

STR Reporting – FIU Perspective

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Presentation Topics

- **Role of FIU**
- **Financial Action Task Force - FATF**
- **Reporting Requirements - STRs**
- **STR Analysis**



Role of FIU

- **FIU Ireland** – Part of the Garda National Economic Crime Bureau (GNECB) - Police-based FIU - Garda Officers & administrative support staff
- **PRIMARY ROLE/FUNCTION OF FIU:** Receive, assess, & disseminate Suspicious Transaction Reports (STRs) from “designated persons” for investigation – Two inhouse ML Teams, CAB or Garda Divisions – specially trained members . . .
- Functions & powers of FIU Ireland on a legislative footing – Criminal Justice (Money laundering and Terrorist Financing) (Amendment) Act 2018
- Terrorist Financing Intelligence Unit [TFIU] - STRs potentially linked with terrorist financing (domestic/international) – high priority - further analysis – works closely with Special Detective Unit (SDU) and Security & Intelligence – sharing intelligence & TF investigations
- FIUs throughout the world need to comply with FATF Recommendations, EU Directives and domestic legislation



Role of FIU Cont'd . . .

- ***Main Legislation: Criminal Justice (ML & TF) Act 2010
Criminal Justice Act 2013
Criminal Justice (ML & TF) (Amendment) Act 2018***

Transposition of the 4th AML/CTF Directive – Nov. 2018

Increased powers & obligations for “FIU”:

> FIU Power to request information from “designated persons”:

Section 40C (3) Criminal Justice (ML & TF) Act 2010 as amended – (1) do you have a business relationship with a particular person or (2) seeking additional information on an STR(s) already submitted

> FIU obliged to conduct operational & strategic analysis on STRs received – linking persons, accounts & entities, identifying transactional flows, etc. better statistics

> Obligated to disseminate STR-related information to other EU FIUs if “relevant”

- ***5th AML/CTF Directive yet to be transposed***



Role of FIU Cont'd . . .

<i>2005</i>	<i>10,735</i>
<i>2006</i>	<i>10,402</i>
<i>2007</i>	<i>11,145</i>
<i>2008</i>	<i>14,505</i>
<i>2009</i>	<i>14,400</i>
<i>2010</i>	<i>13,416</i>
<i>2011</i>	<i>11,168</i>
<i>2012</i>	<i>12,390</i>
<i>2013</i>	<i>15,242</i>
<i>2014</i>	<i>18,302</i>
<i>2015</i>	<i>21,685</i>
<i>2016</i>	<i>23,308</i>
<i>2017</i>	<i>24,398</i>
<i>2018</i>	<i>23,939</i>
<i>2019</i>	<i>24,521</i>



Financial Action Task Force - FATF

- **FATF Mutual Evaluation: Nov. 2016** – main focus on demonstrating **EFFECTIVENESS** in the fight against ML & TF - How good are we at doing our job??
Mutual Evaluation Report (MER) published Sept. 2017 - Key Findings:
“Overall, Ireland has a reasonably good understanding of its ML/TF risks”
Ultimately, Ireland does not want to be perceived as a “haven” for ML/TF
- Funds can be laundered through the financial and non-financial sector
- Financial Sector: reporting entities must adopt a risk-based approach, monitor customer/client accounts, establish beneficial ownership, be in a position to identify what transactions are ‘suspicious’ or ‘unusual’, etc. . . CDD & KYC . . .
- Non-financial sector: How are you going to identify an unusual or suspicious transaction? How well do you know your customer/client? What would you expect to be normal for him/her? Do you have any knowledge about his/her source of income/wealth? CDD Documentation? Has beneficial ownership been established?



Reporting Requirements – STRs

- **Obligation to submit STRs: Section 42 Criminal Justice (ML & TF) Act 2010 as amended** – dual reporting to the FIU & Revenue Commissioners
 - “as soon as practicable” but timely reporting is important – FIU or An Garda Síochána may need to take action in “freezing” accounts, seizing assets (cars, jewellery, etc.) which may represent proceeds of crime
- Most entities submit STRs as Web Reports on GoAML – can be accepted or rejected – once accepted by the FIU, an XML version of the report can be saved and uploaded to ROS – N.B. 7 day timeframe prior to submitting the STR, 7 days to edit a report if rejected & available on GoAML Web for 7 days once accepted to save and/or upload on ROS.
- “Reporting Entity Reference” is a mandatory field for XMLs sent on ROS – advisable to include this reference in the web reports submitted to the FIU to make it straightforward in uploading the XML on ROS – see Guide disseminated on the GoAML MessageBoard on 1st October 2020 on generating XML Reports



Reporting Requirements – STRs Cont'd . . .

■ GoAML – Electronic Reporting - 12th June 2017

UNODC IT software solution specifically designed for FIUs – standard application – best solution available as a database & secure means of communication with reporting entities & stakeholders

- Focuses on data collection, analysis & dissemination
- > 2,060 reporting entities & stakeholders registered
- > Web Reports (most entities) & XML Uploads (Batch reporting – larger volumes)
- > Increased benefits to the FIU & all stakeholders:

Allows for multiple users to be registered with varying access rights

Secure submission of STRs (including attachments)

Attachments – supporting documentation for analysis purposes only

Report Indicators – mandatory field – prioritisation of STRs (risk scoring)

N.B. selection of appropriate indicator(s) – what criteria are you using?

Better quality data on money flows - very focussed on transaction-based reports - “Biparty Transactions” identify flows of funds between persons, accounts & entities (source & beneficiary) – most suited to financial sector



Reporting Requirements – STRs Cont’d . . .

“Multiparty Transactions” – used for reporting overall unusual activity or where no transaction(s) has yet occurred – providing details of multiple parties, i.e. persons, accounts & entities – TCSPS would generally include details of entities, directors & any accounts known while a DHVG would be reporting persons who purchased goods

STRs from non-financial sector are generally “Multiparty Transactions” – flow of funds between your client/customer and your own entity as opposed to reporting a person lodging cash to his/her bank/credit union account

“**GoAML Message Board**” – two-way secure communication between FIU and reporting entities/stakeholders – STR acknowledgements, alerts, trends, typologies, etc.

Six-month time frame – security reasons

To date, primarily used for alerts and feedback on using GoAML – Future focus on dissemination of trends & typologies

Should be checked regularly – email notification of messages to MLRO/administrator only



Reporting Requirements – STRs Cont'd . . .

WHAT INFORMATION SHOULD BE IN AN STR ?

> AS MUCH INFO. AS POSSIBLE - CERTAIN MANDATORY FIELDS

- “Reason for Suspicion” – sufficient information to allow for proper analysis (S.42(6) of 2010 Act) – why are you making the report? What do you deem ‘suspicious’?
- “Report Indicator” – Money Laundering, Terrorist Financing, Tax Evasion, etc.
- “Transactions” - detailed information in specific data fields.
- Has the person made more than one payment for a car or piece of jewellery? Has a person placed multiple bets with a bookmaker? Each is a separate transaction on GoAML but “linked” for the purpose of doing CDD. . .
- Use “Goods & Services” Field – input details of car, rolex watch, etc.
- “Account” Field - Are you aware of bank accounts (Ireland/elsewhere) from an EFT or cheque or bank card details your clients/customers have? Provide account numbers, IBANs, bank names, etc.
- The quality is in the detail . . .



STR Analysis

- Once reports are processed, the GoAML database automatically links & merges certain data in the structured fields and updated risk scores are applied
- STR-related information will be disseminated for investigation where a criminal indicator has been identified and/or the nature of the transactions requires same
- Most STRs received, where links with criminality are established, relate to bank accounts laundering proceeds of financial crimes – “Invoice Redirection Frauds” being channelled through “mule accounts”
- In recent years, most prosecutions & convictions for money laundering relate to proceeds of financial crime, followed by drug-related proceeds of crime
2018: 73 persons charged with 284 ML offences
- STR-related information contributes to CAB actions in identifying assets & depriving criminals of their ill-gotten gains



STR Analysis Cont'd . . .

- STRs treated as a very valuable source of intelligence which is disseminated - (mobile phone numbers, linking persons & entities through transactions, movements of persons, booking flights, hiring cars, etc.)
- Necessity to protect SOURCE & content of STR-related information - STR-related information used as “triggers” all relevant documentation uplifted on foot of Court Orders (evidential purposes)
- Reporting is “subjective” in Ireland – have you taken “reasonable measures” to prevent ML & TF? Have you complied with the AML/CTF legislation?
- Criminals & money launderers may exploit certain reporting entities, especially the DNFBPs – think of reputational risk . . .
- Good cooperation between reporting entities and FIU is important – essential that we all work together in the fight against ML & TF



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