



AML/CFT/CPF Refresher Training

3 HR CPD

September 18 2024

Comsure

Mathew Beale - Chartered FCSI
Principal (Director) -
Comsure Compliance Limited,
Comsure Technology Limited
(the "Comsure Group of Companies")

D2 REAL ESTATE

1

Risk Warning..... Comsure

This **3 HOUR** presentation has been designed as an **"AWARENESS"** and **"REFRESHER"** session.

It **MUST NOT** be treated as an **EXHAUSTIVE** AND/OR **COMPLETE** presentation on **ALL RISKS** associated with **FINANCIAL CRIME RISK**

FINANCIAL CRIMES include:- Money Laundering, terrorist financing, proliferation financing, targeted UK & UN sanctions and/or other related predicate crimes.

2



WHY ARE WE HERE?

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3

Estate agency sector questionnaire on employee training

The vigilance of well-trained employees is a critical element in preventing, detecting and reporting money laundering, terrorist financing and proliferation financing activity. That's why we regularly assess supervised persons, including estate agents, and their employees' awareness of money laundering, terrorist financing and proliferation financing risks, and the relevance and effectiveness of businesses' training in this area.

During the second quarter of 2024, we will be carrying out a desk-based thematic examination of all estate agents. As part of this, we will send out a questionnaire to all estate agents on the island on Wednesday 15 May, which they must complete by 23:59 on 30 June 2024. The questionnaire will focus on estate agents' anti-money laundering, terrorist financing and proliferation financing training for employees; it will assess how effectively the training meets the estate agent's obligations as a supervised person, and whether the content of their training is effective in raising employee awareness and understanding of the estate agent's relevant policies and procedures.



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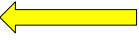
Estate agency sector questionnaire on employee training

Supervised persons, including estate agents, must take appropriate measures to raise employee awareness of relevant anti-money laundering, countering the financing of terrorism and countering proliferation financing policies, procedures and enactments. They must provide training which is specific to their business and relevant to the employees who complete it. Supervised persons must also establish and maintain procedures that monitor and evaluate the effectiveness of those policies and procedures and employees' awareness and training.

All supervised persons are required by the Money Laundering (Jersey) Order to ensure that employees whose duties include the provision of financial services:

are made aware of:

- the CDD, record-keeping, reporting and other policies and procedures for the purposes of preventing and detecting money laundering and the financing of terrorism
- the enactments in Jersey relating to money laundering and the financing of terrorism and any relevant Code of Practice



are provided, from time to time, with training in the recognition and handling of:

- transactions carried out by or on behalf of any person who is or appears to be engaged in money laundering or the financing or terrorism
- other conduct that indicates that a person is or appears to be engaged in money laundering or the financing of terrorism.



The Order also sets out that training must involve, among other things, information on current money laundering techniques, methods and trends.

The Anti-Money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing Handbook also sets out regulatory requirements in the Codes of Practice for relevant persons, including estate agents, in relation to screening, awareness and training of employees.

6

Proof of Effectiveness

A TEST



Statutory requirements (paraphrased wording)

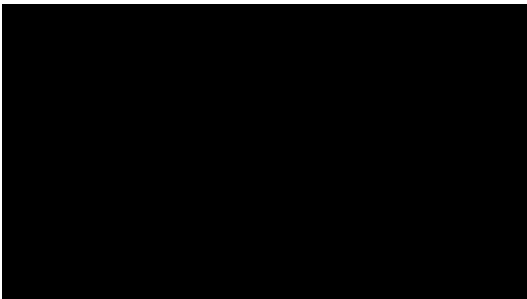
11. Articles 11(9), (10), (10A), (11) and (12) of the Money Laundering Order require that a relevant person must, in relation to employees whose duties relate to the provision of a financial services business:

establish and maintain procedures that monitor and test the **effectiveness** of the relevant person's policies and procedures, employees' awareness and the training provided to employees, such testing having regard to the risk of money laundering that exist in respect of the relevant person's business and matters that may have an impact on that risk (e.g. size, nature and structure).

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TECHNICAL ASSESSMENT & EFFECTIVENESS ASSESSMENT

The Financial Action Task Force (FATF) conducts technical and effectiveness assessments to evaluate a country's measures against money laundering and terrorist financing.

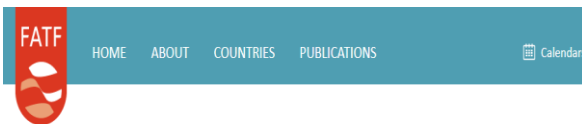
Both assessments are crucial for a comprehensive understanding of a country's AML/CFT system.

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- Technical Assessment:** This is an evaluation of the technical compliance of a country's legal, regulatory, and institutional frameworks with the FATF Recommendations. It assesses whether the necessary laws, regulations, and other measures are in force and effect, that is, whether the necessary formal prerequisites to an effective AML/CFT system are in place.
- Effectiveness Assessment:** This is an assessment of the effectiveness with which a country's AML/CFT system is working. It evaluates the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system and whether it is making good use of its technical compliance with the FATF Recommendations.
- In other words, **the technical assessment** looks at the **"what"** (what measures are in place), while **the effectiveness assessment** looks at the **"how"** (how well the measures are working).

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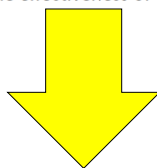


Home / Publications / Mutual Evaluations
/ FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems



FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems



Methodology 2013
[Download pdf \(2,637kb\)](#)



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Immediate Outcomes	Features of an effective system
ID 1	Properly identify, assess and understand ML/TF risks, and co-ordinate domestically to put in place actions to mitigate these risks.
ID 2	The country provides constructive and timely information or assistance when requested by other countries. Competent authorities assist with requests to locate and extradite criminals; and identify, freeze, seize, confiscate and share assets and provide information (including evidence, financial intelligence, supervisory and beneficial ownership information) related to ML/TF or associated predicate offences.
 ID 3	Supervisors appropriately supervise, monitor and regulate FIs, DNFBPs and VASPs for compliance with AMI/CFT requirements commensurate with their risks.
ID 4	Financial institutions, DNFBPs and VASPs adequately apply AMI/CFT preventive measures commensurate with their risks, and report suspicious transactions.
ID 5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
ID 6	Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
 ID 7	Money laundering offences and activities are investigated, and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
ID 8	Proceeds and instrumentalities of crime are confiscated.
ID 9	Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
ID 10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
ID 11	Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

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Industry update | 24 July 2024 Print

The JFSC welcomes Jersey's strong MONEYVAL outcome and Government of Jersey's strategic review

The publication today of Jersey's Mutual Evaluation Report by MONEYVAL, the Council of Europe's permanent monitoring body, confirms that Jersey's effectiveness in preventing financial crime is among the highest level found in jurisdictions evaluated around the world.

The report also confirms that the JFSC has all the key structures, powers and activities in place. Assessors recognised the strengths of the beneficial ownership regime, and JFSC colleagues' knowledge, skills and expertise.


In line with the report's recommended actions, we must now continue to enhance our approach. We have put in place a high-level action plan to address the key recommended actions and will expand further on this in the autumn, along with a programme of industry engagement.

Alongside announcing the outcome of Jersey's MONEYVAL report, the Government of Jersey has today announced that they will lead a strategic review of the approach to regulation of financial and professional services.

The review is a key opportunity for Jersey to collaboratively modernise and simplify the legal and regulatory framework. The scope of the review is being finalised and further communications will follow.

Director General Jill Britton said: "The MONEYVAL Mutual Evaluation Report sends a strong message globally that we are a reputable jurisdiction to do business with. I'm extremely proud of the JFSC team who contributed significantly to this positive outcome, which was essential for Jersey's international reputation and market access. I would also like to thank the Government of Jersey team, our agency colleagues, and all our industry partners.

"We welcome the government-led strategic review of the approach to regulation of financial and professional services in Jersey. Following this positive outcome from our MONEYVAL evaluation, we now have the opportunity to leverage compliance with international standards as a platform for further growth.



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"The success of MONEYVAL has shown that when we work closely with others, we deliver far better results. Over the coming months we will engage closely with government, the financial services community and industry to ensure that we get the outcomes we need."

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EXTRACT OF JERSEYGOV VIDEO



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Recommendation	Outcome	Recommendation	Outcome	Recommendation	Outcome
1	Compliant	15	Largely Compliant	29	Largely Compliant
2	Compliant	16	Largely Compliant	30	Compliant
3	Largely Compliant	17	Largely Compliant	31	Compliant
4	Compliant	18	Partially Compliant	32	Compliant
5	Compliant	19	Compliant	33	Compliant
6	Largely Compliant	20	Compliant	34	Compliant
7	Largely Compliant	21	Compliant	35	Compliant
8	Compliant	22	Largely Compliant	36	Compliant
9	Compliant	23	Largely Compliant	37	Compliant
10	Largely Compliant	24	Largely Compliant	38	Compliant
11	Compliant	25	Largely Compliant	39	Compliant
12	Largely Compliant	26	Largely Compliant	40	Compliant
13	Compliant	27	Compliant		
14	Largely Compliant	28	Largely Compliant		



Technical Compliance

Non-Compliant
Partially Compliant
Largely Compliant
Compliant

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Immediate Outcome	Effectiveness Rating
IO1	High
IO2	Substantial
IO3	Moderate
IO4	Moderate
IO5	Substantial
IO6	Moderate
IO7	Moderate
IO8	Substantial
IO9	Substantial
IO10	Substantial



- ✓ Planning
- ✓ Strategy
- ✓ National Vision

Effectiveness

Low
Moderate
Substantial
High

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NRA

PART 2

PREVENTION AND DETECTION OF MONEY LAUNDERING^[33]

11 Policies, procedures and training to prevent and detect money laundering^[34]

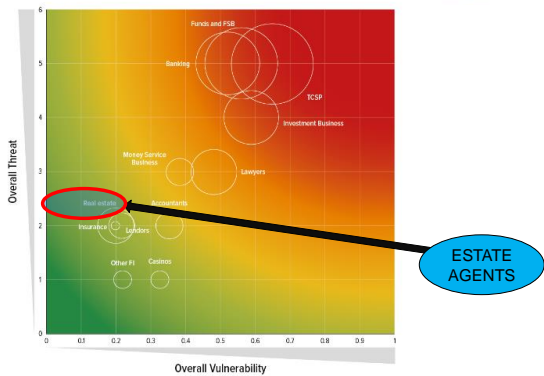
- (1) A relevant person must maintain appropriate and consistent policies and procedures
- (2) In paragraph (1), "appropriate and consistent policies and procedures" means policies and procedures that are appropriate and consistent having regard to the degree of risk of money laundering taking into account—
 - (a) the level of risk identified in a **national or sector-specific risk assessment** in relation to money laundering carried out in respect of Jersey;

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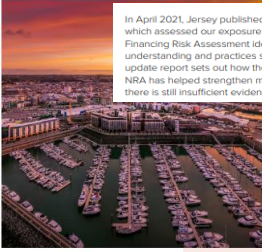


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Jersey NRA (analysis period covering 2013 to 2018) Residual Risk Heat Map



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In April 2021, Jersey published its first National Risk Assessment of Terrorist Financing, which assessed our exposure to terrorist financing risk as Medium-Low. The 2021 Terrorist Financing Risk Assessment identified a number of actions, which sought to improve our understanding and practices so as to prevent and/or mitigate the main risks identified. This update report sets out how the implementation of several measures identified in the 2021 TF NRA has helped strengthen mitigations in multiple areas. However, it is important to note that there is still insufficient evidence to support a reduction of risk overall.

List of terrorist financing higher risk jurisdictions

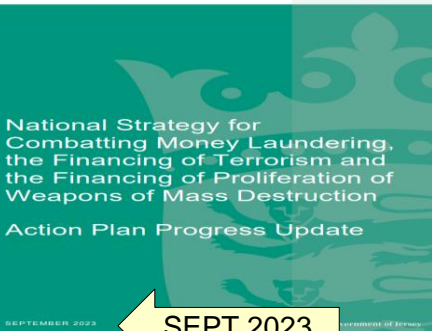
This list was prepared in September 2023:

Jurisdiction	
Cameroon	Myanmar
DPRK	Nigeria
Haiti	Russia
Iran	Somalia
Kenya	South Sudan
Mali	Syria
Mozambique	Yemen

Bailiwick of Jersey
Update on Terrorist Financing
National Risk Assessment

COMBATTING FINANCIAL CRIME TOGETHER

22



SEPT 2023

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TWIN PEAKS FINANCIAL
REGULATION



Post January 30, 2023

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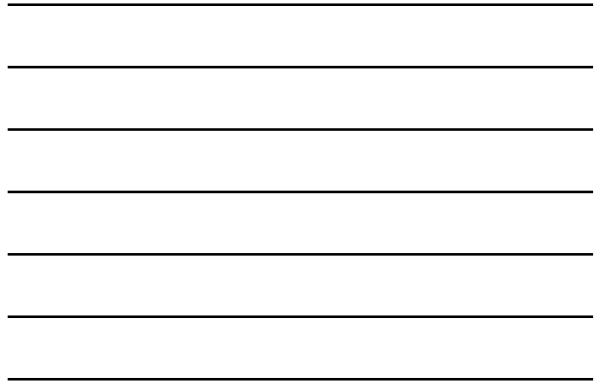
The Proceeds of Crime (Jersey) Law 1999



WAS AMENDED BY
The Proceeds of Crime (Amendment No.6)
(Jersey) Law 2022.

This amendment came into force on January 30, 2023

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TWIN PEAKS

**GOVERNANCE & RISK [GOVR]
 CONDUCT OF BUSINESS [COB]
 PRUDENTIAL [PRU]**

Description
Any financial services business as defined in Article 2(1) of the Financial Services (Jersey) Law 1999, namely:
(a) AIF service business
(b) Fund service business
(c) General insurance mediation business
(d) Investment business
(e) Money service business
(f) Trust company business
Any of the following within the meaning of the Collective Investment Funds (Jersey) Law 2008:
(a) The business of being a fund manager
(b) The business of a recognised fund
(c) The business of an authorised fund
Any deposit taking business as defined in Article 4 of the Banking Business (Jersey) Law 2001.
Any long term business as defined in Article 13 of the Insurance Business (Jersey) Law 1999.
Any of the following within the meaning of the Alternative Investment Funds (Jersey) Regulations 2012:
(a) The business of an alternative investment fund
(b) The business of being an AIF prescribed service provider
Any activity outlined in Schedule 2 of the Proceeds of Crime (Jersey) Law 1999 including sectors, accounts, assets, including internal and external control, unregulated bank, lending, financial leasing, financial guarantees and commitments, trading, and virtual asset service providers
Any non-profit organisation as defined in Article 1 and which is obliged to register in accordance with Article 4 of the Non-Profit Organisations (Jersey) Law 2006.

AML/CTF/CPF



PROCEEDS OF CRIME (JERSEY) LAW 1999

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 08.760
 Showing the law from 25 July 2023 to Current



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TWIN PEAKS

**GOVERNANCE & RISK [GOVR]
 CONDUCT OF BUSINESS [COB]
 PRUDENTIAL [PRU]**

Description
Any financial services business as defined in Article 2(1) of the Financial Services (Jersey) Law 1999, namely:
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AML/CTF/CPF

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NOT YOU



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SCHEDULE 2
FINANCIAL SERVICES BUSINESS



= AKA = SUPERVISED PERSONS



PROCEEDS OF CRIME (JERSEY) LAW 1999

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08.780
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PROCEEDS OF CRIME (JERSEY) LAW 1999

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PROCEEDS OF CRIME (JERSEY) LAW 1999

Official Consolidated Version
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08.780
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POCL



Article 37



MONEY LAUNDERING (JERSEY) ORDER 2008

MLJO

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08.780.38
Showing the law from 1 September 2023 to Current

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37 **Procedures to prevent and detect money laundering**¹⁰⁵

(1) The Chief Administrator, by Order, for the purposes of preventing and detecting money laundering –

(A) must prescribe measures to be taken (including measures not to be taken) by persons who carry on financial services business;

(B) may prescribe measures to be taken (including measures not to be taken) by persons, acting as trustees, who do not fall under sub-paragraph (A); and

(C) may prescribe measures to be taken (including measures not to be taken) by persons or categories of persons appointed for the purpose of fulfilling the obligations prescribed in respect of the persons referred to under sub-paragraph (A).¹⁰⁶

(1A) Without prejudice to the generality of paragraph (1), such measures may include –

(a) identification procedures;

(b) record keeping procedures;

(c) internal reporting procedures; and

(d) training procedures.

(2) As an Order made under this Article –

(a) may specify supervisory authorities for the purposes of the Order;

(b) may authorise or require any person who acquires information in the course of the application of any procedure under any such Order, or in the course of carrying out any function under any such Order, or under any other agreement to which the Order refers, to disclose that information to the FIC, the Commission or any person or institution with whom that person shares common ownership, management or compliance control; and

(c) may make such other provision as is reasonably necessary or incidental to the purposes of the Order.¹⁰⁷

(3) No disclosure in accordance with an Order made under this Article to any person mentioned in paragraph (2)(b) shall be treated as a breach of any restriction on disclosure imposed by any enactment or contract or otherwise or involve the person making it in liability of any kind.¹⁰⁸

(4) If a person subject to the measures mentioned in paragraph (1)(A) or (B) contravenes or fails to comply with a requirement that is contained in any Order made under this Article and applies to that person, the person shall be guilty of an offence.¹⁰⁹

(5) –

(6) –

(7) Any person who is guilty of an offence under this Article is liable –

(a) if the person is a body corporate, to a fine; or

(b) if the person is not a body corporate, to imprisonment for a term not exceeding 2 years or to a fine or both.¹¹⁰

(8) In determining whether a person has complied with a requirement that is contained in any Order made under this Article, the court –

(a) shall take account of any relevant Code of Practice or guidance that applies to that person or the business carried on by that person and is issued by the supervisory body exercising supervisory functions in respect of that person; or

(b) if no such Code of Practice or guidance applies, shall take into account any relevant Code of Practice or guidance that is issued by another supervisory body; or



Minimum

FINE AND/OR 2 YEARS

CODES & GUIDANCE

31

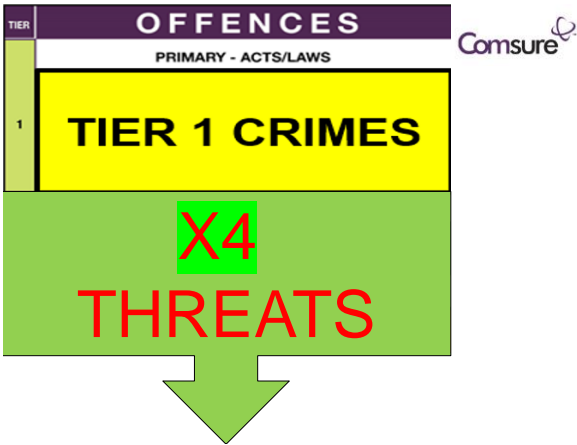


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TIER	OFFENCES
	PRIMARY - ACTS/LAWS
1	TIER 1 CRIMES
	SECONDARY LAW - THE ORDERS/REGULATION
2	TIER 2 CRIME
	CODES/HANDBOOK/GUIDANCE
3	TIER 3 REGULATORY SANCTIONS



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FINANCIAL CRIME



- **MONEY LAUNDERING** is making the **proceeds of crime** appear legitimate.
- Crime includes **"ALL CRIMES"**, such as tax evasion, fraud, etc.
- The source of funds is illegitimate, albeit it can be co-mingled with legitimate property.



- **TERRORIST FINANCING** provides funds or financial services for use in **TERRORIST ACTIVITIES**.
- The source of funds can be legitimate or illegitimate.
- The funds are usually small and may be transferred through informal channels and traditional transaction routes.

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FINANCIAL CRIME



- **PROLIFERATION** is the act of providing **funds or financial services or services** for use in
 - the manufacture, acquisition, development, export, trans-shipment, brokering, transport, transfer, stockpiling or possession of weapons of mass destruction or related goods and technology.
- The source of funds can be legitimate or illegitimate.
- It may involve complex trade transactions and networks.



- **ECONOMIC SANCTIONS** are restrictive measures imposed by governments or international organisations to prevent or deter certain activities or transactions, such as
 - money laundering, terrorist financing or proliferation financing.
- Economic sanctions may target individuals, entities, sectors, countries or regions.
- The source of funds can be legitimate or illegitimate.

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JFSC Appendix D2 - COUNTRIES AND TERRITORIES IDENTIFIED AS PRESENTING HIGHER RISKS

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Jurisdiction	Higher Risk - Money Laundering	Higher Risk - Terrorist Financing	Higher Risk - Financial Sanctions	Higher Risk - Financing of proliferation of weapons of mass destruction
Afghanistan	↑	↑	↑	↑
Algeria				
Angola				
Argentina				
Armenia				
Azerbaijan				
Bahamas				
Bangladesh				
Barbados				
Belarus				
Belize				
Benin				
Bhutan				
Bolivia				
Bosnia and Herzegovina				
Brazil				
Bulgaria				
Burkina Faso				
Burundi				

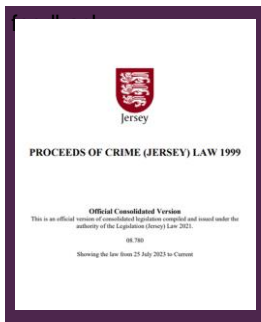
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AML/CFT/CPF - THE FRAMEWORK

The Proceeds of Crime (Supervisory Bodies)(Jersey) Law 2008, the Proceeds of Crime (Jersey) Law 1999 and the Money Laundering (Jersey) Order 2008 make up a legal framework with each piece of legislation having a different purpose. As a result, each piece of legislation uses different terminology:

1. The Proceeds of Crime (Jersey) Law 1999;
2. The Terrorism (Jersey) Law 2002;
3. The Money Laundering and Weapons Development (Directions) (Jersey) Law 2012;
4. The Sanctions and Asset-Freezing (Jersey) Law 2019,

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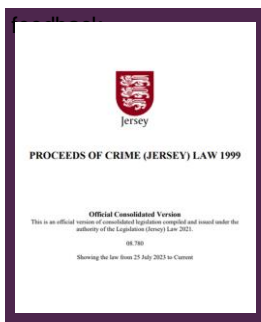


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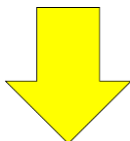
MONEY LAUNDERING

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Substantive offences



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PART 3

MONEY LAUNDERING

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- 34D [Failure in a financial institution to report to designated police officer, designated customs officer or nominated officer](#)
- 34E [Designated police and customs officers](#)
- 35 [Tipping off and interference with material](#)
- 35A [Failure to prevent money laundering](#)
- 36 [Financial services business](#)
- 37 [Procedures to prevent and detect money laundering](#)

← 30-31 = 14 YEARS

← 34A = 5 YEARS

← 34D = 5 YEARS

← 35 = 5 YEARS
← 35A 2 YEARS - FINE → NEW

← 2 YEARS - FINE

41

34D

Failure in a financial institution to report to the FIU or nominated officer.

42

34D

Failure in a financial institution to report to the FIU or nominated officer.

43

34D Failure in a financial institution to report to the FIU or nominated officer.
THE OFFENCE – THE TEST
(1) This Article applies where the conditions in both paragraph (2) and paragraph (3) are fulfilled

44

(2) THE FIRST CONDITION IS THAT
➤ A person ("A") KNOWS, SUSPECTS, OR HAS REASONABLE GROUNDS for suspecting that –
a) ANOTHER PERSON is engaged in MONEY LAUNDERING [SEE 30-31];
a. 30. Offences of dealing with criminal property
b. 31. Concealment, etc. of criminal property

45

CONTINUED



(2) THE FIRST CONDITION IS THAT
➤ A person ("A") KNOWS, SUSPECTS, OR HAS REASONABLE GROUNDS for suspecting that –
b) ANY PROPERTY constitutes or represents proceeds of CRIMINAL CONDUCT or
c) ANY PROPERTY has been, is being or is intended to be used in CRIMINAL CONDUCT

46



(3) THE SECOND CONDITION IS THAT
➤ The information or other matter on which ("A's") <ul style="list-style-type: none">○ knowledge or suspicion is based, or○ which gives reasonable grounds for such suspicion,
➤ Came to ("A")
➤ IN THE COURSE OF THE CARRYING ON OF A FINANCIAL SERVICES BUSINESS

47



48



Ruja Ignatova, known as the Missing CryptoQueen, is now subject to a **GLOBAL FREEZING ORDER** which prevents her assets from being sold or moved.

49

2017.....

- Investigations into Ruja Ignatova, the founder of the fraudulent cryptocurrency scheme known as OneCoin, began around **2017**.
- The City of London Police, the German authorities, the FBI, and Europol were investigating here for a string of charges, including securities, wire fraud, and money laundering.
- **In October 2017**, Ignatova was indicted by a grand jury in New York and charged with conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering.
- Since then, she has been on the run from various international law enforcement agencies.

50

Jersey used in alleged \$3.4bn currency fraud?

By Ed Taylor
etaylor@jerseyinvestingpost.com

MONEY from an alleged \$3.4 billion fake cryptocurrency fraud could have been laundered through Jersey, the FBI have claimed.

According to court documents filed in New York, the island is among 21 jurisdictions which were allegedly used to launder sales of OneCoin - a purported virtual online currency.

The documents allege that in April 2016, Konstantin Ignatov and his sister, Dr Ruja Ignatova - along with a third unnamed person - allegedly founded a com- pany which was regis- tered in Jersey. The company was used to raise approximately \$1.2 billion in OneCoin Ltd investor funds, a substantial part of which has been laundered through financial institutions located in at least 21 different countries, including Hong Kong, Singapore, the United States, the Cayman Islands, the Isle of Jersey, the Republic of Ireland and the country of Georgia.

The FBI claims that it has obtained accounts and financial records of OneCoin Ltd, which purport to show \$3.333 billion in sales between the end of 2014 and

Approved: *[Signature]*
CHRISTOPHER J. DONAHUE / MICHELLE POLAK
Assistant United States Attorney
COLUMBIA V. LUDMAN
Special Assistant United States Attorney

Before: HONORABLE DEBRA FREEMAN
United States Magistrate Judge
Southern District of New York

2019

----- X -----
UNITED STATES OF AMERICA, : **SEALED COMPLAINT**
: :
- v - : Violation of 18 U.S.C.
: § 1343
KONSTANTIN IGNATOV, : :
Defendant, : COUNTY OF OFFENSE:
: NEW YORK
: :
: :
SOUTHERN DISTRICT OF NEW YORK, ss:1

HONORABLE JUDGE, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation and charges as follows:

.. . . .

c. To date, the Investigative Team has identified approximately \$1.2 billion in OneCoin Ltd. investor funds, a substantial part of which has been laundered through financial institutions located in at least 21 different countries, including Hong Kong, Singapore, the United States, the Cayman Islands, the Isle of Jersey, the Republic of Ireland, and the country of Georgia. Although the Investigative Team's tracing analysis is ongoing, the Team has identified multiple transactions that directly benefited Ruja and Konstantin.

d. The Investigative Team has traced approximately €185 million in funds derived from the OneCoin scheme laundered through a series of bank accounts to an investment fund account in the United Arab Emirates (the "UAE Investment Fund"). Specifically, between in or about February 2017 and in or about April 2017, a purported investment fund with an account at a bank in Ireland (the "Ireland Fund") sent approximately 11 wire transfers totaling €185 million to the UAE Investment Fund.

51

Revealed: The Cryptoqueen's £13.5m London penthouse

© 3 November



Warhol's Red Lenin hangs over the fireplace
 A money-laundering trial in Germany is shining a light on the purchase of a luxury London penthouse by cryptocurrency scammer Dr Roza Ignatova. Jamie Bartlett and Rob Byrne of The Missing Cryptoqueen podcast explain how she used British-based lawyers and wealth managers - who continued to offer their services after she disappeared.

52

THE FREEZING ORDER



- The freezing order targets not only Ms Ignatova but seven other people and four companies (INCLUDING X2 GUERNSEY COMPANIES) —all alleged to have been connected with OneCoin in some form.

GUERNSEY

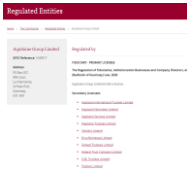
- Two Guernsey companies, also subject to the freeze, were used by MS. IGNATOVA TO PURCHASE IN 2021 A
- >> £13.5m Kensington penthouse and
- >> £1.9m apartment in the same building for her bodyguards.

53

THE ENABLERS - 2021



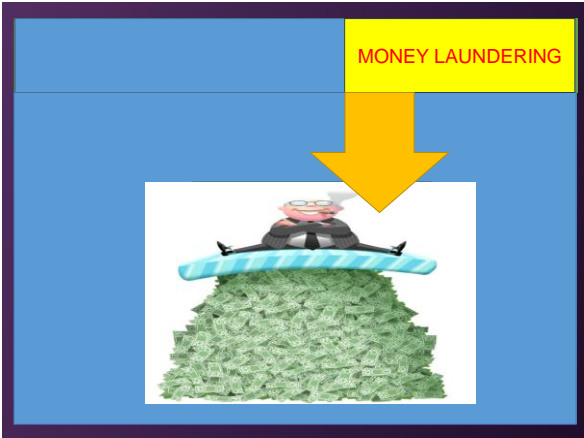
- The estate agent = Knight Frank
- Lawyers = Locke Lord
- AQUITAINE GROUP, (GUERNSEY)
 - According to the property deed, its owner is Abbots House Penthouse Limited.
 - Abbots House Penthouse Limited is a Guernsey shell company with Aquitaine directors (or "nominees") and
 - Aquitaine was listed as the company's "resident agent" in Guernsey.



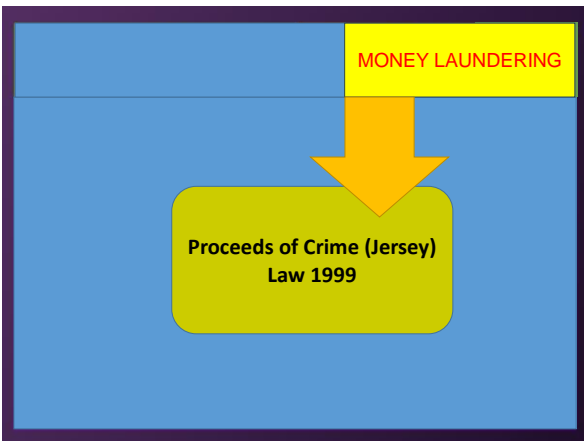
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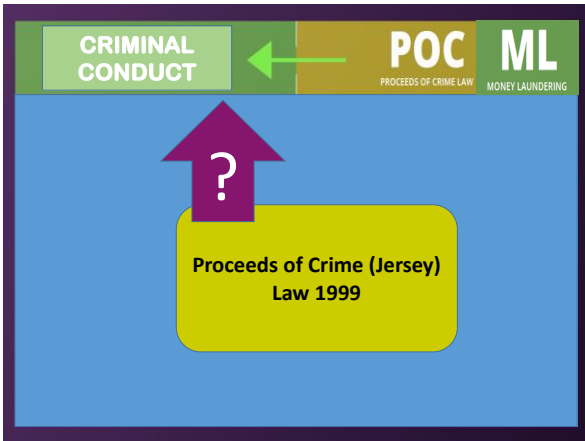
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56



57



58



“criminal conduct” means conduct, whether occurring before or after Article 3 comes into force, that –

- (a) constitutes an offence specified in Schedule 1; or
- (b) if it occurs or has occurred outside Jersey, would have constituted such an offence if occurring in Jersey,



“proceeds of **criminal conduct**”, in relation to any person who has benefited from **criminal conduct**, means that benefit;

59



“criminal conduct” means conduct, whether occurring before or after Article 3 comes into force, that –

- (a) constitutes an offence specified in Schedule 1; or
- (b) if it occurs or has occurred outside Jersey, would have constituted such an offence if occurring in Jersey,

but does not include the production, supply, use, export or import of cannabis or any of its derivatives that –

- (i) is lawful where and when it occurs, and
- (ii) occurs in a jurisdiction outside Jersey that the Minister for External Relations may by Order specify;

“proceeds of **criminal conduct**”, in relation to any person who has benefited from **criminal conduct**, means that benefit;

60



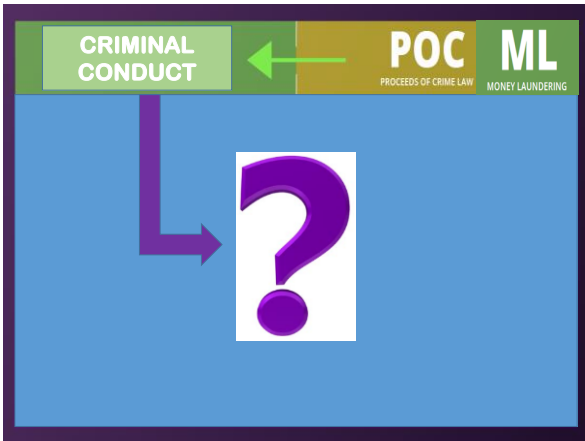
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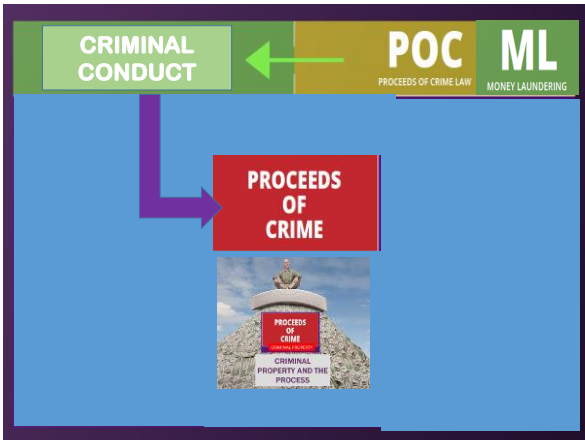
62

1. Terrorism, including terrorist financing;	12. Counterfeiting and piracy of products;	<p>Designated categories of offenses:</p> <ul style="list-style-type: none"> participation in an organised criminal group and racketeering terrorism, including terrorist financing; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotics, drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage taking; robbery or theft; smuggling, including in relation to customs and excise duties and taxes; tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; and cybercrime <p>EU # AMLD defines</p>
2. Corruption and bribery;	13. Environmental crime;	
3. Fraud;	14. Murder, grievous bodily injury;	
4. Tax Fraud	15. Kidnapping, illegal restraint and hostage taking;	
5. Insider dealing and market manipulation.	16. Robbery or theft;	
6. Illicit arms trafficking;	17. Smuggling;	
7. Illicit trafficking in stolen and other goods;	18. Extortion;	
8. Participation in an organised criminal group and racketeering;	19. Forgery;	
9. Trafficking in human beings and migrant smuggling;	20. Piracy; and	
10. Sexual exploitation, including sexual exploitation of children;	21. Counterfeiting currency;	
11. Illicit trafficking in drugs;	22. Cybercrime	

63



64



65



PART 3
MONEY LAUNDERING

29 **Criminal property**⁷⁷

- (1) For the purposes of this Part –
 “criminal property” includes –
- (a) any property derived from or obtained, in whole or in part, directly or indirectly, through criminal conduct, if the alleged offender knows or suspects that the property is derived from or obtained, directly or indirectly, through criminal conduct; and
 - (b) any property that is used in, or intended to be used in, criminal conduct, if the alleged offender knows or suspects that the property is used in, or is intended to be used in, criminal conduct.⁷⁸

66

(2) For the purposes of this Law -

- (a) references to property obtained, or to a pecuniary advantage derived, in connection with the commission of an offence



PROPERTY
OBTAINED
&
PECUNIARY
ADVANTAGE
DERIVED

**PART 3
MONEY LAUNDERING**

29 Criminal property

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 - (a) any property derived from or obtained, in whole or in part, directly or indirectly, through criminal conduct, if the alleged offender knows or suspects that the property is derived from or obtained, directly or indirectly, through criminal conduct; and
 - (b) any property that is used in, or intended to be used in, criminal conduct, if the alleged offender knows or suspects that the property is used in, or is intended to be used in, criminal conduct.

67

CRIMINAL CONDUCT & PECUNIARY ADVANTAGE



(2) For the purposes of this Law -

- (a) references to property obtained, or to a pecuniary advantage derived, in connection with the commission of an offence or with **criminal conduct** include a reference to property obtained or to a pecuniary advantage derived both in that connection and in some other connection; and
- (b) where a person derives a pecuniary advantage as a result of or in connection with the commission of an offence or with **criminal conduct**, the person is to be treated as if the person had obtained as a result of or in connection with the commission of that offence, or that conduct, a sum of money equal to the value of the pecuniary advantage.

pecuniary advantage

in British English

NOEN

JAV

financial advantage that is dishonestly obtained by deception and that constitutes a criminal offence



Collins English Dictionary. Copyright © HarperCollins Publishers

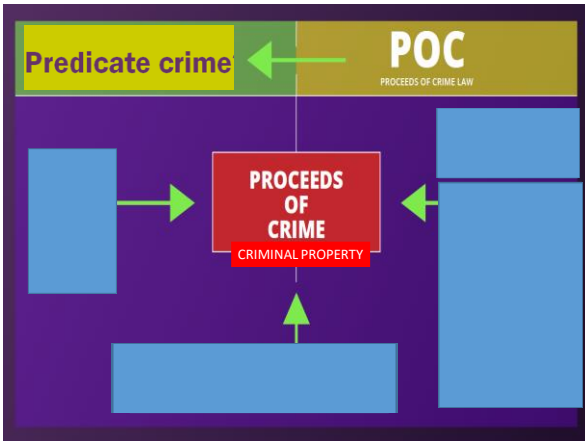
**A SAVING MADE BY COMMITTING CRIME
(SUCH AS TAX EVASION).**

68

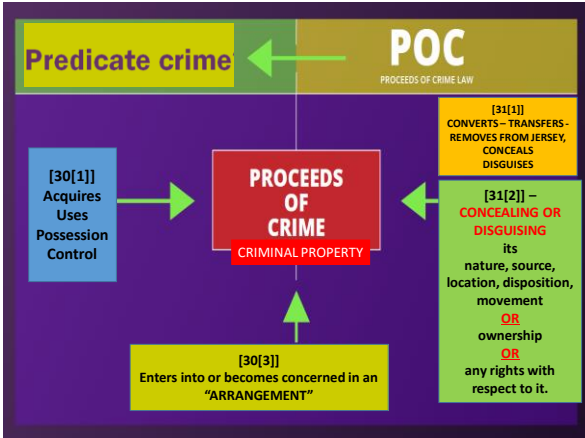
PROCEEDS
OF
CRIME
CRIMINAL PROPERTY

THE PROCESS

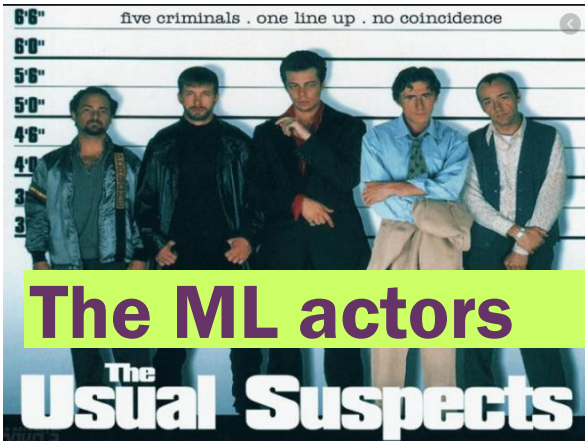
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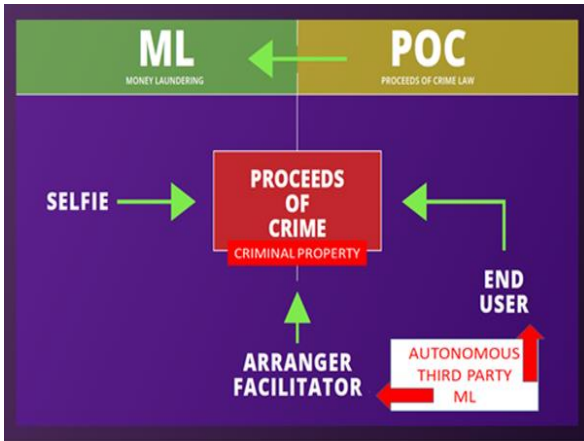
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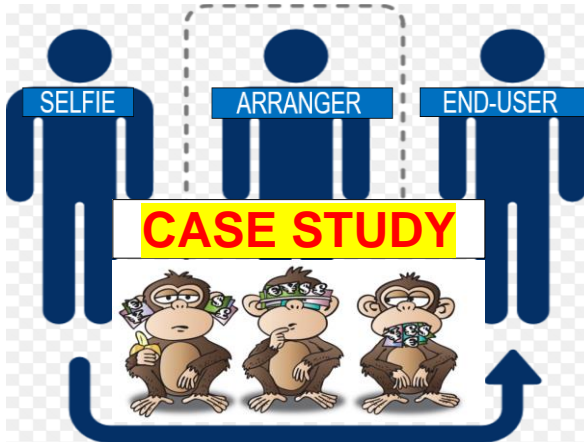
71



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73



74

Part 1



75

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NEWS LIVE BREAKFAST

Page last updated at 19:32 GMT, Tuesday, 13 October 2009 20:32 UK

World

Manx businessman laundered £110m

An Isle of Man businessman who passed money obtained by fraud through one of his companies has been found guilty of money-laundering.

Douglas Court House heard that Trevor Baines, 59, who had several Manx firms, knew the \$175m (£110m) from a US investor had been obtained dishonestly.

Baines, of Africa House, Woodbourne, was also convicted of false accounting, as was his 50-year-old wife Wendy.

With £130m, he was ranked 349th on the Sunday Times Rich List in 2006.

Baines featured in the list alongside musicians Eric Clapton and Phil Collins.

Trevor and Wendy Baines were both convicted after a five-week trial

SEE ALSO

- Baines couple before High Bailiff 06 Feb 08 | Isle of Man
- Man charged over money laundering 04 Dec 07 | Isle of Man

RELATED INTERNET LINKS

- Isle of Man government

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TOP ISLE OF MAN STORIES

76

Trevor Baines



- In November 2009, a Manx Court sentenced Baines to six years after finding him guilty of money laundering and false accounting.
- The charges stemmed from his involvement in administering a trust fund exceeding \$100 million.
- This fund had been acquired independently of Baines through a share push scam known as the **AremisSoft fraud**.
- Although Baines did not directly benefit from the fund, he received payment for managing it.
- His co-conspirator, **Roy Poyiadjis**, also involved in the original scam, received a non-custodial sentence, while another individual remains at large

77



What about Jenny



78



79

Manx advocate found guilty of money laundering

© 25 January 2011

Share

An Isle of Man advocate has been found guilty of money laundering, by a jury of seven people at Douglas Courthouse.



Advocate Jenny Holt will be sentenced on 25 February 2010

Jenny Holt, 30, was part of the team representing businessman Trevor Baines and his wife Wendy during a 2009 trial.

Jenny Dee Holt convicted for money laundering and falsifying file notes

Holt was found guilty of one count of money laundering and two counts of falsifying documents.

The advocate, of Union Mills, who denied all charges, has been released on bail and will be sentenced alongside Wendy and Trevor Baines on 25 February.

After reading out the verdict, Acting Deemster David Turner said to Holt: "It is a very sad day for you but it is a long life. You might think everything is in ruins but it isn't."

Det Sgt Lynnee Skelly, from the financial crime unit, said: "The conviction sends out a strong message to the international financial community that the island will not be seen as a safe haven for money laundering."

Baines, 71, has been convicted of stealing more than £900,000 while his wife Wendy, 52, has admitted obtaining £45,000 by deception.

80

"First Count

Statement of Offence

Becoming concerned in an arrangement knowing or suspecting that the arrangement facilitated the acquisition, retention, use or control of criminal property by or on behalf of another person, contrary to section 140(1) of the Proceeds of Crime Act 2008.

Particulars of Offence

JENNY DEE HOLT, between the 13th day of August 2009 and the 29th day of August 2009, in the Isle of Man, became concerned in an arrangement which she knew or suspected facilitated the acquisition, retention, use or control of criminal property, namely the sum of £400,000 belonging to Hermitage Securities Limited by or on behalf of John Trevor Roche Baines and Wendy Nicolau De Almeida Baines"

81

Holt –

Facilitated the

- acquisition,
- retention,
- use or control



of criminal property [£400,000.00]

Holt (Appellant) v HM Attorney General on behalf of the Queen From the High Court of Justice of the Isle of Man [2014] UKPC 4

82

Isle of Man News - POSTED Fri 25-02-2011

Jail for Trevor and Wendy Baines; suspended sentence for Holt
by Manx Radio



Sentences have been passed on Isle of Man tycoon Trevor Baines, his wife Wendy and their advocate Jenny Holt, for money-laundering offences.

Trevor Baines has been given two and a half years for stealing more than £900,000 - an offence he admitted in court last month.

He's currently serving a six year sentence for money laundering and false accounting - today's sentence will run consecutively to that.

Wendy Baines has been sentenced to 18 months in jail for obtaining £400,000 by deception

And their solicitor Jenny Holt who was convicted on one count of money-laundering and two of creating false records at her trial, has received a 12-months prison sentence, suspended for two years.

She had denied handling £400,000 stolen from a trust fund by the Baines'.

83

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Lawyer Jenny Holt's laundering conviction overturned

© 19 February 2014

A Manx advocate who acted for a businessman convicted of money laundering has cleared her name of similar charges.

Jenny Holt was part of the defence team representing Trevor Baines during a trial in 2009.

The 34-year-old was found guilty in 2011 of money laundering and falsifying documents at Douglas courthouse.

The Judicial Committee of the Privy Council has now quashed all convictions.

84

Circumstantial evidence



Proving that proceeds are the benefit from criminal conduct in money laundering prosecutions (proving the predicate offence).

85

YVONNE O'BRIEN

Jersey classic money laundering case revisited (2003-2006) "You cannot turn a blind eye to the obvious"!!!

2003

On 5 June 2003 Yvonne Edmond-O'Brien was convicted by the Royal Court (Sir Richard Tucker, Commissioner, and Jurats Rumfitt and Allo) of

- BEING CONCERNED IN AN ARRANGEMENT TO LAUNDER THE PROCEEDS OF DRUG TRAFFICKING by her husband Michael O'Brien,
- "KNOWING OR SUSPECTING" that he was carrying on drug trafficking, contrary to article 17(1)(a) of the Drug Trafficking Offences (Jersey) Law 1988.

But Mrs O'Brien said that she never knew that he was a drug dealer.

This and other details (such as Mrs O'Brien's apparent lack of curiosity about her husband's frequent trips to England) were cumulatively relied upon by the prosecution as circumstantial evidence from which the Jurats could infer that Mrs O'Brien must have known or suspected that a substantial part of the money which she regularly deposited was the proceeds of drug trafficking.

86

JUDGMENT

The Director of Public Prosecutions (Appellant) v
A.A. Bholah (Respondent)

From the Supreme Court of Mauritius

before
Lord Phillips
Lord Brown
Lord Kerr
Lord Wilson
Sir Malachy Higgins

JUDGMENT DELIVERED BY
LORD KERR
ON

20 December 2011
Heard on 6 October 2011

1. On 21 September 2004 the respondent and Mr Laffir were convicted of the offence.
2. The magistrate found that the respondent had transferred money, which he had reasonable grounds to suspect was the proceeds of crime, from his company bank account to bank accounts outside Mauritius.
3. In the course of the trial the magistrate ruled that, by virtue of section 17(7) of ECAMLA, the prosecution was not required to specify or to prove the particular crime of which it was alleged the money was the proceeds. (ECAMLA has now been replaced by the Financial Intelligence and Anti-Money Laundering Act 2002, section 6(3) of which re-enacts section 17(7) in the same terms).
4. The magistrate held that she was able to infer from the evidence that the monies were the proceeds of criminal activity.

87

SELFIES GO FREE THE OTHERS DO NOT!!!



88

Law Officers of the Crown v Ludden (2012)

The first conviction in Guernsey related to fiscal proceeds.

A client wealth manager at a private bank was convicted of entering into an AUTONOMOUS ML ARRANGEMENT.

The case concerns a tax evasion scheme operated in the UK for over 7 years.

He was given a custodial sentence of 5 years, and £550,000.00 was confiscated.



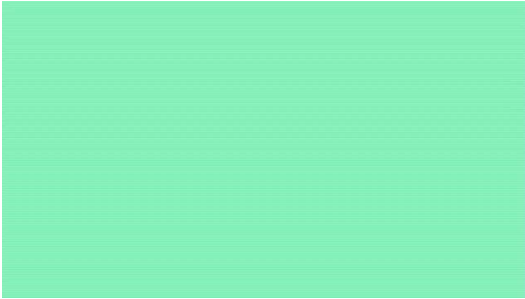
**GUERNSEY
Law Officers of
the Crown v
Ludden (2012)**
The first
conviction in
Guernsey
related to
fiscal proceeds

89



90

Video



91



2015
The prosecution of Ms Michelle Jardine and STM Fiduciaire (“STM”)

In the first prosecution of its kind in Jersey, the Royal Court acquitted Michelle Jardine (represented by Advocate Nuno Santos-Costa) and STM Fiduciaire Ltd (represented by Advocate David Steenson) of charges under the **Proceeds of Crime (Jersey) Law 1999 (POCA)**. Mrs Jardine and STM were charged with alternative offences under 34A and 34D of POCA.

- 34A Failure to disclose knowledge or suspicion of money laundering
- 34B Statutory defences
- 34C Cases to which Article 34A does not apply
- 34D Failure in a financial institution to report to designated police officer, designated customs officer or nominated officer

92

The defence case



1. Mrs Jardine argued that she had carried out a **risk-based assessment**, as recommended by the JFSC.
2. STM had **not only collated CDD/EDD information, but acted on it** and researched around it.
3. There were also **plausible explanations** for the routing of funds
4. Mrs Jardine could show she had **considered the available information** and whether it **increased or decreased** the risk of money laundering.
5. Having done so, she **concluded there was RISK (albeit explained) but NO MONEY LAUNDERING.**

93



Comsure

Lessons learned

RISK

DOES NOT [=] EQUAL
SUSPICION
(but it could do!!!)

94

Comsure



95

Comsure



Ruja Ignatova, known as the Missing CryptoQueen, is now subject to a **GLOBAL FREEZING ORDER** which prevents her assets from being sold or moved.

96

- Investigations into Ruja Ignatova, the founder of the fraudulent cryptocurrency scheme known as OneCoin, began around 2017.
- The City of London Police, the German authorities, the FBI, and Europol were investigating here for a string of charges, including securities, wire fraud, and money laundering.
- In October 2017, Ignatova was indicted by a grand jury in New York and charged with conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering.
- Since then, she has been on the run from various international law enforcement agencies.

97



98



99

THE FREEZING ORDER



- The freezing order targets not only Ms Ignatova but seven other people and four companies (INCLUDING X2 GUERNSEY COMPANIES) —all alleged to have been connected with OneCoin in some form.

GUERNSEY

- Two Guernsey companies, also subject to the freeze, were used by **MS. IGNATOVA TO PURCHASE IN 2021 A**
- >> £13.5m Kensington penthouse and
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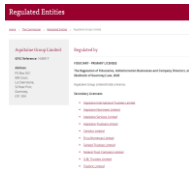
100

THE ENABLERS - 2021

- The estate agent = Knight Frank



- Lawyers = Locke Lord



- **AQUITAINE GROUP, [GUERNSEY]**
 - According to the **property deed, its owner is Abbots House Penthouse Limited.**
 - Abbots House Penthouse Limited is a Guernsey shell company with **Aquitaine directors (or "nominees")** and
 - **Aquitaine was listed as the company's "resident agent"** in Guernsey.

101



**Standard Chartered
Singapore
19 March 2018
\$6.4 million**

The Monetary Authority of Singapore (MAS) imposed penalties of S\$5.2 million on Standard Chartered Bank, Singapore Branch (SCBS) and S\$1.2 million on Standard Chartered Trust (Singapore) Limited (SCTS).

102

**Standard
Chartered
Guernsey
June 2020
£140,000.00**

103

JUNE 2020 = £140,000.00

On 4 June 2020, the Guernsey Financial Services Commission ("the Commission") decided:

- To impose a financial penalty of £140,000 under section 11D of the Financial Services Commission Law on the Licensee; and
- To make this public statement under section 11C of the Financial Services Commission Law.

Standard Chartered Trust (Guernsey) Limited

The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 ("the Financial Services Commission Law");
The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000 (the "Fiduciaries Law");
The Disclosure (Bailiwick of Guernsey) Law, 2007 (the "Disclosure Law");
The Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations, 2007 as amended ("the Regulations");
The Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing ("the Handbook");
The Principles of Conduct of Finance Business (the "Principles");
The Principles of the Code of Corporate Governance (the "Code of Corporate Governance");
Standard Chartered Trust (Guernsey) Limited (in liquidation), (the "Licensee" or the "Firm").

104

**Chartered
Guernsey
25 April 2023
£13,500.00 &
£45,000.00**

105



Get something to say?
We're always happy to receive fresh perspectives on Guernsey from our readers. If you would like to write a letter to the editor or contribute to any of our other content, please email us at editor@guernseynews.com

BAILLIWICK EXPRESS
Nick Mann, Senior Reporter
Senior finance staff failed to act as \$265m. in assets which became tainted by association with tax evasion flowed out of Guernsey without the proper checks in place.

Some seven years after the deals were done, two former Standard Chartered Trust (Guernsey) employees have been fined and one banned from holding senior positions for four years by the GFSC.

- Trevor Kelham was Chief Executive Officer and Managing Director at the time - he was fined £45,000 and banned.
- Sarah Sarre, who was at different times the Head of Compliance and Money Laundering Reporting Officer, was fined £13,500.

106

Red flags and employee suspicions

Failure to adequately address initial red flags

During late October 2015, prior to the transfers/terminations, the Licensee became aware of numerous red flags being raised by its employees surrounding the rationale for the transfer/termination requests. These included:

- Employee suspicions that the requests were being driven by the impending introduction of an international tax reporting standard, designed to limit the opportunity for foreign clients to circumvent paying taxes in their home country. This standard was due to be introduced in the Bailiwick ahead of being introduced in SCTS's jurisdiction. In simple terms, employees feared that clients from Indonesia wishing to transfer to SCTS may have been attempting to avoid tax, or at least delay having to declare their assets; and
- Employee suspicions that due to the fact that some rationales for transfer/terminations were being given which were undoubtedly implausible, (in some cases there was no rationale whatsoever), coupled with the undue haste with which clients wanted to transfer, meant that the real reason for transfer/terminations was for some other reason which the client did not want to declare.

107

iSARs - FACTS

In November 2015, Mr Kelham personally addressed the Trust Officers in relation to their concerns about the requests for transfers or terminations. Mr Kelham gave the Trust Officers the impression that, whilst it may have been open to them to register Internal Suspicious Activity Reports ("iSARs"), they should not do so lightly and only if they were very sure of their facts because, if they were not, they could expose themselves to personal liability. As a result, the Trust Officers felt discouraged from making iSARs.

WRONG

108

**Remember
Your
Internal
Reporting
Rules.....**

YOU!

109

Reporting.....



- 1. When dealing with a counterparty we may not have all the facts but we may be alerted to unusual triggers.....
- 2. Remember the subjective nature of suspicion means there are no right or wrong answers...
- 3. If concerned and / or suspicious on the facts please tell someone...the MLRO
- 4. Better to be safe than sorry..!!!

110



111



Zamira Hajiyeva, wife of **Jahangir Hajiyev**, the former chair of the board of the International Bank of Azerbaijan



112

Jahangir Fevzi oglu Hajiyev

- **Jahangir Fevzi oglu Hajiyev** served as chairman of the International Bank of Azerbaijan from 2001 to 2001. Under his stewardship, the bank became one of the prominent financial institutions in the Caucasus.
- His career took a turn when he was accused of embezzling public funds amounting to **211.59 million AZN (approximately 125 million euros)** under articles #178.3.2 and 179.1 of Azerbaijan's Criminal Code.
- **On December 5, 2015**, an Azerbaijani court detained **Jahangir Hajiyev for crimes of fraud and misappropriation of public funds. He was sentenced to 15 years in prison.**

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Zamira Hajiyeva, the wife of a jailed banker from Azerbaijan, is known for her extravagant spending and significant assets. Here's a summary:

Spending:

- Over a decade, she spent more than £16 million at Harrods, which is equivalent to more than £4,000 a day
- She used 54 credit cards, many of which were linked to her husband's bank, to go on a massive spending spree
- She spent almost \$4.4 million on Boucheron Jewellery and \$1.8 million on Cartier luxury goods between 2006 and 2016. In a single day, she spent £150,000 on Boucheron, a luxury Jewellery, perfume, and watches brand.
- The next day, she spent £1,800 to top up her wine cellar.



Assets: She owns

- A £15 million home near Harrods plus two bays in Harrods' private car park.
- The £10 million Mill Ride Golf Course in Berkshire.

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Azeri banker's wife forfeits £14mn Knightsbridge home and golf club

Zamira Hajiyeva's assets have been under investigation by UK National Crime Agency for six years



The N16 Ride golf club near Ascot was bought for £105m in 2015 © Andrew Sparrow/Getty




- The wife of a jailed Azeri banker has agreed to forfeit a Knightsbridge house worth £14mn and a golf club in Ascot following an investigation by the UK National Crime Agency.
- The NCA said on Monday that Zamira Hajiyeva, wife of the former chair of the board of the International Bank of Azerbaijan (IBA) Jahangir Hajiyev, must turn over 70 per cent of the value of the two properties after a court granted an order.

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05 August 2024



 **INDEPENDENT**
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Woman subject to UK's first 'McMafia' wealth order forfeits house and golf club

Zamira Hajiyeva, who spent more than £16 million at Harrods in a decade, agreed to forfeit the properties after a six-year investigation by the NCA.

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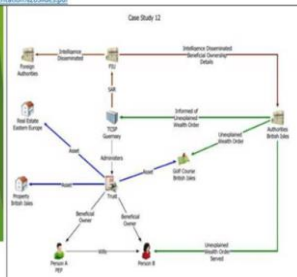
Guernsey link



https://www.fscs.gov.uk/sites/default/files/2020/02/15/20_0520%20%20NAMA%20representation%200204.pdf

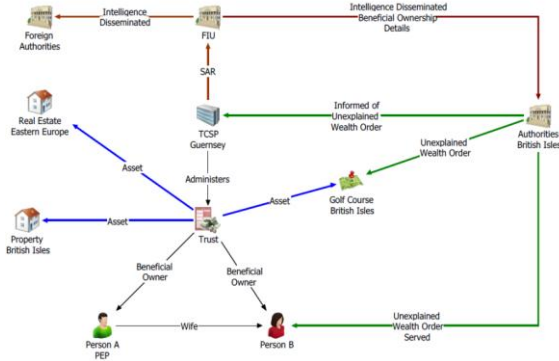
CASE STUDY 12
Bribery & Corruption

- TCSP administer trust for a foreign PEP (Person A)
- Trust assets in UK, Europe and Eastern Europe
- Beneficiary of the Trust, Person A's wife (Person B)
- Open source link to bribery and corruption
- SAR filed by TCSP
- Intelligence disseminated to FIU's
- Administration transferred from Belliwick (2017)
- Beneficial ownership request (2018)
- Unexplained wealth order served on Person B
- Case ongoing



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Case Study 12



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2003-2015



The Bloomberg article 'Dirty Money Spotlights Role of Family Offices as Enablers' highlighted.

- Zamira Hajjeyva, the wife of Jahangir Hajjeyv, a jailed banker, has been linked to the Mill Ride Golf Course in Berkshire and Trident Trust in Guernsey.
- Jahangir Hajjeyv, the chairman of the International Bank of Azerbaijan, and his wife, Zamira Hajjeyva, appeared to be living on dirty money!
- Between 2003 and 2015, the couple spent a fortune in the UK¹. They bought a townhouse in Knightsbridge for £11.5 million, a golf course and club near Ascot for another £10.5 million, and a new Gulfstream jet for \$42.5 million¹.
- Zamira Hajjeyva, wielding 35 credit cards, spent about £725,000 in Harrods in one week alone¹.
- Despite Jahangir Hajjeyv's annual salary at the state-owned International Bank of Azerbaijan being \$70,650 in 2008, and Zamira Hajjeyva having no significant income herself, a raft of enablers—lawyers, accountants, investment advisers and other professionals—helped the couple steer their wealth into assets in the UK from a web of offshore companies¹.
- Among these enablers were fiduciary-services firm Trident Trust and multi-family office Werner Capital. They helped set up entities in the Channel Islands and Britain to acquire and hold the golf club in a structure that masked the Hajjeyvs' ownership¹.
- The UK's National Crime Agency (NCA) is investigating the couple's financial dealings and told a London court the setup was "indicative of money laundering"¹.

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April 2016.....off to Cyprus



AML UK LAW CHANGES 2016¹:

- The opaque offshore structures the couple used to hold their assets were becoming more transparent thanks to the U.K.'s crackdown on money laundering.
- In April 2016, the government implemented a law requiring British companies to publicly disclose their ultimate owners no matter how many shell companies were involved.
- That year, MRGC 2013 submitted a six-page filing with U.K. Companies House showing Zamira Hajjeyva effectively controlled at least 75% of the firm through a trust.
- Yet Zamira's status as MRGC 2013's "Person of Significant Control" didn't last long.
- According to court records, she was replaced by Andreas Georghiou, the head of a Cyprus law firm, on the same day the law went into effect.
- By then, Daniel Werner was no longer a director of MRGC 2013, and by 2017, Trident Trust was out, too.
- In time, Georghiou would transfer control to his niece, Elena Georghiou.



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DON'T TIP OFF.....

All suspicions reported to the MLRO should be documented (in urgent cases this may follow an initial disclosure by telephone). The report should include the full details of the customer and as full a statement as possible of the information giving rise to the suspicion.

The MLRO should acknowledge receipt of the internal disclosure and, at the same time, remind the reporter of the provisions of POCA with regard to prejudicing investigations, and **tipping off** offences.

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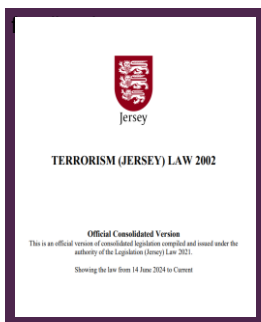
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City lawyer convicted for 'tipping off' client about money laundering probe


MARIA WARD-BRENNAN



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TERRORIST FINANCING

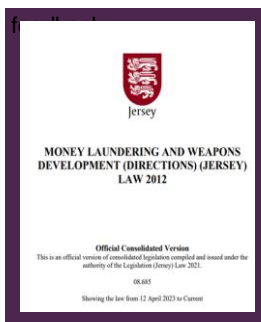


- **TERRORIST FINANCING** provides funds or financial services for use in **TERRORIST ACTIVITIES**.
- The source of funds can be legitimate or illegitimate.
- The funds are usually small and may be transferred through informal channels and traditional transaction routes.

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- **Part 2: Proscribed Organizations** - Offences related to membership, support, and uniform of proscribed organisations
- **Part 3: Terrorist Property** - Offences related to **funding, use and possession, funding arrangements**, and money laundering related to terrorist property.
 - Specifically, the substantive offences covered under the Amendment are **Articles 15 and 16 of the Terrorism (Jersey) Law 20023**.
 - **Conduct outside Jersey, which, if occurring in Jersey, would be an offence under these articles, is also considered a substantive offence.**
- **Part 4: Terrorist Investigations** - Offences related to tipping off and interference with material
- **Part 5: Counter-Terrorist Powers** - Offences related to the misuse of powers to stop and search, parking, and port controls.
- **Part 6: Further Terrorist Offences** - Offences such as weapons training, directing a terrorist organisation, possession for terrorist purposes, collection of information, inciting terrorism overseas, and terrorist bombing.

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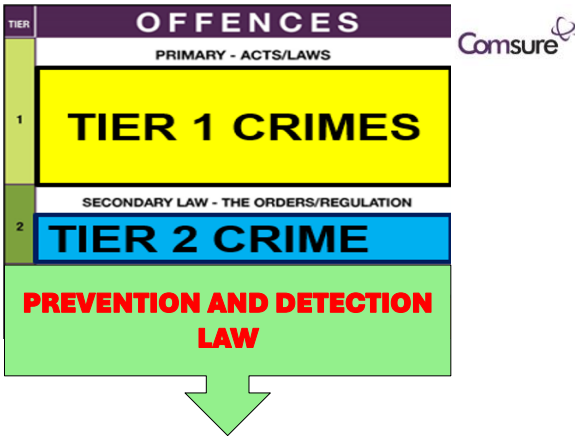


PROLIFERATION FINANCING

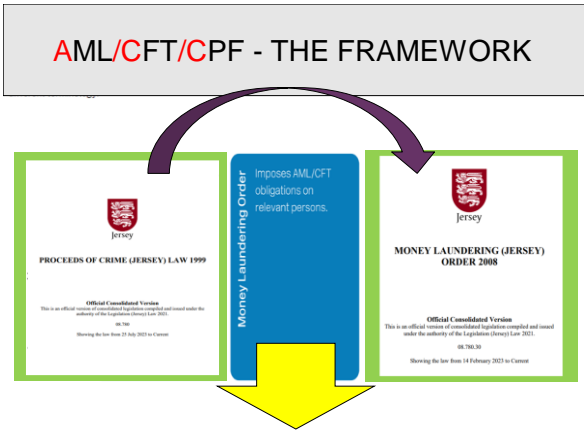


- **PROLIFERATION** is the act of providing funds or financial services or services for use in
 - > the manufacture, acquisition, development, export, trans-shipment, brokering, transport, transfer, stockpiling or possession of weapons of mass destruction or related goods and technology.
- The source of funds can be legitimate or illegitimate.
- It may involve complex trade transactions and networks.

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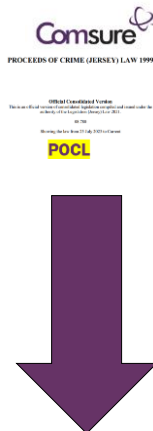
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37 Procedures to prevent and detect money laundering⁴⁷

- (1) The Minister for External Relations, by Order, for the purposes of preventing and detecting money laundering –
 - (a) must prescribe measures to be taken (including measures not to be taken) by persons who carry on financial services business;
 - (b) may prescribe measures to be taken (including measures not to be taken) by persons, acting as trustees, who do not fall under sub-paragraph (a); and
 - (c) may prescribe measures to be taken (including measures not to be taken) by persons or categories of persons appointed for the purpose of fulfilling the obligations prescribed in respect of the persons referred to under sub-paragraph (a).⁴⁸
- (1A) Without prejudice to the generality of paragraph (1), such measures may include –
 - (a) identification procedures;
 - (b) record keeping procedures;
 - (c) internal reporting procedures; and
 - (d) training procedures,
 to be maintained by persons subject to the measures mentioned in paragraph (1)(a) or (b).⁴⁹



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MONEY LAUNDERING (JERSEY) ORDER 2008

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Definition of Money Laundering



POCL Article 1(1)

“money laundering” means –

- (a) conduct which is an offence under any provision of Articles 30 and 31 of this Law or of Articles 15 and 16 of the [Terrorism \(Jersey\) Law 2002](#); or
- (b) conduct outside Jersey which, if occurring in Jersey, would be an offence specified in sub-paragraph (a);

POCL Article 37 - Procedures to prevent and detect money laundering

(1) For the purposes of this Article, “money laundering” includes, in addition to the matters comprised in the definition of that term in Article 1(1) –

- (a) conduct that is an offence under any of the following provisions –
 - (i) Articles 34A and 34D of this Law, **← FAILING TO REPORT**
 - (ii) any provision of the [Sanctions and Asset-Freezing \(Jersey\) Law 2019](#), or
 - (iii) any provision of an Order under Article 3 of that Law;

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PREVENTION AND DETECTION ARTICLES



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4. Meaning of "one-off transaction"
5. Equivalent business
6.
7. Compliance officer
8. Reporting officer
9. Designated persons
9A. Appointment of anti-money laundering services provider to fulfil obligations of relevant person
10. Exemptions from Articles 7 and 8
10A. Financial services business carried on outside Jersey

PART 2
PREVENTION AND DETECTION OF MONEY LAUNDERING

11. Policies, procedures and training to prevent and detect money laundering
11A. Additional requirements for financial groups and DNFBP groups
12. Exception from Article 11

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13. Application and timing of customer due diligence measures
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15. Circumstances for applying enhanced customer due diligence measures
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22. Reports that need not be forwarded
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Jersey

MONEY LAUNDERING (JERSEY) ORDER 2008



PART 2
PREVENTION AND DETECTION OF MONEY LAUNDERING

11. Policies, procedures and training to prevent and detect money laundering
11A. Additional requirements for financial groups and DNFBP groups
12. Exception from Article 11

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PART 2

PREVENTION AND DETECTION OF MONEY LAUNDERING^[33]

11 Policies, procedures and training to prevent and detect money laundering^[34]

- (1) A relevant person must maintain appropriate and consistent policies and procedures relating to –
 - (a) customer due diligence measures;
 - (b) reporting in accordance with the provisions in the Law and the Terrorism Law mentioned in Article 21(6);
 - (c) record-keeping;
 - (d) screening of employees;
 - (e) internal control;
 - (f) risk assessment and management; and
 - (g) the monitoring and management of compliance with, and the internal communication of, such policies and procedures;
- in respect of that person's financial services business carried on in Jersey or elsewhere, or a financial services business carried on in Jersey or elsewhere by a subsidiary of that person, in order to prevent and detect money laundering^[35]



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PART 5

REPORTING AND DISCLOSURE^[129]

21 Reporting procedures and related disclosure requirements^[130]

- (1) Reporting procedures instituted by a relevant person are in accordance with this Article if they comply with the following requirements –
 - (a)
 - (b)
 - (c) they must provide for securing that a report is made to the person who is referred to in paragraph (5)(a), (b) and (c) in accordance with the provisions mentioned in those sub-paragraphs and they must communicate the identity of that person;
 - (d) they must provide that if a report is made to a designated person, it must be considered by that person, in the light of all other relevant information, for the purpose of determining whether or not the information or other matter contained in the report does give rise to knowledge, suspicion or reasonable grounds for knowledge or suspicion that another person is engaged in money laundering;
 - (e) they must provide that if a report is made to a designated person, the report must (subject to Article 22) be forwarded by the designated person to the reporting officer;
- (6) A designated person or, if there is no such person, the reporting officer, shall be –
 - (a) the nominated officer referred to in Article 34D of the Law and Article 21 of the Terrorism Law;
 - (b) the appropriate person referred to in Article 32(5) of the Law; and
 - (c) the person to whom disclosure may be made under any procedure established by an employer as described in Article 18(7) of the Terrorism Law^[131]
- (7) In this Article, "approved form" means the form approved by the Minister for the purpose of this Article^[132]



21 (1) – (7)



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FAILURE

ROYAL COURT X4 fails

Cost of X4 failure £1,275,000.00

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CRIMINAL CONVICTIONS



NOVEMBER 2005

- Caversham Fiduciary Services Ltd Caversham Trustees Ltd And Nicholas Bell
- £100,000.00 – CAVERSHAM £65k + Bell £35K
- Non-maintenance of policies and procedures

DECEMBER 2018

- Mr. Manning traded as K R Manning & Co.
- Sent to prison for 3½ years
- Deficiencies in the operation of the firm's client account, Kevin Manning, after admitting a number of fraudulent conversion and money laundering charges.

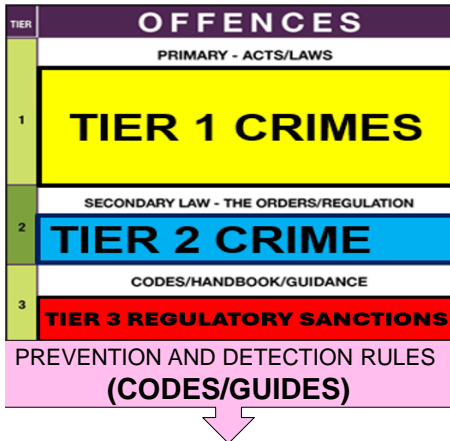
APRIL 2020 =

- Abu Dhabi Commercial Bank PJSC, Jersey Branch (ADCBJ)
- fine of £475,000.00 and awarded costs of £25,000.00
- Failing to act on significant cash payments by x2 customers

FEB 2021 –

- LGL Trustees Limited (LGL)
- fined £550,000 for failing to note the warning signs that an investment scheme may have been a fraud designed to skim funds from Angola's public treasury.
- Failing to heed red flags LGL Trustees and risk assess and failure to collect IDV

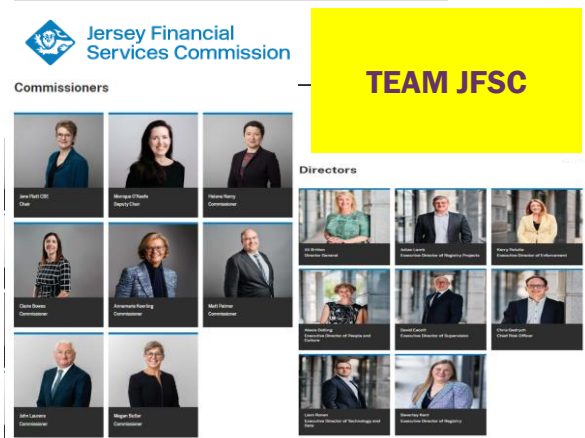
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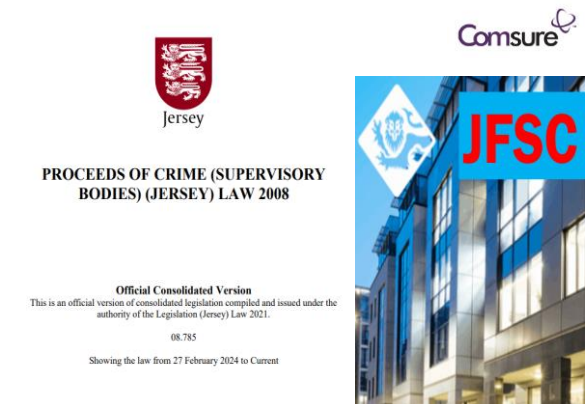
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PROCEEDS OF CRIME (SUPERVISORY BODIES) (JERSEY) LAW 2008

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Supervisory Bodies Law

Article 6

UNDER ARTICLE 6 of the Supervisory Bodies Law, **THE JFSC IS DESIGNATED** to exercise supervisory functions for any other person carrying on **A SUPERVISED BUSINESS [SCHEDULE 2 BUSINESS]**.



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PROCEEDS OF CRIME (SUPERVISORY BODIES) (JERSEY) LAW 2008

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THE JFSC = WHAT ARE THEY OVERSEEING AND TESTING

MEANING OF: AML/CTF/CPF



PROCEEDS OF CRIME (SUPERVISORY BODIES) (JERSEY) LAW 2008

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3 Meaning of "anti-money laundering and counter-terrorism legislation"

- (1) In this Law, "anti-money laundering and counter-terrorism legislation" means any of the following enactments -
 - (a) the [Proceeds of Crime \(Jersey\) Law 1999](#);
 - (b) the [Terrorism \(Jersey\) Law 2002](#);
 - (c) the [Money Laundering and Weapons Development \(Directions\) \(Jersey\) Law 2012](#);
 - (d) the [Sanctions and Asset-Freezing \(Jersey\) Law 2019](#), other than Article 8;
 - (e) any Regulations or Order made under an enactment falling within any of sub-paragraphs (a) to (d);
 - (f) the [EU Legislation \(Information Accompanying Transfers of Funds\) \(Jersey\) Regulations 2017](#).

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Supervisory Bodies Law

FINANCIAL CRIME

- (a) the [Proceeds of Crime \(Jersey\) Law 1999](#);
- (b) the [Terrorism \(Jersey\) Law 2002](#);
- (c) the [Money Laundering and Weapons Development \(Directions\) \(Jersey\) Law 2012](#);
- (d) the [Sanctions and Asset-Freezing \(Jersey\) Law 2019](#), other than Article 8;



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3 Meaning of "anti-money laundering and counter-terrorist legislation"

(1) In this Law, "anti-money laundering and counter-terrorist legislation" means any of the following enactments -

- (a) the [Proceeds of Crime \(Jersey\) Law 1999](#);
- (b) the [Domestic Violence \(Jersey\) Law 2012](#);
- (c) the [Money Laundering and Weapons Development \(Jersey\) Law 2012](#);
- (d) the [Sanctions and Asset-Freeze \(Jersey\) Law 2019](#), other than Article 6;
- (e) any Regulations or Order made under an enactment falling within any of sub-paragraphs (a) to (d);
- (f) the [EU Legislation \(Information Access and Transfer of Funds\) \(Jersey\) Regulations 2017](#).

Comsure

FINANCIAL CRIME PREVENTION MEASURES



INCLUDES



Jersey

**MONEY LAUNDERING (JERSEY)
ORDER 2008**

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Jersey

**PROCEEDS OF CRIME (SUPERVISORY
BODIES) (JERSEY) LAW 2008**

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JFSC is not a criminal investigation body nor a prosecution body

- The JFSC would refer a contravention of the regulatory laws to
- **The States of Jersey Police and or the Attorney General**
- For a decision to conduct a criminal investigation/criminal prosecution

HOWEVER, THEY CAN APPLY AND USE

- 1. Warnings and statements
- 2. Directions and conditions
- 3. Applications to the Court
- 4. Objections and revocation
- 5. Application of a civil penalty**

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21A Power to impose civil financial penalties³¹ 

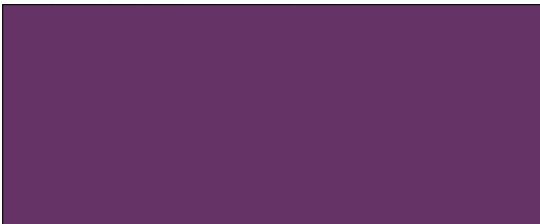
- (2) This Article applies to –
- (a) the [Money Laundering \(Jersey\) Order 2008](#); and
 - (b) the Codes of Practice issued by the Commission under –
 - (i) Article 15 of the [Collective Investment Funds \(Jersey\) Law 1988](#);
 - (ii) Article 19A of the [Banking Business \(Jersey\) Law 1991](#),
 - (iii) Article 42 of the [Insurance Business \(Jersey\) Law 1996](#),
 - (iv) Article 19 of the [Financial Services \(Jersey\) Law 1998](#),
 - (v) Article 22 of the [Proceeds of Crime \(Supervisory Bodies\) \(Jersey\) Law 2008](#),
 - (vi) Regulation 22 of the [Alternative Investment Funds \(Jersey\) Regulations 2012](#).

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21A Power to impose civil financial penalties³¹



- (1) If the Commission is satisfied that a registered person has, to a significant and material extent, contravened any enactment or **Code of Practice** to which this Article applies, the Commission may –
- (a) except where that registered person is a fund, impose on that registered person **a penalty** to the extent permitted by the following provisions of this Law;



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JULY 2019
SANNE:
Fined £381,010

MAY 2020
Equity Trust:
Fined £115,575.00

FEB 2021
Kleinwort Hambros group
Fined £719,451.21

- SGKH Bank - £510,599.67
- SGKH Trust - £155,476.54
- SGKH Corporate - £53,375

JULY 2022
IQ EQ (Jersey) Limited:
Fined £803,661.17

- **AUGUST 2022**
- **Lloyds Bank Corporate Markets Plc, Jersey Branch (LBCM, Jersey Branch)**
- Fined £498,000.00

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21A Power to impose civil financial penalties¹

(1) If the Commission is satisfied that a registered person has, to a significant and material extent, contravened any enactment or Code of Practice to which this Article applies, the Commission may –



- (b) if satisfied that the contravention by the registered person was –
- (i) committed with the consent or connivance of, or was attributable to neglect on the part of a principal person, key person or any person who performs or performed a senior management function, or
 - (ii) aided, abetted, counselled or procured by a principal person, key person or any person who performs or performed a senior management function,

impose on that principal person, key person or person who performs or performed a senior management function, a penalty to the extent permitted by this Law (despite the fact that the registered person is a fund).

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The code & guidance is a **SAFE HARBOUR**



POCL

(8) In determining whether a person has complied with a requirement that is contained in any Order made under this Article, the court –

➔ (a) shall take account of any relevant **Code of Practice or guidance** that applies to that person or the business carried on by that person and is issued by the supervisory body exercising supervisory functions in respect of that person; or

➔ (b) if no such **Code of Practice or guidance** applies, shall take into account any relevant **Code of Practice or guidance** that is issued by another supervisory body; or

➔ (c) if there is no such relevant Code of Practice or guidance, may take account of **any other relevant guidance** issued by a body that is representative of that person or any Schedule 2 business carried on by that person.¹⁵⁵

(9) For the purposes of paragraph (8), “Code of Practice”; “supervisory body”, “supervisory functions” and “Schedule 2 business” have the same meaning as in the [Proceeds of Crime \(Supervisory Bodies\) \(Jersey\) Law 2008](#).¹⁵⁶

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Supervisory Bodies Law



Jersey

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ARTICLE 22

allows the **JFSC** to issue a **CODE OF PRACTICE**.

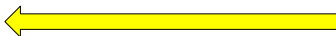
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JFSC amends **2022/2023** AML/CFT/CPF Handbook



AML/CFT/CPF Handbook

Issued: 04 September 2023
Effective from: 01 September 2023
Last revised: 04 September 2023



The AML/CFT/CPF Handbook is effective from 1 September 2023 and is applicable to all supervised persons. Supervised persons are described as ‘relevant persons’ in the Money Laundering (Jersey) Order 2008.

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AML/CFT/CPF Handbook

Issued: 04 September 2023
 Effective from: 01 September 2023
 Last revised: 04 September 2023

The AML/CFT/CPF Handbook is effective from 1 September 2023 and is applicable to all supervised persons. Supervised persons are defined as 'relevant persons' in the Money Laundering (Useful) Order 2008.

Guide to the AML/CFT/CPF Handbook

Section 1 explains the legal framework underpinning the AML/CFT/CPF Codes of Practice and guidance notes.

Legislation

The Handbook contains references to paraphrased Jersey AML/CFT/CPF legislation. Refer to our [legislation pages](#) for links to the full laws.

Labelling

Label references and colour-coding have been used to make the AML/CFT/CPF Handbook easier to navigate. The key below sets out which elements of the Handbook are mandatory and which may be treated as guidance.

Glossary

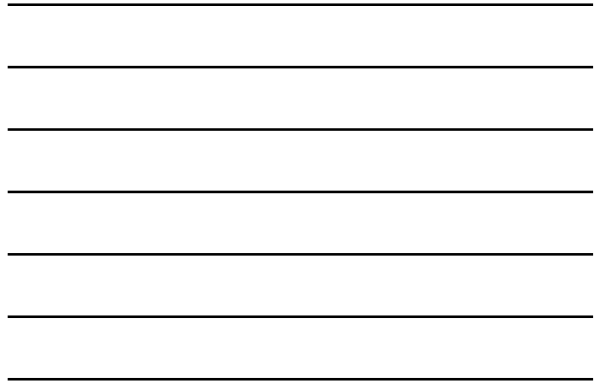
If a term is defined in the glossary, it appears in the AML/CFT/CPF Handbook in italic text.

* SBL - Supervisory Bodies Law

SBL*
Article 22
allows the
JFCS to issue
a Code of
Practice

THE CODES
ARE FOUND
IN THE
HANDBOOK

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10 [+1] REQUIREMENTS

AML/CFT/CPF Handbook

Issued: 01 January 2024
 Effective from: 01 May 2023
 Last revised: 01 January 2023

The AML/CFT/CPF Handbook is effective from 01 May 2023 and is applicable to all supervised persons. Supervised persons are defined as 'relevant persons' in the Money Laundering (Useful) Order 2008.

Guide to the AML/CFT/CPF Handbook

Section 1 explains the legal framework underpinning the AML/CFT/CPF Codes of Practice and guidance notes.

Legislation

The Handbook contains references to paraphrased Jersey AML/CFT/CPF legislation. Refer to our [legislation pages](#) for links to the full laws.

Labelling

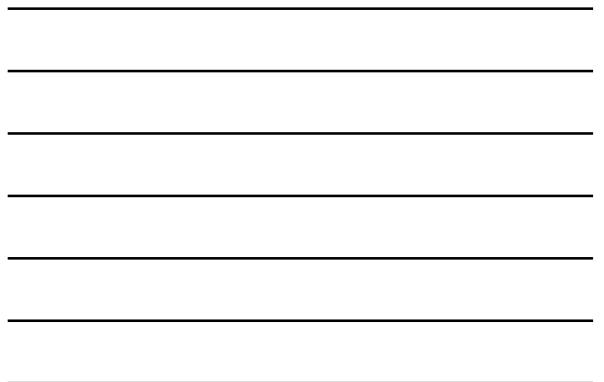
Label references and colour-coding have been used to make the AML/CFT/CPF Handbook easier to navigate. The key below sets out which elements of the Handbook are mandatory and which may be treated as guidance.

Glossary

If a term is defined in the glossary, it appears in the AML/CFT/CPF Handbook in italic text.

SBL*
Article 22
allows the
JFCS to
issue a Code
of Practice
THE CODES
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HANDBOOK

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- Section 1 - Introduction
- Section 1 - Introduction - tracked changes 4 September 2023
- Section 2 - Corporate governance
- Section 2 - Corporate governance - tracked changes 4 September 2023
- Section 3 - Identification measures - overview
- Section 3 - Identification measures - overview - tracked changes 4 September 2023
- Section 4 - Identification measures - finding out identity and obtaining evidence
- Section 4 - Identification measures - finding out identity and obtaining evidence - tracked changes 4 September 2023
- Section 5 - Identification measures - reliance on obliged persons
- Section 5 - Identification measures - reliance on obliged persons - tracked changes 4 September 2023
- Section 6 - Ongoing monitoring
- Section 6 - Ongoing monitoring - tracked changes 4 September 2023
- Section 7 - Enhanced and simplified CDD measures
- Section 7 - Enhanced and simplified CDD measures - tracked changes 4 September 2023
- Section 8 - Reporting money laundering and terrorist financing activity
- Section 8 - Reporting money laundering and terrorist financing activity - tracked changes 4 September 2023
- Section 9 - Screening, awareness and training of employees
- Section 9 - Screening, awareness and training of employees - tracked changes 4 September 2023
- Section 10 - Record keeping
- Section 10 - Record keeping - tracked changes 4 September 2023

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Sector specific sections

- Section 11 - Risk functions
- Section 11 - Risk functions - tracked changes 4 September 2023
- Section 12 - Trust company business
- Section 12 - Trust company business - tracked changes 4 September 2023
- Section 13 - Funds and fund operators
- Section 13 - Funds and fund operators - tracked changes 4 September 2023
- Section 14 - Crypto assets and high value dealers
- Section 14 - Crypto assets and high value dealers - tracked changes 4 September 2023
- Section 15 - Lawyers
- Section 15 - Lawyers - tracked changes 4 September 2023
- Section 16 - Accountants
- Section 16 - Accountants - tracked changes 4 September 2023
- Section 17 - Structured non-profit organisations
- Section 17 - Structured non-profit organisations - tracked changes 4 September 2023
- Section 18 - Anti-Money Laundering Service Providers and their customers
- Section 18 - Anti-Money Laundering Service Providers and their customers - tracked changes 4 September 2023

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<ul style="list-style-type: none"> Section 1-Introduction Section 1-Introduction-tracked changes 4 September 2023 Section 2-Corporate governance Section 2-Corporate governance-tracked changes 4 September 2023 Section 3-Identification measures overview Section 3-Identification measures overview-tracked changes 4 September 2023 Section 4-ii Section 5-ii Section 5-ii Section 6-i-ii Section 6-i-ii Section 7-i-ii Section 8-ii Section 8-ii Section 9-Screening, awareness and training of employees Section 9-Screening, awareness and training of employees-tracked changes 4 September 2023 Section 10-Record keeping Section 10-Record keeping-tracked changes 4 September 2023 	<ul style="list-style-type: none"> Section 11-ii Section 11-ii-tracked changes 4 September 2023 Section 12-ii Section 12-ii-tracked changes 4 September 2023 Section 13-ii Section 13-ii-tracked changes 4 September 2023 Section 14-ii Section 14-ii-tracked changes 4 September 2023 Section 15-ii Section 15-ii-tracked changes 4 September 2023 Section 16-ii Section 16-ii-tracked changes 4 September 2023 Section 17-ii Section 17-ii-tracked changes 4 September 2023 Section 18-ii Section 18-ii-tracked changes 4 September 2023
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Statutory requirements	Light blue	MUST
AML/CFT/CPF Codes of Practice	Magenta	MUST
Guidance notes	Green	SHOULD

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AML/CFT/CPF Handbook

Issued: 04 September 2023
 Effective from: 01 September 2023
 Last revised: 04 September 2023

The AML/CFT/CPF Handbook is effective from 1 September 2023 and is applicable to all supervised persons. Supervised persons are described as 'relevant persons' in the Money Laundering (Jersey) Order 2008.

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AML/CFT/CPF Codes of Practice	Magenta
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AML/CFT/CPF Codes of Practice	Magenta
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Comsure

- The AML Codes provisions are MANDATORY.**
- The **AML CODES** set out principles and detailed requirements for compliance with statutory requirements.
- FAILURE TO FOLLOW** any AML/CFT/CPF Codes of Practice may attract **REGULATORY SANCTION**.
- THE ONLY EXCEPTION TO MANDATORY COMPLIANCE** is in exceptional circumstances, where strict adherence to any AML Codes would produce an anomalous result.
- YOU MAY** apply in advance in writing to the JFSC for a variance from the requirement.

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SECTION 1-10 = 49

ESTATE AGENTS +3

Section	Number of Magenta	Number of paragraphs
1 – Introduction	• None	• None
2 – Corporate Governance	• 8	• 32
3 – Identification Measures	• 1	• 3
4 – Finding Out Identity And Obtaining Evidence	• 11	• 16
5 – Reliance on Obligated Persons	• 3	• 5
6 – Ongoing Monitoring	• 2	• 6
7 – Enhanced Due Diligence	• 8	• 14
8 – Reporting	• 3	• 5
9 – Employees	• 4	• 6
10 – Record keeping	• 9	• 23
Total	49	110
15 – Lawyers	• 3	• 8
14 – Estate Agents	• 3	• 3

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52. A supervised person must undertake sanctions screening for all business relationships and one-off transactions. This screening must include the customer, any Beneficial owners and/or controllers and other associated parties. The screening must be carried out at the time of take-on, periodic review and when there is a trigger event, i.e., amendments made to the [sanctions designations lists](#).

53. A supervised person must sign up to receive sanctions e-mail alerts from the JFSC and sanctions notices from the Government of Jersey, which are publicly available on the Jersey [Sanctions Register](#) – see the Government of Jersey Sanctions Notices [Registration \(gov.je\)](#) and the JFSC Sanctions [Registration \(jerseyfsc.org\)](#).

54. A supervised person must ensure their sanctions monitoring arrangements include an assessment of the effectiveness of their sanctions controls and their compliance with the Jersey sanctions regime.

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SECTION 1-10 = 49

ESTATE AGENTS +3

Section	Number of Magenta	Number of paragraphs
1 – Introduction	• None	• None
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5 – Reliance on Obligated Persons	• 3	• 5
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7 – Enhanced Due Diligence	• 8	• 14
8 – Reporting	• 3	• 5
9 – Employees	• 4	• 6
10 – Record keeping	• 9	• 23
Total	49	110
15 – Lawyers	• 3	• 8
14 – Estate Agents	• 3	• 3

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CODE 1



AML/CFT/CPF Codes of Practice

Real estate agents and high value dealers

17. A supervised person must not permit final agreements to be signed or pay away funds to an external party (or to another account in the name of the customer), other than to deposit the funds on behalf of the customer, until such time as evidence of identity has been obtained.

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CODE 2



AML/CFT/CPF Codes of Practice

Real estate agents

26. A supervised person that is a real estate agent must obtain and retain documentation establishing that its customer is entitled to benefit from the exemption set out in Article 18(6) of the Money Laundering Order.

14.3 Exemptions from CDD measures – Jersey property transactions

Real estate agents

Overview

24. This section is supplemental to and should be read in conjunction with section 7.16 of this Handbook.

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148. Under Article 18(6) of the Money Laundering Order, a relevant person is exempt from applying the identification requirements in Article 13 of the Money Laundering Order to the extent that the measures require identification of a person within the meaning of Article 3(4)(b) of the Money Laundering Order if:

- a) the relevant person's business falls within paragraph 21 [Lawyers] or 19 [Real estate agents] of Part 3 of Schedule 2 to the Proceeds of Crime Law; and
- b) that person enters into a business relationship or carries out a one-off transaction for the purpose of enabling a customer, directly or indirectly, to enter into a registered contract (within the meaning of the [Control of Housing and Work \(Jersey\) Law 2012](#)).

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PART 3
CUSTOMER DUE DILIGENCE MEASURES^[5]



13 Application and timing of customer due diligence measures^[6]

- (1) A relevant person must apply –
 - (a) subject to paragraphs (4) to (11), identification measures before the establishment of a business relationship or before carrying out a one-off transaction;
 - (b) on-going monitoring during a business relationship;
 - (c) identification measures where –
 - (i) the relevant person suspects money laundering, or
 - (ii) the relevant person has doubts about the veracity or adequacy of documents, data or information previously obtained under the customer due diligence measures^[7]

3 Meaning of "customer due diligence measures"^[6]

- (1) "Customer due diligence measures" means, in respect of the customers of a relevant person's financial services business, identification measures and on-going monitoring^[7]
 - (4) For the purposes of paragraph (2), identification of a person means –
 - (a) finding out the identity of that person, including that person's name and legal status; and
 - (b) obtaining evidence, on the basis of documents, data or information from a reliable and independent source, that is reasonably capable of verifying that the person to be identified is who the person is said to be and satisfies the person responsible for the identification of a person that the evidence does establish that fact^[10]

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CODE 3



AML/CFT/CPF Codes of Practice
Real estate agents

14. Following FATF Recommendation 22, a supervised person that provides real estate agency services as defined in paragraph 19 of Part 3 of Schedule 2 to the Proceeds of Crime Law, must comply with CDD obligations with respect to both purchasers and vendors of the property.

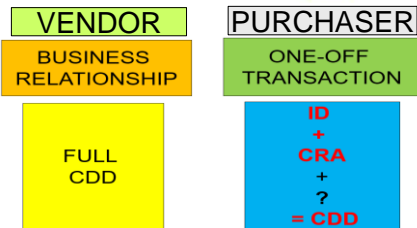
179

CUSTOMER

AML/CFT/CPF Codes of Practice
Real estate agents

VENDOR and PURCHASER
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14. Following FATF Recommendation 22, a supervised person that provides real estate agency services as defined in paragraph 19 of Part 3 of Schedule 2 to the Proceeds of Crime Law, must comply with CDD obligations with respect to both purchasers and vendors of the property.



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CDD = WHO



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CUSTOMER



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TWO TYPES OF CUSTOMER SCENARIO FOR CDD COLLECTION

CUSTOMER



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CUSTOMER



BUSINESS RELATIONSHIP

ONE-OFF TRANSACTION

customer(s)

A person with whom a **business relationship** has been formed or **one-off transaction** carried out. References to **customer** also include, where appropriate, a prospective **customer** (an applicant for business) with whom a **business relationship** is to be established or **one-off transaction** carried out.

A **customer** may be a natural person (or group of individuals) or a legal person.

May also be referred to by Industry as a 'client'.

Supplemented by the *Guidelines* issued by the JFSC.

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CUSTOMER



BUSINESS RELATIONSHIP

ONE-OFF TRANSACTION

FULL
CDD

ID
+
CRA
+
?
= CDD

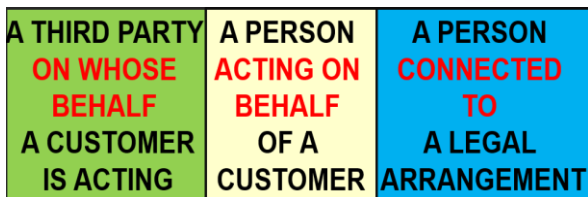
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CUSTOMER



PLUS
+3 CUSTOMER
RELATIONSHIPS

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Non exhaustive examples

A THIRD PARTY ON WHOSE BEHALF A CUSTOMER IS ACTING	A PERSON ACTING ON BEHALF OF A CUSTOMER	A PERSON CONNECTED TO A LEGAL ARRANGEMENT
Power of Attorney If a customer has been granted power of attorney, they act on behalf of another individual. The third party here would be the individual who granted the power of attorney.	Power of Attorney A person who has been granted power of attorney may act on behalf of the customer. They can make decisions and carry out transactions as if they were the customer.	
Legal Representatives If a customer is a lawyer or legal representative, they may be acting on behalf of their clients. In this case, the third party would be the client(s).	Legal Representatives Lawyers or attorneys may act on behalf of their clients in legal matters. They can represent the customer in transactions or other legal proceedings.	
Trusts and Trustees If a customer is a trustee, they act on a trust's behalf. In this case, the third party would be the trust or the trust's beneficiaries.		Trustees In a trust arrangement, trustees are legally appointed to manage the trust's assets on behalf of the beneficiaries. They have a fiduciary duty to act in the best interests of the beneficiaries.
Companies and Directors If a customer is a company's director, they may be acting on behalf of the company. The third party here would be the company itself.	Financial Advisors Financial advisors or wealth managers may act on behalf of their clients in financial transactions, investments, or assets management.	Settlor The settlor, is the person who creates the trust. They provide the assets (property, investments, cash, etc.) that comprise the trust.
Agents If a customer is an agent (such as a real estate agent or a sports agent), they act on their principal's behalf. The third party here would be the principal.	Accountants Accountants may act on behalf of their clients in financial matters, such as filing taxes or managing financial records.	Beneficiaries Beneficiaries are the individuals or entities who will benefit from the trust. They have a beneficial interest in the trust's assets.
Parent or Guardian If a customer is a parent or guardian, they may act on their children's behalf, especially if the children are minors. The third party, in this case, would be the child.	Real estate agents Real estate agents may act on behalf of their clients in property transactions, such as buying or selling property.	Protectors A protector is appointed to oversee the trustee's trust management. They can intervene in certain circumstances to protect the beneficiaries' interests.
	Executors Executors carry out a person's wishes as specified in their will after they pass away. They manage the estate and distribute assets to beneficiaries.	Partners In a partnership, the individuals or entities contribute to the business and share in the profits and losses. They are involved in the day-to-day operations of the business.
		Limited Partners In a limited partnership, limited partners contribute capital but do not participate in the business's day-to-day operations. They have limited liability.

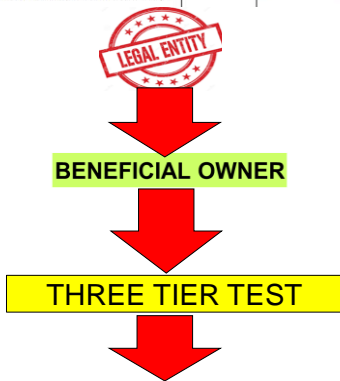
188



BENEFICIAL OWNER OF A LEGAL PERSON

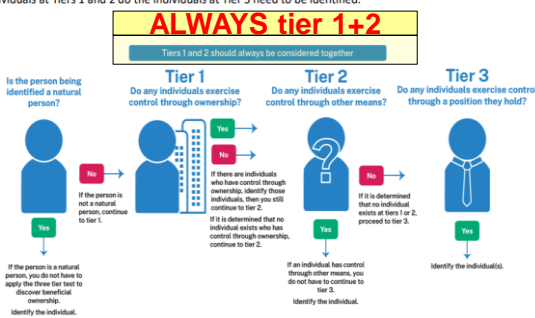


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191. To ascertain whose identity must be found out i.e., who is/are the customer's Beneficial owner and/or controllers under Article 3(2)(c)(iii) of the Money Laundering Order, a supervised person can use a tool that is commonly known as the "Three Tier Test". The "Three Tier Test" (explanatory text and flow-chart below) relates to legal persons (e.g., companies, incorporated partnerships etc.). Individuals at Tiers 1 and 2 should be identified, and only if there are no individuals at Tiers 1 and 2 do the individuals at Tier 3 need to be identified.



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4.3 Obligation to find out identity and obtain evidence: individuals



Overview

- 16. The following paragraphs apply to situations where an individual is the customer or where the customer is more than one individual, such as spouses opening a joint account.
- 17. The provisions also apply to situations where an individual is:
 - › a person connected to a legal arrangement, because of a requirement in Article 3(2)(b)(iii) to identify each person who falls within Article 3(7) of the Money Laundering Order, and each individual who is that person's beneficial owner or controller
 - › the beneficial owner or controller of a customer, because of a requirement in Article 3(2)(c)(ii) of the Money Laundering Order to identify the individuals who are the customer's beneficial owners or controllers
 - › acting on behalf of a customer (e.g. is acting according to a power of attorney, or has signing authority over an account) because of a requirement in Article 3(2)(aa) of the Money Laundering Order or
 - › a third party on whose behalf a customer is acting, because of a requirement in Article 3(2)(b)(ii) of the Money Laundering Order to identify the individuals who are the third party's beneficial owners or controllers.



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AML/CFT/CPF Handbook

Issued: 04 September 2023
Effective from: 01 September 2023

The AML/CFT/CPF Handbook is effective from 1 September 2023 and is applicable to all supervised persons. Supervised persons are described as 'relevant persons' in the Money Laundering (Licensing) Order 2006.

Guidance notes	Green
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Guidance notes

Green

Concerning the Codes, the JFSC say:-

- THE AML CODES**
 - must always be read in conjunction with **JFSC GUIDANCE**
 - The soundly reasoned application of the provisions in the **GUIDANCE NOTES** will indicate that a supervised person **[YOU]** complies with the statutory requirements and **AML CODES**.
- "A supervised person" **[YOU]** is expected to draw up its policies and procedures based on **THE GUIDANCE** in the Handbook.

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8.3.1 Internal SARs

Guidance notes

82. A supervised person may demonstrate that it has established and maintained arrangements for disciplining Employees by ensuring that employment contracts and employment Handbooks provide for the imposition of disciplinary sanctions for failing to report knowledge, suspicion or reasonable grounds for knowledge or suspicion without reasonable excuse or failing to report as soon as practicable.

83. A supervised person may demonstrate that Employees make internal SARs as soon as practicable where the MLRO (or Deputy MLRO) periodically considers (by business area if appropriate):

- the amount of time taken between information or a matter coming to an Employee's attention and the date of the internal SAR and concludes that it is reasonable
- the number and content of internal SARs and concludes that both are consistent with the supervised person's BRA.

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RISK APPETITE, STRATEGIES & BRAs and CRAs



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BRA, APPETITE & STRATEGIES

AML/CFT/CPF Codes of Practice

13. The board must conduct and record a **BRA** in respect of the *supervised person*. In particular, the board must consider, on an on-going basis, the *supervised person's risk appetite* and the extent of the *supervised person's* exposure to *money laundering*, the *financing of terrorism*, and the *financing of proliferation risks* "in the round" or as a whole by reference to the *supervised person's* organisational structure, *customers*, the countries and territories with which those *customers* are connected, the products and services the *supervised person* provides and how those products and services are delivered. The assessment must consider the cumulative effect of risks identified, which may exceed the sum of each individual risk element. The board's assessment must be kept up-to-date (see section 2.3.1 of this Handbook).

14. Based on its **BRA**, the board must establish a **formal strategy** to counter *money laundering*, the *financing of terrorism*, and the *financing of proliferation*. Where a *supervised person* forms part of a group operating outside the Island, that strategy may protect both its global reputation and its Jersey business.

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2.3.1 BRA

AML/CFI/CPF Codes of Practice

20. A supervised person must maintain appropriate policies and procedures to enable it, when requested by the JFSC, to make available to that authority a copy of its BRA.

199

BRA references



2.3.1 BRA

AML/CFI/CPF Codes of Practice

20. A supervised person must maintain appropriate policies and procedures to enable it, when requested by the JFSC, to make available to that authority a copy of its BRA.

11. A generic example of how risk might be calculated in a BRA is set out below. Please note this methodology is for illustrational purposes only. It should not be construed as the JFSC taking a position on how risk should be calculated and represented in a BRA. Each BRA should uniquely consider and represent the risks and controls identified by the supervised person.

12. A generic example of a BRA is set out below. Please note the descriptions and scores assigned to these risks are for illustrational purposes only. They should not be construed as the JFSC taking a position on how these risks should be scored and/or controlled. Each BRA should uniquely consider and represent the risks and controls identified by the supervised person:

Impact (implications of event)	Likelihood of event happening	Inherent Risk (Impact x likelihood)	Impact and likelihood after controls applied	Residual risk (Impact x likelihood after controls applied)	Risk descriptor	Impact	Likelihood	Inherent Risk	Controls applied	Residual Risk

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A:-

- Business Risk Assessment (BRA) and a
 - Client Risk Assessment (CRA)
- Serve different purposes and are used to evaluate different types of risks

In summary, while a BRA evaluates the overall risk exposure of the business, a CRA assesses the risk posed by each customer. Both are crucial components of a comprehensive risk management strategy.

The JFSC, like the BRA/CRA, is set out as a table in Microsoft Excel (or similar spreadsheet software),

as it allows you to document and rate multiple risks.

An effective risk assessment process is fundamental in driving the business' risk-based approach to customer due diligence measures.

11. All the financial services businesses defined by the Proceeds of Crime Law that are supervised persons under the Money Laundering Order must conduct a BRA and individual CRAs. Where the conducting of a BRA/CRA is outsourced to an external party, the supervised person must take adequate steps to ensure the BRA and CRA are properly conducted and documented.

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CRA references



9. Article 3(5) of the Money Laundering Order requires identification measures to include the assessment (i.e., CRA) by a relevant person of the risk that a business relationship or one-off transaction will involve money laundering. This must include obtaining appropriate information for assessing that risk.

2.3.1 BRA

20. It is likely that the BRA will be conducted by the supervised person prior to any CRA. When a CRA is prepared, the BRA may need to be updated (for example, to consider new risk factors, or the supervised person's changing risk tolerance/appetite).

3.3 Risk-based approach to identification measures

Overview

20. A risk-based approach to the application of identification measures involves several discrete stages. The overall objective is to assess the most effective and proportionate way to manage the money laundering, terrorist financing, and proliferation financing risk faced by a supervised person. While these stages are required to be incorporated into policies and procedures, they do not need to take place in the sequence outlined below. They may also occur simultaneously.

- 21. The risk assessment of a particular customer (i.e. the CRA) will determine:
 - > the extent of information which will be requested;
 - > what evidence of identity will be obtained;
 - > the extent to which the resulting relationship will be scrutinised; and
 - > how often documents, data or information held will be reviewed.

5.1.1 Assessment of risk

Overview

62. The risk factors that are set out in this section will also be relevant to a CRA that is conducted under section 3.3.4.1 of this Handbook, in the cases highlighted at sections 4.4 and 4.5 of this Handbook.

7.15.1 Assessment of risk

Overview

135. The risk factors that are set out in this section will also be relevant to a CRA that is conducted under section 3.3.4.1 of this Handbook in the cases highlighted at sections 4.4 and 4.5 of this Handbook.

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CRA's ESTATE AGENTS



14.4 Business risk assessment

Real estate agents and high value dealers

14.4.1 Service area vulnerabilities and warning signs – Real estate agents

Overview

27. Criminal conduct generates huge amounts of illicit capital, and these criminal proceeds need to be integrated into personal lifestyles and business operations. Law enforcement agencies advise that property purchases are one of the most frequently identified methods of money laundering. Property can be used either as a vehicle for money laundering or as a means of investing laundered funds.

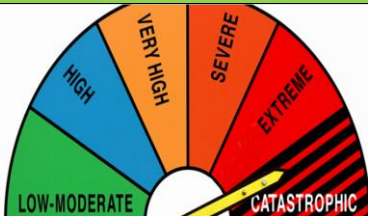
28. Criminals will buy property both for their own use, e.g., as principal residences or second homes, business, or warehouse premises, and as investment vehicles to provide additional income.

29. The BRA relating to customers and services will depend on the supervised person's size, type of customers and the business area it engages in.

30. Supervised persons carrying on real estate agency business should consider the different types of money laundering, financing of terrorism, or the financing of proliferation risks to which they are exposed when providing services. This service area risk assessment must also be reflected when undertaking a CRA.

31. Further factors to consider when evaluating the risks posed by clients and service areas are set out in section 3.3.4 of this Handbook.

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MONEY LAUNDERING (JERSEY) ORDER 2008

Official Consolidated Version
This is an official version of consolidated legislation compiled and issued under the authority of the Legislation (Jersey) Law 2021.

08.780.30

Showing the law from 1 September 2023 to Current



LGL pleaded guilty on 4 December 2020 to two related offences under Article 37(4) of the Proceeds of Crime (Jersey) Law 1999 for breaches of the Money Laundering Order.

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Bank fined £1m by Isle of Man regulator



Royal Bank of Scotland International has been fined £1m by the Isle of Man's financial regulator for breaching its anti-money laundering and countering the financing of terrorism code.

The firm was fined by the island's Financial Services Authority (FSA) for failing to adequately carry out customer risk assessments in line with the code between 2015 and 2018.

It followed an inspection reviewing elements of the bank's Isle of Man non-personal customer book between June and July 2021.

A spokesman for the bank said it had "already updated and improved our controls and procedures to ensure this cannot happen again".

A total of 2,239 non-personal customers were integrated into Royal Bank of Scotland International's (RBSI) systems between 2015 and 2018, with inadequate documented Customer Risk Assessments under the code.

Customer risk ratings are crucial to customer due diligence and to identify potential financial crimes.

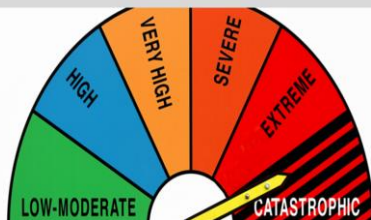
In a public statement about the fine the FSA said the company had been "unable to demonstrate that its up to date Customer Risk Assessment process was brought into use in a timely manner following the introduction of the Code".

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CLIENT RISK RATING

What are the x5 THREAT RISKS for the CRA



207

X5 RISK MEASURES



1. ?

2. ?

3. ?

4. ?

5. ?

The screenshot shows a purple-themed interface for 'CLIENT/RELATIONSHIP RISK ASSESSMENT (CRA/RRA)'. It features a central box with 'X5 RISK MEASURES' and a table for 'RAG - RISK ASSESSMENT GRADE' with columns for 'LOW', 'MEDIUM', and 'ENHANCED RISK (ER)'. Below this, it lists 'ER = EDD ENHANCED DUE DILIGENCE' and three numbered items: '1. ENHANCED RISKS = [redacted]', '2. ENHANCED RISKS = [redacted]', and '3. ENHANCED RISKS = [redacted]'. At the bottom, it indicates '= RAG = RISK IN THE ROUND (RIR)'.

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X5 RISK MEASURES



1. PRODUCT AND OR SERVICE
2. CLIENT TYPE
3. CLIENT ACTIVITY
4. GEOGRAPHY
5. DELIVERY - CHANNEL

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STAGE 1 SPOT THE LEGAL EDD TRIGGERS OF ENHANCED RISKS



This is a smaller version of the screenshot shown on page 208, displaying the 'X5 RISK MEASURES' interface with the risk assessment table and EDD triggers.

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ENHANCED CDD MEASURES



Articles 15, 15A and 15B of the Money Laundering Order require **ENHANCED CDD MEASURES** to be applied in the specified **CUSTOMER SCENARIOS**:

1. Not physically present for identification purposes
2. Relevant connections to an enhanced risk state
3. Is a PEP, or a relative or an associate of a PEP
4. Is a prominent person (type of PEP)
5. Non-resident
6. Customer is a personal asset holding vehicle
7. Companies with nominee shareholders
8. Company that issues bearer shares

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STAGE 2 SPOT THE REGULATORY EDD TRIGGERS OF ENHANCED RISKS



212

REGULATORY EDD TRIGGERS



1. Jersey's national risk appetite?
2. JFSC Sensitive activities or industries
3. JFSC APPENDIX D1 COUNTRIES
4. JFSC APPENDIX D2 COUNTRIES

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STAGE 3 EDD MEASURES YOUR RISK APPETITE ENHANCED RISKS



CLIENT/RELATIONSHIP RISK ASSESSMENT (CRA/RRA)

X5 RISK MEASURES

= RAG - RISK ASSESSMENT GRADE

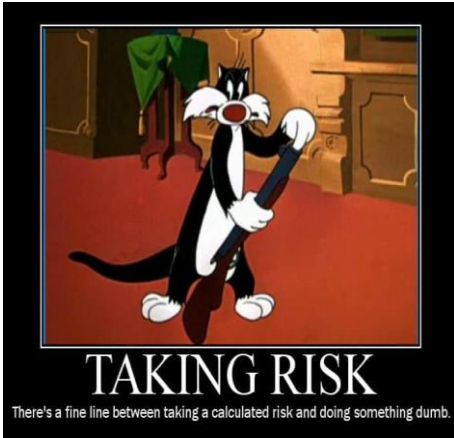
LOW	MEDIUM	ENHANCED RISK (ER)
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= ER = EDD ENHANCED DUE DILIGENCE

1. ENHANCED RISK(S) = **LOW/MED** ✓
 2. ENHANCED RISK(S) = **HIGH/MEDIUM** ✗
 3. ENHANCED RISK(S) = **HIGH/HIGH** ✗✗

= RAG = RISK IN THE ROUND (RIR)

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CLIENT/RELATIONSHIP RISK ASSESSMENT (CRA/RRA)

- CLIENT TYPE
- CLIENT ACTIVITY
- PRODUCT/SERVICES
- CHANNEL
- JURISDICTION

= RAG - RISK ASSESSMENT GRADE

LOW	MEDIUM	ENHANCED RISK (ER)
-----	--------	--------------------

= ER = EDD ENHANCED DUE DILIGENCE

1. ENHANCED RISK(S) = **LOW/MED** ✓
 2. ENHANCED RISK(S) = **HIGH/MEDIUM** ✗
 3. ENHANCED RISK(S) = **HIGH/HIGH** ✗✗

= RAG = RISK IN THE ROUND (RIR)

← CRA/RRA

RAG →

← EDD

RIR →

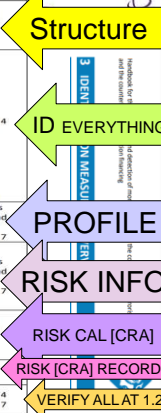
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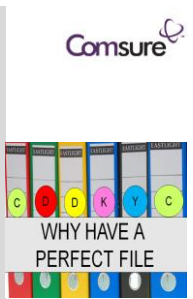
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Stage	Identification measure	Article(s)	Guidance
1.1	In the case of a customer that is a legal person, a supervised person must understand the ownership and control structure of the customer (and provisions under which the customer can enter into contracts).	3(2)(c)(ii)	Section 3.3.1
1.2	A supervised person must find out the identity of: <ul style="list-style-type: none"> the customer; any beneficial owners and controllers of the customer; any third party (or parties) – including a legal arrangement – on whose behalf the customer acts. Whether directly or indirectly (and beneficial owners and controllers of the third party (or parties)); <ul style="list-style-type: none"> For the avoidance of doubt, the above will include any person who is a named beneficiary of a life assurance policy entered into by the customer; and others listed in Article 3(2). 	3(2)(a) to (c) 3(4)(a)	Section 4
1.3	A supervised person must obtain information on the purpose and intended nature of the business relationship or one-off transaction.	(2)(d)	Sections 3.3.2 and 3.3.3 Section 7
1.4	A supervised person must obtain appropriate information for assessing the risk that a business relationship or one-off transaction will involve money laundering, the financing of terrorism, or the financing of proliferation. It may be necessary to repeat this stage following an assessment of risk under stage 2.1.	3(5) 15(1)	Sections 3.3.2 and 3.3.3 Section 7
2.1	A supervised person must, on the basis of information collected at stage 1, assess the risk that a business relationship or one-off transaction will involve money laundering, the financing of terrorism, or the financing of proliferation (risk profile).	3(5)	Section 3.3.4
2.2	A supervised person must prepare and record a customer business and risk profile.	3(3)(a)	Section 3.3.5
3	A supervised person must obtain evidence of the identity of those whose identity is found out at stage 1.2.	3(2)(a) to (c) 3(4)(b) 15(1)	Section 4 Section 7



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THE PERFECT FILE WILL HELP YOU SPOT THE UNUSUAL – SUSPICIOUS [RED FLAGS] & show you have ADEQUATE PROCEDURES and are not a RECKLESS OR NEGLIGENT ACTOR



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**Scrutiny of Transactions and Activity
NOTABLE EVENTS (RED FLAGS)**



Monitor **ALL CUSTOMER TRANSACTIONS** and **ACTIVITY** in order to recognise NOTABLE EVENTS –

These being events include **BUT NOT LIMITED TO:**

- 1. INCONSISTENT**
- 2. COMPLEX**
- 3. UNUSUAL IN SIZE**
- 4. UNUSUAL IN PATTERN / STRUCTURE**

**WITH YOUR
KNOWLEDGE
OF THE
CUSTOMER**

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**WHAT
ARE YOUR
FINANCIAL
CRIME
RED
FLAGS**

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Money Laundering Typologies
Produced by Baker Regulatory Services Limited



• Issued by the Joint Financial Crimes Unit & the Financial Intelligence Unit - January 2023



<https://www.jerseyfsc.org/media/p419/typologies-booklet-zu23.pdf>

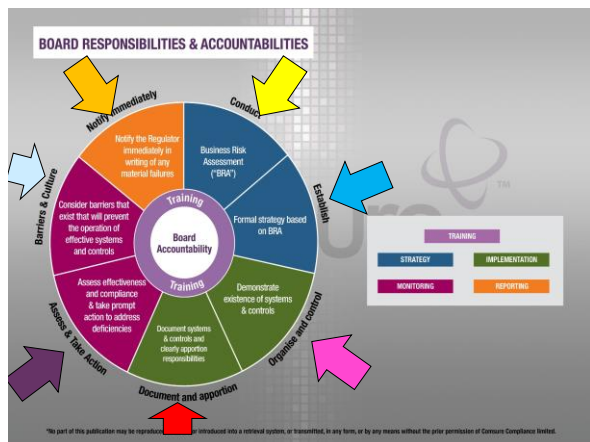
11 and 12 are estate agency specific with 8 red flags between them

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Summary and Closing Remarks



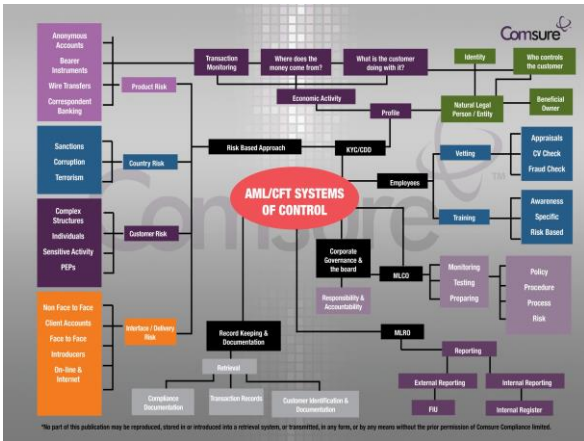
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