

Vision Statement

To protect the integrity of our financial system and contribute to the safety of our citizens through deterrence of money laundering and terrorist financing.

Mission Statement

To be the leader in financial intelligence works in the region and be recognized worldwide as an FIU that adheres to international standards.



FIU e-Newsletter (Jan 2022 – June 2022)

Financial Intelligence Unit

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Disclaimer

The information contained in this document has been produced by the FIU (Mauritius) for educational purposes only. Recipients must only use this resource to enhance their understanding of their obligations and to assist with their compliance under the AML/CFT regulatory framework. The use of this information for any other purpose is not permitted, except with the consent of the FIU. This resource does not represent legal advice. Any reporting person who is unsure about his obligations under the AML/CFT regulatory framework should seek independent legal advice.

AML/CFT compliance continues...

The FIU is pleased to issue its 1st Newsletter for the year 2022. 2021 was marked by Mauritius successfully exiting the FATF grey list on the 21st of October 2021.

The delisting from the grey list of the FATF, in November 2021, was followed by Mauritius being removed the UK List of high-risk countries under the UK's Money Laundering and Terrorist Financing.

Thereafter, the European Commission's Delegated Regulation, published the removal of Mauritius from the EU List of High-Risk Third Countries in the Official Journal of the European Union on 21 February 2022. The hard work of the FIU over the course of 2020-2021 paid off.

The removal of Mauritius from the EU's list also confirmed Mauritius' status as a jurisdiction of good repute in the global financial services industry.

The FIU is now focusing on National and International cooperation to continue the AML/CFT compliance.



National & International Cooperation

Burundi FIU visit to Mauritius



Burundi is preparing to join the worldwide effort to combat financial crimes including money laundering, by establishing its Financial Intelligence Unit (FIU). In this context, the Common Market for Eastern and Southern Africa (COMESA) is assisting the Sovereign State of Burundi to incorporate the international standards set by the Financial Action Task Force (FATF) along with the requirements of the country by sponsoring benchmarking exercises with other FIUs.

During the week of **28 March 2022 to 01 April 2022**, the FIU Mauritius welcomed Burundi FIU Board Officials and a representative from COMESA for a benchmarking exercise.

The core components of the five-day workshop, in terms of operational level and strategic level, delivered by the key resource persons of the FIU Mauritius were:

- The role and structure of the FIU Mauritius
- The Financial Investigative Analysis (Process and Procedure)
- The logistics (Security and IT)
- Assets Recovery
- National Risk Assessment
- The Compliance Functions (Supervision and Enforcement)
- Developing a Strategic Plan
- Public Private Partnership

Workshop on Correspondent Banking by the Bank of Mauritius and the EU AML/CFT Global Facility in collaboration with the ESAAMLG

A regional conference on **Correspondent Banking and De-risking in Eastern and Southern Africa** was held on the **11-12 May 2022** by the EU Global Facility on AML/CFT and the Bank of Mauritius (BoM) in collaboration with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

Held under the title “From de-risking to best practices in correspondent banking relationships in Eastern and Southern Africa”, the event aimed to assess the causes and existence of de-risking in ESAAMLG countries, as well as measures to tackle financial inclusion through the sharing of best practices in correspondent banking.

The director of the FIU Mauritius, Mrs Carine Charlette-Katinic was among the resource person at the event. She addressed the issue of Suspicious Transaction Reports filed by reporting entities based on communication from correspondent banks, types of offences/breaches potentially involved and the challenges faced. Case studies relating to access to information on correspondent banking were also discussed



“International Graduate Diploma in Financial Crime Compliance”

The **International Graduate Diploma in Financial Crime Compliance**, a joint initiative of the Financial Services Institute Ltd (FSI) and the Open University of Mauritius (OUM) was launched on **10 February 2022**.

It is Mauritius’ first and very own award programme in Financial Crime Compliance and will run over 10 months, both virtually and face to face. The main objective for introducing this course is to ensure effectiveness with FAFT Recommendations by building capacity in Financial Crime Compliance.

The FIU has contributed to the curriculum design of the course and will also participate in the delivery of the programme.



The International Graduate Diploma in Financial Crime Compliance consists of 10 modules including the Legal & Regulatory Environment, Recognising and filing Suspicious Transactions and Passing the Risk Based Supervision Test amongst others.

Outreach Activities and Events

Outreach Activities

The FIU continues to use a range of mediums to conduct outreach activities to assist reporting persons in better understanding and implementing their AML/CFT obligations. These outreach activities have varied from website uploads in the form of guidelines, video presentations and emails, webinars, face-to-face workshops and meetings with the private sector.

The FIU published an [AML/CFT Refresher Note](#) considering the recent International Sanctions adopted in response to the prevailing situation in Ukraine.

In addition, an update on the [Developments in the Virtual Assets Space in Mauritius](#) was also published on the FIU Website.

Considering the covid sanitary measures, webinars have been intensely used as a medium of outreach since 2020 across the supervised sectors and these have been conducted either independently by FIU or in collaboration with Interagency Coordination Committee (ICC) or the Financial Services Institute (FSI).

The ICC, regrouping local AML/CFT Supervisors, is mandated to organise joint outreach and training programmes for the private sector and staff members of relevant Authorities. The following topics have been covered during the first six months of 2022:

- Suspicious Transaction Reporting
- Supervisory Assessment for Beneficial Ownership Information
- Internal Control and Enterprise Wide Risk Assessment
- Crypto Compliance with Ongoing Sanctions
- Targeted Financial Sanctions
- Dissemination of Risk Assessment related to the Virtual Asset Space

On 17 June 2022, the Financial Services Commission in collaboration with the Financial Intelligence Unit conducted a virtual outreach on ‘**Suspicious Transaction Reporting Obligations**’ to ensure that at-risk sectors are identifying and reporting suspicious transactions. The aim of the outreach was to raise awareness and knowledge of participation how to fulfill their STR filing obligations using the goAML platform and the following areas were covered:

- AML/CFT obligations
- Onsite Inspection Findings
- Enforcement Actions/Case studies
- STR Filings and Typologies

The Financial Services Institute Ltd is an autonomous Training Institute set up by the Government of Mauritius with a mission to design, develop, market and execute highest quality training for capacity building in the Financial Services sector. For the first half of 2022, in collaboration with the FSI the following trainings have been organised:

- Targeted Financial Sanctions and Recognizing & Filing suspicious transactions
- AML/CFT for overseas directors and senior management
- A case-based approach for MLROs
- AML for Compliance Professionals
- AML/CFT Framework: The Independent Compliance Audit



Celebration of long term service at FIU Mauritius

With the FIU entering its 20 years of operation, the FIU celebrated the years of service of its very first employees on 31 January 2021: Mrs. Yasmin Isseljee – Furreed (photo left), Mr. Rajesh Somaroo (photo right) and Mr. Kamlesh Ramdhary. The Director of the FIU, Mrs. Carine Charlette (photo center) thanked them for their years of dedicated service since the inception of the FIU and wishes them “bonne continuation”. A token of appreciation was also remitted to them by the Director on this occasion.



While Mauritius rejoiced its achievement of exiting the EU List of High-Risk Third Countries, the Russia-Ukraine conflict escalated with disastrous impact on the world's financial sector. So far, international sanctions have been imposed by the United States, the European Union (EU), other countries and international organisations against individuals, businesses and officials from Russia and Ukraine.

Designated & Listed Parties

Designated Party

- A designated Party is declared by the Secretary of Home Affairs, directed by the National Sanctions Committee (NSC) within 24 hours;
- Once a party is designated, financial prohibitions apply. No person is allowed to deal with funds or other assets of the designated party. It is also prohibited to make funds or other assets available to the designated party;
- Once a party is declared designated party, freezing order would be applied for within a reasonable time of declaration before a designated judge;
- The Designated Party may apply for variation order to facilitate payment of ordinary and extraordinary expenses. A judge will grant this.
- NSC shall review designated party at least every 12 months;
- Upon the removal of a party from the list of designated party, any freezing order or financial prohibitions shall lapse.

Listed Party

- A Listed Party is declared by United Nations Security Council; The National Sanctions Committee will update the list on their side;
- Same as Designated Party, the assets of the Listed Party are frozen upon listing; and
- An administrator may be appointed where deemed appropriate.
- The NSC may request the UN to delist a Listed Party or the latter can petition the UN Ombudsperson.
- In case there are jointly owned accounts between Listed Party and another party, the court may want to know whether the latter was aware of the former party's activities.



In view of strengthening its fight against Money Laundering, Terrorism Financing and Proliferation Financing, the FIU continues to reinforce its ties with international counterparts.

Regional workshop on implementing Recommendation 8 for ESAAMLG countries

The FIU Mauritius participated in a regional workshop on **'Implementation of Requirements of FATF Recommendation 8'** in Johannesburg, South Africa between **07 to 09 March 2022**. The 3-day workshop was organised jointly by EU-funded AML/CFT Global Facility, the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Global NPO Coalition on FATF and the Financial Intelligence Centre (FIC), South Africa.

Representatives from Angola, Botswana, Democratic Republic of Congo, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Malawi, Madagascar, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Uganda, Zambia, and Zimbabwe attended the workshop.

The representative from FIU Mauritius presented a case study on its application of **'Targeted Risk-based supervision'** and the representative from Tunisia shared their experience in carrying out the NPO sector risk assessment in their country.

The highlights of the workshop were:

- i. an overview of the compliance with FATF Recommendation 8 requirements;
- ii. discussions held on the challenges faced by ESAAMLG member countries on the implementation on FATF Recommendation 8;
- iii. Mutual Evaluation Processes and preparing for evaluation under FAFT Recommendation 8;
- iv. how to conduct a TF Risk assessment of the NPO sector- FATF requirements and methodological approaches;
- v. challenges and best practices in applying FATF Recommendation 24 and 25 to the NPO sector.

Asset Recovery Inter- Agency Network for Southern Africa (ARINSA), Annual General Meeting

The Director of the FIU, Mrs. Carine Charlette – Katinic, recently attended in her capacity as President of the **ARINSA**, the **ARINSA** Annual General Meeting (AGM) which was held on the 7th to the 11th of March 2022 in Cape Town, South Africa.



The President of **ARINSA** is elected for two years and has the responsibility, amongst others, to represent and promote **ARINSA**, advance the **ARINSA** cause and host the **ARINSA** annual general meeting during the presidency. During this year's AGM, Mrs. Charlette was able to garner support from all member states and other representatives including those from FATF and ESAAMLG for Mauritius to retain the presidency until 2023. The extension in presidency was based on Mrs. Charlette having demonstrated this government's commitment to address asset recovery as a means to fight Money Laundering/Terrorist Financing in the region. The vote was unanimous and in line with Mauritius' commitment post exit of FATF. The Director of the FIU will remain president until October 2023.

ARINSA, is a multi-agency, informal network of practitioners between participating countries for exchanging information, model legislation and country laws in asset forfeiture, confiscation and money laundering. This network plays a crucial role in supporting member countries' asset forfeiture regimes to remove proceeds of crime and provide a disincentive for committing such crime, thereby contributing to the strengthening of governance measures and anti-corruption policies.

The main objectives of the **ARINSA**, amongst others are to establish a network of contact points, focus on the proceeds of all crimes within the scope of international obligations, establish itself as a centre of expertise in all aspects of tackling the proceeds of crime, undertake to make recommendations to bodies such as the African Union and the Southern African Development Community based on good quality data and evidence-based practices in line with current trends and to facilitate, where possible, training in all aspects of identifying and recovery of the proceeds derived from crime.



Workshop on Detecting, Investigating, Analyzing, and Disrupting (DIAD) in the Southeast Africa Region

The FIU Mauritius participated in a workshop organised by The United States Department of State's Office of Cooperative Threat Reduction, in cooperation with subject matter experts at the Pacific Northwest National Laboratory (PNNL), on **Detecting, Investigating, Analyzing, and Disrupting Proliferation Finance** from 17 to 19 May 2022.

The three-day workshop provided an opportunity to have discussions on the proliferation finance threats facing countries in the Southeast Africa region. Additionally, the workshop opened up the ground for sharing regional perspectives on such issues and identifying ways to enhance cooperation.

Agenda for the event also included proliferation finance indicators and red flags, shareholder roles in counterproliferation finance, introduction to proliferation finance risk assessment, risk analysis exercises, and participant capstone projects. Furthermore, the workshop provided financial analysts and law enforcement officials with the tools and investigative methods needed to detect, investigate, analyse, and disrupt proliferation finance and sanctions evasion activities.





United for Wildlife Conference on Combatting the Illegal Wildlife Trade in Southern Africa

The FIU Mauritius attended the conference on **Combating of Illegal Wildlife Trade (IWT)** in Southern Africa held at Kasane, Botswana between **17 to 18 March 2022**. The conference was one of global conferences organized by the United for Wildlife and The Royal Foundation.

The conference supported by the Zambesia Conservation Alliance, marked the first meeting of the Southern African Regional Chapter providing an opportunity to build on the efforts of United for Wildlife's South Africa Chapter, sharing best practices in combatting IWT, while also discussing potential frameworks to assist future efforts in the region. Representatives from across the region joined this conference for the first time, including Angola, Botswana, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe.

It covered IWT in the region of Southern Africa and how the combined efforts from financial and transport sectors along with government, financial intelligence units and law enforcement authorities can work together to combat it. The conference highlighted the huge potential to disrupt and prevent this activity using the power of public and private partnerships, especially for timely, efficient and successful prosecutions.

The UK government also presented new research on the impact of COVID-19 on the illegal wildlife trade and the role of gender in illicit trafficking of wildlife products.

A new financial sector toolkit developed by the UK Government in partnership with World Wildlife Fund (WWF) and Themis was launched at the event. The toolkit is a free resource for the financial sector to support their work on combatting illicit finance flows linked to wildlife trafficking and can be accessed [online](#).

The EU project: AML/THB



The European Union Project on “Disrupting criminal trafficking and smuggling networks through increased Anti-Money Laundering and financial investigation capacity in the Greater Horn of Africa” (AML/THB project) housed at the Kenya School of monetary studies invited the Director of the FIU Mauritius to a meeting for the Heads of FIUs on **25 -26 April 2022**. This session on financial investigation related to human trafficking and wildlife trafficking issues which FATF, ESAAMLG and EU consider to be a priority to address, enabling FIUs to strengthen their cooperation by signing MOUs.

As Director of the FIU, Mrs. Carine Charlette – Katinic represented Mauritius in a panel discussion on the **role of the FIU in the region** and the good practices and success stories in the implementation of the project including the FIU's contribution.



PC: AML/TBH

43rd TASK FORCE OF SENIOR OFFICIALS MEETING-APRIL 2022.

The FIU Mauritius attended ESAAMLG's first hybrid 43rd Task Force of Senior Officials in Arusha, Tanzania on 3-8 April 2022.

All the meetings were held virtually since the COVID-19 pandemic. The 43rd Task Force meeting took place in a hybrid form with the majority of participants able to travel to meet in person in Arusha due to gradual easing of COVID-19 related restrictions in many countries. More than 300 delegates from the 19 ESAAMLG Member Countries as well as representatives of Cooperating and Supporting Nations and Organisations attended the meeting.

During the meetings, the ESAAMLG congratulated Botswana, **Mauritius** and Zimbabwe for the significant progress they have made in addressing the strategic AML/CFT deficiencies previously identified by the FATF and included in their respective action plans. The three countries will **no longer be subject to the FATF's increased monitoring** process. This comes after the countries received on-site visits in August 2021, September 2021 and January 2022 respectively. The countries will continue working with ESAAMLG to strengthen further their AML/CFT efforts.

Part of the plenary meeting, also included considering Reports of the Risk, Trends and Methods Group (RTMG), the Technical Assistance and Training Coordination Forum, the Heads of FIUs Meeting and FIU Forum, Working Group on Risk, Compliance and Financial Inclusion, the Budget, Finance and Audit Committee as well as the closed session of the Steering Committee. The ESAAMLG "**Guidance Note on Best Practices and Mechanisms of Producing Quality Financial Intelligence**" presented by the FIU Froum was also adopted at the meeting.



Post-Grey List/ Blacklist Exit: Strategy to enhance the AML/CFT framework

Following the delisting of Mauritius, the FIU continued to implement **its national strategy** to combat money laundering, terrorism financing and proliferation financing.

In this context, our overarching goal is maintaining the country's understanding of the risks and be ready to address the challenges of any future emerging risks so as to maintain the effectiveness of our AML/CFT regime.

The FIU is working on the post International Co-operation Review Group (ICRG) process, updating the national risk assessment and will devise a new national **AML/CFT Action Plan for 2023-2025**.



Insights on the Supervision of DNFBPs during the 1st half of 2022

The **Compliance Division** within the FIU is the AML/CFT Regulatory Body for Dealers under the Jewellery Act, Agents in Land and/or Building under Local Government Act, Land Promoters and Property Developers under Local Government Act, Attorneys, Barristers and Notaries. Effective since 22 July 2022, the FIU is also the AML/CFT regulatory body for law firm, foreign law firm, joint law venture, foreign lawyer, under the Law Practitioners Act,

As the AML/CFT Regulatory body, the FIU monitors compliance by Reporting Persons (RPs) towards their obligations under the FIAMLA, Financial Intelligence and Anti-Money Laundering Regulations (FIAMLR) and any guidelines which have been issued by the FIU. Effective supervision and enforcement are important components of an effective AML/CFT regime.

The Compliance Division adopts a risk-based supervision approach to allocate finite resources to effectively mitigate the Money Laundering and Terrorism Financing (ML/TF) risks identified. In line with its risk based supervision strategy, the FIU has conducted **risk based inspections (onsite & offsite)** for the sectors falling under its purview.

Risk Based AML/CFT Inspections (Jan – June 2022)

Risk Based AML/CFT Inspections (Jan – June 2022)

The FIU observed that most RPs across the supervised sectors have implemented their Policies and Procedures manual in their daily level of attendance with regards to the training/workshops provided by the FIU has increased. The FIU during inspection noted improvements in terms of screening operation the current client list when there are changes in the UN sanction list and as well as employees list during their appointments. Also the Number of STRs filed across the supervised sectors have increased steadily. Overall, the FIU noted considerable improvements in RPs fulfilling their AML/CFT obligations.

General tips to the regulatees

Frequently visit the FIU's website for resourceful information

Attend the AML/CFT trainings to better understand and comply with AML/CFT obligations

Be well versed with your Risk Based Policies and Procedure Manual

Ensure you are effectively implementing your policies, procedures and controls.

Be responsive to findings letters and respond within the set deadline.

Promptly File STR when you have a suspicion

Use letter of finding as an opportunity to improve your process.

Cooperate and provide requested information/ documents

Enforcement Actions taken for Non-Reporting Persons

At the outset, the Enforcement Unit of the FIU has an array of enforcement tools against non-compliance from non-reporting persons and in some cases, it may even decide to impose more than one sanction simultaneously. The sanctions which may be imposed are:

Direction

Private
Warning

Public
Censure

Administra
tive
Penalty

Compound
ing of
Offence

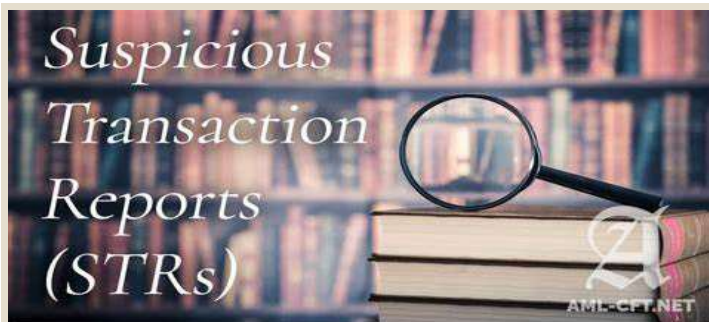
During the first six months of the year 2022, the FIU has taken a number of enforcement actions against reporting persons found to be in breach of their AML/CFT obligations. The most common breaches noted across sectors under the FIU's purview, were those related to:

- Failure to register with the FIU as reporting person;
- Absence of internal controls as required under the UN Sanctions Act;
- Outsourcing of Money Laundering Reporting Officer and Compliance Officer roles;
- Failure to file STR for suspicious activity and non-maintenance of disclosure logs;
- Please note that while the FIU will continue to provide trainings on their topics, the FIU encourages the RP to review and address these issues at the earliest.

Expectations with regards to ongoing enforcement actions

- Reporting persons are expected to send their response to the enforcement letter received from the FIU within the specified deadline in the letter;
- In cases where there are multiples sections of the enforcement letter, the Reporting persons must ensure that each section has been properly addressed within the specified deadline;
- Reporting persons are expected to provide documentary evidences of the actions/steps undertaken following enforcement letters issued;
- The response from the reporting person shall have a bearing on the final decision on the sanction imposed;
- The overall attitude/behaviour and compliance history of the reporting person is also taken into account when imposing a sanction; and
- The FIU noted that some RPs have chosen to pay exorbitant legal fees to assist in drafting responses. The FIU noted that the letters prepared by legal counsel are very often not addressing the points raised by the FIU or are not completed and do not reflect the changes implemented by the RPs.

UPDATE ON SUSPICIOUS TRANSACTION REPORT (STR)



National Strategies on STR

Since 2017, the FIU observed that following intensive sensitisation and the focus on Public/Private Partnership an upward trend in the STRs can be reported. In 2017, the number of STR stood at 517 and for the year ending 31 December 2021, it rose to 1292. For the half year ending **30 June 2022**, a total of **748 STRs** were reported to the FIU.



One may recall that Mauritius was evaluated by the ESAAMLG in 2018 and Mauritius' mutual evaluation report was adopted by ESAAMLG's Council of Ministers in July 2018. ESAAMLG recommended 58 actions to improve the level of effectiveness of the AML/CFT regime. Mauritius then transited into a one-year observation period running from October 2018 to October 2019, at the end of which it should have demonstrated that it has made positive and tangible progress to address the recommendations of the ESAAMLG. After the submission of the post observation period report, the Africa/Middle East Joint Group of FATF felt that Mauritius needs to take additional steps in respect of 5 outstanding actions point. One of them related to demonstrating that supervisors of the global business sector and DNFBPs implement a risk-based supervision. Under this action point, Mauritius had to show that the reporting culture of higher risk areas has increased. As such, Africa/Middle East Joint Group of FATF monitored Mauritius on various areas, including the diversity and quantity/quality of STRs being flagged.

The 2019-2020 hike in the number of STRs flagged clearly demonstrate the commitment of the private sector in applying a proper risk-based monitoring of transactions and filing of STRs to the FIU. In fact, the highest number of 1319 STRs were flagged in the year ending 31 December 2020. In the year ending 31 December 2021, a total of 1292 STRs were flagged. Although it is the second highest number of STRs flagged during the last 5 years, it shows a downfall by 2% compared to the previous year.

Following the issue of the National Risk Assessment of Mauritius in August 2019, the sectors that were rated 'medium high'/'high' and which had a poor reporting culture were monitored for improving their reporting obligations. As such, Mauritius reported progress on reporting obligations of the sectors shown in the chart

Again, one can clearly observe the ascent in the STRs for the higher risk sector was as from the year 2019 onwards for same reasons as stated above.

Reporting Culture of Higher Risk Sectors

