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FICA & REPORTING OBLIGATION - PART 3

In terms of the Financial Intelligence Centre Act (FICA) each accountable institution (which includes attorneys and estate agents) has a reporting duty towards the Financial Intelligence Centre (FIC). They have to report any of the following:

1. Cash transactions above the prescribed limit
2. Property associated with terrorist and terrorist related activities
3. Suspicious and unusual transactions.
4. Politically exposed persons

The duty to report suspicious and unusual transactions and activities is governed by section 29 of the FIC Act.

The obligation to report suspicious and unusual transactions applies to any person who:

- carries on a business; (principal/director/member)
- is in charge of a business; (principal/office administrator)
- manages a business; or (Principal/team leader/office manager)
- is employed by a business. (Agent/bookkeeper)

All businesses, including accountable and reporting institutions (attorneys and estate agents), has to report suspicious and unusual transactions that are potentially linked to money laundering or terrorist financing to the FIC.

This reporting obligation arises when a person is indeed aware of certain facts, or even suspects that certain facts exist with regards to a suspicious or unusual transaction.

There is no monetary threshold which applies to the reporting of suspicious or unusual transactions. Once a conclusion is reached that a situation exists which gives rise to a suspicion that a transaction or activity relates to proceeds of unlawful activities, money laundering or terror financing, the transaction or activity must be reported irrespective of the amount involved.

Examples of suspicious and unusual transactions can include; but is not limited to the following:

- Deposits of funds with a request for the immediate transfer elsewhere;
- Unwarranted and unexplained international transfers;
- Transactions do not appear to be in keeping with normal industry practices;
- Unnecessarily complex transactions;
- A transaction seems to be unusually large or otherwise inconsistent with the customer’s financial standing or usual pattern of activities;

• Performing similar transactions (i.e. cash deposits) at multiple branches of the same institution on the same business day;

Next week we will deal with the final reporting function