The role of financial intelligence units in counter-terrorism investigations

Counter-Terrorism Committee Executive Directorate (CTED)
United Nations

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What is an FIU?

- International standards
- Security Council resolution 1373 (2001)
- Internationally accepted definition:

  A financial intelligence unit serves as a national centre:
  - (i) for the receipt and analysis of: (a) suspicious transaction reports and (b) other information relevant to money-laundering, associated predicate offences and terrorist financing; and
  - (ii) for the dissemination of that analysis.
The definition contains five core elements:

- 1. The FIU should perform its functions on a centralized basis;
- 2. The FIU should exercise a depository function;
- 3. The FIU should perform an analytical function;
- 4. The FIU should exercise a routing and sharing function;
- 5. The FIU should exercise all these functions for the specific purpose of detecting proceeds of crime and the financing of terrorism.
Objectives of FIU

- Prevention and detection of money-laundering and the financing of terrorism
- Apprehension and prosecution of offenders through the provision of an evidentiary link
- Identification of criminally derived assets by “following the money trail” and supporting investigations
- Promotion of trust relationships between FIU and other entities (law enforcement and reporting entities)
FIU models

- **Administrative**
  - Attached to a regulatory entity or independent structure.
  - Clearing House function
  - Intermediary between financial and law enforcement communities
  - Access to wide range of financial information (tax, customs)
  - Monitor AML/CFT compliance
  - Additional functions (supervisory)

- **But**
  - Possible delay in applying law enforcement measures (freezing, arrest)
FIU models

**Law Enforcement**
- Within police department
- Personnel, financial and human resources already available
- Powers similar to those of law enforcement agency
- Easy access to criminal intelligence
- Information exchange through law enforcement networks

**But**
- Law enforcement not natural partner of financial sector
- No additional functions.
FIU models

3. Judicial
- FIU placed within the Prosecutor’s Office as a judicial authority
- Lack of capacity and resources

4. Hybrid system
- Combines some or all of previous three models into one to obtain powers of all
- Needs buy-in and support of several agencies with different administrative cultures
From start to finish

Collect & collate data
Evaluation Target Selection
Analysis & Intelligence (eg. police records)
Disseminate suspicious targets

INFO
Analysis and intelligence
Investigate
Prosecute/Regulate

STR
CTR BCR IFT

Gather Evidence
Interview Witness
Confirm offence

CRIMINAL ACTION
CIVIL ACTION
ADMIN remedies
Revoke Licence

Reporting entities
FIU – Assisted by regulatory and law enforcement sectors
Criminal justice sector
Crim. justice & regulatory sectors
Reporting entity

- Banks
- Securities dealers
- Insurance companies
- Casinos
- Lawyers
- Accountants
- Notaries
- Persons transporting cash across borders

Reports

- Cash transaction reports
- Suspicious transaction reports
- Cross-border currency reports

Analysis

- FIU database
- Government databases
- Data from other FIUs
- Other data

Dissemination

- Other FIUs
- Law Enforcement Agencies
- Prosecutor’s Office

Financial intelligence
Additional functions of FIU

- Postponement of transactions
- Regulatory/supervisory functions
- Training
- Guidance on trends and risks/issuance of indicators
- Coordination of national AML/CFT efforts
How FIUs can assist law enforcement

- Financial intelligence analysis in support of counter-terrorism investigations
- Demonstrating the occurrence of a criminal activity
- Feedback/inputs to ongoing police investigations
- International/regional cooperation with similar units through reciprocity or signing of MoUs
Case Example

- **FIU A**
- **Police Country A**
- **Country A**
- **Restaurant Country B**
- **Mr. X**
- **Mr. Y**
- **Sensitive region**
- **FIU B**
- **Intelligence**

- Mr. X -> Restaurant Country B
- Mr. Y -> Sensitive region
- FIU B
- Police Country A -> Mr. X
- Mr. Y
- Mr. X
- Mr. Y
- Mr. Y
- Mr. X
- Restaurant Country B
- FIU A
- Country A
- Sensitive region
- remittance
- take self
- remittance
- report

Arrest
Investigate
Investigate
FIU challenges and requirements

- High political will
- Data Confidentiality
- Accountability as a public entity
- Sufficient human and financial resources
Recommendations for Member States

- Ensure that FIUs represent added value in the detection and suppression of terrorist financing and in the work of counter-terrorism bodies
- Encourage effective international cooperation and information-sharing by FIUs
- Involve FIUs in the development of integrated counter-terrorism strategies
- Provide sufficient specialized training to FIUs
Actions undertaken by CTC and CTED

- Engage with FIUs on enhancing the role and operations of FIUs in counter-terrorism work.
- Enhance the role of CTED as facilitator of technical assistance to strengthen the capacity of FIUs.
- Continue to support donor States and organizations on typologies and effectiveness of FIUs and the promotion of good practices.
Thank you.

For more information, please contact: