

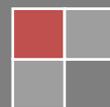


Guidance on Completing a Comprehensive Suspicious Transaction Report

A guide geared at educating filers of Suspicious Transaction Reports (STRs) on how to complete, organize and write narrative details that maximizes the value of each STR.

2014

Financial Intelligence Unit
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Financial Intelligence Unit

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Introduction

The purpose of the Suspicious Transaction Report (STR) is to report known or suspected violations of law or suspicious activity observed by financial institutions and designated non-financial businesses and profession subject to the Money Laundering (Prevention) Act No. 8 of 2011, the Money Laundering (Prevention) Regulations S.R.O. 4 of 2013, the Suppression of Financing of Terrorism Act No. 3 of 2003 and amendments thereto. In many instances, STRs have been instrumental in enabling law enforcement to initiate or supplement major money laundering or terrorist financing investigations and other criminal cases. Information provided in STR forms also presents the Financial Intelligence Unit (FIU) with a method of identifying emerging trends and patterns associated with financial crimes. The information about those trends and patterns is vital to law enforcement agencies and assist in providing valuable feedback to financial institutions.

Financial institutions are required to submit STR forms that are complete, sufficient and timely filed. Unfortunately, some financial institutions file STR forms that contain incomplete, incorrect, and/or disorganized narratives, making further analysis difficult, if not impossible.

Some STR forms are submitted with very limited narratives. The failure to adequately describe the factors making the transaction or activity suspicious undermines the very purpose of the STR and lessens its usefulness to law enforcement. Because the STR narrative serves as the only free text area for summarizing suspicious activity, it is essential that financial institutions' staff write narratives that are clear, concise, and thorough.

Also, late filings, absence of supplementary information, and/or inaccuracies in STRs have an impact upon law enforcement's ability to determine whether a crime was committed or continues to be committed, and the extent of any possible criminal activity that has been committed. Therefore, it is imperative that financial institutions not only file complete and sufficient STRs but that those STRs are filed within the established deadlines¹.

Many different financial sectors are now required to file STRs. The STR form was specifically designed to accommodate respective institution types. Despite the fact that these sectors engage in different activities, the basic structure for a STR narrative remains the same. The purpose of this *Guidance on Completing a Comprehensive Suspicious Transaction Report* is to educate STR filers on how to organize and write narrative details that maximizes the value of each STR form by:

- using a simple methodology for evaluating and reporting information for the STR narrative and why it is important;

¹ A financial institution or designated non-financial business of profession is required to file a STR no later than five (5) days after the date of initial detection of facts that may constitute a basis for filing a STR. If no suspect was identified on the date of detection of the incident requiring the filing, a financial institution may delay filing a STR to identify a suspect.



- providing a general guideline on how to organize the STR narrative so that critical details are concise and follow a logical order of presentation; and
- providing respective sectors with examples of sufficient and insufficient STR narratives.

Information presented in this guidance document should be used in conjunction with the instructions provided with the appropriate STR forms, guidance provided in other regulatory Guidelines (such as *the FSU Anti-Money Laundering Guidelines 2013*).

The information in *Guidance on Completing a Comprehensive Suspicious Transaction Report* is provided solely to assist respective financial institutions in strengthening existing due diligence initiatives and anti-money laundering programs.

Collecting Information for the STR Narrative

The information generated from STR filings plays an important role in identifying potential illegal activities such as money laundering and terrorist financing, and assists law enforcement in detecting and preventing the flow of illicit funds through our financial system. It is critical that the information provided in a STR filing be as accurate and complete as possible. The STR form should include any information readily available to the filing institution obtained through the account opening process and during due diligence efforts.

In general, a STR narrative should identify the five essential elements of information – *who? what? when? where? and why?* – of the suspicious activity being reported. The method of operation (or how?) is also important and should be included in the narrative.

Who is conducting the suspicious activity?

While one section of the STR form calls for specific suspect information, the narrative should be used to further describe the suspect or suspects, including occupation, position or title within the business, and the nature of the suspect's business (es). If more than one individual or business is involved in the suspicious activity, identify all suspects and any known relationships amongst them in the Reason (s) For Suspicion Section (PART IV). While detailed suspect information may not always be available (e.g., in situations involving non-account holders), such information should be included to the maximum extent possible. Addresses for suspects are important; filing institutions should note not only the suspect's primary street addresses, but also, other known addresses, including any post office box numbers and apartment numbers when applicable. Any identification numbers associated with the suspect(s) other than those provided earlier are also beneficial, such as passport, social security card, voter's ID, and driver's license numbers.



What instruments or mechanisms are being used to facilitate the suspect transaction(s)?

An illustrative list of instruments or mechanisms that may be used in suspicious activity includes, but is not limited to, wire transfers, letters of credit and other trade instruments, correspondent accounts, casinos, structuring, shell companies, bonds/notes, stocks, mutual funds, insurance policies, travellers checks, bank drafts, money orders, credit/debit cards, stored value cards, and/or digital currency business services.

In addition, a number of different methods may be employed for initiating the negotiation of funds such as the Internet, phone access, mail, night deposit box, remote logins, couriers, or others. In summarizing the flow of funds, always include the source of the funds (origination) that lead to the application for, or recipient use of, the funds (as beneficiary). In documenting the movement of funds, identify all account numbers at the financial institution affected by the suspicious activity⁴ and when possible, provide any account numbers held at other institutions and the names/locations of the other financial institutions, including MSBs and foreign institutions involved in the reported activity.

When did the suspicious activity take place?

If the activity takes place over a period of time, indicate the date when the suspicious activity was first noticed and describe the duration of the activity. Filers may provide a tabular presentation of the suspicious account activities (transactions in and out). Also, in order to better track the flow of funds, individual dates and amounts of transactions should be included in the narrative rather than just the aggregated amount.

Where did the suspicious activity take place?

Use the Reason (s) For Suspicion (PART IV) Section to indicate that multiple offices of a single financial institution were involved in the suspicious activity and provide the addresses of those locations.

Specify if the suspected activity or transaction(s) involve a foreign jurisdiction. If so, provide the name of the foreign jurisdiction, financial institution, address and any account numbers involved in, or affiliated with the suspected activity or transaction(s).

⁴ When the number of accounts exceeds the number of account blocks on the respective STR form, use the Reason (s) For Suspicion (PART IV) Section of the STR to identify the additional accounts and any other information that cannot be placed in other sections of the STR form.

Why does the filer think the activity is suspicious?

We suggest that you first describe briefly your industry or business – domestic bank, offshore bank, casino, insurance, real estate, money remitter, check casher, etc. Then describe, as fully



as possible, why the activity or transaction is unusual for the customer; consider the types of products and services offered by your industry and the nature and normally expected activities of similar customers.

Examples of some common patterns of suspicious activity are:

- a lack of evidence of legitimate business activity, or any business operations at all, undertaken by many of the parties to the transaction(s);
- unusual financial nexuses and transactions occurring among certain business types (e.g., food importer dealing with an auto parts exporter);
- transactions that are not commensurate with the stated business type and/or that are unusual and unexpected in comparison with the volumes of similar businesses operating in the same locale;
- unusually large numbers and/or volumes of wire transfers and/or repetitive wire transfer patterns;
- unusually complex series of transactions indicative of layering activity involving multiple accounts, banks, parties, jurisdictions;
- suspected shell entities;
- bulk cash and monetary instrument transactions;
- unusual mixed deposits of money orders, third party checks, cash etc., into a business account;
- transactions being conducted in bursts of activities within a short period of time, especially in previously dormant accounts;
- transactions and/or volumes of aggregate activity inconsistent with the expected purpose of the account and expected levels and types of account activity conveyed to the financial institution by the accountholder at the time of the account opening;
- beneficiaries maintaining accounts at foreign banks that have been subjects of previous STR filings;
- parties and businesses that do not meet the standards of routinely initiated due diligence and anti-money laundering oversight programs (e.g., unregistered/unlicensed businesses);
- transactions seemingly designed to, or attempting to avoid reporting and recordkeeping requirements; and



- correspondent accounts being utilized as “pass-through” points by foreign jurisdictions with subsequent outgoing funds to another foreign jurisdiction.

How did the suspicious activity occur?

Use the Reason (s) For Suspicion (PART IV) Section to describe the “modus operandi” or the method of operation of the subject conducting the suspicious activity. In a concise, accurate and logical manner, describe how the suspect transaction or pattern of transactions was committed. Provide as completely as possible a full picture of the suspicious activity involved. For example, if what appears to be structuring of currency deposits is matched with outgoing wire transfers from the accounts, the STR narrative should include information about both the structuring and outbound transfers (including dates, destinations, amounts, accounts, frequency, and beneficiaries of the funds transfers).

Organizing Information in the STR Narrative

When all applicable information is gathered, analysed, and documented and the financial institution decides that a STR is required, the information should be described in the STR Reason (s) For Suspicion (PART IV) Section in a concise and chronological format. Include all elements of the five W’s (Who? What? When? Where? and Why?) previously discussed in Section 1 of this document, as well as any other information that can assist law enforcement, which may be included in the Other Relevant Information Section.

We suggest that you divide the narrative into three sections: an introduction, a body, and a conclusion.

Introduction:

The introductory paragraph can provide:

- the purpose of the STR and a general description of the known or alleged violation [In some instances, this might warrant mentioning at the outset the type of suspicious activity being observed, such as fraud, smurfing, shell entities, complex layering activities, structuring, check kiting, embezzlement, etc.];
- the date of any STR(s) filed previously on the suspect or related suspects and the reason why the previous STR(s) was filed;
- any internal investigative numbers used by the financial institution which may be a point of reference for law enforcement should the investigators wish to contact the institution; and



- a summary of the “red flags” and suspicious patterns of activity that initiated the STR. (This information should be provided either in the introduction or conclusion of the narrative.)

Body:

The next paragraph or paragraphs of the narrative can provide all pertinent information – supporting why the STR was filed and might include:

- any and all relevant facts about the parties (individuals and businesses) who facilitated the suspicious activity or transactions. Include any unusual observations such as suspected shell entities; financial activities which are not commensurate with the expected normal business flows and types of transactions; unusual multiple party relationships; customer verbal statements; unusual and/or complex series of transactions indicative of layering; lack of business justification and documentation supporting the activity; etc.;
- a specific description of the involved accounts and transactions, identifying if known, both the origination and application of funds (usually identified in chronological order by date and amount);
- breaking out larger volumes of financial activity into categories of credits and debits, and by date and amount;
- transactor and beneficiary information, providing as much detail as possible, including the name and location of any involved domestic and/or international financial institution(s); names, addresses, account numbers, and any other available identifiers of originator and beneficiary transactor(s) and/or third parties or business entities on whose behalf the conductor was acting; the date(s) of the transaction(s); and amount(s);
- an explanation of any observed relationships among the transactors (e.g., shared accounts, addresses, employment, known or suspected business relationships and/or frequency of transactions occurring amongst them; appearing together at the institution and/or counter);
- specific details on cash transactions that identify the branch(es) where the transaction(s) occurred, the type of transaction(s), and how the transaction(s) occurred (e.g., night deposit, on-line banking, ATM, Over the Counter etc.); and
- any factual observations or incriminating statements made by the suspect.

Conclusion:

The final paragraph of the narrative can summarize the report and might also include:



- information about any follow-up actions conducted by the financial institution (e.g., intent to close or closure of accounts, on-going monitoring of activity, etc.);
- names and telephone numbers of other contacts at the financial institution if different from the point of contact indicated in the STR;
- a general description of any additional information related to the reported activity that may be made available to law enforcement by the institution; and
- names of any law enforcement personnel investigating the complaint if also reported to other law enforcement agencies.

Important Reminder:

Please do not forget the following:

- Ensure that your STR contains a Reporting Entity STR Reference No. (PART I). This field should NEVER be left blank.
- DO NOT include your name or signature when filing an STR. Use your institution's Code and your Compliance Officer's Code in place of your name and signature. If you do not know the Code of your financial institution or designated non-financial business or profession or your Compliance Officer's Code, please contact the FIU at (767)-266-3349/3374 or via E-mail at fiu@dominica.gov.dm and request the same.
- You may add additional sheets of information if the Reason (s) For Suspicion section stops expanding.**
- Insert a photograph of the subject if available in the field provided at PART II. This information will assist the FIU in very quickly identifying the suspect in question.**

Appendices



Introduction

In an effort to provide helpful guidance to financial institutions, the Financial Intelligence Unit reviewed the STR System database to identify previously submitted STRs that contained sufficient and complete narratives as well as insufficient or incomplete narratives. We are providing examples of sanitized sufficient and insufficient STRs submitted from different types of industries currently required to file STRs (financial institutions, MSBs, dealers in precious metals etc...) as well as a few hypothetical STRs for illustration. Each example is followed by a brief commentary on the narrative.

Sufficient and Complete Narratives

EXAMPLE #1

Offshore Bank

Internal Bank Reference No. 72845. During the month of June and July 2014, XYZ Consulting Corporation received four wire transfer payments totalling US\$20,000. The payments were made by Mr. and Mrs. J.R. Smith of Vancouver, British Columbia, Canada. They are clients of Cascadia Bank, Vancouver, Canada, one of our correspondent banks. Details of the payments indicated that the payments were for a “loan to XYZ Consulting Corporation” from a US dollar denominated investment account.

Repeated attempts to contact the authorized signatory/director/partner/nominee/beneficial owner listed as Mr. Jason Greene concerning the details of the loan went unanswered. Our research on XYZ Consulting Corporation found its website www.xyzconsultingcorp.com, which states the following: (A) the company is an internet bank registered in Delaware, incorporated in Anjouan and has offices located in Asia, Europe and the Americas; (B) “XYZ Consulting Corporation is a completely computerized Internet bank utilizing select retail offshore banks worldwide in order to provide international banking services, online banking, internet banking, offshore banking, offshore debit cards or offshore investments”; (C) based on the fact that XYZ Consulting Corporation is incorporated in Anjouan, “no authorities can obtain information on our clients or on their offshore investments. In addition, our correspondent retail banks are located in secure offshore banking areas”; (D) “worldwide CIRRUS and MAESTRO Debits are available and are anonymous cards only showing your special account number”; (E) “all correspondence with the company must be sent to Regus Center, 4th Floor, Cyprus Tower, North Nicosia, Turkish Republic of Northern Cyprus”; (F) our research found no information for a Mr. or Mrs. J.R. Smith.

We believe the wire transactions from Canada might have been structured to avoid Canadian electronic funds transfer reporting requirements. We are uncomfortable with the lack of communication from Mr. Jason Greene, the routing of the transactions, and the online information found on XYZ Consulting Corporation that describes its opaque corporate construction, that it advertises itself as an offshore bank, and that its registration and its main business address located in dubious offshore jurisdictions. Based on a review of the payment



orders of the wire transactions, we discovered that XYZ Consulting Corporation has, in addition to its Belize address, another registered address at 1290 North Market Street, Suite 906 Wilmington, DE, 19801. The four wire transfer payments are: 06/10/04 for US\$5,000; 06/19/04 for US\$5,000; 07/16/14 for US\$5,000; and 07/24/14 for US\$5,000. The bank will close this account because of the unusual and suspect nature of the transactions and out of the desire that the customer's account not to be used as a clearing account for the complex and suspect business arrangements for third parties that XYZ Consulting Corporation purports to attract on its website.

Comments:

This narrative is a well-written summary of all the suspicious activity and supports the stated purpose for filing the STR. Furthermore, the narrative provides an internal bank reference number for the STR that can be used by law enforcement should investigators wish to contact the bank to discuss pertinent facts presented in the narrative. Specific information is also provided in the narrative that details the source and application of suspect funds. The STR also identifies other actions taken by the financial institution as part of its internal due diligence program and its efforts in detecting possible illegal activity being facilitated by the suspect.

EXAMPLE #2

Offshore Bank

This suspicious activity came to the attention of the bank through a review of our monthly wire report. Our customer, Sequoia Investment Group, is receiving wire transfers and cheques from U.S. banks and then sending wire transfers to another offshore account in St. Vincent and the Grenadines in amounts that appear to be structured. The beneficiary of the wire transfers to St. Vincent and the Grenadines is Panther Forex Inc. which lists the same address as Mr. Richard Baxter, the signatory of Sequoia Investment Group's account. This connection was discovered during our investigation of the account opening documentation of Sequoia Investment Group. Therefore, we believe that the account in St. Vincent and the Grenadines is owned or controlled by Mr. Baxter. The cheques deposited into the account of Sequoia Investment Group appear to be from Mr. Baxter as do the incoming wires from several U.S. bank accounts into Sequoia Investment Group's account at our bank.

The amounts of the wire transfers coupled with the manner in which the deposits are processed seem suspicious. The deposited cheques appear to be just under the U.S. reporting requirement of \$10,000.00 for exported monetary instruments and the round amounts of all transactions is uncharacteristic of typical business transactions. On June 13, 2013, Sequoia Investment Group was allotted an account with Mr. Richard Baxter listed as the signatory. Prior to the suspect activity July 21 – August 29, 2014, only three deposits were made to the account, each for less than \$500.00 and consisted of U.S. cheques received by this bank via post.

After performing research and reviewing internal bank documents on August 22, 2014, the date of detection, the bank has determined that between July 21, 2014 and August 29, 2014, three wire transfers totalling \$25,000.00 and three cheques totalling \$29,700.00 posted from the United States were deposited into Sequoia Investment Group's account.



Three wire transfers from Sequoia's account totalling \$45,000.00 were sent to Panther Forex Inc. account located in St. Vincent and the Grenadines. The details of the transactions are:

On July 21, 2014, a cheque received by post in the amount of \$9,900.00 was deposited into the suspect account. This deposit consisted of cheque № 3046 from a Mr. Ronald Baxter's Union Federal account in Rochester, NY.

Also on July 21, 2014, a cheque received by post in the amount of \$9,850.00 was deposited into the suspect account. This deposit consisted of cheque № 3047 from Ronald Baxter's Union Federal account in Rochester, NY.

Although the name listed on the above mentioned cheques is Ronald Baxter instead of Richard Baxter, the address listed on the cheques is the same as another address listed for Richard Baxter in our files. It is unknown if Ronald is a relative of Richard Baxter or is an alias.

On July 22, 2014, Sequoia Investment Group sent a wire transfer in the amount of \$15,000.00 to Panther Forex Inc.

On July 28, 2014, the suspect account received a wire transfer in the amount of \$6,000.00 from Rosewood Enterprises LLC, 1500 Terminal Way, Suite 500, Reno, NV, 89502.

On August 5, 2014, Sequoia Investment Group sent a wire transfer in the amount of \$20,000.00 to Panther Forex Inc.

On August 14, 2012, the suspect account received a wire transfer in the amount of \$11,000.00 from Fern Glen LLC, 16192 Coastal Hwy. Lewes, DE 19958.

On August 19, 2014, a cheque received by post in the amount of \$9,850.00 was deposited into the suspect account. This deposit consisted of cheque № 3050 from Ronald Baxter's Union Federal account in Rochester, NY.

On August 22, 2014, Sequoia Investment Group sent a wire transfer in the amount of \$15,000.00 to Panther Forex Inc.

On August 26, 2012, the suspect account received a wire transfer in the amount of \$5,000.00 from Fern Glen LLC, 16192 Coastal Hwy. Lewes, DE 19958.

On August 28, 2014, Sequoia Investment Group sent a wire transfer in the amount of \$10,000.00 to Panther Forex Inc.

The bank will continue to monitor the account for further activity and file additional STRs if required. All documentation concerning this internal bank investigation is located in case file № 06-2014 maintained by the bank's compliance officer.

Comments:



Facts presented in this STR narrative clearly support the purpose of the STR filing and also provide a disposition on further actions by the financial institution. The location of documentation supporting the STR is identified. The institution provides information related to previous banking activity and identifies the dates, amounts, and locations of specific transactions to establish the pattern of structured transactions.

EXAMPLE #3

Domestic Bank

This STR is being filed to summarize suspicious cheque deposit activity concerning the accounts of Mr. Clive Marbury, account № 123-456789; Mrs. Clive Marbury, account № 123-465790; and Mr. Owen Marbury, account № 123-456791. These personal checking accounts were opened in February 2014 and pertain to a married couple and their ten year old son. Mr. Clive Marbury is an accountant with Palander Energy Company registered and headquartered in Dominica and engaged in energy projects in South America.

It appears that Mr. Clive Marbury is abusing his position of trust by systematically depositing Palander Energy Cheques for personal gain. The cheques were drawn on two Palander Energy Company accounts in Miami, FL to the personal accounts held in his name and those of his wife and son at our bank. The following cheques were deposited (dates/account name/amount): 03/06/14 –Mr. Clive Marbury -\$21,725.37; 03/13/14 -Owen Marbury -\$12,475.80; 03/27/14 -Mrs. Clive Marbury -\$15,608.12; 04/09/14 –Mr. Clive Marbury -\$64,039.66; 04/18/14 –Mr. Owen Marbury -\$17,429.75; 04/25/14 –Mrs. Clive Marbury -\$29,634.50.

The bank compliance department is maintaining all records and information related to this STR reference case number IA05062014.

Comments:

The narrative provides a sufficient explanation for the STR filing in addition to providing an internal bank file number for law enforcement to reference if it wishes to contact the depository institution. Facts presented in the STR narrative clearly support the purpose of the STR filing. The narrative includes information on disposition on further actions by the financial institution and identifies the availability and location of documentation supporting the STR.

EXAMPLE #4

Domestic Bank

The Bank of Roseau has previously filed a suspicious transaction report (STR) on the suspect companies on May 8, 2014. The STR described unusual wire transfer and cash deposits concerning Island Tours Company and Speedy Taxi Services. Both companies are registered in Dominica and share the same address. Previous and recent reviews of account activity revealed cash deposits and wire transfer activity that may indicate money laundering.



The Bank of Roseau could not find information to establish a business justification for the following patterns that appear suspicious:

A repeated pattern of structured cash deposits into Island Tours Company and Speedy Taxi Services accounts followed by wire transfers to a specific beneficiary.

Individual transaction sums in large dollar amounts.

Individual transactions carried out in even dollar amounts.

Individual transactions carried out in a short period of time – every day, twice a day, or every other day.

Incoming wire transfers from a foreign company using a foreign correspondent bank at the Bank of Dominica.

Most of the financial activity takes place during the low tourist season which is unusual for businesses that depend on tourism.

The following is an analysis of cash deposit and wire transfer activity for the companies for the period of time January 2014 – July 2014:

Island Tours Company and Speedy Taxi Services are located at 310 Bath Road, Roseau, Dominica.

The total number and dollar value of cash deposits into accounts held by the companies are as follows: Island Tours Company, account #211-344284 deposits totalling \$410,000; Speedy Taxi Services, account #211-458678, 200 deposits totalling \$550,000. Reviews of the accounts indicate all the deposits were night deposits conducted through three branches of the Bank of Roseau: King George V Street; Pottersville; and Bay Street. The average amount of deposits negotiated through the accounts was from \$8,500 to \$16,000.

10 incoming wire transfers were received from Bayside Inc. to Island Tours Company account #211-344284. Bayside Inc. is registered in Curacao and is a customer of Euro-American Bank in London, U.K., account #56712666. Euro-American Bank maintains a correspondent relationship with the Bank of Greater Dadeland, FL. This bank maintains a correspondent account at the Bank of Roseau. Our compliance officer contacted the Bank of Greater Dadeland to have them inquire with Euro-American Bank about Bayside Inc. The Bank of Greater Dadeland could not substantiate the type of business activity or provide any documentation for Bayside Inc. The Bank of Greater Dadeland's contact with Euro-American about Bayside Inc. in response to our query resulted in the business closing its account with Euro-American Bank with no explanation provided.

The total number and dollar value of outgoing wire transfers from Island Tours Company and Speedy Taxi Services is as follows Island Tours Company, account #211-344284, 24 wire transfer debits totalling \$697,000; Speedy Taxi Services, account #211-458678, 18 wire transfer debits totalling \$266,000. The day after cash deposits, wire transfers were usually conducted through the use of a remote computer terminal as part



of an Internet service for the accounts. The amount of wire transfers usually equalled the deposits from the day before. All wire transfers from both accounts were remitted to David Jefferson, Tribeca Bank, account #629769007, in New York, NY.

At the time the accounts were opened with our financial institution, a registered agent for both companies provided corporate registrations filed with the Registrar of Companies in Dominica indicating the companies are for-profit, engaged in providing tours and transportation. As part of our annual review of corporate accounts, we were unable to substantiate if the companies are still active. Attempted telephone contact with the companies identified both numbers as being disconnected.

Due to these factors and the suspicious indicators of the account activity, bank management has decided to end our banking relationships with Island Tours Company and Speedy Taxi Services. All records related to this matter are being maintained by the bank's headquarters office on King George V Street.

Comments:

The narrative is a well-written summary identifying all aspects of the suspicious transactions conducted by the suspect businesses including the apparent structuring of cash deposits on multiple days at multiple branch locations, the use of a foreign account to facilitate wire transfers to the customer's accounts through a correspondent bank. The financial institution documents its due diligence efforts to determine the status and operations of its suspicious customers as well as its efforts to glean information about the originator of the suspicious wire transfers. The financial institution indicates that a STR was filed previously. The institution conveys the disposition of the two accounts and the location where records are stored.

EXAMPLE #5

Money Services Business

This STR is being filed on three suspects who purchased money orders in a manner to circumvent identification and recording requirements and engaged in suspicious money order transactions.

On June 2, 2013, two male customers came into the Marigot store location of Trois Pitons Money Services and attempted to purchase a total of \$6,000 in money orders each. Prior to seeing a clerk, both customers stood in line and were observed conversing as if they worked with each other. Both customers went to different clerks and each attempted to purchase \$500 money orders with cash. When each customer was asked for identification per the \$5,000 identification requirement, the customers abruptly decided to lower their money order purchases below \$3,000 each. One of the customers requested to purchase \$2,500 in money orders while the other requested to purchase \$2,000 in money orders. Customer One, at window 1, was issued five money orders, serial numbers 112345 - 112349. The second customer, at window 2, was issued four money orders 122347-112350. The two individuals left together in a white van.



Later that same day, the same suspects returned to the same store with a female companion. The female purchased \$2,000 in money orders from window 2, serial numbers 112412 - 112415. The three suspects left the establishment together and drove away in the same white van.

On June 3, 2014, the female suspect entered the Canefield store location and again purchased money five orders totalling \$2,500. They were purchased from window 1, serial numbers 113345 - 113349. The customer was observed being picked up by the two previously referenced male suspects in the white van.

On June 3, 2014, the Marigot store contacted the Canefield store to advise them that four money orders, purchased the day before at the Canefield and Marigot stores were being used to purchase \$2,000 in traveller's cheques by two male customers.

Comments:

This narrative provides a complete summary of suspect money order purchases between two branches of a single money order seller. It provides the number of suspects involved, the interaction between those suspects, and the manner in which the money orders were purchased, including the serial numbers and respective denominations of the money orders. In addition, the narrative identifies communication between two MSB business locations on the possible layering of money orders used to purchase traveller's cheques, perhaps to further complicate any possible audit trail of the original transaction.

EXAMPLE #6

Money Services Business

Two of our customers have been using our money transmitter service for the past year to send cash on a regular basis to two beneficiaries located in Barbados. The customers are Rico Mendez and Javier Mendez. The receivers are Jacqueline Martin and Yvette Durand. The funds are sent to Bajan Money Express in Bridgetown, Barbados, twice a month in transactions below \$5,000 that do not require identification procedures. On the morning of July 10, 2014, Rico Mendez requested to send \$8,000 to Jaqueline Martin. When asked to show proper identification, Mr. Mendez stated that he did not have his identity documents with him. He left and later returned with Javier Mendez and asked to send \$4,900. All of the transactions have occurred at our office in Roseau. The office has copies of the identity documents of both customers as well as records of their money transmittal transactions. Rico and Javier Mendez are attorneys and their financial activities and behaviour during this incident appeared suspicious.

Comments:

This narrative provides enough details of the MSB customers' frequent suspicious money transmittals to support the purpose of the STR. Also, the beneficiary information, including beneficiary names and location, was included. The narrative identified the suspects by name and occupation and related that records, including identity document information, were retained at the MSB business location.



EXAMPLE #7**Credit Union**

Credit Union investigation file number INV67325.

This STR is being filed to summarize suspicious cash deposits and wire transfer activity conducted by John Mason, account #1234567. John Mason has been a credit union member since April 2013. Mr. Mason is a college student and employed part time at Zap Music Store.

Cash deposits to Mr. Mason's personal checking account are structured to possibly avoid scrutiny. The deposits are followed by immediate wire transfers to Falcon Bank in Ottawa, Canada to a single beneficiary, Stacey Mason, account #9876543, with an address located in Canada. Specifically, the following activity has been observed: cash deposits (dates followed by amounts): 03/15/14 \$9,950.00; 03/17/14 \$9,700.00; 03/18/14 \$10,000.00. Wire transfers out (dates followed by amounts): 03/16/14 \$9,900.00; 3/18/14 \$9,700.00; 03/19/14 \$9,900.00. The volume and frequency of the transactions is not consistent with previous transactions conducted by Mr. Mason. The amounts of currency do not appear consistent with the customer's stated employment. Also, the relationship between the member and Stacey Mason and the purpose for the wire activity is unknown.

This STR is being filed due to the structured cash deposits by the customer on almost consecutive days into the account, and the immediate wire transfer of the funds out of the account to Stacey Mason, Falcon Bank, account #9876543, Ottawa, Canada. Investigation is continuing into explaining the suspicious activity. The credit union's compliance department in Roseau maintains all records related to this STR.

Comments:

This narrative presents a clear summary of all the suspicious activity and supports the stated purpose for filing the STR. The list of transactions provides specific details on the application of the suspect funds. The internal bank reference number for the STR can be used by law enforcement should investigators wish to contact the bank to discuss pertinent facts presented in the STR narrative. The STR also identifies other actions taken by the financial institution as part of its internal due diligence program and its efforts in detecting possible illegal activity being facilitated by the suspect.

Insufficient or Incomplete STR Narratives**EXAMPLE #1****Banks and Credit Unions**

Michael Durand was the originator of nine wires totalling \$225,000. All of the wires were remitted to a Singapore based company. During the same period of time Michael Durand deposited cash, money orders, and checks into his account. See attachment.



Comments:

This STR fails to provide specific details on the application of the suspect funds (the name, bank, and account number of the beneficiary, if identifiable). The STR also references an attachment, which is not available to the reader. The financial institution fails to provide any information concerning the relationship, if any, between the institution and the customer. Also, no specific transaction data is provided that identifies the dates and amounts of each wire transfer.

EXAMPLE #2Banks and Credit Unions

A.) Copy of the suspicious transaction report (STR) from the Compliance Department outlining the suspected structuring of cash-in activity by our customer, UTZ Management Services, a management company for the period of 07/10/14 to 07/22/14. B.) UTZ Management Services, financially, via the suspected structuring of cash-in activity to avoid bank scrutiny. C.) N.A. D.) See A. above. E.) N.A. F.) Downtown branch, 325 Independence Street, Roseau. G.) The activity consisted of 4 transactions for the month of July 2014. H.) N.A. I.) N.A. J.) To the best of my knowledge, no information has been excluded from this report. K.) Cash was involved. L.) 224-307711.

Comments:

Although the bank responds to the checklist found in the STR instructions, it fails to provide a chronological and complete account of the violation of law in order to explain the nature of the suspicious activity. The STR fails to identify specific examples of the structuring activity, including dates and amounts of the transactions. Additionally, the filing bank does not explain if the deposits were consistent with the expected transactions of the business. Finally, the narrative does not identify what happened to the funds after they were deposited into the bank account.

EXAMPLE #3Banks and Credit Unions

We believe this customer is structuring transactions inconsistent with the expected volume of the account profile.

Comments:

The bank does not provide any beneficial information in the narrative. It fails to relate the types of transactions (cash-in or cash-out), the amounts and dates, background information on the customer, source or dispersal of funds in customer's account, or other information to support the statement provided in the narrative.



EXAMPLE #4**Money Services Business**

Money orders were purchased on 05-19-14 to Smith Corporation in the amount of \$6,500.00.

Comments:

No explanation is given as to why the financial institution considers this activity suspicious. The filer does not indicate if money orders were purchased with cash. The filer fails to provide any information about the purchaser or nature of the business and if this activity was normal or unusual for the purchaser or business.

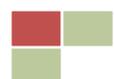
EXAMPLE #5**Money Services Business**

Any further transactions sent by this sender will be kept on file. We will not be sending a report for every transaction. Thank you.

Comments:

The narrative only provides a reference to an unknown subject -“this sender,”-- and fails to identify a possible violation. It gives no information on the amounts of the money transmitted or the beneficiary of the funds. The only value the narrative provides is to alert the reader that the money services business may be violating anti-money laundering regulations by not filing future STRs on additional suspicious activity that might be conducted by the subject.





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