to open International offshore Jersey accounts.

An initial deposit of GBP£1 million is transferred from client X's account in another jurisdiction to their Jersey account. This is followed by several high-value deposits, totalling circa GBP10 million, which were conducted over a matter of weeks. These funds are transferred from accounts held globally. The funds are then rapidly (within hours) remitted to third-party accounts in the UK.

Indicators:

- National political elections are due to occur in Client X's country of residence. Client X holds a ministerial position in the existing government. Commentators suggest that the current government is likely to be replaced, and therefore, it is assessed that Client X is not expected to be re-elected.
- The existing government, including client X's ministerial department, have faced multiple unproven allegations of corruption and mismanagement of public funds.
- Government salary bands are listed as open source. The salary is unlikely to support an initial deposit of GBP1 million or further remittances.
- Enhanced due diligence conducted in another jurisdiction at on-boarding does not contain detailed clarification of the Source of Wealth (SOW).
- A letter from a small accountancy firm corroborates SOW information. OSINT suggests that a member of this firm has previously been charged with forgery. It suggests that the firm or its individuals are acting as professional enablers or facilitators.
- The account has been flagged as an alert for review following account transaction monitoring (TM).
- Once the TM review is undertaken, all the funds have dissipated to UK bank accounts held in third-party names. A review of the surnames suggests family members.
- Although Client X already held a UK bank account, the on-boarding information does not explain the rationale for holding a Jersey bank account.

Suspicious Activity:

- The purpose of account opening was stated to be to pay school fees to a UK boarding school.
- However, beneficiaries of payments are individuals who hold UK bank accounts and are not assessed as education providers.
- Rapid removal of funds deposited to a network of beneficiary third parties accounts in the UK.
- High-value credits received from other first-party bank accounts.
- No Source of Wealth provided.
- The customer was evasive when contacted to discuss the Source of Funds (SOF). Client X stated a "need for privacy due to position" and referred the Relationship Manager to their professional advisor, who has been given authority to deal with the account.
- An internal block was placed on the remaining funds by the institution.

FIU Actions:

- This SAR was dual-reported to the UK FIU.
- The FIU reviews all submissions and grades and prioritises them as appropriate. Bribery and corruption concerns are deemed to be of a high priority.
- The FIU undertook further detailed research, assessment and analysis to corroborate the suspicion and determine why the activity occurred.
- All FIU staff have a clear understanding of and training in Corruption and bribery involving PEPs. In addition, the FIU has dedicated officers who have received enhanced training in this subject and can be referred to by staff within the unit for advice and guidance.
- The FIU engages domestically and internationally with other units, specialising in PEPs and Grand Corruption cases.
- As a member of the International Anti-Corruption Co-Ordination Centre (IACCC), the FIU can escalate Grand Corruption cases to seek broader international support across law enforcement and FIUs.
- A Consent request to "Exit" was received from the financial institution, citing adverse media, and a small credit balance remains.

Outcomes:

- Consent to exit was provided for the Jersey relationship. In this case, the FIU requires beneficiary details for the remittance of the balance. Any funds should only be sent to an account in the subject's name.
- FIU has been advised that the global relationship would be reviewed and exited if appropriate.

FIU Comment:

- When corroborated from other reliable sources and confirmed to be highly likely to be accurate, the adverse media highlights a real and active risk with Client X.
- The FIU undertook further OSINT research to identify verifying sources and details from other FIUs supporting the allegations.
- The FIU assesses the funds originally received as likely to have been the proceeds of crime likely relating to Corruption aligned to Client X's position as a PEP.
- The adverse media gives cause for concern. Government officials could be removing their funds from the country of origin quickly due to a potential new incoming government.
- The rapid transfer of funds from other jurisdictions is assessed to be highly likely an attempt to move value through different jurisdictions and financial entities to co-mingle and obfuscate the assets and make it harder to trace and identify.
- The rationale, reasoning, and requirements for a Jersey bank account are neither clear nor make business or personal sense.
- It is unclear why a Jersey account is required to pay school fees that could be directly settled from the account where funds were originally received.
- The mismatch between fund amounts and likely school fees is significant and doesn't correlate to a reasonable need for the banking services.

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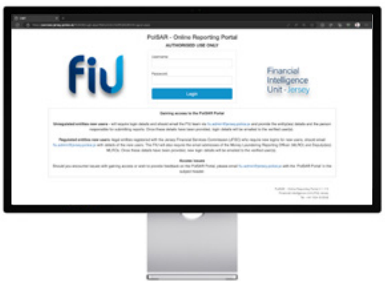

PolSAR Online Reporting Portal

Have a suspicion about a financial transaction? Submit a Suspicious Activity Report (SAR) via the PolSAR Portal. Access the portal via a web browser and the following url:

go.fiu.je/SAR

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