



AN ROINN DLÍ AGUS CIRT AGUS COMHIONANNAIS
DEPARTMENT OF JUSTICE AND EQUALITY

ANNUAL REPORT

on

MONEY LAUNDERING

and

TERRORIST FINANCING

2015

*Issued by the Department of Justice and Equality
(AML/CTF Policy Co-ordination Unit)*

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Section 1 – Introduction

This Report has been prepared on foot of Article 33 of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 (the 3rd Directive) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. It gives an overview of Ireland's response to money laundering and terrorist financing by setting out the relevant legislative and regulatory framework along with the roles played by the various enforcement and supervisory authorities. Information is provided in both a narrative and statistical format.

1.1 What is money laundering and terrorist financing?

Money laundering and terrorist financing are global phenomenon, evident in many parts of the world.

Money laundering is the term used to describe the means by which criminals try to disguise the original ownership and control of the proceeds of crime i.e. turning 'dirty' money or property into 'clean' funds. The processes by which money may be laundered are extensive and may involve goods and/or assets. By concealing monies gained through criminal enterprises and making these appear to have come from legitimate sources, criminals can accumulate and use the proceeds of crime for personal gain and to fund further criminal enterprises.

Terrorist financing is defined by what the funds are to be used for i.e. terrorist activity, rather than the source of these funds, as is the case with money laundering. Funds to support terrorist groups can have both legal and illegal sources and can involve legitimate businesses and charities in addition to funds raised through criminal means.

Involvement in money laundering and/or terrorist financing can severely tarnish the reputation of countries, financial institutions and non-governmental organisations, even if done so unwittingly.

Section 2 - Money Laundering, Terrorist Financing & the Law

2.1 Background

The general framework of the money laundering legislation in Ireland, as elsewhere, is based on putting in place a range of 'defensive' measures intended to mitigate the risk of money laundering occurring in the first place and, in instances where money laundering does occur, to ensure that significant sanctions are applied in those cases.

In Ireland, terrorist financing is also criminalised within the money laundering legislative framework and compliance controls apply equally to both.

2.2 Legislative developments

The main provisions in Irish law relating to money laundering were first set out in Section 31 of the Criminal Justice Act 1994, (as amended). The offence of financing terrorism was subsequently criminalised in the Criminal Justice (Terrorist Offences) Act 2005 which amended the 1994 Act.

In 2010, a radical overhaul of Ireland's approach was undertaken with the enactment of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 which introduced a new and strengthened regime to combat money laundering and terrorist financing. The 2010 Act transposed the Third EU Money Laundering Directive (2005/60/EC) and the associated Implementing Directive (2006/70/EC) into Irish Law thereby bringing Ireland into line with EU requirements. It also gave effect to certain recommendations of the Financial Action Task Force¹ (FATF) - the international anti-money laundering and counter-terrorist financing body established in 1989 by the G7 countries. The Act consolidated Ireland's existing anti-money laundering and terrorist financing laws.

In terms of measures in place for mitigating the risks posed by the laundering of illicit funds, the Act places a number of obligations on a wide variety of businesses (referred to in the legislation as 'designated persons') including:

- credit and financial institutions;
- accountants, auditors, tax advisors;
- independent legal professionals including solicitors, barristers and notaries;
- trust and company service providers;
- property service providers;
- persons who effectively direct a private members' club at which gambling activities are carried on;
- anyone who trades in goods in respect of transactions involving payments to the person in cash of a total of at least €15,000 whether once-off or linked transactions.

¹ An international body which sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

In order to ensure that businesses comply with their anti-money laundering/counter-terrorist financing obligations, a number of bodies/organisations have been assigned the role of a competent authority and oversee the various sectors. These include the State Competent Authorities such as the Central Bank of Ireland and the Minister for Justice and Equality² alongside a range of other competent authorities with expertise in the relevant sectors. Competent authorities conduct inspections, risk assessments and employ a range of other measures to mitigate risks in their sectors. In addition to complying with the requirements of the competent authorities, 'designated persons' are also legally obligated to report suspicious transactions to An Garda Síochána and to the Revenue Commissioners.

In terms of the consequences for those found to be involved in money laundering, the seriousness of the offence is reflected in the level of penalties which a person may face if found guilty. On summary conviction the guilty party could face a fine of up to €5,000 and a term of imprisonment of up to 12 months. On indictment, an offender found guilty could be jailed for up to 14 years or be fined or both.

The Irish anti-money laundering framework was subsequently further strengthened by the enactment of the Criminal Justice Act, 2013. The 2013 Act amended the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 giving rise to changes in a number of areas including:

- Customer Due Diligence (CDD) and in particular
 - Occasional transactions,*
 - Changes to grounds for applying CDD,*
 - Required verification for reduced CDD,*
 - Obligations for applying enhanced CDD in high risk circumstances,*
 - Changes to CDD for Politically Exposed Persons (PEPs).*
- Requirements for enhanced policies and procedures for detecting and preventing money laundering.
- Changes to allow for the retention of documentation overseas (subject to specified conditions).
- Changes to allow the issuing of directions, by the Central Bank of Ireland and the Minister for Justice and Equality, to 'designated persons' requiring them to take particular actions for the purpose of complying with Part 4 of the 2010 Act.

2.3 Guidelines³

During 2012, Guidelines on the prevention of the use of the financial system for the purposes of money-laundering and terrorist financing were published on the website of the Department of

² Please note that the Minister carries out her functions in this regard through the Anti-Money Laundering Compliance Unit of the Department of Justice and Equality.

³ <http://www.finance.gov.ie/sites/default/files/Criminaljustice2012.pdf>

Finance following a consultation process with relevant stakeholders. The Guidelines are structured in 2 parts. Part 1 contains general guidance for all ‘designated persons’ while Part 2 contains sector specific guidance.

2.4 The 4th EU Money Laundering Directive

On 20 May 2015, the European Parliament adapted the 4th EU Money Laundering Directive⁴ (the 4th Directive). The 4th Directive is designed to update and improve the EU's anti-money laundering and counter-terrorist financing laws by bringing the EU in line with the recommendations of the Financial Action Task Force (FATF) with increased focus on the risk-based approach (RBA) and uniformity of rules.

The 4th Directive sets out a number of proposals which will seek to change the manner in which obliged entities, currently referred to as ‘designated persons’, undertake their anti-money laundering/counter-terrorist financing compliance obligations.

In February 2016, the Department of Finance invited interested parties to make submissions in relation to Member State discretions contained in the Directive. The views expressed in this consultation process are being considered in the context of the transposition of the 4th Directive into Irish law.

Key features of the Directive include:

At a high level, the Directive:

- Aligns EU Anti-Money Laundering (“AML”) / Counter the Financing of Terrorism (“CFT”) law with international standards set by the Financial Action Task Force (“FATF”).
- Embraces a risk-based approach whereby the EU itself, its Member States and its supervisors and also obliged entities⁵ of the Union conduct risk assessments to determine how best to allocate resources to respond to threats of money laundering and terrorist financing.

At a more detailed level, the Directive:

- Broadens the scope of EU AML/CFT legislation to cover gambling service providers, albeit subject to a derogation where risk assessment can prove the risks of money laundering or terrorist financing are low.
- It requires companies and trusts to hold information on persons ultimately controlling them i.e. their beneficial owners.
- It requires Member States to take measures to establish and maintain central registers of beneficial ownership data on corporate and other legal entities and certain trusts.

⁴ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

⁵ Directive refers to ‘obliged entities’ while the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010-2013 currently refers to ‘designated persons’.

- It clarifies respective roles and responsibilities of 'home' and 'host' supervisory authorities in relation to obliged entities conducting cross-border business.
- It strengthens cross-border co-operation between Member States' Financial Intelligence Units ("FIU").
- It maintains but enhances the risk-based approach of the 3rd Anti-Money Laundering Directive, establishing mechanisms whereby European Supervisory Agencies ("ESAs") can take a role in the development of guidelines to assist credit and financial institutions to apply the risk-based approach.
- It extends to domestic Politically Exposed Persons ("PEPs") the 3rd Anti-Money Laundering Directive requirement for enhanced CDD.
- It lowers the threshold, (from €15,000 to €10,000) at which CDD should be carried out on cash transactions for goods.

Section 3

Combating Money Laundering and Terrorist Financing

3.1 Threats

Money laundering

When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention. This process is commonly referred to as 'money laundering' and it enables criminals to retain profits derived from crime and to finance further criminal enterprises. There are a wide range of 'predicate offences' commonly connected with money laundering, including the following criminal activities, considered particularly generative of illicit proceeds:

- Drug offences;
- Financial Crime;
- Tobacco smuggling;
- Tax evasion;
- Prostitution;
- Fuel laundering;
- Theft;
- Cybercrime;
- Human Trafficking;
- Bribery and Corruption; and
- Other illicit trade such as counterfeiting and intellectual property theft.

Terrorist Financing

Terrorist financing is defined by what funds are used for i.e. terrorist activity, rather than the attempt to conceal the illegal origin of funds as is the case with money laundering. Therefore, the sources by which terrorists generate funding are diverse and encompass both legal and illegal activities. According to FATF, these sources of terrorist financing can be divided into two general types:

Financing from above, involving large-scale financial support aggregated centrally by States, companies, charities or permissive financial institutions.

Financing from below, involving fund-raising on a small and often dispersed scale, for example self-financing by the terrorists themselves through employment or welfare payments.

A single terrorist organisation may use a number of different financing methods. What is noteworthy is the great adaptability and opportunism that terrorists deploy in meeting their funding requirements. The raising, moving and using of funds for terrorism can be especially challenging and almost indistinguishable from the financial activity associated with everyday life.

3.2 Enforcement

Reporting suspicions

In order for Ireland's anti-money laundering and terrorist financing regime to be effective, 'designated persons' must disclose any knowledge or suspicions they may have regarding such activities to both An Garda Síochána and the Revenue Commissioners. This disclosure is commonly referred to as a "Suspicious Transaction Report" (STR) and is provided for under Section 42 of the 2010 Act. Competent Authorities can also report suspicions to An Garda Síochána and to the Revenue Commissioners under Section 63 of the 2010 Act.

Information to be set out in these reports includes:-

- the basis for the knowledge, suspicion or reasonable grounds for suspicion.
- the identity, if known, of the person suspected of being engaged in a money laundering or terrorist financing offence.
- the whereabouts of the property or funds suspected to be the subject of money laundering or terrorist financing.
- any other information that is considered may be relevant.

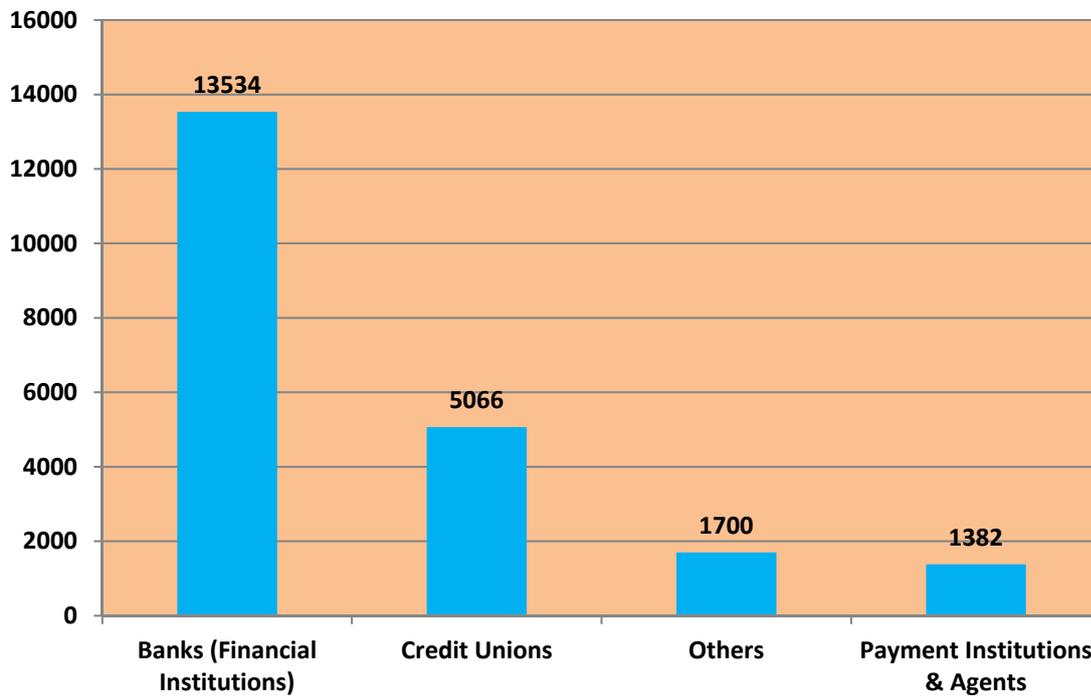
An overview of reports received in 2015

In 2015, An Garda Síochána received a total of 21,682 STRs while the Revenue Commissioners received 21,358 - a difference of 324 reports. The difference between these 2 figures is accounted for by the fact that not all reports of suspicions are sent to both enforcement bodies (see Reporting Suspicions), in a small number of cases, designated persons failed to inform the Revenue Commissioners.

An examination of STRs received by An Garda Síochána shows 3 categories of designated persons accounted for 92% (19,982) of reports. Of these, Financial Institutions alone accounted for 63% (13,534) with Credit Unions accounting for 23% (5,066) and Payment Institutions accounting for 6% (1,382). Reports received from other designated persons accounted for the remaining 8% (1,700)⁶. See Appendix 1 for the outcome of reports received in 2015

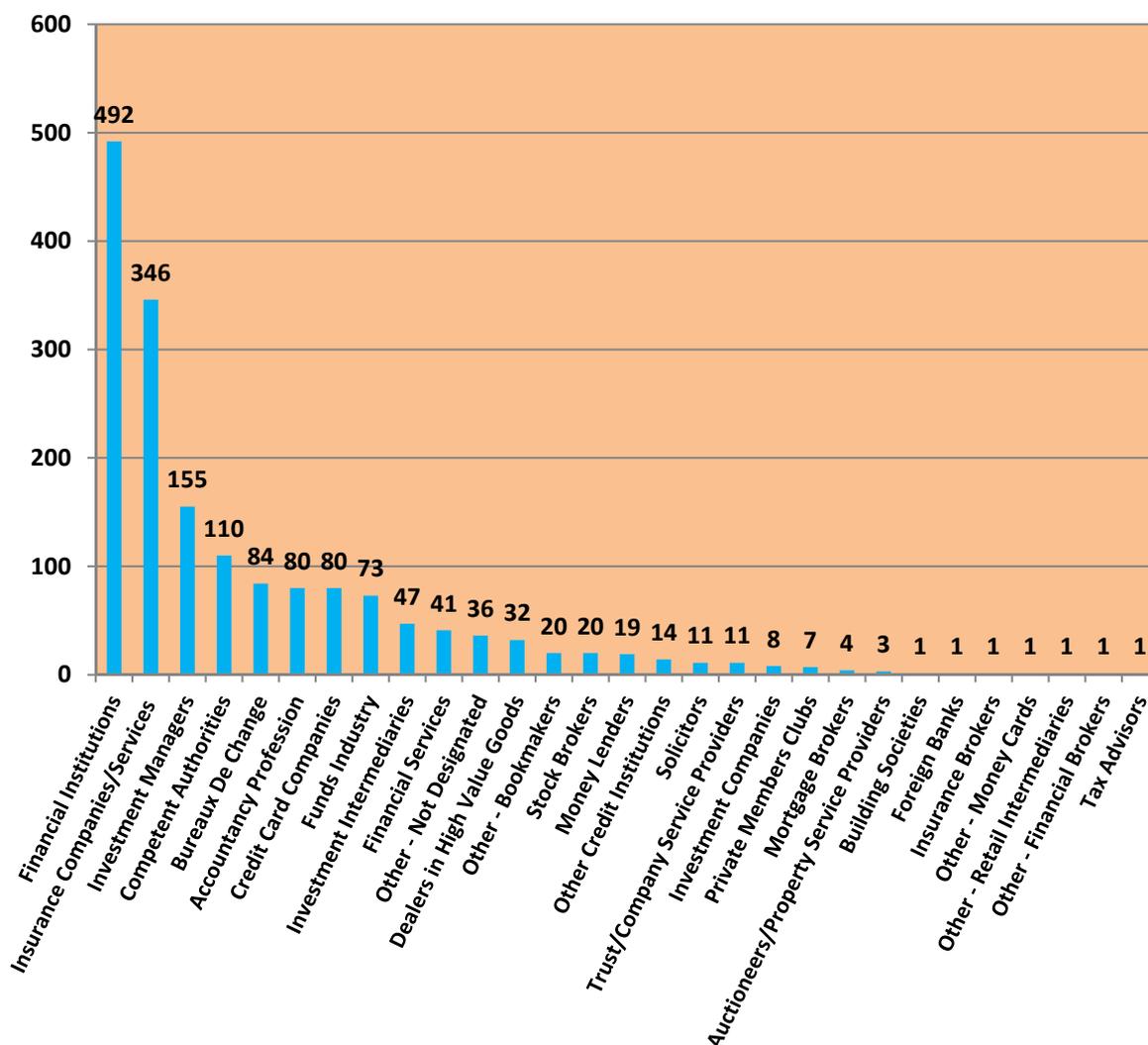
⁶ Please note that percentages have been rounded to the closest whole number.

Figure 1: Reporting of suspicions in 2015



While reports from ‘others’ i.e. other designated persons accounted for a relatively small proportion of the reported suspicions received in 2015, this group encompasses a diverse range of businesses among which levels of reporting varied considerably. The disparity in reporting may be due to a number of factors including the size of the sectors, the extent of their regulatory exposure, in addition to a number of other considerations (see Appendix 2 for a more detailed discussion concerning levels of reporting).

Figure 2: Reporting of suspicions by 'other designated persons' in 2015 (Source AGS)



During 2015 Competent Authorities submitted a total of 110 Section 63 Reports to An Garda Síochána and to the Revenue Commissioners, some 95 were initiated by the Anti Money Laundering Compliance Unit within the Department of Justice and Equality, arising from what Authorised Officers deemed to be suspicions transactions or suspicious activity across the range of sectors.

How reports of suspicions are used

Information contained in reports of suspicions is used for a variety of purposes including:-

- the identification and investigation of crimes such as drug trafficking and customs offences
- tax related offences and
- other activities such as auditing and compliance monitoring.

Investigating suspicions

An Garda Síochána and the Revenue Commissioners liaise closely with each other on issues of mutual concern, especially in relation to reports which may indicate a criminal offence. In such instances, An Garda Síochána will undertake an investigation and upon completion the Revenue Commissioners will enquire as to the potential occurrence of tax offences.

The flow of reported suspicions from designated persons and Competent Authorities to An Garda Síochána and to the Revenue Commissioners enable investigations and prosecutions to be initiated and ultimately for criminal convictions or other appropriate sanctions to be imposed.

Prosecuting and convicting offences⁷

Charges

In 2015, An Garda Síochána charged 16 persons with money laundering offences.

Prosecutions

The Office of Director of Public Prosecutions is responsible for the prosecution of all indictable criminal offences including money laundering and terrorist financing. In 2015, there were 24 cases in which money laundering offences were recommended or considered. No prosecutions for money laundering were directed in 6 of these cases, while in 11 of these cases, a prosecution for money laundering offences was directed.

Convictions

In 2015, 6 persons and 1 entity were convicted of money laundering offences.

Seizure of Assets

The Office of the Director of Public Prosecutions has a dedicated Assets Seizing Unit which coordinates and monitors applications brought under the Criminal Justice Act, 1994 pertaining to forfeiture, confiscation and freezing. The 1994 Act is an important legislative measure by which the State can deprive criminals of the proceeds of crime, particularly funds generated as a result of drug trafficking, one of the main predicate offences related to money laundering. The Assets Seizing Unit liaises with An Garda Síochána, State Solicitors, the Criminal Assets Bureau of An Garda Síochána and the Revenue Commissioners to ensure best practice in the area of confiscation and forfeiture of criminal assets.

⁷ Suspects may not be charged or convicted/acquitted in the same year as a prosecution is directed therefore the number of prosecutions and outcomes for Money Laundering offences in 2015, provided by the Financial Investigations Unit in the Garda Bureau of Fraud Investigation, may differ from the number of prosecutions directed.

Table 1: Assets seizing cases opened in 2015

	Seizures under the 1994 Act			
	Section 39 forfeiture	Section 4 and Section 9 Confiscation Applications	Section 61 Forfeiture	Freezing Order Applications
Number of cases	19	6	1	4

Table 2: Confiscation and Forfeiture Orders in 2015

	Type of Order			
	Section 39	Section 4	Section 9	Section 61
Amount in €	1,207,719.43	267,313.00	1,804,276	120,373.00

3.3 Supervision

Supervising designated persons

Persons attempting to launder the proceeds of crime or raise finances to fund terrorist activity seek to exploit a wide range of businesses, services and products including deposit-taking institutions, non-bank financial institutions, civil society organisations, non-financial institutions and businesses where cash placement can be a feature. Given the diversity of the businesses and sectors of the economy that may be targeted, mitigating the risks posed by money laundering and terrorist financing requires the supervision of a wide range of business sectors by a number of different Competent Authorities with expertise in these different fields.

The following sets out the relevant sectors under regulation and the Competent Authorities with responsibilities in this regard.

Business Sector	Competent Authority
Credit and Financial Institutions	Central Bank of Ireland
Solicitors	Law Society of Ireland
Barristers	General Council of the Bar of Ireland
Accountants Trust or Company Service Providers <i>(who are members of a designated accountancy body)</i>	Designated Accountancy Body
Any designated person who is not subject to supervision by another competent authority <i>e.g. Dealers in High Value Goods, Trust or Company Service Providers, Tax Advisors and external accountants who do not fall under the remit of an accountancy body and Private Members' Clubs)</i>	Minister for Justice and Equality

Reducing vulnerability to money laundering and terrorist financing

The regulatory framework for mitigating the risks of money laundering and terrorist financing is primarily based on ensuring that businesses implement a number of 'defensive' measures to reduce their vulnerability to these criminal activities. These include:

- Conducting Customer Due Diligence (CDD) - specific and detailed provisions relating to the obligation to verify the identity of customers;
- The identification and the verification of the identity of beneficial owners;
- The submission of reports concerning suspicions of money laundering or terrorist financing to An Garda Síochána and to the Revenue Commissioners (as set out in the previous section);
- The development and maintenance of anti-money laundering policies and procedures by 'designated persons';
- The assessment of risk.
- The provision of staff training.

In order to ensure compliance with these measures Competent Authorities have a range of powers and sanctions which they may apply. These can include:

- on-site inspections;
- communication and information initiatives;
- specific sanctions;
- access to records of the relevant enterprise;
- powers of search, inspection, seizure.

Financial and Credit Institutions: The Central Bank of Ireland

The Central Bank of Ireland (the Central Bank) is the competent authority for the supervision of approximately 11,000 credit and financial institutions for compliance with legislation pertaining to anti-money laundering and counter-terrorist financing. The Central Bank is also one of three competent authorities⁸ for the administration of the EU Financial Sanctions Regime in the State. The Central Bank has a specialist Anti-Money Laundering Division that is dedicated to monitoring anti-money laundering and counter-terrorist financing compliance.

Supervision

In 2015, the Central Bank conducted a total of 32 inspections and 14 risk assessments across a variety of institutions.

Table 3: Inspections and risk assessments by the Central Bank of Ireland

Type of institution	Inspections	Risk Evaluation Questionnaires
Bureaux de Change	3	0
Collective Investment Schemes & Other Service Providers and UCITS Self-Managed Investment Companies (SMICs)	1	3
Credit Institutions	3	1
Credit Unions	2	5
Home Reversion Credit Firms and Retail Credit Firms	1	0
Insurance Undertakings	5	3
Retail Intermediaries	4	0
Markets and Market Operator	1	0
Moneylenders	1	0
Payment Institutions	4	0
Securities and Investment Firms	1	2
Trust Companies & Service Providers	6	0
Total	32	14

⁸ The other competent authorities for EU Restrictive Measures are the Department of Jobs, Enterprise and Innovation and the Department of Foreign Affairs and Trade.

Developments and engagement in 2015

- In 2015, the Central Bank reviewed its money laundering and terrorist financing risk assessment model. This involved liaising with other competent authorities, law enforcement and the national Anti-money Laundering and Counter-terrorist Financing Steering Committee⁹ as well as gathering intelligence from the private sector.
- The Central Bank met with Money Laundering Reporting Officers and industry representative bodies over the course of the year to discuss money laundering and terrorist financing threats and vulnerabilities, as well as presenting at training events, conferences and seminars on a variety of topics.
- The Central Bank published several reports in 2015 examining compliance in various sectors. In addition, anti-money laundering and counter-terrorist financing guidance on the Central Bank website was also updated.
- During 2015 the Central Bank provided significant input into domestic and international anti-money laundering and counter-terrorist financing policy developments.
- The Central Bank published updated information on Financial Sanctions and Targeted Financial Sanctions aimed specifically at terrorist financing. In addition, an RSS feed from the Central Bank website publishes updates on Financial Sanctions regulations at EU level and UN terrorist designations as they arise in order to assist regulated financial services providers in monitoring customers and transactions against these lists.

Solicitors: The Law Society of Ireland

The Law Society of Ireland (the Law Society) is the professional body for solicitors in Ireland which, in addition to the statutory functions it exercises under the Solicitors Acts, 1954 to 2008, is also the competent authority for the monitoring of solicitors for the purposes of compliance with Ireland's anti-money laundering and counter-terrorist financing laws (**see Section 2**).

Developments

2015 saw the introduction of New CPD Regulations (Solicitors (Continuing Professional Development) Regulations 2015) (S.I No. 480 of 2015) requiring firms to appoint an Anti-Money Laundering Compliance Partner who must undertake compulsory annual training in accounting and anti-money laundering compliance.

Supervision

There are approximately 2,200 firms of solicitors that are required to file annual accountants' reports with the Law Society. Any of these firms may be subject to an inspection which may include compliance with anti-money laundering and terrorist financing obligations. The Law Society uses a risk based system when choosing firms for inspection in addition to conducting a number of random inspections.

⁹ A steering group, tasked with the transposition of the 4th EU Money Laundering Directive, which meets regularly to facilitate discussion around progression and necessary developments.

In 2015, a total of 395 firms were examined by the Law Society for anti-money laundering compliance. Of these 80% had implemented the legally required procedures. Of the remaining 20%, non-compliance normally involved not having formal written anti-money laundering procedures in place. These firms were subsequently required to submit a copy of the new written procedures to the Law Society. Furthermore, these firms were directed to both the online Guidance Notes and the availability of individual guidance by telephone and email (see ***Other Measures***). In a number of cases the Law Society also reported suspicions of money laundering to An Garda Síochána and to the Revenue Commissioners¹⁰.

Other Measures

In addition to supervision, the Law Society also engaged in a range of other anti-money laundering and terrorist financing activities including:

- Awareness raising via a dedicated AML web resource hub, eZine articles, monthly Gazette and email alerts about emerging money laundering typologies/red flags and also international guidance and assessments of sector-specific risks.
- AML Guidance notes available through the AML resource hub which contain a dedicated chapter providing a non-exhaustive list of indicators of potential suspicious circumstances.
- Guidance via an anti-money laundering helpline.
- Education via courses for trainee solicitors, ongoing training courses, and through obligatory training for AML Compliance Partners in solicitors firms.

Auditors, External Accountants, Tax Advisors, Trust or Company Service Providers: Accountancy Bodies

Several different accountancy bodies act as a Competent Authority in terms of anti-money laundering and counter-terrorist financing compliance in Ireland for auditors, external accountants, tax advisors and trust or company service providers (*who are members of a designated accountancy body*) operating in Ireland. For the purpose of the 2015 Annual Report, contributions were received from the following bodies

- Association of Chartered Certified Accountants (ACCA)
- The Chartered Institute of Management Accountants (CIMA)
- Association of International Accountants (AIA)
- The Institute of Certified Public Accountants (CPA)
- Chartered Accountants Regulatory Board (CARB)
- The Chartered Institute of Public Finance and Accountancy (CIPFA)
- Institute of Incorporated Public Accountants (IIPA)

¹⁰ As a Competent Authority the Law Society provides reports of suspicions of money laundering/terrorist financing under section 63 of the 2010 Act.

Supervision

Anti-money laundering and counter-terrorist financing compliance checks performed by Accountancy Bodies are normally carried out as part of inspections examining overall adherence to required professional standards. Inspections are conducted on the basis of a combination of desk based reviews of annual reports and on-site visits. Recent years have seen an increased focus on adapting a risk based approach to monitoring, whereby information obtained via annual returns is used to help develop a better understanding of risk in the sector. This approach allows for higher risk areas to receive greater attention.

The quantity of inspections conducted by Accountancy Bodies varies according to the number of designated persons under the supervision of each Body, with some conducting desk based reviews only. In the majority of cases, it was found that designated persons had fulfilled their obligations vis-à-vis anti-money laundering and counter-terrorist financing requirements.

Where breaches did occur these related to:

- A lack of sufficient training and/or expertise regarding anti-money laundering and counter-terrorist financing obligations.
- Insufficient records of client identification and or CDD Procedures.
- Insufficient CDD processes.
- Absence of formal written policies and procedures.
- Lack of awareness of matters concerning tipping off and the period of time for which records can be retained.

Penalties which can be imposed by Accountancy Bodies range from firms undertaking to update their procedures, to more punitive penalties such as the payment of a regulatory penalty / compensation to the complainant, or exclusion from membership, depending on nature and scale of non-compliance.

Other Measures

Accountancy Bodies offer a range of services focused on training and guidance to help designated persons better meet their anti-money laundering and counter-terrorist financing obligations. While guidance varies depending on the Body in question, such assistance can include provision of rulebooks containing AML guidance, regulatory bulletins, technical helplines and various online resources.

In addition, there is an Anti-Money Laundering Accountancy Group, comprised of the designated accountancy bodies within the sector which meets quarterly.

The Minister for Justice and Equality

The anti-money laundering and counter-terrorist financing functions of the Minister for Justice and Equality are administered by the Anti-Money Laundering Compliance Unit (AMLCU) of the Department of Justice and Equality. The AMLCU was established in 2010 as a State Competent Authority to supervise designated persons outside of the remit of the other Competent Authorities.

Supervision

The AMLCU is responsible for authorisation, registration and compliance monitoring in respect of a wide range of businesses operating in several different sectors, including:

- Trust or Company Service Providers (TCSPs),
- Persons trading in goods for cash values of €15,000 or more (High Value Goods Dealers (HVGDs),
- Tax Advisers and External Accountants who are not already supervised by a competent authority and
- Private Members' Clubs (PMCs)¹¹ where gambling activities are carried on.

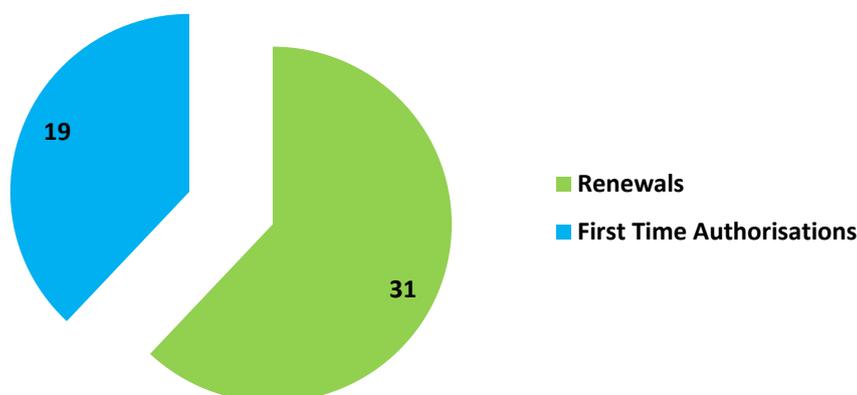
Risk rating

In October 2015, Authorised Officers within the AMLCU began to formally assess designated persons on the basis of risk. Following inspections businesses are assigned a risk rating of low, medium-low, medium-high or high (this risk rating forms the basis for the allocation of resources and determines the level of inspection to be undertaken for each business). The information gathered assists the AMLCU in developing greater insight into the nature of the risks of money laundering and terrorist financing in the sectors under its supervision.

Authorisations for Trust or Company Service Providers

The AMLCU issued a total of 50 TCSP authorisations in 2015 comprising 19 new authorisations and 31 renewals of authorisations. At the end of the reporting period a total of 309 TCSPs were recorded as having been authorised.

Figure 3: Authorisations for Trust or Company Service Providers



¹¹ AMLCU registers Private Members' Clubs at which gambling activities are carried on, but only in respect of those gambling activities.

In 2015, 1 application was refused by the AMLCU under Section 89(1)(c)¹² and Section 89(1)(d)¹³ of the Act. In addition, 2 authorisations were granted with conditions. One of these businesses had submitted an incomplete application while the other did not engage with the AMLCU to finalise their application.

During 2015, a total of 10 businesses had their authorisations, to carry out TCSP activities in Ireland, revoked. Four of the revocations were made at the request of the businesses themselves as they were no longer acting as TCSPs. The remaining 6 revocations were carried out as a result of the businesses not commencing or engaging in TCSP activity.

Registration of Private Members’ Clubs

During 2015 a total of 5 Private Members’ Clubs (PMCs) registered with the AMLCU for the first time. At the end of the reporting period some 46 PMCs were recorded as having registered with the AMLCU.

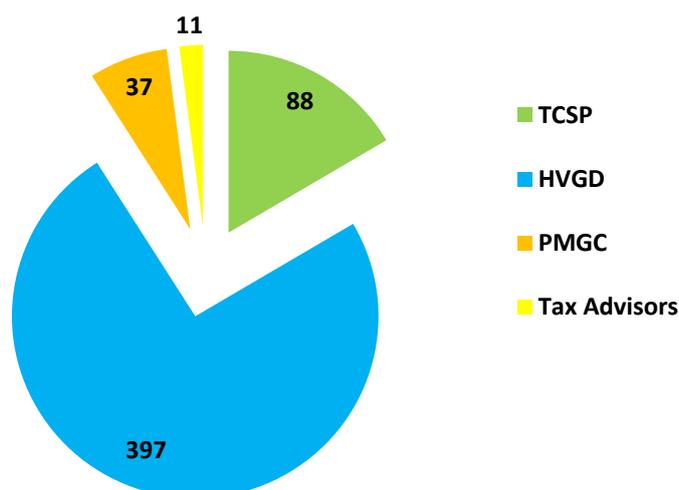
Table 4: Registration of Private Members’ Clubs

Category	Number
First time registrations	5
Total number of registered PMCs	46

Compliance inspections

In 2015, a total of 533 inspections were conducted across all sectors by authorised officers within the AMLCU.

Figure 4: Compliance inspections



¹² Section 89(1)(c) – The Minister has reasonable grounds to be satisfied that information given by the applicant in connection with the application is false or misleading in any material particular

¹³ Section 89(1)(d) – The Minister has reasonable grounds to be satisfied that a relevant person (as listed in Act) is not a fit and proper person

Table 5: Compliance rates by Sector

Status	Sector		
	TCSPs	PMCs	HVGDs*
Fully Compliant	69%	63%	78%
Partially Compliant	31%	37%	22%

**Note: This figure includes Tax Advisors and External Accountants*

Directions

Directions¹⁴ were issued by the AMLCU to 8 businesses¹⁵ compelling them to engage in or cease a specific conduct so as to comply with the State’s anti-money laundering and counter-terrorist financing legislation (see Section 2). Directions are issued by the Competent Authority after repeated inspections show that a business has failed to comply with their obligations as set out in the 2010 and 2013 Acts. Failure to implement a Direction can result in prosecution.

¹⁴ Directions are issued under Section 71 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended by Section 14 of the Criminal Justice Act 2013.

¹⁵ In 2015, 7 Directions were issued to HVGDs, 1 Direction was issued to a Tax Advisor.

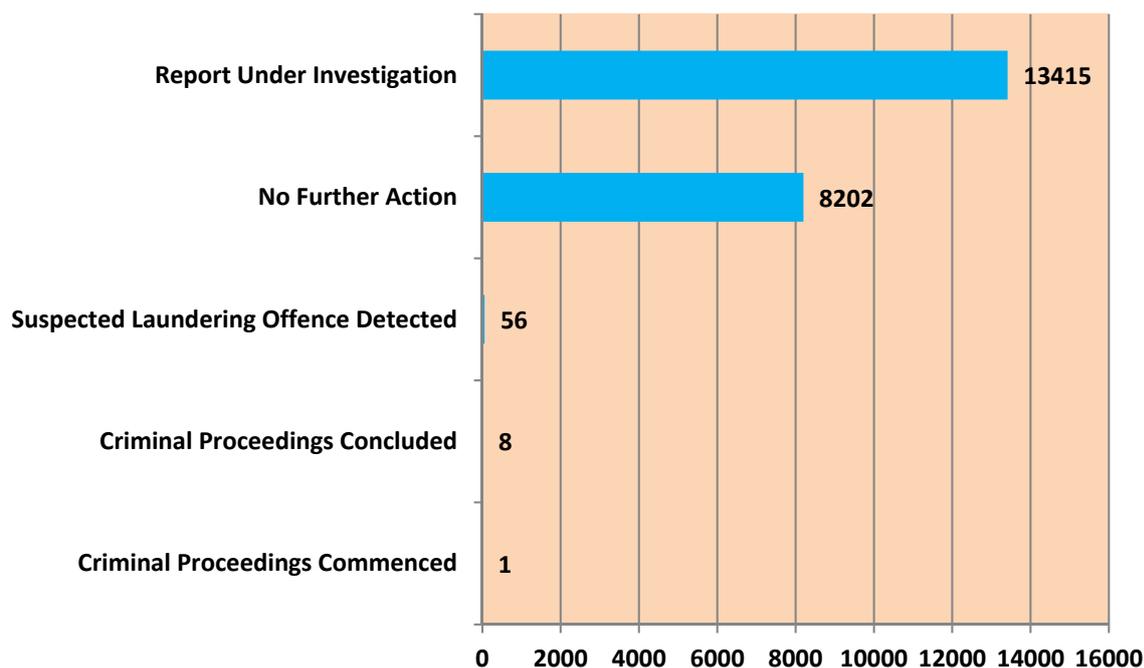
Appendix 1: Outcome of reported suspicions received in 2015

The following is a summary of the status¹⁶ of STRs received by the Financial Intelligence Unit in An Garda Síochána during 2015.

The majority of reports (13,415) received were still under investigation at the end of the reporting period. No further action was required in 8,202 cases. These cases were closed as there was no evidence linking funds to the criminal conduct identified during investigations. However, a number of these cases may be examined by the Revenue Commissioners in relation to tax offences.

As a result of STRs received in 2015 a total of 56 cases involving suspected laundering offences were detected. Criminal proceedings were concluded in 8 cases commenced as a result of (8) STRs received during 2015. Furthermore, criminal proceedings were initiated in 1 case as a result of an STR received during 2015.

Figure 5: Outcome of reported suspicious transactions Reports



The Revenue Commissioners reported that in excess of 80% of reports it received in 2015 concerned tax related offences with information generated on foot of these reports having resulted in a cumulative tax yield of €10,021,963.

¹⁶ This summary reflects the status as of May 25th 2016 of all STRs received in 2015 (total 21,682)

Appendix 2: Reported suspicions: The Financial Sector and Designated Non-Financial Businesses and Professions

An examination of reported suspicions received by An Garda Síochána and the Revenue Commissioners clearly shows a significant disparity between the Financial Sector, which has a very high rate of reporting suspicions, and Designated Non-Financial Businesses and Professions (DNFBPs), which report relatively few suspicions. This is a cause for concern given that large cash transactions, which pose difficulties in terms of traceability, can be commonplace in some parts of the DNFBP sector such as High Value Goods Dealers, the Property Services Sector and the Gaming Sector for example.

Difficulties faced by some sections of the DNFBP sector in reporting suspicions can include:

- a lack of awareness of the need to have appropriate anti-money laundering/counter-terrorist financing measures in place, including obligations to report suspicions.
- a lack of anti-money laundering/counter-terrorist financing resources and expertise owing to the small scale and diversity of the majority of businesses in the DNFBP sector.
- the high turnover rate of employees in DNFBPs with anti-money laundering/counter financing compliance knowledge.
- the often subjective nature of determining whether a transaction is in fact suspicious.
- the pressures of operating a profitable business while trying to meet compliance obligations.
- concerns individuals may have regarding possible repercussions as a consequence of alerting the authorities to potential criminal activity.