



An Roinn Dlí agus Cirt  
Department of Justice

# Anti-Money Laundering Compliance Unit (AMLCU)

Annual Report 2019

[www.amlcompliance.ie](http://www.amlcompliance.ie)

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## Introduction

This 2019 annual report has been prepared by the Anti-Money Laundering Compliance Unit (AMLCU) of the Department of Justice under section 65 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended.

Under section 65 of the Act, a competent authority shall include, in each annual report published by the authority, an account of the activities that it has carried out in performing its functions under this Act during the year to which the annual report relates.

Under section 60 of the 2010 Act, the Minister for Justice is a competent authority. The Minister for Justice has delegated the Minister's competent authority functions under the Act to the Anti-Money Laundering Compliance Unit in the Department.

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## Activities of the Anti-Money Laundering Compliance Unit

### Compliance Inspections

Authorised officers of the AMLCU carry out inspections on designated persons under the Minister's remit to determine their compliance with the obligations on designated persons in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended. The table under sets out the key sections of the Act and the obligations on designated persons.

**Table 1: Overview of the Designated Person's obligations under the Act**

Section	Obligation on the Designated Person
Section 30A	Documented Risk Assessment document - identify and assess the risks of money laundering and terrorist financing in relation to the business
Section 30B	Assessment of risk in relation to a customer or transaction in determining the measures to be applied in relation to customer due diligence
Section 33/33A/34A	Customer due diligence (CDD) - Identification and verification of customers and beneficial owners. Timing of CDD (prior to commencing relationship or carrying out transaction/service). Electronic Money Derogation provisions (where applicable.)
Section 35	Special measures applying to business relationships.
Section 36A	Examination of background and purpose of certain transactions
Section 37	Enhanced customer due diligence — politically exposed persons.
Section 38A	Enhanced CDD for high risk third countries
Section 39	Enhanced CDD in cases of heightened risk
Section 40	Reliance on other persons to carry out CDD
Section 42 & Section 49	Requirement for designated persons and related persons to report suspicious transactions and not to tip off or make a disclosure that could prejudice an investigation
Section 54	Internal policies and procedures and training
Section 55	Keeping of records by designated persons.

## Designated Persons supervised by the Anti-Money Laundering Compliance Unit

Section 60 of the 2010 Act sets out which competent authorities are responsible for supervising the various designated persons under the Act (see Appendix 1 and 2.) The AMLCU is responsible for supervising those designated persons that are not subject to supervision by another competent authority. The various cohorts and the approximate numbers of designated persons in each cohort that are supervised by the AMLCU are set out in Table 2 under.

**Table 2: Designated persons supervised by the AMLCU with the numbers in each cohort in brackets**

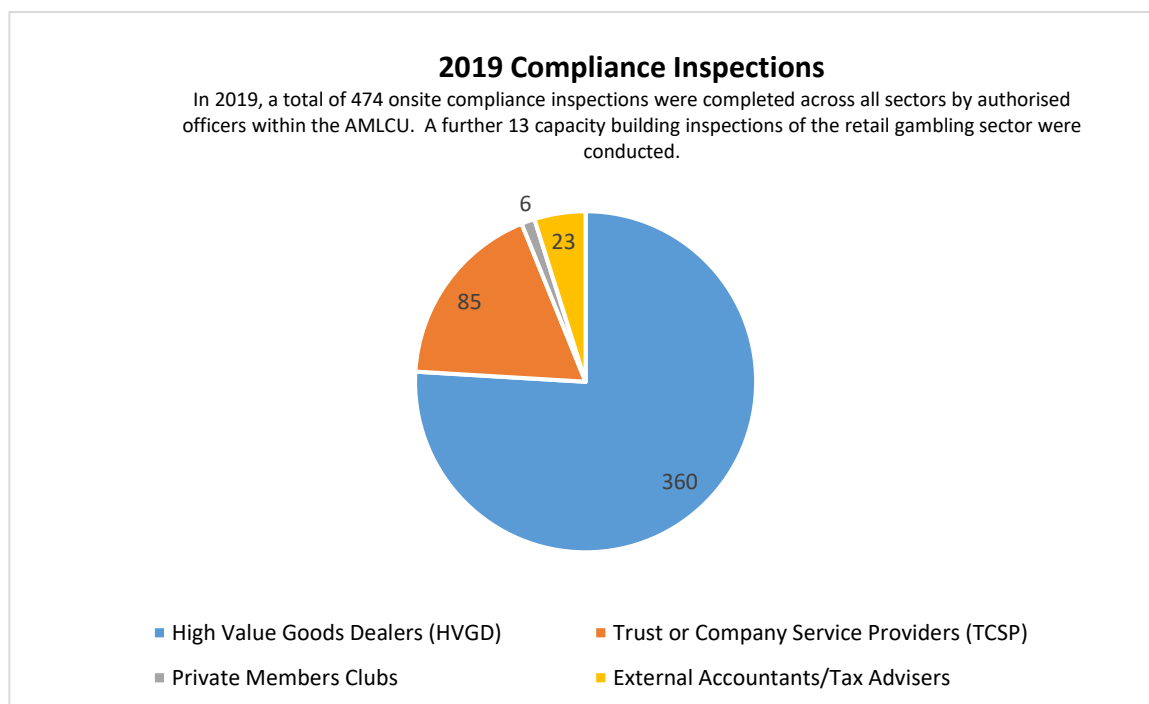
Designated Person	Competent Authority
Any designated person who is not subject to supervision by another competent authority: Dealers in High Value Goods (HVGDs) (1,796) Trust or Company Service Providers (TCSPs) not otherwise supervised by the Central Bank or prescribed accounting bodies (357) Notaries (214) Tax Advisors and External Accountants (not within the remit of prescribed accountancy bodies) (201) Private Members' Clubs (36) Gambling service providers (Tote, online gambling, retail gambling) (860)	Minister for Justice (delegated to the Anti-Money Laundering Compliance Unit (AMLCU))

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## Inspections of Designated Persons by the AMLCU in 2019

In 2019, authorised officers of the AMLCU carried out a total of 474 onsite inspections of designated persons under the Minister’s remit. Chart 1 illustrates the numbers of the various designated person cohorts that were inspected in 2019.

**Chart 1: Overview of 2019 compliance inspections by cohort**



The breakdown of inspections by cohort was:

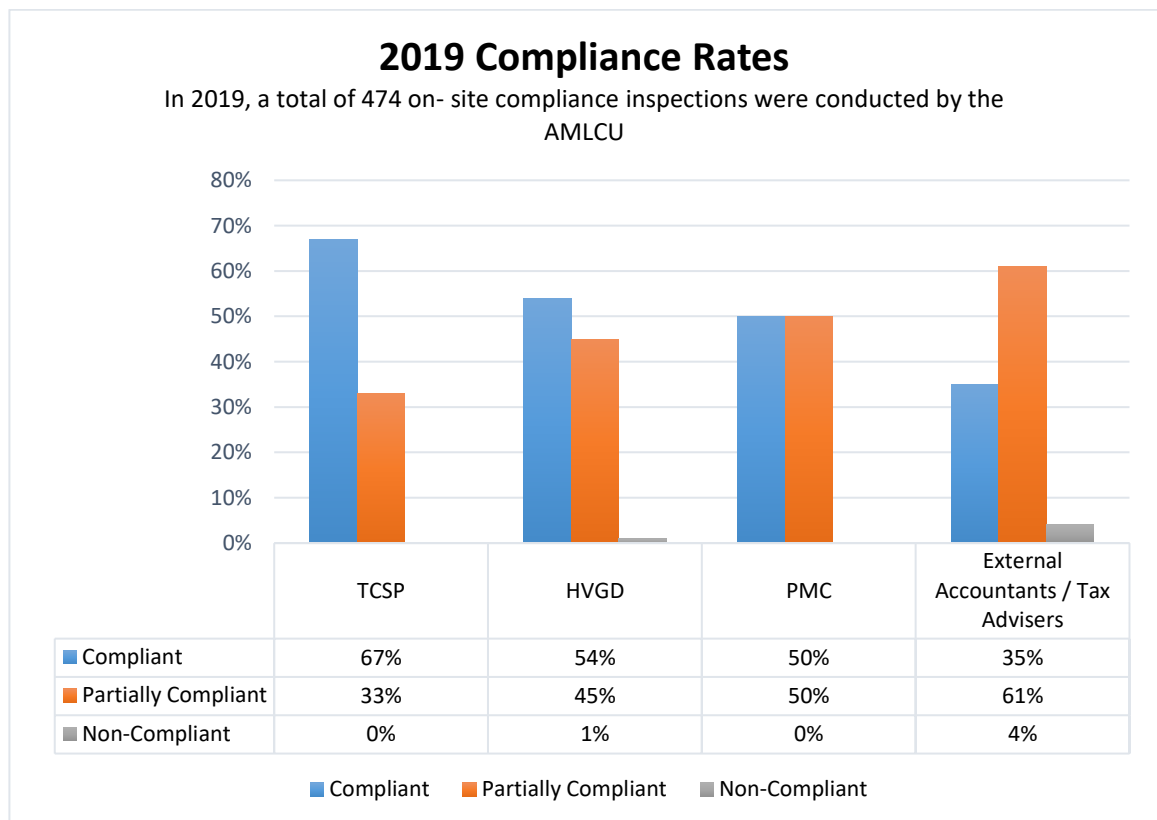
- 360 inspections of High Value Goods Dealers (HVG Ds)
- 85 inspections of Trust or Company Service Providers (TCSPs)
- 6 inspections of Private Members Clubs (PMCs)
- 23 inspections of Tax Advisors/External Accountants not otherwise supervised

In addition to the above, 13 informal capacity building inspections of the retail gambling sector were conducted.

## Compliance Rates

Following each inspection, the authorised officer of the AMLCU rates the designated person in terms of compliance on the basis of the findings at inspection. Chart 2 sets out the levels of compliance in 2019 by designated person cohort.

**Chart 2: 2019 compliance rates by designated person cohort**



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## **Directions to comply issued to Designated Persons and Competent Authority Reports (CARs) made to FIU Ireland and Revenue**

### **Directions**

The AMLCU may issue various directions (under sections 67, 68 and 71 of the Act) to a designated person as set out in the 2010 Act as amended. Under section 71 of the Act, a State competent authority may by notice in writing direct a designated person to discontinue or refrain from engaging in specified conduct or may direct that the designated person take specific actions or establish specific processes or procedures that in the opinion of the authority are reasonably necessary for the purposes of complying with any specified provision of the Act. Failure by a designated person to take action on foot of a direction issued by the AMLCU may result in prosecution. In 2019, the AMLCU issued 22 directions to High Value Goods Dealers.

### **Competent Authority Reports (CARs) to An Garda Síochána and Revenue**

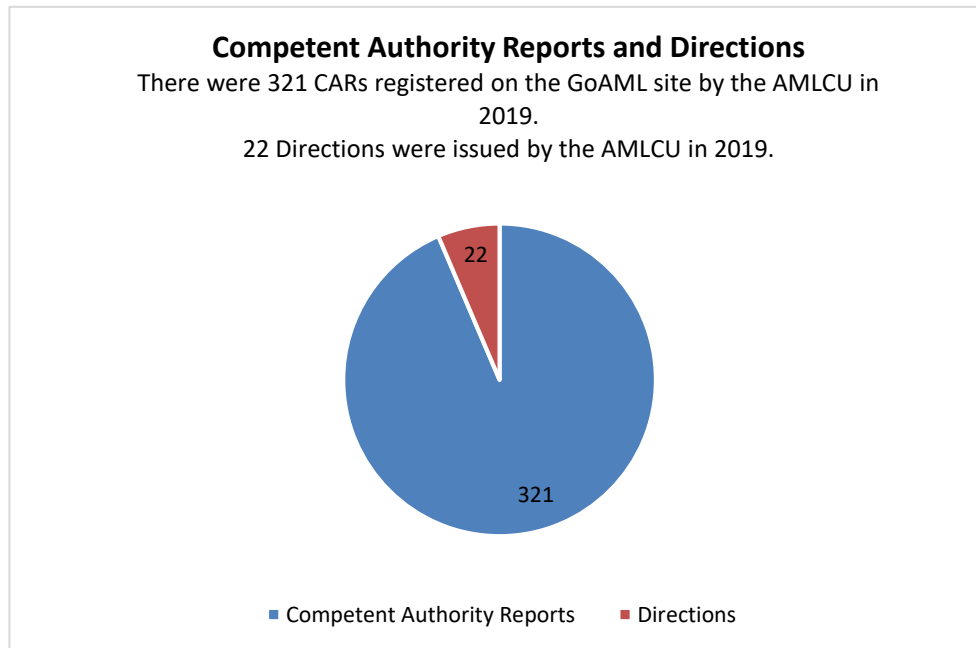
Under section 63 of the Criminal Justice (Money Laundering and Terrorist Financing) 2010 Act as amended, the AMLCU as a competent authority is required to effectively monitor the designated persons for whom it is a competent authority and to take measures that are reasonably necessary for the purpose of securing compliance by those designated persons with the requirements of the Act. The AMLCU must consider whether the designated person is able to demonstrate that the requirements of the Act have been met. The AMLCU may report apparent offences under the Act to An Garda Síochána and Revenue.

The measures that are reasonably necessary that must be taken by a competent authority include reporting to An Garda Síochána and the Revenue Commissioners any knowledge or suspicion that it has that a designated person has been or is engaged in money laundering or terrorist financing. In 2019, the AMLCU submitted 321 competent authority reports (CARs) to FIU Ireland on GoAML (online reporting system) and copied them to Revenue. FIU Ireland is



Ireland's Financial Intelligence Unit and it is located in An Garda Síochána. Chapter 3A of the Act sets out the powers of FIU Ireland under the Act. Chart 3 provides an overview of the competent authority reports and Directions issued by the AMLCU in 2019.

**Chart 3: AMLCU competent authority reports and Directions issued in 2019**



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## Risk based approach to supervision

Under section 63C of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended, all competent authorities are required to adopt a risk-based approach to supervision. In line with its obligations under the Act, staff of the AMLCU are required to be aware of domestic and international risks of money laundering and terrorist financing which could affect the designated persons the AMLCU supervises and to base the frequency and intensity of onsite and offsite supervision on the risk profile of the designated persons and on the risks of money laundering and terrorist financing in the State.

The AMLCU participates in the AML Steering Committee (AMLSC), a cross-Departmental cross-Agency committee led by the Department of Finance that coordinates the national approach on money laundering and terrorist financing. The AMLSC develops the National Risk Assessment on money laundering and terrorist financing and also develops specific sectoral risk assessments. The AMLCU also participates in FATF meetings. FATF is the Financial Action Taskforce, which is a global body that leads on the development of measures to combat and prevent money laundering and terrorist financing.

The AMLCU's website [www.amlcompliance.ie](http://www.amlcompliance.ie) includes information flyers on risk factors by cohort type, a template for a HVGD business risk assessment, copies of national risk assessments and FATF guidance on risk-based supervision, including specific FATF guidance for some of the cohorts supervised by the AMLCU. In addition, the EU has recently published a supra-national risk assessment wherein it has examined risks of money laundering and terrorist financing overall in the EU. The 2019 EU assessment can be found here:

[https://ec.europa.eu/info/files/supranational-risk-assessment-money-laundering-and-terrorist-financing-risks-affecting-union\\_en](https://ec.europa.eu/info/files/supranational-risk-assessment-money-laundering-and-terrorist-financing-risks-affecting-union_en)

At inspection, the AMLCU authorised officer will review the designated person's risk assessment of its business and its customers and determine whether the designated person is taking account of specific risks the business may be facing e.g. use of cash, geographical factors etc and the adequacy of the controls in place to mitigate the risks. The inspection findings of the authorised officer contribute to an understanding of whether the designated person is low,

medium or high risk and contribute to an overall picture of the cohort. In line with its obligations, the AMLCU will inspect those designated persons it considers to be higher risk on a more frequent basis.

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## **Outreach to Designated Persons in 2019**

### **Dedicated Website maintained by the AMLCU**

The AMLCU website, [www.amlcompliance.ie](http://www.amlcompliance.ie), is a key tool used by the AMLCU to provide information to designated persons on topics related to AML/CFT compliance. The website includes information flyers on risk factors by cohort type, application forms, national risk assessments, FATF guidance on risk-based supervision and information on how to make suspicious transaction reports to FIU Ireland and to Revenue. The website also contains the registers of TCSPs that have been authorised by the AMLCU and PMCs that are registered. The website is updated regularly.

### **Outreach Events organised by the AMLCU in 2019**

In November 2018, the fourth anti money laundering directive or 4AMLD was transposed into Irish legislation, amending the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. In 2019, the AMLCU communicated the legislative changes and the changes to obligations on designated persons through the hosting of a programme of outreach events for its supervisory cohorts and through specific presentations made to requested bodies.

Five information sessions were organised and hosted by the AMLCU during the year to provide clear information on the new obligations under the Act. These events involved presentations by the Anti-Money Laundering Compliance Unit and the Criminal Justice Legislation function of the Department of Justice and by the Financial Intelligence Unit (FIU) and the Garda National Economic Crime Bureau (GNECB). Some of the events also included presentations by industry representatives.

Three information sessions were held in Dublin during February and March 2019 with over 270 attendees. A fourth information session was hosted in Cork in March 2019 with 73 attendees. The fifth information session was hosted in Galway in April 2019 and had 42 attendees. The attendees for each session comprised Trust or Company Service Providers, High Value Goods Dealers, Private Members Clubs and other designated persons which fall under the supervisory

remit of the AMLCU. An online survey was conducted post outreach and the feedback overall was very positive.

In addition to the five outreach events, authorised officers of the AMLCU also made presentations during 2019 to the Association of International Accountants (AIA), Dublin City Business Forum and the Criminal Assets Bureau.

## **Specific outreach - Gambling Service Providers**

On 22 November 2018, Statutory Instrument 487 of 2018 made providers of gambling services designated persons under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended. In the absence of any dedicated competent authority, this cohort became designated persons subject to supervision by the AMLCU.

As a consequence of this, during 2019, extensive engagement took place with the Irish Bookmakers Association (IBA) through a series of meetings. The purpose of the outreach was to ensure that the sector understood its new anti-money laundering and counter financing of terrorism (AML/CFT) obligations under the Act. The IBA undertook to work with its members to ensure AML/CFT compliance with the 2010 Act as amended.

It was agreed between the IBA and the AMLCU that initially a phase of capacity building inspections would take place in 2019, relating to which formal findings would not issue. This would permit the cohort to become familiar with the expectations of the AMLCU and with the inspection process and also permit the authorised officers of the AMLCU to gain insights into the new cohort under its remit. 13 such capacity building inspections of retail gambling outlets took place in Quarter 4 2019.

## **Ongoing Outreach**

The AMLCU's focus is on ensuring that its supervisory efforts have a positive effect on compliance and it consistently promotes an awareness of AML/CFT obligations and money laundering and terrorist financing risks facing the various cohorts under its remit. When carrying out an inspection, an authorised officer will use the engagement to remind the designated

person of their various obligations under the Act and will provide specific feedback relating to the inspection findings. During 2019, authorised officers also provided designated persons with informal guidance on how to use GoAML (the online reporting system used by FIU Ireland) and assisted them in registering and using the GoAML portal so that they could report suspicious transactions.

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## Registration of Private Members Clubs

Under section 109 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended, persons directing Private Members' Clubs at which gambling activities are carried on are required to register with the AMLCU in respect of those gambling activities. During 2019, one new Private Members' Club (PMC) was registered and two were removed from the register as they had ceased operations. At the end of the reporting period, some 36 PMCs were recorded as being registered with the AMLCU. The register of PMCs is available on the AMLCU website [www.amlcompliance.ie](http://www.amlcompliance.ie)

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## Authorisation of Trust or Company Service Providers

Under Chapter 9 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended, Trust or Company Service Providers (TCSPs) that are not supervised by the Central Bank or a prescribed accounting body must make an application for authorisation to the AMLCU. At the end of the 2019, a total of 357 TCSPs were recorded as authorised by the AMLCU.

The AMLCU has Memoranda of Understanding (MoU) on the supervision of TCSPs with the 8 prescribed accounting bodies and with the Law Society of Ireland. These clarify who the relevant competent authority of a designated person is in given circumstances. Copies of the MoUs are available on the AMLCU website: [www.amlcompliance.ie](http://www.amlcompliance.ie)

## Authorisation Procedure

Before a TCSP application is authorised by the AMLCU and placed on the TCSP register, significant checks must be undertaken. This is in line with Section 88 of the Act.

To obtain authorisation or renew an existing authorisation, TCSPs are required to complete and submit:

- a) An application form (from either a company or a partnership or sole trader);
- b) A 'fit and proper' form for each beneficial owner, each principal and each Money Laundering Reporting Officer, where applicable, accompanied by valid photographic identification in the form of Government-issued identification (a passport or driving licence) and proof of address in the form of a utility bill dated within six months, or a bank statement dated within six months or a Government correspondence document dated within six months;
- c) A completed Garda Vetting form for persons resident in Ireland;
- d) A Police Certificate for persons resident abroad;
- e) A person who has resided outside of the State in the five years immediately prior must submit police certificates of no conviction from all countries that they resided in for longer than six months including a Garda Vetting form for any period of residence in Ireland;



- f) Payment in the amount of €130;
- g) Details of the TCSP's Anti-Money Laundering Policies and Procedures;
- h) All new applications are required to be accompanied by the Memorandum and Articles of Association/Constitution of the entity to be registered; and
- i) Proof of the registration of the trading name of the TCSP.

The AMLCU also reviews the Companies Register (CRO) to ensure the company has been registered and the Register of Beneficial Ownership (RBO) to confirm that the TCSP has registered its beneficial owners on the RBO. The AMLCU also carries out various background checks.

During 2019, the AMLCU received a total of 32 new applications for TCSP authorisation. TCSPs authorised by the AMLCU must renew their authorisation once every three years. In addition to the new applications, 56 TCSPs had their authorisation renewed in 2019. A further 12 TCSPs had their authorisation revoked in 2019. Revocations may have been made at the request of the TCSP under section 96 of the Act, as they were no longer trading. Section 97 of the Act also provides for revocation of authorisation other than on application of the holder. Section 104 of the Act provides for the preparation of a register of persons holding AMLCU TCSP authorisations. The register of TCSPs authorised by the AMLCU can be found at [www.amlcompliance.ie](http://www.amlcompliance.ie)

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## Appendix 1: Meaning of Designated Persons

Section 25 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended sets out the meaning of ‘designated person.’ Designated persons are specific types of businesses or professions which are required to comply with the provisions of the Act to ensure they are not being used for money-laundering or terrorist financing.

Under section 25:

Designated person” means any person, acting in the State in the course of business carried on by the person in the State, who or that is—

- (a) a credit institution, except as provided by *subsection (4)*,
- (b) a financial institution, except as provided by *subsection (4)*,
- (c) an auditor, external accountant or tax adviser,
- (d) subject to *subsection (1A)*, a relevant independent legal professional,
- (e) a trust or company service provider,
- (f) a property service provider,
- (g) a casino,
- (h) a person who effectively directs a private members’ club at which gambling activities are carried on, but only in respect of those gambling activities,
- (i) any person trading in goods, but only in respect of transactions involving payments, to the person or by the person in cash, of a total of at least €10,000 (whether in one transaction or in a series of transactions that are or appear to be linked to each other), or
- (j) any other person of a prescribed class.

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## Appendix 2 - Competent Authorities under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended

Section 60 of the Act sets out the meaning of competent authority, which is the supervisory body required to monitor specified designated persons. The regulated financial sector is supervised by the Central Bank of Ireland. Other designated persons are termed “Designated Non-Financial Businesses and Professions” (DNFBPs.) The DNFBPs comprise those businesses and professions that are specified in the Act or prescribed by statutory instrument by the Minister and that are required to comply with provisions of the legislation. There are 13 different competent authorities in the DNFBP sector, including the Minister who has delegated competent authority functions to the AMLCU. In the DNFBP, 10 of the supervisory bodies are ‘self-regulating bodies’ namely the prescribed accounting bodies, the Law Society and Bar Council. The other three are the Legal Services Regulatory Authority (which supervises barristers not supervised by the Bar Council), the Property Services Regulatory Authority (see SI 453 of 2016) and the Minister for Justice.

**Section 60 of the Act sets out .—** (1) Subject to *section 61*, a reference in this Part to the competent authority for a designated person is a reference to the competent authority prescribed for the class of designated persons to which the designated person belongs.

(2) If no such competent authority is prescribed, a reference in this Part to the competent authority is a reference to the following:

(a) in the case of a designated person that is a credit institution or a financial institution, the Central Bank of Ireland;

(b) in the case of a designated person who is an auditor, external accountant, tax adviser or trust or company service provider—

(i) if the person is a member of a designated accountancy body, the designated accountancy body, or

(ii) if the person is not a member of a designated accountancy body and is a body corporate, or a body of unincorporated persons, carrying out its functions under this Part through officers and members of it who are members of a designated accountancy body, the designated accountancy body;

(c) in the case of a designated person who is a solicitor, the Law Society of Ireland;

(d) in the case of a designated person who is a barrister who is a member of the Law Library, the General Council of the Bar of Ireland;

(da) in the case of a designated person who is a barrister who is not a member of the Law Library, the Legal Services Regulatory Authority;

(e) in the case of any designated person other than a designated person referred to in *paragraph (a), (b), (c) or (d)*, the Minister.

(3) The Minister may prescribe a competent authority for a class of designated persons, for the purpose of *subsection (1)*, only if the Minister is satisfied that the competent authority is more appropriate than the competent authority specified in *subsection (2)* for the class of designated persons, having regard to the nature of the business activities engaged in by that class.

Designated Person	Competent Authority
Regulated Credit and Financial Institutions (including some TCSPs which are subsidiaries of regulated entities)	Central Bank of Ireland
Solicitors	Law Society of Ireland
Barristers	Bar Council
Barristers	Legal Services Regulatory Authority (LSRA)
Accountants (including some TCSPs in specified circumstances)	8 prescribed accounting bodies
Property Service Providers	Property Services Regulatory Authority (PSRA)
Any designated person who is not subject to supervision by another competent authority: <ul style="list-style-type: none"> <li>- Dealers in High Value Goods (HVGs)</li> <li>- Trust or Company Service Providers (TCSPs) not otherwise supervised</li> <li>- Notaries</li> <li>- Tax Advisors and External Accountants (not within the remit of prescribed accountancy bodies)</li> <li>- Private Members' Clubs (Casinos) and other gambling service providers</li> </ul>	Minister for Justice