Gibraltar Financial Intelligence Unit

HM Government of Gibraltar

QUARTERLY STATISTICS REPORT

A breakdown of Suspicious Activity Reports:

Q4 - 2021

Contents

Introduction

This report presents the recorded data of Suspicious Activity Reports (SARs) received by the Gibraltar Financial Intelligence Unit (GFIU) for the fourth 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 publishes 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 publishes 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.
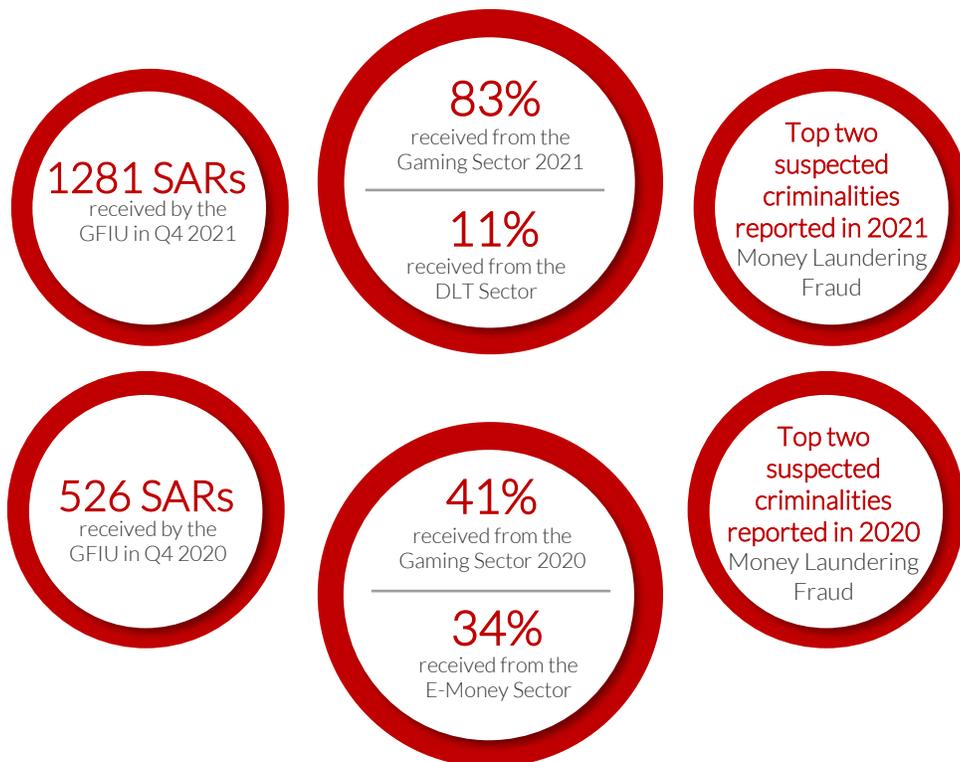
The reporting sectors are as follows:

- 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
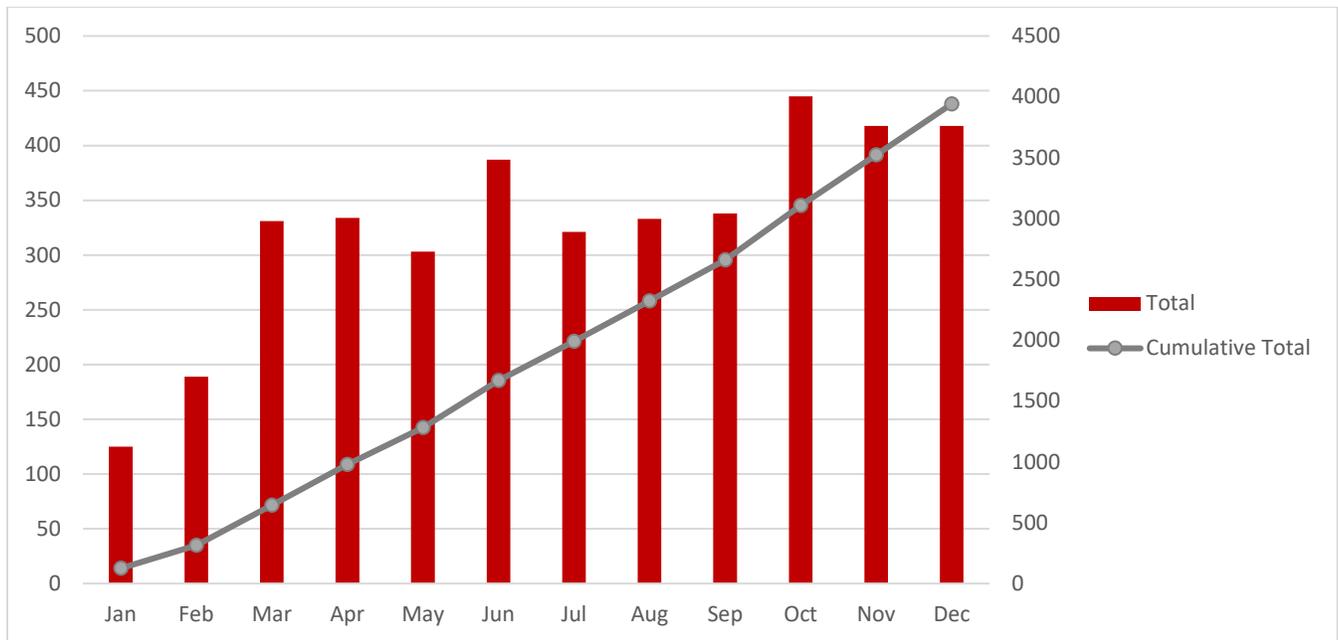- Insurance.

Key Statistics & Number of Monthly SARs

There has been a 144% increase in SARS between Q4 2020 and Q4 2021. This in part can be attributed to the impact of COVID-19 in Q4 2020 and Q1 2021.

The number of SARs received in 2021 (3,942) has surpassed the total of SARs for 2020 (2358) by 1,584 SARs. This represents a 67% increase.

The two main reporting sectors are Gaming and Distributed Ledger Technology. The Gaming sector continues to see a large increase in the number of SARs submitted and remains as the main reporting sector. The E-Money sector continues to see a significant decrease in the number of SARs compared to 2021 and is now the fourth reporting sector with Banking taking over as the third main reporting sector. This is mainly attributed to the main reporting E-money firm in 2020 no longer being in Gibraltar and to one reporting institution which previously reported as an E-Money firm now reporting as a Bank.

1281 SARs received by the GFIU in Q4 2021

83% received from the Gaming Sector 2021

11% received from the DLT Sector

Top two suspected criminalities reported in 2021 Money Laundering Fraud

526 SARs received by the GFIU in Q4 2020

41% received from the Gaming Sector 2020

34% received from the E-Money Sector

Top two suspected criminalities reported in 2020 Money Laundering Fraud

Month	Total	Cumulative Total
Jan	125	125
Feb	189	314
Mar	331	645
Apr	334	979
May	303	1282
Jun	387	1669
Jul	321	1990
Aug	333	2323
Sep	338	2661
Oct	445	3106
Nov	418	3524
Dec	418	3942

Findings by Reporting Sector

The following data shows the findings of SARs submitted by reporting sectors. Gaming now accounts for over 86% of SARs submitted in Q4 2021. This represents 83% of all SARs submitted in 2021. In Q4 one Gaming company submitted 925 SARs which was 84% of all SARs submitted in the Gaming sector. This represented 72% of all SARs submitted.

Number of reporting firms which submitted SARs in Q4 for 2021.

Sector	No of Institutions
Accountant	1
Bank/Building Society	8
Distributed Ledger Technology	5
E-Money	1
Government Department	1
Investment/Fund Manager	1
Lawyer	3
Life Assurance/Insurance	1
Online/e-Gaming	11
Pension	1
TCSP's	6
Total	39

The graph and table below shows a comparison between Q4 and the previous quarters for 2021.
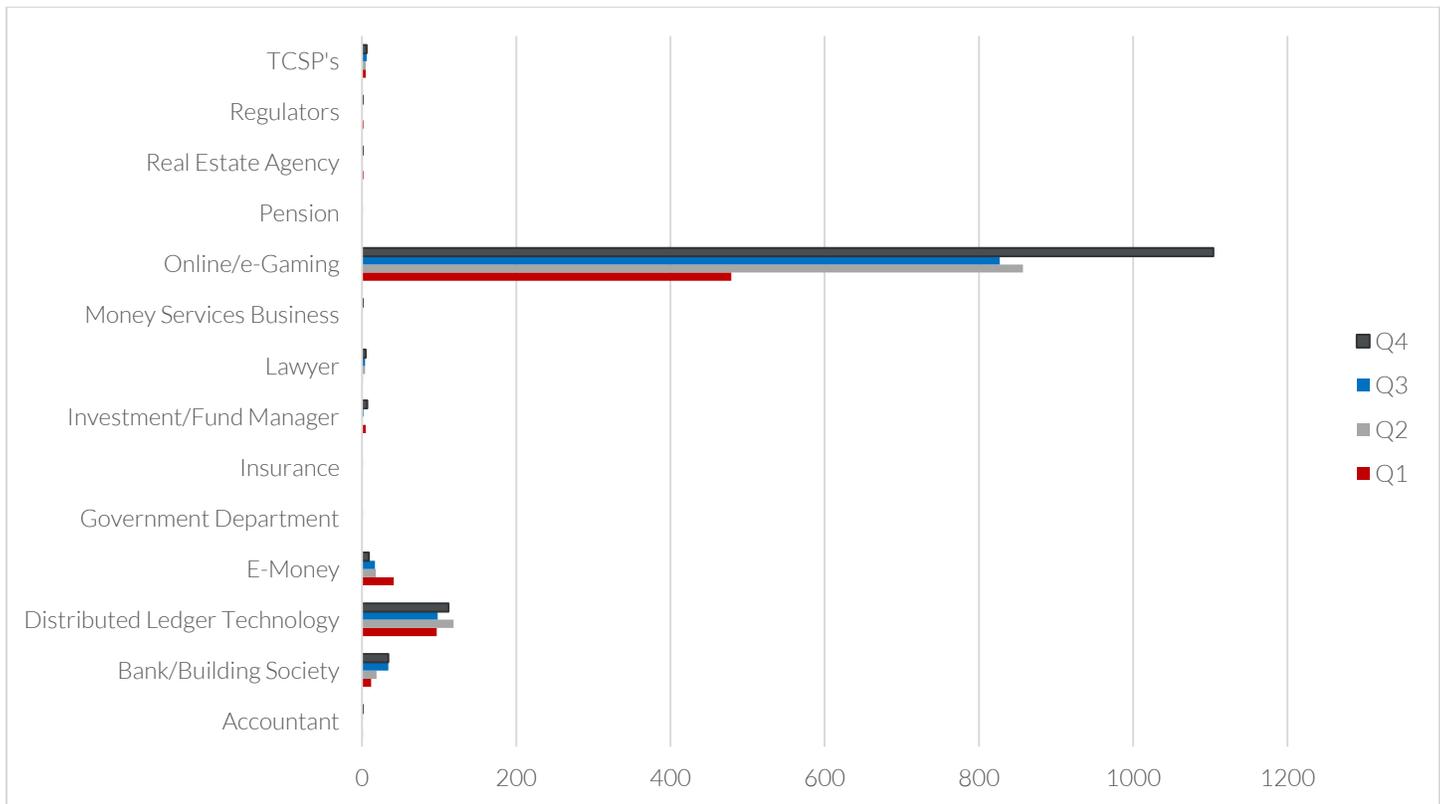
Sector	Q1	Q1 %	Q2	Q2 %	Q3	Q3 %	Q4	Q4 %	2021	2021 %
Accountant	1	0.16%	0	0.00%	1	0.10%	1	0.08%	3	0.08%
Bank/Building Society	12	1.86%	19	1.86%	34	3.43%	34	2.65%	99	2.51%
Distributed Ledger Technology	97	15.04%	119	11.62%	98	9.88%	112	8.74%	426	10.81%
E-Money	41	6.36%	18	1.76%	17	1.71%	9	0.70%	85	2.16%
Government Department	0	0.00%	0	0.00%	1	0.10%	0	0.00%	1	0.03%
Insurance	0	0.00%	0	0.00%	1	0.10%	0	0.00%	1	0.03%
Investment/Fund Manager	5	0.78%	1	0.10%	2	0.20%	7	0.55%	15	0.38%
Lawyer	1	0.16%	4	0.39%	4	0.40%	5	0.39%	14	0.36%
Money Services Business	0	0.00%	0	0.00%	0	0.00%	1	0.08%	1	0.03%
Online/e-Gaming	479	74.26%	857	83.69%	827	83.37%	1104	86.18%	3267	82.88%
Pension	0	0.00%	0	0.00%	1	0.10%	0	0.00%	1	0.03%
Real Estate Agency	2	0.31%	1	0.10%	0	0.00%	1	0.08%	4	0.10%
Regulators	2	0.31%	0	0.00%	0	0.00%	1	0.08%	3	0.08%
TCSP's	5	0.78%	5	0.49%	6	0.60%	6	0.47%	22	0.56%
Total	645	100.00%	1024	100.00%	992	100.00%	1281	100.00%	3942	100.00%

The table below shows all sectors showing suspected criminality vs grounds for suspicion for Q4 in 2021.

Grounds	Corruption	Drugs Trafficking	False Accounting	Fraud	Money Laundering	Organised Crime	Robbery/Theft	Sexual Exploitation	Tax Crimes	Trafficking in Stolen goods	Total
Adverse Due Diligence			1	12	55				2		70
Adverse open source	2	1		37	298		19		9	1	367
Attempted transaction					1						1
Cash (deposits/withdrawals)					4				1		5
Defensive				3	24		2		1		30
DPA / Enquiry from LEA				2	13		1				16
Exposure to Child Abuse material								8			8
Forged Documents				9	4				1		14
Fraud/ False Accounting/ Forgery				28	23				1		52
Inadequate/failure to provide due diligence				5	517	1	2		12	1	538
Layering					8						8
Minimal or very low risk gambling activity					40				2		42
Other				1	23				1		25
Payment to the dark web		21		7	30			7			65
Scam/phishing/hacked emails				6	2						8
Stolen Identity					1						1
Tax Evasion / Avoidance					17				11		28
Unexplained lifestyle					2						2
Unlicensed Business									1		1
Total	2	22	1	110	1062	1	24	15	42	2	1281

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

Gaming

Grounds	Corruption	Drugs Trafficking	Fraud	Money Laundering	Robbery/ Theft	Tax Crimes	Total
Adverse Due Diligence			10	55		1	66
Adverse open source	1	1	34	287	19	9	351
Attempted transaction				1			1
Cash (deposits/withdrawals)				2			2
Defensive			3	16	2		21
DPA / Enquiry from LEA			2	13	1		16
Forged Documents			1	4			5
Fraud/ False Accounting/ Forgery			3	17		1	21
Inadequate/failure to provide due diligence			4	516	2	12	534
Layering				5			5
Minimal or very low risk gambling activity				40		2	42
Other				13		1	14
Stolen Identity				1			1
Tax Evasion / Avoidance				16		7	23
Unexplained lifestyle				1			1
Unlicensed Business						1	1
Total	1	1	57	987	24	34	1104

Distributed Ledger Technology

Grounds	Corruption	Drugs Trafficking	Fraud	Money Laundering	Sexual Exploitation	Total
Adverse open source	1					1
Defensive				1		1
Exposure to Child Abuse material					8	8
Forged Documents			7			7
Fraud/ False Accounting/ Forgery			19			19
Inadequate/failure to provide due diligence			1			1
Layering				1		1
Other				6		6
Payment to the dark web		21	7	28	7	63
Scam/phishing/hacked emails			5			5
Total	1	21	39	36	15	112

Banks

Grounds	Fraud	Money Laundering	Tax Crimes	Total
Adverse open source	2	7		9
Cash (deposits/withdrawals)		2		2
Defensive		4	1	5
Forged Documents	1			1
Fraud/ False Accounting/ Forgery	5			5
Inadequate/failure to provide due diligence		1		1
Layering		2		2
Other		2		2
Payment to the dark web		2		2
Scam/phishing/hacked emails	1			1
Tax Evasion / Avoidance		1	3	4
Total	9	21	4	34

E-Money

| Grounds	Fraud	Money Laundering	Trafficking in Stolen goods	Total
Adverse open source			1	1
Fraud/ False Accounting/ Forgery	1	4		5
Inadequate/failure to provide due diligence			1	1
Scam/phishing/hacked emails		2		2
Total	1	6	2	9

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	Investment/Fund Manager	Lawyer	Money Services Business	Online/e-Gaming	Real Estate Agency	Regulator	TCSP's	Total
Corruption			1					1				2
Drugs Trafficking			21					1				22
False Accounting						1						1
Fraud	9	39	1	2				57		1	1	110
Money Laundering	21	36	6	4	4			987	1		3	1062
Organised Crime							1					1
Robbery/ Theft								24				24
Sexual Exploitation			15									15
Tax Crimes	1	4			1			34			2	42
Trafficking in Stolen goods				2								2
Total	1	34	112	9	7	5	1	1104	1	1	6	1281

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 fourth quarter of 2021, and therefore continues to trend with the previous three quarters, and previous years.
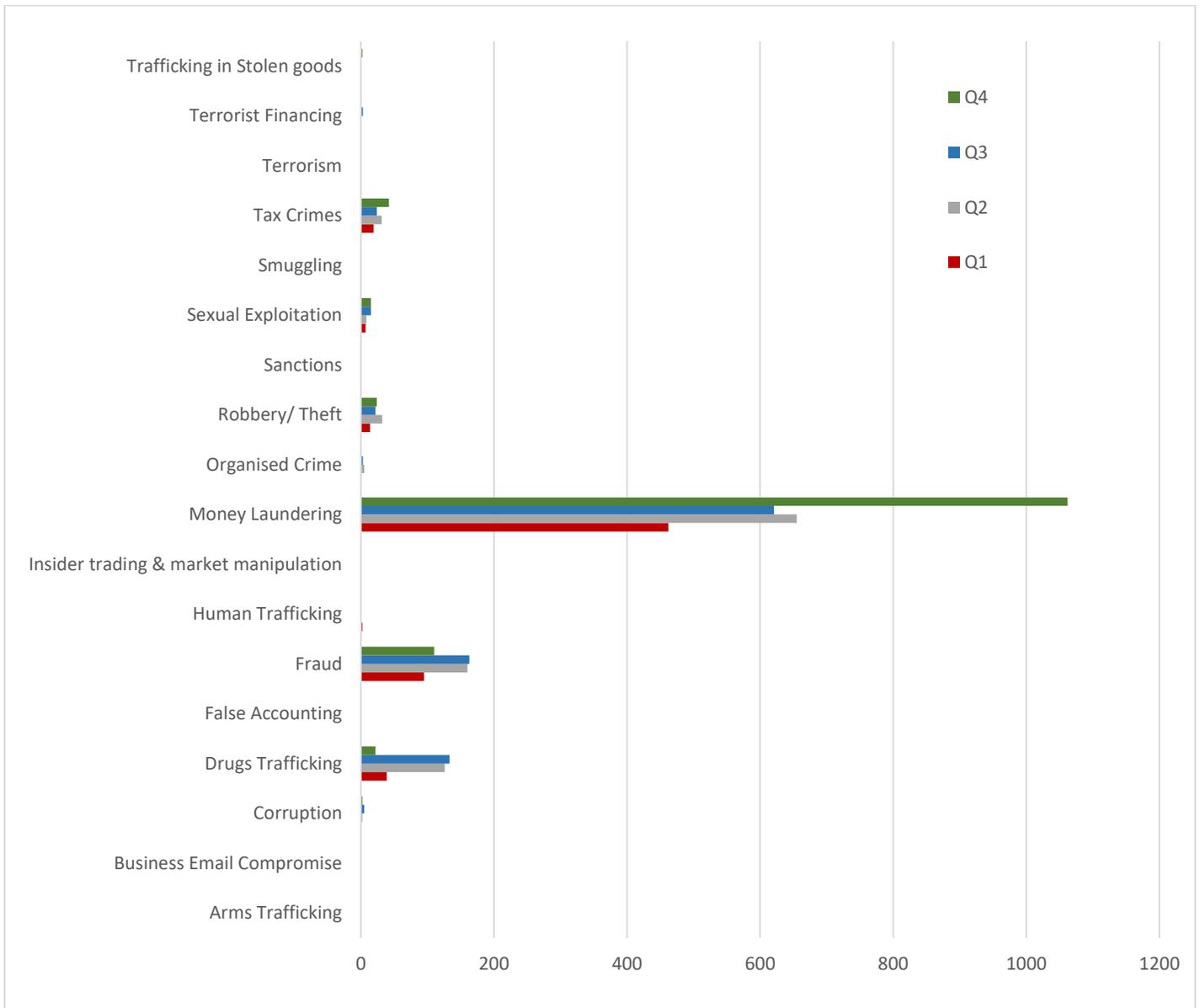
The table below shows the data comparision for Q4 and the previous quarters in 2021.

| Suspected Criminality	Q1	Q1 %	Q2	Q2 %	Q3	Q3 %	Q4	Q4 %	2021	2021 %
Arms Trafficking	0	0.00%	1	0.10%	0	0.00%	0	0.00%	1	0.03%
Business Email Compromise	1	0.16%	0	0.00%	0	0.00%	0	0.00%	1	0.03%
Corruption	1	0.16%	2	0.20%	5	0.50%	2	0.16%	10	0.25%
Drugs Trafficking	39	6.05%	126	12.30%	133	13.42%	22	1.72%	320	8.12%
False Accounting	0	0.00%	1	0.10%	0	0.00%	1	0.08%	2	0.05%
Fraud	95	14.73%	160	15.63%	163	16.45%	110	8.59%	528	13.40%
Human Trafficking	2	0.31%	0	0.00%	0	0.00%	0	0.00%	2	0.05%
Insider trading & market manipulation	1	0.16%	0	0.00%	0	0.00%	0	0.00%	1	0.03%
Money Laundering	462	71.63%	655	63.96%	621	62.66%	1062	82.90%	2800	71.05%
Organised Crime	0	0.00%	5	0.49%	3	0.30%	1	0.08%	9	0.23%
Robbery/ Theft	14	2.17%	32	3.13%	22	2.22%	24	1.87%	92	2.33%
Sanctions	1	0.16%	0	0.00%	1	0.10%	0	0.00%	2	0.05%
Sexual Exploitation	7	1.09%	8	0.78%	15	1.51%	15	1.17%	45	1.14%
Smuggling	1	0.16%	0	0.00%	0	0.00%	0	0.00%	1	0.03%
Tax Crimes	19	2.95%	31	3.03%	24	2.42%	42	3.28%	116	2.94%
Terrorism	0	0.00%	1	0.10%	0	0.00%	0	0.00%	1	0.03%
Terrorist Financing	1	0.16%	1	0.10%	3	0.30%	0	0.00%	5	0.13%
Trafficking in Stolen goods	1	0.16%	1	0.10%	1	0.10%	2	0.16%	5	0.13%
Total	645	100.00%	1024	100.00%	991	100.00%	1281	100.00%	3941	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.

The graph below shows the grounds for suspicion submitted for Q4 in 2021 in comparison with previous quarters in the same year.
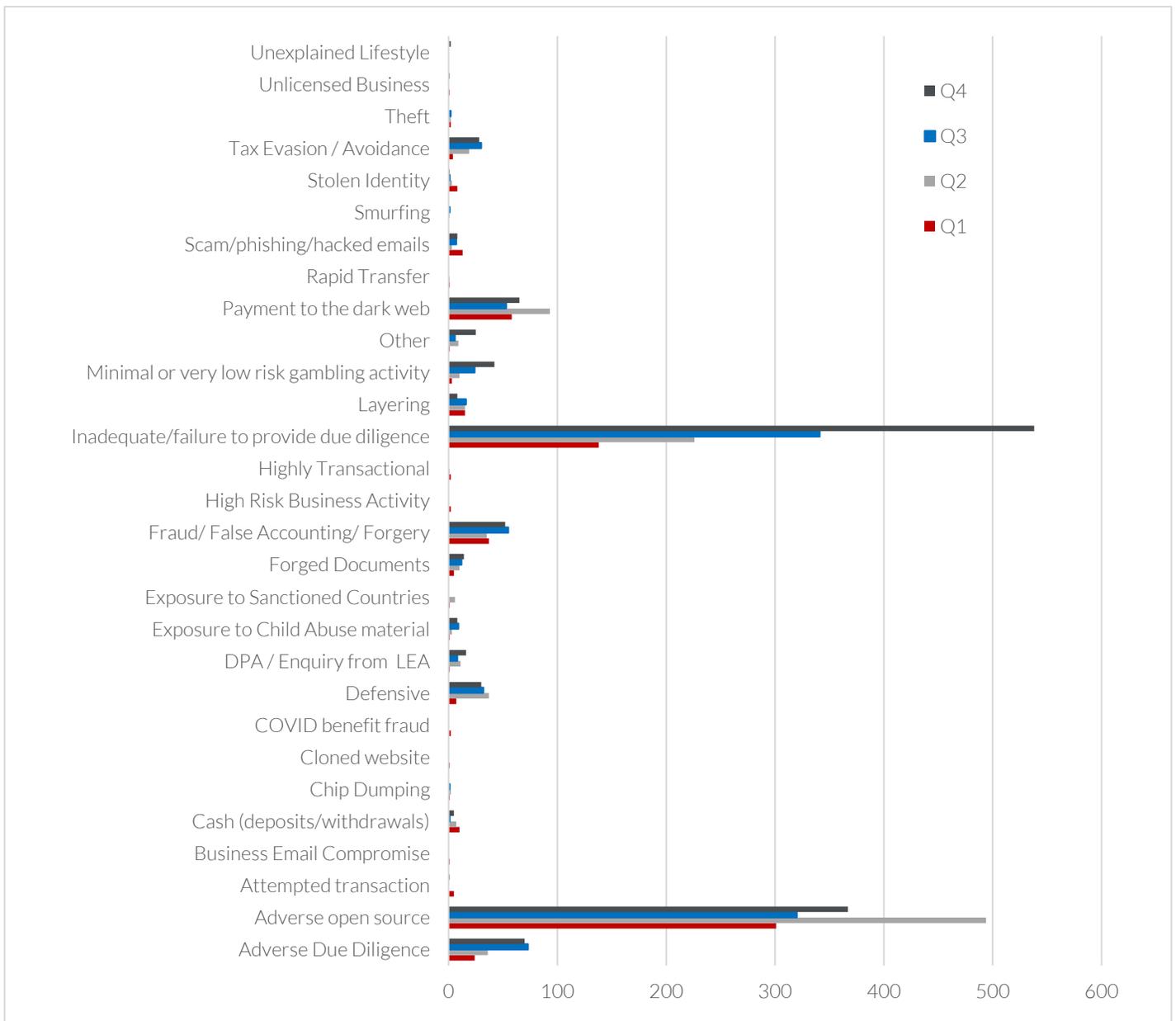
The table below shows the grounds for suspicion submitted, with percentages of the total amount of SARs submitted for Q4 and previous quarters in 2021.

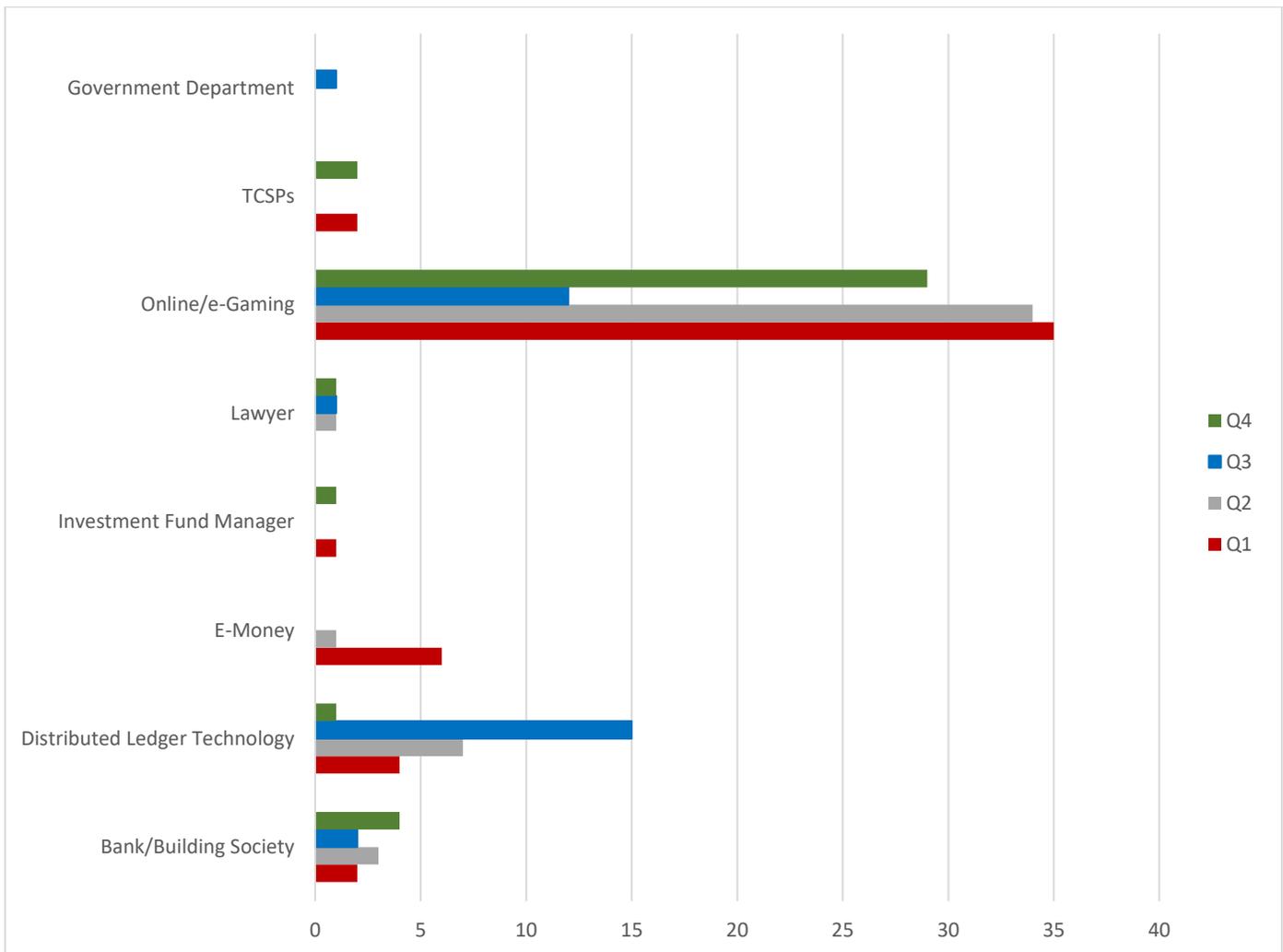| Grounds for Suspicion	Q1	Q2	Q3	Q4	2021	2021 %
Adverse Due Diligence	24	36	73	70	203	5.15%
Adverse open source	301	494	320	367	1482	37.60%
Attempted transaction	5	0	0	1	6	0.15%
Business Email Compromise	1	0	0	0	1	0.03%
Cash (deposits/withdrawals)	10	7	1	5	23	0.58%
Chip Dumping	1	2	1	0	4	0.10%
Cloned website	1	0	0	0	1	0.03%
COVID benefit fraud	2	0	0	0	2	0.05%
Defensive	7	37	32	30	106	2.69%
DPA / Enquiry from LEA	1	11	8	16	36	0.91%
Exposure to Child Abuse material	1	3	9	8	21	0.53%
Exposure to Sanctioned Countries	1	6	0	0	7	0.18%
Forged Documents	5	10	12	14	41	1.04%
Fraud/ False Accounting/ Forgery	37	35	55	52	179	4.54%
High Risk Business Activity	2	0	0	0	2	0.05%
Highly Transactional	2	1	0	0	3	0.08%
Inadequate/failure to provide due diligence	138	226	341	538	1243	31.53%
Layering	15	15	16	8	54	1.37%
Minimal or very low risk gambling activity	3	10	24	42	79	2.00%
Other	1	9	6	25	41	1.04%
Payment to the dark web	58	93	53	65	269	6.82%
Rapid Transfer	1	1	0	0	2	0.05%
Scam/phishing/hacked emails	13	3	7	8	31	0.79%
Smurfing	0	1	1	0	2	0.05%
Stolen Identity	8	3	1	1	13	0.33%
Tax Evasion / Avoidance	4	19	30	28	81	2.05%
Theft	2	2	2	0	6	0.15%
Unlicensed Business	1	0	0	1	2	0.05%
Unexplained Lifestyle	0	0	0	2	2	0.05%
Total	645	1024	992	1281	3942	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 Q4 2021, compared with previous quarters in 2021.

The table below shows the data comparision for Q4 and previous quarters in 2021.

Sector	Q1	Q2	Q3	Q4
Bank/Building Society	2	3	2	4
Distributed Ledger Technology	4	7	15	1
E-Money	6	1	0	0
Investment Fund Manager	1	0	0	1
Lawyer	0	1	1	1
Online/e-Gaming	35	34	12	29
TCSPs	2	0	0	2
Government Department	0	0	1	0
Total	50	46	31	38

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

Note that Consents/ DAMLs received in Q4 2021, include some requests received for SARs submitted prior to Q4 and previous quarters in 2021.
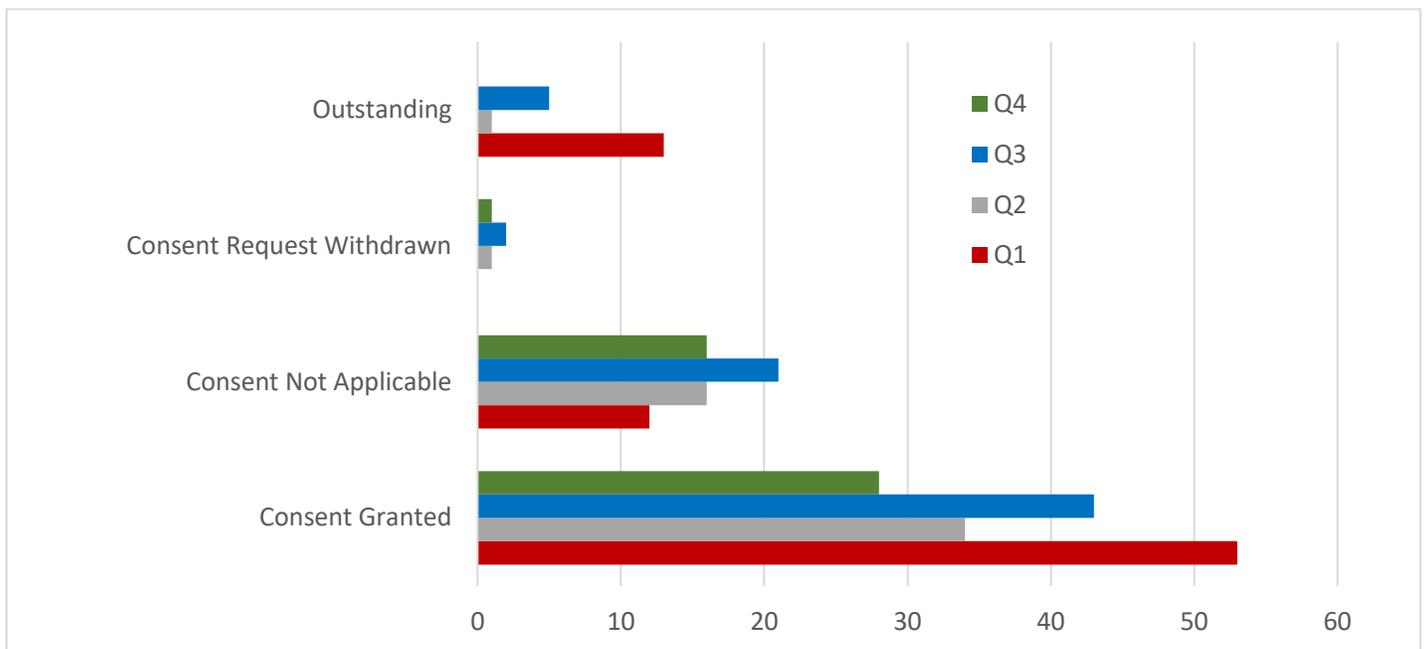

Status	Q1	Q2	Q3	Q4
Consent Granted	53	34	43	28
Consent Not Applicable	12	16	21	16
Consent Request Withdrawn	0	1	2	1
Outstanding	13	1	5	0
Total	78	52	71	45

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 and are required to apply EDD measures.

The table below shows the number of PEPs identified in SARs during Q4 in 2021. 2.1% of SARs received related to PEPs.
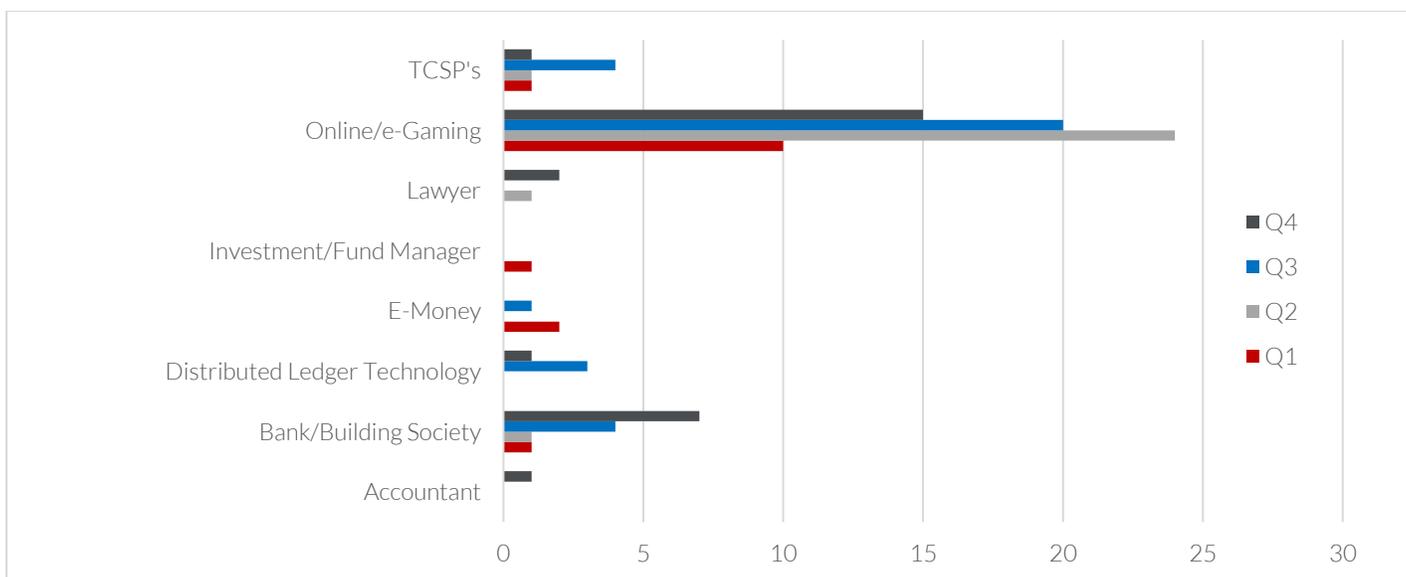
The table below shows the data comparision for Q4 and previous quarters in 2021.

Sector	Q1	Q2	Q3	Q4	2021
Accountant	0	0	0	1	1
Bank/Building Society	1	1	4	7	13
Distributed Ledger Technology	0	0	3	1	4
E-Money	2	0	1	0	3
Investment/Fund Manager	1	0	0	0	1
Lawyer	0	1	0	2	3
Online/e-Gaming	10	24	20	15	69
TCSP's	1	1	4	1	7
Total	15	27	32	27	101

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 graph and table below shows the top ten countries.

The top five countries where criminality occurred in Q4 remain the United Kingdom, Canada, Gibraltar, Ireland and Mexico. The top 5 countries account for 91% of SARs received in 2021.
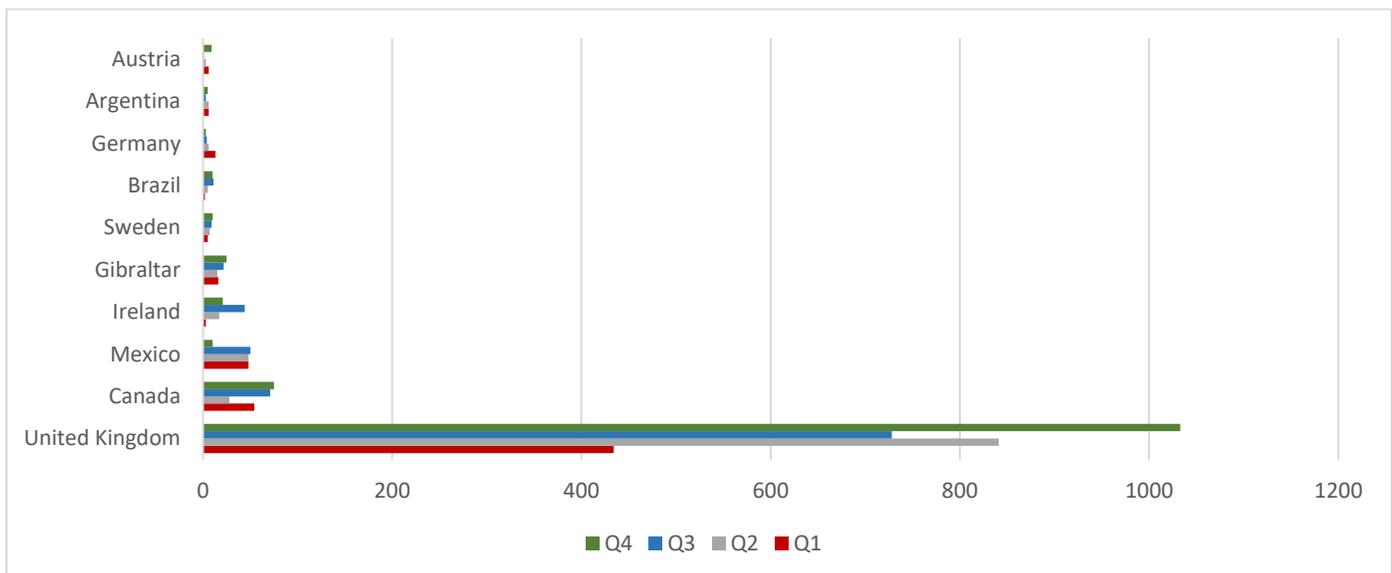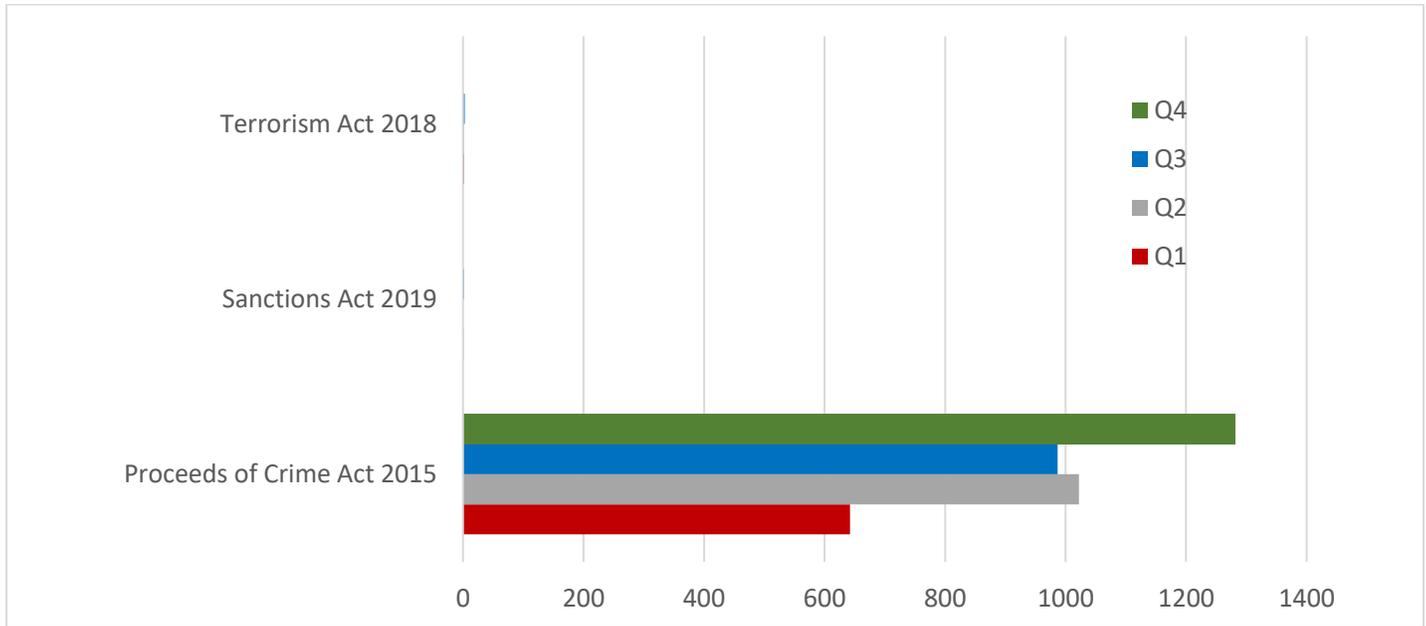

Country	Q1	Q2	Q3	Q4	2021
United Kingdom	434	841	728	1033	3036
Canada	54	28	71	75	228
Mexico	48	48	50	10	156
Ireland	3	17	44	21	85
Gibraltar	16	15	22	25	78
Sweden	5	7	9	10	31
Brazil	2	5	11	10	28
Germany	13	6	4	3	26
Argentina	6	6	3	5	20
Austria	6	3	1	9	19
Total	587	976	943	1201	3707

Submission of SARs by Legislation

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

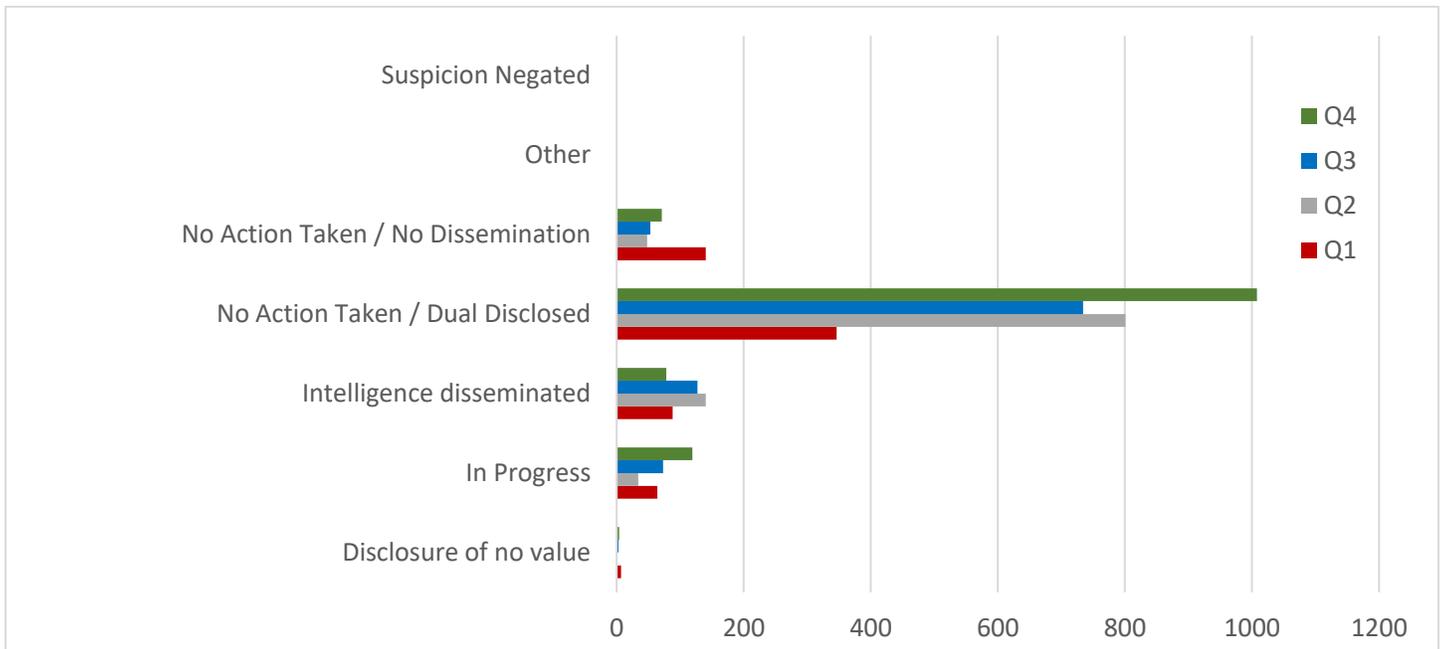The table below shows the data comparision for Q4 and previous quarters in 2021.

Legislation	Q1	Q2	Q3	Q4	2021
Proceeds of Crime Act 2015	642	1022	987	1281	3932
Sanctions Act 2019	1	0	2	0	3
Terrorism Act 2018	2	2	3	0	7
Total	645	1024	992	1281	3942

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. Although most of these SARs do not require any further action by the GFIU, the processing and analysis of each disclosure requires a balance of resources and prioritisation that allows for the effectiveness and efficiency of demand on the GFIU.

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.

The table below shows the data comparision for Q4 and previous quarters in 2021.

Outcome	Q1	Q2	Q3	Q4
Disclosure of no value	7	1	3	4
In Progress	64	34	73	119
Intelligence disseminated	88	140	127	79
No Action Taken / Dual Disclosed	346	801	734	1006
No Action Taken / No Dissemination	140	48	53	72
Other	0	0	1	1
Suspicion Negated	0	0	1	0
Total	645	1024	992	1281

The table below shows the data of the outcomes per sector for Q4 in 2021

Sector	Disclosure of no value	Intelligence disseminated	In Progress	No Action Taken / Dual Disclosed	No Action Taken / No Dissemination	Other	Total
Accountant			1				1
Bank/Building Society	1	6	18		9		34
Distributed Ledger Technology	1	22	43		45	1	112
E-Money		2	5		2		9
Investment/Fund Manager	1		5		1		7
Lawyer		1	4				5
Money Services Business			1				1
Online/e-Gaming		46	39	1006	13		1104
Real Estate Agency					1		1
Regulator		1					1
TCSP's	1	1	3		1		6
Total	4	79	119	1006	72	1	1281

.

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. 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 for Q4.

Sector	Meets Standard	Below Standard	Total
Bank/Building Society	16	2	18
Distributed Ledger Technology	59	7	66
E-Money	5	0	5
Investment/Fund Manager	1	1	2
Lawyer	0	1	1
Online/e-Gaming	996	65	1061
Regulator	1	0	1
TCSP's	2	1	3
Total	1080	77	1157

The GFIU have introduced a new scoring system supported by an internal policy that will ensure consistency in the feedback provided by GFIU. It is focused on the quality of the content of the SAR.

Gibraltar Financial Intelligence Unit

HM Government of Gibraltar

www.gfiu.gov.gi