

Recognizing & Reporting Suspicious Activities

What is Suspicious Activity?

Suspicious Activity is any conducted or attempted transaction or pattern of transactions that is known, or have reason to be suspected to meet any of the following conditions:

- * Involves money from criminal activity;
- * Is designed to evade the requirements of the AML/CFT Laws and Regulations of St. Kitts and Nevis, whether through structuring, deception or other means;
- * Appears to serve no business or other legal purpose and for which available facts provide no reasonable explanation;
- * Involves use of various financial services to facilitate criminal activity.

Red Flags

There are a number of possible factors or “red flags” which signal that an activity or transaction might be suspicious. Observing a “red flag” should trigger some questions, such as:

- Is the amount of the transaction unusually large for the typical customer?
- Does the customer make the same or similar transactions more frequently than normal?
- Does the type of transaction seem unusual for the customer?
- Are the transactions outside of the purpose of business identified when the business relationship was initiated?

Examples

- * The customer uses a fake or invalid form of identification;
- * Two or more customers use similar forms of identification;
- * The customer changes a transaction after learning that he or she must show proof of identification or provide source of funds declaration;
- * The customer conducts transactions so that they fall just below amounts that require reporting or recordkeeping.



Topics Discussed:

- * *What is Suspicious Activity?*
- * *Red Flags*
- * *When do you report Suspicious Activities?*
- * *Reporting Procedures*
- * *Legislative References*

In accordance with Regulation 11 of the Anti- Money Laundering Regulations, 2011 (AMLR) and Anti-Terrorism (Prevention of Terrorist Financing) Regulations, 2011 (ATR), a regulated business/person must report any suspicious activity that may be linked to money laundering or terrorist financing.

The Regulations require regulated businesses/persons to take the appropriate steps to identify any activity deemed to be suspicious and may be linked to money laundering or terrorist financing. If a regulated business/person knows or suspects that there is such a link to suspicion, this suspicion must be reported to the Financial Intelligence Unit (FIU).

These Regulations also require regulated businesses/persons to appoint a Compliance Officer or Money Laundering Reporting Officer who is responsible for reporting all suspicious activities to the FIU.



There are many reasons why employees might become suspicious about a transaction or activity. Often it is just because it is something unusual for the nature of the business/entity - perhaps a customer/client has tried to make an exceptionally large cash payment. It may also be possible that the customer/client behaved strangely, or made unusual requests that did not seem to make sense logically.

All unusual transactions must be examined carefully to see if there are anything suspicious about them.



When do you report Suspicious Activities

All suspicious activities/transactions within the business/entity should be reported to the Compliance Officer when/if the suspicion is noted. It is the Compliance Officer's responsibility to decide whether the transaction/activity needs to be filed with the FIU; which is done by filing a Suspicious Transaction Report (STR). Regulation 11 of the AMLR and ATR requires an STR to be reported within twenty-four (24) hours of the suspicion being noted.

The FIU receives and analyses Suspicious Activity Reports and uses them to identify the proceeds of crime.

Reporting Procedures

The suspicious activity report can start with any staff member of a financial services business. These staff members should be trained to be on the alert for any suspicious activity, such as an individual attempting to wire money out of the country without identification, or someone with no proof of occupation who begins to deposit large amounts of cash into an account. Staff members should be trained to communicate their suspicion to the Compliance Officer who will decide whether to file a report or not to the FIU.

Regulated businesses listed on Schedule 1 of the Proceeds of Crime Act, Cap 4.28 (POCA) are required to file Suspicious Activities Reports (SARs) for suspicious activities that are identified. In addition, regulated businesses are required to maintain a Register of Suspicious Activities for all suspicious activities identified (those reported to the FIU and those not reported to the FIU due to internal investigations that dispelled the suspicion initially noted).

All SARs should be maintained for a minimum of **five (5) years**.

Legislative References:

- * *Proceed of Crime Act*
Cap 4.28
- * *Anti-Money Laundering Regulations (AMLR),*
No. 46 of 2011
- * *Anti-Terrorism (Prevention of Terrorist*
Financing) Regulations (ATR),
No. 47 of 2011
- * *Financial Services (Implementation of*
Industry Standards) Regulations (FSR) ,
No. 51 of 2011