



Isle of Man  
**Financial Intelligence Unit**  
*Ellan Vannin Unnid Tushtag Argidoil*

# ANNUAL REPORT 2021 / 22



GD 2022/0089

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# FOREWORD

I am pleased to present the Annual Report 2021/22 for the Isle of Man Financial Intelligence Unit (FIU). Each year the FIU publishes a report providing an account of its activities over the past year, with this being the sixth such report. The report outlines the exercise of the functions of the FIU and provides an assessment of the extent to which the FIU's Annual Plan, as set out in its Strategic Delivery Plan for 2021/22 (GD 2021/0032) has been carried out.

The FIU has had another successful year and is continuing to enhance the working relationships with both domestic and international partners which is fundamental in combating money laundering and terrorist financing worldwide. The increased technology and digital transformation that has become one of the FIU's highest priorities is making internal processes more streamlined and less resource intensive in order to further use the extensive skills and knowledge of the FIU staff in identifying and developing suitable cases for investigation referral.

The FIU and the Isle of Man is in preparation for the next Mutual Evaluation by Moneyval, a FATF Style Regional Body (FSRB), which is anticipated to occur within the next 3 years; it is crucial that the Isle of Man demonstrates its effectiveness under the FATF standards in order to avoid the FATF Grey List. The FIU is making considerable headway in ensuring that the data that will be required is accessible, available, and accurate, which involves changes to the online reporting system, Themis, which our disclosing organisations will have noticed over the past year.

It is hoped that this report will be of value to all of the FIU's stakeholders and to the public to enable all to better appreciate the nature and value of the work the FIU undertakes. Money laundering methods are becoming increasingly complex, with those involved developing strategies to circumvent measures put in place to combat money laundering. International Finance Centres, such as the Isle of Man, must be nimble in recognising the changing threats and adjusting its defensive measures. The FIU plays a key role in this process and is guided by its strategic objectives as set by the FIU Board. I am pleased to report that the FIU has been able to carry out the objectives set by the FIU Board in the FIU's Strategic Delivery Plan for 2021/22.

The FIU and the FIU Board are committed to the FIU continuing to make the improvements required in order that the FIU may play its role in pro-actively combatting global financial crime and both terrorist and proliferation financing and protecting the Island's future making the Isle of Man a safe and secure place to do business.



Walter H. Wannenburg  
**H.M. Solicitor General**  
Acting-Chair of the FIU Board





Phil Hunkin  
FIU Director

*“It is the  
FIU’s aim to  
ensure that  
criminals do  
not profit  
from crime”*



## THE FIU

The FIU is now in its sixth working year since it was established as a statutory body on 22 April 2016 by the Financial Intelligence Unit Act 2016 (the “Act”). The strategic priorities of the FIU are determined by the FIU Board which is made up of H.M. Attorney General (Chair), the Chief Constable and the Collector of Customs & Excise. The functions of the FIU are exercised by its Director, subject to any directions given by the Board, and are set out in Section 5 of the Act:

- Receiving, gathering, analysing, storing and sharing information about financial crime (whether in the Island or elsewhere);
- Assisting with the prevention and detection of crime, and in particular, financial crime (whether in the Island or elsewhere);
- Cooperating with law enforcement agencies;
- Contributing to the reduction of crime, and in particular, financial crime and to the mitigation of its consequences.

It is the FIU’s aim to ensure that criminals do not profit from crime, either within the Island or internationally, by identifying financial crime, countering money laundering and detecting both the financing of terrorism and proliferation. Where criminals have made material gain, the FIU will support all legitimate actions to restrain and ultimately confiscate the resulting proceeds and other crime related assets. In addition, the FIU is committed to assisting in ensuring that the Isle of Man is not involved with the financing of terrorism or proliferation. Whilst the Isle of Man’s risk of being directly affected by an act of terrorism is considered very low, the Island is nonetheless called upon to combat the financing of terrorism, either directly or indirectly.

The FIU will continue to work closely with our domestic and international partners in order to develop and disseminate intelligence to pursue potential investigations and ultimately prosecutions of those who commit money laundering, terrorist financing and proliferation offences. Our work aligns with the National Risk Assessment and has a key role in the success of the Financial Crime Strategy, both of which are fundamental in ensuring that the Isle of Man performs to the required level of effectiveness in international standards.

## THE PEOPLE

### The Director

Professionally this year has been a successful one, but a sad one in which the Chair of the FIU Board Attorney General John Quinn QC passed away. I would like to take this opportunity to reflect on the contribution Mr. Quinn made to the FIU and his valuable oversight and support, from the setting up of the FIU to where it is today. The AG has a key role to play chairing the FIU Board and strategically steering the FIU.

The FIU’s core work is the receipt, analysis and dissemination of financial intelligence from the widest range of possible sources, and this is an area that the FIU has really stepped up in its effectiveness. The FIU has been involved in the development of significant cases, and whilst I am unable to share any detail at this time, these cases would not be as advanced as they are without the determination, tenacity and commitment of the FIU staff. A lot of the excellent work undertaken will not be seen by many, but I regularly receive feedback both domestically and internationally that confirms to me that the Isle of Man FIU is widely respected, and that the work that it does adds significant value to a wide range of criminal, regulatory and tax investigations.

*“FIU’s team members have a wide range of knowledge and experience”*

As well as our core work, the FIU is also responsible for the prevention, detection and reduction of crime, particularly financial crime. This year has seen the FIU organise two “blue sky” sessions with key MLRO’s across all the various sectors. These sessions were aimed at improving communication, providing upskilling opportunities, and enhancing collaborative working and understanding. These sessions were successful in their aims, and highly beneficial to both the FIU and private sector attendees.

The FIU has led on a project to establish an Isle of Man Public Private Partnership (PPP) to further develop the relationship between the FIU and its private sector partners. A business case was developed and presented to both the Financial Crime Strategic Board and FIU Board where the plan received full support. At the time of writing, the FIU is waiting on Treasury concurrence to fund the start of the IOM Financial Crime Partnership. Once established, this will significantly improve Isle of Man capabilities in the identification of financial crime and specifically money laundering.

The FIU continues to work very closely with our domestic partners to protect the security of the Isle of Man. The FIU has also worked very closely with the anti-bribery and corruption (ABC) project with the ABC Project Manager and the Cabinet office.

In closing, there is still a considerable amount of work to do for the Isle of Man and the FIU. The Isle of Man will be evaluated by MONEYVAL in the new 6th round of FATF mutual evaluations. The focus will be on the FATF Immediate Outcomes (IO) around effectiveness. A high-level assessment has concluded that the Isle of Man needs to become more effective, particularly in the use of financial intelligence – IO 6, the investigation, prosecution and sanctioning of money laundering – IO 7, and the confiscation of the proceeds of crime – IO 8. The next two / three years will be very challenging as the threat of a FATF “grey listing” is a very real one.

The FIU remains fully committed and focussed on the next few years to ensure that the Isle of Man can evidence a substantial level of effectiveness that will prevent and mitigate the “grey listing” threat.

## The Team

The FIU’s team members have a wide range of knowledge and experience, with some members in the early stages of their careers, and others that have been working in this sphere for over 35 years.

Our organogram illustrates that our structure comprises the Director and Operations Manager (who was previously a Detective Inspector in the Isle of Man Constabulary with extensive experience of the investigation of serious and organised crime in the UK and Isle of Man) who together oversee the effectiveness and efficient running of the FIU. The FIU also has the benefit of a Senior Legal Advisor who divides her role between the International Co-operation and Asset Recovery Team (ICART) and FIU, providing valuable cross-over, at a senior level, between the two units. Support is also provided by the other members of the Senior Management Team which is comprised of two Supervisors, an IT Lead and a Senior Analyst who all have vast experience and skills from careers in the Constabulary, the Gambling Supervision Commission, technology and banking industries and postgraduate degree level education.

The FIU recognises that our staff members are the fundamental component that will ensure the success of the unit, and we therefore promote a culture of continued learning and development to enhance our knowledge and understanding of the ever-evolving money laundering and terrorist financing methodologies. Training across a variety of topics areas features regularly and the FIU supports staff members in further studies including obtaining Diplomas with



# “Operations & Knowledge”

the International Compliance Association, which the FIU is proud to say that at the time of writing, every member of staff now holds. Courses, conferences, and training in a variety of areas of financial crime and money laundering such as cryptocurrency, darknet investigations, strategic analysis, open-source intelligence investigations, bribery & corruption, terrorist financing and tax have all provided the knowledge required to successfully identify and develop intelligence for dissemination to law enforcement agencies and supervisors.

The FIU takes pride in the workplace environment, and through Isle of Man Government anonymous ‘Have Your Say’ surveys to assess staff happiness and wellbeing within all areas of the Isle of Man Government, the FIU received excellent response rates and results from FIU staff members across all indexes.

The FIU’s core business is conducted under two sections – Operations and Knowledge. This highlights an increased focus on the FIU’s performance around the prevention, detection, and reduction in financial crime on the IOM; and to enhance the performance of the FIU in achieving and evidencing substantial compliance with the international standards set by FATF.

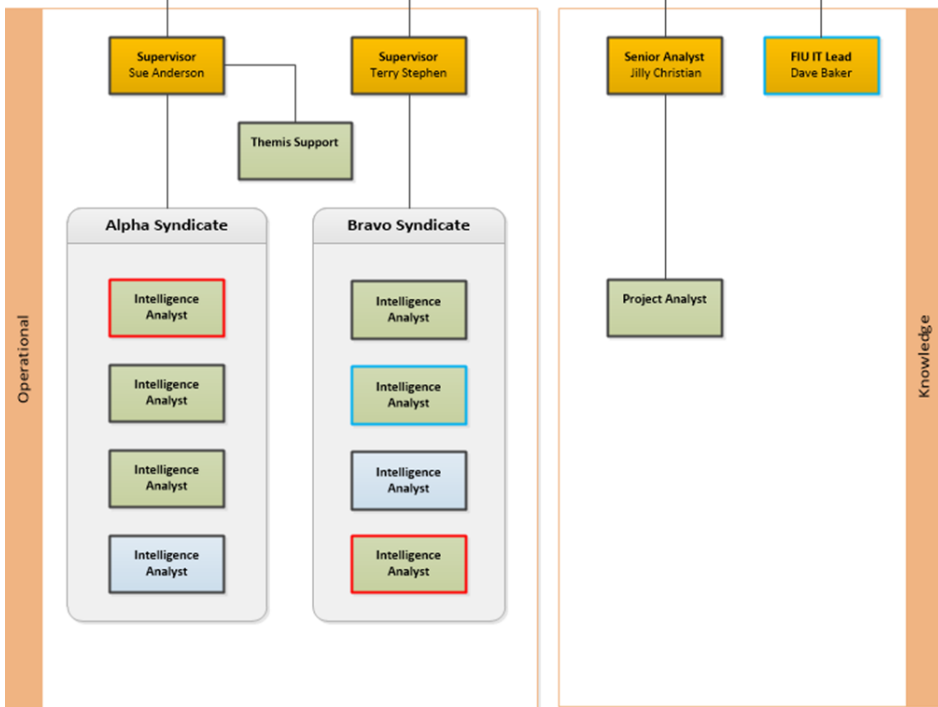
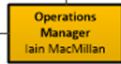
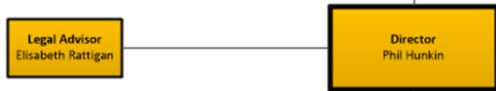
## **Operations**

The Operations section ensures that the day-to-day core functions of the FIU are delivered and is separated into Alpha and Beta syndicates for the management of caseloads and ongoing operations. This section consists of eight Financial Intelligence Analysts (FIAs) who undertake the intelligence gathering, development, and dissemination to both international and domestic agencies. During this period, we have changed the job description and role title from Financial Intelligence Officer to Financial Intelligence Analyst to align with our current working practices and to better reflect the work that is undertaken. At the time of writing, the FIU has two FIA vacancies in the recruitment process, and it is anticipated that those new recruits will be welcomed into the FIU during Quarter 3 of 2022. They will join the existing FIAs who have experience in Customs & Excise, the military, the Constabulary, Doctorate level education and research, and compliance roles in the regulated industry. Our Themis Support Officer provides administration and triage duties to ensure the efficient running of the FIU.

## **Knowledge**

The Knowledge section addresses the FIU’s requirement to identify and understand the risks of money laundering and terrorist financing, both within the IOM and internationally. This area provides a high level of focus to the development of strategic analysis products to mitigate current and emerging risks with the aim to prevent, detect and reduce financial crime on the IOM. This section is comprised of the Senior Analyst, IT Lead and Project Analyst who have the expertise to extract and analyse data from a range of internal and external sources in order to fulfil the strategic aims of the FIU. The Knowledge function draws upon relationships with our domestic partners to gather data and information in order to assess the risk of emerging and current threats to the Isle of Man’s anti-money laundering and counter terrorist financing regime.





April 2022



*“The FIU has  
made progress  
in all of the  
five pillars”*

## THE ANNUAL STRATEGIC PLAN SUCCESS

The The FIU strategic annual plan is an important component of FIU business; it identifies areas where focussed development assists not only the FIU but the Isle of Man AML/CFT regime.

The FIU has matured as an authority and is now into its sixth year of operation. The FIU continues to progress and grow its capabilities in playing an important role in the Isle of Man’s AML/CFT architecture. The FIU has responded to changes of global threats and advanced its ability to keep pace with new technologies.

In the last two years the FIU has:

- a. Significantly improved, documented and tailored its financial intelligence product;
- b. Improved its interoperability with the Constabulary operational teams, providing a presence at police headquarters and successfully contributing to impressive results in combatting serious and organised crime within the Isle of Man;
- c. Introduced a knowledge area within the FIU to improve the understanding of Isle of Man threats and vulnerabilities in respect of financial crime, improving the FIU’s prevent, detect and reduce financial crime functions;
- d. Improved FIU ability to mitigate the emerging threats of crypto-enabled crime and convertible and non-convertible virtual assets;
- e. Developed outreach to MLROs to improve the quality and security of reporting across all sectors;
- f. Led on the development of an Isle of Man Financial Crime Public Private Partnership (PPP);
- g. Developed a joint tasking and coordination framework in conjunction with key partners; and
- h. Supported the development of a sustainable anti-bribery and corruption framework within the Isle of Man, developing the FIU as the recognised bribery and corruption reporting and liaison authority and became associate members of the International Anti-Corruption Co-ordination Centre (IACCC).

The FIU has made progress in all of the five pillars that were the basis of the strategic plan. These were:

1. To work with the regulated sector MLROs and Government regulators to improve the quality and security of reporting across all sectors. Further develop Government Departments’ financial reporting officers (quasi MLROs) to better understand and thereby mitigate the risks of money laundering (ML) risks within Government;
2. To foster and develop Public Private Partnerships (PPP’s) to leverage the skills and knowledge of the regulated sectors to support the Island’s Financial Crime Strategy stated priority objectives, mitigating the risk of money laundering and terrorist financing on the Isle of Man;
3. To continue to seek an improvement in the use of financial intelligence to successfully investigate and prosecute money laundering and terrorist financing offences and confiscate the proceeds of crime. Focus on the further development of Public Public Partnerships;





4. Implement the necessary changes identified by the statistical review led by Cabinet Office to improve the Island's effectiveness in respect of the FATF 11 IOs; and
5. To collaborate with the new Anti-Bribery and Corruption Project Manager (ABCPM), supporting the focus on how national responsibility for, and oversight of, anti-corruption measures should be established (this may include establishing a specific oversight body) and drafting, for adoption, a national Anti-Bribery and Corruption Strategy. Increase awareness of the risks of ML and TF associated with the proceeds of corruption in the regulated sectors.

The plan was ambitious and mirrored the FIU's desire for continuous improvement and therefore there are elements of the plan that will continue into future years' work.

## PILLAR 1

**To work with the regulated sector MLROs, and regulators to improve the quality and security of reporting across all sectors. Further develop Government Departments' financial reporting officers (quasi MLROs) to better understand and thereby mitigate the risks of money laundering within government.**

Over the past year, the FIU has facilitated two "Blue Sky" events each with approximately 30 MLROs / Compliance professionals, representing most of the IOM's financial sectors.

The first event was held in June 2021, and the FIU's objective was to explore how it can work with industry to facilitate and develop in this area, focussing on the capability and capacity of MLROs. The event included a breakout session where MLROs were able to provide and discuss feedback for the FIU on areas where the FIU can improve, and a separate breakout session where feedback was provided from the FIU to MLROs.

The topic areas that were discussed included: Themis, the Section 18 process, consent requests, restraining funds, reporting thresholds, guidance and quality of SARs, defining suspicion, feedback, typologies, FIU engagement and outreach. Importantly, it was established that an industry MLRO representative group would be beneficial to the participants.

The second event was held in September 2021, and sought to identify the parameters of the proposed MLRO group.

The FIU has committed to helping in the facilitation for the establishment of an industry group and initiated a meeting with colleagues who were already members of the IOM Association of Compliance Professionals (AICP), and it was suggested that this body would be appropriate to take a MLRO group under its umbrella.

A joint presentation by the FIU and AICP in March 2022 to approximately 160 attendees highlighted the proposal to establish a MLRO industry group under the auspices of the AICP. At the conclusion of our annual strategic plan, we anticipate that the AICP will take the lead going forward with a high level of involvement and interaction with the FIU.

The FIU is continuing its progress in enabling the Government financial reporting officers to better understand and thereby mitigate the risks of money laundering within the government. This is likely to be in the form of an e-learn platform.

*"The plan was ambitious and mirrored the FIU's desire for continuous improvement"*



## PILLAR 2

**To foster and develop Public Private Partnerships (PPP's) to leverage the skills and knowledge of the regulated sectors to support the Island's Financial Crime Strategy stated priority objectives, mitigating the risk of money laundering and terrorist financing on the Isle of Man.**

The FIU, through engagement with the UK JMLIT+ and through close collaboration with our Quad Island partners, has designed a Public Private Partnership (PPP) to be introduced into the IOM AML/CFT infrastructure.

The FIU initially presented the IOM PPP proposal to the AML/CFT Advisory Group where it received broad support and engagement with the industry representatives from each regulated sector, many of whom are familiar with the UK JMLIT+ model.

A report was finalised and presented to the Financial Crime Strategic Board (FCSB) in January 2022 this year where the FCSB supported this new initiative, and approved that this PPP would be known as the Isle of Man Financial Crime Partnership (IOMFCP). The IOMFCP will be situated in the FIU and the FIU will lead on its establishment, increasing resources in the FIU as it develops.

## PILLAR 3

**To continue to seek an improvement in the use of financial intelligence to successfully investigate and prosecute money laundering and terrorist financing offences and confiscate the proceeds of crime. Focus on the further development of Public Public Partnerships.**

### Isle of Man Constabulary

Members of the FIU have attended and worked from Police Headquarters multiple times a week since May 2021. Since then, the FIU has assisted the majority of specialist departments as well as Uniform Officers. Most departments have received presentations on how the FIU may be able to assist them, and this has generated increased approaches to the FIU and continued close co-operation. The FIU has worked exceptionally well with the Drugs and Organised Crime Unit (DOCU) and the Police Analysts and have now established trusted collaborative working practices which will be carried forward in respect of pro-active operations.

In addition, the FIU has presented to all the Constable and Sergeant groups as part of their annual CPD.

The FIU has been able to assist the Police in some other useful areas such as "live time" enquiries involving high risk missing persons and the identification of vulnerable persons. The relationship between the Constabulary and the FIU has been useful across operations of varying natures and with differing objectives.

### Other Government Departments

The success of the FIU and the IOM in the anti-money laundering and counter terrorism regime is reliant upon the domestic partnerships, and the FIU values the cooperation with the Government departments that have supported and requested intelligence development over the recent years. Key partnerships have developed and will continue to grow with the International Cooperation and Asset Recovery Team, the Financial Services Authority, the Gambling Supervision Commission, Customs and Excise, Aircraft & Shipping Registries, Income Tax Division and the Department for Enterprise.



## PILLAR 4

**Implement the necessary changes identified by the statistical review led by Cabinet Office to improve the Island's effectiveness in respect of the FATF 11 Immediate Outcomes.**

This Pillar was pending after the publication of our strategic plan and is reliant on the statistical review undertaken by the Isle of Man Cabinet Office. The Isle of Man Government agencies are in preparation for the next Mutual Evaluation and this objective will form part of that process. The FIU is continuously cleaning and refining both historical data and the data that is collected going forward in order to have confidence that the information that is required to be extracted will be available, accessible and accurate. Moving into 2022/23 the FIU is putting emphasis on digital transformation which will greatly improve many areas of the FIU, including the collection and provision of statistics for domestic and foreign partners, as well as for international standards and evaluations.

## PILLAR 5

**To collaborate with the new Anti-Bribery and Corruption Project Manager (ABCPM), supporting the focus on how national responsibility for, and oversight of, anti-corruption measures should be established (this may include establishing a specific oversight body) and drafting, for adoption, a national Anti-Bribery and Corruption Strategy. Increase awareness of the risks of ML and TF associated with the proceeds of corruption in the regulated sectors.**

The FIU has developed a strong working relationship with the ABCPM and has provided support as part of the three working groups established for the development and implementation of the Anti-Bribery and Corruption Strategy; these are: the high-level steering group, the communications working group and the technical working group. All of which depend on the expertise from across Government in order to adopt an effective strategy.

In order to increase the awareness of the risks of money laundering and terrorism financing, the FIU has published a Bribery and Corruption Review 2020/21 which has informed the ABC Strategy. The FIU will continue to publish strategic products to better inform Government and the regulated industry in bribery and corruption, as well as other current and emerging threats.

Moving into 2022/23, it is anticipated that the FIU will continue to be involved in the establishment of a specific oversight body and reporting pathway for bribery and corruption suspicions.



# THE INTERNATIONAL PARTNERSHIPS

The National Risk Assessment identifies that the laundering of funds derived from predicate offences that occur outside of the Isle of Man are the greatest risk to the anti-money laundering regime and the financial security of the Island. Therefore, the sharing of intelligence between jurisdictions is fundamental in the universal fight against crime. The FIU is continuing to increase its standing on a global stage and values its membership at the following international groups.

## Egmont Group

As a global organisation, the Egmont Group facilitates and prompts the exchange of information, knowledge, and cooperation amongst member FIUs; at the time of publishing there are 166 member FIUs in the Egmont Group. The FIU has been an active member of the Egmont Group of FIUs since 1999, when dealing with financial intelligence was a function of the Constabulary's Financial Crime Unit.

The FIU participated in two meetings in this reporting year. Both the Plenary meeting held in July 2021, and the working group meetings held in February 2022, were held virtually. The FIU participated in the Information Exchange working group and the technical assistance and training working group.

The FIU uses the Egmont Secure Web (ESW), which is an IT platform which members of Egmont use to share intelligence and information, mostly in relation to operational matters but also high-level strategic work. The FIU has made, and will continue to make, useful contributions to the four Egmont Working Groups in order to aid in the Egmont Group's main objective of enhancing member capabilities and improve information and expertise sharing among them.

Our staff also take advantage of the Egmont Centre of FIU Excellence & Leadership (ECOFEL), which is an online learning platform that provides professional training and knowledge to all member FIUs. The resources contained within the ECOFEL are used regularly, and the FIU is pleased to have been able to contribute a case study and video material to the ECOFEL Professional Enablers course in 2021.

In March 2022 the IT Lead in the FIU was invited to bring his expertise to co-lead a Strategic Analysis Course for the Asia Pacific Region of Egmont following an invitation by ECOFEL. This involved collaboration with the Egmont Secretariat, the International Monetary Fund and the Organization of American States. The FIU Director also presented at the ECOFEL Europe II workshop on Information Sharing between FIUs, Supervisory Agencies and LEAs.

## IACCC

On 30 July 2020, the International Anti-Corruption Coordination Centre (IACCC) launched a new Associate Membership Scheme. This allows law enforcement agencies from smaller financial centres to join the IACCC as Associate Members having signed an MOU. Associate Members can rapidly exchange intelligence with the IACCC to assist with the development of the intelligence picture on grand corruption cases. The IACCC is able to provide further support to partners across the world with grand corruption investigations, including the facilitation of Mutual Legal Assistance (MLA) requests between their jurisdictions.

The Isle of Man FIU values the interaction with the IACCC and has obtained good results from the communication links that the IACCC have created. One successful case in this time period was initially reported by a domestic bank under Section 24 of Financial Intelligence Unit Act 2016 which, after contact from the IACCC, it was discovered was linked to a grand corruption case in South America.



Communication with the jurisdiction facilitated by the IACCC has resulted in Production and Restraint Orders against the subject using the International Letter of Request process.

The Isle of Man FIU continues to join the following Associate Members as well as the IACCC and Interpol in a monthly conference call to discuss corruption matters of interest and training opportunities:

- The Cayman Islands Anti-Corruption Commission
- The Gibraltar Financial Intelligence Unit
- The Guernsey Financial Intelligence Unit
- The Jersey Financial Intelligence Unit
- The Mauritius Independent Commission Against Corruption
- The Seychelles Anti-Corruption Commission
- The Turks and Caicos Islands Integrity Commission

In March 2022, the FIU's Operations Manager, Project Analyst and an FIA, as well as the Isle of Man's ABCPM attended a 3-day event held with all associate members of the IACCC. The event, jointly hosted and funded by the IACCC and FBI, had a primary focus on networking as well as sessions from experts from Interpol, FBI, private and public sector experts on virtual assets, MLATs, JMLIT, UKFIU and more. The Isle of Man FIU presented on 'the use of TCSPs in the Corruption space' at the event and explained, in detail, the assistance we could provide to members of both the full IACCC and the associate members present at the meeting. A further opportunity was taken to promote the work of the Attorney General's Chambers concerning international co-operation. Our FIA also attended a two-day course on open-source intelligence provided by a private sector organisation.

## **Joint Money Laundering Intelligence Taskforce+**

### ***(JMLIT+)***

The National Economic Crime Centre (NECC) is the UK's response to economic, harnessing intelligence and capabilities from across the public and private sectors to tackle economic crime in the most effective way. The JMLIT+ is a well-established partnership between law enforcement and the financial sector to exchange and analyse information relating to money laundering and wider economic threats. The FIU values this model and is working towards a similar practice on the Isle of Man in order to enhance the domestic public private partnerships. Moving into the future, the Isle of Man will continue to benefit from the JMLIT+ in both operational and strategic level work.

## **Quad Islands**

The FIU puts emphasis on international cooperation and the close working relationship between the Isle of Man, Jersey, Guernsey and Gibraltar has yielded great results for all FIUs. The group, collectively known as the Quad Islands, meets quarterly to discuss high-level areas of interest amongst the FIUs who all have a similar nature of business, AML / CFT regimes, and often challenges that are much the same. There are four separate Quad Island working groups that meet in order to support the specific areas in which the FIUs work:

- Quad Island Forum of Financial Intelligence Units (QIFFIU) - the Heads of the FIUs;



- Quad Island Strategic Analysts Forum (QISAF) - the Strategic Analysts;
- Tri-Island Themis Working Group - IT Leads in Isle of Man, Guernsey and Gibraltar to discuss Themis.
- Terrorist Financing Forum

### **Quad Island Forum of Financial Intelligence Units (QIFFIU)**

The aim of the QIFFIU is for partner agencies to work collectively to address serious financial crime; particularly money laundering and the financing of terrorism thereby ensuring the Isle of Man is a safe place to live, work and visit. The success of this group will be measured through meeting the FATF international standards and in particular Immediate Outcomes 6, 7 and 8 to a substantial level of effectiveness.

This forum continues to be of significant benefit to the members. The key benefits include the ability to collaborate on shared issues with an improved prospect of mitigating these issues utilizing a common approach. The ability to share major work tasks providing significant timesavings and widening our respective pools of knowledge and experience. Facilitating a forum for expedient and cost-effective collaboration with many UK agencies.

### **Quad Island Strategic Analysts Forum (QISAF)**

The QISAF was formed in December 2021 and comprises the senior strategic analysts from the four jurisdictions. Our Senior Strategic Analyst, with the aim to establish and maintain the following principal objectives, chairs the forum:

To work collaboratively to foster and maintain an effective strategic analysis function to aid meeting international standards.

Promote collaborative learning on strategic level matters and the sharing of useful strategic information between partner agencies.

Create a network of analysts to foster and maintain the further development of the strategic analyst function across partner agencies.

Working as a collective to identify and share new and improved methods of analysis and training opportunities.

Maximise the opportunities presented through public private partnerships, both domestic and international to broaden and enhance knowledge.

Whilst newly established, the first full QISAF meeting was successful in aiding understanding the strategic analyst function within each FIU, and identified collaborative working opportunities. This support amongst partner agencies will boost the growth of this area within the FIU to maintain and enhance the level of effectiveness required to meet international standards.

### **Themis Working Group**

The FIU continues to work with the Intelligence Units from Gibraltar and Guernsey to share information on how to use Themis in the most efficient way, as well as sharing ideas and feedback from MLROs. The Isle of Man FIU has been key in demonstrating how data can be better used and stretching the capabilities of the software as far as possible. This can be demonstrated in the projects with the developer that have been undertaking, and the work around data with the intensive work around sanctions and integrating numerous datasets together.



## **Terrorist Financing Forum**

The Quad-Island members have joined together to formalise engagement with the UK terrorist financing investigating authority, the NTFIU, part of the Metropolitan Police' SO 15 department. As a result of this formalised engagement a Terrorism Financing Investigation course was planned for May 2022 with all Quad-Island members sending representatives from both FIUs and their relevant terrorist financing investigative authorities.

## **Financial Action Task Force**

The FATF is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

With more than 200 countries and jurisdictions committed to implementing them. The FATF has developed the FATF Recommendations, or FATF Standards, which ensure a co-ordinated global response to prevent organised crime, corruption and terrorism.

The FATF provides key resources and publications in relation to money laundering, terrorist financing and proliferation financing threats that are utilised by the FIU, law enforcement, regulators and the regulated industry in order to improve effectiveness in protecting the anti-money laundering regime and financial security of the Isle of Man.

## **MoneyVal**

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe. As a FSRB is entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic, process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to effectively fight money laundering the financing of terrorism and the financing of proliferation.

The Isle of Man's most recent Mutual Evaluation was undertaken in 2016; it was identified that there were some deficiencies in achieving the FATF Recommendations to the required standard, and the island was subsequently placed on the 'follow-up' list. In 2020, the Isle of Man was removed from that list following the commendable progress made in addressing the deficiencies highlighted. The FIU is working with our other domestic partners in order to prepare for the next round of Mutual Evaluations, which is expected in the next 3 years.

The Director virtually attended parts of the Moneyval Plenary meetings held in this year, the 61st Plenary Meeting held 26 - 30 April, and the 62nd Plenary Meeting held 13-17 December 2021.

Following the Russian Invasion of Ukraine, a number of Russian-led projects were abandoned within the Council of Europe. The IT Lead within the Isle of Man FIU was a party to one of these projects - "Practice of Using Virtual Assets, Virtual Asset Service Providers & Platforms in the Laundering of Criminal Property". The IT Lead is now leading this project for the Council of Europe which has a multi-jurisdictional team and the product of this project will be a typology, to be published in 2023.





David Baker  
IT Lead / Data Protection  
Officer

## THE TECHNOLOGY

Technology is an essential tool within the FIU to continue the fight against money laundering and terrorist financing, its importance in supporting the strategic pillars is second only to the people in the FIU.

### Themis

2021/22 was the 'year of the dashboards' with more tools being used to interrogate the raw Themis data to provide meaningful statistics quickly to staff. Traditionally there was a lot of work around the use of text files, which meant data extraction was duplicated and inefficient. The benefits of quick graphical analysis of data will significantly benefit the future of the FIU when preparing statistics for external bodies (such as MONEYVAL) and the internal monitoring of the organisation.

Enhancements were made relating to data collection from MLROs, which has resulted in a much easier dataset to work with for statistics. An additional benefit has been getting the true 'MLRO Perspective' on what they see to be the criminality (if known) and the grounds for suspicion when filing a report.

2021/22 has also seen the completion of a Capital Bid made in 2020 for enhancements to Themis – this included new methods of using the FIU's Section 18 powers, reduction of paperwork and email traffic, and the dissemination of intelligence to other agencies.

### Other Technology

Post pandemic, the investment in technology that the FIU has made (and continues to make) has proved to be invaluable. Where appropriate, home working can be facilitated with almost the same secure access to systems as that at the office.

The events of early 2022 were a time for the FIU to demonstrate its technical ability with a huge amount of automation and searching being conducted for finding financially sanctioned individuals within Government databases. This resulted in increased use of open source investigation systems, and novel approaches to interrogating data.

*“Technology is  
an essential  
tool within the  
FIU”*





# THE 2022/23 ANNUAL PLAN

The FIU's performance in fulfilling its objectives for 2021/2022 has been a success, and the 2022/2023 Annual Strategic Plan will continue to steer the FIU to deliver the modern demands on its business.

The five strategic objectives for the 2022/23 annual plan are:

1. Consolidate digital transformation for the FIU adoption of digital tools and methods, keeping up with the pace of change in digital technologies. With a view to changing organisational culture and relationships to users, as well as business processes. Enhance a FIU risk-based approach to operations.
2. Focus on new and emerging threats through the development of FIU knowledge; understand the risks to the Isle of Man from money laundering, the financing of terrorism and proliferation financing. Raise awareness through outreach to the financial sector and government agencies.
3. Support the Isle of Man's pro-active international money laundering investigation function, enhancing Isle of Man law enforcement agencies' capability and capacity with the objective of achieving substantial levels of effectiveness when measured against the FATF standards, Immediate Outcomes 6, 7 and 8.
4. Review and develop the role of the FIU in the Isle of Man's approach to asset recovery, by:
  - Reviewing the FIU's current role and interaction with other relevant law enforcement agencies (LEAs), both domestic and international; and
  - Identify ways to expand and improve the FIU's role, with reference to updated international standards and best practice (including the Egmont white paper 'Asset Recovery – Role of FIUs').

*“The FIU’s  
performance  
in fulfilling its  
objectives for  
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# THE STATISTICS

This report, unless stated, covers April 2021 – March 2022, using the same time period the previous years (2020/2021) as a comparison.

- There were 2514 disclosures submitted to the FIU during the time period 2021/2022 compared with 2650 in 2020/2021, making a decrease of 136 (-5%).
- There has been a decrease in the amount of disclosures submitted under the Proceeds of Crime Act 2008 (“POCA”) by 6.4%.
- The number of disclosures submitted by each sector is consistent, with the most notable differences being in the Virtual Currency Services sector with a change in reporting of –36.8%.
- The FIU has received 206 international and 484 domestic requests for information.
- There have been 137 international and 73 domestic spontaneous disseminations received in comparison to the 1301 intelligence reports the FIU has sent out.
- Obtaining feedback from international jurisdictions remains a challenge, however, improvements have been implemented to Themis in order to digitise the feedback process, therefore making it more accessible to complete and easier for the FIU to record.

## General Disclosure Statistics

### Disclosures Received by the FIU

#### Legislation

There were 2514 disclosures submitted to the FIU between April 2021 and March 2022, compared with 2650 in the same time period in 2020/2021, a decrease of 136 (-5%) (excluding Section 18 responses, as outlined below).

The comparison of data between 2020/2021 and 2021/2022 as shown in Figure 1 identifies that there has been a decrease in the amount of disclosures submitted under the Proceeds of Crime Act 2008 (“POCA”) by 1343 (-60.3%). This is attributable to the 1201 disclosures submitted under POCA – Dual Reported, which is a new option offered to the discloser and is to be utilised when a disclosure has been submitted to both the Isle of Man and another jurisdiction. It was identified that the FIU’s largest submitter from the e-gaming sector was dual reporting a significant proportion of their disclosures due to their obligations under POCA, which meant that a majority of these reports held little intelligence value but as a large submitter, they were administratively difficult to resource. This change has a number of benefits to the FIU including the ease of triage for these reports and the ability to obtain data on how many reports are received that are dual reported.

When including the 808 reports that are dual reports to the POCA figure, there has been a decrease of 142 (-6.4%).

Another addition to the legislation list that can be seen in Figure 1 2021/22 data is the introduction of the Financial Intelligence Unit Act 2016 (“FIUA”) (Section 18 Response). The FIU has invested in ensuring that all of its key processes are contained within Themis and has most recently moved the S18 requests to industry onto Themis, meaning that responses are now received via the system as opposed to the previous methods via email. There have been 299 S18 responses received onto Themis during 2021/2022. This change is beneficial to the FIU due to the increased security derived from using a secure platform to



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**“2514  
disclosures  
submitted to  
the FIU”**



share information, as well as the ability to record data on the number of S18s requested. It has been appreciated that the new process requires some changes at the outset which the FIU is committed to investing in and has consulted internal members of staff as well as some Money Laundering Reporting Officers.

There is a small decrease in the number of disclosures submitted under the FIUA, from 407 in 2020/2021 to 394 in 2021/2022. The number of disclosures submitted under the Anti-Terrorism and Crime Act 2003 (“ATCA”) has decreased from 10 to 8, whilst sanction matters has increased from 5 to 26. Sanctions matters in March 2022 in relation to the Russia conflict have an impact on the statistics.

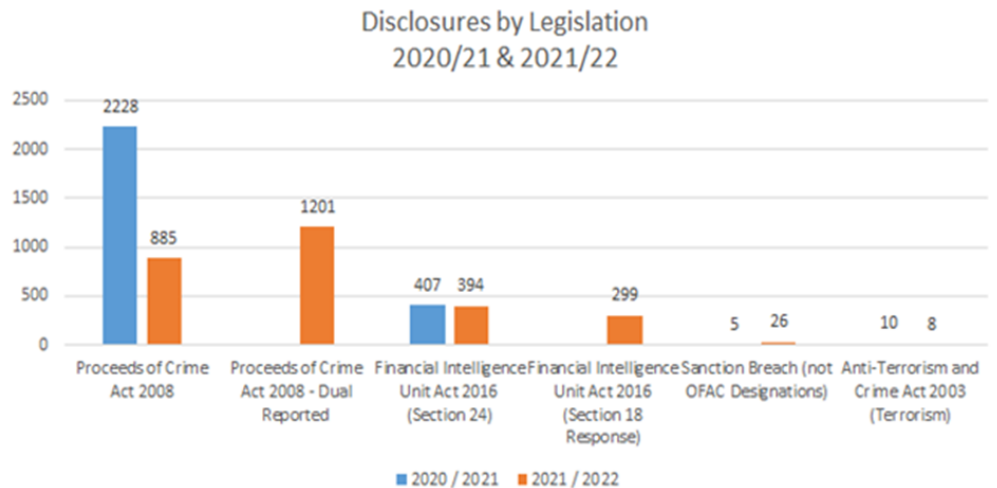


Figure 1

### Suspected Criminality and Grounds for Suspicion

Table 1 below outlines the suspected criminality from disclosures submitted to the FIU between April 2021 – March 2022. In line with previous years and with expectations due to the high levels of disclosures from the gaming sector, fraud is the highest suspected predicate offence reported to the FIU with 46% of disclosures relating to it. Tax crimes and the drugs trade also appear highly in the levels of reported suspicious offences which is in line with previous years. Notably, reports with a suspicion of corruption and/or bribery has increased by 31% when compared with the previous year; whilst this equates to a small proportion of the reports submitted to the FIU (2.8%), these are often matters which involve some of the most enhanced international cooperation and significant asset values. Human trafficking and sexual exploitation have also seen increased numbers of reports when comparing the current data with 2020/21 data, this is attributable to increasing awareness within the industry in relation to the red flags and heightened focus in these topics which has enabled organisations to identify suspicious activity in these types of serious but more uncommon cases.

Internet and media research remains our most reported grounds for suspicion, and it highlights the importance of a strong internal anti-money laundering and counter terrorist financing controls for the regulated industry. Open-source media can be fundamental in identifying suspicious activity and reporting as soon as adverse media is released may be crucial to the success of the investigation, particularly given the international nature of the business conducted on the Isle of Man which may lead to domestic based accounts and assets being identified for international confiscation.



Suspected Criminality (2021/2022)	Disclosures
Fraud	1165
Not Known	578
Tax crimes (related to direct taxes and indirect taxes)	247
Illicit trafficking in narcotic drugs and psychotropic substances	214
Corruption and bribery	71
Robbery or theft	52
Participation in an organised criminal group and racketeering	44
Cybercrime	42
Forgery	27
Terrorism, including terrorist financing	14
Extortion	11
Sexual exploitation, including sexual exploitation of children	9
Trafficking in human beings and migrant smuggling	7
Insider trading and market manipulation	7
Murder, grievous bodily injury	6
Illicit arms trafficking	5
Illicit trafficking in stolen and other goods	5
Counterfeiting and piracy of products	4
Smuggling (inc. in relation to customs and excise duties and taxes)	3
Kidnapping, illegal restraint and hostage-taking	2
Counterfeiting currency	1
<b>Grand Total</b>	<b>2514</b>

Table 1

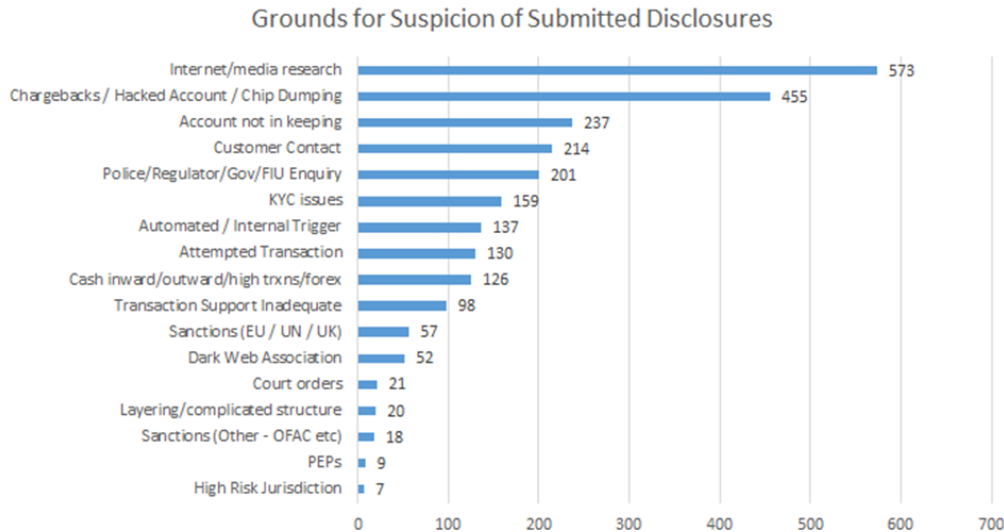


Figure 2



## Sectors

Figure 3 outlines the number of disclosures received by each sector in 2021/2022 compared with the same time period in the previous year, 2020/2021.

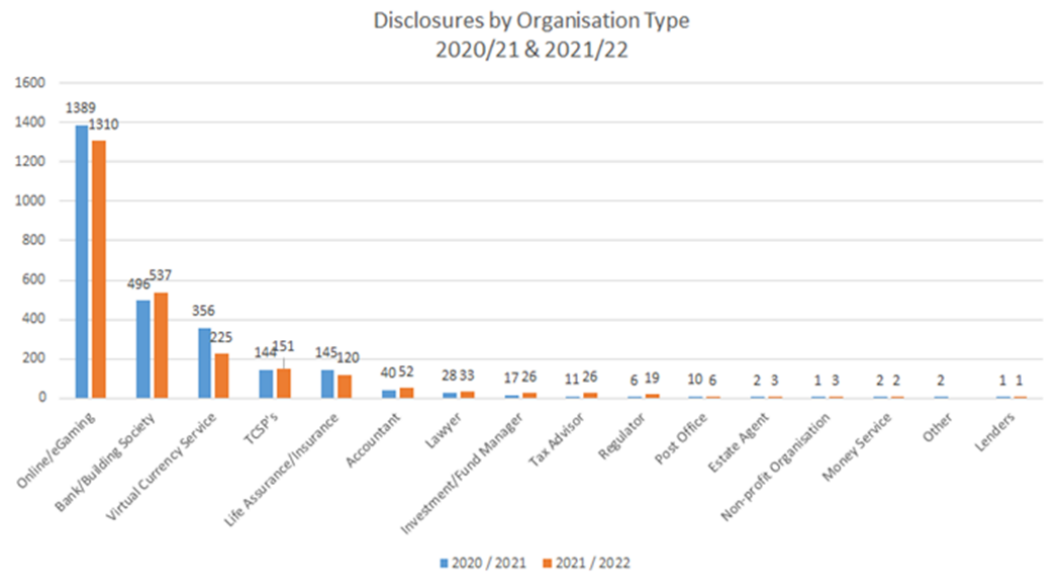


Figure 3

The number of disclosures submitted by each sector is consistent, with the most notable differences being in the Virtual Currency Services sector with changes in reporting of 131 (-36.8%). The decrease in the level of reporting from the Virtual Currency sector is as a result of increased co-operation between the FIU and the largest submitter. In early 2019, this sector significantly increased their reporting due to new software to identify activity linked to the dark web within a certain number of transactions. Communication between the FIU and the disclosing organisation led to an agreement to decrease the number of transactions to a more appropriate level resulting in a lower number of disclosures. The decrease has become apparent in recent years, as now their historic data has now been retrospectively reviewed and as such, disclosures are now being made on real time activity.

## Consent Requests

There has been a decrease in the number of consent requests received in the April 2021 - March 2022 time period, compared with the same time period in 2020/2021, from 1054 to 1004 (4.7%). Although there are less requests during 2021/2022, proportionally there are more disclosures containing consent requests compared with 2020/2021. In 2021/2022, there are 22 SARs that have 10 or more consents requests on them, the highest being 34 requests on a long-standing matter. There are 53 consent requests in 2021/2022 whereby a response is not required for the request – this is mostly in instances where shares have been purchased in legal cannabis markets in jurisdictions such as Canada, and a request response has been allowed to lapse by the FIU and implied consent is issued. Whilst consent request quality has increased significantly over recent years, some requests are submitted under user error or are not considered to be a matter for consent, these are captured in Figure 4 under the 'Refer to Letter' category.



## Consent Requests Received 2020/2021 & 2021/2022

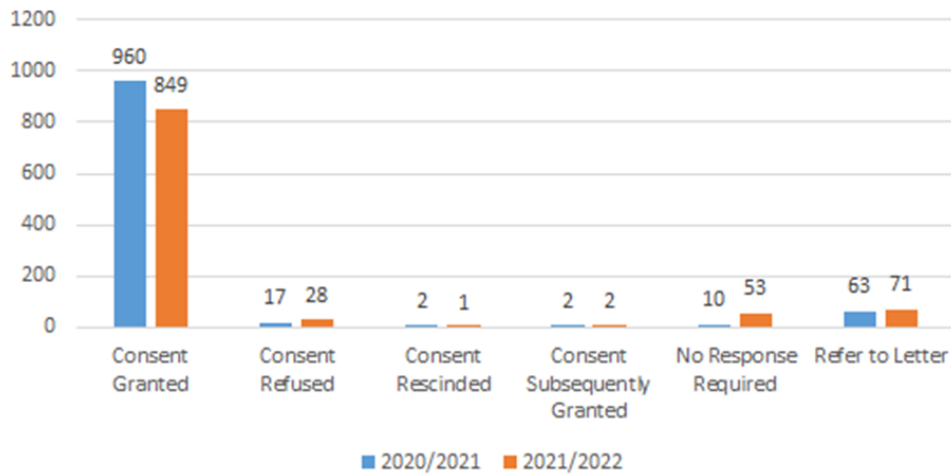


Figure 4

## Spontaneous Disseminations & Requests

### Inbound to the FIU

All inbound spontaneous disseminations and requests for information from, regardless of source, are recorded on Themis as a 'FIM' report.

Table 2 below outlines the number of requests and spontaneous disclosures that have been received by the FIU from another jurisdiction between April 2021 and March 2022.

Jurisdiction	Request	Spontaneous Dissemination	Grand Total
United Kingdom	130	93	223
Others (8 and under)	53	9	62
Jersey	2	15	17
Malta	7	9	16
Germany	13	3	16
Guernsey	1	8	9
<b>Grand Total</b>	<b>206</b>	<b>137</b>	<b>343</b>

Table 2

In line with expectations and previous years, the FIU receives more requests for information than it receives spontaneous disclosures of intelligence from both international and local agencies. Table 1 illustrates that the UK is the FIU's biggest contributing agency by a significant amount, which is also in line with expectations.

### Outbound from the FIU

#### Egmont Requests

Figure 5 below illustrates the number of Egmont requests sent from the FIU to all jurisdictions, there were 18 in total during the time period. The number of Egmont requests sent is between 1 and 9 each month and is dependable on the nature of the matters investigated by the FIU. Please note, there are some months that do not feature in Figure 5 as there were no Egmont Requests sent during these months.



### IOM FIU Egmont Requests for Information to other Jurisdictions

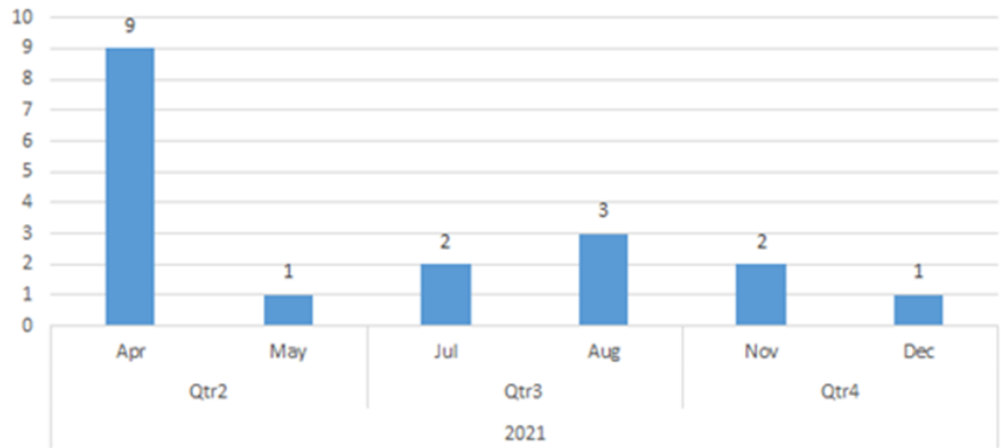


Figure 5

### Intelligence Disseminations

Figure 6 below illustrates the number of disseminations sent over the time period by the FIU to both international and domestic agencies. There were 1301 disseminations sent altogether, 705 (54%) were local and 596 (46%) were international to over 80 other jurisdictions worldwide.

### FIU Disseminations to other Agencies

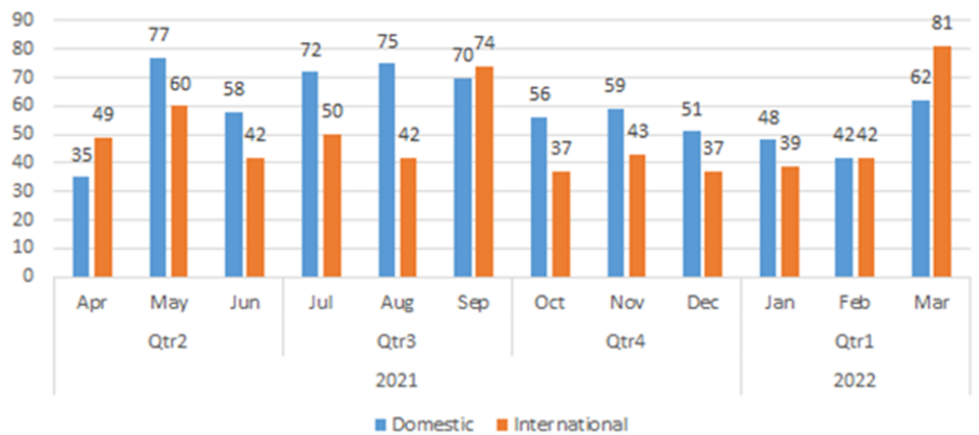


Figure 6

Table 3 illustrates the number of disseminations made to the IOM agencies during 2021/2022. In line with general expectations and previous reports, the Constabulary receive the most information from the FIU. The relationships between the FIU and FSA and GSC are continuing to improve with good levels of intelligence sharing between the agencies.



	2021			2022	Grand Total
	Qtr 2	Qtr 3	Qtr 4	Qtr 1	
<b>Isle of Man Agency Receiving IRs from FIU</b>					
Isle of Man Constabulary	63	94	86	50	293
Gambling Supervision Commission	39	32	17	8	96
Financial Services Authority	19	28	22	25	94
Attorney General's Chambers	17	31	17	14	79
Income Tax Division	10	8	10	11	39
Department for Enterprise	8	9	6	12	35
Customs & Excise	1	3	4	22	30
AMLEC	10	5	3	8	26
Aircraft Registry	2	1	0	1	4
Isle of Man Constabulary (ECU) & Asset Recovery Unit (ICART)	1	2	0	0	3
Passport, Immigration & Nationality Office	0	2	0	0	2
Department of Health & Social Care	0	2	0	0	2
Treasury, Special Investigations Unit	0	0	1	0	1
Cabinet Office	0	0	0	1	1
<b>Grand Total</b>	<b>170</b>	<b>217</b>	<b>166</b>	<b>152</b>	<b>705</b>

Table 3

## Feedback & Results

Obtaining feedback on the outcome of the financial intelligence shared worldwide remains difficult for all FIUs. The Isle of Man FIU has now digitised the returns by implementing a feedback hyperlink which is generated via Themis and is automatically attached to all IRs that are sent from the FIU. This increases the accessibility of the agencies that receive the IRs to giving feedback and enables the FIU to collect the data and follow up with the recipients that have not responded easier.

The questions asked on the Feedback form are –

Has the intelligence –

- Provided new information regarding known subjects
- Provided you with unknown subjects
- Corroborated information already known
- Identified assets
- Triggered a new investigation (beyond preliminary database searching)
- If requested, was the information provided in a timely manner?
- How useful was the intelligence we provided?
- Did the intelligence confirm information that was already known to your organisation?
- How is the intelligence provided likely to be used?

*All data  
available in  
open data  
formats on our  
website -  
[www.fiu.im/  
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