



Joint Financial Crimes Unit

The Finance Industry in Jersey has long called for feedback from the Joint Financial Crimes Unit (JFCU) on the successful efforts to fight financial crime in the Island. The JFCU recognises the need to provide feedback and this update will be produced to explain where possible what Jersey is doing to investigate and combat financial crime.

To keep cost to a minimum we will only distribute the news letter via e-mail and the target audience is intended to be money laundering reporting officers, but please feel free to forward the document to anyone who you feel may find it useful.

NEW HEAD OF THE JFCU

Detective Inspector Mark Coxshall

Det Insp Coxshall joined States of Jersey Police in September 1991. He has worked in uniformed operations, the motorcycle section, the crime bureau and in the administration support unit. He became a Sergeant in 2001 and returned to uniformed operations. Shortly after promotion he moved to the Criminal Investigation Department, becoming part of the Force's Reactive Investigation Team.

In 2005 returned back to Uniformed Operations as an Acting Inspector and promotion followed to substantive Inspector in May 2006. In summer 2006, he worked within the Community Safety Branch, before being seconded to the Professional Standards Department.

Det Insp Coxshall recently attended a course for senior investigating officers in the UK and will continue to carry on specialist areas of work such as hostage negotiation, being a public order commander and a part of the promotion exam writing team.

Welcome

The JFCU welcomes DC's Sarah Hamon, Mark Grieve and Jerry Bolton as well as Customs Officers Lisa Rumbold and Simon Blackmore.

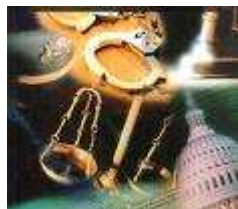
These officers come with a wealth of experience from numerous other departments within the Police and Customs.

DS Lee Turner has also returned to the unit. His experience as a Chartered Accountant will be of particular value to the department.

An unusual case for JFCU

On the 3rd of December 2007, Jamal Steven McPherson, (*also known as Jason Warner, Kennedy Katambo and Colin Rowe*) pleaded guilty to committing three offences of false pretence or attempted false pretence alongside three counts of criminally and fraudulently uttering or obtaining offences and was sentenced to three months in prison. The prosecutions developed from an arrest made by officers from the Joint Financial Crimes Unit on the 16th October 2007.

Mr Warner had gained employment with New World Trustees alongside two other finance Houses, namely Dominion Fiduciary Services and Ogier Fiduciary Services who were in the process of offering potential employment to him. Mr Warner had obtained forged Oxford University degree certificates from a website.



CASH!

On the 15th June 2007, a new European Union Law came into force imposing a requirement for travellers to complete a written declaration upon entering or leaving the EU from or to a non EU country, whilst carrying €10,000.00 (or equivalent) in **cash**.

The definition of **cash** includes notes and coins in any currency, cheques of any kind including travellers' cheques, banker's drafts and any form of bearer bond or share.

The Channel Islands are regarded as having **non-EU status** and therefore persons travelling from Jersey to the UK (or from the UK to Jersey) in excess of the limit, will be required to make a written declaration in the UK. Carbonated cash declaration forms are available at all UK points of arrival and departure and the original must be "posted" in the official boxes with the copy retained as evidence that a declaration has been lodged. Failure to declare can result in a fine of £5,000.00.

Notwithstanding the new declaration scheme UK Customs and Police Officers retain the power to seize **cash** in excess of £1000.00 if they suspect that it is either the proceeds of, or intended for use in, unlawful conduct.

After consultation with the stakeholders, it has been decided that Jersey, whilst still achieving FATF (SR9) compliance, will not adopt a mandatory reporting scheme but will afford Customs Officers additional powers when stopping and searching passengers for cash.

Electronic submission of SAR's

The JFCU are currently engaged in the development of electronic submissions of SAR's. The aim is to allow institutions submit SAR's via email, similar to the UK where the SOCA's (Serious Organised Crime Agency) web site allows this. We will of course still accept disclosures by fax or letter. The prime concern is of course security and the JFCU are taking expert advice on the best way to secure the submissions.

The aim of the project is to offer a quick, secure and convenient way of making disclosures, increasing the accuracy and speed of data inputting in JFCU and reducing the time and double keying required by the disclosing institutions.

LATEST SCAMS

In recent months the trend has continued with scam letters being sent from Spain for the Spanish lottery. These letters are still being received by the general public requesting personal banking details. Often the victims of such crimes are the elderly and vulnerable members of the community.

If they ask for your full details BEWARE!

Global **BOILER ROOM SCAMS** offering fake stocks and shares have also targeted the island.

Business identity/address theft along with website cloning are all too common and recently joint action between the JFCU and the JFSC has hopefully stopped further victims. Work can be conducted on certain telephone numbers and the web sites of these fraudulent sites however these need to be reported to us as soon as possible before the victims are exposed to the sites.

Phishing attempts are still all too common with a continuing trend evident in South Africa, Thailand, Japan and Vietnam with mail interception being the main reason behind personal information getting into the wrong hands.

Everyone who has access to e-mail will no doubt have received scam e-mails. There are various ways of dealing with these e-mails. The best way is to send the e-mail to abuse@...... Then enter with the domain site from which it was sent e.g. if it was received from hotmail return it straight back to abuse@hotmail.com.

Detective Constable Kim NEWTH is the officer dedicated to such frauds and scams - she can be contacted on 612791.

JERSEY'S MOST COMPLEX PROSECUTION

Peter Michel and Simone Gallichan - tried for money laundering and tax evasion

Peter Michel was charged with ten counts on an indictment that related to the trust and corporate services that he provided to his overseas client through MICHEL & CO - the offshore division of his accountancy practice. After two trials he was convicted on all counts of money laundering and tax evasion. His assistant, Mrs. Gallichan was charged with nine counts and found guilty of one count of money laundering.

The prosecution calculated that Peter Michel laundered £28 million for his overseas clients. These clients included numerous UK tax evaders, a Jersey trustee who stole from his clients' trust structure and a professional criminal.

The criminal investigation into Peter Michel's business was the most complex in Jersey's history. Over one million documents were obtained by the JFCU pursuant to warrants and scanned onto computer database software. Considerable assistance was provided by the Serious Fraud Office in London and other law enforcement agencies worldwide. A team of forensic accountants painstakingly pieced together Peter Michel's banking system and the financial transfers that took place within it. Over forty prosecution witnesses were called by the prosecution during the course of two trials.

EMERGING TRENDS

Although the JFCU in 2007 to date has seen the highest number of SARs for the last 5 years, it is still difficult to identify with certainty any meaningful emerging trends in respect of typologies specifically targeting and affecting the island. Suspicious activity reported by local financial institutions appears to be "piggy-backing" on internationally reported typologies. Analysis of such activity locally is being increasingly monitored and it is envisaged that imminent changes to the Proceeds of Crime (Jersey) Law 1999 will assist in the increased identification and more detailed analysis of criminal proceeds affecting the island, both in respect of local and overseas criminality.

Of interest however is the emergence of Eastern Europe, Russia and the former Soviet states and SARs concerning activity linked to financial re-structuring of infrastructure such as oil, gas and transportation, and identified links with PEPs.

Caution is also urged in circumstances where a veneer of tax evasion appears to have been applied or influenced by clients, but where there may be deeper indications of more serious criminality which may be purposely clouded by an admission or indication towards a morally "more acceptable" fiscal offence which may deliberately distract staff from further or deeper investigation of other forms of criminality

CONGRATULATIONS

Julian Boleat, the JFCU's Financial Analyst, Detective Constable Jane Linsell and Detective Constable Tamsin Holt have recently passed the International Compliance Association AML Diploma.

A further five officers in the JFCU are currently undertaking this qualification.

CONTACT DETAILS!

Please keep JFCU up to date of any changes in your Department.

Our Administration section can be contacted on 612250.

SAR's

2007 has been the busiest year for JFCU since 2002, with 1424 STR's being received between 1st Jan and 30 Nov of 2007. 33% of disclosures in 2007 related to taxation this being linked to the UK tax amnesty, 16% were a result of police action (Liaison Notices, Police enquiry and production orders). The remaining 51% of STR's were disclosed in relation to Due Diligence, cash in and out, media... showing the industries continuing vigilance and awareness of Money laundering.

As with previous years, the majority (65%) of all STR's have been disclosed by Banks, 24% coming from Trust Companies, 3% from Investment Businesses and 3% from Fund Managers. Over the last 3 years there has been an increase in disclosures from Fund Managers reflecting the growing importance of the industry and their understanding of money laundering issues.

169 institutions made disclosures between 1st Jan to 30th Nov 2007, 60% of which came from 10 institutions. 71 institutions made one disclosure each throughout the year, accounting for 5% of all disclosures.

Feedback: If you wish to comment on any of the issues within this News Update, or if you would like to make any suggestions concerning future content please email DC Tamsin Holt:- t.holt@jersey.pnn.police.uk

Contact us: If you would like to speak to someone from the JFCU team regarding any other matters please contact 612250

