



AMLCU WEBINAR – ART TRADERS

STR Reporting & ML/TF Risks – FIU Perspective

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Presentation Topics

- **Role & Functions of FIU Ireland**
- **Reporting Requirements – Quality STRs**
- **STR Analysis**
- **Art Traders – ML/TF Risks**



Role & Functions of FIU Ireland

FIU IRELAND

- Part of the Garda National Economic Crime Bureau (GNECB) – Standalone Unit
- Police-based FIU – Garda Officers & administrative support staff

PRIMARY ROLE/FUNCTION OF FIU

- Receive, assess & disseminate reports suspected to be linked with ML/TF from “designated persons” (STRs) & competent authorities (CARs) – UNODC IT software solution called GoAML used
- Investigations – three in house Money Laundering (ML) Teams, CAB or Garda Divisions
- Specially trained members – “sensitive” nature of STRs

FUNCTIONS & POWERS OF FIU IRELAND - LEGISLATIVE FOOTING

- Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 – Section 21
- All worldwide FIUs need to comply with FATF Recommendations, EU Directives and domestic legislation

TERRORIST FINANCING INTELLIGENCE UNIT (TFIU)

- STRs potentially linked with terrorist financing (domestic/international) – high priority
- Indepth analysis – works closely with Special Detective Unit (SDU) and Security & Intelligence – sharing intelligence & TF investigations

INTERNATIONAL RELATIONS & POLICY UNIT (IRPU)

- Sharing of STR-related intelligence with FIU counterparts & AML/CTF policy decisions

Role & Functions of FIU Ireland

MAIN LEGISLATION



Criminal Justice (ML & TF) Act 2010

Criminal Justice Act 2013

Criminal Justice (ML & TF) (Amendment) Act 2018

Criminal Justice (ML & TF) (Amendment) Act 2021

TRANSPOSITION OF THE 4AMLD – NOV. 2018 & APR. 2021

Increased powers & obligations for “FIU Ireland”:

- FIU Power to request information from “designated persons”:
Section 40C(3) of the 2010 Act as amended – (1) do you have a business relationship with a particular person or (2) seeking additional information on an STR(s) already submitted . . . Section 42(6A) & Section 56 – obligations on entities
- FIU obliged to conduct operational & strategic analysis on STRs received – linking persons, accounts & entities, identifying transactional flows, etc. better statistics.
- **Section 42(11) of the 2010 Act as amended (Section 14 of the 2021 Amendment Act): “FIU Ireland shall, where practicable, provide timely feedback”**
- STR-related intelligence can be shared with other international FIUs



Role & Functions of FIU Ireland

2006	10,402
2007	11,145
2008	14,505
2009	14,400
2010	13,416
2011	11,168
2012	12,390
2013	15,242
2014	18,302
2015	21,685
2016	23,308
2017	24,398
2018	23,939
2019	24,521
2020	29,631

Reporting Requirements – Quality STRs

- Obligation to submit STRs:
 - **Section 42 of the 2010 Act as amended** – dual reporting to the FIU & Revenue Commissioners
 - “As soon as practicable”, however timely reporting is important
 - STRs only accepted electronically - Have you registered on [GoAML](#) & ROS as an entity?
 - Select correct Reporting entity type – “Art Traders”
 - Once registered, log into GoAML Web – click on “Help” button for GoAML-related documentation
 - Most entities submit STRs as web reports but some reporting XML uploads
 - Reports can be accepted or rejected on GoAML – focus on quality data
 - **NOTE:** 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
 - There are certain mandatory fields (denoted with an asterisk (*))
 - Once **accepted** by FIU Ireland, an XML version of the report can be downloaded from goAML and uploaded to ROS.
- “**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
- Should be checked regularly – email notification of messages to MLRO/administrator only

Reporting Requirements – Quality STRs

Good Data quality STRs are **vital** in the fight against ML/TF - **WHAT IS A GOOD QUALITY STR?**

- **Attention to detail is important in the “Reason for Suspicion”**
 - Why are you submitting the report?
 - What individual transactions will the FIU expect to see in the “Transaction” fields? If an ‘unusual’ or ‘suspicious transaction’ is worthy of mention in the “Reason for Suspicion”, then it must be in the “Transaction” fields
 - **“Biparty transactions”** – best info. on flow of funds from persons to accounts & vice versa - most suitable for the financial sector
 - 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. Multiparty transactions capture “suspicious activity” or “unusual activity” – providing details of multiple parties, i.e. persons, accounts & entities Has the person made more than one suspicious payment? Each is a separate transaction on GoAML but “linked” for the purpose of doing CDD. . .
 - Use “Goods & Services” Field – input details of items of art . . .
 - “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. . . use “NOT MY CLIENT ACCOUNT”.

ART TRADERS: Source of funds most likely suspicious?

Sufficient information is needed on the source of funds and/or source of wealth, if applicable

Has the necessary CDD been done? Have the necessary questions been asked?

STR Analysis

- **FIU Ireland needs sufficient detail to perform effective analysis . . . May need to request further information.**
- Given high reporting levels, we need to prioritise STRs & assign appropriate risk ratings – the appropriate “Report Indicator” – Money Laundering, Terrorist Financing, PEP, Tax Evasion, etc. needs to be selected
- Once reports are processed, the GoAML database automatically links & merges certain data in the structured fields and updated risk scores are applied
- Can FIU Ireland link the person(s) and source of funds with a “**predicate offence**”?
 - Law Enforcement checks
 - Open-source checks
 - Cross-jurisdictional nature of ML/TF - international enquires – substantial no. of STRs have international links (banks, fund industry, payment institutions, etc.)



STR Analysis

- 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 – significant increases in STRs where proceeds of financial crimes have been channelled through “mule accounts” & business accounts
- Necessity to protect **SOURCE** of STR-related information – STRs are confidential
 - > Used as a trigger in instigating investigations - all relevant documentation uplifted on foot of Court Orders (evidential purposes) or
 - > Used to support ongoing investigations, e.g. CAB investigations into assets . . .

Art Traders - Money Laundering/Terrorist Financing Risks

Reputational Risk:

- Criminals & money launderers may exploit certain reporting entities, especially the DNFBPs – think of reputational risk . . . Criminals may use art traders to launder proceeds of crime . . .
- Important to understand the risks & take appropriate measures – includes identifying the beneficial owner of works of art . . .
- Similar to high-value goods, works of art are attractive to criminals – very tangible, even if sold for a lesser value = all part of the laundering process . . . Converting proceeds of crime . . . Infiltrating the legal economy

FATF recognise how susceptible the sector is to being used for ML & TF – Current project on the vulnerabilities, risk indicators for reporting entities & stakeholders, etc.

UK Risk Assessment – Art Traders high risk for ML & low risk for TF

Ireland's NRA needs to be updated

Art & antiquities have financed drug cartels & organised crime groups globally

- Antiquities have been looted & trafficking to fund activities of terrorist groupings such as al-Qaida & ISIS – cultural racketeering

Art Traders - Money Laundering/Terrorist Financing Risks

- **Possible Risk indicators:**

- **Customer Risk Geographical Risk Product Risk**

- What do you know about your client? Why is he/she buying the piece of art? Where is your client based? Source of wealth? Source of funds – have you taken reasonable measures to confirm that it's the clients funds being used? Are the funds being transferred from a high-risk jurisdiction? Large Cash Payments? Single payment or a series of payments?
- Are there any concerns about anonymity? Have you established the beneficial owner? Could your client be acting as a “front” for criminals?
- Remote purchases – more challenging vis-à-vis Face-to-Face . . .
- Where are the goods being delivered/shipped? Have arrangements changed?

Don't be afraid to ask pertinent questions as part of the CDD process – document the answers

You need to know what you are expecting to be normal, so you can identify “suspicious” activity – what has changed?

Submit an STR if deemed necessary - reporting is subjective

Take reasonable measures

Good cooperation between reporting entities, stakeholders and FIU Ireland is important – essential that we all work together in the fight against ML & TF



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