Bribery & Corruption - PEPs - Trust Company Service Provider

Background:

Chairman of state-owned company, individual A is a Politically Exposed Person (PEP) due to their position held in government. Individual A entered into a contract on behalf of their government (high-risk Jurisdiction) to sell fossil fuels with a foreign investment company, Company X. Shortly after the contract was agreed, it was cancelled by individual A on behalf of the government. At this time individual A entered into a private contract to sell the material to Company X, via a newly incorporated Jersey company, Company B. The Beneficial Owners (BOs) of the company B were listed as an investment management company, Company C, who are approved in the UK by the FCA, (as a nominee for individual A).

The new contract offered a low price for the material over a long period.

Company C could potentially be a Professional Enabler acting as a front for the real BO- individual A.

Company B was listed on the London Stock Exchange (LSE) and shares sold to unsuspecting shareholders, the stock of Fossil Fuels was restricted by A to create a demand which resulted in a substantial increase in share price.

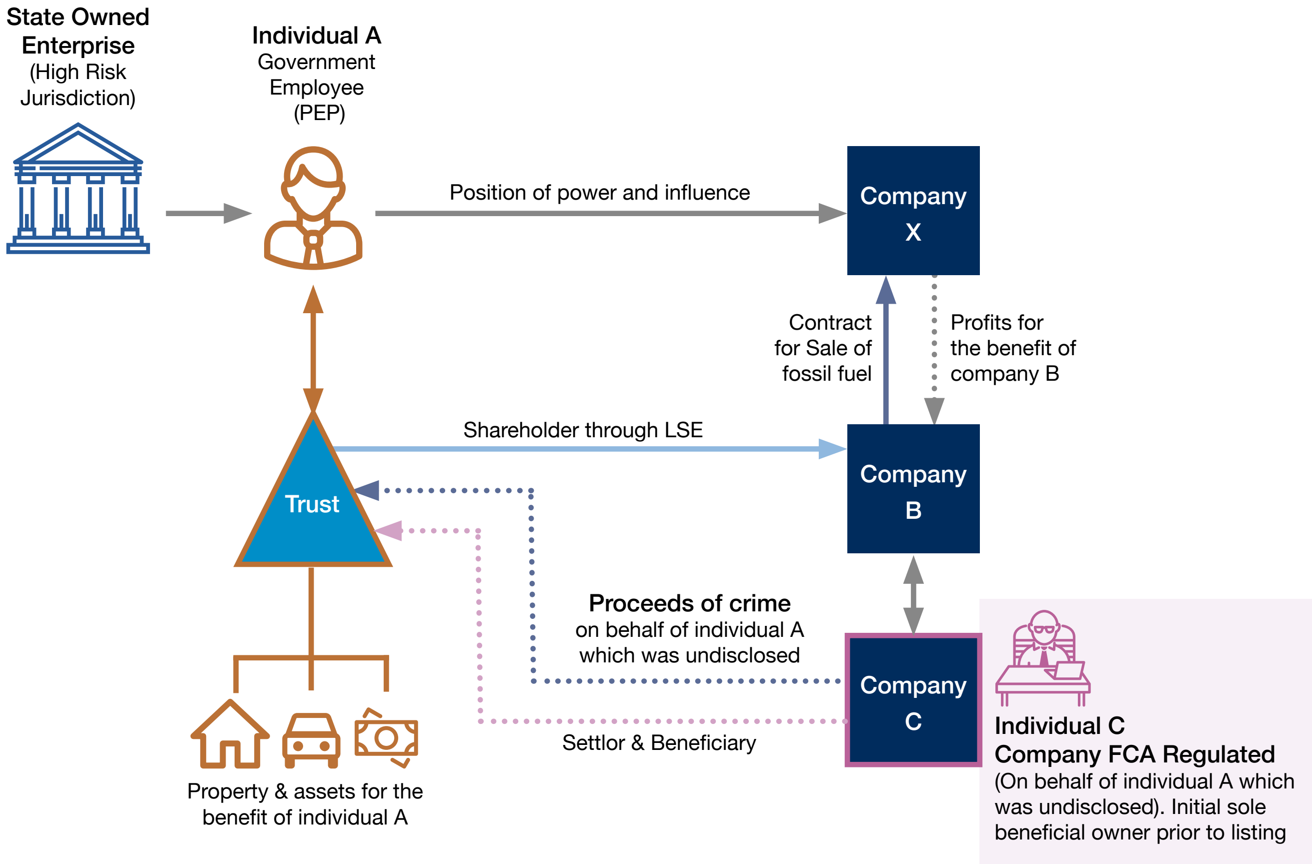
Individual A has established a trust in Jersey, which has purchased real estate in UK and European jurisdictions using proceeds of crime. Company C is the sole beneficiary and settlor of the trust.

Indicators:

- High risk jurisdiction & financial services sector (TCSPs).
- Politically Exposed Person.
- Purchase of real estate in UK and European destinations by individual A, (through the trust) who could not afford assets using government salary.
- No full BO information held for Company C, due to Financial Conduct Authority (FCA) regulation simplified Client Due Diligence (CDD) measures implemented.
- Company B and C do not hold any previous knowledge of the fossil fuel industry.
- The contract agreed was substantially below the market price for the material.

Suspicious Activity:

- Newly established trust quickly acquires real estate using assets from contracts with high risk Jurisdiction.
- Unnecessary complex structure.
- No bank account information held, thought to be in another jurisdiction. Suspected that Company C is operating the bank account on behalf of Company B through use of client account.



FIU Actions:

- The FIU reviews all submissions and grades and priorities them as appropriate.
- All FIU staff have a clear understanding and training in bribery and corruption involving PEPs.
- The FIU engages both domestically and internationally with other units, specialising in cases involving PEPs and Grand corruption.
- As a member of the International Anti-Corruption Co-Ordination Centre (IACCC), the FIU can escalate Grand Corruption cases to seek wider international support across law enforcement and FIUs.
- Intelligence shared with jurisdictions with a nexus to case.
- Proceeds of Crime notices sent to various Jersey financial institutions to review on-boarding procedures and CDD/ EDD held.

Outcomes:

- Consent to exit not provided at this stage due to ongoing investigation and potential repatriation of funds to originating country.
- Company C has been reported to facilitate potential removal from FCA list.
- Local institutions have been alerted they may be holding relationships with companies/individuals involved and therefore potentially the Proceeds of Crime.

FIU Comment:

- Too much reliance based on company C being regulated by FCA.
- Global cooperation to demonstrate transparency and to protect Jersey reputation.
- The FIU undertook further open source intelligence (OSINT) research to identify verifying sources and further detail from other FIUs, that supported the allegations.
- Abuse of position of power by official in jurisdiction that is considered high risk and unstable.
- Through review of records provided by the service provider the use of undisclosed nominees which led to incorrect details being held on structures legal paperwork.

FEEDBACK

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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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