ECONOMIC & FINANCIAL CRIME BUREAU GUERNSEY

ANNUAL REPORT

2022

Director's Foreword

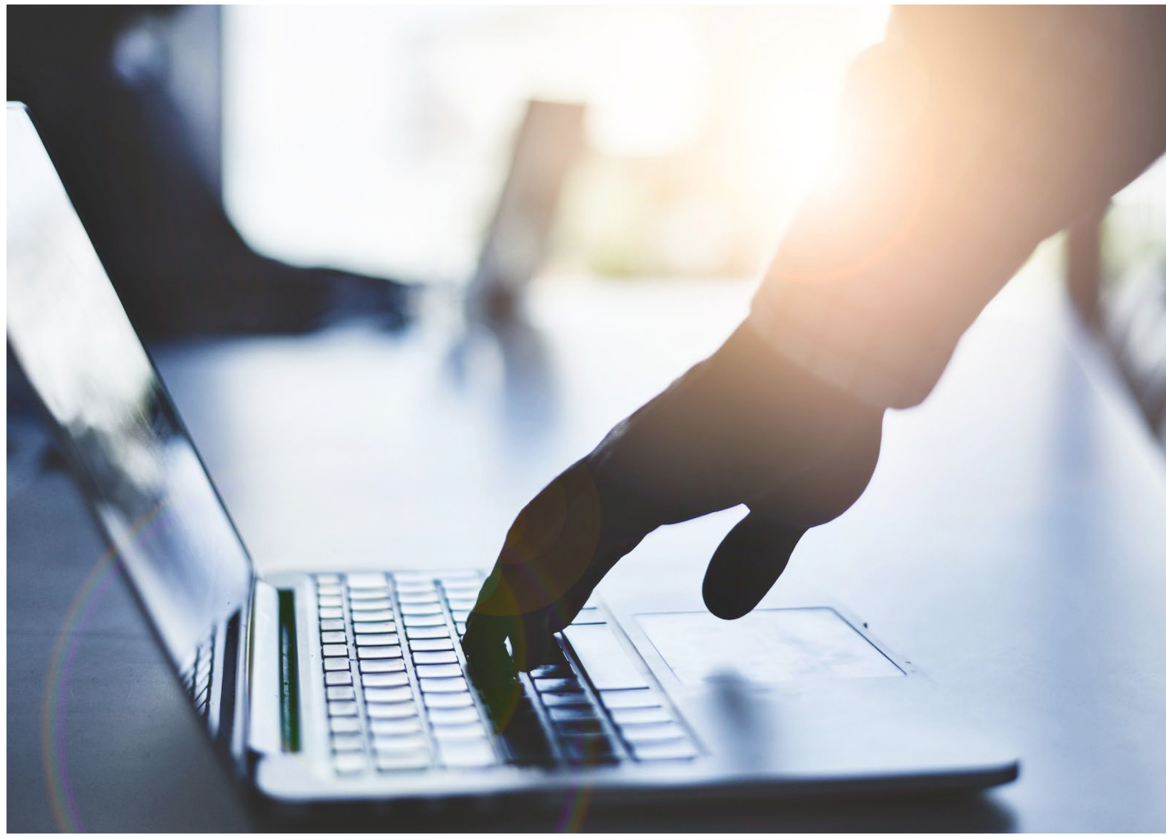
One of the most significant milestones for the Bureau this year was the enactment of The Economic and Financial Crime Bureau and Financial Intelligence Unit (Bailiwick of Guernsey) Law 2022 (the Law). This came into force on 20 October and completed the Bureau's transition from an authority set up on an administrative basis in June 2021 to one that fulfils the requirements of FATF Recommendations 30 and 31, the relevant international standards that set out the responsibilities and powers of law enforcement and investigative authorities[1]. The Law establishes the Office of the Director of the EFCB and lays out the Director's functions (which includes maintaining Guernsey's Financial Intelligence Unit), available powers and, importantly, the Director's statutory accountability to the Committee for Home Affairs.

Other legislative proposals to strengthen Guernsey's response to financial crime and AML/CFT[2] systems are fundamental to the Bureau's core business and these have rightly remained high on political, policy and law enforcement agendas. Throughout 2022 we have contributed towards the development and drafting of criminal and civil justice legislation designed to enhance Guernsey's effectiveness in tackling financial crime and to fortify our investigatory tool base.

This year the Bureau has focused on delivering its mandate, the key priorities set out in the 2021/2023 Business Plan and consolidating our transitional role in managing the risks depicted in Guernsey's National Risk Assessment on Money Laundering and Terrorist Financing[3] (the NRA); principally money laundering emanating from the proceeds of foreign criminality entering the Bailiwick's financial systems or where funds derived from such activities are administered from Guernsey. Building the necessary capabilities to tackle these risks remains contingent upon a number of primary factors: recruitment; training; information technology and collaborative working.

The recruitment and retention of personnel with the right skills and knowledge to confidently investigate complex financial crime together with the delivery of appropriate training to help investigators enhance existing knowledge and skills are key priorities that forms the backbone of our operating model. However, bringing in new people has proven to be exceptionally difficult this year against the backdrop of worldwide economic turmoil coupled with substantial cost of living increases and a lack of affordable housing in Guernsey. As a consequence it has been challenging to incentivise people with the skills and experience we seek to relocate and work in Guernsey and by the end of 2022 staff numbers decreased by 6% with 50% of all staff losses moving to the finance industry. We have responded to these challenges by altering our operating model and early next year we will establish a small satellite workforce in the UK and provide the IT infrastructure to enable this cell to operate effectively. By the end of next year I anticipate satellite workers will represent around 25% of our operational workforce. I am confident that we will achieve slow growth next year as our successful recruitment campaigns for complex case specialists at the end of this year and planned campaigns for additional operational staff in early 2023 bears dividends.

We have also delivered on knowledge enhancing training to aid the investigation of more complex financial crimes. For instance, high quality training was organised and supplied via one of our primary domestic partners, the Guernsey Financial Services Commission (to whom I am grateful) and by law enforcement colleagues in the UK. Our training strategy also includes plans to deliver simulated money laundering and terrorist financing investigation training followed by structured financial crime training commencing next year; all accredited by Skills for Justice (SfJ) and delivered by SfJ ascribed trainers.



1 Recommendation 30 - Countries should ensure that designated law enforcement authorities have responsibility for money laundering and terrorist financing investigations within the framework of national AML/CFT policies Recommendation 31 - When conducting investigations of money laundering, associated predicate offences and terrorist financing, competent authorities should be able to obtain access to all necessary documents and information for use in those investigations, and in prosecutions and related actions...and able to use a wide range of investigative techniques... suitable for the investigation of money laundering, associated predicate offences and terrorist financing.

2 Anti-money laundering and countering the financing of terrorism

3 A copy of the NRA is appended to this report

The provision of suitable accommodation that befits the investigation of complex financial crime together with IT architecture that supports the Bureau's investigatory functions have been worked through and agreed by the Committee for Home Affairs and the Policy and Resources Committee. Plans to house the primary public authorities engaged in tackling financial crime[4] under one roof are well under way and we are working with our stakeholders in anticipation that the new accommodation will be ready for occupation in advance of the Moneyval evaluation in the spring of 2024. Similarly, much work has taken place with our public service business partners to identify and procure information technology systems that are conducive to the investigation and management of complex crime and capable of dealing with the high volumes of digital data gathered during our investigations. These platforms will come on line next year and includes specialist eDiscovery and digital investigation training for operational staff.

Countering the financial risks set out in the NRA requires sustained and effective cooperation and coordination with international partners. This year we have built upon existing partnerships and developed new strategic and operational alliances with a number of jurisdictions. This work has advanced our international relationships and brought about information exchanges that have helped progress some of our most complex cases. Of particular note were negotiations over many months with high level representatives from the government of the Republic of Indonesia. This led to the signing of a Letter of Intent in November between the President of the Committee for Home Affairs and Indonesia's Minister of Law and Human Rights, to promote and strengthen law enforcement cooperation[5] between our respective jurisdictions. This was underpinned by the signing of a Memorandum of Understanding by myself and the Bank of Indonesia's Liquidity Assistance Task Force to facilitate the exchange of information and intelligence to aid the recovery of alleged criminally derived assets held in the Bailiwick.

Guernsey's evaluation by Moneyval in 2024 draws ever closer and a considerable proportion of our resources have been devoted to preparing for the criminal and civil justice aspects of this assessment that focuses on AML/CFT effectiveness. This remains a hugely challenging workpiece that will continue throughout 2023 as we transition from a pre-June 2021 law enforcement environment that focused almost exclusively on domestic criminality to one that concentrates on transnational financial crime that aligns to the Bailiwick's financial risks. Our 2022 casework portfolio better reflects these risks though there remains much to do to ensure our actions and investigatory responses consistently addresses these threats in tandem with our partners and national policy objectives.

Finally, I should like to convey my thanks to all of our partners and stakeholders for their assistance this year, in particular the Committee for Home Affairs for its support throughout the year without which many of the Bureau's achievements would not have been possible.

Kevin Davis
Director of the Economic & Financial Crime Bureau

4 The EFCB, the Financial Intelligence Unit and the newly formed Economic Crime Unit within the Law Officers Chambers

5 For money laundering other transnational crimes and asset recovery

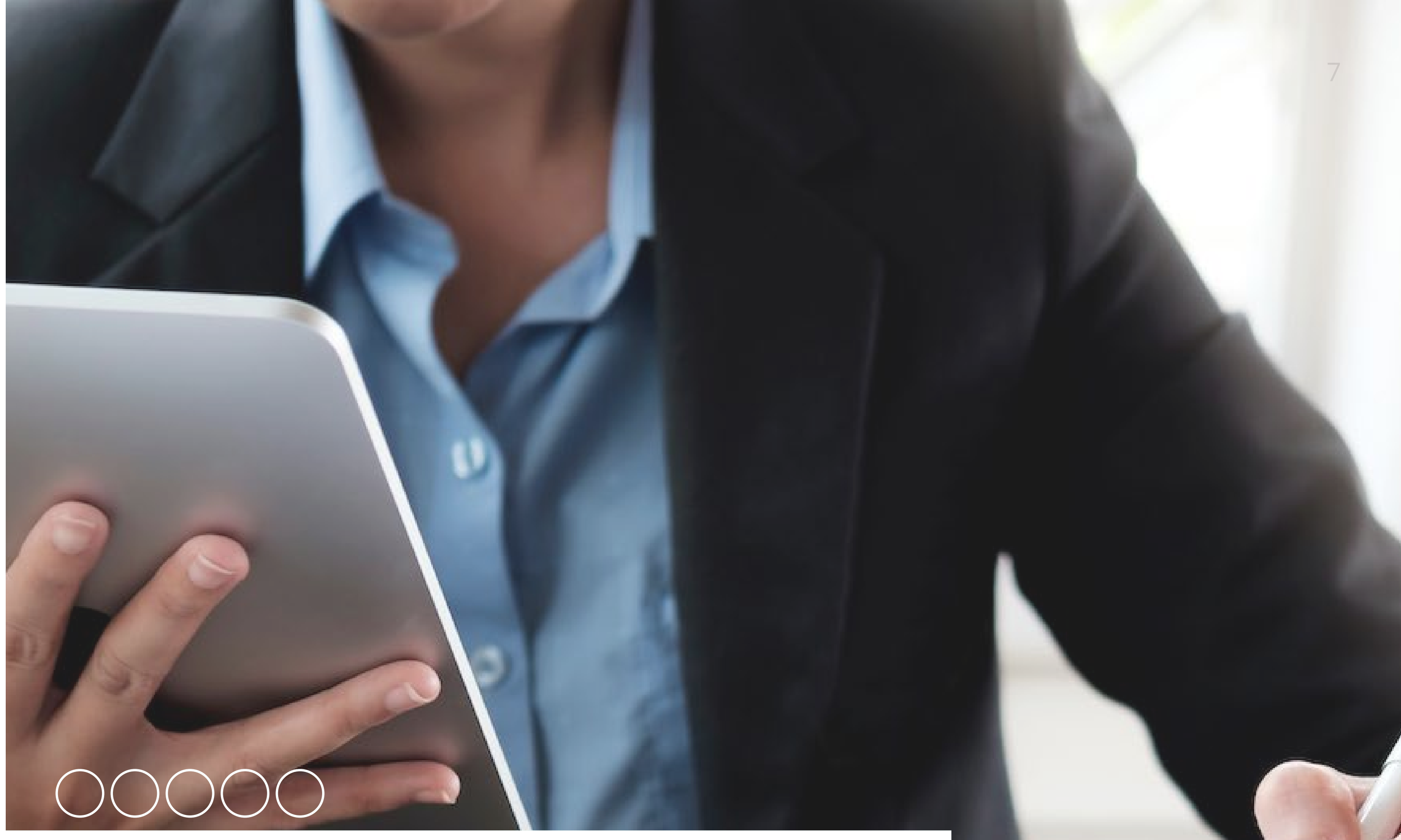
1. Outlook

Guernsey's financial risks have not changed since the publication of the NRA in January 2020 although this will be reviewed and updated in 2023. Managing these risks and compliance with the international standards set by the Financial Action Task Force (FATF) are essential to demonstrate effective AML/CFT systems. Meeting these challenges has never been more important as we move ever closer to Guernsey's evaluation against the FATF standards in April 2024.

Identifying serious financial wrongdoing analogous to the NRA risks requires close working and strong business relationships with our domestic partners, principally the Financial Intelligence Unit, the Guernsey Financial Services Commission, Bailiwick Law Enforcement and the Law Officers of the Crown. And wider afield, the development of strong ties with criminal justice authorities overseas has enabled the sharing of information and intelligence to aid the detection and investigation of financial crime. Consequently, building and maintaining business relationships to help identify potential cases that reflects the Bailiwick's financial risks and shifting Guernsey's pre- 2021 law enforcement response from domestic to internationally orientated financial crime have been high priorities and these remain essential components of our business strategy.

The EFCB Law that came into force in October not only set out the functions of the Director but importantly provided the legal gateways to access the investigatory tools necessary to tackle and manage the Bailiwick's financial risks via the investigation of money laundering (and other economic crimes) and the recovery of the proceeds of unlawful conduct.

The transnational nature of these risks requires significant cooperation and collaboration with relevant justice authorities overseas to obtain the evidence required to support our investigations; whether for the purpose of prosecution or the recovery of tainted assets. Developing and preserving international connections to help achieve these objectives, as well as the sharing of financial intelligence for mutual benefit, has never been more important. This year the Bureau has placed much store in enhancing collaboration with foreign partners to aid the achievement of our operational objectives and to generate international confidence in Guernsey's



response to tackling transnational money laundering and other acquisitive crimes. With assistance from the UK's Foreign, Commonwealth & Development Office (FCDO) and non –governmental bodies (NGOs) amongst others, we have reached out and developed business relationships to jurisdictions across the globe that has helped to progress our casework.

At a local level, the Bureau has continued to support the financial aspects of BLE's domestic crime agenda via civil forfeiture investigations, most notably in relation to inland and border cash seizures that represent the proceeds of unlawful conduct.

2. Developing our Capabilities

People

Recruiting and retaining individuals with the expertise and experience necessary to investigate complex and transnational financial crime forms part of the capability step-change that is required to demonstrate an effective AML/CFT enforcement response and to provide business resilience. In terms of recruitment, this year has been even more challenging than 2021. The lingering Covid-19 pandemic, Russia's invasion of Ukraine and a global slowdown in economic activity helped create a perfect storm with soaring levels of inflation, tightening financial conditions and a cost of living crisis not seen in decades. The Bailiwick has not been immune to these issues.

Against this background the Bureau has strived to recruit and retain suitably qualified individuals within the Bailiwick and to incentivise those with the right specialist skills in the UK (and from further afield) to relocate to Guernsey. The absence of suitable and affordable housing stock in Guernsey together with the loss of some staff to the private sector has, unfortunately, prevented the Bureau from moving closer to its optimum resourcing model this year.

Despite these setbacks, we have made progress on future proofing our resourcing model. Our plans capitalise on difficult employment market conditions through the creation of a small specialist workforce operating from the UK. At the end of 2022 three complex case specialists were successfully recruited and will take up their posts in January 2023. We shall continue to target talented individuals to build the diverse multi-disciplined workforce we seek and this will include additional complex crime specialists, financial investigators and investigative lawyers.

Information Technology

The rise of digital technology has brought about substantial benefits for international trade and for the finance industry. It facilitates fast real time trading and provides easier access to financial services upon which the proliferation in global trading and investment relies. It has though also created new opportunities for criminals to engage in money laundering, terrorist financing and other forms of financial crime. Sophisticated criminals have access to, and use, the same technology to expand the geographical reach of their wrongdoing. The digital era has brought more data to interrogate than ever before and the challenge for law enforcement is the analysis of an ever increasing volume of data to identify intelligence and evidence of transnational crimes and to trace and recover the proceeds of crime across multiple jurisdictions; challenges that are frequently analogous to finding needles in a haystack. Examining large volumes of financial data and managing the extraordinary large data capacities of digital devices such as mobile phones, laptops and tablets etc. seized during our investigations requires specialist IT investigatory capabilities and technology operating skills.

This year we have worked with government, IT architects and our IT business partner to identify, source and commence the build of a new eDiscovery and digital investigation platform to aid the management and examination of data gathered during our cases. This will be available for our investigators early next year. We also commenced the process of procuring a case management system that will complement our eDiscovery platform and replace our existing case governance processes. This will also come on line next year. The combination of these IT systems will provide an improved investigatory capability, speedier case progression and contribute to greater enforcement effectiveness in the management of Guernsey's financial risks.

Training

The Business Plan sets out our commitment to investing in people and providing the right training to equip them with the skills they need to investigate more complex crimes and to aid their personal development. We have not shirked on this commitment and this year has seen a marked expansion of training opportunities ranging from specific tutoring on money laundering and bribery and corruption investigations to understanding cryptocurrencies and non-fungible tokens and their use in crime. Towards the end of the summer EFCB personnel, together with colleagues from other domestic authorities, attended a high quality five day training programme on investigating and prosecuting securities fraud, organised by the Guernsey Financial Services Commission and delivered by the US Securities & Exchange Commission.

Arrangements are already underway for a specialist AML/CFT training provider to deliver ascribed tutoring on the investigation of complex money laundering and terrorist financing offences. This will be delivered next year followed by a structured financial crime training programme, predicated on a training needs analysis that will also facilitate continuous professional development for operational staff. All of this training is accredited by Skills for Justice that regulates the UK's National Occupational Standards for justice sectors whose client base includes the National Crime Agency and Police Scotland amongst others.

3. Our casework

Criminal investigations

The overriding principle applied by the Director is that wherever possible, and subject to the strength of the intelligence and evidence, Guernsey's financial risks are best addressed by criminal investigation, prosecution and the recovery of the proceeds of crime using conviction based confiscation procedures. Where this is not possible, non-conviction based legal remedies are sought to recover the proceeds of unlawful conduct and remove tainted assets from the financial system.

To underpin this principle, the Bureau utilises a risk based approach when considering potential cases for investigation and the range of measures and circumstances that prompts the opening of investigations are set out in policies introduced in year. These processes ensures the EFCB's operational focus is predicated on Guernsey's NRA and other strategic and tactical intelligence assessments and makes sure relevant financial information and emerging threats are fully considered as part of the Bureau's case evaluation process. However, our procedures provide sufficient flexibility to ensure investigations may be opened that might not ordinarily satisfy the risk based approach – for example, where such an investigation or financial intervention forms part of a wider concerted effort to tackle or disrupt serious crime at a domestic level.

The Bureau's investigations are underpinned by intelligence referrals primarily supplied by Guernsey's Financial Intelligence Unit following recalibration of their operating practices last year. This, together with the introduction of new EFCB/FIU liaison and cooperation protocols this year ensures the Bureau makes best use of the available financial information to inform the opening and progress of its investigations. These procedures accentuate the importance of financial disclosures from industry and helps direct the main thrust of our work towards the investigation of money laundering offences that have transnational implications and where Guernsey's financial sector has been used by criminals, principally based overseas, to launder the proceeds of crime.

Implementation of these procedures underscores our continuous drive to align most of our criminal work with the financial threats faced by the island. By the end of 2022, 64% of our criminal investigations reflected Guernsey's financial risks compared with 33% the previous year. The cumulative effect of this approach is that our cases are now more complex in nature and scope and have much longer investigatory lifecycles.

In 2022 we secured convictions in two criminal cases; money laundering relating to drug trafficking, a joint investigation with BLE and fraud predicated on dishonest representations relating to the sale of a business where the offender intended to make a financial gain.

Civil recovery investigations

The emphasis of our civil recovery work is similar to the focus of our criminal work in that we have continued to align our civil forfeiture investigations with the risks depicted in the NRA and other relevant threat assessments. Our civil justice related policies that were brought into effect this year provides the governance framework in this area.

There was a slight reduction in the total number of non-conviction based asset recovery investigations that supported BLE cases compared with the previous year and a 45% decrease in the number of new investigations opened in this category; the latter reflecting a diminution in BLE border and inland cash seizures during 2022. Similarly, there was a 47% decrease in the number of conviction based asset recovery investigations opened over the year compared with 2021 due to a reduction in BLE referrals and the introduction of risk based criteria that prioritises transnational crime over domestic volume crime referrals. The implementation of a risk-based approach to non-conviction based asset recovery opportunities improved the ratio between NRA and non-NRA civil forfeiture investigations compared with the previous year. In 2021, NRA focused cases represented 22% of the total number of investigations and this rose to 32% by the end of this accounting period.

In summary, this year the Bureau has:

- Recovered assets >£107k representing the proceeds of crime;
- Recovered assets >£45k representing the proceeds of unlawful conduct;
- Ensured >£149 million of suspected tainted assets were protected from dissipation pending the outcome of our financial investigations;
- Opened two new money laundering investigations referable to NRA risks; and
- Managed a non-conviction based asset recovery caseload where the assets at stake exceed £60.6 million.

CASE SYNOPSIS:

4 Criminial Investigations

5 Criminal Investigations that reflects NRA risk (money laundering and parallel investigations)

2 New money laundering cases opened that reflect NRA risks

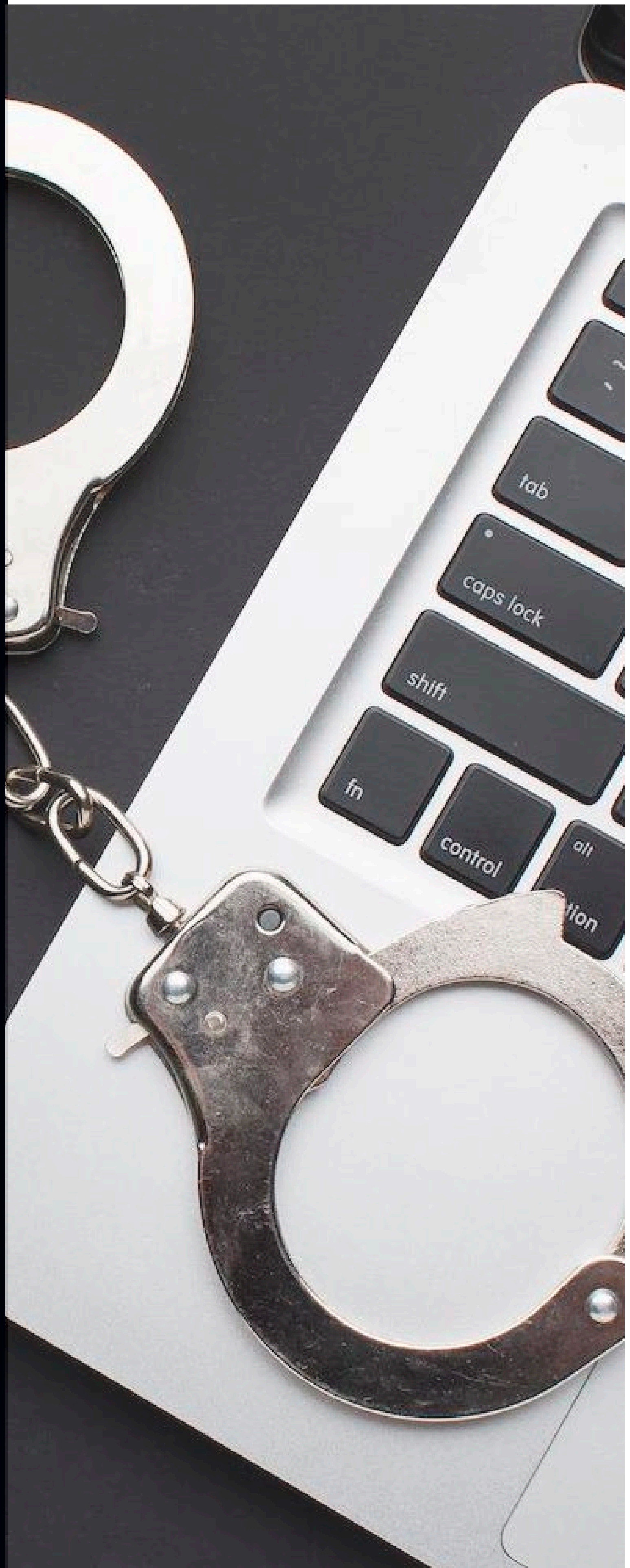
9 Conviction based asset recovery Investigations (NRA risks)

48 Conviction based asset recovery Investigations for BLE

8 Non-conviction based asset recovery Investigations that reflect NRA risks

17 Non-conviction based asset recovery Investigations for BLE

93 Total No. cases subject to investigation



4. Casework analysis

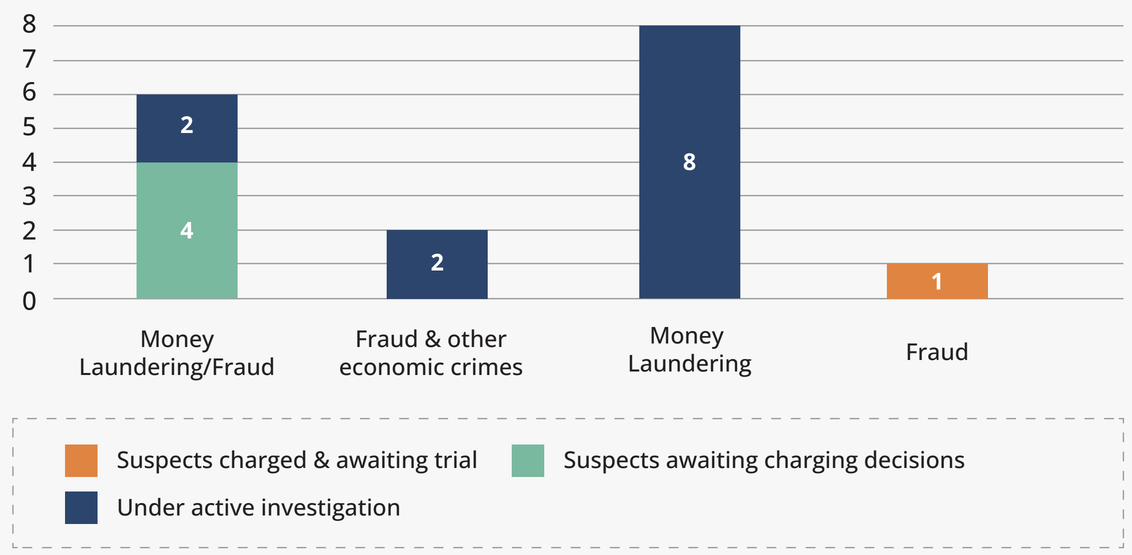
I. Criminal investigations

During the accounting period eleven cases involving seventeen suspects were subject to criminal investigation. Figure 1 sets out the number of suspects subject to investigation by case type. Thirteen requests were made to overseas jurisdictions to obtain evidence in 36% of our cases under mutual legal assistance arrangements. Assistance was also sought from law enforcement authorities overseas under international police to police assistance procedures - Section 5 provides further details on this process.

This year one suspect pleaded guilty to a money laundering offence relating to the supply of controlled drugs within the Bailiwick and was sentenced by the Royal Court to a total of three years and three months imprisonment – the three month element of the sentence reflecting the money laundering offence. Further details of this case are set out in the case study on page 14. In a separate case, a defendant pleaded guilty to a fraud offence committed in the Bailiwick and received a 240 hour Community Services Order as an alternative to an eighteen month custodial sentence. The offender was also ordered to make a compensation payment of £76,000 to the victim.

The trial for one of our large and complex multi-million pound money laundering cases was scheduled for this year however the hearing was relisted at the Royal Court for mid-2023.

Figure 1: Suspects Investigated by Case Type



CASE STUDY:
MONEY LAUNDERING

In 2020 Guernsey police visited a residence in St Peter Port following a report of a strong smell of cannabis from an extraction duct. The premises was searched and 141 cannabis plants were discovered. The plants together with a shoebox containing c£43,000 cash were seized. The homeowner was arrested and an accomplice suspected of distributing cannabis was identified, arrested at home and £10,000 cash and evidence relating to the supply of cannabis seized.

EFCB investigators interviewed both suspects with the police and carried out a financial investigation. This identified assets from the sale of cannabis and attempts to disguise drug trafficking profits as revenue generated by the accomplice's business. EFCB officers obtained restraint orders from the Royal Court to prevent the suspects using or dealing with their assets however upon receipt of the order the accomplice dissipated a sum of money from a restrained account committing a money laundering offence. Three defendants eventually pleaded guilty to drug trafficking offences and the accomplice also pleaded guilty to a money laundering offence. The cannabis grower was sentenced to 4 years imprisonment and a confiscation order of £93,021.08 was made with 2 years' imprisonment in default of payment. The accomplice (the money launderer) was sentenced to a total of 3 years and 3 months imprisonment for being concerned in the supply of cannabis and money laundering and a confiscation order of £15,000 was made with 9 months imprisonment in default of payment. A third defendant was sentenced to 18 months imprisonment (suspended for 3 years) for drug trafficking and a confiscation order of £10,229 was made with 7 months imprisonment in default of payment.

Figure 2: Criminal Cases by Crime Type

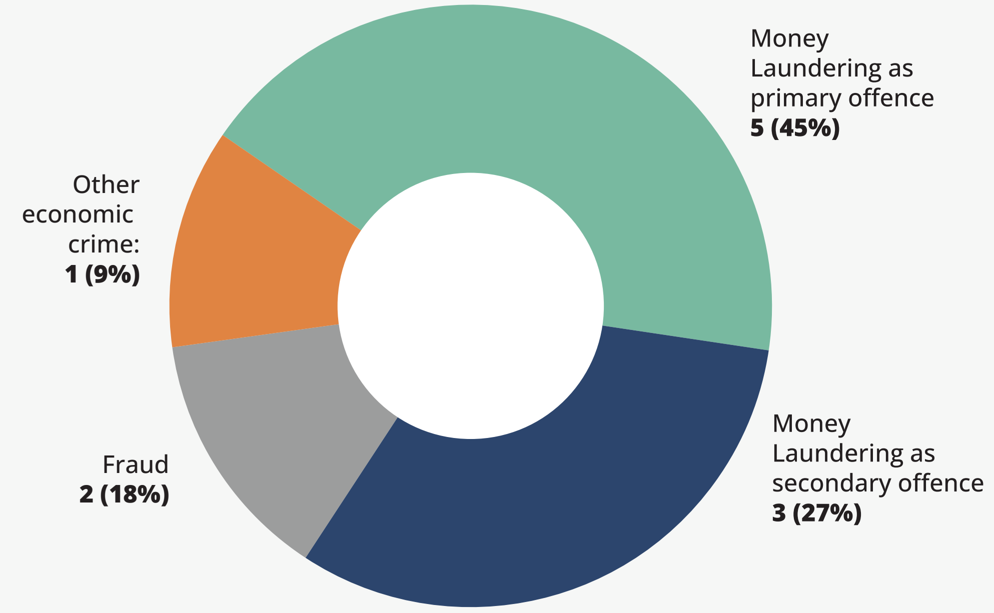


Figure 2 sets out the number of criminal investigations by case type. Five cases related to suspected criminality where money laundering constituted the primary offence(s) under investigation and three where money laundering was secondary to the predicate crime under investigation. The remaining three cases involved the investigation of domestic fraud and insider dealing.

II. Asset Recovery

During 2022 the Bureau continued to support BLE's domestic casework (primarily domestic drug trafficking) through the conduct of forty-eight financial investigations to support applications to recover the proceeds of crime from convicted criminals. Similarly, there were seventeen

CASE STUDY:
CONVICTION BASED ASSET RECOVERY

In 2019, a UK national travelling to the Bailiwick was stopped and searched at the border by the GBA and found to be in possession of controlled drugs. In 2021 the individual was convicted of drug trafficking offences at the Royal Court and received 5½ years imprisonment and transferred to a UK prison to serve the sentence.

The EFCB conducted a financial investigation and identified money movements linked to the defendant's drug-trafficking activities and a substantial UK-based asset. The offender's benefit from criminal conduct was calculated to be £63,306 and in 2021, the Royal Court made a confiscation order for that amount to be repaid within 18 months. A default sentence of 21 months imprisonment was also handed down by the Royal Court.

The offender failed to repay the confiscation order so the EFCB made a request to the UK via the Law Officers under mutual legal assistance arrangements to restrain the offender from using or dissipating his UK asset and to enforce its sale to satisfy the Guernsey confiscation order.

active non-conviction based financial investigations to support applications for the recovery of the proceeds of unlawful conduct via civil forfeiture proceedings arising from BLE cash seizures made at the border and from inland searches.

In respect of the EFCB's own investigations, nine confiscation investigations were mounted which ran in parallel with our criminal cases. And there were eight active non-conviction based asset recovery investigations where the underpinning conduct reflected NRA risks. The total value of tainted assets subject to active non-conviction based asset recovery investigations this year exceeded £66 million.

During the accounting period we protected suspected criminal property from being dissipated by preventing suspects from using or dealing with their assets using restraint and freezing orders issued by the Royal Court. The value of restraint orders obtained in year exceeded £743k bringing the total value of alleged criminal assets subject to restraint to more than £149.7 million. Figure 3 compares the volume and value of restraint and freezing orders obtained during 2022 that prevented the use of criminal assets by the suspects of our investigations.

Figure 3: Volume & value of restraint and freezing orders granted in 2022 (£)

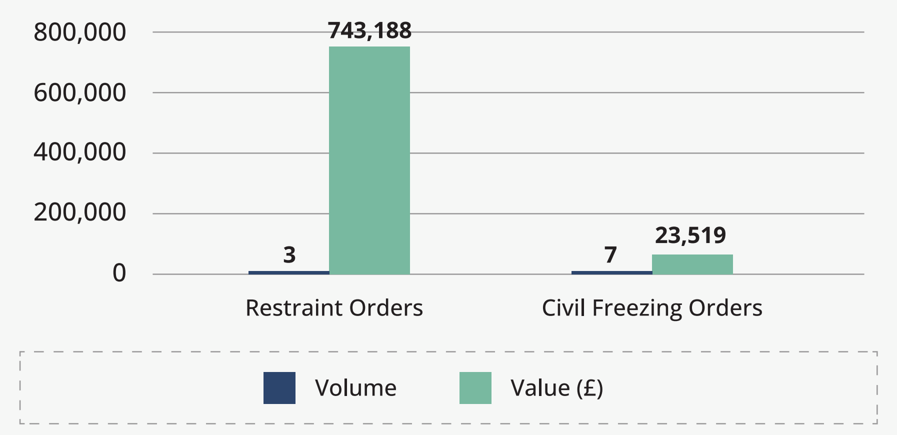
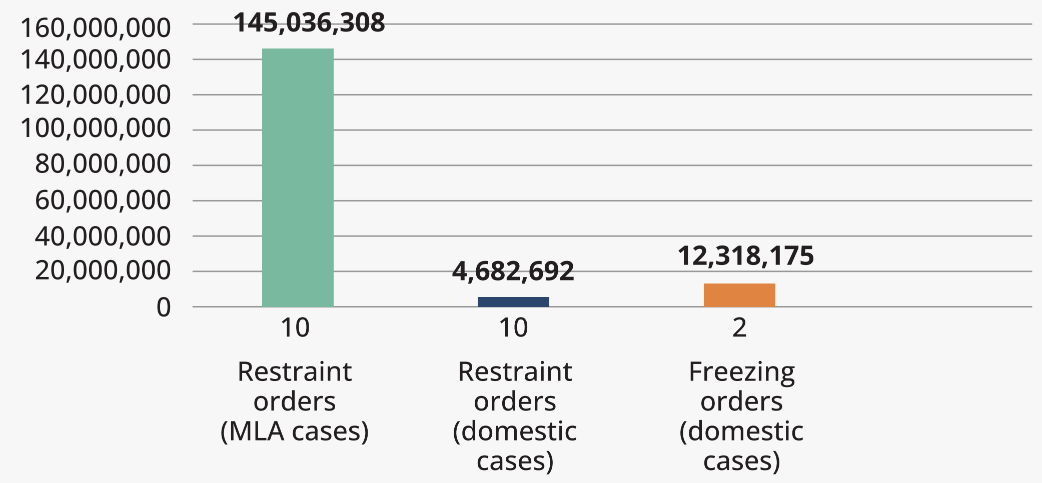


Figure 3a illustrates the combined value of active restraint and freezing orders at year-end. This exceeded £162 million and is disrupting further criminal enterprise by preventing suspects from using and dealing with their assets suspected to represent the proceeds of crime or, in respect of freezing orders, some form of criminal conduct.

For clarity, domestic cases refers to EFCB investigations and MLA cases where the EFCB in conjunction with the Law Officers have obtained court orders to protect the dissipation of assets held within the Bailiwick on request from a foreign jurisdiction. In respect of the two freezing orders, one was valued at >£12.31 million relating to an EFCB investigation and the other a small volume crime cash seizure just over £1k.

Figure 3a: Number & Value (£) of extant orders at year-end



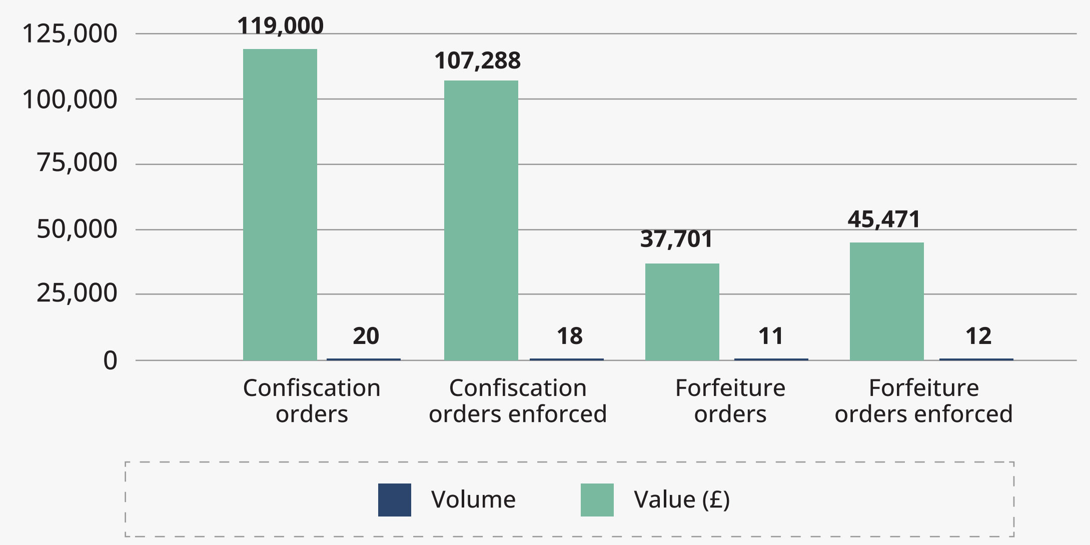
The Bureau works in conjunction with the Law Officers to recover the fruits of criminal enterprise using all available legal remedies. Figure 4 illustrates the volume and value of confiscation and forfeiture orders granted by the Royal Court and the value of assets recovered from enforced orders[6].

During the accounting period £152,471 was paid into the Seized Asset Fund together with £2,149,433[7] which represented a 50% share of assets subject to a $6.4 million forfeiture following the registration and enforcement of an overseas asset recovery order in 2021. The recovered sum related to tainted assets held in accounts in Guernsey.

6 Confiscation and forfeiture orders can have a pipeline effect which means assets recovered in-year may include the enforcement of orders made in previous years.

7 The pipeline effect also applies to amounts paid into the SAF

Figure 4: Volume & value of asset recovery orders (£)



5. International Co-operation

The importance of international cooperation cannot be underestimated given the transnational nature of Guernsey's financial risks. The sharing of information and intelligence between criminal and civil justice authorities is crucial to the identification, disruption and prevention of international financial crime. Similarly, facilitating enforcement action against criminals and their assets in a transglobal economic world is only possible with meaningful international cooperation that aids the gathering and acquisition of evidence that can be adduced in legal proceedings. Thus tackling the worldwide nature of financial risks and threats effectively requires vital international alliances to obtain the intelligence and evidence required to support criminal investigations and to identify, trace and recover tainted assets.

Strengthening existing relationships and building and maintaining new associations is a vital component of our Business Plan and much work has been undertaken this year to build collaborative working arrangements with foreign partners and the development of a shared understanding of the financial risks we collectively face.

The Bureau deploys various means to promote and discharge its functions in this area, ranging from police to police cooperation to requesting assistance from foreign states under mutual legal assistance arrangements (MLA). We also support foreign competent authorities in relation to their investigations via MLA procedures. Figure 5 illustrates the different modes of international cooperation by type and volume during the year.

Mutual Legal Assistance (MLA)

As the agent for the Law Officers of the Crown in their role as the competent authority for mutual legal assistance, the Bureau carries out investigatory work and gathers evidence within the Bailiwick to assist the investigations of foreign authorities. We also conduct financial inquiries to support legal proceedings in the Royal Court, brought by the Law Officers upon request from a foreign state, to recover or protect the proceeds of crime/ unlawful conduct held in the Bailiwick.

During the year the Bureau executed eighteen inbound MLA requests. This included the gathering of evidence that was subsequently supplied to requesting states and making financial inquiries to support asset recovery applications[8] to the Royal Court by

8 Including applications to vary existing restraint orders to prevent the dissipation of assets held in Guernsey

the Law Officers to recognise and enforce foreign recovery orders against criminal property held in Guernsey.

The EFCB also evaluates incoming MLA requests to identify suspected criminal offences and the identification of tainted assets that warrant the opening of a domestic money laundering[9] or asset recovery investigation. There were no domestic investigations opened as a result of this analysis during the accounting period.

To aid the progression of our own criminal and civil investigations, we made fifteen requests to the Law Officers to seek mutual legal assistance from competent authorities overseas. These included requests for tax information, the identification of assets abroad and the gathering of evidence to strengthen our investigations.

International police to police cooperation

This informal cooperation process enables a law enforcement authority in one country to obtain (and/or share) intelligence or information with a law enforcement authority of another country where the exercise of coercive powers is not required. This might include the provision of intelligence, operational briefings, entering into information sharing agreements and determining the nature and scope of materials held by a country prior to making a request for mutual legal assistance. During 2022 we used this process on thirty occasions to aid our money laundering and asset recovery investigations, sharing and requesting intelligence and materials with sixteen jurisdictions including France, Hong Kong, South Africa and the United Kingdom amongst others. On a reciprocal basis we serviced six requests for EFCB assistance from law enforcement authorities in five countries.

In September, the Director met the Indonesian Ambassador to the Federal Republic of Germany which prompted a Ministerial led delegation visiting Guernsey in November to advance mutual cooperation in respect of money laundering, other transnational crimes and asset recovery. This visit culminated in the President of the Committee for Home Affairs and Indonesia's Minister of Law and Human Rights affirming their commitment to promote law enforcement cooperation on money laundering and asset recovery on 28th November.

Their signing of a formal Letter of Intent was underpinned by a Letter of Cooperation between the Director EFCB and the Indonesian authorities to facilitate the sharing of information and intelligence to assist in the recovery of criminally derived assets held in the Bailiwick.

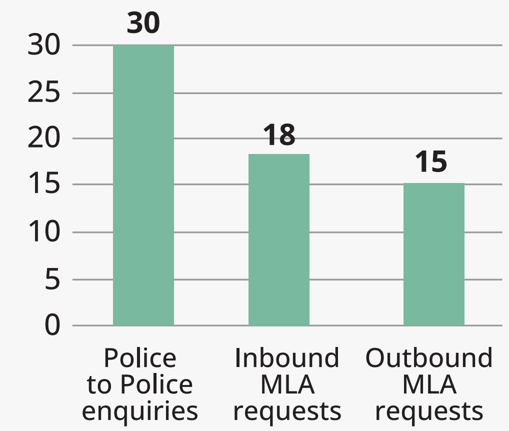
9 Or other economic crime offences such as fraud or bribery and corruption

Non-governmental Organisations

The Bureau places much store on the important work of NGOs such as the Basel Institute on Governance and uses our relationship with these bodies to promote the work of the EFCB and to support transnational inquiries. This year we engaged with NGOs on eleven occasions which amongst other things helped facilitate our inquiries with a number of jurisdictions including Colombia, Guatemala and Kenya.

The EFCB also participates in the Camden Asset Recovery Inter-agency Network (CARIN), an informal network of law enforcement and judicial practitioners that shares information to trace, freeze, seize and confiscate criminal assets. An example of the benefits of participating in this network is illustrated in the adjacent case study.

Figure 5: International Cooperation



CASE STUDY:
INTERNATIONAL INFORMATION SHARING VIA CARIN

The EFCB conducted a financial investigation that ran parallel to a drug trafficking investigation conducted by BLE. The projected benefit arising from the criminal conduct was calculated to be in the region of £500k.

Following a request to CARIN, property and bank accounts in Asia and Europe that were believed to be linked to the suspect were quickly identified by network participants and shared with EFCB investigators. The information provided via the CARIN network enabled financial investigators to justify and seek mutual legal assistance to obtain material for use in conviction-based asset recovery proceedings in Guernsey.

6. Finance and Resourcing

For 2022, the Bureau's total budgetary provision was £3.218 million; c90% of this sum was allocated to salaries and the remainder for operating costs. The FIU allocation from the EFCB's budget was £747k to cover salaries and running costs and managed independently by the Head of the FIU.

Actual expenditure was 26% less than the allocated budget[10] due to recruitment difficulties and in-year staff losses. However, actual operating costs were 19% greater than the budgetary allocation and accounted for 16% of the Bureau's expenditure. This was principally due to greater investigatory costs incurred due to the increasing complexity of our investigations. Figure 6 illustrates expenditure against allocation.

This year the recruitment and retention of staff has been particularly difficult for two reasons. Firstly, it has been challenging to source people with the skills and experience we seek (either locally or from the UK) to work in a specialist investigatory environment that competes with the finance industry and a constricted pool of financial expertise within law enforcement. Secondly, incentivising individuals to relocate and work in Guernsey has been problematic against the backdrop of worldwide economic turmoil, substantial cost of living increases and a lack of affordable housing in Guernsey. That said, the number of individuals from the UK that expressed a very keen interest in working for the Bureau has been gratifying and we have altered our resource operating model accordingly. This has led to the recruitment of three financial crime specialists who will start their employment in January working on a satellite basis from the UK. Next year we will look to strengthen our UK arm and our on-island presence.

10 Albeit the entire FIU allocation was spent

Despite these employment challenges, we recruited two investigative lawyers and five investigators. However by year-end we had lost eight members of staff - with moves to the finance industry accounting for 50% of these losses. Overall, there was a net staff deficit of 6% on the previous year though the changes to our workforce planning arrangements together with a pay review next year should help redress the issues faced in 2022.

The distribution of resources at the mid-year point is depicted in Figure 7.

Figure 6: Budgetary Allocation & Expenditure

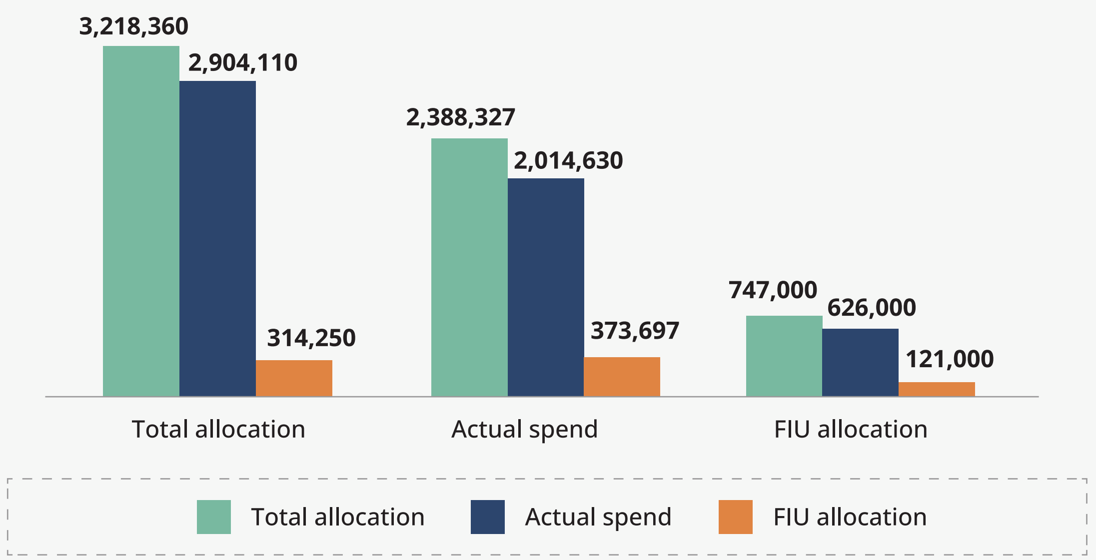


Figure 7: Distribution of Resources at 30 June