

# 2014 Annual Report

Kingdom of Saudi Arabia

Ministry of Interior

Financial Investigation Unit



Financial Investigation Unit

# 2014 Annual Report

The title "2014 Annual Report" is centered within a stylized, glowing green oval graphic that has a white center and a gradient of green shades towards the edges, set against a black background.

# 2014 Annual Report

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Financial Investigation Unit

**Introduction**  
A word from the Director General  
of the  
Financial Investigation Unit

▪ **A word from the Director General of Saudi Arabia Financial Investigation Unit**

Since the beginning of the year 2014, SAFIU has been working continuously in achieving its plans in the field of reports handling and analyzing, cooperation with supervisory and regulatory authorities, and training program that could contribute in achieving the objectives of the FIU. It has maintained cooperation with authorities which supervise and regulate reporting agencies according to strategic plans that aim at improving the efficiency of reporting which is getting better from year to another.

During the year 2014, experts in SAFIU have trained employees from relevant authorities, and held Anti-money Laundering and Financing of Terrorism training courses, a specialized course on " Organizing of Cross Border Cash Movement " has been held in Naif Academy for National Security and some international airports in the Kingdom for (359) trainees from all relevant authorities. For the first time, number of female inspectors who work at international airports have been trained. On the other hand, a training course was held prior to Haj time for personnel from King Abdulaziz International Airport in Jeddah ,Prince Mohammed Bin Abdulaziz International Airport in Madinah, and some Land Ports on "Disclosure and its Risks during Seasons of Haj and Omra" ,the course was presented by specialists from SAFIU

On the basis of the continuing joint international cooperation and to enhance the efforts of the kingdom in combating the crime of Money Laundering and Financing of Terrorism, SAFIU has signed two memorandums of understanding ( MOUs) to exchange information with other counterparts.

Finally, I would like to thank His Royal Highness, Minister of Interior (may Allah protect him) for his support, follow-up, and continuous direction to FIU's work.

And Allah is the grantor of success,

Director General of SAFIU

Major General

Fahad bin Abed Al-Aziz Al-Maglooth

# **Chapter 1**

## **FIU Overview**

## **Introduction to FIU:**

### **First: “Establishment of the Unit”**

Money laundering cases used to be handled via established committees consisting of several governmental agencies. And to standardize the money laundering efforts, the money laundering regulation was issued under the Royal Decree # m/39 dated 25/6/1424 H that included in Article 11 the establishment of a unit to combat money laundering and was named “Financial Investigation Unit (FIU)”. Located in Riyadh, the unit commenced its activities on 6/8/1426 H.

### **Second: “Definition of FIU”**

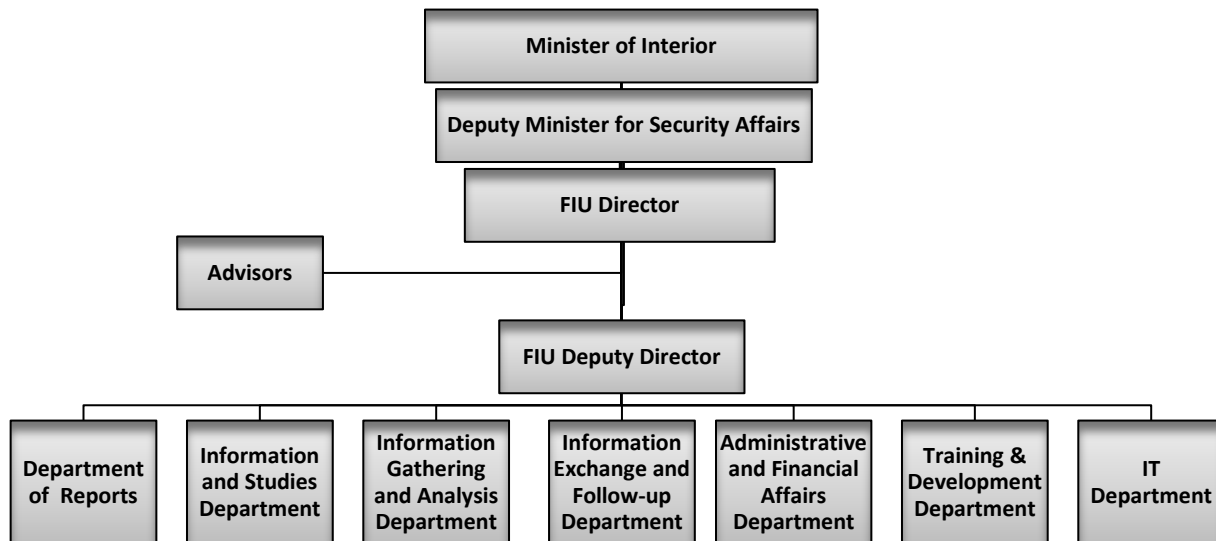
FIU is a hybrid (administrative – police) unit at MOI, which operates independently as a central national apparatus that receives, analyzes, disseminates and directs Suspicious Activity Reports as well as other money laundering related activities.

### **Third: “The Unit’s Mandate”**

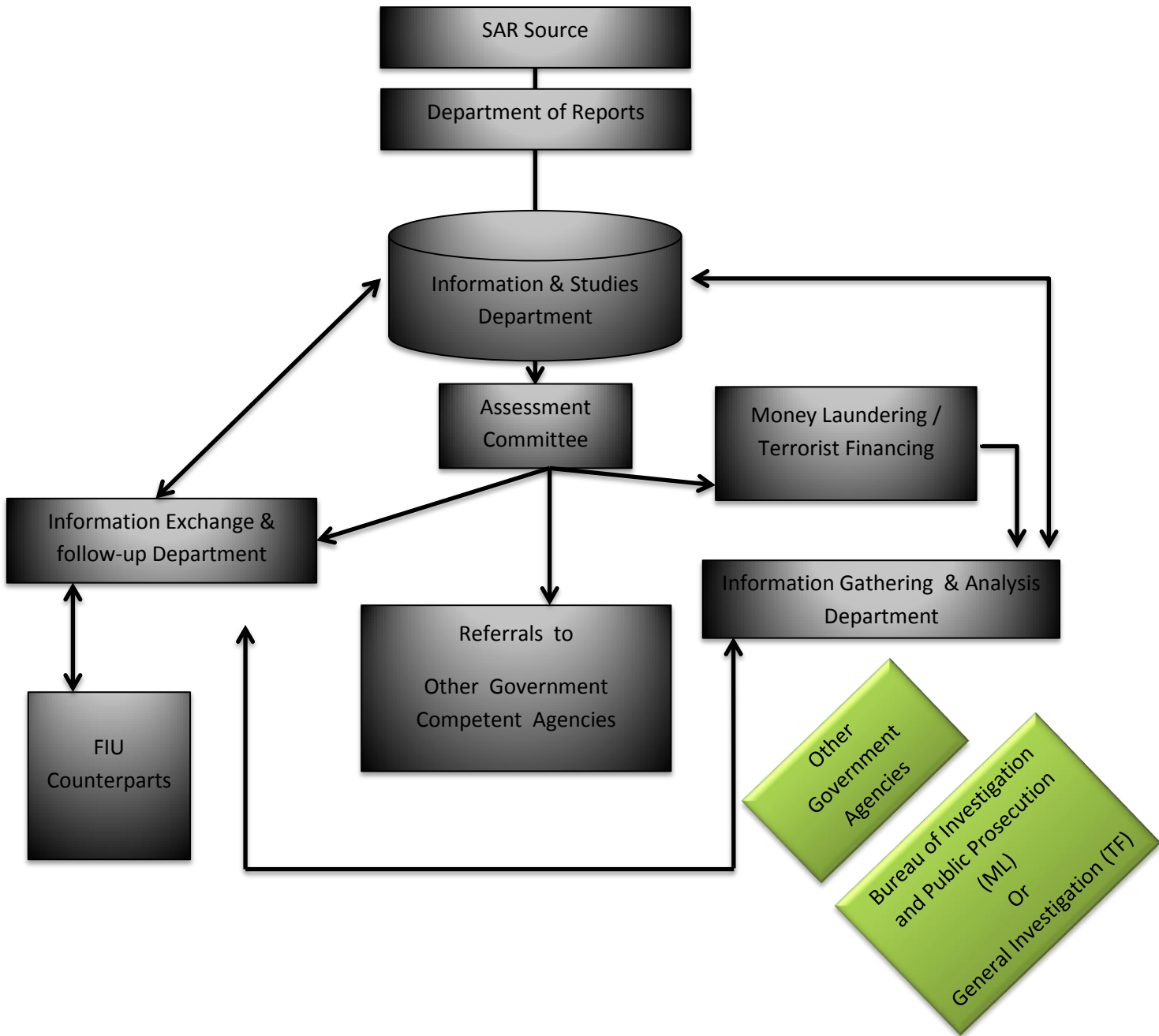
The following can summarize FIU’s specialties:

1. Receive incoming reports from financial and non-financial establishments, government agencies, and individuals regarding ML/TF suspected financial operations and crimes.
2. Developing a database for all reports and money laundering and terrorist funding information, and respectively updating this information while keeping its secrecy and availability to the relevant authorities.
3. Request from and exchange information with stakeholders and take necessary actions to counter money laundering.
4. Request from and exchange information with other FIU’s regarding anti money laundering in accordance with Article 25 of the executive anti money laundering regulations.
5. Developing of reporting forms (SARs) used by financial and non-financial establishments. This includes forms which assist the unit to collect, analyze, investigate, maintain the data base, and update the information if necessary.
6. Collect and analyze SAR’s. The unit has the right to seek the help of proper stakeholder SMEs’ of this purpose.
7. FIU conducts field investigations and has the right to request such investigations from security agencies at MOI sectors. Once there is sufficient evidence leading to a relationship between SARs and ML crime, FIU refers the evidence to the proper investigative entity accompanied with a detailed report that contains enough data about the crime, the criminals, and an explanation of the evidence as well as recommendations and all related attachments.
8. Request from BIPP Precautionary seizure of funds, assets and all resources related to the suspicious activities in accordance with Article 14 of the regulations.
9. Dispose of SAR’s which analysis does not lead to evidence or suspicion of a crime or wrongdoings as described in Article 2 of the regulations.
10. Coordinate with agencies that regulate financial and non-financial establishments to formulate the methods to ensure the establishment’s compliance with the rules, regulations, and instructions associated with anti-money laundering.
11. Participate in preparing anti money laundering related awareness programs.
12. FIU may conclude MOUs with other FIUs in accordance with applicable procedures and regulations.

Fourth: "FIU Organizational Structure"



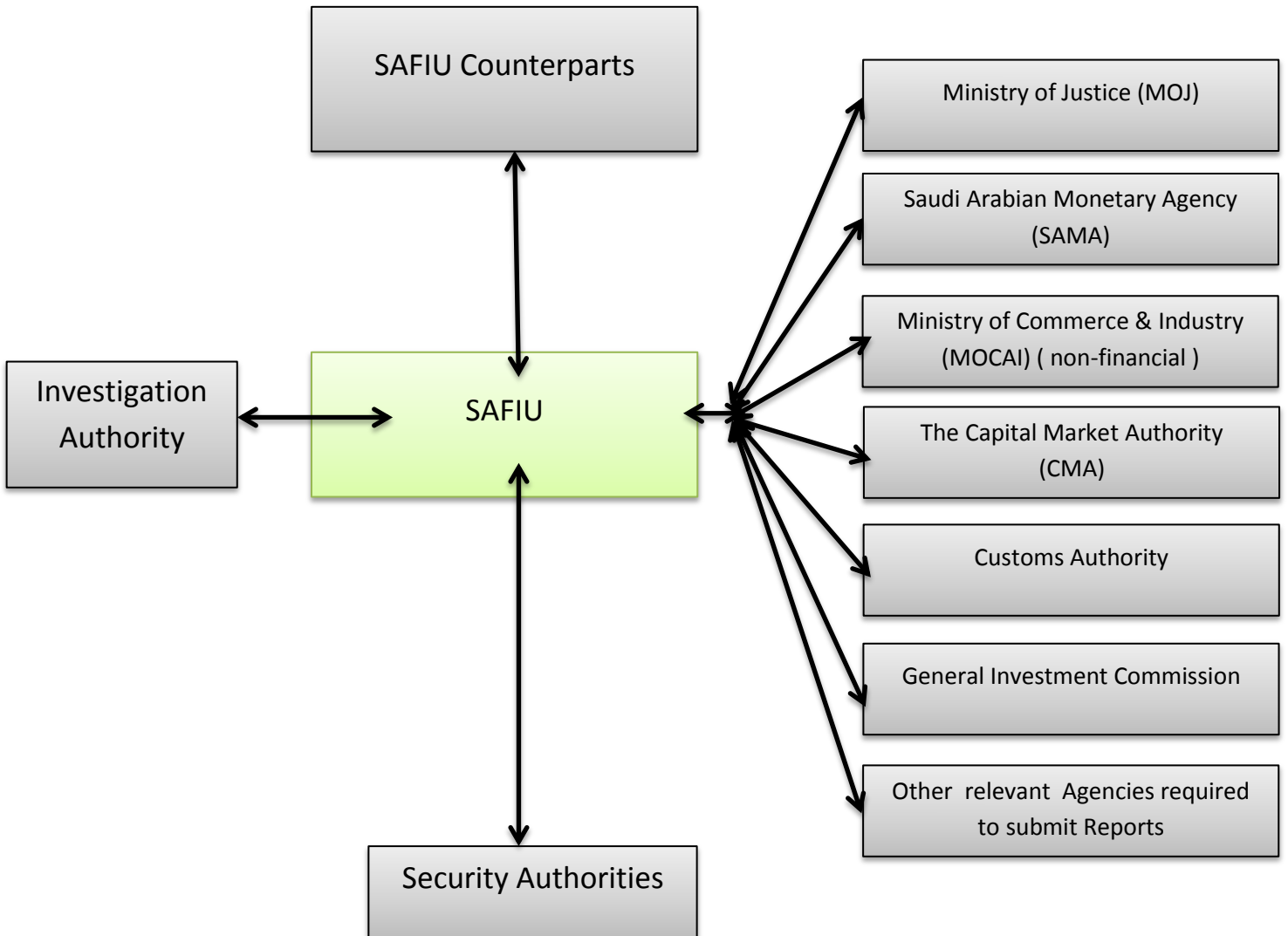
Fifth: "Managing Reports at FIU"





Sixth: "SAFIU's relationship with other relevant agencies"

SAFIU's relationship with other relevant agencies



## **Chapter 2**

### **Local & International Activities**

**“Training & Participation in Regional & International Meetings & Conferences”**

During the year 2014, experts in SAFIU have trained employees from relevant authorities, and held Anti-money Laundering and Financing of Terrorism training courses, a specialized course on " Organizing of Cross Border Cash Movement " has been held in Naif Academy for National Security and some international airports in the Kingdom for 359 trainees from all relevant authorities. For the first time, number of female inspectors who work at international airports have been trained. On the other hand, a training course was held prior to Haj time for personnel from King Abdulaziz International Airport in Jeddah , Prince Mohammed Bin Abdulaziz International Airport in Madinah, and some Land Ports on "Disclosure and its Risks during seasons of Haj and Omra" ,the course was presented by specialists from SAFIU. The following are the most prominent courses that SAFIU has hosted:

First : " On the national Level "

**Local Training Courses:**

Course Name	Type of Participation	Location	Number of Trainees	Duration
Financial Analysis Techniques	Course	Security Forces Officers Club	29	5 Days
Principles of Management in Financial Analysis	Course	OPM/MOI- Training Center King Fahad Security College	18	5 Days
Basics Instructor Training BIT	Course	OPM/MOI- Training Center King Fahad Security College	18	5 Days
Safety & Security	Course	Civil Defense Institute	1	5 Days
Introduction to Computer Sciences	Course	MOI	4	30 Days
Editing Official Letters and Presentations	Course	Al-Imam Muhammad Ibn Saud Islamic University	1	6 weeks
Introduction to Computer Sciences	Course	MOI	1	30 Days

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### Local Training Courses(continued):

Course Name	Type of Participation	Location	Number of Trainees	Duration
Analyses of Financial & Monetary Policies	Course	Security Forces Officers Club	1	5 Days
Office Management	Course	Training Center and Community Service, KSU	3	3 months
Modern HR Management	Course	Training Center and Community Service, KSU	3	3 months
Implementation of UN Security Council Resolutions	Workshop	Naif Arab university for Security Sciences	1	3 Days
Creativity in Planning and Building Plans for Organizations & Individuals	Session	MOI	1	3 Days
Applied Computer Diploma	Workshop	Training Center and Community Service, KSU	3	6 months
Office Management - advanced	Course	Training Center and Community Service, KSU	2	6 months
Introduction to Computer Sciences	Course	MOI	1	30 Days
Diploma In Administrative Leadership	Course	Al-Imam Muhammad Ibn Saud Islamic University	2	6 months
Modern HR Management	Course	Al-Imam Muhammad Ibn Saud Islamic University	1	3 months
Basics of Computer	Course	Al-Imam Muhammad Ibn Saud Islamic University	1	3 months
English Language	Course	Al-Imam Muhammad Ibn Saud Islamic University	2	3 months

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### Local Training Courses(continued):

Course Name	Type of Participation	Location	Number of Trainees	Duration
Total Quality Management	Course	Al-Imam Muhammad Ibn Saud Islamic University	2	3 months
Disclosure and its Risks during seasons of Haj and Omra	Course	Security Forces Officers Club	2	3Days
Disclosure and its Risks during seasons of Haj and Omra	Course	Security Forces Officers Club	6	3Days
Database Management System - Oracle		Institute of Public Administration (IPA)	1	3Days
Editing Official Letters and Presentations	Course	Al-Imam Muhammad Ibn Saud Islamic University	2	6 weeks
<b>Total Number of Trainees</b>			<b>108</b>	



**Side of scientific application ( case study ) that are presented to trainees to raise the efficiency of dealing with cases that are handled during the search, inquiry, and investigation.**

**Second: "On the Regional & International Levels"**

In 2014, SAFIU has participated in a number of international training courses, the following are the most prominent international training courses in which SAFIU has participated:

**International Training Courses:**

Course Name	Type of Participation	Location	Number of Trainees	Duration
Investigation in Combating Financing of Terrorism	Course	Cambridge	1	12 Days
Contemporary Forms of Secretaryship Using Cutting –edge Technology of Information Systems	Course	Kuala lumpur - Malaysia	1	12 Days
The Preparation of Correspondence & Reporting Skills	Course	Amman	2	5 Days
Methods of Detection of Counterfeiting & Forgery	Course	Dubai	1	12 Days
New Means and Methods of Detection of Counterfeiting & Forgery	Course	Istanbul	1	12 Days
Developing Skills of Administrative Communications Staff & Simplification of Procedures	Course	Dubai	1	12 Days
Information & Documents security	Course	Dubai	1	5 Days
Modern Methods of Measuring and Assessing Staff & Corporate Performance	Course	London	1	12 Days
<b>Total Number of Trainees</b>			<b>9</b>	

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### International Conferences and Meetings:

Meeting Name	Type of Participation	Location	Duration
Field Meeting of the Interpol Working Group on Counter-terrorism	Meeting	Kingdom of Bahrain	3 Days
Transnational Crime Investigation	Workshop	Taiwan	10 Days
Combating weapons of mass destruction	Workshop	Kuwait	3 Days
New Crimes in light of National & International Transformation	Forum	Jordan	3 Days



**SAFIU hosting a workshop for a number of counterparts in (Combating Money laundering & Terrorism Financing) and international cooperation in this regard.**



**“Memorandums of Understanding with FIU Counterparts”**

**SAFIU has signed two MOUs on the sidelines of Egmont meetings with the following counterparts :**

- 1. National Agency for Financial Investigation (NAFI) Chad .**
- 2. Bangladesh Financial Intelligence Unit ( BFIU ) ( Bangladesh Bank).**



Side of signing MOU

**“2014 Statistics”**

**A. Statistics on Money Laundering**

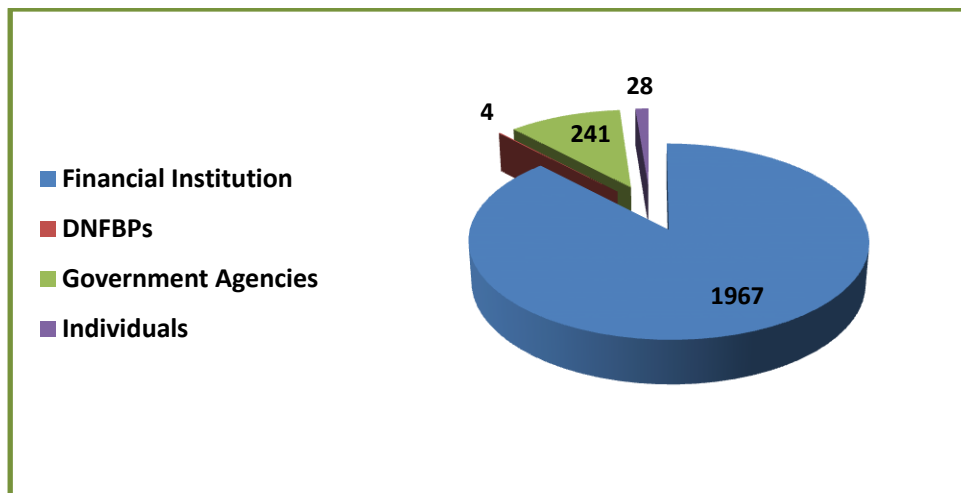
First: “Total Number of received Reports in 2014”

Type of Reports	Number of ML Reports
Number of Analyzed Reports	2240
Number of Reports Referred to Investigation Authorities	136

Second: “Number of Submitted Reports by the Reporting Entities in 2014”

Reporting Entity	Number of ML Reports
Financial Institution	1967
DNFBPs	4
Government Agencies	241
Individuals	28
<b>Total</b>	<b>2240</b>

The following chart shows the number of Submitted Reports by the Reporting Entities in 2014:



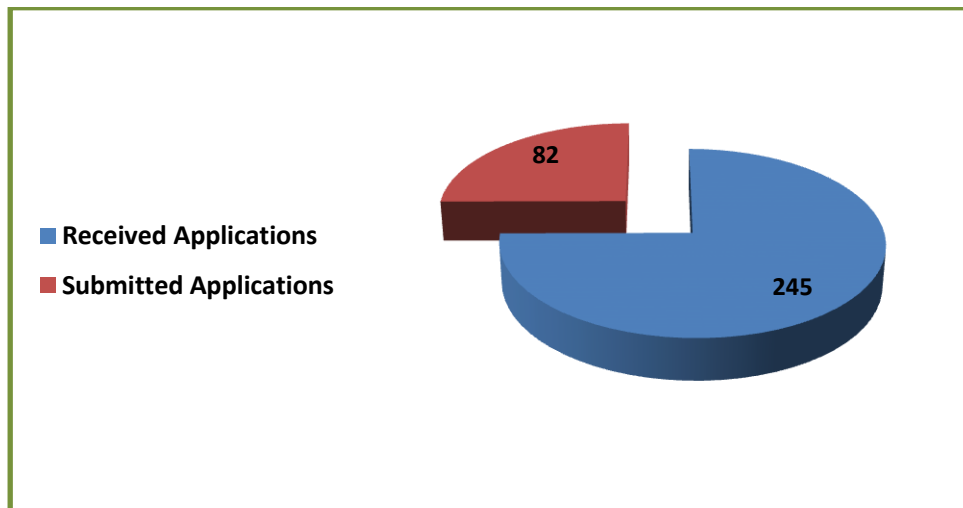
Third: “Number of Bank Account/ Statement Applications from Saudi Arabian Monetary Agency (SAMA) in 2014”

Type of Procedures	Number of Applications
FT/ML Accounts studied	2285
Bank Statement Applications by SAFIU	505
<b>Total</b>	<b>2790</b>

Fourth: “Number of Information Exchange Requests with FIUs in 2014”:

Information Exchange Applications	Number of ML Applications
Received Applications	245
Submitted Applications	82
<b>Total</b>	<b>327</b>

The following chart shows the number of information exchange Requests with FIUs in 2014:



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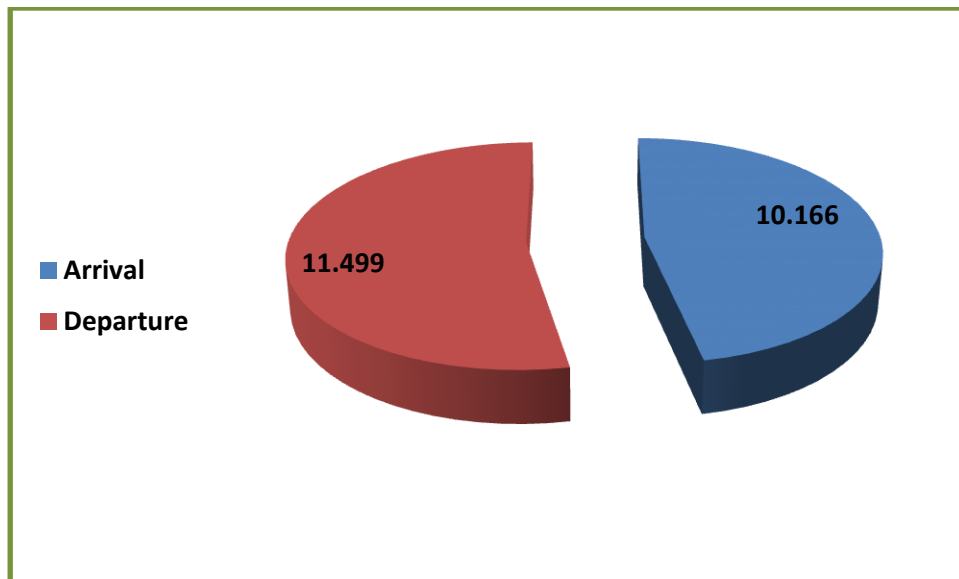
Fifth: "Number of Feedbacks in 2014":

Type of Operation	Number of Feedbacks
ML	2240

Sixth: "Number of Declarations in 2014"

Type of Action	Number of Cases
Arrival	10.166
Departure	11.499
Total	21.665

The following chart shows the number of declarations 2014:

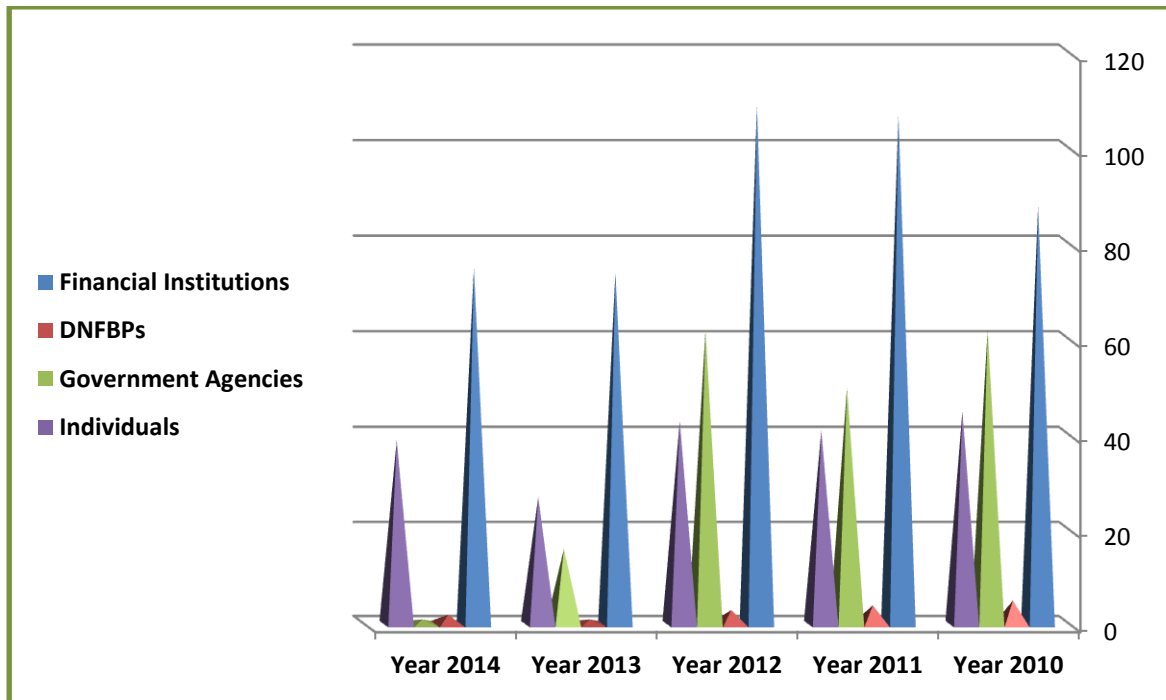


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Seventh: “Comparison Between the Number of Reports issued by Reporting Entity from 2010 to 2014”:

Reporting Entity	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Financial Institutions	1137	1694	1954	2039	1967
DNFBPs	1	10	6	2	4
Government Agencies	109	176	209	300	241
Individuals	9	69	17	38	28
<b>Total</b>	<b>1168</b>	<b>1842</b>	<b>2077</b>	<b>2379</b>	<b>2240</b>

The following chart shows a comparison between the number of reports issued by the reporting entity from 2010 to 2014:



**B- Statistics on Terrorism Financing :**

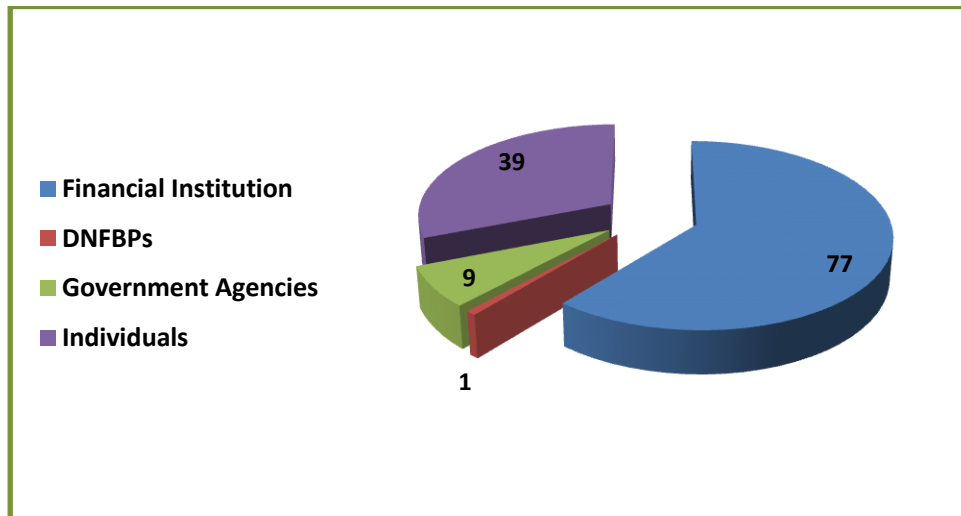
First: “Total Number of received Reports in 2014”

Type of Reports	Number of TF Reports
Number of Analyzed Reports	126
Number of Reports Referred to Investigation Authorities	37

Second: “Number of Submitted Reports by the Reporting Entities in 2014”

Reporting Entity	Number of TF Reports
Financial Institution	77
DNFBPs	1
Government Agencies	9
Individuals	39
<b>Total</b>	<b>126</b>

The following chart shows the number of Submitted Reports by the Reporting Entities in 2014:

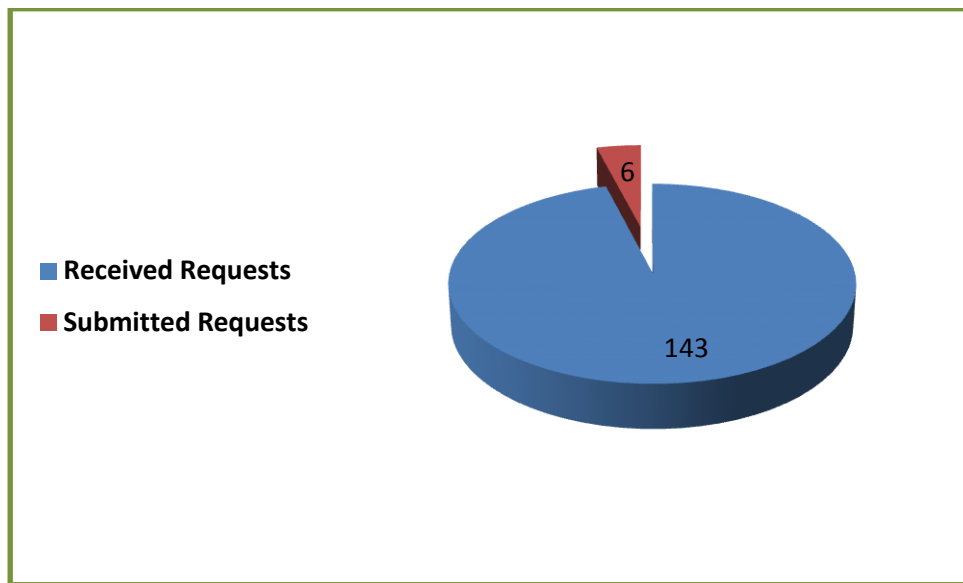


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Third: “Number of Information Exchange Requests with FIUs in 2014”:

Information Exchange Requests	Number of TF Requests
Received Requests	143
Submitted Requests	6
<b>Total</b>	<b>149</b>

The following chart shows the number of information exchange Requests with FIUs in 2014:



Forth: “Number of Feedbacks in 2014”:

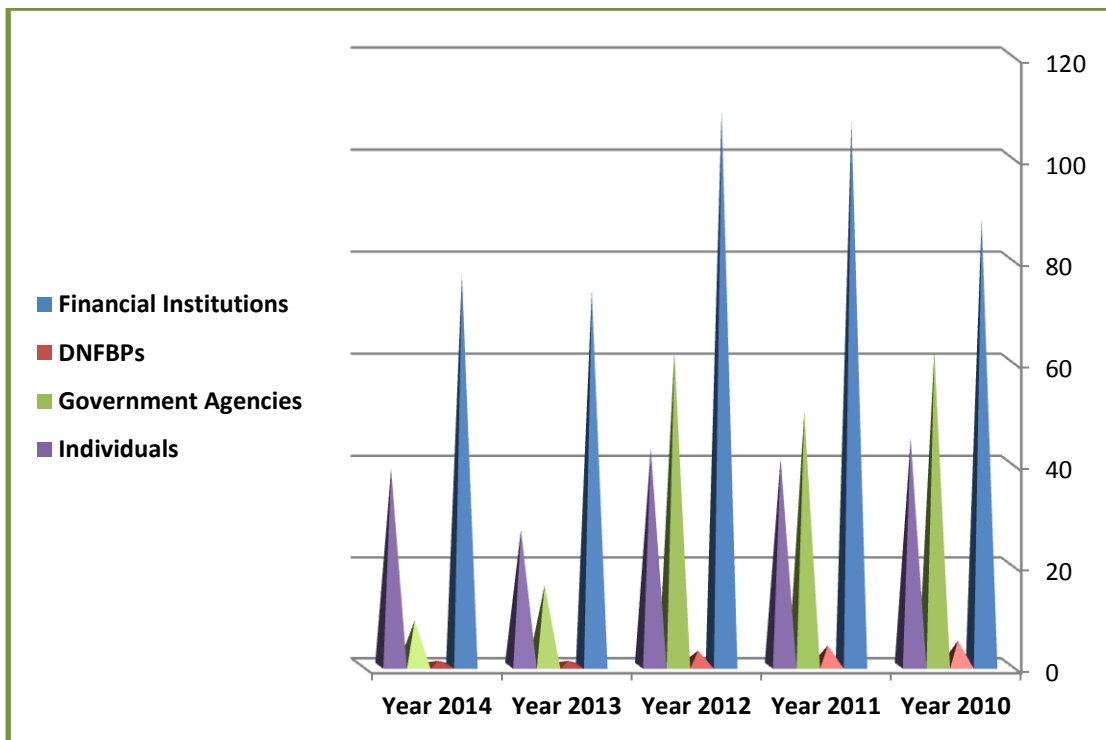
Type of Operation	Number of Feedbacks
Terrorism Financing	87

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**Fifth: “Comparison Between the Number of Reports issued by Reporting Entity from 2010 to 2014”:**

Reporting Entity	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Financial Institutions	88	107	109	74	77
DNFBPs	5	4	3	1	1
Government Agencies	62	50	62	16	9
Individuals	45	41	43	27	39
<b>Total</b>	<b>200</b>	<b>202</b>	<b>217</b>	<b>118</b>	<b>126</b>

The following chart shows a comparison between the number of reports issued by the reporting entity from 2010 to 2014:





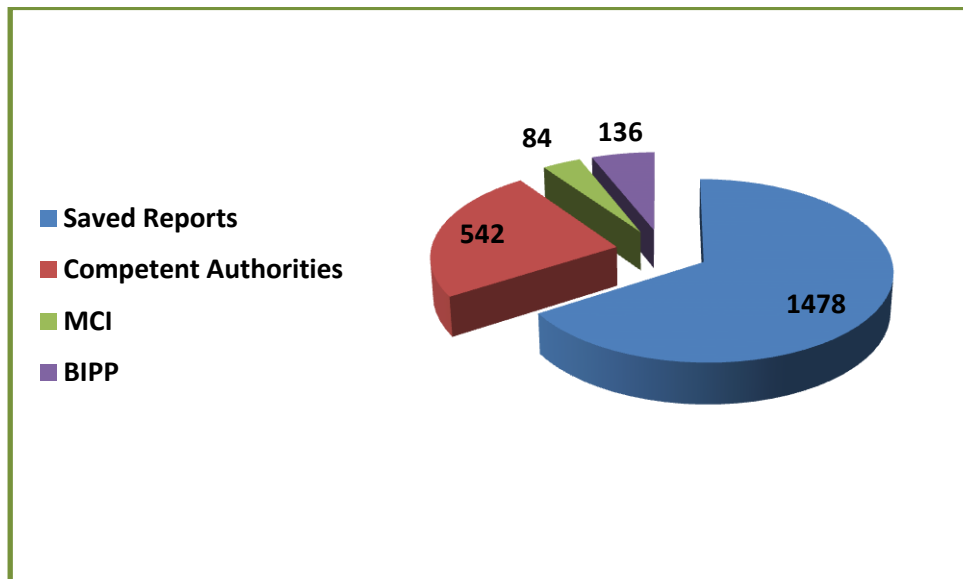
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### c : General Statistics :

First : “Total Number of received Reports according to measures taken, in 2014”

Type of Reports	Number of Referred Reports	Percentage
Saved Reports	1478	%66.0
Competent Authorities	542	%24.2
MCI	84	%3.8
BIPP	136	%6.1
Total	2240	%100

The following chart shows the number of received Reports according to measures taken, in 2014



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### “Number of Judicial Rulings issued in ML and Number of Defendants in 2014”

983 Judicial Rulings (8 in money laundering and 975 in financing of terrorism ) , based on reports from SAFIU, were referred by competent investigative authorities to courts in all over the Kingdom. The judicial rulings included imprisonment, fines, confiscations, and ( Ta'ziri ) punitive rulings.

Type of Operation	Number of Referred Reports
Judicial Rulings in Money Laundering	8
Judicial Rulings in Financing of Terrorism	975

## **Chapter 3 Applications and Cases**

### **Case Study of an FIU report from a financial Institution**

### **First: “Reporting Process”**

SAFIU received a report from a local financial institution about a large number of deposits made by expatriates working in the Kingdom to an account held by a non-financial institution owned by a Saudi citizen . The transactions (withdrawals and foreign remittances) on the account do not reflect the size and type of activity for such non-financial institution according to account opening documents.

### **Second: “Information Collection and Analysis Procedures”**

When SAFIU received the report, it began processing the issue according to a specific mechanism; Information was gathered, analyzed and studied and then compared with the received information from the reporting agency, and as a result of analyses and study, a number of indicators and leads which enhanced the suspicion of the suspect 's financial activities and the possibility of conducting money laundering.

In the light of the above mentioned, SAFIU prepared a case file, containing the SAR and the technical report , and sent the file to Bureau of Investigation and Public Prosecution ( BIPP ) to verify the regulatory of the financial transactions which were not compatible with the size and activity of the non-financial institution.

### **Third: “Investigation procedures”**

the Bureau of Investigation and Public Prosecution (BIPP), after questioning the institution's owner , accused him of money laundering and for failure to provide sufficient evidence to prove the legality of the resources of funds and for his confession to lease his bank account for a number of expatriate workers and taking a commission (approximately 0.5%) The mediator ( non-Saudi )was the most prominent depositor. The case was referred to the Public Court requesting sentence in accordance with Anti-Money Laundering Law.

### **Fourth: “The Trial”**

After several court hearings, the institution's owner and the mediator couldn't prove the legality of their financial transactions and the source of funds incoming /outgoing the account. The defendants acknowledged all what had been stated in the lawsuit presented by the prosecutor. Therefore, it has been proved to the judge that the first defendant (the owner) was involved in committing a crime of money laundering, and was sentenced to five years in jail and confiscation of the funds in the account of his non-financial institution . The second defendant (the mediator ) was sentenced to a year in jail and a removal from the country after the completion of his sentence according to Anti-Money Laundering Law.

## **Chapter 4**

### **Future Activities**

## **SAFIU's Future Activities**

### **First: "On a Local Level"**

SAFIU intends during the upcoming period to complete and deliver the following:

1. Hold training sessions for compliance personnel from relevant authorities of effective reporting on suspicious financial transactions related to money laundering or financing of terrorism.
2. Continue to hold specialized training courses in the field of search and investigation of suspicious financial operations related to money laundering and financing of terrorism.
3. Continue to hold workshops on money laundering and financing of terrorism.
4. Begin the experimental and actual receiving of reports (SARs) electronically from supervisory and regulatory agencies.
5. Sign agreements of electronic links with relevant authorities in a phased manner.

### **Second: "On an International Level"**

SAFIU is seeking to enhance international cooperation in information exchange by signing a number of Memorandums of Understanding, and conducting visitations with its counterparts in order to take advantage of their practical and scientific expertise in money laundering and financing of terrorism.

SAFIU also intends to hold a number of training courses and workshops related to money laundering and financing of terrorism, as well as participating in international conferences and periodical meetings.