

QUARTERLY STATISTICS REPORT

A breakdown of Suspicious Activity Reports:

Q2 - 2021

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Introduction

This report presents the recorded data of Suspicious Activity Reports (SARs) received by the Gibraltar Financial Intelligence Unit (GFIU) for the second quarter of 2021. Reporting of suspicious activity is a cornerstone of the international Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) framework. As the central agency for the receipt of disclosures filed by reporting entities, the GFIU not only receives information as required by Gibraltar's legislative framework, but also as required by the Financial Action Task Force (FATF) Recommendation 20 and 23.

The information reported to the GFIU will also help us better understand suspected criminal activity, the evolving threats, and modus operandi, enabling us to most effectively work with partners to mitigate the risk to our financial reputation.

METHODOLOGY

The GFIU publishes a series of quarterly reports regarding the SARs received by the GFIU. The main objective of this report is to provide an overview of the trends related to money laundering, terrorist financing and proliferation financing. The statistics are based on data collected by the GFIU from its online reporting portal, THEMIS. Data is dependent on the current reports being processed. For example, the outcome of each SAR may vary when compared to other reports that GFIU publish as further information may have been requested. However, the differences will be minor.

The [2020 Annual Report & Strategic Analysis and Sectorial Typologies Report](#) identified a number of trends and typologies. Some of these have been added to Themis as options for 'Grounds for Suspicion' which allows for better analysis.

Note: A Suspicious Activity Report is a report submitted to the GFIU, with information related to money laundering, terrorist financing and proliferation financing. Also known as, a 'disclosure', it can refer to any information acquired by the Reporter in the course of business deemed suspicious and of potential interest to Law Enforcement Agencies. Another recognised form of referring to a SAR is 'STR' (Suspicious Transaction Report) but GFIU will refer to it as a SAR throughout this document. Throughout this document, the term 'disclosure' and 'SAR' are used interchangeably but both have the same meaning.

Additional resources are available at www.gfiu.gov.gi.

SECTORS IN SCOPE

The GFIU have identified relevant regulated sectors that have been scoped into this report.

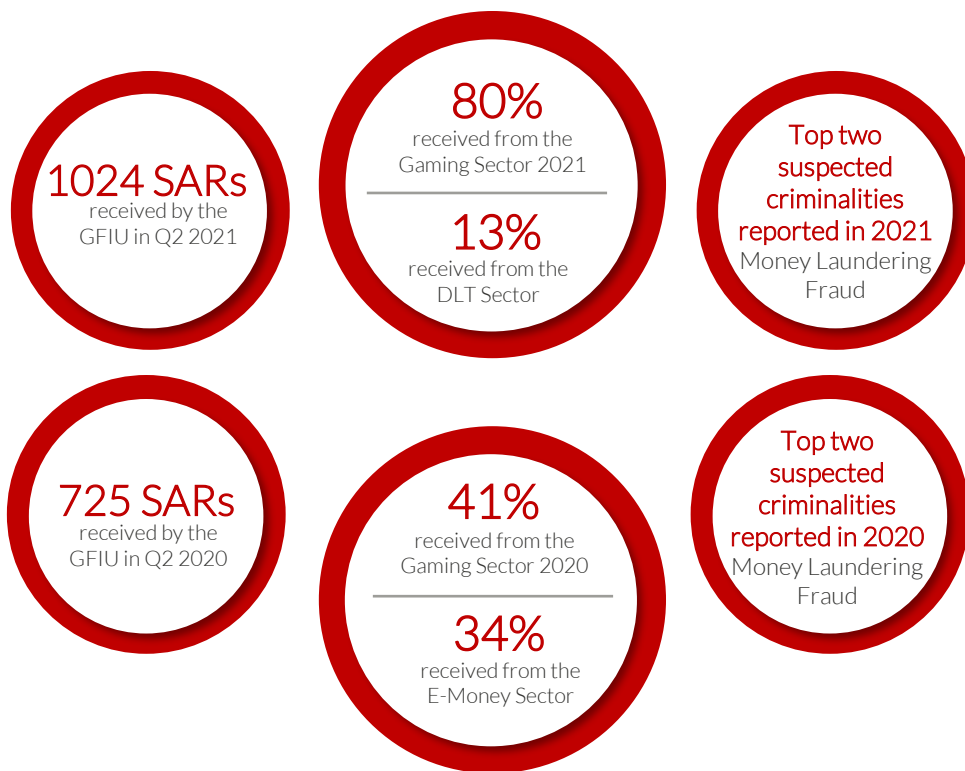
The reporting sectors are as follows:

- Gaming;
- E-Money;
- Distributed Ledger Technology;
- Trust and Corporate Services Providers;
- Banking;
- Money Service Businesses and Money Value Transfer Services;
- Real Estate Agency;
- High Value and Risk Dealers;
- Legal Professionals and Notaries;
- Accountants, Auditors and Insolvency Practitioners;
- Investment/Fund Managers; and
- Insurance.

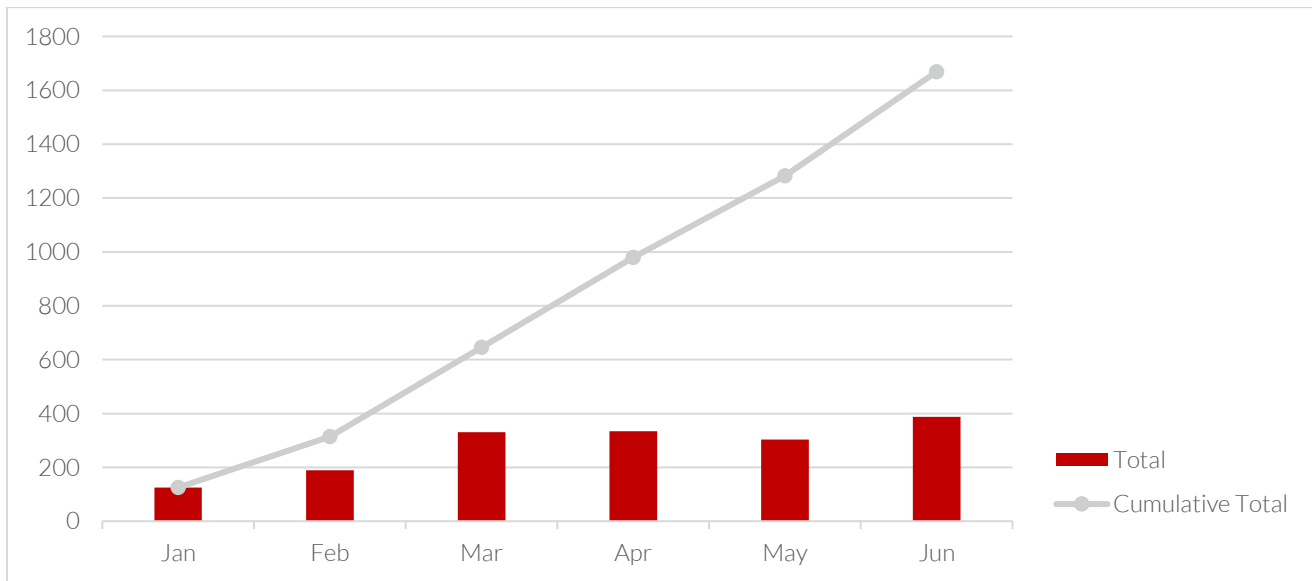
Key Statistics & Number of Monthly SARs

There has been a 41% increase in SARs between Q2 2020 and Q2 2021.

The two main reporting sectors are Gaming and Distributed Ledger Technology. The Gaming sector has seen a large increase in the number of SARs and remains as the main reporting sector. The E-Money sector has seen a significant decrease in the number of SARs and is now the fourth reporting sector with Banking taking over as the third main reporting sector. This may be because one reporting institution which previously reported as an E-Money firm is now reporting as a Bank.



KEY STATISTICS & NUMBER OF MONTHLY SARS



Month	Total	Cumulative Total
Jan	125	125
Feb	189	314
Mar	331	645
Apr	334	979
May	303	1282
Jun	387	1669



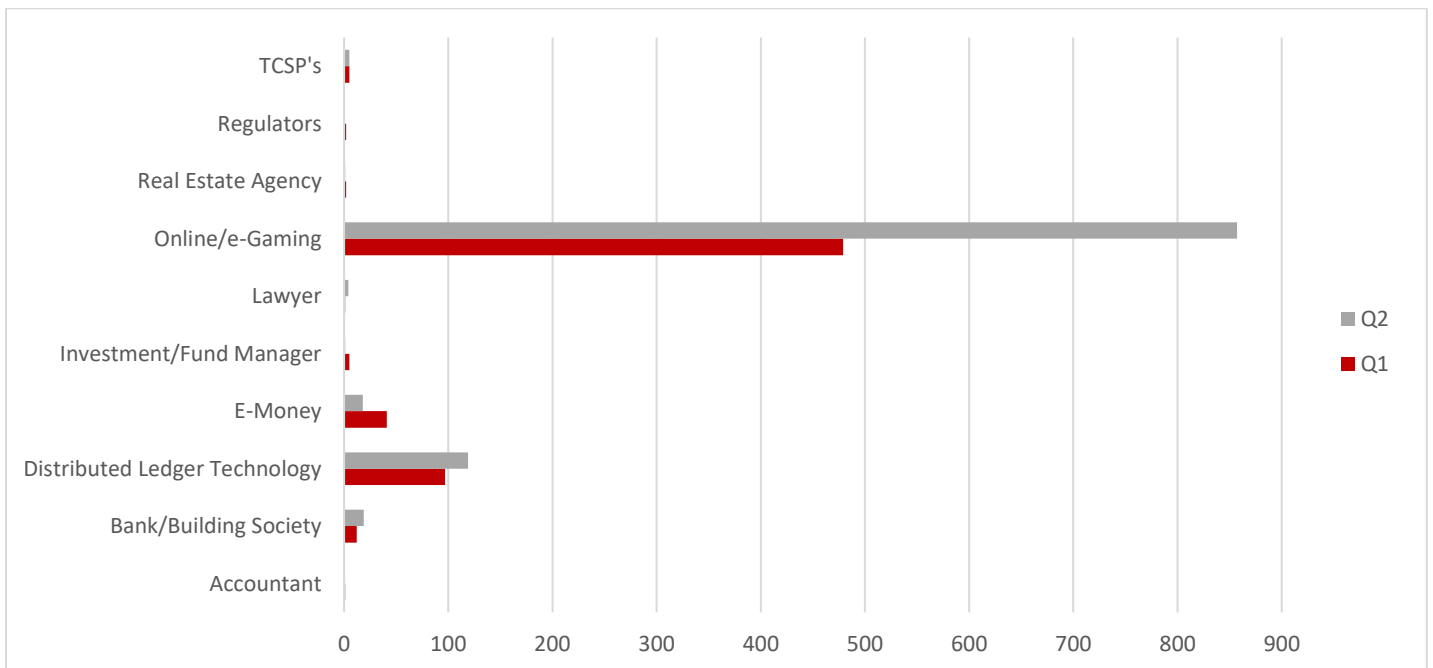
Findings by Reporting Sector

The following data demonstrates the findings of SARs submitted by reporting sectors. Gaming now accounts for over 83% of SARs submitted in Q2 2021. This represents 80% of all SARs submitted in 2021. In Q2 one Gaming company submitted 722 SARs which was 84% of all SARs submitted in the Gaming sector. This represented 71% of all SARs submitted.

Number of reporting firms which submitted SARs in Q2 for 2021.

Sector	Institutions
Bank/Building Society	8
Distributed Ledger Technology	4
E-Money	2
Investment/Fund Manager	1
Lawyer	2
Online/e-Gaming	13
Real Estate Agency	1
TCSP's	4
Total	35

The graph below [and table on page 8] shows a comparison between Q2 and Q1 for 2021.



FINDINGS BY REPORTING SECTOR

Sector	Q1	Q1 %	Q2	Q2 %	2021	2021 %
Accountant	1	0.16%			1	0.06%
Bank/Building Society	12	1.86%	19	1.86%	31	1.86%
Distributed Ledger Technology	97	15.04%	119	11.62%	216	12.94%
E-Money	41	6.36%	18	1.76%	59	3.54%
Investment/Fund Manager	5	0.78%	1	0.10%	6	0.36%
Lawyer	1	0.16%	4	0.39%	5	0.30%
Online/e-Gaming	479	74.26%	857	83.69%	1,336	80.05%
Real Estate Agency	2	0.31%	1	0.10%	3	0.18%
Regulators	2	0.31%			2	0.12%
TCSP's	5	0.78%	5	0.49%	10	0.60%
Grand Total	645	100.00%	1,024	100.00%	1,669	100.00%

FINDINGS BY REPORTING SECTOR

The table below shows all sectors showing suspected criminality vs grounds for suspicion for Q2 in 2021.

Grounds	Arms Trafficking	Corruption	Drugs Trafficking	False Accounting	Fraud	Money Laundering	Organised Crime	Robbery/ Theft	Sexual Exploitation	Tax Crimes	Terrorism	Terrorist Financing	Trafficking in Stolen goods	Total
Adverse Due Diligence	-	-	1	-	4	26	1	-	-	4	-	-	-	36
Adverse open source		2	107		56	290	4	27		5	1	1	1	494
Cash (deposits/withdrawals)			1			6								7
Chip Dumping						2								2
Defensive			3		13	20		1						37
DPA/ Enquiry from Foreign LEA						1								1
Exposure to Child Abuse material						2			1					3
Exposure to Sanctioned Countries						6								6
Forged Documents					3	7								10
Fraud/ False Accounting/ Forgery					16	16		1		2				35
Group Referral						1								1
Highly Transactional						1								1
Inadequate/failure to provide due diligence			5		2	211				8				226
Layering						14				1				15
Minimal or very low risk gambling activity						10								10
Other	1				2	5								8
Payment to the dark web			9		59	20			5					93
Police Enquiry					1	6		1	2					10
Rapid Transfer						1								1
Scam/phishing/hacked emails					3									3
Smurfing						1								1
Stolen Identity					1	1		1						3
Tax Evasion / Avoidance				1		7				11				19
Theft						1		1						2
Total	1	2	126	1	160	655	5	32	8	31	1	1	1	1024

FINDINGS BY REPORTING SECTOR

The following statistics cover the top four reporting sectors; Gaming, Distributed Ledger Technology, Banks and E-Money.

Gaming

Grounds	Drugs Trafficking	False Accounting	Fraud	Money Laundering	Organised Crime	Robbery/ Theft	Sexual Exploitation	Tax Crimes	Terrorism	Terrorist Financing	Total
Adverse Due Diligence	1		3	24	1			4			33
Adverse open source	107		54	286	4	27		5	1	1	485
Cash (deposits/withdrawals)	1			5							6
Chip Dumping				2							2
Defensive	3		10	15		1					29
Exposure to Child Abuse material				1							1
Forged Documents			1	6							7
Fraud/ False Accounting/ Forgery			4	10		1		2			17
Highly Transactional				1							1
Inadequate/failure to provide due diligence	5		2	206				8			221
Layering				11				1			12
Minimal or very low risk gambling activity				10							10
Other			1	4							5
Police Enquiry			1	6		1	2				10
Smurfing				1							1
Stolen Identity				1		1					2
Tax Evasion / Avoidance		1		7				5			13
Theft				1		1					2
Total	117	1	76	597	5	32	2	25	1	1	857

Distributed Ledger Technology

Grounds	Drugs Trafficking	Fraud	Money Laundering	Sexual Exploitation	Total
Defensive		3	3		6
Exposure to Child Abuse material			1	1	2
Exposure to Sanctioned Countries			6		6
Forged Documents			1		1
Fraud/ False Accounting/ Forgery		3	2		5
Inadequate/failure to provide due diligence			3		3
Layering			1		1
Other		1			1
Payment to the dark web	9	58	20	5	92
Scam/phishing/hacked emails		1			1
Stolen Identity		1			1
Total	9	67	37	6	119

Banks

Grounds	Arms Trafficking	Corruption	Fraud	Money Laundering	Tax Crimes	Total
Adverse open source		1		3		4
Cash (deposits/withdrawals)				1		1
Defensive				1		1
DPA/ Enquiry from Foreign LEA				1		1
Forged Documents			1			1
Fraud/ False Accounting/ Forgery			3			3
Inadequate/failure to provide due diligence				1		1
Other	1					1
Payment to the dark web			1			1
Tax Evasion / Avoidance					5	5
Total	1	1	5	7	5	19

E-Money

Grounds	Fraud	Money Laundering	Trafficking in Stolen goods	Total
Adverse Due Diligence	1	1		2
Adverse open source			1	1
Forged Documents	1			1
Fraud/ False Accounting/ Forgery	6	4		10
Inadequate/failure to provide due diligence		1		1
Layering		1		1
Rapid Transfer		1		1
Scam/phishing/hacked emails	1			1
Total	9	8	1	18



Criminality vs Sector

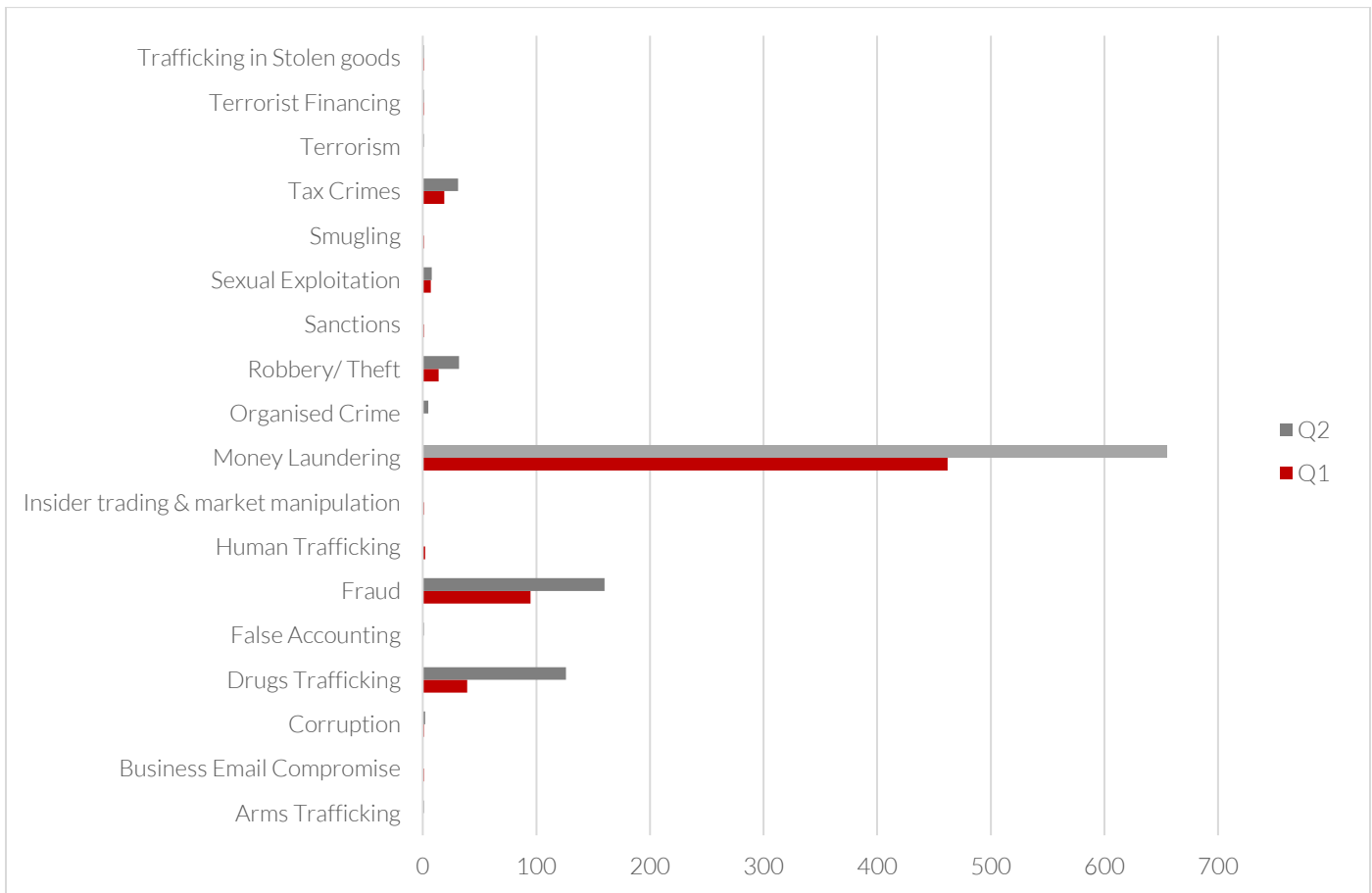
The table below shows the criminality reported by different reporting sectors.

Suspected Criminality	Accountant	Bank/Building Society	Distributed Ledger Technology	E-Money	Estate Agent	Investment/Fund Manager	Lawyer	Online/e-Gaming	Regulator	TCSP's	Total
Business Email Compromise				1							1
Corruption					1						1
Drugs Trafficking			1					38			39
Fraud		4	37	13		3		35	1	2	95
Human Trafficking								2			2
Insider trading and market manipulation		1									1
Money Laundering	1	7	51	27	1	1	1	372	1		462
Robbery/ Theft								14			14
Sanctions			1								1
Sexual Exploitation			7								7
Smuggling								1			1
Tax Crimes						1		15		3	19
Terrorist Financing								1			1
Trafficking in Stolen goods								1			1
Total	1	12	97	41	2	5	1	479	2	5	645



Findings by Suspected Criminality

Themis works on a 'principal crime system', which means that in cases which contain more than one type of offence, it will record the principal suspected criminality. As this is a subjective assessment, there may be inconsistencies between MLROs. Significantly, Money Laundering was the most reported suspected criminality in the second quarter of 2021, and therefore continues to trend with the first quarter and previous years.



FINDINGS BY REPORTING SECTOR

The table below shows the data comparison for Q2 and Q1 in 2021.

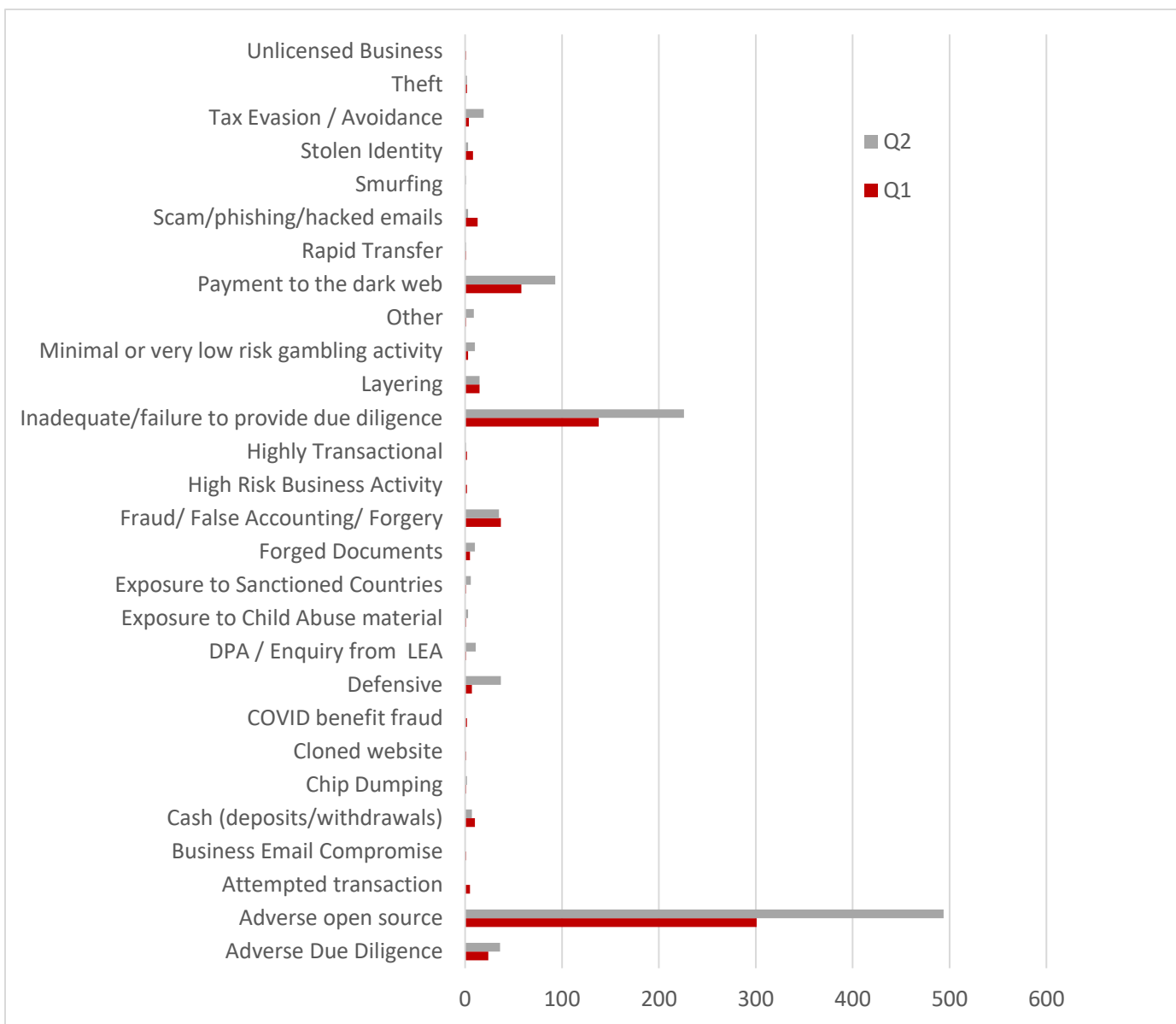
Suspected Criminality	Q1	Q1 %	Q2	Q2 %	2021	2021 %
Arms Trafficking			1	0.10%	1	0.06%
Business Email Compromise	1	0.16%			1	0.06%
Corruption	1	0.16%	2	0.20%	3	0.18%
Drugs Trafficking	39	6.05%	126	12.30%	165	9.89%
False Accounting			1	0.10%	1	0.06%
Fraud	95	14.73%	160	15.63%	255	15.28%
Human Trafficking	2	0.31%			2	0.12%
Insider trading & market manipulation	1	0.16%			1	0.06%
Money Laundering	462	71.63%	655	63.96%	1117	66.93%
Organised Crime			5	0.49%	5	0.30%
Robbery/ Theft	14	2.17%	32	3.13%	46	2.76%
Sanctions	1	0.16%			1	0.06%
Sexual Exploitation	7	1.09%	8	0.78%	15	0.90%
Smuggling	1	0.16%			1	0.06%
Tax Crimes	19	2.95%	31	3.03%	50	3.00%
Terrorism			1	0.10%	1	0.06%
Terrorist Financing	1	0.16%	1	0.10%	2	0.12%
Trafficking in Stolen goods	1	0.16%	1	0.10%	2	0.12%
Total	645	100.00%	1024	100.00%	1669	100.00%



Findings by Grounds for Suspicion

During the operational analysis of the SAR, the GFIU will record the principal grounds for suspicion. The GFIU’s internal Themis system is designed to select one ‘grounds for suspicion’ category which provides a more comprehensive presentation of statistical data in line with international standards of recording data.

The graph below shows the grounds for suspicion submitted for Q2 in 2021 in comparison with Q1 in the same year.



FINDINGS BY REPORTING SECTOR

The table below shows the grounds for suspicion submitted, with percentages of the total amount of SARs submitted for Q1 and Q2 in 2021.

Grounds for Suspicion	Q1	Q1 %	Q2	Q2 %	2021	2021 %
Adverse Due Diligence	24	3.72%	36	3.52%	60	3.59%
Adverse open source	301	46.67%	494	48.24%	795	47.63%
Attempted transaction	5	0.78%	-	-	5	0.30%
Business Email Compromise	1	0.16%	-	-	1	0.06%
Cash (deposits/withdrawals)	10	1.55%	7	0.68%	17	1.02%
Chip Dumping	1	0.16%	2	0.20%	3	0.18%
Cloned website	1	0.16%	-	-	1	0.06%
COVID benefit fraud	2	0.31%	-	-	2	0.12%
Defensive	7	1.09%	37	3.61%	44	2.64%
DPA / Enquiry from LEA	1	0.16%	11	1.07%	12	0.72%
Exposure to Child Abuse material	1	0.16%	3	0.29%	4	0.24%
Exposure to Sanctioned Countries	1	0.16%	6	0.59%	7	0.42%
Forged Documents	5	0.78%	10	0.98%	15	0.90%
Fraud/ False Accounting/ Forgery	37	5.74%	35	3.42%	72	4.31%
High Risk Business Activity	2	0.31%	-	-	2	0.12%
Highly Transactional	2	0.31%	1	0.10%	3	0.18%
Inadequate/failure to provide due diligence	138	21.40%	226	22.07%	364	21.81%
Layering	15	2.33%	15	1.46%	30	1.80%
Minimal or very low risk gambling activity	3	0.47%	10	0.98%	13	0.78%
Other	1	0.16%	9	0.88%	10	0.60%
Payment to the dark web	58	8.99%	93	9.08%	151	9.05%
Rapid Transfer	1	0.16%	1	0.10%	2	0.12%
Scam/phishing/hacked emails	13	2.02%	3	0.29%	16	0.96%
Smurfing	-	-	1	0.10%	1	0.06%
Stolen Identity	8	1.24%	3	0.29%	11	0.66%
Tax Evasion / Avoidance	4	0.62%	19	1.86%	23	1.38%
Theft	2	0.31%	2	0.20%	4	0.24%
Unlicensed Business	1	0.16%	-	-	1	0.06%
Grand Total	645	100.00%	1024	100.00%	1669	100.00%

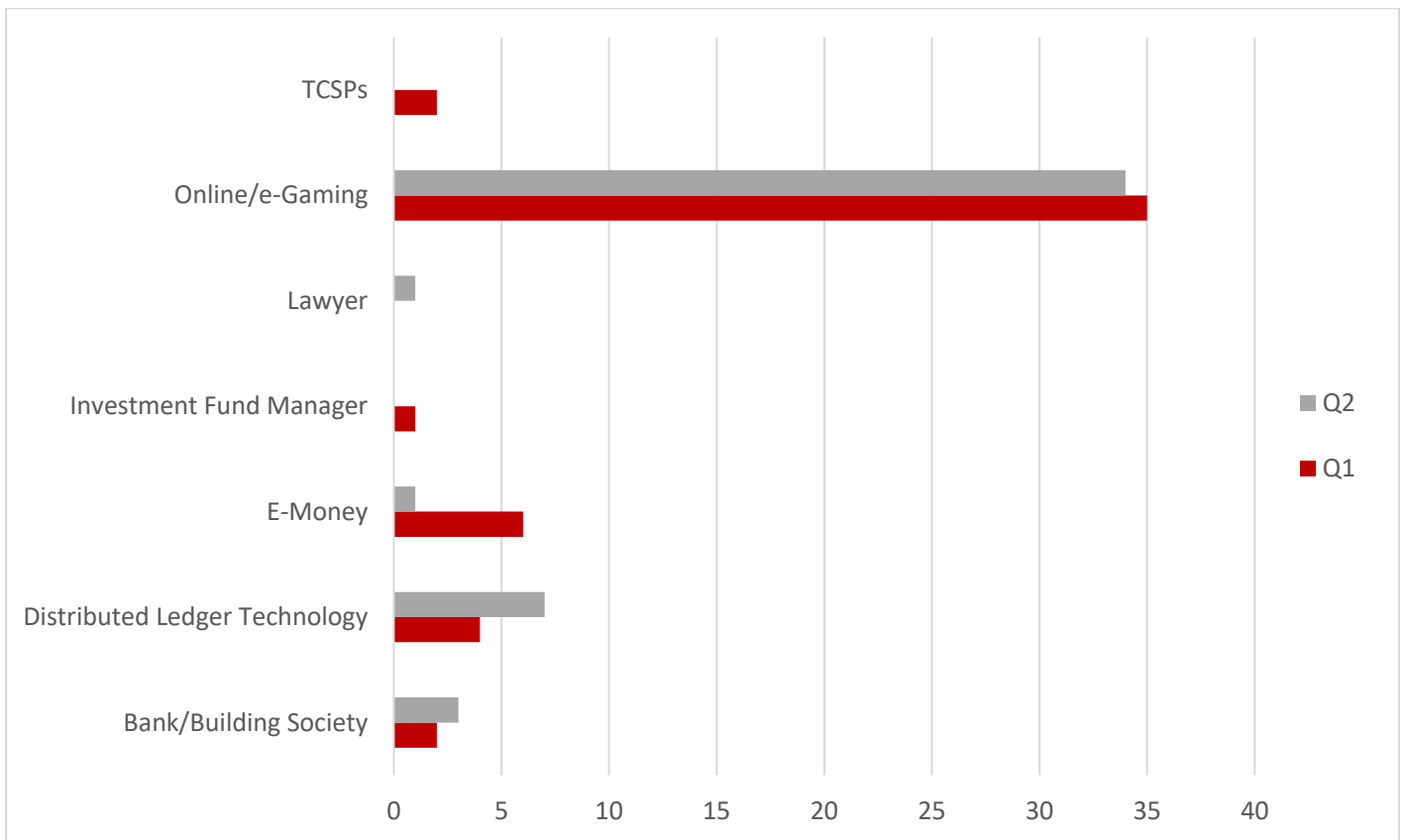


Findings of Defensive SARs

A defensive SAR arises where an activity or a transaction is deemed not suspicious upon further analysis by the GFIU. SARs are required to be filed when a transaction or an attempted transaction involve funds derived from any illegal activity, or when the transaction has no apparent lawful purpose.

It is important to note that the sheer volume of additional workload created by these defensive SARs where no suspicious activity is contained within have a negative impact on the GFIU, and may even lead to a dilution on the value of SAR reporting as a whole.

The following graph represents the number of defensive SARs submitted to the GFIU in Q2 2021, compared with Q1 2021.



FINDINGS OF DEFENSIVE SARS

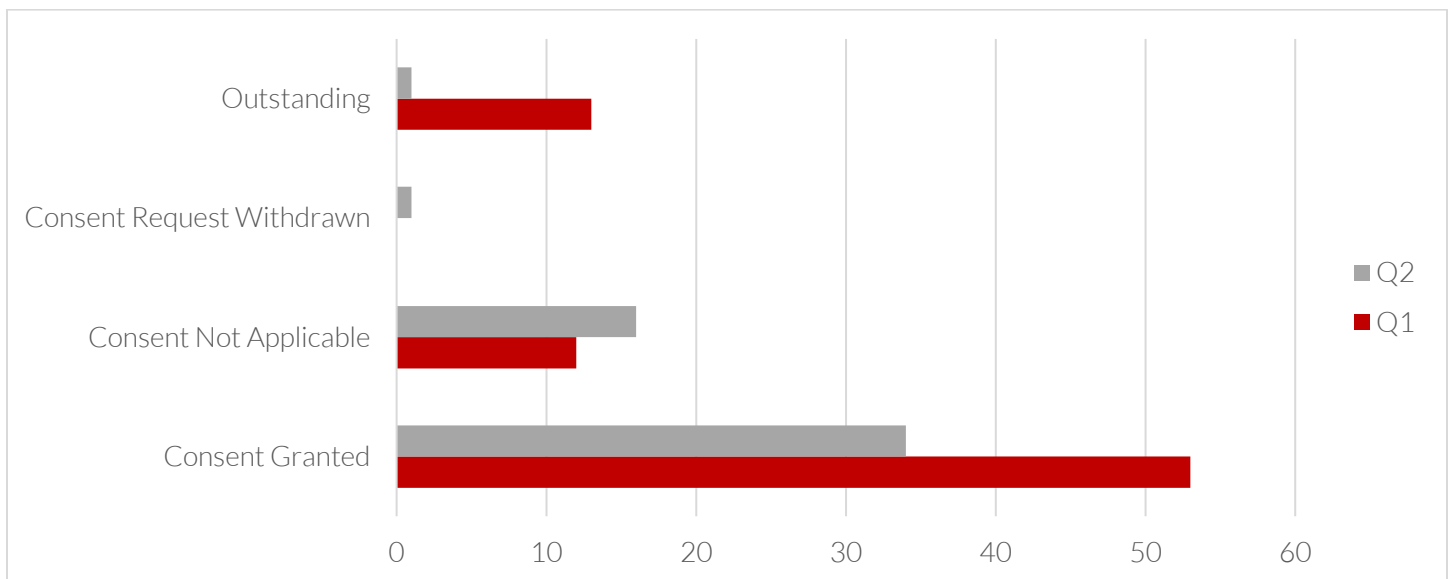
The table below shows the data comparison for Q2 and Q1 in 2021.

Sector	Q1	Q2	2021
Bank/Building Society	2	3	5
Distributed Ledger Technology	4	7	11
E-Money	6	1	7
Investment Fund Manager	1	-	1
Lawyer	-	1	1
Online/e-Gaming	35	34	69
TCSPs	2	-	2
Total	50	46	96



Findings of Consent/ Defence Against Money Laundering (DAML) Requests

Note that Consents/ DAMLs received in Q2 2021, include some requests received for SARs submitted prior to Q2 2021.



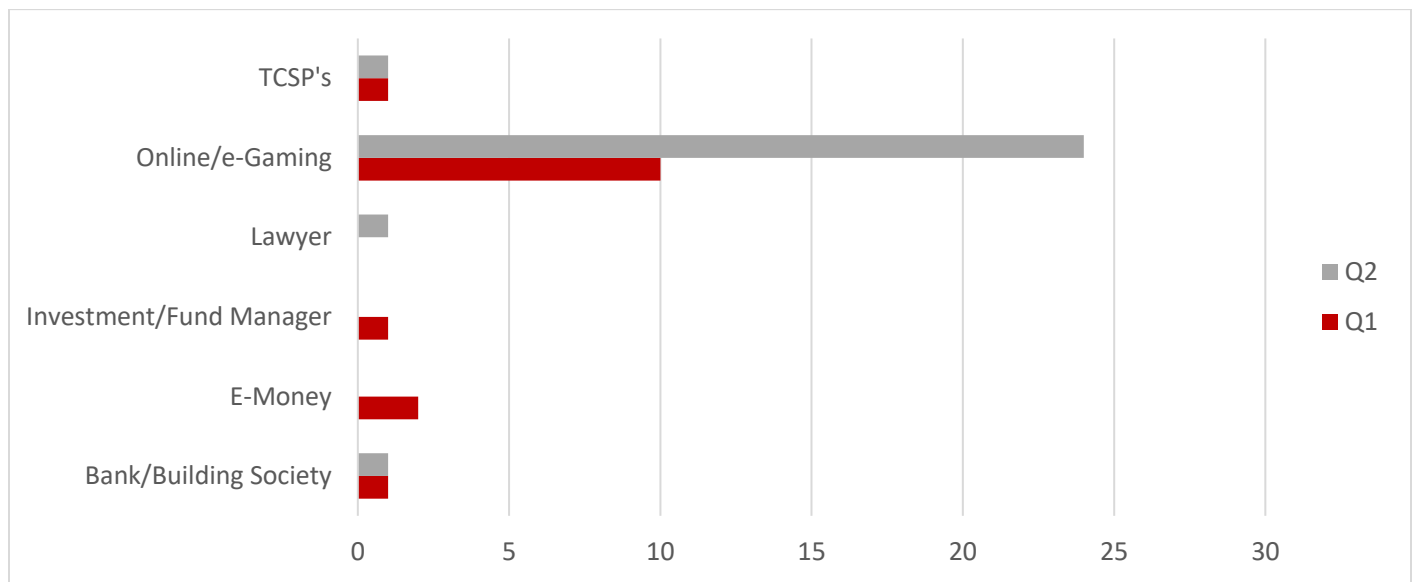
Status	Q1	Q2	2021
Consent Granted	53	34	87
Consent Not Applicable	12	16	28
Consent Request Withdrawn		1	1
Outstanding	13	1	14
Total	78	52	130



Findings of PEPs

A **politically exposed person** (PEP) is defined in the Proceeds of Crime Act 2015 as a natural person who is or has been entrusted with prominent public functions. PEPs are a high-risk category for which reporting entities and are required to apply EDD measures.

The table below shows the number of PEPs identified in SARs during Q2 in 2021. 2.6% of SARs received related to PEPs.



The table below shows the data comparison for Q2 and Q1 in 2021.

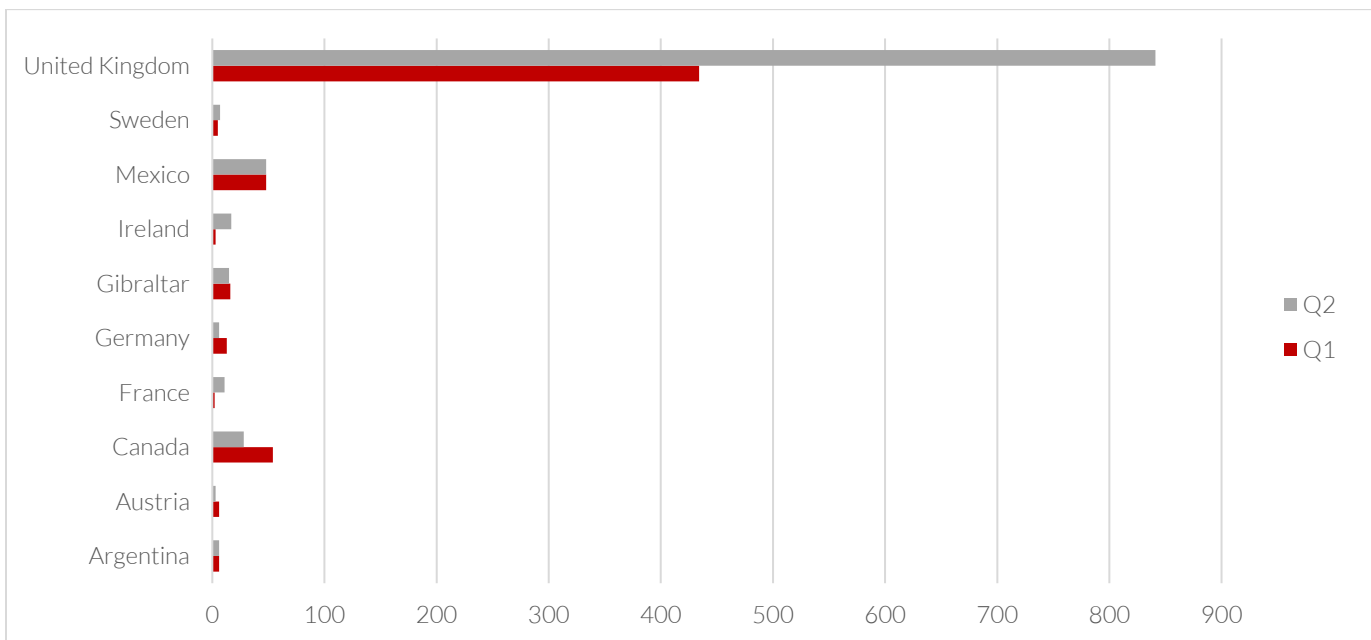
Sector	Q1	Q2	2021
Bank/Building Society	1	1	2
E-Money	2	0	2
Investment/Fund Manager	1	0	1
Lawyer	0	1	1
Online/e-Gaming	10	24	34
TCSP's	1	1	2
Grand Total	15	27	42



Findings of Countries Where Criminality Took Place

The suspected criminality of SARs disclosed was recorded alongside the country where the crime was deemed to have occurred. The graph and table below shows the top ten countries.

The majority of SARs reported relate to crimes deemed to have occurred in the United Kingdom.

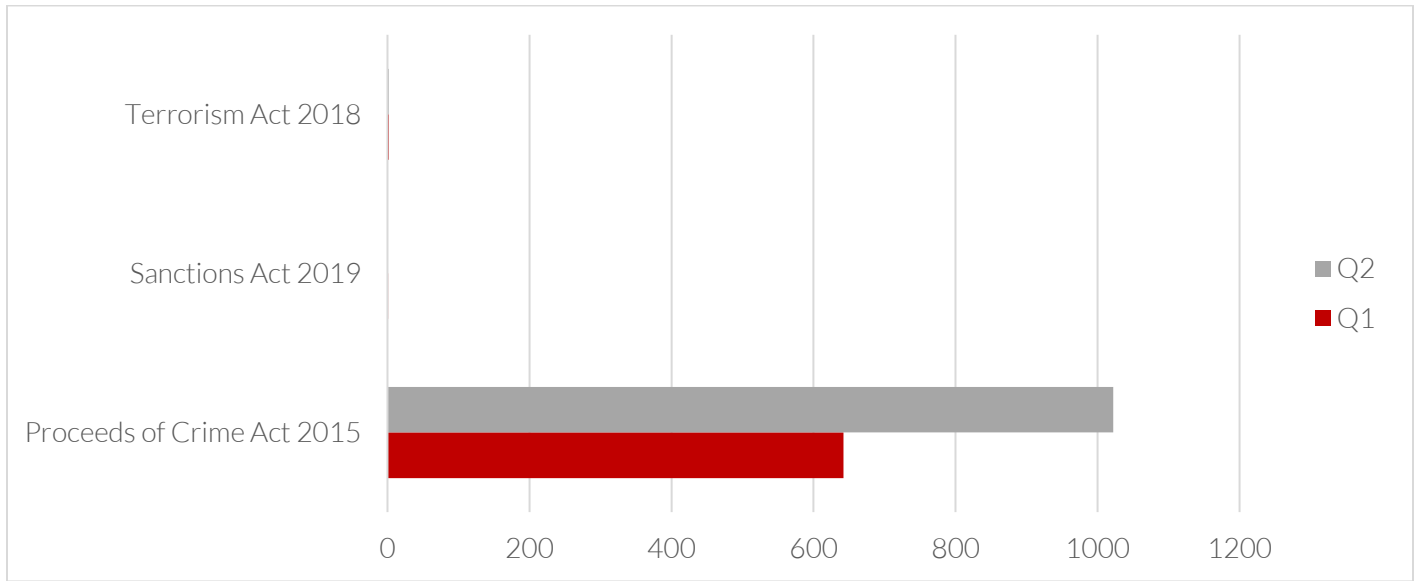


Country	Q1	Q2	2021
Argentina	6	6	12
Austria	6	3	9
Canada	54	28	82
France	2	11	13
Germany	13	6	19
Gibraltar	16	15	31
Ireland	3	17	20
Mexico	48	48	96
Sweden	5	7	12
United Kingdom	434	841	1275
Grand Total	587	982	1569



Submission of SARs by Legislation

The main legislation used to submit SARs is the Proceeds of Crime Act 2015.



The table below shows the data comparison for Q2 and Q1 in 2021.

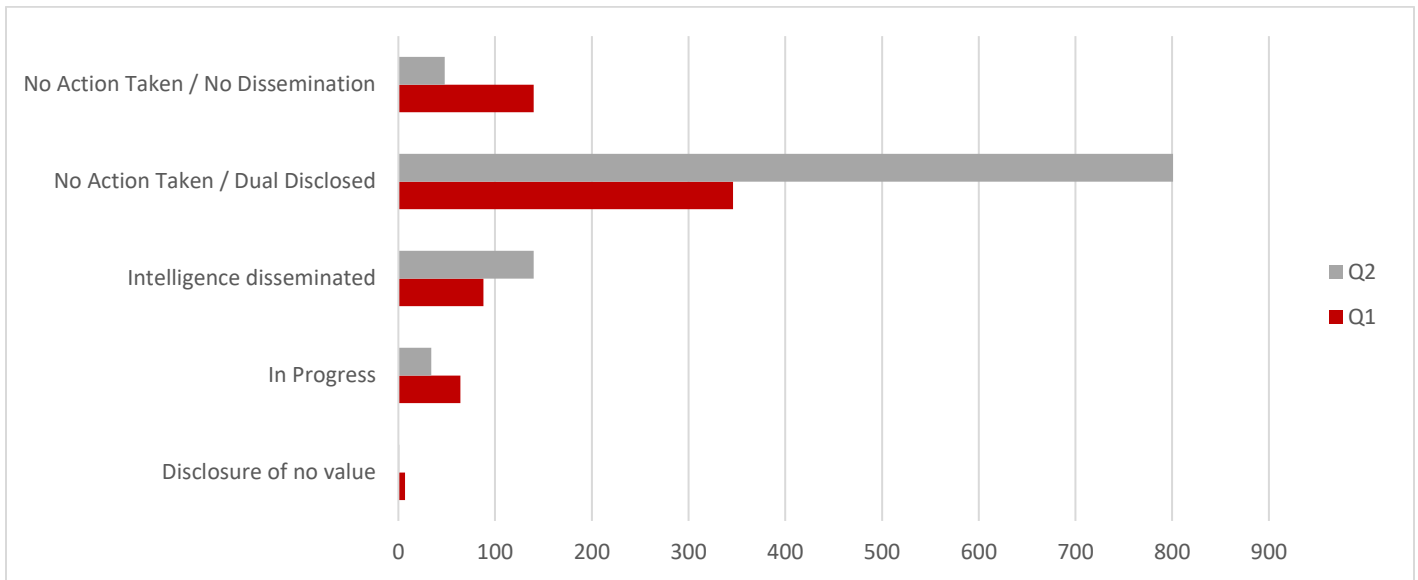
Legislation	Q1	Q2	2021
Proceeds of Crime Act 2015	642	1022	1664
Sanctions Act 2019	1	1	1
Terrorism Act 2018	2	2	4
Grand Total	645	1024	1669



Outcomes

The outcome records what action if any the GFIU has undertaken in respect of a SAR. A large proportion of SARs were dual disclosed both to the GFIU and a foreign FIU. Although most of these SARs do not require any further action by the GFIU, the processing and analysis of each disclosure requires a balance of resources and prioritisation that allows for the effectiveness and efficiency of demand on the GFIU.

At the time of publishing this report a number of SARs were being processed. These included a number for which further information had been requested.



The table below shows the data comparison for Q2 and Q1 in 2021.

Outcome	Q1	Q2
Disclosure of no value	7	1
In Progress	64	34
Intelligence disseminated	88	140
No Action Taken / Dual Disclosed	346	801
No Action Taken / No Dissemination	140	48
Total	645	1024

The table below shows the data of the outcomes per sector for Q2 in 2021 .

Sector Q2	Disclosure of no value	Intelligence disseminated	In Progress	No Action Taken / Dual Disclosed	No Action Taken / No Dissemination	Total
Bank/Building Society	1	8	6		4	19
Distributed Ledger Technology		83	10		26	119
E-Money		14	3		1	18
Investment/Fund Manager			1			1
Lawyer		3	1			4
Online/e-Gaming		30	10	801	16	857
Real Estate Agency			1			1
TCSP's		2	2		1	5
Total	1	140	34	801	48	1024



Findings of the Feedback Provided to the Reporter

Quality feedback provided to the Reporter [Money Laundering Reporting Officer/ Nominated Officer] is comprised of ratings given for the following four criteria. This will then generate a final score for the SAR from 1 to 4.

- Supporting documentation necessary for the GFIU must be submitted with the SAR for the effective analysis of the information disclosed.
- There must be a suspicion of a predicate offence, money laundering or terrorist financing within the information disclosed to GFIU.
- All background information contained in the SAR on the relationship with the reported subject must be described in sufficient detail.
- The content of the information must be clear and complete.

The table provides the number of SARs per sector and final feedback score.

Sector	2	2.3	2.5	2.8	3	3.3	3.5	Total
Bank/Building Society				3	10		1	14
Distributed Ledger Technology	1	9	32	17	51			110
E-Money					15			15
Lawyer				1	2			3
Online/e-Gaming	2	8	16	22	803	2		853
TCSP's					3			3
Total	3	17	48	43	884	2	1	998

GFIU understands that feedback on the quality of the SAR is subjective and therefore it may appear that some of the content may not be consistent. The process of recording and grading the quality is constantly under review and has now been raised with the Themis Improvements and Development Working Group to ensure that the whole process is optimised.



Suite 945 Europort
Gibraltar
GX111AA
+350 20070211
admin@gfiu.gov.gi

