

ANNUAL REPORT

of the

Financial Intelligence Analysis Unit

Malta

2004

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FINANCIAL INTELLIGENCE ANALYSIS UNIT

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Mr George Farrugia
Mr Daniel Gatt

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¹ As at 31st December, 2004

**LETTER OF TRANSMITTAL
TO THE MINISTER OF FINANCE**

**FINANCIAL INTELLIGENCE ANALYSIS UNIT
VALLETTA**

30th March, 2005

Hon. Prime Minister and Minister of Finance Minister,

In accordance with Article 42(1) of the Prevention of Money Laundering Act, *Cap 373*, I have the honour to transmit a copy of the Annual Report on the operations of the Unit and a copy of the annual accounts certified by the auditors for the Unit's financial year ended 31st December 2004.

Yours sincerely

The Chairman

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Chairman's Statement

This is the second Annual Report of the Financial Intelligence Analysis Unit which covers the activities of the Unit from 1st January to 31st December, 2004. It is also the last one in the course of my tenure as first Chairman of the Unit since my term in office will have expired by the time this Report is published.

During the period under review the Unit has continued to build upon the achievements highlighted in the first Report and has thus consolidated its pivotal role in Malta's anti-money laundering strategy.

The Board of Governors met for 11 times during the year. This is only the number of regular statutory meetings when policy, management issues and strategic matters have to be discussed and decisions thereon taken. These meetings often go on for long hours stretching to well beyond normal office hours and I must thank all the members of the Board in this regard for their forbearance, loyalty and dedication to the Unit notwithstanding the busy schedule dictated by the duties of their respective office. The Board, however, also meets regularly to examine and discuss suspicious transactions and analytical reports, and to decide which cases are to be referred to the Police for further investigation. Moreover, the members of the Board are practically at the disposal of the Unit 24 hours a day even when they happen to be on official duties abroad. Their expertise is at all times available to the Unit for any input on issues which may arise and on which the Unit may require their advice and guidance.

In the past year the Unit has continued in earnest with its core task consisting in "the collection, collation, processing, analysis and dissemination of information with a view to combating money laundering". While this year there has been a substantial decrease in the number of suspicious transaction reports filed with the Unit, the number of cases remained high. Therefore, this does not mean that there has been a decrease in the analytical function of the Unit. Indeed, as can be further inferred from the increase in the number of requests for information to foreign counterparts for the purpose of processing the STRs received as well as from the increase in the number of reports forwarded to the Police for investigation, the analytical function of the FIAU continued to be the major core activity for 2004. This has also been due to an improvement in the quality of the information supplied by the reporting institutions to which the Unit has also contributed as a result of its interaction with the subject persons. Nevertheless, the decrease in the number of STRs, while not alarming when one takes into account the number of cases actually involved, requires careful monitoring to ensure that this is not due to a relaxation of the reporting institutions' vigilance.

I think that I can affirm without fear of being contradicted that, while the Unit and its officers and staff seek to cultivate a low profile as befits an entity engaged in the collection and analysis of intelligence data, yet there is no doubt that the financial operators and the persons and entities subject to the anti-money laundering legislation and regulations look towards the Unit and its staff for leadership, training, guidance and updates on developments in the fast expanding area of anti-money laundering regulation. The Board members and the Unit's staff have often been requested to make presentations on money laundering issues at various meetings and seminars both in Malta and abroad. It was with pride and gratification that during one of these seminars, in which I was asked to make a presentation, one of the distinguished experts addressing the assembly expressed her satisfaction that the staff of the FIAU did not live in an ivory tower and were extremely approachable and all too willing to help. This confirms what I had said in my first statement that "the FIAU has built a sound working relationship with all the operators in the industry falling within its remit".

The Unit, of course, has also itself sought to keep its staff abreast of developments in Malta and abroad and has also, where possible, sent members of its staff to participate in training opportunities outside Malta. The FIAU gives due importance to its investment in the continued education and training of its staff.

The Unit has also continued to develop its international contacts which are indispensable not only to the perception of the FIAU in the international sphere but also because such contacts are essential to its own domestic operations. Suspicious transactions very often have an international dimension and this can only be adequately inquired into through the contacts which the FIAU manages to establish and maintain with other foreign FIUs. In fact, the activity of the Unit in the area of mutual assistance has increased steeply and during the past year the Unit has exchanged enquires and information with no less than 40 different jurisdictions worldwide. This is an excellent performance and is eloquent testimony to the fact that in the past year the Unit has firmly established itself among the international fraternity of FIUs with effective reciprocity in assistance. The Unit would like to enhance its exposure to the international milieu even further by increasing its participation in international conferences and by contributing to the work-groups of the Egmont Group. The Egmont Group has repeatedly invited the Unit to take part in its work-groups but, unfortunately, the Unit has until now found it difficult to take up the offer because of the constraints on its resources.

During 2004 the FIAU has taken measures to strengthen its compliance monitoring role within the limits allowed by its resources. Further to the arrangements made in this regard with the relevant supervisory authorities, the Unit has embarked upon an initial off-site compliance monitoring exercise in respect of the real estate sector. Compliance monitoring is one area, however, which requires more intensified action on the part of the Unit, including on-site compliance visits, over all those sectors than have been added to the anti-money laundering regime and which fall within its direct responsibility for compliance monitoring. This requires additional human and other, including financial, resources. In this regard, it is the aim of the Unit to implement the first phase of its Development Plan by setting up and resourcing its compliance monitoring and legal affairs sections during 2005. This development means that the Unit will need to move to larger premises.

Since, as I have pointed out in my introduction, this is my last statement before the lapse of my tenure as Chairman, I must confess that it has been a great privilege for me to have been the first Chairman of an institution which, with limited resources, has done so much to promote, cultivate, preserve and enhance Malta's good reputation and integrity as a financial services centre. It has also been an honour and good fortune for me to have worked assiduously with my expert colleagues on the Board with whom I have had the privilege of sharing long hours in sometimes heated debates in our unstinting efforts to see the FIAU flourish. Without them I could not have achieved anything.

Finally, personally and on behalf of the Board of Governors, I must thank Frank, George, Daniel and Irene for their hard work and professionalism. They are the real pioneers of the FIAU --- they endure while the Board members may move on.

| **Silvio Camilleri**

1. THE FINANCIAL INTELLIGENCE ANALYSIS UNIT

1.1 STATUS

The Financial Intelligence Analysis Unit (FIAU) is a Government Agency having a distinct legal personality established through the Prevention of Money Laundering Act, *Cap 373* (the PMLA). The FIAU is a central, national agency responsible for receiving, requesting, analysing and disseminating to the competent authorities, disclosures of financial information concerning suspected proceeds of crime in order to combat money laundering. The FIAU is empowered to exchange information and co-operate with foreign FIUs and other local and foreign authorities with the objective of combating money laundering worldwide. It is also responsible to ensure compliance with the anti-money laundering legislation and regulations by legal and natural persons listed in the Regulations issued under the PMLA, defined as *subject persons*.

The FIAU is composed of the Board of Governors and the Director with the support of the financial analysts and other administrative staff. A Senior Police Official is detailed to act as a liaison officer with the Unit to assist it in its core activity of the analysis and dissemination of information through information available to the Police.

Although the PMLA provides for a Board composed of a maximum of six members, the present Board of Governors is composed of four members, two of whom are appointed as Chairman and Deputy Chairman respectively. In accordance with the provisions of the PMLA the four members of the Board have been nominated by the Attorney General's Office, the Central Bank of Malta, the Malta Financial Services Authority and the Malta Police respectively. The Board members discharge their duties in their own judgement and, by law, are not in any way subject to the direction or control of the authority which nominated them. The Director, Analysts and support staff are the

permanent members of the FIAU and were appointed by the Board through a selection process following a public call for applications.

1.2 ACTIVITIES OF THE FIAU

1.2.1 Compliance Procedures

During 2004 the FIAU continued with its work in ensuring compliance with the Regulations by those persons that are subject thereto. The PMLA imposes upon the FIAU the responsibility to ensure compliance by subject persons with the provisions of the Regulations. In this regard, during 2004 the FIAU continued to strengthen and implement its cooperation agreements with other regulatory authorities who, in terms of the provisions of the PMLA, are obliged to act as its agents for ensuring compliance.

Conscious of the extensive work that ensuring compliance entails, particularly in the field of new subject persons outside the financial sector, mainly the legal and accounting professions, real estate and others, the FIAU embarked on a process of off-site monitoring through the use of compliance surveys and questionnaires.

In the case of the real estate sector the FIAU is currently in the process of concluding an off-site compliance survey. The objective of this exercise is twofold, namely: to assess the awareness of the real estate agents of their responsibilities and obligations under the Regulations and thus be able to evaluate training needs and assist them in instituting compliance procedures in line with these Regulations; and to enable the FIAU, where applicable, to evaluate the level of implementation of internal procedures in adherence to these Regulations and assist as appropriate.

1.2.2 *Training*

One of the tasks of the FIAU under the law is to provide training and to assist others in providing training to subject persons and their employees. The FIAU attaches great importance to this function not only because of the continued need of increasing awareness and in ensuring the effective implementation of the Regulations, but also because as a result of such training the FIAU seeks to increase the both the quantity and the quality of the STRs.

In fulfilling further this responsibility the FIAU accepted and participated in a number of training seminars organised either by associations representing particular industries that are subject to the anti-money laundering obligations or by subject persons themselves in organising in-house training for their own personnel.

The FIAU was requested by a large real estate company to train its staff on the concept of money laundering, the general aspects and implications of the laundering of money and the ways through which the real estate industry can be used by criminals to launder illicitly gained funds. The FIAU also participated in another seminar organised by the real estate industry. Other participations of the FIAU on the prevention of money laundering were made to an insurance company and to one of the local banks.

The FIAU was also invited to make presentations during a conference organised by the Russian Bankers Association which was convened in Malta.

The FIAU further continued with the training of its own staff. During 2004 one of the financial analysts participated in a familiarisation visit on money laundering typologies, legislation and financing of terrorism counter measures which was held by FinCEN in Washington DC and New York.

1.2.3 *The Prevention of Money Laundering Joint Committee*

The Prevention of Money Laundering Joint Committee is an *ad hoc* committee that is chaired by the Director of the FIAU. It includes representation of all subject persons, supervisory authorities and the Malta Police. The main objective of the Committee is to provide a forum where subject persons and the authorities responsible to fight money laundering meet to discuss current issues of mutual interest and developments in the anti-money laundering regime. During 2004 the Committee held six meetings. It continued to discuss and exchange views on current issues of mutual interest such as the effective implementation of the latest amendments to the domestic prevention of money laundering regulations and to consult on the drafting, development and implications of the proposals for a Third EU Anti-Money Laundering Directive. Suggestions, concerns and proposals made are evaluated by the FIAU and brought to the attention of the authorities concerned. This process enables the FIAU to participate actively in the Money Laundering Contact Committee of the European Union.

1.2.4 *The EU Money Laundering Contact Committee*

Since May 2004, upon Malta's full EU membership, the FIAU has been actively participating in the EU Money Laundering Contact Committee (MLCC). During 2004 the MLCC, which meets in Brussels, continued with its discussions on the finalisation of the proposals for a third anti-money laundering directive.

Another important topic discussed within this forum was the proposal for a Regulation of the European Parliament and the Council on controls on cross border cash movements. These Regulations complement the EU framework on the prevention of money laundering by means of customs cooperation.

On the domestic side, the enactment of the External Transactions Act (ETA) which removed all exchange control restrictions empowers the Minister responsible for finance to issue regulations requiring any person to declare to the Comptroller of Customs the import or export of cash and monetary instruments. The FIAU and the Central Bank of Malta, in consultation with other interested parties and authorities, made proposals for the implementation of a national framework for cross-border declarations in terms of the ETA. In November 2004 the Minister responsible for finance, by the powers vested in him by articles 7 and 8 of the ETA, issued Legal Notice 463 establishing the relevant obligations under the Reporting of Cash Movements Regulations, 2004. The term *cash* in the regulations includes physical cash and other monetary instruments as defined in the ETA. The Regulations conform to the proposals currently under discussion at EU level and require disclosures on the pre-set form to the Customs Authorities for movement of cash or monetary instruments equal to or in excess of MTL5,000 (approximately EUR11,600). The Regulations, which came into effect on 1st January 2005, require the Comptroller of Customs to pass to the Central Bank the records of declarations made under these regulations on a weekly basis. They also require the Central Bank to compile and maintain a database of such declarations.

Consequently, the FIAU proposed amendments to the Prevention of Money Laundering Act which would enable the Unit to have such information made available to it by the Central Bank.

This information is required for financial intelligence purposes in the Unit's responsibilities of analysing financial and other data.

1.2.5 *EU Forum on the Prevention of Organised Crime*

The FIAU participated in the EU Commission 2004 Forum on the Prevention

of Organised Crime with the topic being *Co-operation between FIUs and the Tax Authorities*. The objective of this Forum was to discuss ways on how best to improve co-operation between FIUs and Tax Authorities more effectively within the European Union. The Forum also discussed the appropriateness of any action that could be taken at the EU level in this regard.

1.2.6 *Egmont Group Plenary 2004*

As a member of the Egmont Group worldwide fora that is currently composed of 94 national FIUs, the FIAU participated in the 12th Plenary of the Group.

The FIAU was admitted as a full member of the Egmont Group during the 11th plenary in 2003. However, Malta had been attending the Egmont Group meetings in an observer status since 1999. During the year the Unit was connected to the Egmont Group Secure Website which permits member FIUs to exchange information electronically in a secure environment through an encrypted and dedicated access.

1.2.7 *MONEYVAL/FATF Joint Typologies Exercise*

In December 2004 the FIAU, together with a representative of the Malta Police, participated in the money laundering and financing of terrorism typologies exercise organized jointly by the Select Committee of Experts in the Evaluation of Anti-Money Laundering Measures (MONEYVAL) of the Council of Europe and the Financial Action Task Force (FATF). The aim of this year's typologies exercise was to bring experts and policy makers together to discuss the work conducted by typologies project teams since early 2004. The project teams presented five topics namely (a) money laundering vulnerabilities in the insurance sector (b) alternative remittance systems (c) money laundering trends and indicators (d) drug trafficking related to terrorist financing and (e) money laundering methods associated

with human being trafficking and illegal migration – the latter being presented by MONEYVAL. The results of the project team discussions during the sessions held in

the course of the seminar are expected to be published as a chapter in the FATF's 2005 Typologies Report.

Box 1:

THE EGMONT GROUP

When Financial Intelligence Units (FIUs) were created in several jurisdictions throughout the world in the early 1990s, their creation was still seen as an isolated phenomena related to the specific needs of those jurisdictions establishing them. Since 1995, a number of FIUs began working together in an informal organisation which became known as the Egmont Group, named for the location of the first meeting at the Egmont-Arenberg Palace in Brussels. The Egmont Group has now become recognised by international organisations as the 'authority' on FIUs.

The objective of the Group is to provide a forum for FIUs to improve support to their respective national anti-money laundering programmes. This objective is achieved by expanding and systematising the exchange of financial intelligence information, improving expertise and capabilities of personnel of these organisations, and fostering better communication among FIUs through the application of technology. To achieve these goals more effectively, a central committee, an administrative support unit and working groups have been established. These are: The Egmont Committee, The Permanent Administrative Support, the Legal Working Group the Training Working Group, the Information Technology Working Group, the Outreach Working Group and the Operational Working Group.

The Egmont Committee serves as the consultation and coordination mechanism for the Heads of FIUs and the five Working Groups. Among its primary functions are to advise the Heads of FIU on matters that foster effective international information exchange, to prepare the annual Heads of FIU meeting and the annual Plenary meeting of the Egmont Group, to represent the Egmont Group in international fora, and to address, as appropriate, any issue on behalf of the Egmont Group.

The Egmont Group agreed in its first Statement of Purpose, adopted in Madrid on 24 June 1997, to pursue among its priorities the stimulation of information exchange and to overcome the obstacles preventing cross-border information sharing. Hence, information-sharing arrangements should have the aim of fostering the widest possible co-operation between FIUs. According to the latest Statement of Purpose of the Egmont Group, the FIUs participating in the Egmont Group resolve to encourage co-operation among and between them in the interest of combating money laundering and terrorism financing.

All information exchanged by FIUs must be subjected to strict controls and safeguards to ensure that the information is used only in an authorized manner, consistent with national provisions on privacy and data protection. At a minimum, exchanged information must be treated as protected by the same confidentiality provisions as apply to similar information from domestic sources obtained by the receiving FIU.

(Source: The Egmont Group)

Box 2:

THE FINANCIAL ACTION TASK FORCE

The FATF is an inter-governmental body, established by the G-7 Summit that was held in Paris in 1989. Its purpose is the development and promotion of policies to combat money laundering and terrorist financing. The Task Force is therefore a "policy-making body" that works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

The Task Force was given the responsibility of examining money laundering techniques and trends, reviewing the action which had already been taken at a national or international level, and setting out the measures that still needed to be taken to combat money laundering. In April 1990, less than one year after its creation, the FATF issued a report containing a set of forty Recommendations, which provide a comprehensive blueprint of the action needed to fight money laundering.

Since its creation the FATF has spearheaded the effort to adopt and implement measures designed to counter the use of the financial system by criminals. The Forty Recommendations established in 1990, set out the basic framework for anti-money laundering efforts and are intended to be of universal application. Since then, the FATF has revised the Forty Recommendations twice – first in 1996 and then more recently in 2003 – to ensure that they remain up to date and relevant to the evolving threat of money laundering.

The FATF Standards are comprised of the Forty and the Nine Special Recommendations¹. In October 2001, the mandate of the FATF was expanded to include world-wide efforts to combat the financing of terrorism. The FATF issued the Special Recommendations on Terrorist Financing and called on all countries to adopt and implement these Special Recommendations with a view to deny terrorists and their supporters access to the international financial system.

According to its current mandate the FATF focuses on the following major tasks:

- (a) Spreading the anti-money laundering message to all continents and regions of the globe.
- (b) Monitoring the implementation of the Forty Recommendations and Nine Special Recommendations in FATF members.
- (c) Reviewing money laundering trends and countermeasures ("typologies" exercise).

Today these standards are applied not only to the financial industry but also to other designated non-financial businesses and professions (DNFBPs) such as trust and company service providers, lawyers, notaries and other independent legal professionals when they prepare (or carry out) for their client transactions in relation to certain identified activities; real estate agents when they are involved in transactions for their client concerning the buying and selling of real estate; and, in certain identified situations, casinos and dealers in precious metals and stones.

(Source: *The FATF*)

1. The FATF recently introduced and adopted a new Special Recommendation IX on Cash Couriers that would allow the detection of the physical transportation of currency and bearer negotiable instruments.

1.3 IMPACT OF EU MEMBERSHIP

Since Malta became a member of the EU, the Unit has gradually developed the role as the domestic focal point on anti-money laundering issues concerning developments within the European Union. As such, the Unit is often requested by different Ministries to give its opinion or advice on various aspects related to anti-money laundering and the financing of terrorism matters and Malta's position. The Unit's advice and opinion was, in particular, sought in preparation for the meetings of the EU Council Working Party on Financial Services (Money Laundering) discussing the EU Commission's proposal for a Third Directive of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering, including terrorist financing and in preparation for the meetings of the EU Council Working Party on Customs Union (Customs Legislation and Policy) discussing the EU Commission's proposal for a Regulation of the European Parliament and the Council on controls on cash entering or leaving the Community customs territory. The FIAU was consequently involved in the drafting of local Regulations on the cross-border movement of cash.

1.4 INTERNATIONAL CONTACTS

One of the important functions of financial intelligence units is the exchange of information and co-operation with other international counterparts. The FIAU attaches great importance to this aspect not only because of Malta's obligations as an EU Member State but also because of the importance of the improvement and promotion of international co-operation in the global fight against money laundering. During 2004 a number of foreign delegations visited the FIAU and held discussions on this aspect whilst exchanging views on international and domestic developments in money laundering in general. The EU Third Money Laundering Directive was on the agenda with all delegations. These included delegations from Italy, the United Kingdom, the United States of America and the European Union.

2. OPERATIONS OF THE FIAU

2.1 CORE OPERATIONS

The receipt and analysis of suspicious transaction reports (STRs) is the primary function and responsibility of the FIAU. STRs are filed with the FIAU by subject persons in terms of the Prevention of Money Laundering Regulations, 2003. Parallel to this core activity the FIAU also receives requests for assistance from foreign FIUs. Such requests, which are themselves treated as STRs, also require an in depth analysis to establish whether the FIAU can assist as requested and to determine whether the information requested is held by the FIAU.

On receipt of a disclosure the FIAU conducts a preliminary evaluation by analysing the information received and consulting its database for any related information that is already in its possession. The FIAU can request additional information that it deems useful for the purpose of integrating and analysing the report either from the subject person filing the report or from any other person who in the opinion of the Unit possess such related information. Where appropriate

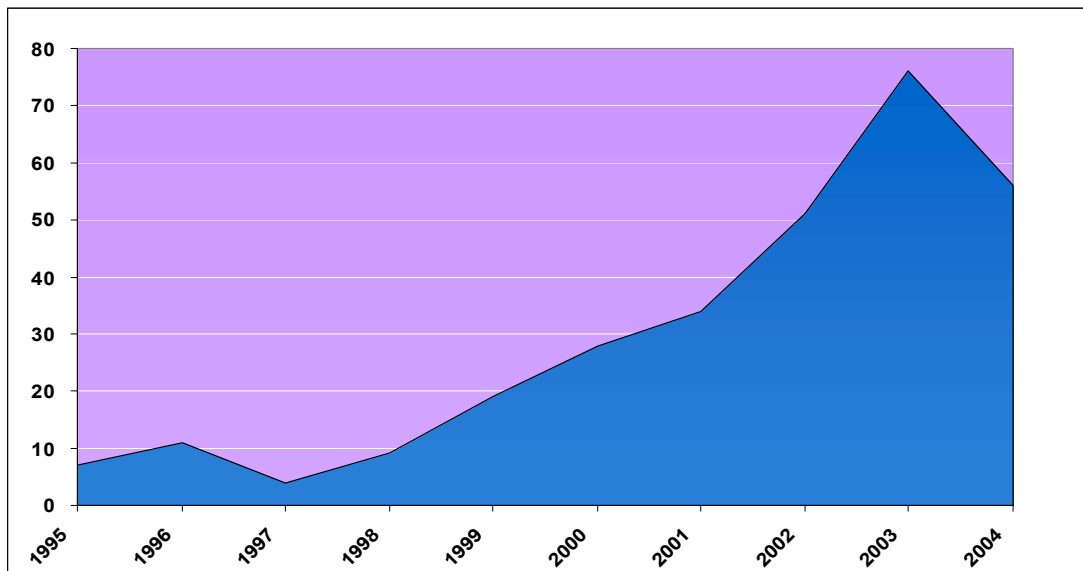
the FIAU also seeks the assistance of other foreign FIUs. If, following its analysis, the Unit is of the opinion that a reasonable suspicion of money laundering persists it transmits the results and conclusions of its analysis to the Police for further investigation.

The STRs are not only analysed individually but are also subject to an overall evaluation. The overall evaluation serves to collect and analyse results in order to identify patterns with a view of establishing typologies that could pose a threat to the reputation of the financial system. Another objective of this evaluation is to assess possible weaknesses in the system that would require corrective measures to be taken either through legislative changes or through an assessment of the effective implementation of the Regulations through more focussed training sessions.

2.2 STATISTICS

Following the marked increase in the number of STRs filed with the FIAU during 2003, being the Unit's first full year in operation,

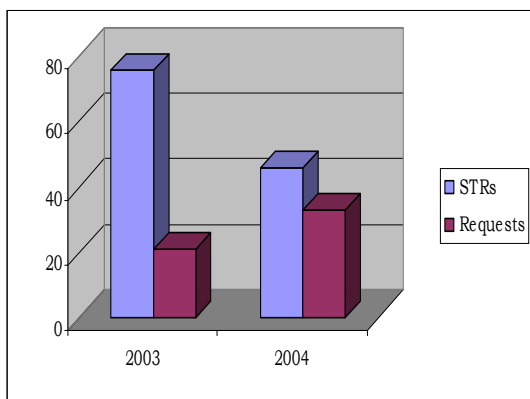
CHART 1 SUSPICIOUS TRANSACTION REPORTS BY YEAR



during 2004 there was a decrease with 46 STRs being filed with the Unit. While the 76 reports filed during 2003 translated into 58 cases, the 46 reports filed during 2004 translated into 43 cases (Chart 1 above refers). Hence, although there was a sharp decrease in the number of STRs filed with the Unit, this increase was not totally reflected in the number of cases.

On the other hand the Unit has experienced an increase in the requests for assistance from other FIUs as shown in Chart 2 below. Although the FIAU treats these requests as STRs, these are not included in the statistics for STRs.

CHART 2 STRS AND FIUS ENQUIRIES 2003-2004



The FIAU has however noted a marked improvement in the quality of the information contained in the disclosures. This notwithstanding, the complexity of the reports seems to have increased thus demanding a deeper analysis.

The FIAU started 2004 with 35 ongoing reports from the previous year. During the twelve months under review 23 STRs (which referred to 20 cases) were referred to the Police, compared to 17 of the previous year.

Thirty three STRs resulted in inconclusive information while at the end of 2004 25 STRs were being analysed. Table 1 below

shows a breakdown of the processing of these STRs.

TABLE 1 BREAKDOWN OF STRS - 2004

STRs	2004
Referred to Police	23*
Inconclusive Information	33
Not related to Money Laundering	-
Ongoing Analysis	25
* Refer to 20 cases	

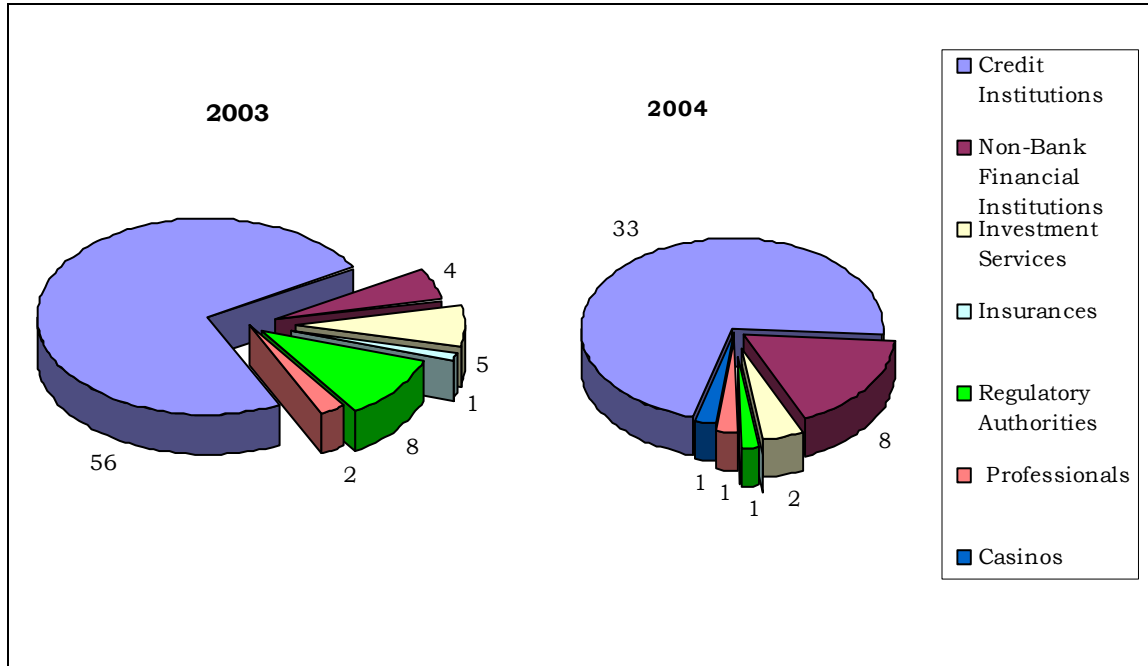
The main source of STRs filed with the FIAU during 2004 remained the credit institutions. Out of the 46 STRs 33 came from credit institutions. Although this amounts to 72% of the total STRs received it is also indicative that there was a slight percentage decline on the previous year from 74% to 72%.

Additionally during 2004 there was a noticeable increase in the number of STRs filed by non-bank financial institutions. Chart 3 below compares the number of STRs filed for the two full years in operation by sector of subject persons. The number of STRs filed by non-bank financial institutions in 2004 doubled over the 2003 figures. Thus their percentage share over the period 1995 to 2004 has also doubled to 5%.

On the other hand there was a decrease in the number of STRs filed by Regulatory Authorities which filed only one suspicious transaction report during 2004 when compared to 8 reports in 2003.

It is however encouraging to note that the remaining subject persons have continued to report constantly. One report came from a casino, a sectoral subject person which

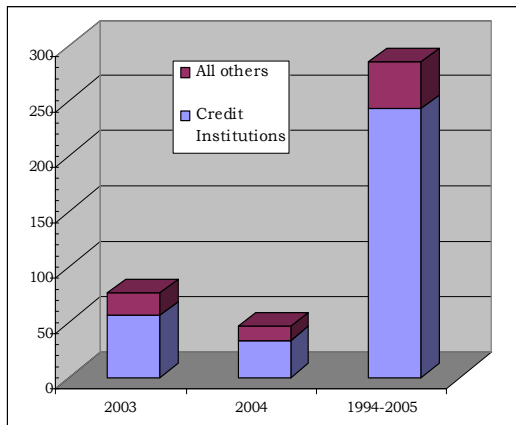
CHART 3 STRS COMPARED FOR FIRST TWO FULL YEARS



up to now had not filed any STRs.

Chart 4 below compares the total number of STRs filed by Credit Institutions and all other subject persons since 1995. Notwithstanding that Credit Institutions filed less reports during 2004 their overall share since 1995 still remains at the 85% mark.

CHART 4 STRS RECEIVED FROM CREDIT INSTITUTIONS COMPARED TO ALL OTHER SUBJECT PERSONS



2.3 REQUESTS FOR ASSISTANCE

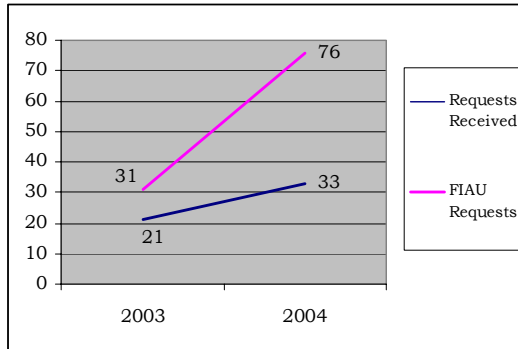
One of the important functions of the FIAU is to assist and co-operate with foreign FIUs in the exchange of financial intelligence. The FIAU can exchange information either spontaneously or under the provisions of a memorandum of co-operation. To-date the FIAU has entered into 4 agreements.

During the year under review the FIAU received 33 requests for the exchange of information from 22 FIUs, up from 10 countries in 2003. These varied from a number of general requests to more detailed ones which required the collection and evaluation of data and information prior to transmission. As at 31st December 2004 the Unit had replied to 28 of the requests and was in the process of collecting and compiling the information for the rest of the requests.

With reference to requests generated by the FIAU in order to obtain information on persons and companies in other countries

during 2004 the Unit has sent 76 requests for assistance from 31 countries in comparison to the 24 requests for 2003. It received replies in 62 instances from 29 countries.

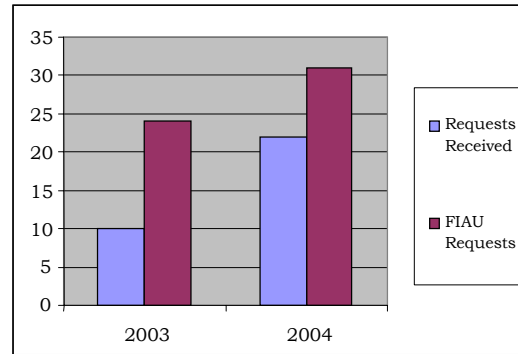
CHART 5 NUMBER OF REQUESTS FOR MUTUAL ASSISTANCE



This relatively large amount of requests reflects the nature of reports being filed with the FIAU, that is, where a large number of STRs involve foreign countries and nationals. Chart 5 above reflects the increases in both the number of requests placed by the FIAU and the number of requests received from other FIUs for assistance.

This latter increase has also signified an increase in the number of countries' FIUs that have requested assistance. Chart 6 below describes this increase by comparing the number of countries for the two full years in operation.

CHART 6 REQUESTS FOR MUTUAL ASSISTANCE BY NUMBER OF COUNTRIES



Whilst in most cases the replies were satisfactory there were some instances where the responding FIU claimed that in view of legislative prohibitions it could not release financial information which was vital for the Unit's analysis.

Table 2 below gives a full list of requests for assistance made by or to the FIAU. In thirteen instances the jurisdictions requested assistance by the FIAU concerned jurisdictions which, during the same year, have requested the assistance of the FIAU. Where replies by the FIAU do not match the number of requests it received, this may be due to the fact that the information was in the process of being compiled. In instances where the FIAU had asked other jurisdictions for assistance, this indicates that the FIAU was still waiting for replies.

TABLE 2 REQUESTS FOR MUTUAL ASSISTANCE

Jurisdiction	Requests Received		FIAU Requests			
	Number	Replies	Number	Replies		
Australia	-	-	1	0		
Austria	1	1	1	1		
Belgium	2	2	3	2		
Belize	-	-	1	1		
Bolivia	2	2	-	-		
Bulgaria	3	1	2	2		
British Virgin Islands	-	-	2	1		
Canada	-	-	1	0		
Chile	1	1	-	-		
Croatia	2	-	-	-		
Cyprus	1	1	4	3		
Denmark	-	-	2	2		
Estonia	-	-	3	3		
Finland	1	1	-	-		
France	1	1	2	1		
Germany	-	-	3	3		
Gibraltar	-	-	1	1		
Greece	-	-	1	1		
Isle of Man	2	2	-	-		
Italy	1	1	5	4		
Jersey	3	3	-	-		
Latvia	2	2	4	4		
Lithuania	-	-	1	1		
Mexico	1	1	-	-		
Netherlands	-	-	3	3		
Panama	-	-	1	1		
Russia	1	1	4	2		
Singapore	-	-	1	1		
Slovenia	-	-	1	1		
Slovakia	1	1	1	1		
South Africa	1	1	1	1		
Spain	-	-	4	3		
St. Vincent & the Grenadines	-	-	1	1		
Switzerland	1	1	1	1		
Turkey	-	-	2	2		
U.A.E	2	2	-	-		
UK	2	2	9	7		
Ukraine	-	-	3	2		
USA	1	1	7	4		
Venezuela	1	-	-	-		
40	<i>Totals</i>		33	28	76	62

