

OSCE – Vienna 18-19 April 2023 – 23rd
Conference Against THB

It is with a great satisfaction that I have the opportunity to address today this conference on behalf of the Cyprus FIU, on the occasion of the conclusion by the Cyprus FIU, with the valuable assistance of the OSCE, of a strategic analysis Report, an operational alert in an area of extreme importance, Trafficking of Human Beings.

The need to engage on this project emanated from the low number of STRs/SARs submitted to the FIU by obliged entities in relation to this area of crime.

As it is widely recognized, one of the most effective ways to disrupt illicit flows and to reveal criminal activities is by following the financial trail and in this respect the filing of STRs is a major tool in the hands of the authorities towards this end.

This strategic analysis report is entitled, “Financial Intelligence information for Combating trafficking in human beings” and it primarily aims to provide an enhanced understanding of the money laundering threats connected with trafficking in human beings, by raising awareness and alert the obliged entities to recognize and identify possible indicators for trafficking in human beings, increase the number of STRs in this area submitted to the FIU, as well as improve accordingly the quality and the substance of such reports.

Targeted STRs lead to high quality financial analysis and actionable financial information to be disseminated to the

Police for investigation and may lead to successful prosecution and asset recovery of illegal proceeds.

At this point, I would like to stress out that the timing of reporting suspicions in this kind of cases is of extreme importance. The earlier such activities are identified, the soonest such crimes involving massive human rights violations will be interrupted and the chances of successful investigations and prosecutions are multiplied.

This Strategic analysis report has been developed by the FIU of Cyprus following a pilot project on the initiative of the OSCE Office of Special Representative and Co-ordinator for Combating Trafficking in Human Beings, through the Cyprus Permanent Mission to the OSCE.

A tentative work plan was drawn up by the OSCE outlining the expectations of the Pilot stakeholders within a specific timeline. This was followed by targeted questionnaires, aiming at obtaining specific strategic data information which were circulated to the Pilot stakeholders, and formed the basis to draw certain findings as to the capabilities of each of the stakeholders to identify, report, analyze and disseminate suspicious transactions relating to trafficking of human beings. It is of great importance to mention here that the stakeholders which took part in the pilot were not only from the public sector (Police and FIU) but also the private sector (Banking institutions). The involvement of the private sector in the pilot, namely the two Cyprus Banking Institutions, is indicative of the importance of public-private partnerships, enabling strategic data sharing as well as capacity building needs aiming towards the improvement of the overall results.

Allow me to take this opportunity and refer to the substance of this Report by briefly outline only some of the transactional Red Flags indications for filing STRs, that have emerged from this strategic analysis:

- Individuals opening bank accounts escorted by a third party, while the third party escorting the individual is doing all the communication with the bank and may even hold the customer's identification documents.
- Transactions conducted by individuals (victims of trafficking in human beings), while escorted by a third party. Such transactions could be carried out following instructions by third parties and the money - withdrawn in cash - is handed over to the third party
- Corporate accounts that do not exhibit normal payroll expenditures
- Payroll irregularities - same wages being paid to all staff regardless of the role or length of shift
- Limited payments related to living expenses made by victims (supermarkets, clothing shops, telecommunication company);
- Limited payments to social insurance by victims;
- Employee salaries being paid into a shared bank account
- Outgoing payments from male third country nationals to young females (EU nationals)

As a result of this project, relevant guidance to the reporting entities was included and a new report indicator - *trafficking in human beings* - was added to the reporting system of the FIU where by Reporting Entities have to use

when submitting a report. Additionally, the report stresses the importance of timely submission of STRs/SARs to the FIU and promotes the adequate training of first line employees of Money Service Businesses and Financial Institutions so as to be able to detect related unusual behaviors indicative towards this kind of offences.

It also includes a number of sanitized real case examples emerged from STR analysis on a transactional level.

Of particular interest is a financial analysis which led to suspected instances of sham marriages, with the possibility that the involved women might have been victims of human trafficking and exploitation, a case which has been already forwarded by the FIU to the Cyprus Police for criminal investigation. On the same footing, very recently the FIU in co-operation with the Police obtained a Court freezing order against a suspect whereby illegal assets, proceeds of THB and sham marriages, have been frozen in a criminal case currently investigated by the Cyprus Police.

As a conclusion, the results and the impact of this strategic analysis report are yet to be seen. Nevertheless, for the time being we are satisfied that it has contributed immensely to increase awareness within all relevant stakeholders and we are expecting to experience more tangible results in the near future, thus for the Report to serve its purpose.

The Report can be found on the website of the Cyprus FIU and has also been presented to all supervisory authorities in Cyprus in January of this year, so as to further inform all entities falling under their supervision.

Allow me to extend once more our thanks to the OSCE, Special Representative and Co-ordinator for combating THB for the valuable co-operation and assistance in developing this innovative project.

Maria Kyrmizi Antoniou
Head of the FIU CYPRUS,
MOKAS.

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