

QUARTERLY STATISTICS REPORT

A breakdown of Suspicious Activity Reports:

Q1 - 2021

Contents

Introduction	3
Key Statistics & Number of Monthly SARs	5
Findings by Reporting Sector	7
Criminality vs Sector	11
Findings by Suspected Criminality	12
Findings by Grounds for Suspicion	14
Findings of Defensive SARs	16
Findings of Consent/ Defence Against Money Laundering (DAML) Requests	18
Findings of PEPs	19
Findings of Countries Where Criminality Took Place	20
Submission of SARs by Legislation	22
Outcomes	23
Findings of the Feedback Provided to the Reporter	25

Introduction

This report presents the recorded data of Suspicious Activity Reports (SARs) received by the Gibraltar Financial Intelligence Unit (GFIU) for the first 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 intends to publish 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.

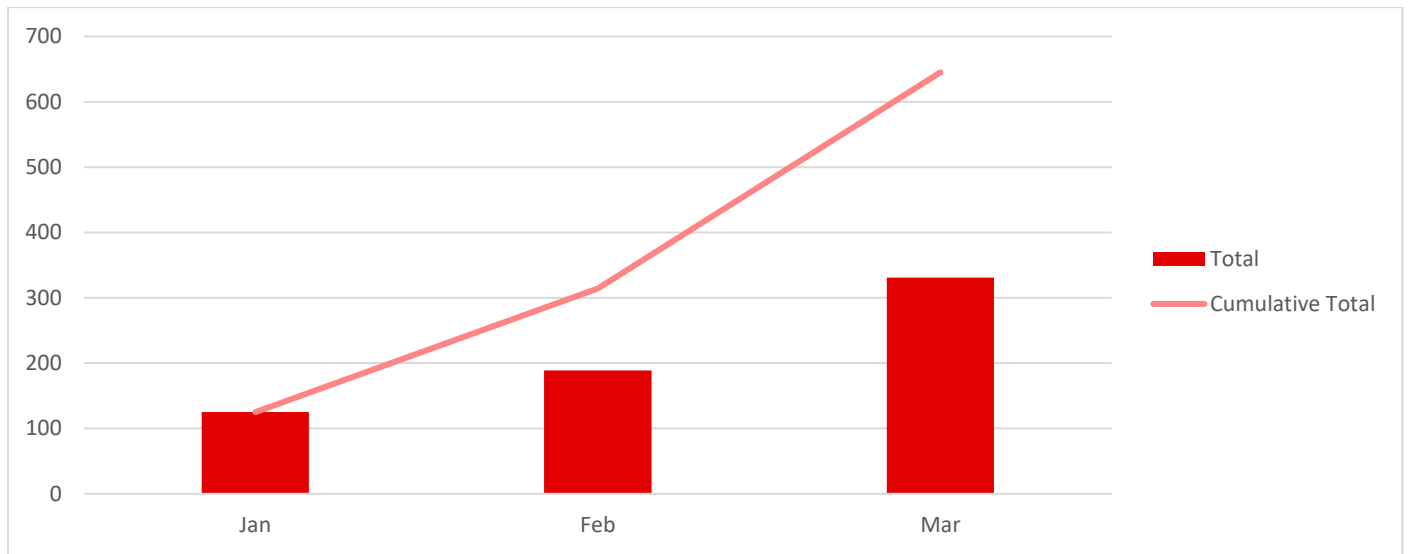
Key Statistics & Number of Monthly SARs

There has been a 15% increase in SARs between Q1 2020 and Q1 2021.

The three main reporting sectors remain Gaming, E-Money 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 third reporting sector. The Distributed Ledger Technology sector has seen a small increase in the number of SARs and is now the second reporting sector.



KEY STATISTICS & NUMBER OF MONTHLY SARS

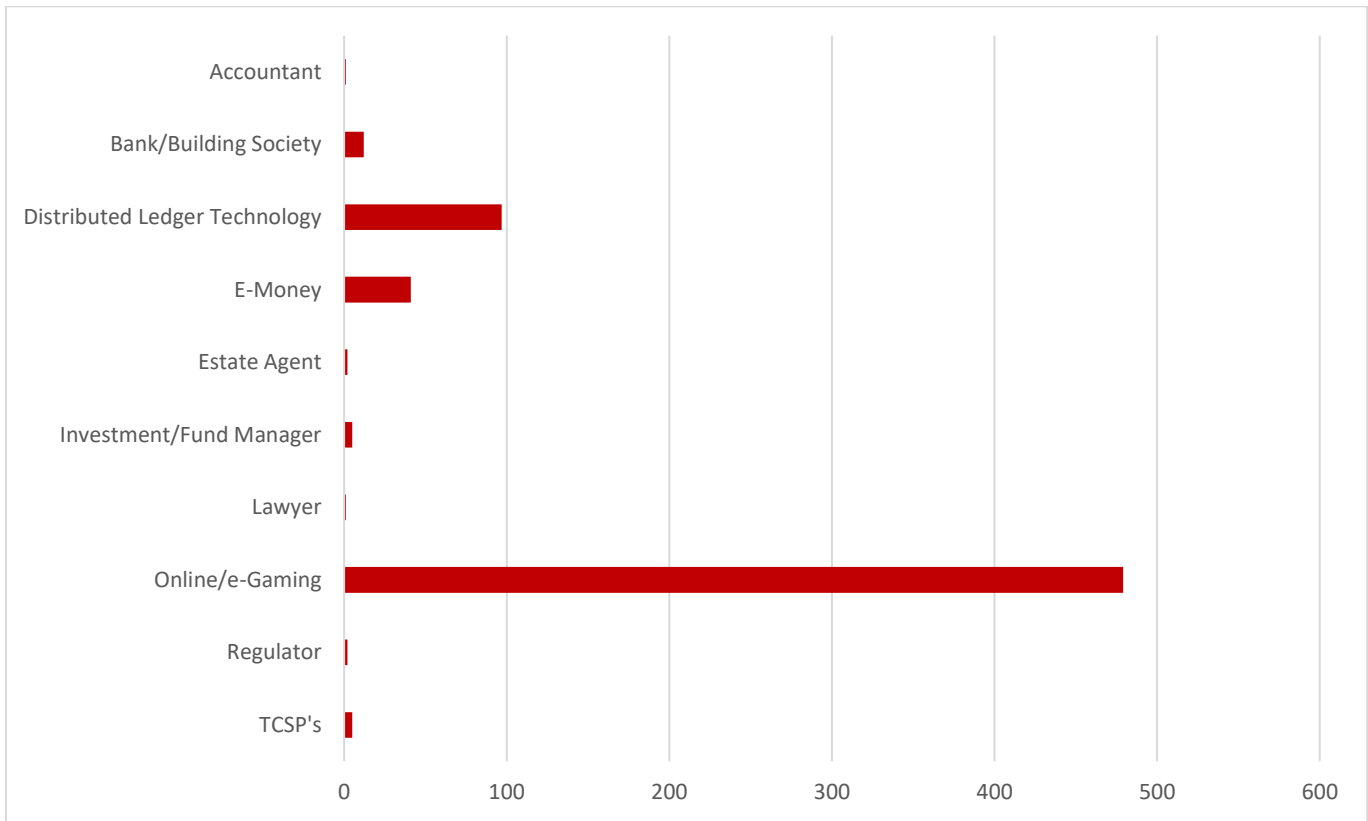


Month	Total	Cumulative Total
Jan	125	125
Feb	189	314
Mar	331	645



Findings by Reporting Sector

The following data demonstrates the findings of SARs submitted by reporting sectors. Gaming accounts for over 74% of all SARs submitted followed by Distributed Ledger Technology sector with 15%. Interestingly, in 2020 the insurance sector had been the fifth reporting sector but the report for Q1 highlights that no SARs have been submitted by any of the entities within this sector.



Sector	Number of SARs	Percentage of SARs
Accountant	1	0.16%
Bank/Building Society	12	1.86%
Distributed Ledger Technology	97	15.04%
E-Money	41	6.36%
Estate Agent	2	0.31%
Investment/Fund Manager	5	0.78%
Lawyer	1	0.16%
Online/e-Gaming	479	74.26%
Regulator	2	0.31%
TCSP's	5	0.78%
Total	645	100.00%

FINDINGS BY REPORTING SECTOR

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

Gaming

	Drugs Trafficking	Fraud	Human Trafficking	Money Laundering	Robbery/ Theft	Smuggling	Tax Crimes	Terrorist Financing	Trafficking in Stolen Assets	Total
Adverse Due Diligence		2		18			2			22
Adverse open source	35	21	2	210	13	1	10	1	1	294
Attempted transaction				2						2
Cash (deposits/withdrawals)				7			1			8
Chip Dumping		1								1
COVID benefit fraud		2								2
Defensive	1	1		3						5
Fraud/ False Accounting/ Forgery		1		8			1			10
Highly Transactional				2						2
Inadequate/failure to provide due diligence	2	4		106			1			113
Layering		2		8						10
LEA Enquiry					1					1
Minimal or very low risk gambling activity				3						3
Rapid Transfer				1						1
Tax Evasion / Avoidance				1						1
Theft				2						2
Third Party Referral		1								1
Unlicensed Business				1						1
Total	38	35	2	372	14	1	15	1	1	479

Distributed Ledger Technology

	Drugs Trafficking	Fraud	Money Laundering	Sanctions	Sexual Exploitation	Total
Adverse Due Diligence		1				1
Adverse open source		1				1
Attempted transaction			1		1	2
Exposure to Child Abuse material					1	1
Exposure to Sanctioned Countries				1		1
Forged Documents		2				2
Fraud/ False Accounting/ Forgery		11				11
Inadequate/failure to provide due diligence			4		1	5
Layering			1			1
Payment to the dark web	1	15	37		4	57
Scam/phishing/hacked emails			8			8
Stolen Identity		7				7
Total	1	37	51	1	7	97

E-Money

	Business Email Compromise	Fraud	Money Laundering	Total
Business Email Compromise	1			1
Cash (deposits/withdrawals)			1	1
Forged Documents		2		2
Fraud/ False Accounting/ Forgery		7	7	14
High Risk Business Activity			1	1
Inadequate/failure to provide due diligence		2	13	15
Layering			2	2
Payment to the dark web			1	1
Scam/phishing/hacked emails		2	2	4
Total	1	13	27	41



Criminality vs Sector

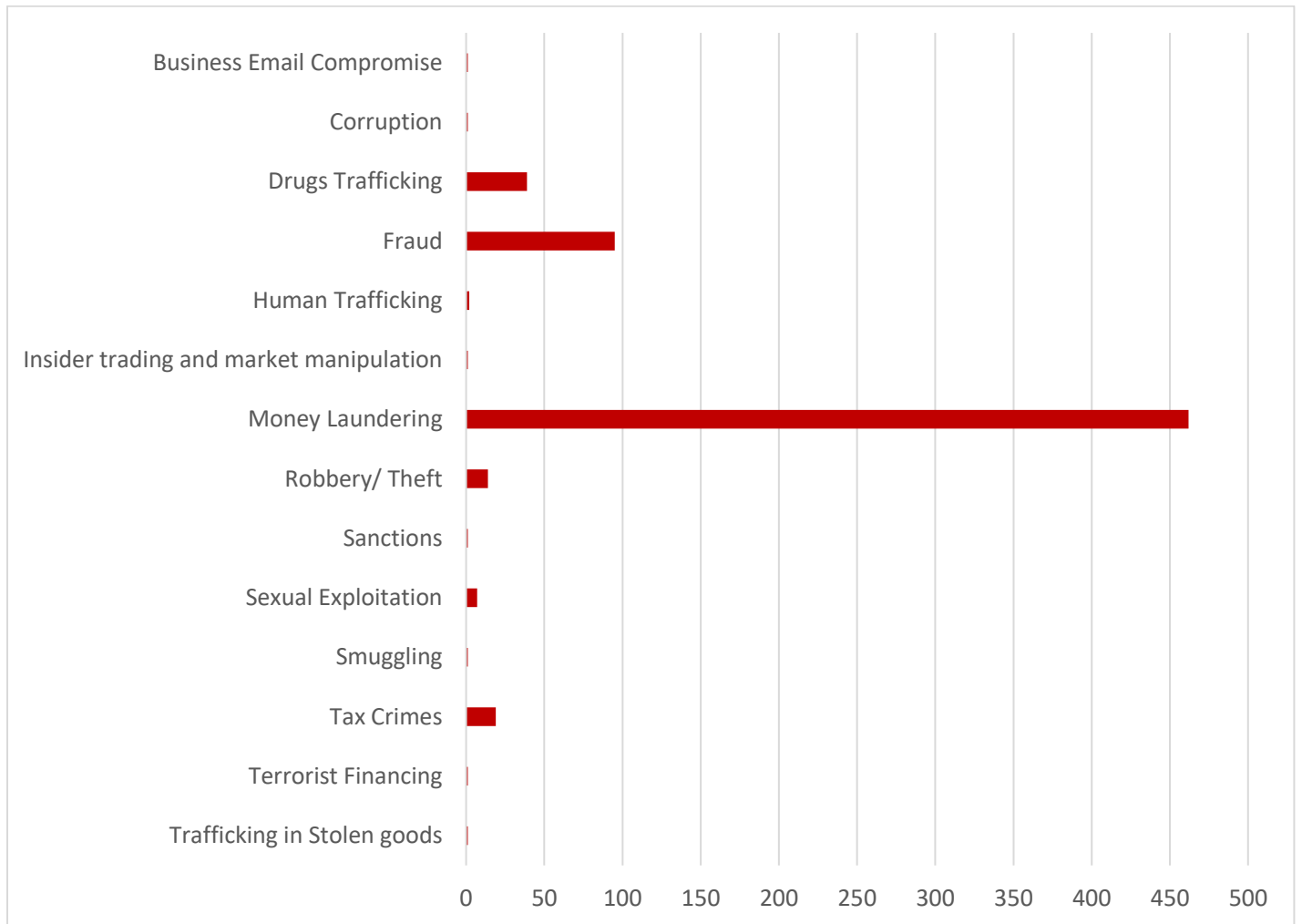
The table below shows the criminality reported by different reporting sectors.

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 first quarter of 2021, and therefore continues to trend with previous years.



FINDINGS BY SUSPECTED CRIMINALITY

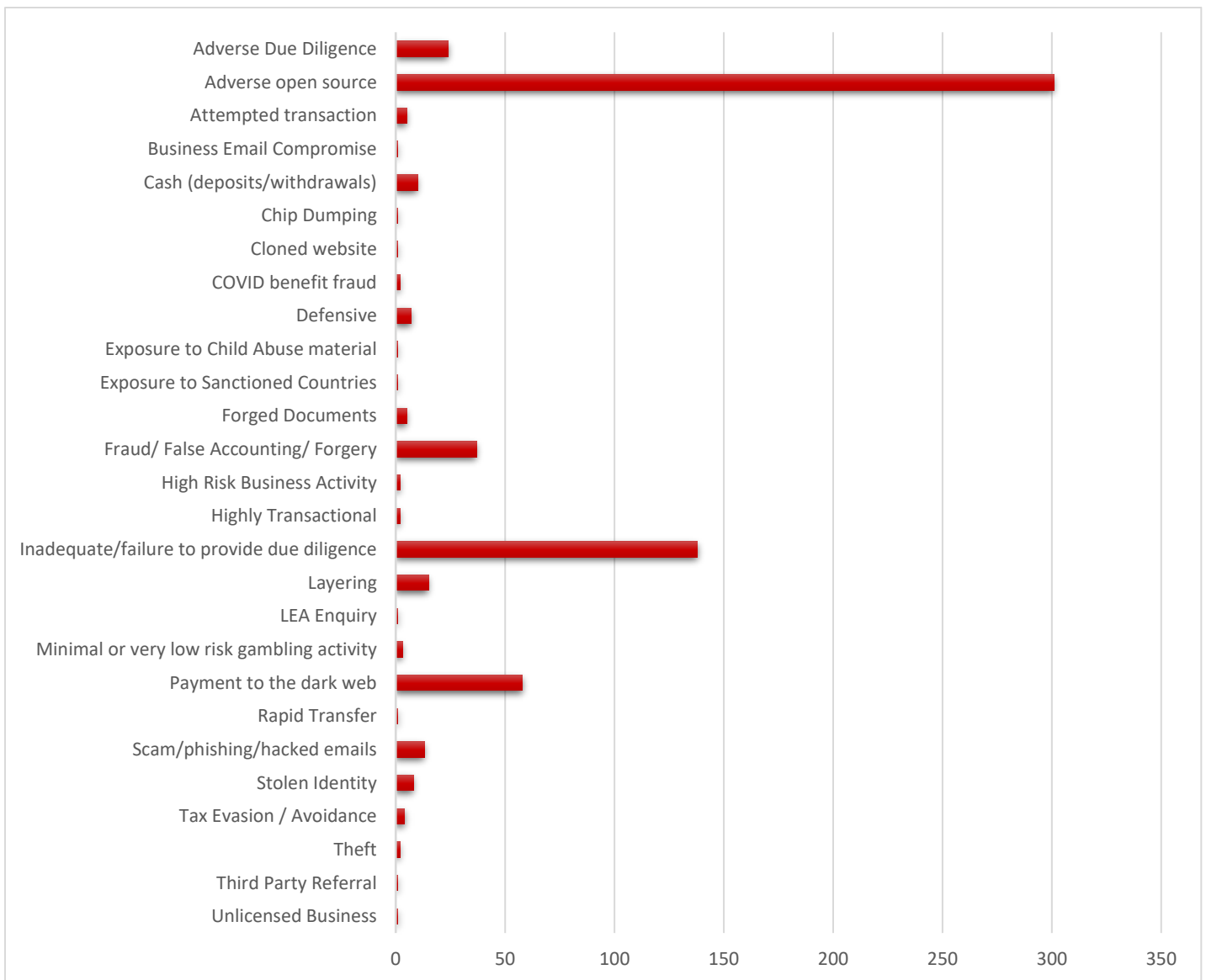
Suspected Criminality	Total	Percentage
Trafficking in Stolen goods	1	0.16%
Terrorist Financing	1	0.16%
Tax Crimes	19	2.95%
Smuggling	1	0.16%
Sexual Exploitation	7	1.09%
Sanctions	1	0.16%
Robbery/ Theft	14	2.17%
Money Laundering	462	71.63%
Insider trading and market manipulation	1	0.16%
Human Trafficking	2	0.31%
Fraud	95	14.73%
Drugs Trafficking	39	6.05%
Corruption	1	0.16%
Business Email Compromise	1	0.16%
Total	645	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.

Adverse Due Diligence has replaced Inadequate/Failure to provide due diligence as the top grounds of suspicion. The graph below shows the grounds for suspicion submitted for Q1 in 2021.



FINDINGS BY GROUNDS FOR SUSPICION

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

Grounds for Suspicion	Total	Percentage
Adverse Due Diligence	24	3.72%
Adverse open source	301	46.67%
Attempted transaction	5	0.78%
Business Email Compromise	1	0.16%
Cash (deposits/withdrawals)	10	1.55%
Chip Dumping	1	0.16%
Cloned website	1	0.16%
COVID benefit fraud	2	0.31%
Defensive	7	1.09%
Exposure to Child Abuse material	1	0.16%
Exposure to Sanctioned Countries	1	0.16%
Forged Documents	5	0.78%
Fraud/ False Accounting/ Forgery	37	5.74%
High Risk Business Activity	2	0.31%
Highly Transactional	2	0.31%
Inadequate/failure to provide due diligence	138	21.40%
Layering	15	2.33%
LEA Enquiry	1	0.16%
Minimal or very low risk gambling activity	3	0.47%
Payment to the dark web	58	8.99%
Rapid Transfer	1	0.16%
Scam/phishing/hacked emails	13	2.02%
Stolen Identity	8	1.24%
Tax Evasion / Avoidance	4	0.62%
Theft	2	0.31%
Third Party Referral	1	0.16%
Unlicensed Business	1	0.16%
Total	645	100.00%

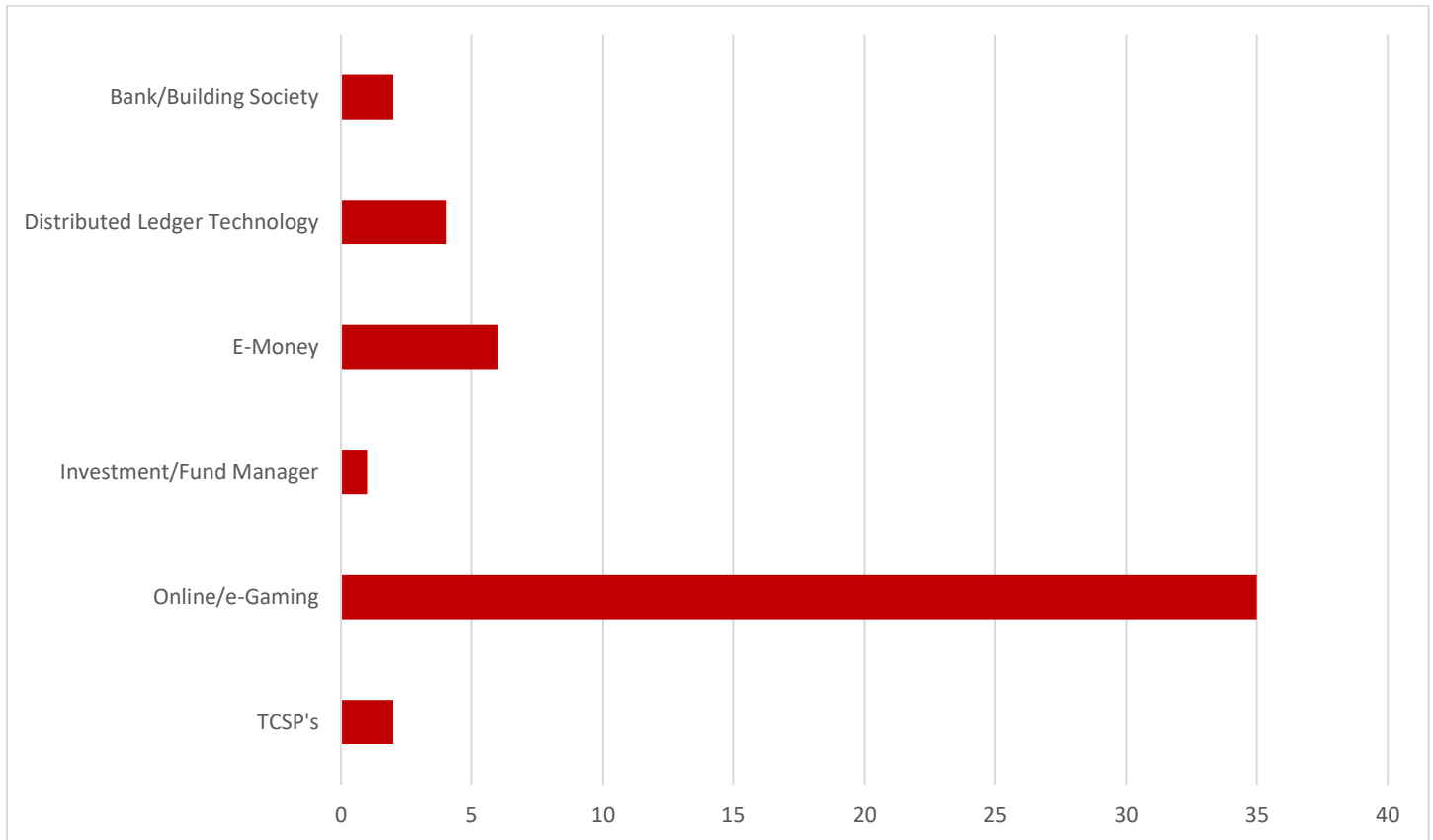


Findings of Defensive SARs

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 Q1 2021.



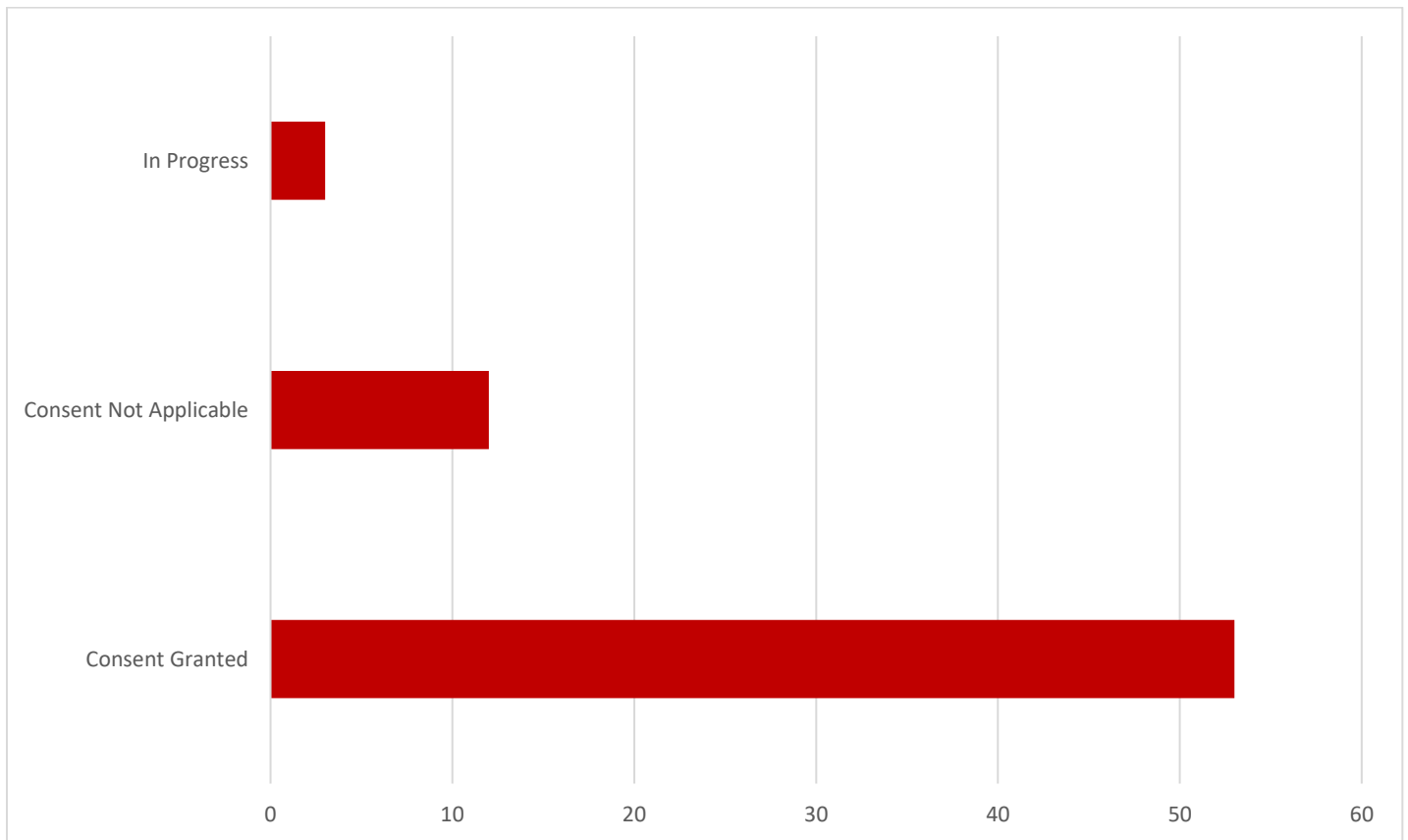
FINDINGS OF DEFENSIVE SARS

Sector	Yes		No	
	Total	Percentage	Total	Percentage
Accountant		0.00%	1	100.00%
Bank/Building Society	2	16.67%	10	83.33%
Distributed Ledger Technology	4	4.12%	93	95.88%
Estate Agent		0.00%	2	100.00%
Investment/Fund Manager	1	20.00%	4	80.00%
Lawyer		0.00%	1	100.00%
Online/e-Gaming	35	7.31%	444	92.69%
Regulator		0.00%	2	100.00%
TCSP's	2	40.00%	3	60.00%
E-Money	6	14.63%	35	85.37%
Total	50	7.75%	595	92.25%



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

Note that Consents/ DAMLs received in Q1 2021, include some requests received for SARs submitted prior to Q1 2021.



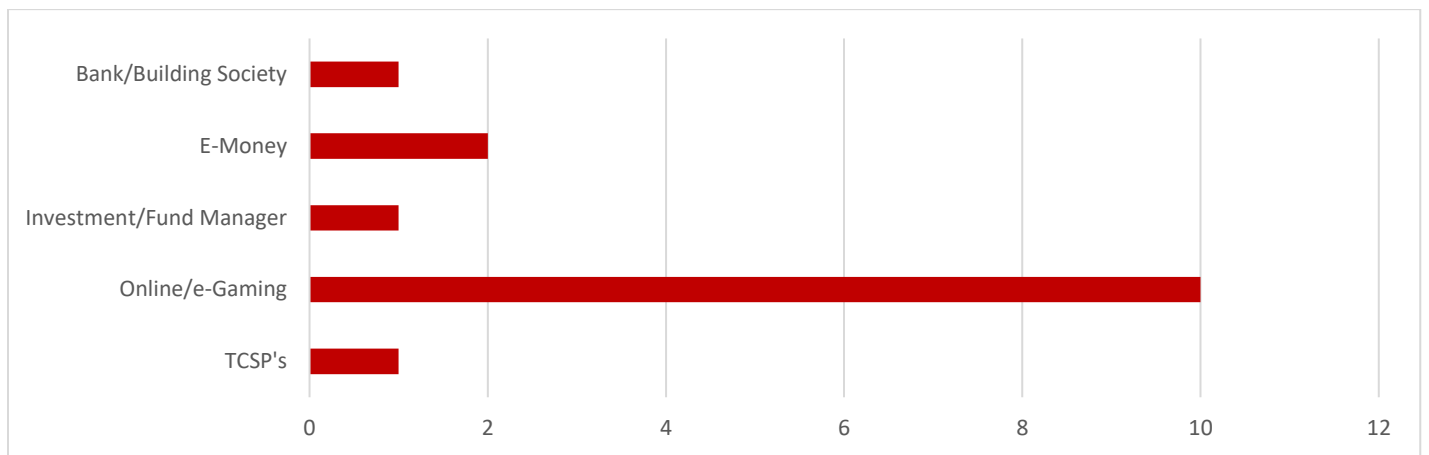
Status	Total
Consent Granted	53
Consent Not Applicable	12
In Progress	3
Total	68



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 are required to apply EDD measures.

The table below shows the number of PEPs identified in SARs during Q1 in 2021. 2.32% of SARs received related to PEPs.

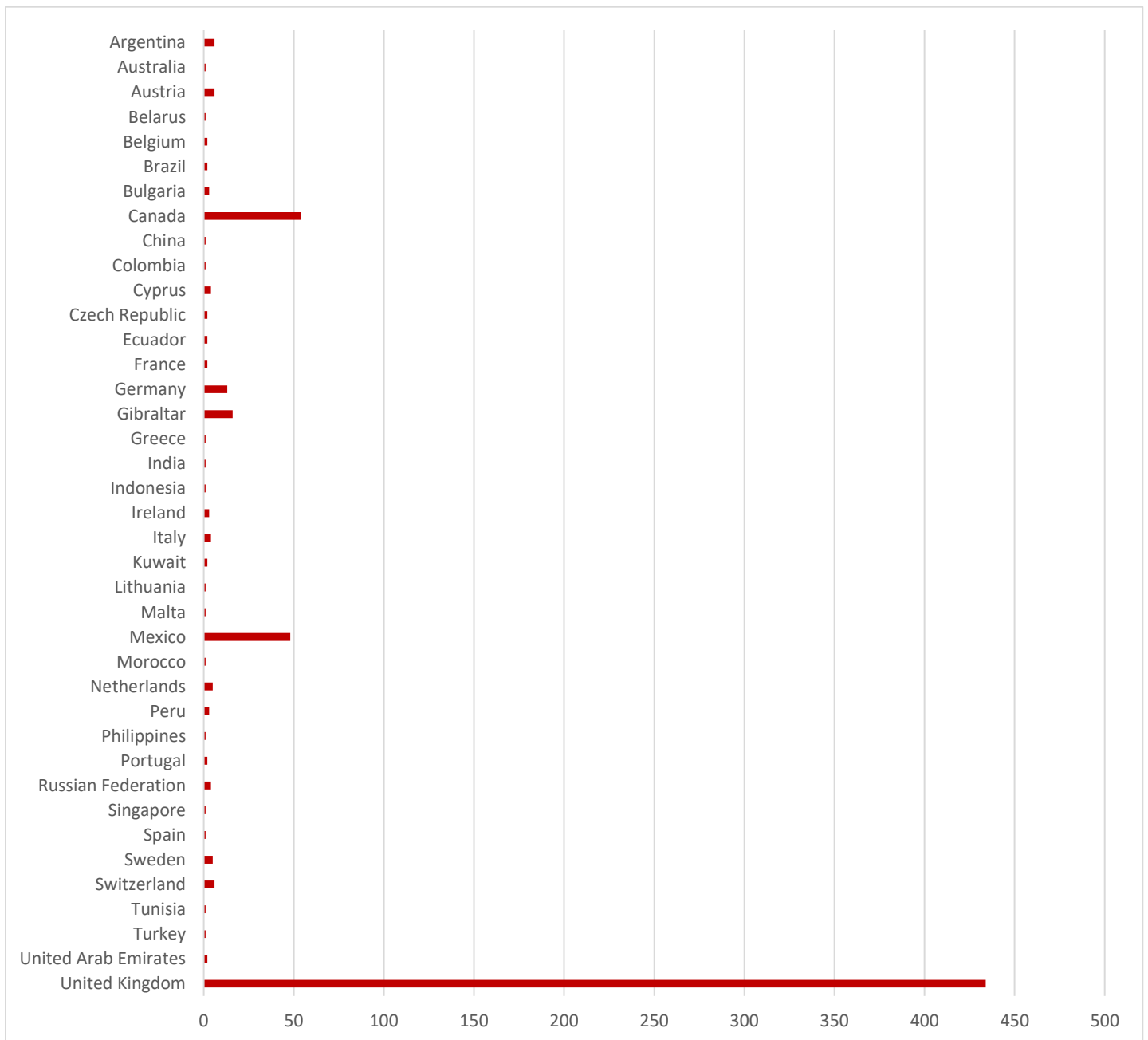


PEP	Total
Bank/Building Society	1
E-Money	2
Investment/Fund Manager	1
Online/e-Gaming	10
TCSP's	1
Total	15



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.



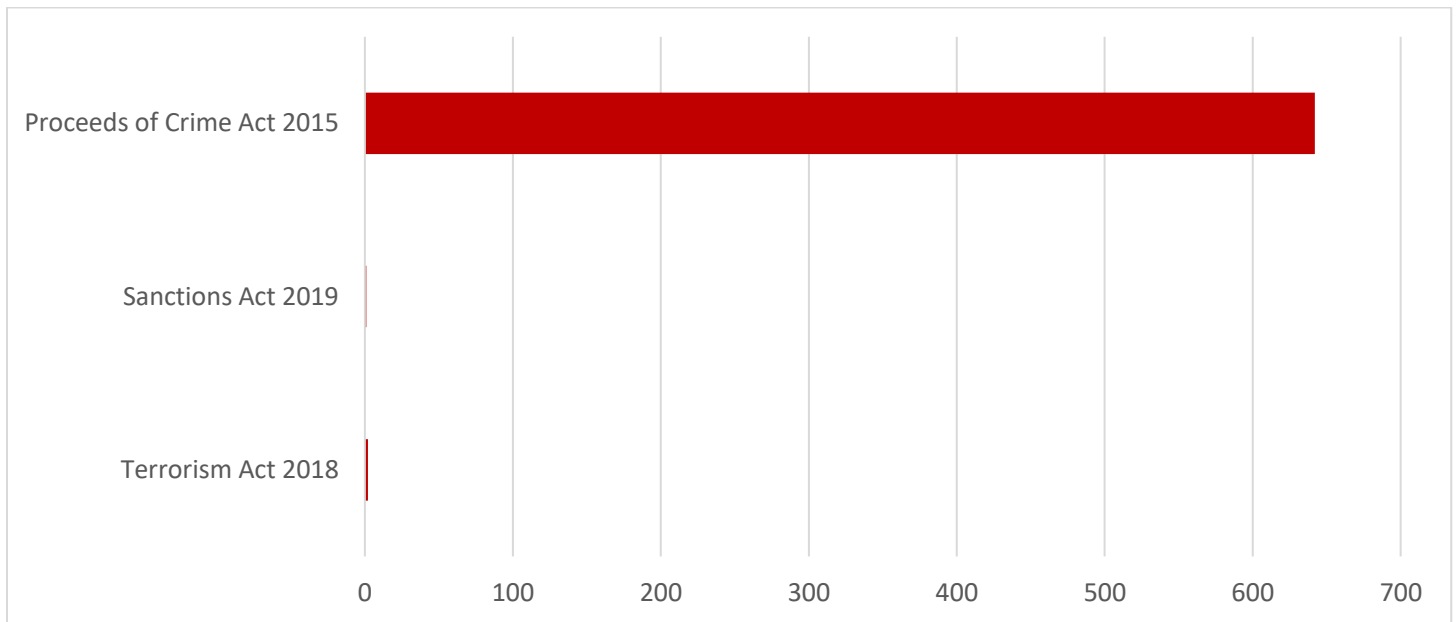
The majority of SARs reported relate to crimes deemed to have occurred in the United Kingdom.

Country	Total
Argentina	6
Australia	1
Austria	6
Belarus	1
Belgium	2
Brazil	2
Bulgaria	3
Canada	54
China	1
Colombia	1
Cyprus	4
Czech Republic	2
Ecuador	2
France	2
Germany	13
Gibraltar	16
Greece	1
India	1
Indonesia	1
Ireland	3
Italy	4
Kuwait	2
Lithuania	1
Malta	1
Mexico	48
Morocco	1
Netherlands	5
Peru	3
Philippines	1
Portugal	2
Russian Federation	4
Singapore	1
Spain	1
Sweden	5
Switzerland	6
Tunisia	1
Turkey	1
United Arab Emirates	2
United Kingdom	434
Total	645



Submission of SARs by Legislation

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



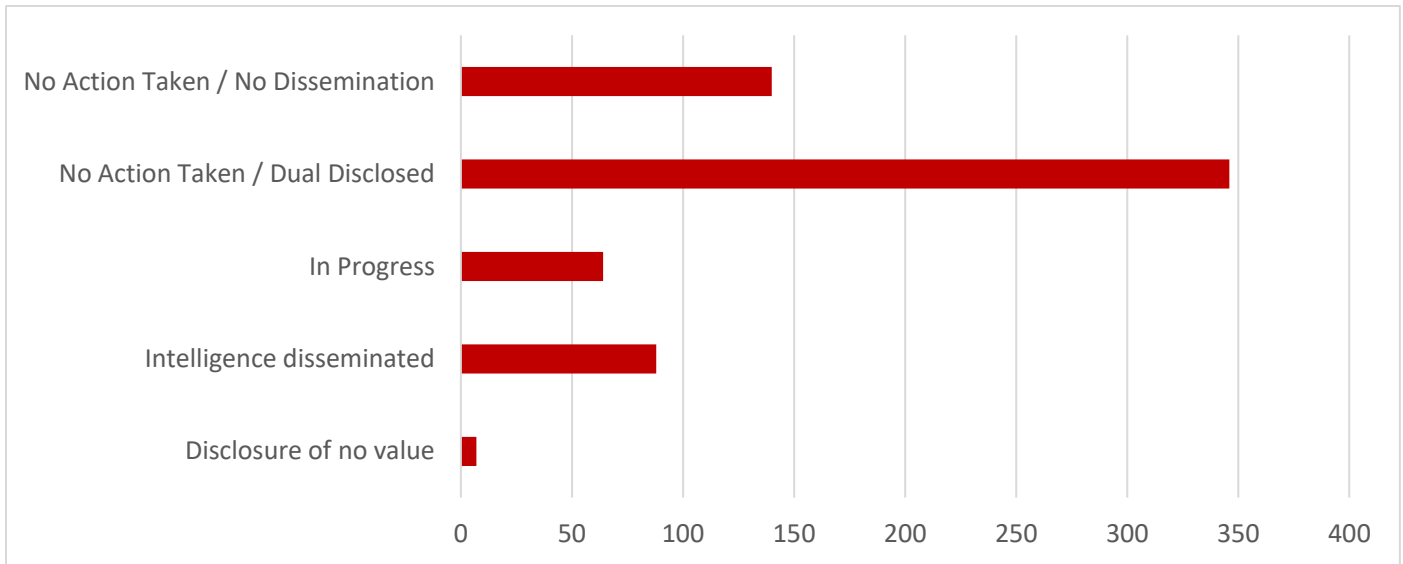
Legislation	Total
Terrorism Act 2018	2
Sanctions Act 2019	1
Proceeds of Crime Act 2015	642
Total	645



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.

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.



Sector	Total
Disclosure of no value	7
Intelligence disseminated	88
In Progress	64
No Action Taken / Dual Disclosed	346
No Action Taken / No Dissemination	140
Total	645

OUTCOMES

Sector	Disclosure of no value	Intelligence disseminated	In Progress	No Action Taken / Dual Disclosed	No Action Taken / No Dissemination	Total
Accountant			1			1
Bank/Building Society		5	3		4	12
Distributed Ledger Technology		36	37		24	97
E-Money	5	16	4		16	41
Estate Agent	1				1	2
Investment/Fund Manager			2		3	5
Lawyer		1				1
Online/e-Gaming		28	15	346	90	479
Regulator	1				1	2
TCSP's		2	2		1	5
Total	7	88	64	346	140	645



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	1.3	1.5	1.8	2	2.3	2.5	2.8	3	3.3	3.5	3.8	Total
Bank/Building Society				1	1	1	1	7				11
Distributed Ledger Technology			3	2	8	6	6	59		1		85
Estate Agent				1				1				2
Investment/Fund Manager								3				3
Lawyer						1						1
Online/e-Gaming	1	5	5	1	18	12	7	424	2	1	1	477
Payment Services					1	2	3	30		1	1	38
Regulator								2				2
TCSP's								2			1	3
Total	1	5	8	5	28	22	17	528	2	3	3	622



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

