

FINANCIAL INTELLIGENCE UNIT

2022

ANNUAL

REPORT



“To proactively network with local law enforcement, regulators and international counterparts to effectively assist in detecting, assessing and eradicating all threats of money laundering and financing of terrorism to the global economy.”

“To have a robust, dynamic and exemplary financial service industry, free from the scourge of money laundering, terrorist financing, frauds and other criminal conduct.”





THE FINANCIAL INTELLIGENCE UNIT

3rd Floor Norfolk House
P.O. Box SB-50086
Telephone: (242) 356-6327 or 356-9808
Email: director.fiu@fiubahamas.bs

Frederick Street
Nassau, The Bahamas
Fax: (242) 322-551

August 18, 2023

The Honourable Philip Edward Davis, KC, MP
Prime Minister and Minister of Finance Ministry of Finance
Cecil Wallace-Whitfield Centre
West Bay Street
Nassau, N.P., The Bahamas

Dear Hon. Prime Minister:

RE: 2022 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

In accordance with Sections 10(b) and 13(3) of the Financial Intelligence Unit Act, Chapter 367 of the Statute Laws of the Commonwealth of The Bahamas, I am delightfully pleased to submit the Annual Report together with the accompanying Audited Financial Statements of the Financial Intelligence Unit which covers the period January 1st to December 31st, 2022.

Sincerely,

Emrick K. Seymour Sr., KPM
Director
Financial Intelligence Unit Bahamas

TABLE OF CONTENT

PAGE

05 DIRECTOR'S MESSAGE

PAGE

06 INTRODUCTION

PAGE **CHAPTER I: MANDATE**

08 Mandate of the FIU

PAGE **CHAPTER II: ORGANIZATION AND ADMINISTRATION**

11 Composition of the FIU
Completion of Tenure
Appointments
Organization Chart
Training and Development

PAGE **CHAPTER III: COOPERATION AND COLLABORATION**

12 International Relationships
The FIU and the Egmont Group
The FATF
Regional Relationships
The FIU and Caribbean Financial Action Task Force (CFATF)
(CFATF) Local Relationships
Group of Financial Service Regulators
Training of Industry Partners
Training Provided by the FIU Staff

PAGE **CHAPTER IV: STATISTICS**

16 The FIU's IT Infrastructure for Data Collection and Information Sharing
Overview of Reports for Information Received by the FIU
Suspicious Transaction Reports
Inter-Agency Requests and Reports
Foreign Agency Requests and Reports
FIU Requests Sent to Foreign FIUs
Other Reports
Analysis
Obtaining Information
Production Orders
Dissemination of Information

PAGE

54 TYPOLOGIES

PAGE

57 CONCLUSION

PAGE

59 AUDITED FINANCIAL STATEMENTS &
AUDITOR'S REPORT 2022

DIRECTOR'S MESSAGE



I am delighted to present the Annual Report and Audited Financial Statements of the Financial Intelligence Unit (FIU) for the year 2022. This report outlines a comprehensive overview of the FIU's operations and activities during the reporting period in accordance with our statutory mandate.

The duties, functions, and responsibilities of the FIU cannot be effectively realized without the relevant and requisite staff complement to make this all possible. Hence, I take this opportunity to acknowledge and recognize the dedicated and industrious staff of the FIU whose diligence and persistence are always evident in the attainment of the FIU's mandate.

The discontinuation of the COVID-19 protocols locally, regionally, and globally brought on by the COVID-19 pandemic has resulted for the most part, in the financial entities returning to normal processes in their operations during the year in review. The FIU continued to see a gradual increase in STR filings during the year as in previous years. Consequently, we continued our efforts to appropriately address these reported incidents during the year in review, while formulating strategies and mechanisms to ensure efficiency and effectiveness in the process.

We have been constantly monitoring the ever-changing global financial arena, to keep abreast of the current and identified trends, that seek to infiltrate the financial industry for nefarious and other criminal intent. Hence, training and retraining of the FIU's staff was given high priority during the year to ensure they were well equipped to confront and adequately address these challenges.

The collaborative and cooperative effort of key stakeholders in the industry is paramount to the overall success of the FIU's attainment of its overall objectives. This was notably evident during the period in review, as the bonds among our partners and stakeholders were strengthened, which further resulted in positive outcomes between us. Consequently, I wish to express profound gratitude to our local, regional, and global law enforcement entities, industry partners and stakeholders, who continue to contribute significantly to the enhancement of this partnership to ensure that our respective jurisdictions are safeguarded against the criminal element.

I recommit myself and the FIU dedicated team members to ensuring that FIU Bahamas continues to play that essential and pivotal role in safeguarding the National Financial System from those seeking to penetrate it for selfish and illicit means.

INTRODUCTION

In its 2022 Fraud Outlook Survey, KPMG expressed that “Our survey of more than 600 executives across multiple industries confirmed anecdotal evidence about the effects of the pandemic on three interconnected threats. It revealed that fraud, compliance concerns, and cyber-attacks were common, had increased in severity, and are expected to become more frequent.”¹ The statement made by KPMG was supported by a recently released 2022 Internet Crime Report produced by the Federal Bureau of Investigation’s (FBI’s) Internet Crime Complaint Center (IC3), which asserted that “the numbers confirmed that cyber actors continue to plague Americans by targeting U.S. networks, attacking critical infrastructure, holding our money and data for ransom, facilitating large-scale fraud schemes, and threatening our national security. IC3 further, indicated that in 2022 it received 800,944 complaints, with losses exceeding \$10.3 billion dollars.”²

THE BAHAMAS RESPONSE TO GLOBAL FINANCIAL THREATS

In the jurisdiction of The Bahamas, as in many other countries around the world, we are also facing new threats, and challenges related to the reported increase in financial crimes globally. These incidents in financial crimes, which includes phishing, identity theft, Ponzi, and pyramid schemes, internet, WhatsApp, and cryptocurrency scams, presents numerous challenges to our local, regional, and international financial systems. To keep pace with, and mitigate the various threats posed by local and transnational criminals, laws, regulations, and policies are continuously being amended and upgraded to better equip the FIU, law enforcement agencies, and regulators in the fight against financial crimes. This includes fraud, money laundering, terrorism, and proliferation financing.

THE FINANCIAL INTELLIGENCE UNIT RESPONSE

In its abiding efforts to network with its international partners, the FIU continues its enduring thrust in the cooperation and collaboration with one hundred and sixty-five (165) Egmont Group Financial Intelligence Units globally, in its resolve to detect, assess and mitigate threats of financial crimes in our jurisdiction and the global economy.

At the 28th Egmont Group of Financial Intelligence Unit Plenary held in Riga Latvia, July 10-15, 2022, FIU Bahamas held meaningful discussions with Egmont Group members on ways in assisting the Egmont Group, with further developing more innovative methods to advance FIUs, effectiveness in a risk-based environment, including multilateral information sharing. The Unit also agreed with Egmont member FIUs, to continue to set effective priorities in domestic and international cooperation and to enhance the role of the FIU in the domestic anti-money laundering and countering the financing of terrorism regime.

SUSPICIOUS TRANSACTION REPORT FILINGS

FIU Bahamas has seen a steady increase in the number of STR filings over the last five years. These STRs are constantly being monitored and assessed for trends and typologies by the FIU team. The year in review is no exception as the FIU received a total of 908 STRs reported in 2022 compared to 707 STRs reported in 2021, which represents a 28% increase in STRs reported to the FIU over

the previous year. In addition to the reported STRs the FIU received a total of 78 Foreign Agency Requests in relation to money laundering matters which represents a 23% decrease from the previous year 2021 when 102 such matters were reported.

The ever-changing global financial arena has necessitated that the FIU acquire additional expertise in information technology, compliance, human resource management and other resources to appropriately address the current trends and associated challenges.

THE IMPACT OF CRYPTOCURRENCY AND THE BAHAMAS RESPONSE

The proliferation of cryptocurrency globally has brought with it associated challenges which are impacting jurisdictions worldwide. In 2022 the Federal Bureau of Investigation (FBI) reported that 'cryptocurrency investment fraud rose from \$907 million in 2021 to \$2.57 billion in 2022'.³

The Bahamas jurisdiction is no exception, as the impact of the cryptocurrency have been felt here as in other jurisdictions. For the year in review, the FIU received a total of 334 STRs related to dark web cryptocurrency transactions. To ensure that staff of the FIU remained on the cutting edge of investigative and analytical procedures to mitigate the risk to our jurisdiction, FIU analysts received the requisite training locally on the laws that regulate digital assets in the country. Further, international training in virtual asset forfeiture, anti-money laundering techniques associated with the dark-web and intelligence support system for electronic surveillance, was received by FIU staff members. In addition, training on social media, dark-net monitoring, and cyber threat detection was also received. To further enhance its capabilities in this area, the process for the acquisition of a blockchain analysis tool was commenced, to provide the FIU with anti-money laundering software, to assist the Unit with its analytical process.

During the year in review, staff of the FIU remained focused and committed to its mandate pursuant to the Financial Intelligence Unit Act (FIUA), Chapter 367 Statue Law of the Bahamas. The FIU continued its obligation to receive, analyze, obtain, and disseminate information relative to proceeds of offences specified in the Second Schedule of the FIUA.

Recognizing that 'a chain is only as strong as its weakest link,' the FIU was persistent in its cooperative and collaborative processes with its law enforcement, regulatory and other AML/CFT partners, which has been extremely successful in the collective strengthening of its AML/CFT framework.

We express our sincerest gratitude and appreciation to all our partners, including financial institutions and other stake holders for the tremendous assistance and support to the FIU for this period in review. This undoubtedly has contributed significantly to the FIU achieving its overall objectives for the year 2022.

MANDATE OF THE FIU



CHAPTER I: MANDATE OF THE FIU

The Financial Intelligence Unit Act (FIUA) of The Bahamas came into existence on December 29, 2000, along with a compendium of other legislations. The Financial Intelligence Unit was established as a legal entity with its mandate outlined in Section 4(1) of the FIUA. It is the sole agency in The Bahamas responsible for: receiving, analyzing, obtaining, and disseminating information which relates to or may relate to the proceeds of the offences specified in the Second Schedule of the Act.

The Financial Intelligence Unit Act gives the FIU the authority to:



RECEIVE
All disclosures of information from local institutions and foreign intelligence units.



ANALYZE
All suspicious transaction report received.



FREEZE
Accounts based on the information received, or on requests from foreign financial intelligence units or law enforcement agencies, if satisfied that the request relates to the proceeds of any of the offences specified in the Financial Intelligence Unit Act.

OBTAIN
Information, except for information subject to legal professional privilege, from financial institutions and designated non-financial businesses and professions to assist it with its functions.





DISSEMINATE
Or share this information received in Suspicious Transaction Reports, which relates to or may relate to the proceeds of crime as stipulated in the Proceeds of Crime Act and the Anti-Terrorism Act with law enforcement agencies and foreign financial intelligence units.

The FIU Bahamas is an Administrative Model, which collects and processes information from the financial sector and passes disclosures to law enforcement agencies for further investigation. The Model is used as an intervening shield between the law enforcement and financial communities.

The FIU can enter relationships with other entities, where the Director considers it necessary in the performance of its duties. It is also charged with the responsibility of informing the public and financial entities of their obligations under the FIUA.



ORGANIZATION AND ADMINISTRATION



COMPOSITION OF THE FIU

Section 3 of the Financial Intelligence Unit Act (FIUA) outlines how the FIU should be staffed.

This Section provides for three (3) appointments to be made by the Minister of Finance, who has governmental responsibility for the FIU. Consequently, the three appointed by the Minister are namely: Director, Legal Counsel and Public Accountant. This Section also allows for a Deputy Director and a number of consultants to be appointed by the Minister of Finance.

The Financial Intelligence Unit has a complement of permanent staff who are appointed by the Director in his capacity as Chief Executive Officer.

Police Officers are also appointed by the Commissioner of Police on the recommendation of the Director. There are three (3) in-house Police Officers currently on staff who continues to be a great asset to the team.

The organizational structure of the FIU contains a distinct function performed in the attainment of its statutory requirements. These functions are performed by the Director and executed by an Executive Management Team who are responsible for the various departments.

The functions of the Financial Intelligence Unit are carried out by six (6) departments namely:



ACCOUNTS



ANALYTICAL



**LEGAL, COMPLIANCE
AND TRAINING**



**HUMAN RESOURCES
AND
ADMINISTRATION**



**INFORMATION
TECHNOLOGY**



REGISTRY

EXECUTIVE MANAGEMENT



Mr. Emrick Seymour
Director



Mr. Basil Collie
Deputy Director



Mrs. Joann Creary
Legal Counsel



Ms. Rose Pritchard
Public Accountant



Mr. Samuel Wilkinson
Head of Analysis



Mr. Derrington Rahming
IT Manager



Mrs. Aretha Higgs
Human Resources Manager

APPOINTMENTS

To adequately resource its staff, complement, the FIU hired ten (10) new team members during the year in review. Included in this staff complement were:



SIX (6) ANALYSTS



ONE (1) ASSISTANT ACCOUNTS OFFICER



ONE (1) PUBLIC ACCOUNTANT



ONE (1) ASSISTANT TRAINING MANAGER



ONE (1) POLICE OFFICER

The Unit continues to receive assistance from a receptionist under the Government's National Job Creation and Skills Enhancement Program during the year in review.

COMPLETION OF TENURE

STAFF PASSING

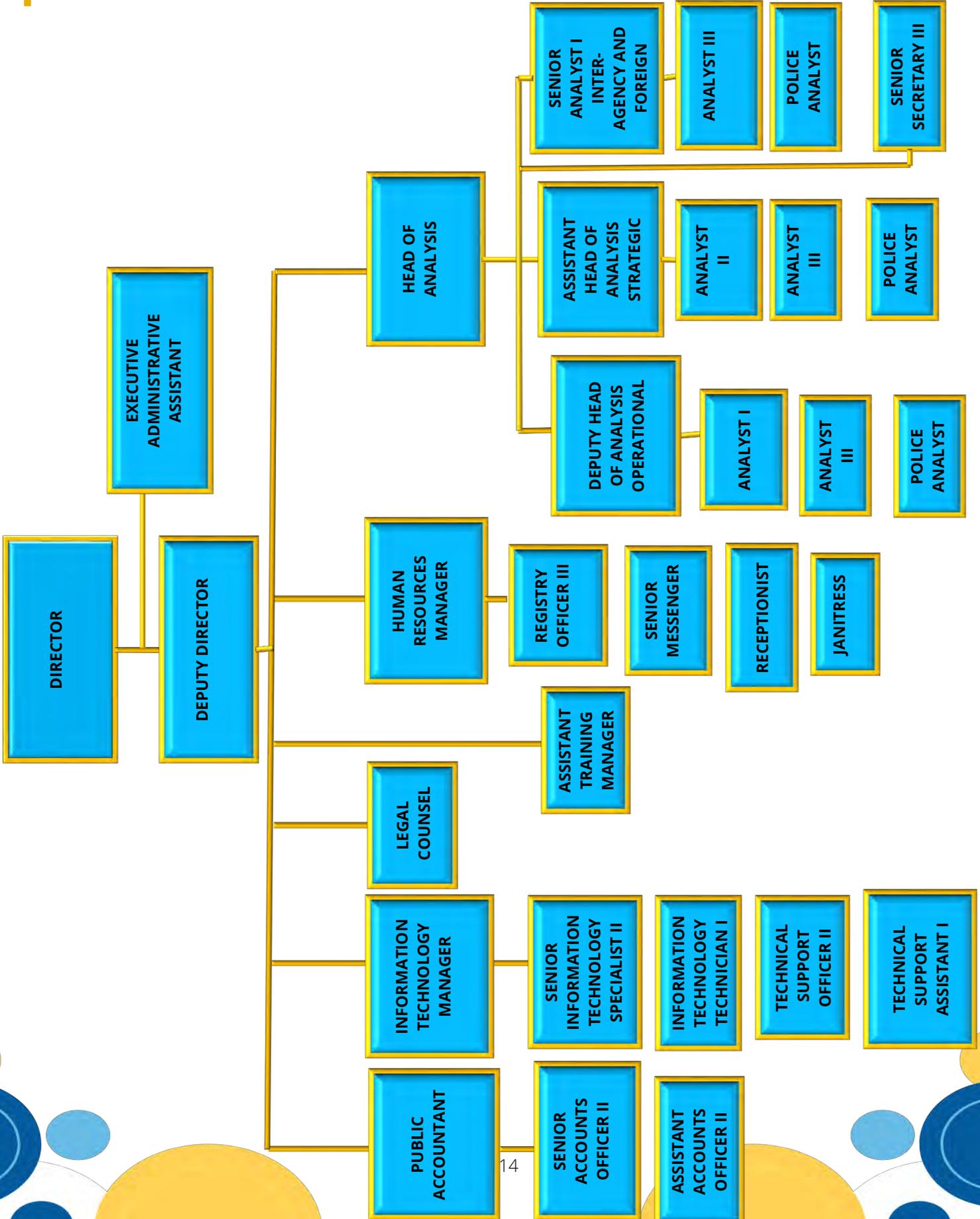
During the year in review the FIU mourned the loss of a beloved team member who worked as a Senior Analyst in the Analytical Department.

RESIGNATIONS

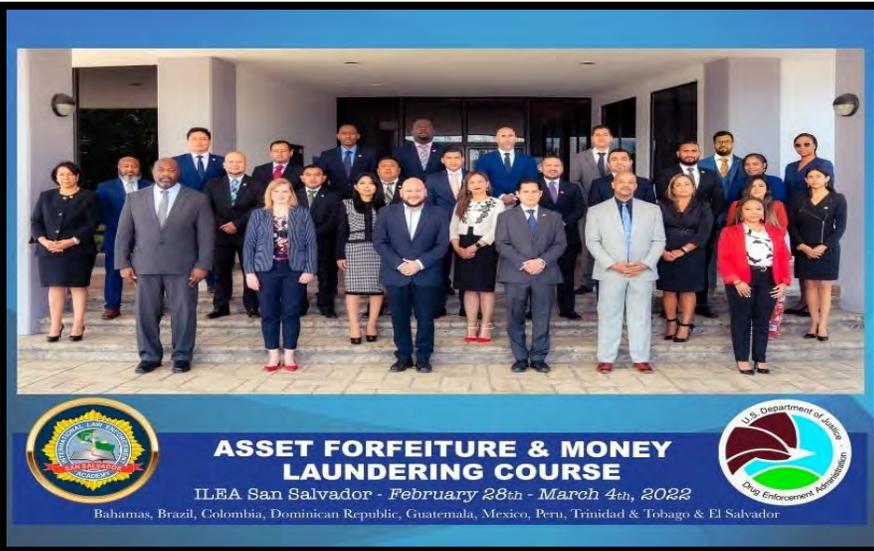
Additionally, in 2022, two (2) staff members, the Public Accountant and an Assistant Registry Officer II resigned from the employ of the FIU.

The FIU had a complement of Thirty-Nine (39) staff at the end of 2022.

ORGANIZATIONAL CHART



TRAINING AND DEVELOPMENT



Endeavoring to keep its staff on the cutting edge of local, regional, and global trends associated with its mandate, the FIU was committed to training, developing and equipping staff members with the necessary skills, knowledge, and techniques to effectively discharge their duties and responsibilities.

The return to normalcy from the global pandemic allowed for the return of face-to-face meetings and associations. The FIU staff were

able to take full advantage of face-to-face training locally, regionally, and internationally during the year in review. Notwithstanding this, training initiatives were also conducted virtually and via hybrid methods. Staff members participated in twelve (12) local and sixteen (16) international professional development courses and conferences during the period.



Training and development opportunities were provided through international agencies namely:

- The Bureau of International Narcotics and Law Enforcement Affairs. (INL) US Department of States.
- The Joint Program offered by the Manchester (Toronto) and the University of New Haven, Connecticut.
- The OECD International Academy for Tax Crime Investigation Ostia, Italy.



**FIU Staff Participating at Forensic Accounting and Investigative Training, Florida
March 24, 2022.**



**FIU Staff Participating at Venezuela Criminality Conference,
Panama, October 19-21, 2022.**



**FIU Staff Courtesy Call with Ambassador Wendall Jones at ISS World Intelligence Support System for Electronic Surveillance, Social Media/Dark-Net Monitoring & Cyber Threat Detection Conference,
Washington, D.C. November 13, 2022.**



**FIU Staff Participating at ISS World Conference,
Washington, D.C. November 13, 2022.**



**FIU Staff Participating at OECD International Academy Tax Crime Investigation Training, Ostia, Italy,
November 22 - December 1, 2022.**

TRAINING RECEIVED BY STAFF OF THE FIU

The staff professional development calendar below shows the FIU staff participation in local and international training and development courses from January 31st to December 1st, 2022.

NO.	DATE	TRAINING CONFERENCE	ORGANIZATION/LOCATION	PARTICIPANTS
1	Jan 31, to Feb 4, 2022.	Forensic Accounting and Financial Investigations Training.	Bureau of International Narcotics and Law Enforcement Affairs and Five Stones Intelligence, Inc. Fort Lauderdale Florida U.S.A.	1
2	Feb 7 to 18, 2022.	Certificate in Conducting Financial Investigations, Fighting Tax Crime: The Ten Global Principles.	OECD International Academy for Tax Crime Investigation. Ostia, Italy.	1
3	Feb 8, 2022.	Effective, Covert and Dynamic OSINT Investigation Tools and Techniques, for the Modern Cyber Investigator.	ISS World North America Washington, D.C.	1
4	Feb 28, to Mar 4, 2022.	Virtual Asset Forfeiture and Money Laundering.	Bureau of International Narcotics and Law Enforcement Affairs U.S.A.	1
5	Mar 2, 2022.	Certified Anti-Money Laundering Specialist.	Association of Certified Anti-Money Laundering Specialists (ACAMS) Miami, Florida. U.S.A.	2
6	Mar 14, to 18, 2022.	Forensic Accounting and Financial Investigations Training.	Bureau of International Narcotics and Law Enforcement Affairs and Five Stones Intelligence, Inc. Fort Lauderdale Florida, U.S.A.	1
7	Mar 28, to 31, 2022.	Combating Trade-Based Money Laundering.	United Nations Office on Drugs and Crime. Ostia, Italy.	3
8	May 18, to June 22, 2022.	Introduction to AML and Compliance.	Bahamas Institute of Financial Services. Nassau, Bahamas.	1
9	May 22, to 28, 2022.	Forensic Accounting and Financial Investigations Training.	Bureau of International Narcotics and Law Enforcement Affairs Five Stones Intelligence, Inc Fort Lauderdale, Florida.	1
10	Jul 30, 2022.	Certified Anti-Money Laundering Specialist.	Association of Certified Anti-Money Laundering Specialists (ACAMS). Miami, Florida. U.S.A.	1
11	Aug 2, 2022.	Money Laundering and Terrorist Financing Indicators: A Handbook for Tax Auditors and Tax Examiners.	OECD International Academy for Tax Crime. Investigation. Ostia, Italy.	1

12	Aug 8, 2022.	Introduction to Microsoft Office Applications.	Synergy Bahamas, Nassau, Bahamas.	1
13	Aug 4, 2022	Graphic Design in Photoshop.	Synergy Bahamas, Nassau, Bahamas.	1
14	Aug 11, 2022.	Digital Asset RE Act Cryptocurrency.	Securities Commission of The Bahamas. Nassau, Bahamas.	23
15	Sept 12 to 13, 2022.	Bonfire Project Creation Training (Virtual).	Ministry of Finance. Nassau, Bahamas.	8
16	Oct 6, 2022.	BACO Compliance Day Conference.	Bahamas Association of Compliance Officers. Bah Mar Convention Centre Nassau, Bahamas.	1
17	Oct 17, 2022.	Human Resources Leadership Forum.	Royal Fidelity. Bah Mar Convention Centre Nassau, Bahamas.	3
18	Oct 11 to 13, 2022.	ACMS 21 st Annual AML & Anti-Financial Crime Conference.	Association of Certified Anti-Money Laundering Specialist (ACAMS) Las Vegas, Nevada USA.	1
19	Oct 19 to 21, 2022.	Venezuela Criminality Conference.	U.S. Department Justice, DEA, Panama City, Panama.	6
20	Nov 3 to 4, 2022.	Money Laundering and Terrorist Financing Indicators: A Handbook for Tax Auditors and Tax Examiners.	OECD International Academy for Tax Crime Investigation. Ostia, Italy.	9
21	Nov 3 to 4, 2022.	CRCA Conference.	Caribbean Regional Compliance Association. Baha Mar Convention Centre Nassau, Bahamas.	1
22	Nov 7 to 10, 2022.	BSHRM Conference and Expo.	Bahamas Society for Human Resource Management. Atlantis Paradise Island, Bahamas	1
23	Nov 14 to 18, 2022.	BICA Conference.	Bahamas Institute of Chartered Accountant. Baha Mar Convention Centre, Nassau, Bahamas.	5
24	Nov 13 to 18, 2022.	Intelligence Support System for Electronic Surveillance, Social Media/Darknet Monitoring & Cyber Threat Detection Conference.	ISS World North America, Washington, D.C.	3
25	Nov 7 to 17, 2022	LIVE 360 Tech Events with Perspective Conference.	LIVE 360 Event. Orlando Florida, U.S.A.	1
26	Nov 21 to 22, 2022.	U.S. Immigration and Customs Enforcement Office of Firearms and Tactical Programs Advanced Training Course.	Royal Bahamas Police Force. Nassau, Bahamas.	2

27	Nov 22, to Dec 1, 2022.	Bonfire Project Creation Training (Virtual).	Ministry of Finance. Nassau, Bahamas.	2
28	Nov 22, to Dec 1, 2022.	For Tax & Financial Crime Investigation.	OECD International Academy. Ostia, Italy.	2
Total				82

LOCAL TRAINING



COOPERATION AND COLLABORATION



CHAPTER III: COOPERATION AND COLLABORATION

The FIU Bahamas remains a vital member of the Egmont Group of Financial Intelligence Units and the Caribbean Financial Action Task Force (CFATF). FIU will continue to work assiduously in partnership with all regional, and international partners, and stakeholders concerned in a continuous effort to ensure the respective jurisdictions are safeguarded from the elements of criminality.

INTERNATIONAL RELATIONSHIPS



The Egmont Group of Financial Intelligence Units “is an international network of Financial Intelligence Units, designed to improve communication, information sharing, and training coordination amongst its Financial Intelligence Unit members.”⁴

The Egmont Group of Financial Intelligence Unit was established in 1995 as a small network of national agencies, which were known as “financial disclosure units”. The Egmont Group has increased its membership to 166 Financial Intelligence Units worldwide. The Head of FIU Bahamas

is a member of the Egmont Group. The Financial Intelligence Units membership in the Egmont Group allows for the sharing of information with the other 165 members through the Egmont Secure Web. All Foreign Agency Requests for Information or Spontaneous Disclosures of information are submitted by our counterpart Foreign Financial Intelligence Units via this platform. Similarly, all such information from FIU Bahamas is submitted via this medium.



The Egmont Group functions as an organization which allows Financial Intelligence Units to collaborate, cooperate, exchange knowledge, intelligence and assist national and international efforts to combat money laundering, terrorist financing and financial crimes.

The Egmont Group holds one Plenary session and one working group meeting per year for its members. The year in review saw the return of these face-to-face meetings of the Egmont Group since the COVID pandemic which was



held in Riga Latvia in July 2022. Director Seymour and FIU delegation attended this Egmont Group Plenary.

THE FINANCIAL ACTION TASK FORCE (FATF)



The Financial Action Task Force (FATF) “is an independent, inter-governmental body which develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.”⁵

The Financial Action Task Force was established in 1989 and is the global watchdog for money laundering and terrorist financing. The Financial Action Task Force has a membership of thirty-nine (39) members. The Financial Action Task Force guides global actions and sets global standards, to mitigate the risks, and assesses whether countries are taking effective action. The Financial Action Task Force monitors, assesses the implementation of the Financial Action Task Force standards, and identify high-risk jurisdictions.

Countries are held accountable through the Financial Action Task Force utilization of an assessment report referred to as “mutual evaluation.”⁶ This mutual evaluation measures a country’s effectiveness and technical compliances to combat money laundering and terrorism financing.

REGIONAL RELATIONSHIPS



The Bahamas is an active member of the Caribbean Financial Action Task Force (CFATF), which is the FATF Styled Regional Body (FSRB). It consists of 24 States of the Caribbean Basin, Central and South America. CFATF is also one of the many Financial Action Task Force Associate Members that adheres to and is committed to implementing the Financial Action Task Force (FATF) Recommendations that helps it fulfill its role as the global money laundering and terrorist financing guardian.

Since February 1996, the CFATF has been conducting several money laundering typology exercises in collaboration with the Financial Action Task Force and other Financial Action Task Force Styled Regional Bodies with a view to increase awareness of the attendant risks to the region. These exercises allow for the sharing of information collated by various bodies involved in the combating of money laundering and terrorist financing.⁷

<https://www.fatf-gafi.org/en/the-fatf/what-we-do.html>⁵

<https://www.fatf-gafi.org/en/the-fatf/what-we-do.html>⁶

<https://www.cfatf-gafic.org/home/cfatf-overview>⁷



Attorney General Ryan Pinder, FIU Director, and Delegation at CFATF Plenary Cayman Islands, November 27, 2022.



Director and FIU Bahamas Delegations at CFATF Plenary Cayman Islands, November 27, 2022.

The main objective of the CFATF is to achieve effective implementation of, and compliance with, the FATF recommendations to prevent and control money laundering and to counter the financing of terrorism and proliferation of weapons of mass destruction.



Head of FIU Guyana and Head of FIU Bahamas Signs MOU at CFATF Plenary, December 1, 2022.

The CFATF holds one (1) plenary session and one (1) working group annually for the benefit of its members. FIU Bahamas delegation headed by Director Seymour participated in the plenary session, which was held in the Cayman Islands on November 27, 2022, and which was a face-to-face meeting in the aftermath of COVID 19. Memorandum Of Understanding (MOU) was signed by FIU Bahamas and FIU Guyana during the session.

LOCAL RELATIONSHIPS

IDENTIFIED RISK FRAMEWORK STEERING COMMITTEE

The FIU continues to be represented and be an active member of the Identified Risk Framework (IRF) Steering Committee, established in accordance with Section 6 of the Proceeds of Crime Act (POCA), 2018.

The Identified Risk Framework Steering Committee is responsible, inter alia, to provide oversight for the country's Anti-Money Laundering and Combating the Financing of Terrorism regime and to coordinate a national risk assessment periodically to identify, assess and understand the identified risk and ensure that such assessments are updated and relevant. The Identified Risk Framework Steering Committee is led by the Office of the Attorney General and is supported at the highest policy levels of Government of The Bahamas. The Identified Risk Committee has a

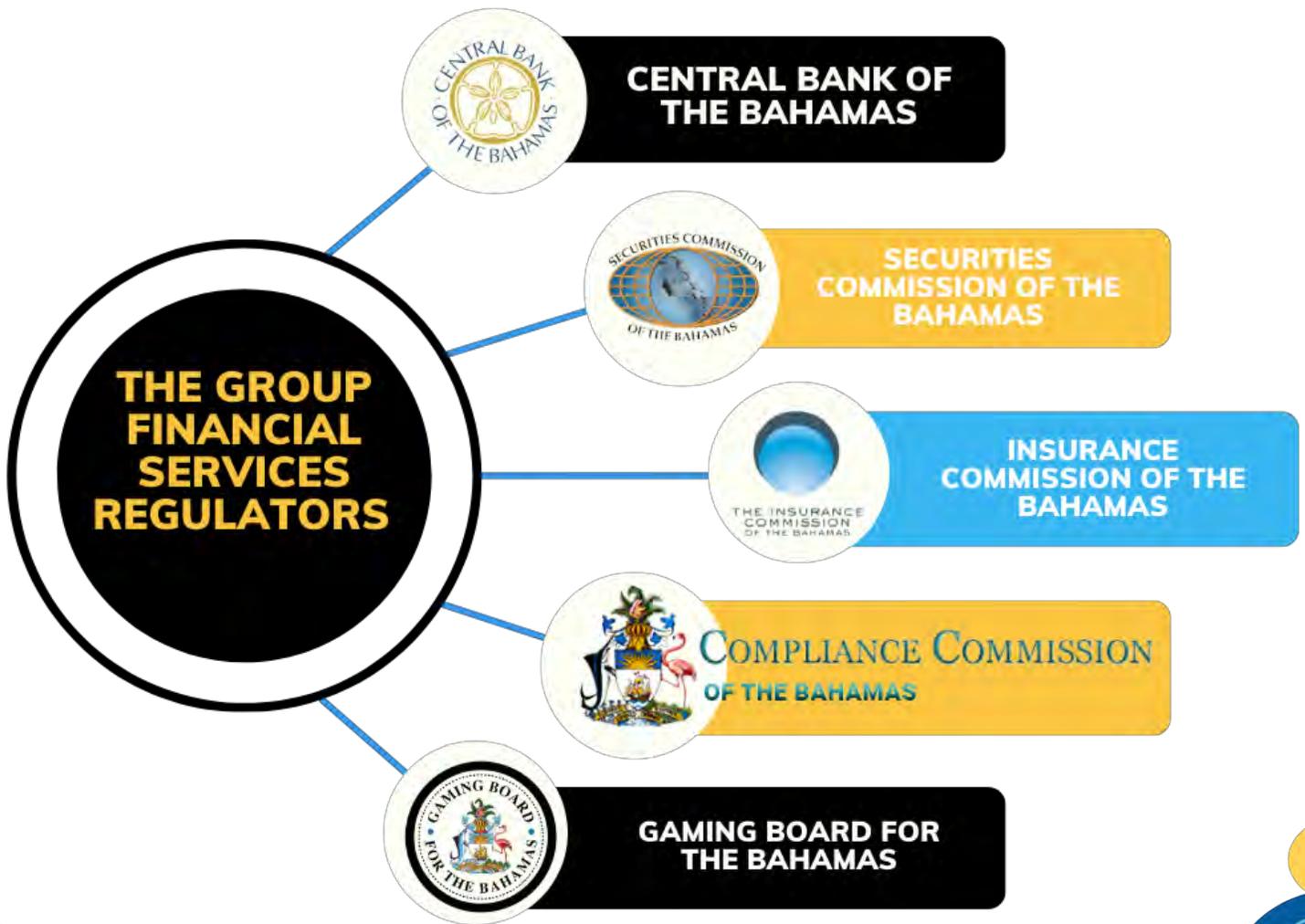
major responsibility of maintaining surveillance of Financial Action Task Force pronouncements regarding country risk application of enhanced due diligence. The Identified Risk Frameworks Steering Committee meets once a month.

FINANCIAL SERVICES REGULATORS

The Group of Financial Services Regulators (GFSRs) consists of the heads and representatives from the five (5) Regulatory Bodies in the Bahamas. The FIU sits on the Group of Financial Services Regulators in an observer capacity.

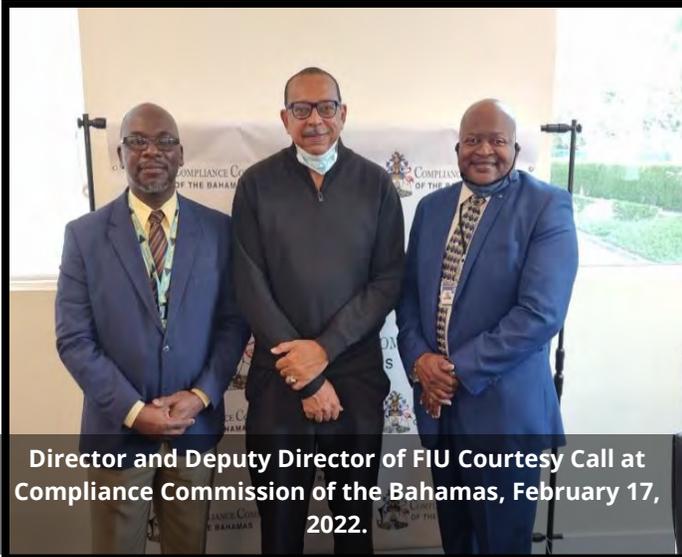
The Group of Financial Services Regulators meets at least quarterly, and its mandate is to promote financial sector stability through the timely and effective exchange of information between regulators, to coordinate supervisory efforts, and to devise responses to actual and potential systemic risks.

The GFSR five (5) regulatory bodies are:



FIU COURTESY CALLS AND VISITS

To further enhance and strengthen our collaboration and cooperation with our local partners, FIU Bahamas made courtesy calls and visits to several partner entities during the year in review. During these meetings we were able to re-confirm our support and commitment to respective departments entities in our collective thrust to safeguard our jurisdiction.



Director and Deputy Director of FIU Courtesy Call at Compliance Commission of the Bahamas, February 17, 2022.



Director and FIU Team Members Courtesy Call at Financial Crimes Investigation Branch, April 7, 2022.



Courtesy Call by Financial Intelligence Unit, Director and Deputy Director with Acting Comptroller and Deputy Comptroller Bahamas Customs and Excise Department, September 8, 2022.



Courtesy call by Financial Crimes Investigation Branch (FCIB), October 12, 2022.

TRAINING OF INDUSTRY PARTNERS

ANTI MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT) TRAINING

The FIU assists financial institutions with meeting their statutory obligations as required by Section 6(2) of the Financial Intelligence (Transactions Reporting) Regulations. This mandates that all employees should participate in the annual Anti-Money Laundering and Combating Financing Terrorism training. The Unit continued with these training sessions which were held both face-to-

face and virtually. Table 1A below shows the numbers of persons trained by the FIU for the year 2022 and for the previous three (3) years.

Table 1A

PERSONS TRAINED BY THE FIU FOR THE LAST FOUR YEARS	YEAR			
	2022	2021	2020	2019
	1327	1417	36	136

Table 1B shows the various institutions from which the persons were trained by the FIU for the year in review and the preceding three (3) years.

TABLE 1B
2022 AML/CFT TRAINING PROVIDED BY THE FIU

SECTOR	NUMBER OF INSTITUTIONS			
	YEAR			
	2022	2021	2020	2019
Accounting Firms	78	88	1	2
Auditor	0	1	0	0
Bahamas Mortgage Cooperation	59	59	0	0
Bank and Trust Companies	270	216	7	14
Banking	63	17	0	0
Broker/Dealer	0	0	1	0
Casinos	1	0	1	2
Commercial Bank	10	257	0	0
Credit Unions	17	9	1	2
Dealers in Precious Metals & Stones	0	0	0	2
Financial Corporate Service Providers	87	89	3	13
Gaming Houses	0	5	0	0
General Insurers	0	30	0	0
Private Persons	7	9	2	3
Insurance Companies	302	100	12	16
Investment Fund Administrators	1	31	1	5
Law Firms	256	361	3	18
Private Persons	0			
Real Estate Companies	0	37	0	17
Regulator Bodies	0	0	0	0
Securities Investment Administrators	154	104	4	6
Trusts	6	4	0	0
Money Transmission Service Providers	8	0	0	0
Total	1327	1417	36	136

CASEKONNECT © TRAINING

FIU CaseKonnnect provides a powerful solution for the FIU to manage the receipt and dissemination of reports and information filed by all institutions registered with the FIU. It offers advanced custom configuration and a variety of views which displays information and relationships between reports and linked entities. CaseKonnnect is both a web and database application.

All institutions that wish to submit Suspicious Transactions Reports (STRs) or Inter-Agency Reports (IARs) to FIU Bahamas must do so via CaseKonnnect. It is imperative that all Money Laundering Reporting Officers (MLROs) and persons identified by other partners such as Law Enforcement Agency (LEAs) and Regulators that are referred to as Designated Reporting Officers (DROs), register on CaseKonnnect.



FIU CaseKonnnect Training with Financial Crimes Investigation Branch,
December 1, 2022.

The FIU offered training to Money Laundering Reporting Officers (MLROs) and Designated Reporting Officers (DROs) to ensure that they could use the FIU's e-Filing portal CaseKonnnect® to submit their reports and requests to the FIU.

CaseKonnnect Training for 2022 was conducted by the IT staff of FIU where a total of 20 MLROs and DROs were trained for the period in review.

caseKonnnect
Presented by Digipalms Inc.

STATISTICS



CHAPTER IV: STATISTICS

THE FIU'S INFORMATION TECHNOLOGY INFRASTRUCTURE FOR DATA COLLECTION AND INFORMATION SHARING

E-FILING PORTAL

The FIU e-Filing Portal allows for the FIU to disseminate and share Information with all registered institutions. The purpose is to allow all institutions that are registered with the Unit to file reports, request information, and respond to requests from the FIU.

Since its launch the e-Filing Portal has expanded its capabilities, which now allows for the submission of additional reports and the exchange of information. The portal has eliminated the collection of data by in-person delivery, via email or via facsimile. The Table below indicates the submitting agencies, purpose, and submissions type, that can access the portal electronically.

SUBMITTING AGENCIES	PURPOSE	SUBMISSION TYPE
Financial Intelligence Units and Designated Non-Financial Businesses and Professions and Regulators.	Reports required to be filed by FIUs in accordance with Section 25(1)(b) of the Financial Transaction Reporting Act (FTRA) 2018.	Suspicious Transaction Reports (STRs).
Law Enforcement Agencies, Government Agencies and Regulators.	Requests for information or assistance from the FIU.	Inter-Agency Reports (IARs).
Law Enforcement Agencies, Government Agencies and Regulators.	Feedback to the FIU on the value of reports/information provided.	Inter-Agency Feedback Forms (IAFs).
Law Enforcement Agencies and Regulators.	Request to freeze accounts in accordance with Sections 4(2)(b) and (c) of the FIUA.	Freeze Order Requests (FORs).
Financial Intelligence Units and Designated Non-Financial Businesses and Professions.	Submission by Fis and DNFBPs of information to the FIU because of a Production Order issued in accordance with Section 4(2)(d) of the FIUA.	Production Order Returns (PORs).
Financial Intelligence Units and Designated Non-Financial Businesses and Professions.	Quarterly reports required to be filed by Fis and DNFBPs in accordance with Section 70(3) of the Anti-Terrorism Act (ATA) 2018.	Terrorist Property Reports (TPRs).

The Bahamas Customs and Excise Department.	Reports required to be filled by the Bahamas Customs and Excise Department in accordance with the Travelers Currency Declaration (Amendment) Act 2018.	Travelers Declaration Reports (TDRs).
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OVERVIEW OF REPORTS AND REQUESTS FOR INFORMATION RECEIVED BY FIU

The FIU is responsible for the receipt of information from Financial Institutions and Designated Non-Financial Businesses and Professions in The Bahamas. It also receives requests for information or assistance from Law Enforcement Agencies, Regulators, Government Agencies, and Foreign Financial Intelligence Units, seeking information that may be of use to them, or to disclose information that may be of value to the FIU.

The information received are related to, or may be related to activities, associated with money laundering, terrorist financing, or proliferation financing for the manufacture of weapons of mass destruction.

During the year 2022, the FIU received 908 Suspicious Transaction Reports, 106 Inter-Agency Reports and 78 Foreign Agency Requests.

The numbers in Table 2A below shows that there was an overall increase of 30% in total submissions received in 2022, in comparison to the submissions received in 2021.

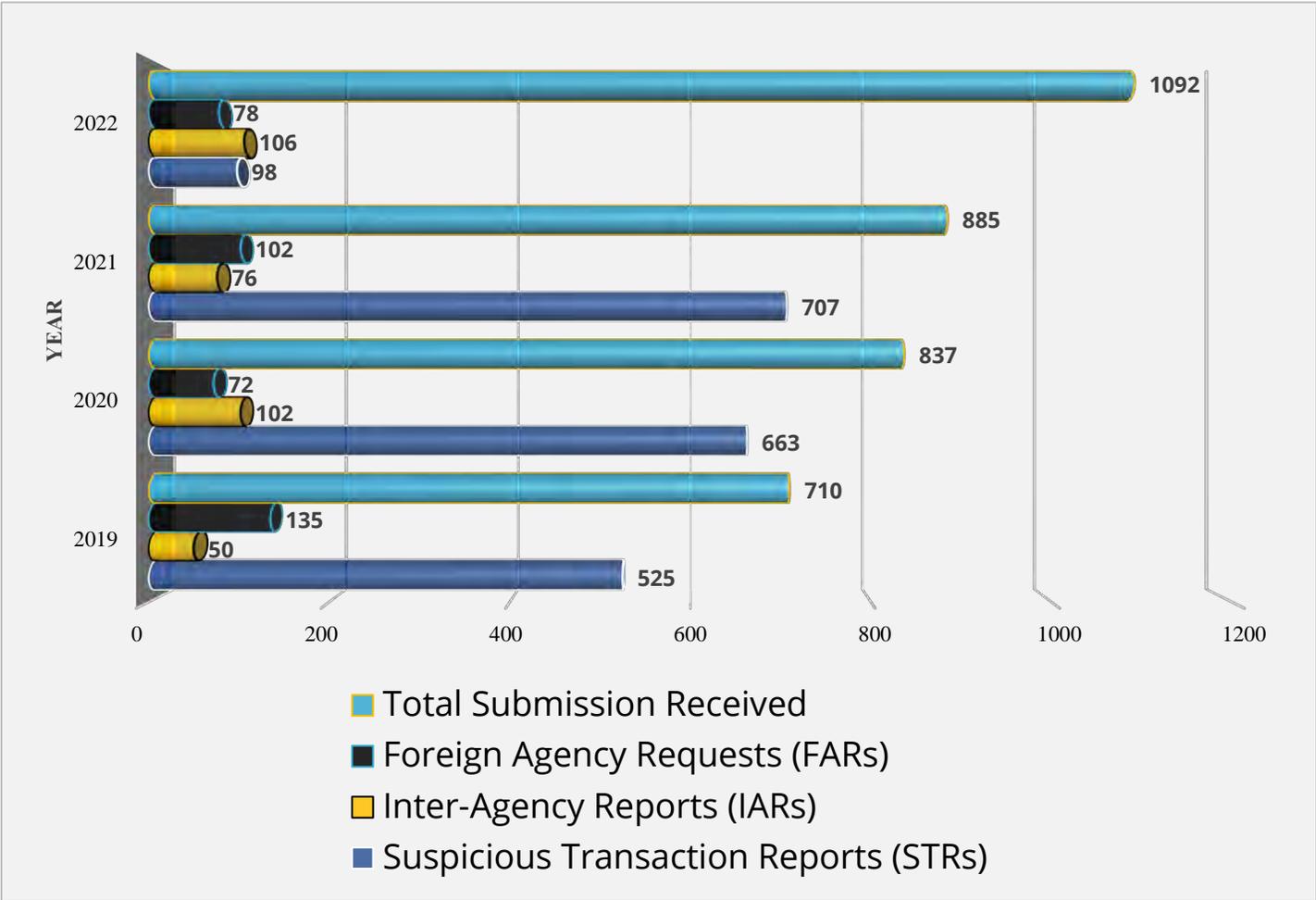
The submissions report and requests received from 2019 to 2022 over the past four (4) years are shown in Table 2A.

TABLE 2A
REPORTS AND REQUESTS RECEIVED BY FIU BETWEEN 2019 – 2022

SUBMISSION TYPE	YEAR			
	2022	2021	2020	2019
Suspicious Transaction Reports (STRs)	908	707	663	525
Inter-Agency Reports (IARs)	106	76	102	50
Foreign Agency Requests (FARs)	78	102	72	135
Totals Submissions Received	1092	885	837	710

The FIU along with its partners involved in the Anti-Money Laundering and Counter Financing of Terrorism, continue to raise the awareness to heighten the importance of filing STRs to all entities concerned.

FIGURE 1
REPORTS AND REQUESTS RECEIVED BY FIU BETWEEN 2019 – 2022



SUSPICIOUS TRANSACTION REPORTS

Section 25 of the Financial Transaction Reporting Act, 2018 of the Statute Laws of the Commonwealth of The Bahamas, mandates that all financial institutions, as defined by Section 3 of the Financial Transaction Reporting Act 2018, are to report any suspicious transactions to the FIU.

Section 25 (1) Notwithstanding any other law, where -

- (b) “the financial institution knows, suspects, or has reasonable grounds to suspect that the transaction or proposed transaction -
 - (i) involves the proceeds of criminal conduct as defined by the Proceeds of Crime Act.
 - (ii) is related to an offence under the Proceeds of Crime Act.
 - (iii) is an attempt to avoid the enforcement of any provision of the Proceeds of Crime Act; or

(iv) is an identified risk.

The financial institution shall, as soon as practicable after confirming that suspicion, report the transaction to the FIU (hereinafter referred to as a "suspicious transaction report").

SUSPICIOUS TRANSACTION REPORTS FILED

Table 2B below indicates that 908 reports were filed in 2022 and 707 reports were made in 2021, representing a 28% increase.

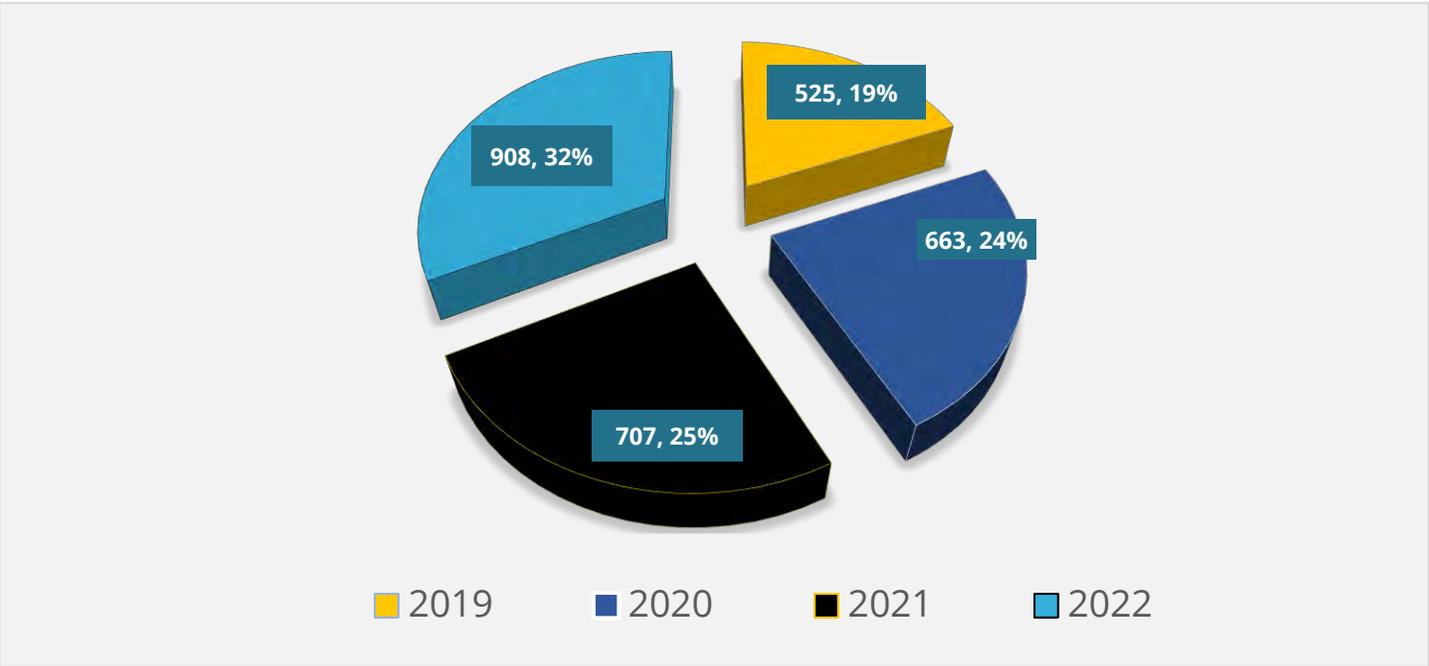
TABLE 2B

SUSPICIOUS TRANSACTION REPORTS (STRS)	YEAR			
	2022	2021	2020	2019
	908	707	663	525

Over the past four (4) years from 2019 to 2022 there have been steady increases in the number of Suspicious Transaction Reports filed.

The statistics for 2019 when compared with 2022 show a 73% increase in reported matters. Figure 2 below shows statistics for 2019 - 2022.

**FIGURE 2
REPORTS AND REQUESTS FILED WITH THE FIU BETWEEN 2019 – 2022**



SUSPICIOUS TRANSACTION REPORTS SUBMITTED

The breakdown of the various institutions is shown in Table 3. The Table below shows Suspicious Transactions Reports that were submitted, (38%) were filed by Banks, (37%) Non-Bank Entities, (8.6%) Money Remittance Services and (6%) from Trust Companies.

TABLE 3
SUMMARY OF SUSPICIOUS TRANSACTION REPORTS SUBMITTED BY INSTITUTION TYPE

INSTITUTION TYPE	YEAR			
	2022	2021	2020	2019
Banks	342	605	573	299
Casinos	16	16	18	48
Trust Companies	57	11	25	17
Insurance Companies	3	11	1	3
Insurance Agent/Broker	2	0	0	0
Non-Bank Entity	338	11	0	0
Company Services Providers	19	9	6	9
Money Remittance Services	78	8	19	103
Stockbrokers	4	8	4	6
Law Firms	3	6	4	5
Regulators	2	5	0	5
Bookers/Dealers	0	4	4	11
Credit Unions	0	4	2	6
Real Estate Agents/Brokers	0	3	0	2
Accountants	0	2	0	0
Securities	39	2	0	0
Financial Advisors	0	1	3	5
Investment Administrators	2	1	0	0
Other	0	0	3	1
Fund Managers	3	0	1	5
Asset Managers	0	0	0	0
Total	908	707	663	525

During 2022, 37% of suspicious transaction reports were received from banks, representing a significant decrease of 37% over Suspicious Transaction Reports received from Banks in 2021.

The statistics shows an increase in Suspicious Transaction Reports from Trust Companies from 1.5% in 2021, to 6% in 2022, an increase in submissions from Non-Entity from 1.5% in 2021 to 37% in 2022 and increase in submission from Money Remittance Services from 1.5% in 2021 to 8.6%

TABLE 4
SUMMARY OF SUSPICIOUS TRANSACTION REPORTS SUBMITTED BY GROUNDS FOR DISCLOSURE

GROUNDS FOR DISCLOSURE	YEAR			
	2022	2021	2020	2019
Cash Transaction	94	376	141	28
Account Activity Not in Keeping with KYC	490	72	254	132
Media Reports/Publicity	38	72	83	82
Not Selected	59	65	8	0
Internet Research	17	29	48	35
Evidence of Forged Documentation	32	25	13	7
Other	29	19	26	145
3rd Party Information	79	17	13	16
Failure to Comply with Due Diligence Checks	16	12	14	11
Service of Production Order	23	9	18	17
Group Information	5	7	25	12
Transitory Accounts - Immediate Layering	2	2	13	1
Police Enquiry	1	2	2	2
High Risk Jurisdictions	23	0	3	28
Unusual Forex Transactions	0	0	2	9
Total	908	707	663	525

The grounds for submission criterion identify the reason why the transaction, or attempted transaction, aroused suspicion. In 2022, “cash transaction” as grounds for disclosure, showed a decrease of 75% over 2021.

CRIMINALITY SUSPECTED

Table 5 shows the criminality that the FIU suspected was involved with the transaction or attempted transaction. The suspected criminality of fraud in 2022 showed a decrease of 72% over the reports of fraud in 2021.

Criminality suspected transaction following directly after were tax matters, bribery, corruption, other (ICS) and insider trading. Table 5 shows criminality documented as corruption increased by 14% for the year in review.

TABLE 5
CRIMINALITY SUSPECTED OF SUSPICIOUS TRANSACTION REPORTS FILED

CRIMINALITY SUSPECTED	YEAR			
	2022	2021	2020	2019
Fraud	116	411	325	142
Unknown/Undetermined	548	143	175	228
Not Selected	59	52	0	0
Corruption	32	28	16	38
Tax Matters	62	15	60	4
Other (ICS)	23	12	7	38
Drugs	5	10	27	10
Insider Trading	10	9	8	6
Regulatory Matters	1	7	15	15
Bribery	38	7	0	0
Cyber Crimes	1	3	12	0
Illegal Gambling	1	2	2	0
Financing of Proliferation of Weapons of Mass Destruction (WMD)	1	0	0	0
Weapons and Ammunition Trafficking	0	2	2	0
Terrorism	3	2	1	0
Trafficking In Persons	2	2	1	38
United Nations Security Council Resolution (UNSCR)	5	2	0	0
Money Laundering	0	0	8	0
Revenue Fraud	0	0	2	1
Adverse Media exposure	0	0	1	0
Proceeds of Crime	0	0	1	0
Fraud – Attempted	0	0	0	3
Possession, Theft and/or Trafficking in Stolen Gold or Precious Metals	1	0	0	1
Proliferation Financing	0	0	0	1
Total	908	707	663	525

During the course of the FIU's analysis of the 548 reports whose Criminality Suspected is "Unknown/Undetermined", 334 or 59% of these reports were found to be related to digital currency and dark-web transactions. Also, to be noted that for 59 of the reports, the money laundering reporting officer did not select a criminality in this field.

NATIONALITY OF SUBJECTS

From the Suspicious Transaction Reports filed, the data in table 6 below indicates that 206 of the subjects were Bahamian nationals. It also shows that 150 nationalities of subjects were from other countries and 144 nationalities of subjects from whom their country of citizenship was not provided.

TABLE 6
COUNTRY OF CITIZENSHIP OF SUBJECTS OF SUSPICIOUS TRANSACTION REPORTS

COUNTRY	NUMBER
Albania	0
Argentina	1
Bahamas	206
Bahrain	0
Belarus	3
Belgium	1
Benin	1
Brazil	10
Bulgaria	1
Canada	18
China	3
Colombia	1
Cuba	1
Cyprus	1
Dominican Republic	2
France	6
Germany	0
Ghana	0
Greece	0
Guatemala	1
Haiti	19
Honduras	0
Hungary	1
Ireland	1
Israel	1
Italy	9
Jamaica	13
Jordan	1
Kuwait	1
Malaysia	1
Mexico	6
Morocco	1
Netherlands	3
Nicaragua	0
Nigeria	3
Pakistan	2
Panama	0

Peru	0
Philippines	3
Poland	0
Russian Federation	6
South Africa	1
Spain	2
Swaziland	1
Switzerland	1
Turkey	0
Turks and Caicos Islands	0
Ukraine	0
United Arab Emirates	2
United Kingdom	6
United States of America	14
Unknown	144
Venezuela	0
Total	500

ORGANIZATIONS THAT WERE SUBJECTS OF SUSPICIOUS TRANSACTION REPORTS

There was a total of 99 institutions recorded as types of organizations in Suspicious Transaction Reports.

TABLE 7
TYPES OF ORGANIZATIONS THAT WERE SUBJECTS OF STRS

ORGANIZATION TYPE	NUMBER
Cryptocurrency	2
Incorporation	5
International Business Company	22
Limited Liability Company	9
Non-profit Organization	1
Trust	6
Unspecified	54
Total Organizations	99

INTER-AGENCY REQUESTS AND REPORTS

Inter-Agency Requests and Reports are primarily requests or reports from other Government Agencies and Law Enforcement Agencies, such as:

ROYAL BAHAMAS POLICE FORCE



BAHAMAS IMMIGRATION DEPARTMENT



BAHAMAS CUSTOMS & EXCISE DEPARTMENT



OTHER GOVERNMENT AGENCIES



Reports or requests from Financial Services Regulators are additionally classified as Inter-Agency Requests and Reports, and may originate from Regulators namely:

CENTRAL BANK OF THE BAHAMAS



SECURITIES COMMISSION OF THE BAHAMAS



THE INSURANCE COMMISSION OF THE BAHAMAS



THE COMPLIANCE COMMISSION OF THE BAHAMAS



GAMING BOARD FOR THE BAHAMAS



OTHER GOVERNMENT AGENCIES



INTER-AGENCY REQUESTS AND REPORTS FILED

In 2022 there were 106 submissions of Inter-Agency Requests and Reports Filed. The number of Inter-Agency Requests and Reports Filed in 2022 increased by 39% over those Filed in 2021 is shown in Figure 3.

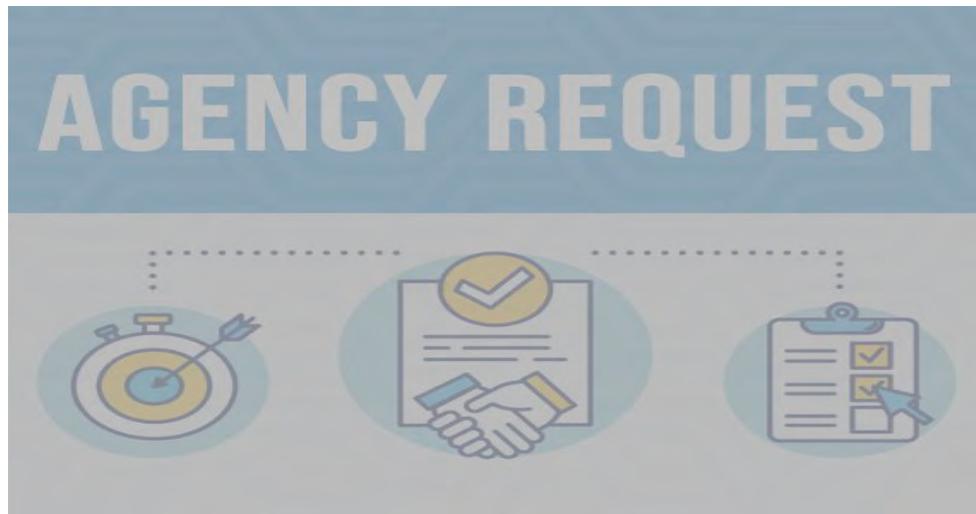
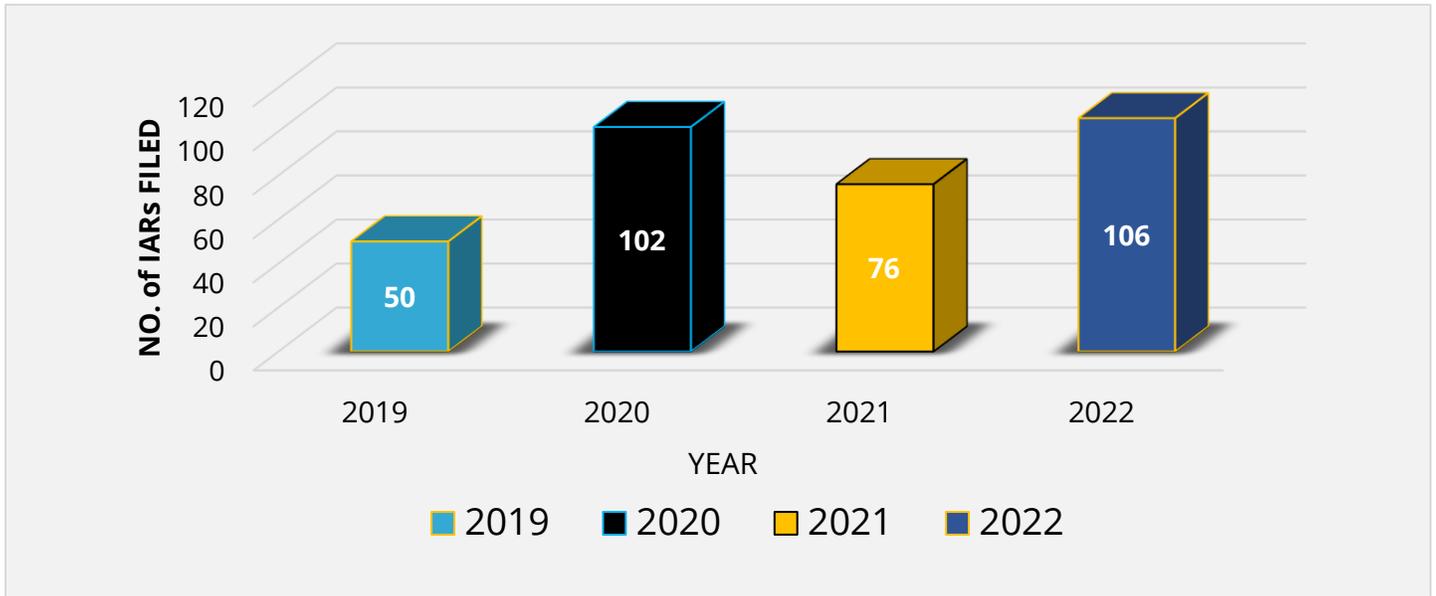


FIGURE 3
INTER-AGENCY REPORTS FILED BETWEEN 2019-2022



AGENCIES THAT MADE REQUESTS

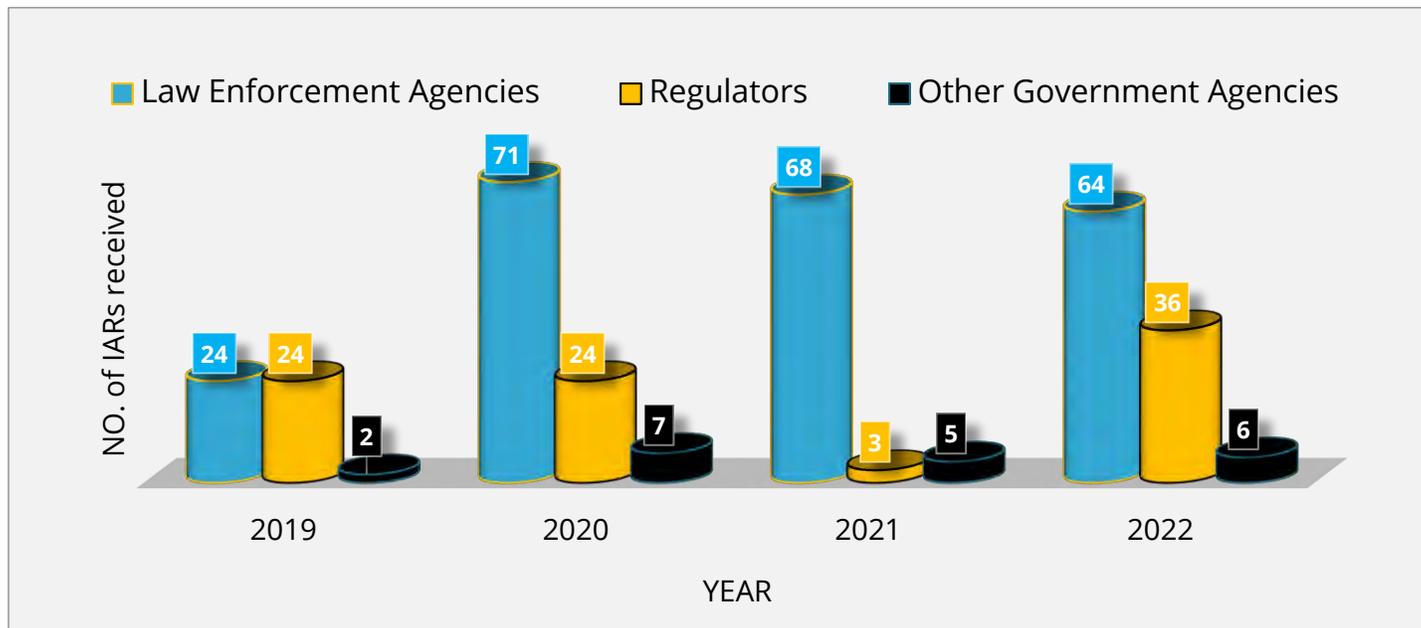
Inter-Agency Requests and Reports submitted by the various sectors are shown in Table 8.

TABLE 8
AGENCIES FROM WHICH INTER-AGENCY REQUESTS AND REPORTS WERE RECEIVED

SUBMITTING AGENCY	YEAR			
	2022	2021	2020	2019
Law Enforcement Agencies	64	68	71	24
Regulators	36	3	24	24
Other Government Agencies	6	5	7	2
Total Submissions Received	106	76	102	50



FIGURE 4
INSTITUTIONS FROM WHICH INTER-AGENCY REPORTS WERE SUBMITTED



INTER-AGENCY REQUESTS/REPORTS

The Inter-Agency types of reports filed in 2022 are shown in Table 8. The requests or reports in this category fall into four (4) areas namely:



REQUEST FOR INFORMATION

Where the assistance of the FIU to obtain information that it is authorized to obtain in accordance with Section 4 (2) (d) of the Financial Intelligence Unit Act.



SPONTANEOUS DISCLOSURES

Where information that an agency may share with the FIU that it feels may assist with an investigation.



DATABASE CHECKS

Where information that an agency may share with the FIU that it feels may assist with an investigation.



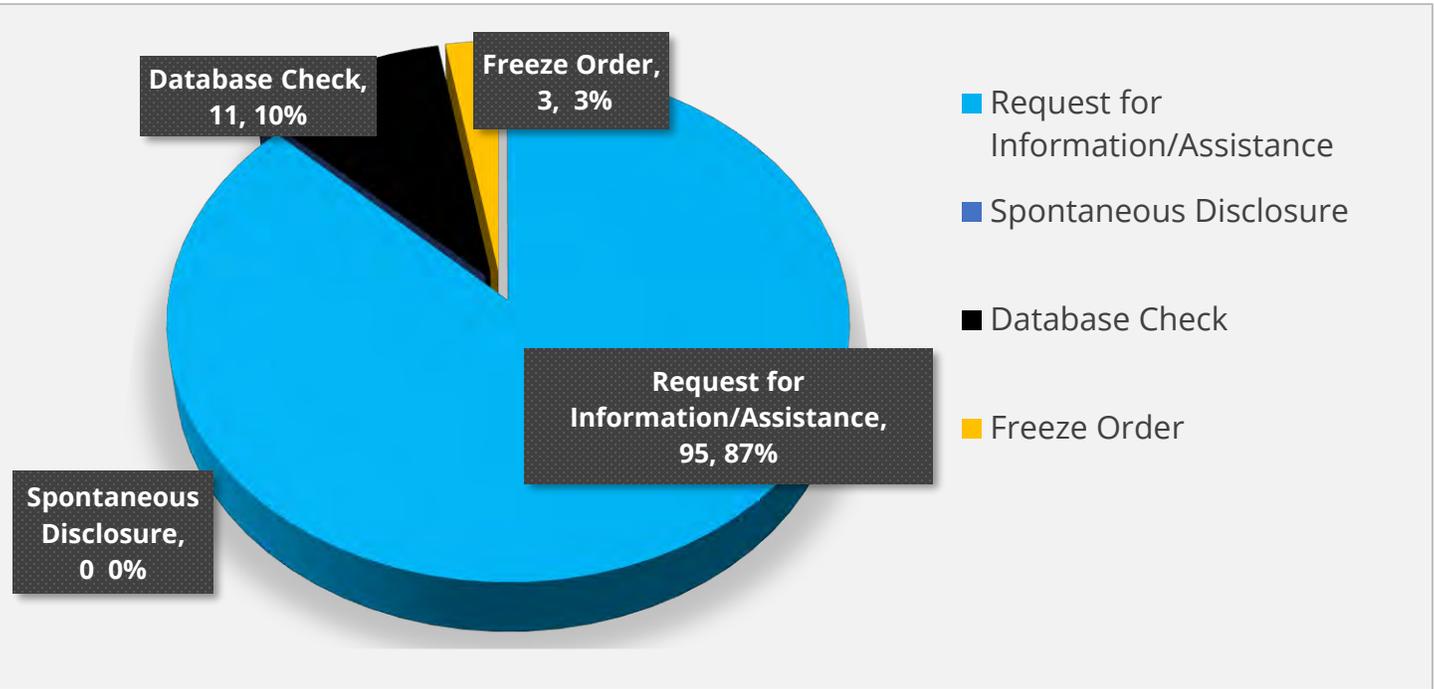
FREEZE ORDERS

Where a Law Enforcement Agency or Regulator may request the FIU to freeze the accounts or issue an order for a Financial Institution to refrain from completing a transaction where the transaction is related or suspected to be related to offences specified in the Proceed of Crime Act or Anti-Terrorism Act, 2018.

**TABLE 9
INTER-AGENCY REPORTS SUBMITTED**

INTER-AGENCY REQUEST/REPORT TYPE	NUMBER
Request for Information/Assistance	95
Spontaneous Disclosure	0
Database Check	11
Freeze Order	3
Total Request	109

**FIGURE 5A
INTER-AGENCY REPORT TYPES RECEIVED IN 2022**



FOREIGN AGENCY REQUESTS & REPORTS

Foreign Agency Requests and Reports (FARs) are received from Foreign Financial Intelligence Units through the Egmont Secure Web (ESW).

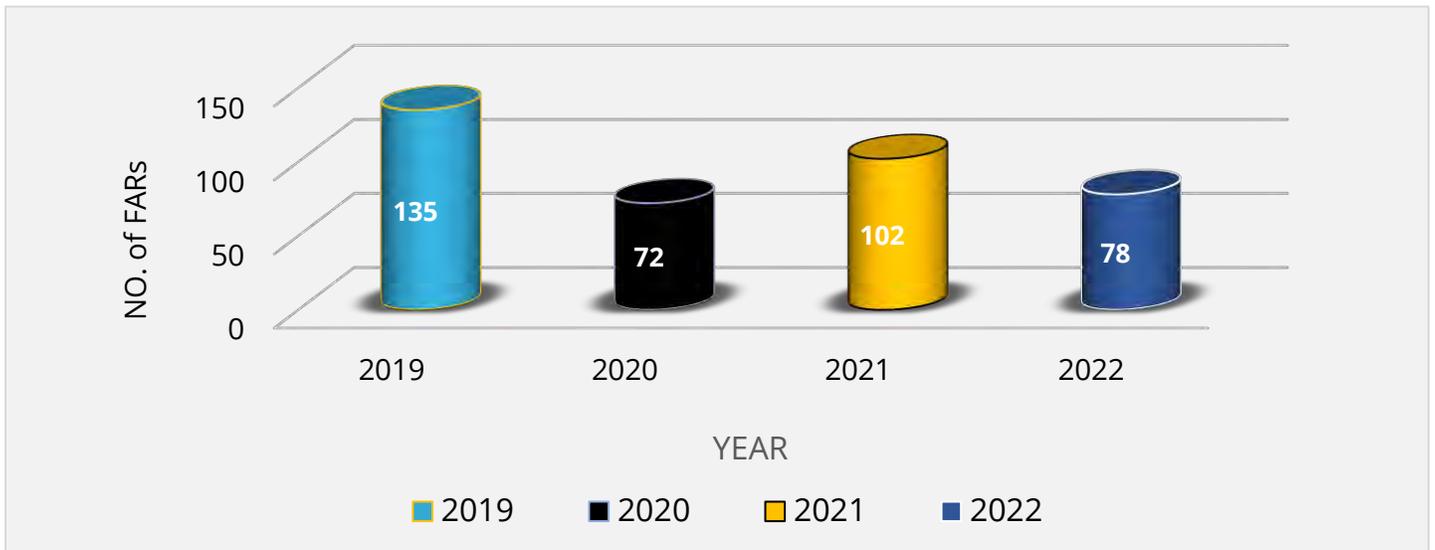
FOREIGN AGENCY REQUESTS RECEIVED

The FIU received a total of 78 Foreign Agency Requests in 2022, compared to One Hundred and Two (102) in 2021, a decreased from 23%. The types of requests are shown in Table 10.

TABLE 10
FOREIGN AGENCY REQUESTS SUBMITTED

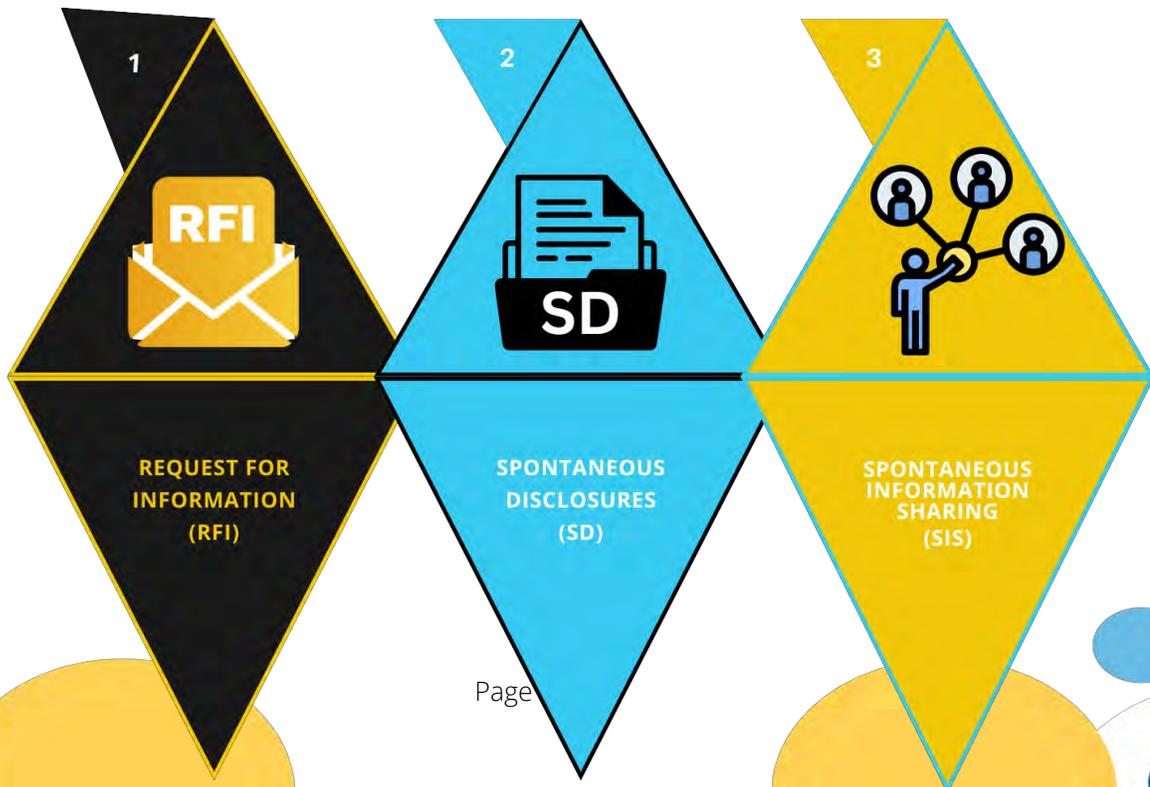
FOREIGN AGENCY REQUESTS (FARS)	YEAR			
	2022	2021	2020	2019
	78	102	72	135

FIGURE 5B
FOREIGN AGENCY REQUESTS (FARS) RECEIVED IN 2019-2022



FAR TYPES RECEIVED

The FIU Bahamas usually receives three (3) types of information requests from Foreign Financial Intelligence Units which are:



A Request for Information is sent by a Foreign Financial Intelligence Unit to ask for the assistance of FIU Bahamas in obtaining information that may be of assistance to them in their local inquiries.

A Foreign Financial Intelligence Unit may also share information that it is made aware of during their inquiries that may be of benefit to the FIU Bahamas. Table 11 shows Foreign Agency Requests and Report types.

TABLE 11
FOREIGN AGENCY REQUEST AND REPORTS TYPE

FOREIGN AGENCY REQUEST/REPORT TYPE 2022	NUMBER
Request for Information	62
Spontaneous Disclosure	8
Spontaneous Information Sharing	8
Total Request	78

COUNTRIES FOREIGN AGENCY REPORTS AND REQUESTS RECEIVED

The FIU Bahamas continued to provide support and respond in a reasonable period to those Foreign Financial Intelligence Units that requested information during 2022.

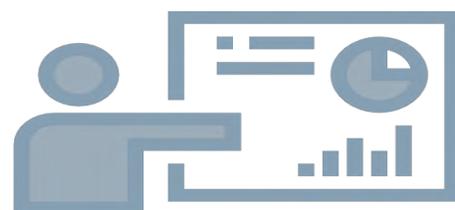
Table 12 shows the countries FARS received requests. The total requests for 2022 is seventy-eight (78).

TABLE 12
COUNTRIES WHERE FARs REQUEST WERE RECEIVED

COUNTRY	YEAR			
	2022	2021	2020	2019
Andorra	0	0	1	1
Anguilla	0	0	0	1
Argentina	2	2	1	8
Aruba	0	1	0	0
Austria	0	0	0	2
Azerbaijan	0	1	0	0
Brazil	1	3	1	2
Bulgaria	1	1	0	0
Belgium	1	0	0	0
Bermuda	1	0	0	0
Canada	0	0	4	6
Cayman Islands	2	5	1	4

Chile	0	1	0	0
Cyprus	0	1	0	0
Dominican Republic	0	1	0	0
Ecuador	0	0	0	2
France	7	2	2	5
Germany	1	5	8	16
Ghana	0	0	0	1
Gibraltar	0	1	0	1
Greece	1	0	0	0
Guatemala	0	1	0	0
Guernsey	0	0	1	1
Hong Kong	0	0	1	0
Hungary	1	0	0	0
India	2	2	3	7
Ireland	0	0	0	1
Isle of Man	1	0	1	0
Israel	0	0	1	1
Italy	4	3	1	5
Jamaica	0	0	2	0
Jersey	2	3	1	9
Jordan	0	0	1	0
Kazakhstan	1	1	0	0
Korea (South)	0	0	1	0
Kuwait	0	0	0	0
Liechtenstein	8	4	0	0
Lithuania	0	0	1	0
Luxembourg	2	3	0	0
Macedonia	0	0	0	1
Malaysia	0	1	0	0
Malta	2	9	7	1
Mexico	0	0	0	0
Moldova	1	0	0	2
Monaco	0	0	1	2
Mongolia	0	1	0	0
Montenegro	0	5	0	0
Netherlands	1	1	0	0
New Zealand	2	0	0	4
Nigeria	0	0	1	0
Norway	2	0	0	0
Panama	7	2	2	5

Paraguay	0	0	0	1
Peru	2	5	3	1
Portugal	0	0	0	0
Qatar	0	1	0	1
Republic of Kosovo	0	1	0	0
Romania	0	1	0	1
Russia	2	0	0	1
San Marino	0	0	0	1
Saudia Arabia	1	0	0	0
Senegal	1	0	0	1
Serbia	1	0	0	0
Singapore	0	0	1	0
Slovakia	0	1	0	0
Spain	0	0	1	0
Sri Lanka	0	1	0	0
Switzerland	4	2	4	0
Syria	2	6	1	0
Taiwan	0	0	0	1
Tanzania	0	1	0	0
Thailand	1	0	0	0
Trinidad & Tobago	0	0	1	1
Turkey	2	1	0	1
Turks & Caicos Islands	1	1	1	1
Ukraine	3	0	0	0
United Kingdom	0	3	5	5
United States of America	9	14	9	23
Uruguay	1	0	0	0
Uzbekistan	0	0	1	0
Vanuatu	0	0	0	1
Venezuela	2	0	0	0
Total	78	102	72	135



FIU REQUESTS SENT TO FOREIGN FINANCIAL INTELLIGENCE UNITS

Table 13 shows the FIU Bahamas Requests to FFIU. The Table shows that FIU Bahamas sent thirty (30) requests for information to Foreign Financial Intelligence Units during 2022.

TABLE 13
FIU REQUEST TO FOREIGN FINANCIAL INTELLIGENCE UNITS

COUNTRY	NUMBER
Argentina	1
Aruba	1
Belgium	1
Brazil	1
Canada	4
Curacao	1
France	1
Jamaica	1
Panama	1
Singapore	1
Switzerland	2
Taiwan	1
Ukraine	1
United Kingdom	1
United States of America	12
TOTAL	30

OTHER REPORTS

In addition to the forementioned reports received by FIU, from the various entities and institutions, FIU also received, additional reports namely:

- (a) Terrorist Property Reports (TPRs)
- (b) Travellers Currency Declaration Reports (TDRs)

TERRORIST PROPERTY REPORTS

Section 70 (1) of the Anti-Terrorism Act, 2018 (ATA) mandates that every financial institution shall disclose to the FIU:

- (a) the existence of any property in his possession or control, which to his knowledge is terrorist property or property to which an order made under Section 45 applies, or which there are reasonable grounds to believe is terrorist property or property to which an order made under Section 45 applies.

- (b) any information on a transaction or proposed transaction in respect of terrorist property or property to which an order made under Section 45 applies; or
- (c) any information about a transaction or proposed transaction which there are reasonable grounds to believe may involve terrorist property or property to which an order made under Section 45 applies.

Additionally, Section 70 (3) requires Financial Institutions to submit quarterly reports, which the FIU terms Terrorist Property Reports (TPRs):

- (a) if it is not in possession or control of terrorist property, that it is not in possession or control of such property; or
- (b) if it is in possession or control of terrorist property, that it is in possession or control of such property, and the particulars relating to the person, accounts and transactions involved and the total value of the property.
- (d) any information about a transaction or proposed transaction in respect of terrorist property or property to which an order made under Section 45 applies; or
- (e) any information about a transaction or proposed transaction which there are reasonable grounds to believe may involve terrorist property or property to which an order made under Section 45 applies.

Additionally, Section 70(3) requires FIs to submit quarterly reports, that the FIU terms terrorist property reports (TPRs):

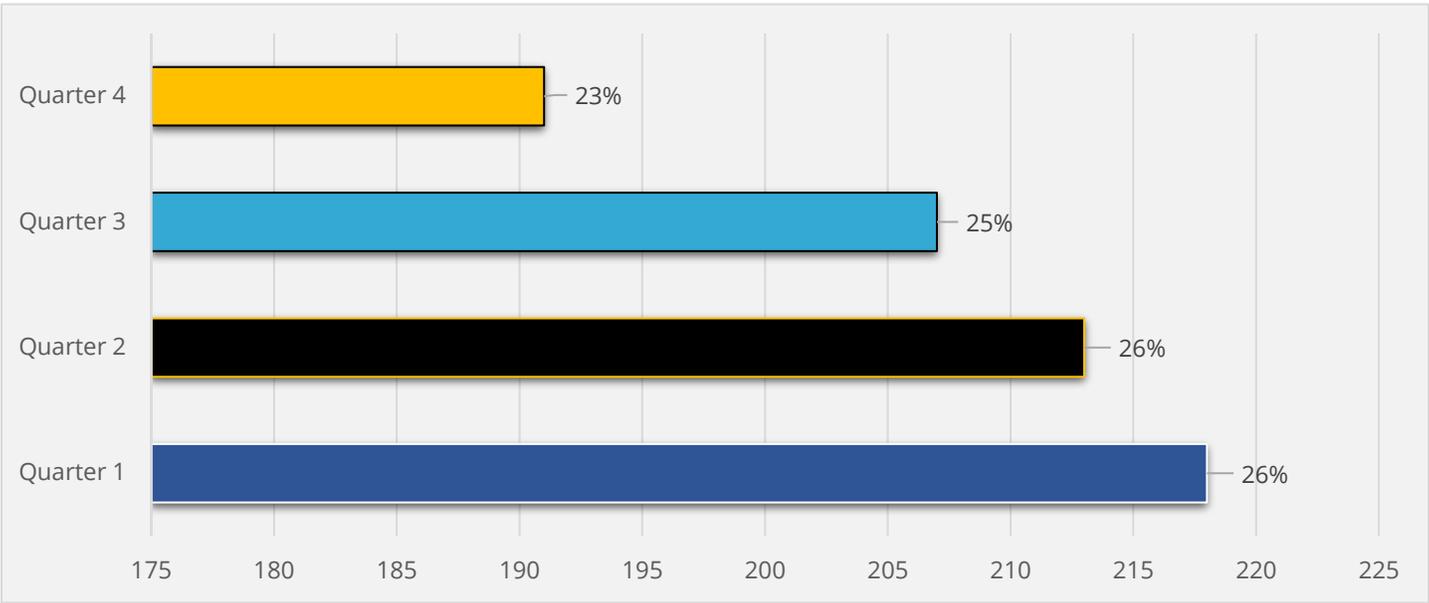
- (c) if it is not in possession or control of terrorist property, that it is not in possession or control of such property; or
- (d) if it is in possession or control of terrorist property, that it is in possession or control of such property, and the particulars relating to the person, accounts and transactions involved and the total value of the property.

The following reports were submitted during the four (4) quarters of 2022.

TERRORIST PROPERTY REPORTS (TPRs) FILED	
REPORTING PERIOD 2022	Quarter 1 (January - March) 218
	Quarter 2 (April - June) 213
	Quarter 3 (July - September) 207
	Quarter 4 (October - December) 191

The reports filed to the FIU Bahamas were Section 3(a) reports, that are, declarations that the institutions were NOT in possession or control of terrorist property.

**FIGURE 6
TERRORIST PROPERTY REPORTS FILED IN 2022**



TRAVELERS CURRENCY DECLARATION REPORTS

Section 3 of the Travelers Currency Declaration Act, 2018 makes it mandatory for every person entering or leaving The Bahamas (except for persons leaving on a precleared flight by United States Customs) to declare whether they have in their possession, or a household member has in their possession, or in their baggage, cash, or negotiable instruments of a value equivalent to Bahamian \$10,000.00 or more.

The Travelers Currency Declaration (Amendment) Act, 2018 requires that the declaration be provided to the FIU.

A total of 17 reports were submitted from Bahamas Customs and Excise Department for 2022, and were received in the months indicated below:

TRAVELERS CURRENCY DECLARATION REPORTS (TCDS) FILED 2022	MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	4	4	4	3	0	2	0	0	0	0	0	0

ANALYSIS

During the year in review, as indicated prior, the FIU received several reports for analytical assessment. These reports included:

- 📁 Inter-Agency Reports (106).
- 📁 Suspicious Transaction Reports (908).
- 📁 Foreign Agency Reports (78)

These matters are assigned to an Analyst during the analytical process, in the respective section, as soon as practicable, after they are received, with completion deadline being determine based on the nature of the matter.

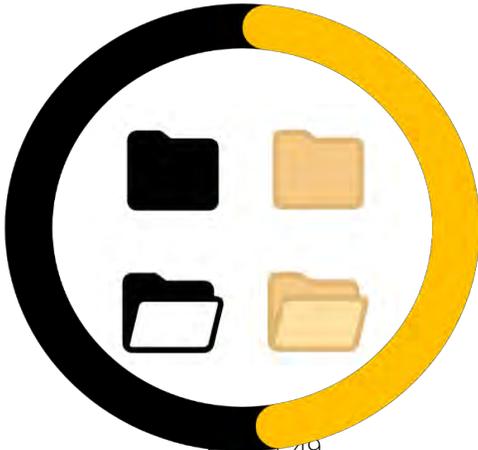
The FIU has two (2) types of case status classifications, open or closed. An “Open Case Status” refers to a report or request in which it was received by the FIU and is logged into the system. A “Closed Case Status” refers to the time in which the FIU has completed its work on the case reports or requests. The process by which a case can be closed includes the following:

- 📁 Analysis completed.
- 📁 The case reviewed, and determination made to close the case without further analysis.

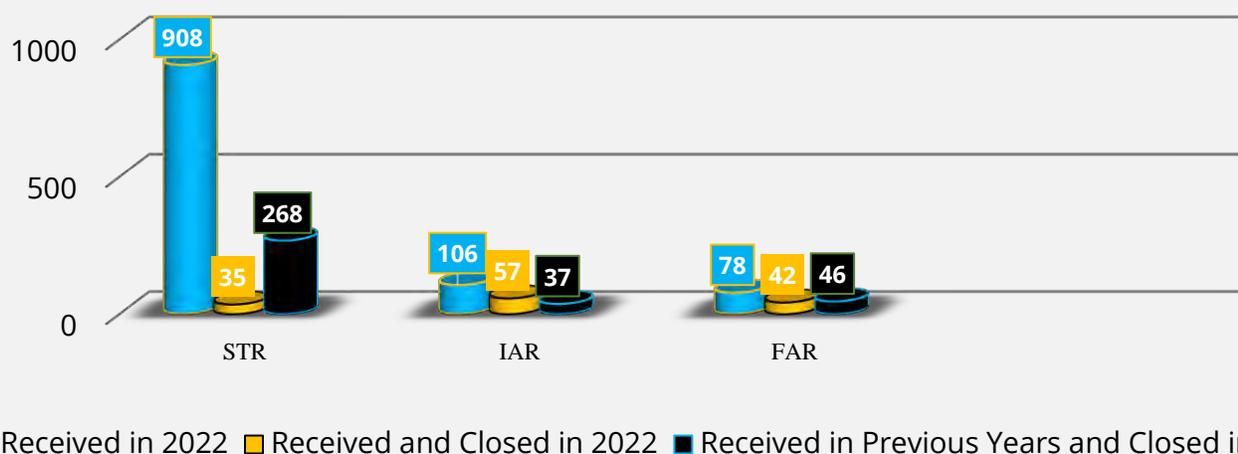
TABLE 14
STATUS OF MATTERS

CASE STATUS	SUBMISSION TYPE			
	STR	IAR	FAR	TOTAL
Received in 2022	908	106	78	1092
Received and closed in 2022	35	57	42	134
Received in Previous Years and Closed in 2022	268	37	46	351

The FIU closed a total of 485 cases in 2022, this represents a 53% decrease in closed cases in comparison to a total of 1043 closed cases in 2021.



STATUS OF MATTERS



OBTAINING OF INFORMATION

PRODUCTION ORDERS

Under its authority given by Section 4(2)(d), the FIU sent out 1271 requests for information in the performance of its duties. In addition to production orders being sent out, the FIU also issued numerous follow-up requests to institutions when there were delays in responding to production orders issued. Table 15 outlines the number of Production Orders (Pos) sent out in 2022.

TABLE 15
PRODUCTION ORDERS ISSUED IN 2022

INSTITUTION TYPE	CASE TYPE			TOTAL
	STR	IAR	FAR	
Bank	333	367	30	730
Stockbroker	4	0	0	4
Financial Advisor	2	0	0	2
Insurance Company	0	10	0	10
Trust Company	35	8	15	58
Company Service Provider	6	0	0	6
Lawyer	2	10	0	12
Accountant	19	0	2	21
Local Regulator	1	0	2	3
Casino	24	2	0	26
Credit Union	7	3	0	10
Money Remittance Service	51	6	3	60
Other	1	55	0	56

Non-Bank Entity	1	2	7	10
Securities	5	1	0	6
Government Agency	115	6	21	142
Broker/Dealer	1	0	0	1
Unknown	0	0	0	0
Total	616	575	80	1271

DISSEMINATION OF INFORMATION

The FIU disseminates information by the following process:

- 01** **Operational Analysis Reports are sent to Law Enforcement Agencies (LEAs), Regulators, or Government Agencies for intelligence purposes where criminality or breach may have occurred.**
- 02** **Strategic Analysis Reports are sent to an Institution or Regulator informing them of any trends seen by the FIU.**
- 03** **Spontaneous Disclosure are sent to a LEA, Regulator, Government Agency, Foreign FIU where the FIU discovered information that may be of value to that institution.**
- 04** **Issuing a Public Notice or Advisory.**

It should be noted that a Spontaneous Disclosure could be sent out before the analysis is completed, where due to the nature of the information, the FIU feels the information should be urgently shared for intelligence purposes.

The FIU disseminated reports or information to Law Enforcement Agencies, Regulators, and other Government Agencies. The disseminated reports and information to various agencies and regulators are indicated in Table 16.

TABLE 16
MATTERS DISSEMINATED TO VARIOUS AGENCIES IN 2022

AGENCY	TYPE OF DISCLOSURE		
	OPERATIONAL ANALYSIS REPORTS	SPONTANEOUS DISCLOSURES	STRATEGIC ANALYSIS REPORTS
Law Enforcement Agencies	34	9	0
Regulators	0	1	0
Other Government Agencies	0	0	0
Total	34	10	0

SPONTANEOUS DISCLOSURES TO FOREIGN FIUS (FFIUS)

During the year in review the FIU sent a total of 37 Spontaneous Disclosures to Foreign Financial Intelligence Units. There was a 20% decrease in spontaneous disclosures sent in 2022, in comparison to 2021. The countries to which the spontaneous disclosures were sent are shown in Table 17.

TABLE 17
COUNTRIES LISTING OF SPONTANEOUS DISCLOSURES SENT TO FOREIGN FINANCIAL INTELLIGENCE UNITS

COUNTRY	NUMBER
Brazil	1
Canada	7
Cayman Islands	1
Columbia	1
Costa Rica	1
Cyprus	1
France	1
Italy	2
Liechtenstein	2
Mexico	1
Netherlands	1
Peru	2
Russia	1
South Africa	6
Switzerland	3
United States of America	4
Venezuela	2
Total	37

PUBLIC NOTICES AND ADVISORIES

The FIU Public Notices and Advisories are published on the following websites:



THE FIU WEBSITE

<https://www.fiubahamas.org.bs>



THE BAHAMAS GOVERNMENT WEBSITE

<https://www.bahamas.gov.bs/finance>



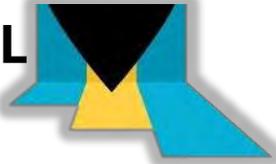
THE E-FILLING PORTAL DASHBOARD

<https://www.fiuconnect.fiubahamas.bs>



TYPOLOGIES

LOCAL



CASE #1 ONLINE FRAUD

The Financial Intelligence Unit (FIU) received a Suspicious Transaction Report from a Financial Institution in The Bahamas.

The Financial Institution reported the matter to the FIU because **Subject A** indicated that funds were fraudulently transferred from his digital wallet to various accounts bearing different names.

Subject A opened the account to receive funds for personal reasons and is a victim in the case.

Subject A indicated that he clicked on a link in a text message, assuming it was from the Financial Institution, which offered a promotion for a gift for feed-back in respect to his customer service experience upon signing up and clicking the link, fraudulent transactions occurred.

Funds were disbursed to **Subjects B** and **C**, both of whom had accounts at the Financial Institution. These **Subjects B** and **C** are also unknown to **Subject A**.

Subject A claimed he gave no one his password, nor did he use public Wi-Fi. The funds were not recovered and as a result **Subject A** suffered a loss.

It should be noted that this matter is a part of a new trend involving accounts attached to digital wallets, where subjects were defrauded as outlined above.

INDICATORS OF THE CASE

Receiving a text from an unknown number purporting to be the Financial Institution with incentives for providing personal information.

A domain was registered similar to that of the Financial Institution.

Funds were transferred to a recipient who was unknown to the victim.

The receiving account was a personal account.

**CASE #2
CONDUCTING
BUSINESS
THROUGH
PERSONAL
ACCOUNTS
FOR VAT
AVOIDANCE**

The Financial Intelligence Unit (FIU) received a Suspicious Transaction Report (STR) from a Financial Institution in The Bahamas. **Subject X** opened a personal savings account at Bank ABC. During a routine Know Your Customer review of clients at the Bank, it was discovered that there were twenty-four (24) third party deposits totaling BSD Four Hundred Thousand \$400,000.00 from a registered company in The Bahamas to the solely held account of **Subject X** at the Bank.

It is important to note that the deposits were made between February 2022 and May 2022, ranging from high Forty Thousand Dollars (\$40,000.00) to low One Thousand Dollars (\$1,000.00). **Subject X** is a Manager at the registered company. According to a previous internal request for information, **Subject X** is also part owner of two (2) other companies registered in The Bahamas.

Further investigation by the Bank revealed that wire transfers were made from the personal account of **Subject X** to a company in the United States referencing the registered company.

It was also discovered that **Subject X** was part owner of the said company. The other activity consisted of third-party deposits from various individuals and entities. It was suspected that the personal account was used for business activity to avoid the company's avoidance of Value Added Tax (VAT).

INDICATORS OF THE CASE

01

Large volume of deposits and withdrawals being received and sent from a business account to and from the personal account.

02

Third-party deposits from various individuals and entities.

03

Account activity did not match Know Your Customer documents.

TYOLOGIES EGMONT GROUP



HUMAN TRAFFICKING

A victim identified **Person A**, owner of Nightclub 1, to police. According to the accuser, **Person A** recruit's girls from the Maghreb and Eastern Europe via the Internet, promising them decent work and good wages in Senegal. Once in Senegal, these girls have their passports confiscated and are forced into prostitution with the clientele of **Person A's** nightclub.

After a careful investigation, the police arrested **Person A**. The results of the police investigations were thus communicated to the judicial authority.

The national media coverage about the dismantling of a procuring ring by police alerted a bank. As part of its duty of vigilance vis-à-vis its customers, the bank noted useful information in its portfolio that indicated that one of the legal persons held an account that had been opened by **Person B** and for which **Person A** had been appointed proxy.

Because of the case before the courts, bank officials theorized that the funds being credited to this account could have come from procuring, and so deemed it necessary to file with the National Financial Intelligence Processing Unit (CENTIF), two Suspicious Transaction Reports on its client and the company managers. CENTIF began its investigation when it received the STRs.

INDICATORS OF THE CASE



MASSIVE CASH DEPOSIT FOLLOWED BY MASSIVE CASH WITHDRAWAL, FOR A LEGAL PERSON.



A SIGNIFICANT DIFFERENCE BETWEEN THE VOLUME OF PAYMENTS MADE INTO THE ACCOUNT AND THE AMOUNT OF FINANCIAL INCOME GENERATED BY THE STANDARD ACTIVITIES OF A NIGHTCLUB THE SIZE OF THAT MANAGED BY PERSON A.



SYSTEMATIC DEPOSIT OF ALL FUNDS IN AN ACCOUNT OPENED ONLY FOR THIS PURPOSE.



CREATION OF A CONSTRUCTION COMPANY TO RECYCLE FUNDS FROM THE NIGHTCLUB, AN UNRELATED BUSINESS.



CONCLUSION

During the year in review a great deal of attention was spent reassessing, refocusing, and readjusting our FIU's system, to optimize efficiency for improving overall operations effectiveness. Hence, the recruitment of more staff, coupled with the requisite training and development of these staff to meet the growing demands of the Unit.

My profound gratitude to the hardworking and committed team members of the FIU, who continue to show unrelenting resolve in the FIU conducting its statutory obligations.

The continual collaborative and cooperative efforts with partners and stakeholders both locally and internationally, were key components in our renewed focus during the year in review. These important and necessary relationships will continue to ensure the FIU realizes its potential in the fulfillment of its overall mandate.

The global financial climate continues to be challenged by the criminal element, looking to capitalize on financial entities for their own personal profit and nefarious means. The jurisdiction of the Bahamas is no exception. Consequently, FIU Bahamas, in conjunction with its partners and stakeholders are fully committed to doing everything within our power to ensure that our jurisdiction is protected from such criminal activities and behaviors, and that we will continue our collaborative efforts to safeguard the Bahamas and its citizenry from the criminal element seeking to penetrate our borders.

FREQUENTLY USED ABBREVIATION AND TERMS



AML	Anti-Money Laundering
ATA	Anti-Terrorism Act 2018
CBOB	Central Bank of The Bahamas
CCB	Compliance Commission of The Bahamas
CFATF	Caribbean Financial Action Task Force
CFT	Counter Financing of Terrorism
CPF	Counter Proliferation Financing
DNFBP	Designated Non-Financial Business or Profession
DRO	Designated Reporting Officer
ECOFEL	Egmont Centre of FIU Excellence & Leadership
EG	Egmont Group
ESW	Egmont Secure Website
FAR	Foreign Agency Request
FATF	Financial Action Task Force
FCU	Financial Crimes Unit
FFIU	Foreign Financial Intelligence Unit
FI	Financial Institution
FIU	Financial Intelligence Unit
FIUA	Financial Intelligence Unit Act
FSRB	FATF Styled Regional Body
FTRA	Financial Transaction Reporting Act 2018
FUR	Follow-up Report
GBB	Gaming Board for The Bahamas
GFSR	Group of Financial Service Regulators

HOFIU	Head of Financial Intelligence Unit
IAR	Inter-Agency Report
ICB	Insurance Commission of The Bahamas
ICRG	International Co-operation Group of CFATF
IFCS	Inspector of Financial and Corporate Services
IO6	Immediate Outcome 6 (FATF)
IRF	Identified Risk Framework
IT	Information Technology
LEA	Law Enforcement Agency
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
MOU	Memorandum of Understanding
PEP	Politically Exposed Person
PF	Proliferation Financing
PO	Production Order
POCA	Proceeds of Crime Act 2018
R.29	Recommendation 29 (FATF)
RBPF	Royal Bahamas Police Force
SCB	Securities Commission of The Bahamas
STR	Suspicious Transaction Report
TPR	Terrorist Properties Report
UNODC	United Nations Office on Drugs and Crime

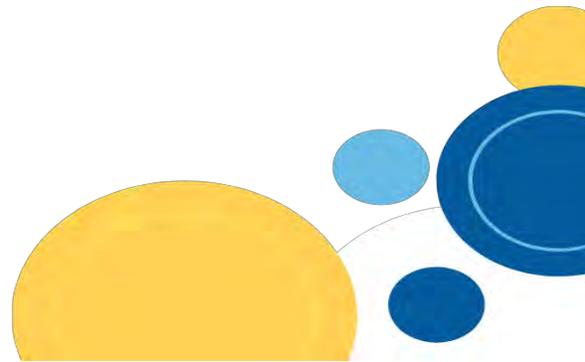
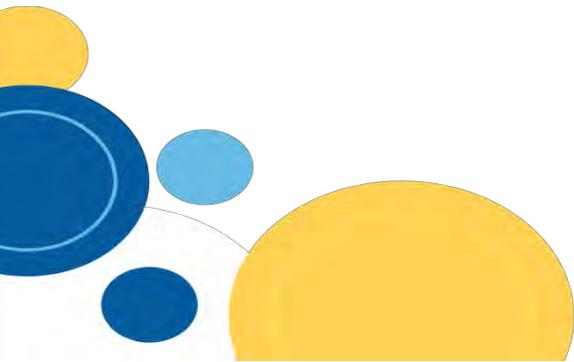
AUDITED FINANCIAL STATEMENT AND AUDITOR'S REPORT



Financial Statements of

FINANCIAL INTELLIGENCE UNIT

December 31, 2022



FINANCIAL INTELLIGENCE UNIT
Financial Statements

December 31, 2022

C O N T E N T S

	Page
Independent Auditors' Report	1 – 2
Statement of Financial Position	3
Statement of Comprehensive Income/(Loss)	4
Statement of Changes in Accumulated Fund	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 13



The Deanery
#28 Cumberland Street
P.O. Box N-1991
Nassau, The Bahamas

T: +1 (242) 356-4114
F: +1 (242) 356-4125

info@bakertilly.bs
www.bakertilly.bs

INDEPENDENT AUDITORS' REPORT

To the Director of
FINANCIAL INTELLIGENCE UNIT

Opinion

We have audited the financial statements of the Financial Intelligence Unit ("the Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income/(loss), changes in accumulated fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITORS' REPORT (continued)*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**CHARTERED ACCOUNTANTS**

June 9, 2023
Nassau, Bahamas

FINANCIAL INTELLIGENCE UNIT

Statement of Financial Position

December 31, 2022

(Expressed in Bahamian dollars)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 328,171	\$ 5,172
Accounts and other receivables (Note 8)	12,992	7,275
Prepaid expenses	127,544	25,713
Other assets	4,473	4,473
Total current assets	473,180	42,633
Non-current assets:		
Fixed assets (Note 4)	905,150	368,452
Total assets	\$1,378,330	\$411,085
LIABILITIES AND ACCUMULATED FUND		
Liabilities:		
Accounts payable and accrued expenses (Note 5)	\$ 344,085	\$249,799
Gratuity payable (Note 6)	204,832	191,707
Total liabilities	548,917	441,506
Accumulated fund:		
Accumulated surplus/(deficit)	829,413	(30,421)
Total liabilities and accumulated fund	\$1,378,330	\$411,085

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

These financial statements were approved on behalf of the Organization on June 9, 2023, and signed on its behalf by:


Director

FINANCIAL INTELLIGENCE UNIT

Statement of Comprehensive Income/(Loss)

For the year ended December 31, 2022

	2022	2021
INCOME		
Government contributions (Notes 7, 8)	\$3,488,401	\$1,906,487
Other	51,267	34,050
	<u>3,539,668</u>	<u>1,940,537</u>
EXPENSES		
Salaries and other employee benefits (Notes 8, 9)	1,809,635	1,322,398
Rent (Note 11)	258,906	195,501
IT expenses	110,092	102,353
Utilities	93,798	78,776
Depreciation (Note 4)	84,682	153,619
VAT	71,147	50,686
Conferences, seminars and meetings	50,459	941
Travel and entertainment	42,675	12,268
Office expenses	45,900	51,670
Training and tuition	33,656	6,583
Parking	26,623	26,600
Vehicles	15,187	9,375
Printing	7,667	6,322
Professional fees	7,590	9,497
Bank charges	6,870	4,486
Affiliation fees	5,802	5,915
Miscellaneous (Note 10)	4,001	1,703
Repairs and maintenance	3,335	7,567
Computer supplies	1,275	3,188
Shipping costs	534	2,989
Loss on disposal of fixed assets	-	2,026
	<u>2,679,834</u>	<u>2,054,463</u>
EXCESS OF INCOME/(EXPENSES) OVER (EXPENSES)/INCOME	\$ 859,834	\$ (113,926)

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

FINANCIAL INTELLIGENCE UNIT

Statement of Changes in Accumulated Fund

For the year ended December 31, 2022

	Accumulated Surplus/(Deficit)	Total
Balance at December 31, 2020	\$ 83,505	\$ 83,505
Excess of expenses over income	(113,926)	(113,926)
Balance at December 31, 2021	(30,421)	(30,421)
Excess of income over expenses	859,834	859,834
Balance at December 31, 2022	\$ 829,413	\$ 829,413

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

FINANCIAL INTELLIGENCE UNIT

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
CASH PROVIDED BY/(USED IN):		
Cash flows from operating activities:		
Excess of income/(expenses) over (expenses)/income	\$859,834	\$(113,926)
Adjustments for:		
Depreciation	84,682	153,619
Loss on disposal of fixed assets	-	2,026
Cash provided by operating activities before changes in operating assets and liabilities	944,516	41,719
(Increase)/decrease in operating assets		
Accounts and other receivables	(5,717)	7,193
Prepaid expenses	(101,831)	(11,530)
Increase/(decrease) in operating liabilities		
Accounts payable and accrued expenses	94,286	(33,306)
Gratuity payable	13,125	3,616
Net cash provided by operating activities	944,379	7,692
Cash flows from investing activities:		
Additions to fixed assets	(612,047)	(22,608)
Disposal of fixed assets	(9,333)	-
Net cash used in investing activities	(621,380)	(22,608)
Net increase/(decrease) in cash and cash equivalents	322,999	(14,916)
Cash and cash equivalents, beginning of year	5,172	20,088
CASH AND CASH EQUIVALENTS, END OF YEAR	\$328,171	\$ 5,172
Represented by:		
Cash and cash equivalents (Note 3)	\$328,171	\$ 5,172

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

1. GENERAL

The Financial Intelligence Unit (the "Organization") was established on December 29, 2000 under the Financial Intelligence Unit Act, 2000 of the Commonwealth of The Bahamas.

The Organization is responsible for receiving, analyzing, obtaining and disseminating information that concerns the proceeds of crime in an effort to combat money laundering, terrorist financing and proliferation financing in the Commonwealth of The Bahamas.

The registered office of the Organization is located at 3rd Floor, Norfolk House, Frederick Street, P.O. Box SB-50086, Nassau, Bahamas.

These financial statements were authorized for issuance by the Director on June 9, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements of the Organization have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") as issued by the IASB. The accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis. The financial statements are expressed in Bahamian dollars which is the functional and reporting currency of the Organization.

c) Use of estimates and judgments

The preparation of financial statements in compliance with the IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Notes 2(e), 4 - Fixed assets

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, prepaid debit card balances and cash at bank.

e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortization and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an item. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive income/(loss) during the financial period in which they are incurred.

Depreciation/amortization is provided on a straight-line basis over the useful lives of the following assets:

Furniture and fixtures	-	5-7 years
Vehicles	-	5 years
Other equipment	-	5 years
Computer equipment	-	3-7 years
Computer software	-	3-7 years
Communication equipment	-	3-7 years
Upgrade project	-	7 years
Leasehold improvements	-	7-10 years

Work-in-progress (WIP) is not depreciated. Any gain or loss arising on the disposal of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset sold and is recognized in the statement of comprehensive income/(loss).

f) Related parties

Related parties represent entities or individuals that can exercise significant influence or control over the operations and policies of the Organization. All related party transactions and balances are shown in these financial statements as such.

g) Revenue and expense recognition

Government contributions are recognized in the statement of income/(loss) on a systematic basis over the periods in which the Organization recognizes as expenses the related costs for which the contributions are intended to be used. The operations of the Organization are primarily funded through the contributions received from the Government of The Bahamas.

All expenses are recorded on the accrual basis in the statement of comprehensive income/(loss).

h) Gratuity payable

Full time employees are eligible for a gratuity of 4% of their annual salary for each year after 10 years of continuous service. Contracted employees are eligible for a gratuity of 15% after successful completion of their contractual term (usually 3 years).

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Defined contribution plan

In June 2019, the Organization adopted a defined contribution pension plan (the "Plan") for its employees. The Plan is contributory with both the Organization and the eligible employees (the "members") making contributions. Colina Financial Advisors Ltd. ("CFAL") acts as both the investment manager and pension administrator for the Plan.

Employees become eligible to join the Plan after six months of continuous service with the Organization. Participation in the Plan is mandatory for full-time employees. Contracted employees are eligible to join the Plan but their contributions are not matched by the Organization. Payments to the Plan by the Organization are expensed as incurred.

Members are required to contribute between 2 - 5% of all eligible earnings which are matched by the Organization for full-time employees. Eligible earnings consist of all remuneration paid by the employer with the exception of overtime pay, bonuses, and allowances.

Members, at their option, are allowed to make voluntary contributions which are above the 5% threshold, which are not matched by the Organization. Members may withdraw voluntary contributions once per year but are prohibited from withdrawing the mandatory contributions.

A member whose service is terminated for any reason is entitled to their employee contributions.

Vesting entitlement in the Organization's contributions is as follows:

<u>Years of service</u>		<u>Vested</u>
0 but less than 2 years	-	0%
2 but less than 3 years	-	20%
3 but less than 4 years	-	40%
4 but less than 5 years	-	80%
Five years and over	-	100%

j) Lease

The lease is classified as an operating lease. Rent payable under the operating lease is charged to the statement of comprehensive income/(loss) on a straight-line basis over the term of the lease.

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2022	2021
Cash on hand	\$ 405	\$ 101
Debit cards	9,233	3,574
Cash at bank		
Current accounts - Bank of The Bahamas Limited	318,533	1,497
	\$328,171	\$ 5,172

The Organization provides prepaid debit cards to the Director and Deputy Director to pay for expenses related to the Organization.

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

4. FIXED ASSETS

Fixed assets comprise the following:

Cost	Computer Equipment	Communication Equipment	Other Equipment	Furniture and Fixtures			Vehicles	Computer Software	Upgrade Project	Leasehold Improvement	WIP	Total
				Fixtures	and	Furniture						
Balance as at December 31, 2020	\$ 344,571	\$ 29,406	\$ 92,483	\$ 217,040	\$ 83,288	\$ 151,063	\$ 379,929	\$ -	\$ -	\$ -	\$ -	\$ 1,297,780
Additions	14,858	2,454	-	5,296	-	-	-	-	-	-	-	22,608
Disposals	(2,104)	(1,309)	-	-	-	-	-	-	-	-	-	(3,413)
Balance as at December 31, 2021	357,325	30,551	92,483	222,336	83,288	151,063	379,929	-	-	-	-	1,316,975
Additions	9,957	3,472	-	243,354	-	-	-	285,569	69,695	-	-	612,047
Disposals	-	(728)	-	(23,397)	-	-	-	-	-	-	-	(24,125)
Balance as at December 31, 2022	367,282	33,296	92,483	465,690	59,891	151,063	379,929	285,569	69,695	-	-	1,904,897
Accumulated depreciation/amortization												
Balance as at December 31, 2020	331,739	16,955	64,948	205,546	49,304	41,965	85,834	-	-	-	-	796,291
Charge for the year	14,756	10,194	18,497	12,017	16,832	27,048	54,275	-	-	-	-	153,619
Disposal	(842)	(545)	-	-	-	-	-	-	-	-	-	(1,387)
Balance as at December 31, 2021	345,653	26,604	83,445	217,563	66,136	69,013	140,109	-	-	-	-	948,523
Charge for the year	4,309	4,764	9,038	766	14,998	21,338	54,276	-	-	-	-	109,489
Adjustments	(6,330)	-	-	(18,477)	-	-	-	-	-	-	-	(24,807)
Disposal	-	(263)	-	(33,195)	-	-	-	-	-	-	-	(33,458)
Balance as at December 31, 2022	343,632	31,105	92,483	199,852	47,939	90,351	194,385	-	-	-	-	999,747
Net book value as at												
December 31, 2022	\$ 23,650	\$ 2,190	\$ -	\$ 265,838	\$ 11,952	\$ 60,712	\$ 185,544	\$ 285,569	\$ 69,695	\$ -	\$ -	\$ 905,150
Net book value as at												
December 31, 2021	\$ 11,672	\$ 3,947	\$ 9,038	\$ 4,773	\$ 17,152	\$ 82,050	\$ 239,820	\$ -	\$ -	\$ -	\$ -	\$ 388,452

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following:

	2022	2021
Accrued expenses	\$195,580	\$168,791
Accounts payable	143,550	74,755
Other payables	4,955	6,253
	<u>\$344,085</u>	<u>\$249,799</u>

Included in accrued expenses is accrued vacation liability of \$188,080 (2021: \$161,291).

Accounts payable includes \$140,361 (2021: \$Nil) owed on renovation of Poinciana House.

6. GRATUITY PAYABLE

Gratuity payable comprises the following:

	2022	2021
Gratuity payable – full-time employees	\$170,482	\$145,807
Gratuity payable – contracted employees	34,350	45,900
	<u>\$204,832</u>	<u>\$191,707</u>

7. GOVERNMENT CONTRIBUTIONS

Government contributions are derived from budget allocations by the Government of the Commonwealth of The Bahamas and are used by the Organization to cover capital costs and the operations of the Organization. Government contributions for the year were \$3,488,401 (2021: \$1,906,487).

8. RELATED PARTY BALANCES AND TRANSACTIONS

As at December 31, 2022, the related party balance is as follows:

	2022	2021
Assets		
Accounts and other receivables		
Employee advances	\$4,798	\$4,400

FINANCIAL INTELLIGENCE UNIT

Notes to Financial Statements

December 31, 2022

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Related party transactions during the year were as follows:

	Note	2022	2021
Revenue			
Government contributions	7	\$3,488,401	\$1,906,487
Expenses			
Salaries and other employee benefits:			
Key management personnel	9	\$ 586,064	\$ 384,108

9. SALARIES AND OTHER EMPLOYEE BENEFITS

Salaries and other employee benefits for the year were as follows:

	2022	2021
Salaries and related expenses	\$1,305,883	\$1,126,087
Employee benefits	431,648	158,925
Employee allowances	72,104	37,386
	\$1,809,635	\$1,322,398

Included in employee benefits is the pension plan expense in the amount of \$54,640 (2021: \$45,432) and medical insurance expense in the amount of \$224,178 (2021: \$Nil).

10. MISCELLANEOUS EXPENSES

Miscellaneous expenses for the year were as follows:

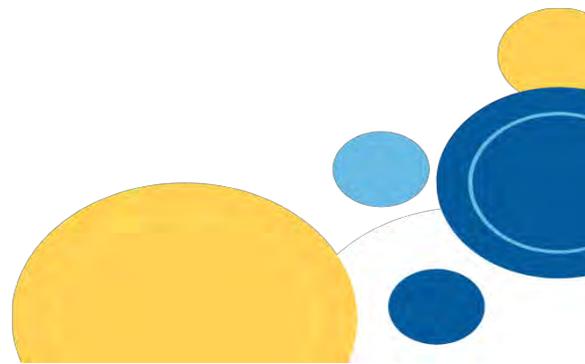
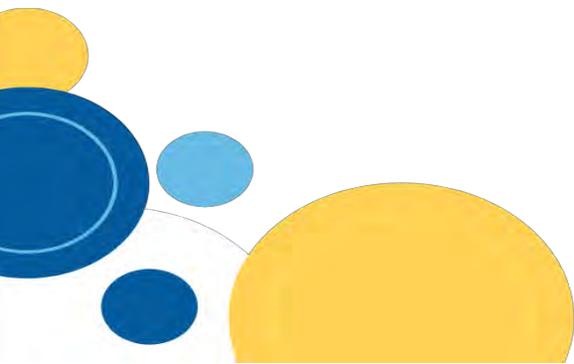
	2022	2021
Donations	\$3,401	\$1,103
Alarm system	600	600
	\$4,001	\$1,703

11. COMMITMENTS AND CONTINGENCIES

The Organization entered into a lease agreement with Frederick Street Properties Limited for the rental of office space. The agreement has expired and the Organization continues to rent the office space on a month-to-month basis. The rent paid during the year totaled \$195,501 (2021: \$195,501), comprising rent of \$131,775 (2021: \$131,775) and common area maintenance of \$63,726 (2021: \$63,726).

Effective October 1, 2022, the Organization entered into a 5-year lease agreement with Poinciana SPV Ltd for new office space. Rent paid under this agreement totaled \$63,405. As at December 31, 2022, the office space was still subject to ongoing renovations.

See Independent Auditors' Report pages 1 and 2.





**3rd Floor, Norfolk House,
Frederick Street, Nassau
Bahamas**



**Telephone:
(242) 356-6327
Fax:
(242) 322-5551**



**E-mail:
director.fiu@fiubahamas.bs**

