



BERMUDA

PROCEEDS OF CRIME ACT 1997

1997 : 34

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WHEREAS it is expedient to extend the powers of the police and the courts in relation to the tracing and confiscation of the proceeds of drug trafficking; to make new provision in relation to the tracing and confiscation of the proceeds of certain other indictable offences; to make new and amended provision in relation to money laundering; to extend the powers of seizure and forfeiture on import or export of cash suspected of being the proceeds of criminal conduct; and to make connected and consequential provision;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:—

PART I
PRELIMINARY

Introductory

Short title

1 This Act may be cited as the Proceeds of Crime Act 1997.

Commencement and application

2 (1) This Act shall come into operation on such day as the Minister responsible for the Police may appoint by notice published in the Gazette.

(2) This Act shall apply to any property, whether or not situated in Bermuda.

Interpretation

Meaning of “drug trafficking”, “relevant offence”, “criminal conduct”

3 In this Act—

“criminal conduct” means—

- (a) drug trafficking, or
- (b) any relevant offence;

“drug trafficking offence” means an offence—

- (a) under section 4, 5, 6(3), 7 or 11 of the Misuse of Drugs Act 1972 (importation, production, possession with intent to supply or handling of controlled drugs and cultivation of cannabis);

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(b) under section 12 or 17 of the Criminal Justice (International Co-operation) (Bermuda) Act 1994 (manufacture and supply of scheduled substances and using ship for illicit traffic); or

(c) under section 43, 44 or 45 of this Act (money laundering) which relates to the proceeds of drug trafficking;

or an offence under section 32, 33, 230 or 231 of the Criminal Code Act 1907 (attempt, incitement, conspiracy etc) deriving from such an offence;

“drug trafficking” means doing or being concerned in, whether in Bermuda or elsewhere, any act constituting—

(a) a drug trafficking offence, or

(b) an offence punishable under a corresponding law,

and includes entering into or being otherwise concerned in, whether in Bermuda or elsewhere, a drug trafficking arrangement;

“drug trafficking arrangement” means an arrangement whereby—

(a) the retention or control by or on behalf of another person of that other person’s proceeds of drug trafficking is facilitated; or

(b) the proceeds of drug trafficking by another person are used to secure that funds are placed at that other person’s disposal or are used for that other person’s benefit to acquire property by way of investment;

“relevant offence” means—

(a) any indictable offence in Bermuda other than a drug trafficking offence;

(b) any act or omission which, had it occurred in Bermuda, would have constituted an indictable offence other than a drug trafficking offence; or

(c) any criminal act or omission in relation to any tax lawfully established in a jurisdiction outside Bermuda which, notwithstanding section 2 of the Taxes Management Act 1976, would have constituted an offence contrary to section 37(2) of that Act, had it occurred in Bermuda.

[“relevant offence” substituted by 2000:35 s. 2(1) effective 1 June 2001; “relevant offence” amended by 2017 : 31 s. 2 effective 6 October 2017]

Meaning of “property”, “realisable property” etc

4 (1) In this Act—

“property” means money and all other property, movable or immovable, including things in action and other intangible or incorporeal property; and

“interest”, in relation to property, includes right.

(2) For the purposes of this Act—

(a) property is held by any person if he holds any interest in it;

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- (b) references to property held by a person include a reference to property vested in his trustee in bankruptcy or liquidator;
 - (c) references to an interest held in property by a person beneficially include a reference to an interest which would be held by him beneficially if the property were not so vested in his trustee in bankruptcy or liquidator; and
 - (d) property is transferred by one person to another if the first person transfers or grants to the other any interest in the property.
- (3) In this Act, “realisable property” means—
- (a) any property held by the defendant (other than property in respect of which there is in force a forfeiture order under section 37 of the Misuse of Drugs Act 1972); and
 - (b) any property held by a person to whom the defendant has, directly or indirectly, made a gift caught by this Act.
- (4) For the purposes of this Act, the amount that might be realised at the time a confiscation order is made against the defendant shall be—
- (a) the total of the values at that time of all the realisable property held by the defendant; less
 - (b) where there are obligations having priority at that time, the total amounts payable in pursuance of such obligations,
- together with the total of the values at that time of all gifts caught by this Act.
- (5) For the purposes of subsection (4), an obligation has priority at any time if it is an obligation of the defendant—
- (a) to pay an amount due in respect of a fine, or other order imposed or made on conviction of an offence, where the fine was imposed or order made before the confiscation order; or
 - (b) to pay any sum which would be included among the preferential debts in the defendant’s bankruptcy commencing on the date of the confiscation order or winding up under an order of the court made on that date.
- (6) For the purposes of subsection (5)(b), “preferential debts”—
- (a) in relation to bankruptcy, means the debts to be paid in priority under section 39 of the Bankruptcy Act 1989 (assuming the date of the confiscation order to be the date of the receiving order); and
 - (b) in relation to winding up, means the debts to be paid in priority in accordance with section 236 of the Companies Act 1981 (assuming the date of the confiscation order to be the date of the winding up).

Value of property

- 5 (1) Subject to the following subsections and section 6, for the purposes of this Act, the value of property (other than cash) in relation to any person holding the property shall

be its market value, except that where any other person holds an interest in the property, the value shall be—

- (a) the market value of the first-mentioned person's beneficial interest in the property, less
- (b) the amount required to discharge any incumbrance (other than a charging order) on that interest.

(2) Subject to section 6(3), references in this Act to the value at any time (referred to in subsection (3) as the "material time") of a gift caught by this Act are references to—

- (a) the value of the gift to the recipient when he received it adjusted to take account of subsequent changes in the value of money; or
- (b) where subsection (3) applies, the value mentioned therein,

whichever is the greater.

(3) Subject to section 6(3), if at the material time the recipient holds—

- (a) the property which he received (not being cash); or
- (b) property which, in whole or in part, directly or indirectly represents in his hands the property which he received,

the value referred to in subsection (2)(b) shall be the value to him at the material time of the property mentioned in paragraph (a) or as the case may be, of the property mentioned in paragraph (b) so far as it so represents the property which he received, but disregarding in either case any charging order.

Gifts caught by this Act

6 (1) In relation to a drug trafficking offence, a gift (including a gift made before the commencement of this Act) is caught by this Act if—

- (a) it was made by the defendant at any time since the beginning of the period of six years ending—
 - (i) when the proceedings for the drug trafficking offence were instituted against him, or
 - (ii) where no such proceedings have been instituted, when an application for a charging or restraint order is made under section 28 or 29; or
- (b) it was made by the defendant at any time and was a gift of property—
 - (i) received by the defendant in connection with drug trafficking carried on by him or another person, or
 - (ii) which in whole or in part directly or indirectly represented in the defendant's hands property received by him in that connection.

(2) In relation to a relevant offence, a gift (including a gift made before the commencement of this Act) is caught by this Act if—

- (a) it was made by the defendant at any time since the commission of the relevant offence, or, if more than one, the earliest of the offences to which the proceedings relate (including any offence which the court takes into consideration in determining his sentence); and
 - (b) the court considers it appropriate in all the circumstances to take the gift into account.
- (3) For the purposes of this Act—
- (a) the circumstances in which the defendant is to be treated as making a gift include those where he transfers property to another person, directly or indirectly, for a consideration the value of which is significantly less than the value of the consideration provided by the defendant; and
 - (b) in those circumstances, this section and section 5 shall apply as if the defendant had made a gift of such share in the property as bears to the whole property the same proportion as the difference between the values referred to in paragraph (a) bears to the value of the consideration provided by the defendant.

Other definitions

7 (1) In this Act—

“banking institution” means an institution licensed under the Banks and Deposit Companies Act 1999;

“Bermuda Monetary Authority” means the Authority established under section 2 of the Bermuda Monetary Authority Act 1969;

“civil recovery investigation ” means—

- (a) an investigation into—
 - (i) whether property is recoverable property or associated property;
 - (ii) who holds the property; or
 - (iii) the property’s extent or whereabouts,
- (b) but an investigation is not a civil recovery investigation if—
 - (i) proceedings for a recovery order have been started in respect of the property in question;
 - (ii) an interim receiving order applies to the property in question; or
 - (iii) subject to section 36.1I(2), the property in question is detained under section 50;

“Confiscated Assets Fund” means the Fund established under section 55A;

“confiscation investigation” means an investigation into—

- (a) whether a person has benefited from his criminal conduct; or

(b) the extent or whereabouts of his benefit from his criminal conduct;

“confiscation order” means an order made under section 9 (including such an order made by virtue of section 17 or 22);

“the court” means the Supreme Court;

“defendant” means a person against whom proceedings have been instituted for an offence (whether or not he has been convicted);

“enforcement authority” has the meaning given by section 36F;

“excepted joint owner” has the meaning given by section 36.1A(4);

“FIA” means the Financial Intelligence Agency established under section 3 of the Financial Intelligence Agency Act 2007;

“items subject to legal privilege” means—

(a) communications between a professional legal adviser, and his client made in connection with the giving of legal advice to the client; and

(b) communications between a professional legal adviser and his client or between such an adviser and any other person made in connection with or in contemplation of legal proceedings and for the purpose of such proceedings,

when they are in the possession of a person who is entitled to possession of them; but items held with the intention of furthering a criminal purpose are not items subject to legal privilege;

“material” includes any book, document or other record in any form whatsoever, and any container or article relating thereto;

“Minister” means the Minister responsible for justice;

“money laundering” means an act which—

(a) constitutes an offence under section 43, 44 or 45;

(b) constitutes an attempt, conspiracy or incitement to commit an offence specified in paragraph (a);

(c) constitutes aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (a); or

(d) would constitute an offence specified in paragraph (a), (b) or (c) if done in Bermuda;

for these purposes, having possession of any property shall be taken to be doing an act in relation to it; and “money laundering offence” and “money laundering investigation” have a corresponding meaning;

“premises” includes any place and, in particular, includes—

(a) any vehicle, vessel, aircraft, or offshore structure, and

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(b) any tent or moveable structure;

“prescribe” means prescribe by regulations made under this Act;

“recoverable property” means property obtained through unlawful conduct, and is to be read in accordance with sections 36X to 36.1G;

“recovery order” means an order made under section 36X;

“relevant institution” has the meaning given in subsection (2);

“respondent” means—

(a) where proceedings are brought by the enforcement authority by virtue of Part IIIA, the person against whom the proceedings are brought;

(b) where no such proceedings have been brought but the enforcement authority has applied for an interim receiving order or property freezing order, the person against whom he intends to bring such proceedings;

“share”, in relation to an excepted joint owner, has the meaning given by section 36.1A(4);

“suitably qualified person” includes a professional accountant or professional legal adviser;

“unlawful conduct” has the meaning given by section 36B.

(2) In this Act “relevant institution” means –

(a) a banking institution; or

(b) an institution falling within a class of institutions designated as relevant institutions by order of the Minister.

(3) The Minister may by order subject to negative resolution procedure designate institutions for the purposes of subsection (2).

(4) For the purpose of deciding whether or not property was recoverable at any time (including times before the commencement of the Proceeds of Crime Amendment (No. 2) Act 2013), it is to be assumed that the Proceeds of Crime Amendment (No. 2) Act 2013 was in force at that and any other relevant time.

(5) References to the satisfaction of the enforcement authority’s right to recover property obtained through unlawful conduct are to be read in accordance with section 36.1F.

[“Confiscated Assets Fund” inserted by 2000:35 s.6(1) effective 1 June 2001; “money laundering” deleted and substituted by 2007:25 s.3 effective 15 November 2008; “banking institution”, “confiscation investigation”, “FIA”, “Minister” “relevant institution”, subsection 2 and 3 inserted by 2007:25 s.3 effective 15 November 2008; Section 7 subsection (1) amended by 2009 : 50 s. 5 effective 15 January 2010; Section 7 subsection (1) definitions “civil recovery investigation”, “enforcement authority”, “excepted joint owner”, “recoverable property”, “recovery order”, “respondent”, “share”, “suitably qualified person”, “unlawful conduct” and subsections (4) and (5) inserted by 2013 : 40 s. 2 effective 1 November 2013; amended by 2015 : 53 s. 2 effective 1 January 2016]

Institution and conclusion of proceedings

- 8 (1) For the purposes of this Act—
- (a) proceedings for an offence are instituted in Bermuda when an information is laid charging a person with an offence;
 - (b) proceedings in Bermuda for an offence are concluded on the occurrence of one of the following events—
 - (i) the discontinuance of the proceedings;
 - (ii) the acquittal of the defendant;
 - (iii) the quashing of the defendant's conviction for the offence;
 - (iv) the satisfaction of a confiscation order made in the proceedings;
 - (c) an application under section 17, 18, 20 or 22 is concluded—
 - (i) if the court decides not to make or vary (as the case may be) a confiscation order against the defendant, when it makes that decision; or
 - (ii) if a confiscation order is made or varied as a result of that application, when the order is satisfied;
 - (d) a confiscation order is satisfied when no amount is due under it.
 - (e) an application under section 36X is concluded—
 - (i) if the court decides not to make or vary (as the case may be) a recovery order, when it makes that decision; or
 - (ii) if a recovery order is made or varied as a result of that application, when the order is satisfied;
 - (f) a recovery order is satisfied when no amount is due pursuant to it.
- (2) For the purposes of this Act, an order is subject to appeal until (disregarding any power of a court to grant leave to appeal out of time) there is no further possibility of an appeal on which the order could be varied or set aside.

[Section 8 subsections (1)(e) and (1)(f) inserted by 2013 : 40 s. 3 effective 1 November 2013]

PART II

CONFISCATION ORDERS

Confiscation orders

Confiscation orders

- 9 (1) Where a defendant appears before the Supreme Court to be sentenced for one or more drug trafficking offences or relevant offences, the court shall proceed under this section—

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- (a) on the application of the Director of Public Prosecutions; or
- (b) of its own motion where it considers it appropriate to do so.

(2) The court shall first determine whether the defendant has benefited from criminal conduct.

(3) For the purposes of this Act, a person has benefited from criminal conduct if he has at any time (whether before or after the commencement of this Act)—

- (a) received any payment or other reward in connection with his or another person's criminal conduct;
- (b) obtained property as a result of or in connection with his or another person's criminal conduct; or
- (c) derived a pecuniary advantage as a result of or in connection with his or another person's criminal conduct.

(4) If the court determines that he has so benefited, it shall, before sentencing or otherwise dealing with him in respect of the offence or (as the case may be) any of the offences concerned, make a confiscation order and determine in accordance with section 15 the amount to be recovered in his case under the order.

(5) The court shall then, in respect of the offence or offences concerned—

- (a) order the defendant to pay the amount of the confiscation order within such period as it may specify; and
- (b) take into account the confiscation order before—
 - (i) imposing any fine on him;
 - (ii) making any other order involving any payment by him; and
 - (iii) making any order under section 37 of the Misuse of Drugs Act 1972 (forfeiture); but
- (c) subject to paragraph (b), leave the confiscation order out of account in determining the appropriate sentence or other manner of dealing with the defendant.

[section 9 amended by 2007:25 s.20 effective 15 November 2008; repealed and replaced by 2015 : 53 s. 2 effective 1 January 2016]

Confiscation orders: relevant offences

10 *[Repealed by 2015 : 53 s. 2]*

[Section 10 amended by 2007:25 s.20 effective 15 November 2008; repealed by 2015 : 53 s. 2 effective 1 January 2016]

Postponed determinations

11 (1) Where the court is proceeding under section 9, but considers that it needs more information before—

- (a) determining whether the defendant has benefited as mentioned in the section in question, or
- (b) determining the amount to be recovered from him under a confiscation order,

it may, for the purpose of enabling that information to be obtained, postpone making the determination for such period as it may specify.

(2) More than one postponement may be made under subsection (1).

(3) Unless satisfied that there are exceptional circumstances, the court shall not specify a period under subsection (1) which, by itself or taken together with any other postponement under this section, exceeds six months from the date of conviction.

(4) Where the defendant appeals against his conviction, the court may on that account—

- (a) postpone making either or both of the determinations mentioned in subsection (1) for such period as it may specify; or
- (b) where it has exercised its powers to postpone, extend the specified period.

(5) A postponement or extension under subsection (1) or (4) may be made on the application of the Director of Public Prosecutions or the defence or by the court of its own motion.

(6) Unless the court is satisfied there are exceptional circumstances, any postponement or extension under subsection (4) shall not extend beyond three months after the appeal is determined or otherwise disposed of.

(7) Where the court exercises its power under this section it may nevertheless proceed to sentence the defendant in respect of the offence in question or any such offences; and on making a postponed confiscation order by virtue of this section it may vary any fine or other order involving payment imposed on the defendant in accordance with subsection (5)(b) of section 9.

[section 11 amended by 2007:25 s.20 effective 15 November 2008; amended by 2015 : 53 s. 2 effective 1 January 2016]

Assessing the proceeds of criminal conduct

12 (1) For the purposes of this Act—

- (a) any payments or other rewards received, property obtained or pecuniary advantage derived by a person at any time (whether before or after the commencement of this Act) as a result of or in connection with criminal conduct carried on by him or another person are his proceeds of criminal conduct; and
- (b) the value of his proceeds of criminal conduct is the aggregate of the values of the payments or other rewards, property and pecuniary advantage.

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(2) Subject to subsections (5) and (6), the court shall make the required assumptions for the purpose—

- (a) of determining whether the defendant has benefited from criminal conduct; and
- (b) if he has, of determining the value of his proceeds of criminal conduct.

(3) The required assumptions are—

- (a) that any property appearing to the court—
 - (i) to have been held by the defendant at any time since his conviction; or
 - (ii) to have been transferred to him at any time since the beginning of the period of six years ending when the proceedings were instituted against him,

was received by him as a payment or reward, property or a pecuniary advantage in connection with criminal conduct carried on by him;

- (b) that any expenditure of his since the beginning of that period was met out of payments received by him in connection with criminal conduct carried on by him;
- (c) that, for the purpose of valuing any property received or assumed to have been received by him at any time as such a reward, he received the property free of other interests in it.

(4) For the purposes of this Act, if a person derives a pecuniary advantage as a result of or in connection with the commission of an offence, he is to be treated as if he had obtained instead a sum of money equal to the value of the pecuniary advantage.

(5) The court shall not make any of the required assumptions in relation to any particular property or expenditure if—

- (a) that assumption is shown to be incorrect in the defendant's case; or
- (b) the court is satisfied that there would be a serious risk of injustice in the defendant's case if that assumption were to be made,

and where the court, by virtue of this subsection, does not make one of the required assumptions it shall state its reasons.

(6) For the purpose of assessing the value of the proceeds derived by the defendant from criminal conduct in a case where a confiscation order has previously been made against him (under this Act or the Drug Trafficking Suppression Act 1988), the court shall leave out of account any such proceeds that are shown to the court to have been taken into account in determining the amount to be recovered under the previous order.

[Section 12 repealed and replaced by 2015 : 53 s. 3 effective 1 January 2016]

Statements

13 (1) Where the Director of Public Prosecutions asks the court to proceed under section 9 he shall give the court, within such period as it may direct, a statement (a "prosecutor's statement") of matters which he considers relevant in connection with—

- (a) determining whether the defendant has benefited from criminal conduct; or
- (b) assessing the value of his proceeds of criminal conduct.

(2) Where the court proceeds under section 9 without the Director of Public Prosecutions having asked it to do so, it may require him to give it a prosecutor's statement, within such period as it may direct.

(3) Where a prosecutor's statement has been given—

- (a) the Director of Public Prosecutions may at any time give the court a further such statement; and
- (b) the court may at any time require him to give it a further such statement, within such period as it may direct.

(4) Where any prosecutor's statement has been given and the court is satisfied that it has been served on the defendant, it may require the defendant, within such period as it may direct—

- (a) to indicate the extent to which he accepts the allegations in the statement; and
- (b) so far as he does not accept any such allegation, to give particulars of any matters on which he proposes to rely;

and the court may for the purposes of the determination and assessment mentioned in subsection (1) treat any acceptance by the defendant as conclusive of the matters to which it relates.

(5) To the extent that the defendant fails in any respect to comply with a requirement under subsection (4), he may be treated for the purposes of this section as accepting every allegation in the statement.

(6) Where—

- (a) there is tendered to the court by the defendant a statement as to any matters relevant to determining the amount that might be realised at the time the confiscation order is made; and
- (b) the Director of Public Prosecutions accepts to any extent any allegation in the statement,

the court may, for the purposes of that determination, treat that acceptance as conclusive of the matters to which it relates.

(7) An allegation may be accepted or a matter indicated for the purposes of this section either orally before the court or in writing.

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(8) No acceptance by the defendant under this section that proceeds have been derived by him from criminal conduct shall be admissible in evidence in any proceedings for an offence.

[section 13 amended by 2007:25 s.20 effective 15 November 2008; subsections (1) and (8) amended by 2015 : 53 s. 4 effective 1 January 2016]

Provision of information by defendant

14 (1) For the purpose of obtaining information to assist it in carrying out its functions in relation to making a confiscation order, the court may order the defendant to give it such information in such manner and before such date as may be specified in the order.

(2) If the defendant fails without reasonable excuse to comply with any order under this section, the court may draw such inference from that failure as it considers appropriate.

(3) Where the Director of Public Prosecutions accepts to any extent any allegation made by the defendant in giving to the court information required under this section, the court may treat that acceptance as conclusive of the matters to which it relates.

[section 14 amended by 2007:25 s.20 effective 15 November 2008]

Amount to be recovered

15 (1) Subject to subsection (3), the amount to be recovered under a confiscation order shall be the amount the court assesses to be the value of the defendant's proceeds of criminal conduct.

(2) If the court is satisfied as to any matter relevant for determining the amount that might be realised at the time the confiscation order is made (whether by reason of the acceptance of an allegation made in a statement given under section 13 or made in the giving of information under section 14 or otherwise), the court may issue a certificate giving its opinion as to the matters concerned and shall do so if satisfied as mentioned in subsection (3).

(3) If the court is satisfied that the amount that might be realised at the time that the confiscation order is made is less than the amount the court assesses to be the value of the defendant's proceeds of criminal conduct, the amount to be recovered under the confiscation order shall be the amount appearing to the court to be the amount that might be so realised.

[Section 15 subsections (1) and (3) deleted and substituted by 2015 : 53 s. 5 effective 1 January 2016]

Protection of third party rights

16 (1) Where an application is made for a confiscation order, a person who asserts an interest in realisable property may apply to the court, before the confiscation order is made, for an order under subsection (2).

(2) If a person applies to the court for an order under this subsection in respect of his interest in realisable property and the court is satisfied—

- (a) that he was not in any way involved in the defendant's criminal conduct; and
- (b) that he acquired the interest—
 - (i) for sufficient consideration; and
 - (ii) without knowing, and in circumstances such as not to arouse a reasonable suspicion, that the property was, at the time he acquired it, property that was involved in or was the proceeds of criminal conduct,the court shall make an order declaring the nature, extent and value (as at the time the order is made) of his interest.

(3) Subject to subsection (4), where a confiscation order has already been made, a person who asserts an interest in the property may apply under this subsection to the court for an order under subsection (2).

(4) Except with the leave of the court, an application shall not be made under subsection (3)—

- (a) by a person—
 - (i) who had knowledge of the application for a confiscation order before the order was made, or
 - (ii) who appeared at the hearing of that application; or
- (b) later than 28 days beginning with the day on which the confiscation order was made.

(5) A person who makes an application under subsection (1) or (3) shall give not less than seven days' written notice of the making of the application to the Director of Public Prosecutions who shall be a party to any proceedings on the application.

[section 16 amended by 2007:25 s.20 effective 15 November 2008]

Subsequent proceedings

Reconsideration of case

17 (1) This section applies where a defendant has appeared before the Supreme Court to be sentenced in respect of one or more drug trafficking or relevant offences but the court has not made a confiscation order because either—

- (a) it did not proceed under this Act; or
- (b) it has made a determination that the defendant has not benefited from criminal conduct.

(2) If the Director of Public Prosecutions has evidence which was not previously available but which he believes would have led the court to determine that the defendant had benefited from criminal conduct, he may make an application to the court.

(3) On such an application the court shall consider the evidence and if satisfied that the defendant had so benefited, the court shall make a confiscation order and order the payment of such amount as it thinks just in all the circumstances of the case, including in particular the amount of any fine or other orders for payment imposed on the defendant in respect of the offence or offences in question.

[section 17 amended by 2007:25 s.20 effective 15 November 2008; subsections (1) and (2) deleted and substituted by 2015 : 53 s. 6 effective 1 January 2016]

Revised assessment of proceeds of criminal conduct

18 (1) This section applies where the court has made a determination of the amount to be recovered under a confiscation order (“the current determination”).

(2) Where the Director of Public Prosecutions is of the opinion that the real value of the defendant’s proceeds of criminal conduct was greater than their assessed value, he may apply to the court for the evidence on which he has formed his opinion to be considered by the court.

(3) If, having considered the evidence, the court is satisfied that the real value of the defendant’s proceeds of criminal conduct is greater than their assessed value (whether because the real value at the time of the current determination was higher than was thought or because the value of the proceeds or benefit in question has subsequently increased), the court shall make a fresh determination of the amount to be recovered under a confiscation order.

(4) In this section—

“assessed value” means the value of the defendant’s proceeds of criminal conduct as assessed by the court in accordance with section 15(1) of this Act; and

“real value” means the value of the defendant’s proceeds of criminal conduct which took place in the period by reference to which the current determination was made or in any earlier period.

(5) Any determination by virtue of this section shall be by reference to the amount that might be realised at the time when the determination is made.

(6) For the avoidance of doubt, section 12(6) shall not apply in relation to any of the defendant’s proceeds of criminal conduct taken into account in respect of the current determination.

(7) If, as a result of making the fresh determination required by subsection (3), the amount to be recovered exceeds the amount set by the current determination, the court may substitute for the amount to be recovered under the confiscation order such greater amount as it thinks just in all the circumstances of the case.

(8) Where the court varies a confiscation order by virtue of this section it shall substitute for the term of imprisonment in default fixed under section 25(1) in respect of the amount to be recovered under the order such longer term as may be determined in

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accordance with that section in respect of the greater amount to be recovered under the order as varied.

[section 18 amended by 2007:25 s.20 effective 15 November 2008; subsections (2), (3) and (4) deleted and substituted and subsection (6) amended by 2015 : 53 s. 7 effective 1 January 2016]

Reconsideration etc: supplementary

19 (1) On an application under section 17 or 18, the court may take into account any payment or other reward, property or pecuniary advantage received by the defendant on or after the date of the—

- (a) conviction (in the case of an application under section 17 by virtue of subsection (1)(a));
- (b) determination (in the case of an application under section 17 by virtue of subsection (1)(b)); or
- (c) current determination (in the case of an application under section 18),

but only if the Director of Public Prosecutions shows that it was received by the defendant in connection with criminal conduct, on or before that date.

(2) In considering any evidence which relates to any payment or reward, property or pecuniary advantage in relation to criminal conduct to which subsection (1) applies, the court shall not make the assumptions which would otherwise be required by section 12.

(3) No application shall be entertained by the court under section 17 or 18 if it is made after the end of the period of six years beginning with the date on which the defendant was convicted, or where the application relates to more than one conviction, the date of the latest conviction.

(4) Sections 13 and 14 apply, with such modifications as may be necessary, in relation to applications under sections 17 and 18 as they apply in relation to proceedings under section 9.

[section 19 amended by 2007:25 s.20 effective 15 November 2008; subsections (1) and (2) deleted and substituted and subsection (4) amended by 2015 : 53 s. 8 effective 1 January 2016]

Increase in realisable property

20 (1) This section applies where, by virtue of section 15(3), the amount which a person is ordered to pay under a confiscation order is less than the amount assessed to be his proceeds of drug trafficking or benefit from relevant offences (as the case may be).

(2) If, on an application made—

- (a) by the Director of Public Prosecutions, or
- (b) by a receiver appointed under section 28 or 31 in relation to the realisable property of the person in question,

the court is satisfied that the amount that might be realised in the case of the person in question is greater than the amount taken into account in making the confiscation order

(whether it was greater than was thought when the order was made or has subsequently increased), the court shall issue a certificate to that effect, giving its reasons.

(3) Where a certificate has been issued the Director of Public Prosecutions may apply to the court for an increase in the amount to be recovered under the confiscation order; and on that application the court may—

- (a) substitute for that amount such amount not exceeding the amount assessed as the value referred to in subsection (1) as appears to the court to be appropriate having regard to the amount now shown to be realisable; and
- (b) increase the term of imprisonment fixed in respect of the confiscation order under section 25(1) if the effect of the substitution is to increase the maximum period applicable in relation to the order under that section.

[section 20 amended by 2007:25 s.20 effective 15 November 2008]

Inadequacy of realisable property

21 (1) If, on an application made in respect of a confiscation order,

- (a) by the defendant; or
- (b) by a receiver appointed under section 28 or 31,

the court is satisfied that the realisable property is inadequate for the payment of any amount remaining to be recovered under the order, the court shall issue a certificate to that effect, giving its reasons.

(2) For the purposes of subsection (1)—

- (a) in the case of realisable property held by a person who has been adjudged bankrupt, the court shall take into account the extent to which any property held by him may be distributed among creditors; and
- (b) the court may disregard any inadequacy in the realisable property which appears to the court to be attributable, wholly or partly, to anything done by the defendant for the purpose of preserving any property held by a person to whom the defendant had, directly or indirectly, made a gift caught by this Act from any risk of realisation under this Act.

(3) Where a certificate has been issued under subsection (1), the person who applied for it may apply to the court which made the confiscation order for the amount to be recovered under the order to be reduced.

(4) The court shall, on an application under subsection (3)—

- (a) substitute for the amount to be recovered under the order such lesser amount as the court thinks just in all the circumstances of the case; and
- (b) substitute for the term of imprisonment in default fixed under section 25(1) in respect of the amount to be recovered under the order a shorter term if

such is determined in accordance with that section in respect of the lesser amount to be recovered under the order as varied.

(5) Any person appearing to the court to be likely to be affected by any exercise of its powers under this section shall be entitled to appear before the court and make representations.

Absconded persons etc

Confiscation order where defendant has absconded or died

22 (1) Where a person has been convicted of one or more drug trafficking or relevant offences, on the application of the Director of Public Prosecutions the court may make a confiscation order against him if satisfied that he has absconded or died.

(2) Where proceedings for one or more drug trafficking or relevant offences have been instituted but not concluded, on the application of the Director of Public Prosecutions the court may make a confiscation order against the defendant if satisfied that he has absconded, but shall not do so until after the period of two years beginning with the date which is, in the opinion of the court, the date on which the defendant absconded.

(3) In any proceedings under this section—

- (a) section 12(2) shall not apply;
- (b) section 13 shall apply with the omission of subsections (4) to (6);
- (c) the court shall not make a confiscation order against a defendant unless it is satisfied that the Director of Public Prosecutions has taken reasonable steps to contact him; and
- (d) any person appearing to the court to be likely to be affected by the making of a confiscation order shall be entitled to appear before the court and make representations.

(4) Where an application has been made to the court under this section in relation to a defendant who has absconded and the court has decided not to make a confiscation order against him, section 17 shall not apply at any time while he remains an absconder.

[section 22 amended by 2007:25 s.20 effective 15 November 2008]

Variation of order made against absconder

23 (1) Where a confiscation order is made by virtue of section 22(2) and the defendant ceases to be an absconder, he may apply to the court for a variation of the amount to be recovered under the order.

(2) If on such an application the court is satisfied that the value of the defendant's proceeds of criminal conduct in the period by reference to which the determination in question was made, or the amount that might have been realised at the time the order was made, was less than the amount ordered to be paid under the confiscation order, the court—

- (a) may if it considers it just in all the circumstances reduce the amount to be recovered under the confiscation order, and
- (b) if it does so, shall reduce the term of imprisonment in default in accordance with section 25(1).

(3) Where the court reduces the amount to be recovered under a confiscation order it may, on the application of a person who held property which was realisable property, order compensation to be paid to him if satisfied that he has suffered loss as a result of the making of the confiscation order and if, having regard to all the circumstances of the case, it considers it appropriate to do so.

(4) No application shall be entertained by the court if it is made after the end of six years beginning on the day on which the confiscation order was made.

[Section 23 subsection (2) amended by 2015 : 53 s. 9 effective 1 January 2016]

Discharge of order where absconder acquitted etc

24 (1) Where a confiscation order is made by virtue of section 22(2) and the defendant is subsequently tried for the offence or offences in question and acquitted on all counts, the court shall cancel the confiscation order.

(2) Where a confiscation order is made by virtue of section 22(2) against a person who ceases to be an absconder and subsection (1) of this section does not apply, the court may on the application of the defendant cancel the confiscation order if satisfied that—

- (a) there has been undue delay in continuing the proceedings in respect of which the power under section 22(2) of this Act was exercised; or
- (b) the Director of Public Prosecutions does not intend to proceed with the prosecution.

(3) Where the court cancels a confiscation order under this section it may, on the application of a person who held property which was realisable property, order compensation to be paid to him if satisfied that he has suffered loss as a result of the making of the confiscation order and if, having regard to all the circumstances of the case it considers it appropriate to do so.

(4) Where the court cancels a confiscation order under this section it may make such consequential or incidental order as it thinks fit.

[section 24 amended by 2007:25 s.20 effective 15 November 2008]

PART III
ENFORCEMENT OF CONFISCATION ORDERS

Default powers

Imprisonment in default

25 (1) Notwithstanding section 63 of the Criminal Jurisdiction and Procedure Act 2015 (period of imprisonment in default of payment of fine or costs), where the court orders the defendant to pay an amount under a confiscation order it shall in addition direct him to be imprisoned in default of payment of any amount under the confiscation order as follows—

- (a) if the amount does not exceed \$20,000, for a term not exceeding 2 years;
 - (b) if the amount exceeds \$20,000 but does not exceed \$50,000, for a term not exceeding 5 years;
 - (c) if the amount exceeds \$50,000 but does not exceed \$100,000, for a term not exceeding 7 years; and
 - (d) if the amount exceeds \$100,000, for a term not exceeding 10 years.
- (2) Where—
- (a) a warrant to commit the defendant to prison is issued for a default in payment of an amount ordered to be paid under a confiscation order in respect of an offence or offences; and
 - (b) at the time the warrant is issued, the defendant is liable to serve any term of imprisonment in respect of the offence or offences,

the term of imprisonment to be served in default of payment of the amount shall not begin to run until after the term mentioned in paragraph (b).

(3) Where a defendant serves a term of imprisonment in default of paying any amount due under a confiscation order, his serving that term does not prevent the confiscation order from continuing to have effect, so far as any other method of enforcement is concerned.

[Section 25 subsection (1) amended by 2017 : 35 s. 2 effective 3 November 2017]

Interest on unpaid sums

26 (1) If any sum required to be paid by a person under a confiscation order is not paid when it is required to be paid, that person shall be liable to pay interest on that sum for the period for which it remains unpaid; and the amount of interest shall for the purposes of enforcement, be treated as part of the amount to be recovered from him under the confiscation order.

(2) The court may, on the application of the Director of Public Prosecutions, increase the term of imprisonment fixed in respect of the confiscation order if the effect of

subsection (1) is to increase the maximum period applicable in relation to the order under section 25(1).

(3) The rate of interest under subsection (1) shall be that for the time being applying to a judgment debt.

[section 26 amended by 2007:25 s.20 effective 15 November 2008]

Enforcement of payment of confiscation order

26A (1) Where—

- (a) the Supreme Court has made a confiscation order; and
- (b) any sum required to be paid by a person under a confiscation order is not paid when it is required to be paid,

the court may issue a warrant under this section for the person's arrest.

(2) A warrant under this section shall be authority—

- (a) for any police officer, whether he has the warrant with him or not, to arrest the person who is the subject of the warrant and bring him before the court to be dealt with according to law; and
- (b) if the circumstances require, for the person to be detained in custody at a police station for a period of not more than two days after his arrest before he is brought before a court in accordance with paragraph (a).

(3) A police officer arresting a person by virtue of a warrant under this section shall, at the time of the arrest, either—

- (a) show the warrant to the person being arrested; or
- (b) if the officer does not have the warrant with him at the time of the arrest—
 - (i) inform the person being arrested of the existence and purport of the warrant; and
 - (ii) after such arrest, show the warrant to the person as soon as reasonably practicable but not more than four hours after the arrest.

(4) The powers under subsection (1), for the issuance of a warrant, are exercisable—

- (a) on application by a police officer;
- (b) on application by the Director of Public Prosecutions; or
- (c) by the court on its own motion.

(5) Where a person has been brought before the court on a warrant issued under this section the court may—

- (a) impose a period of imprisonment in default in accordance with section 25;
- (b) order a fresh assessment of the realisable assets of the defendant;

- (c) vary or discharge the confiscation order;
- (d) exercise any of the powers as prescribed under sections 27 to 34; or
- (e) make any other order that the court deems fit.

[Section 26A inserted by 2015 : 53 s. 10 effective 1 January 2016]

Restraint and charging orders

Cases in which restraint and charging orders may be made

27 (1) The powers conferred on the Supreme Court by section 28 to make a restraint order and by section 29 to make a charging order are exercisable where—

- (a) proceedings have been instituted against the defendant for a drug trafficking or relevant offence or an application has been made in respect of the defendant under section 17, 18, 20 or 22;
- (b) the proceedings have not, or the application has not been concluded;
- (c) the court is satisfied that there is reasonable cause to believe—
 - (i) in the case of an application under section 18 or 20 of this Act, that the court will be satisfied as mentioned in section 18(3) or 20(2); or
 - (ii) in any other case, that the defendant has benefited from drug trafficking or from any relevant offence (as the case may be).

(2) The court shall not exercise those powers if it is satisfied that there has been undue delay in continuing the proceedings or application in question, or that it is not intended to proceed with the prosecution.

(3) Those powers are also exercisable where the court is satisfied—

- (a) that a person is to be charged with a drug trafficking or relevant offence or an application as mentioned in subsection (1)(a) is to be made; and
- (b) the court is satisfied as mentioned in subsection (1)(c).

(4) For the purposes of sections 28 and 29, at any time when those powers are exercisable before proceedings have been instituted—

- (a) references in this Act to the defendant shall be construed as references to the person referred to in subsection (3)(a); and
- (b) references in this Act to realisable property shall be construed as if, immediately before that time, proceedings had been instituted against the person referred to in subsection (2) for a drug trafficking or relevant offence.

(5) Where the court has made a restraint or charging order by virtue of subsection (3), the court shall discharge the order if proceedings in respect of the offence are not instituted, or if the application is not made, within such time as the court considers reasonable.

Restraint orders

28 (1) The court may make a restraint order to prohibit any person from dealing with any realisable property, subject to such conditions and exceptions as may be specified in the order.

(2) A restraint order may apply—

- (a) to all realisable property held by a specified person, whether the property is described in the order or not; and
- (b) to realisable property held by a specified person, being property transferred to him after the making of the order.

(3) This section shall not have effect in relation to any property for the time being subject to a charge under section 29 of this Act or under section 19 of the Drug Trafficking Suppression Act 1988.

(4) A restraint order—

- (a) may be made only on an application by the Director of Public Prosecutions;
- (b) may be made on an ex parte application to a Judge in chambers; and
- (c) shall provide for notice to be given to persons affected by the order.

(5) A restraint order—

- (a) may, on the application of any person affected by the order, be discharged or varied in relation to any property; and
- (b) shall be discharged when proceedings for the offence are concluded.

(6) Where the court has made a restraint order, the court—

- (a) may at any time appoint a receiver—
 - (i) to take possession of any realisable property; and
 - (ii) in accordance with the directions of the court, to manage or otherwise deal with any property in respect of which he is appointed, subject to such exceptions and conditions as may be specified by the court; and
- (b) may require any person having possession of property in respect of which the receiver is appointed under this section to give possession of it to the receiver.

(7) For the purposes of this section, dealing with property held by any person includes (without prejudice to the generality of the expression)—

- (a) where a debt is owed to that person, making a payment to any person in reduction of the amount of the debt; and
- (b) removing the property from Bermuda.

(8) Where the court has made a restraint order, a police officer may seize any realisable property for the purpose of preventing its removal from Bermuda; and property so seized shall be dealt with in accordance with the directions of the court.

[section 28 amended by 2007:25 s.20 effective 15 November 2008]

Charging orders

29 (1) For the purposes of this Act, a charging order is an order made under this section imposing on any such realisable property as may be specified in the order a charge for securing the payment of money to the Crown.

(2) The court may make a charging order on realisable property for securing the payment to the Crown—

- (a) where a confiscation order has been made, of an amount not exceeding the amount payable under the confiscation order; and
- (b) where a confiscation order has not been made, of an amount equal to the value from time to time of the property charged.

(3) A charging order—

- (a) may be made only on an application by the Director of Public Prosecutions; and
- (b) may be made on an ex parte application to a Judge in chambers.

(4) Subject to subsection (6), a charge may be imposed by a charging order only on—

- (a) any interest in realisable property, which is an interest held beneficially by the defendant or by a person to whom the defendant has directly or indirectly made a gift caught by this Act—
 - (i) in any chargeable asset; or
 - (ii) under any trust; or
- (b) any interest in realisable property held by a person as trustee of a trust if the interest is in a chargeable asset or is an interest under another trust and a charge may, by virtue of paragraph (a), be imposed by a charging order on the whole beneficial interest under the first-mentioned trust.

(5) In this section—

- (a) “chargeable asset” means any of the following—
 - (i) any land in Bermuda;
 - (ii) any relevant securities;
 - (iii) any motor vehicle;
 - (iv) any vessel;
 - (v) any aircraft;

- (vi) any other type of asset which the Minister may prescribe for the purposes of this section; and
- (b) “relevant securities” means any of the following—
 - (i) securities of the government or of any public authority;
 - (ii) stock of any body incorporated in Bermuda;
 - (iii) stock of any body incorporated outside Bermuda or of any country or territory outside Bermuda, being stock registered in a register kept at any place within Bermuda;
 - (iv) options in relation to stock described in sub-paragraphs (ii) or (iii);
 - (v) units of any unit trust in respect of which a register of the unit holders is kept at any place in Bermuda.

(6) In any case where a charge is imposed by a charging order on any interest in any relevant securities, the court may provide for the charge to extend to any interest or dividend payable in respect of them.

(7) Where the court has made a charging order, the court may give such directions to such person as the court thinks fit to safeguard the assets under the charging order.

(8) The court—

- (a) may, on the application of any person affected by the charging order, make an order discharging or varying it; and
- (b) shall make an order discharging the charging order if the proceedings for the offence are concluded or on payment into court of the amount which is secured by the charge.

[section 29 amended by 2007:25 s.20 effective 15 November 2008]

Charging orders: supplementary

30 (1) A charging order may be made either absolutely or subject to conditions including in particular conditions—

- (a) as to notifying any person holding any interest in the property to which the order relates; or
- (b) as to the time when the charge is to become enforceable.

(2) Notice of any charging order shall be deposited in the office of the Registrar-General for recording and registration in accordance with section 3 of the Registrar-General (Recording of Documents) Act 1955 or, if it relates to land, the Land Title Registry Office for recording and registration in accordance with section 3 of the Land Title Registrar (Recording of Documents) Act 2017.

(3) Subject to any provision made under section 31, a charge imposed by a charging order shall have the like effect and shall be enforceable in the same manner as an

equitable charge created by the person holding the beneficial interest or, as the case may be, the trustees by writing under their hand.

[Section 30 subsection (2) amended by 2017 : 9 s. 11 effective 20 February 2017]

Realisation of property

Realisation of property

31 (1) The court may, on an application by the Director of Public Prosecutions, exercise the powers conferred by this section, where a confiscation order has been made and it is neither satisfied nor subject to appeal.

(2) The court may appoint a receiver in respect of realisable property.

(3) The court may empower the receiver appointed under this section or section 28 or in pursuance of a charging order—

- (a) to enforce any charge imposed under section 29 on realisable property or on interest or dividends payable in respect of such property; and
- (b) in relation to any realisable property other than property for the time being subject to a charge under section 29, to take possession of the property subject to such conditions or exceptions as may be specified by the court.

(4) The court may order any person having possession of realisable property to give possession of it to the receiver.

(5) The court may empower the receiver to realise any realisable property in such manner as the court may direct.

(6) The court—

- (a) may order any person holding an interest in realisable property to make such payment to the receiver in respect of any beneficial interest held by the defendant or, as the case may be, the recipient of a gift caught by this Act as the court may direct; and
- (b) may, on the payment being made, by order transfer, grant or extinguish any interest in the property.

(7) Subsections (4) to (6) shall not apply to property for the time being subject to a charge under section 29 of this Act (or section 19 of the Drug Trafficking Suppression Act 1988).

(8) The court shall not in respect of any property exercise the powers conferred by subsection (3)(a), (5) or (6) unless a reasonable opportunity has been given for persons holding any interest in the property to make representations to the court.

[section 31 amended by 2007:25 s.20 effective 15 November 2008]

Application of proceeds of realisation etc

32 (1) The following sums in the hands of the receiver pursuant to section 28 or 31 or in pursuance of a charging order—

- (a) the proceeds of the enforcement of any charge imposed under section 29;
- (b) the proceeds of the realisation, other than by the enforcement of such a charge, of any property under section 28 or 31; and
- (c) any other sums, being property held by the defendant,

shall, after such payments (if any) as the court may direct have been made out of those sums, be applied on the defendant's behalf towards the satisfaction of the confiscation order.

(2) If, after the amount payable under the confiscation order has been fully paid, any such sums remain in the hands of the receiver, he shall distribute those sums—

- (a) among such of those who held property which has been realised under this Act; and
- (b) in such proportions,

as the court may direct after giving a reasonable opportunity for such persons to make representations to the court.

Exercise of powers for the realisation of property

33 (1) This section shall apply to the powers conferred on the court by sections 28 to 32 or on the receiver pursuant to section 28 or 31 or in pursuance of a charging order.

(2) Subject to subsections (3) to (6), the powers shall be exercised with a view to making available for satisfying the confiscation order or (as the case may be) any confiscation order that may be made in the defendant's case, the value for the time being of realisable property held by any person by the realisation of such property.

(3) In the case of realisable property held by a person to whom the defendant has, directly or indirectly, made a gift caught by this Act, the powers shall be exercised with a view to realising no more than the value for the time being of the gift.

(4) The powers shall be exercised with a view to allowing any person other than the defendant or the recipient of any such gift to retain or recover the value of any property held by him.

(5) In exercising those powers, no account shall be taken of any obligations of the defendant or of the recipient of any such gift which conflict with the obligation to satisfy the confiscation order.

(6) An order may be made or other action taken in respect of a debt owed by the Crown.

Receivers: supplementary

34 (1) Where a receiver appointed under section 28 or 31 or in pursuance of a charging order—

- (a) takes any action in relation to property which is not realisable property, being action which he would be entitled to take if it were such property, and
- (b) believes and has reasonable grounds for believing, that he is entitled to take that action in relation to that property,

he shall not be liable to any person in respect of any loss or damage resulting from his action, except in so far as the loss or damage is caused by his negligence.

(2) Any amount due in respect of the remuneration and expenses of a receiver so appointed shall be paid out of the Consolidated Fund or the Confiscated Assets Fund.

[Section 34 amended by 2000:35 s.6(2) effective 1 June 2001]

Insolvency

Bankruptcy of defendant or respondent

35 (1) Where a person who holds realisable property or recoverable property is adjudged bankrupt—

- (a) property for the time being subject to a restraint order, a property freezing order or an interim receiving order made before the order adjudging him bankrupt;
- (b) any proceeds of property realised by virtue of section 28(6) or 31(5) or (6), or 36H or 36O, for the time being in the hands of a receiver appointed under section 28 or 31; or 36L; and,
- (c) any proceeds realised by virtue of Part IIIA for the time being in the hands of a trustee appointed under section 36Y,

shall be excluded from the bankrupt's estate for the purposes of the Bankruptcy Act 1989 ("the 1989 Act").

(2) Where a person has been adjudged bankrupt, the powers conferred on the court by sections 28 to 32, section 36M or 36P or on a receiver or trustee appointed under section 36Y shall not be exercised in relation to property for the time being comprised in the property of the bankrupt for the purposes of the 1989 Act.

(3) Nothing in the 1989 Act shall be taken as restricting, or enabling the restriction of, the exercise of those powers referred to in subsection (2).

(4) Subsection (2) shall not affect the enforcement of a charging order—

- (a) made before the order adjudging the person bankrupt; or
- (b) on property which was subject to a restraint order when the order adjudging him bankrupt was made.

(5) Where, in the case of a debtor, the receiver constituted by virtue of section 9 of the 1989 Act or an interim receiver stands appointed under section 10 of the 1989 Act, and any property of the debtor is subject to a restraint order—

- (a) the powers conferred on the receiver by virtue of that Act shall not apply to property for the time being subject to the restraint order; and
 - (b) any such property in the hands of the receiver shall, subject to a lien for any expenses (including his remuneration) properly incurred in respect of the property, be dealt with in such manner as the court may direct.
- (6) Where a person is adjudged bankrupt and has directly or indirectly made a gift caught by this Act—
- (a) no order shall be made by virtue of section 33 or 45 of the 1989 Act (avoidance of certain settlements etc) in respect of the making of the gift at any time when—
 - (i) proceedings for the drug trafficking or relevant offence have been instituted against him and have not been concluded;
 - (ii) an application has been made in respect of the defendant under section 17, 18, 20 or 22 of this Act and has not been concluded; or
 - (iii) property of the person to whom the gift was made is subject to a restraint order or a charging order; and
 - (b) any order made by virtue of section 33 or 45 of the 1989 Act after the conclusion of the proceedings shall take into account any realisation under this Act of property held by the person to whom the gift was made.

[Section 35 subsections (1) and (2) amended by 2013 : 40 s. 4 effective 1 November 2013]

Winding up of company holding realisable property or recoverable property

36 (1) Where realisable property or recoverable property is held by a company and an order for the winding up of the company has been made or a resolution has been passed by the company for the voluntary winding up, the functions of the liquidator shall not be exercisable in relation to—

- (a) property for the time being subject to a restraint order made before the relevant time; and
- (b) any proceeds of property realised by virtue of section 28(6) or 31(5) or (6) for the time being in the hands of a receiver appointed under section 28 or 31; or
- (c) any proceeds of property realised by virtue of Part IIIA for the time being in the hands of a trustee appointed under section 36Y,

but there shall be payable out of such property any expenses (including the remuneration of the liquidator) properly incurred in the winding up in respect of the property.

(2) Where, in the case of a company, such an order has been made or such a resolution has been passed, the powers conferred on the court by sections 28 to 32 or section 36M or 36P or on a receiver or a trustee appointed under section 36Y or on a receiver so appointed shall not be exercised in relation to any realisable property held by the company in relation to which the functions of the liquidator are exercisable—

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- (a) so as to inhibit him from exercising those functions for the purpose of distributing any property held by the company to the company's creditors; or
- (b) so as to prevent the payment out of any property of expenses (including the remuneration of the liquidator) properly incurred in the winding up in respect of the property.

(3) Nothing in the Companies Act 1981 shall be taken as restricting, or enabling the restriction of, the exercise of those powers referred to in subsection (2).

(4) Subsection (2) shall not affect the enforcement of a charging order made before the relevant time or on property which was subject to a restraint order at the relevant time.

(5) In this section—

“company” means any company which may be wound up under the Companies Act 1981;

“liquidator” includes any person appointed to the office of liquidator (whether provisionally or otherwise) under the Companies Act 1981;

“the relevant time” means—

- (a) where no order for the winding up of the company has been made, the time of the passing of the resolution for voluntary winding up;
- (b) where—
 - (i) such an order has been made; but
 - (ii) before the presentation of the petition for the winding up of the company by court order, such a resolution had been passed by the company,the time of the passing of the resolution; and
- (c) in any other case where such an order has been made, the time of the making of the order.

[Section 36 subsections (1) and (2) amended by 2013 : 40 s. 5 effective 1 November 2013]

PART IIIA

CIVIL RECOVERY OF THE PROCEEDS ETC. OF UNLAWFUL CONDUCT

Civil recovery proceedings

36A (1) The enforcement authority may recover, in civil proceedings before the Supreme Court, property which is, or represents, property obtained through unlawful conduct.

(2) The powers conferred by this Part are exercisable in relation to any property whether or not any proceedings have been brought for an offence in connection with the property.

(3) Proceedings for a recovery order may be taken by the enforcement authority against any person who the authority is satisfied holds recoverable property.

(4) The enforcement authority shall serve the originating summons—

- (a) on the respondent; and
- (b) unless the court dispenses with service, on any other person who the enforcement authority thinks holds any associated property which the authority wishes to be subject to a recovery order,

wherever domiciled, resident or present.

(5) If any property which the enforcement authority wishes to be subject to a recovery order is not specified in the originating summons it shall be described in the summons in general terms; and the originating summons shall state whether it is alleged to be recoverable property or associated property.

(6) The references above to the originating summons include any affidavit filed in support.

(7) Section 62 of the Supreme Court Act 1905 shall be deemed to extend to the making of rules under that section to regulate—

- (a) the practice and procedure for the making of recovery orders;
- (b) proceedings in relation to such orders.

[Section 36A inserted by 2013 : 40 s. 6 effective 1 November 2013]

Unlawful conduct

36B (1) Conduct is unlawful conduct if it is unlawful under the criminal law of Bermuda.

(2) Conduct which—

- (a) occurs in a country outside Bermuda and is unlawful under the criminal law of that country; and
- (b) if it occurred in Bermuda, would be unlawful under the criminal law of Bermuda,

is also unlawful conduct.

(3) The court shall decide whether it is proved—

- (a) that any matters alleged to constitute unlawful conduct have occurred; or
- (b) that any person has obtained any property through such unlawful conduct.

[Section 36B inserted by 2013 : 40 s. 6 effective 1 November 2013]

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Property obtained through unlawful conduct

36C (1) A person obtains property through unlawful conduct (whether his own conduct or another's) if he obtains property by or in return for the conduct.

- (2) In deciding whether any property was obtained through unlawful conduct—
- (a) it is immaterial whether or not any money, goods or services were provided in order to put the person in question in a position to carry out the conduct;
 - (b) it is not necessary to show that the conduct was of a particular kind if it is shown that the property was obtained through conduct of one of a number of kinds, each of which would have been unlawful conduct.

[Section 36C inserted by 2013 : 40 s. 6 effective 1 November 2013]

Associated property

36D (1) "Associated property" means property of any of the following descriptions (including property held by the respondent) which is not itself the recoverable property—

- (a) any interest in the recoverable property;
- (b) any other interest in the property in which the recoverable property subsists;
- (c) if the recoverable property is a tenancy in common, the tenancy of the other tenant;
- (d) if the recoverable property is part of a larger property, but not a separate part, the remainder of that property.

(2) References to property being associated with recoverable property are to be read accordingly.

(3) No property (referred to in subsection (1)) is to be treated as associated with recoverable property consisting of rights under a pension scheme, pension fund or pension plan.

[Section 36D inserted by 2013 : 40 s. 6 effective 1 November 2013]

Obtaining and disposing of property

36E (1) References to a person disposing of his property include a reference—

- (a) to his disposing of a part of it; or
- (b) to his granting an interest in it,

(or to both); and references to the property disposed of are to any property obtained on the disposal.

(2) A person who makes a payment to another is to be treated as making a disposal of his property to the other, whatever form the payment takes.

(3) Where a person's property passes to another under a will or intestacy or by operation of law, it is to be treated as disposed of by him to the other.

(4) A person is only to be treated as having obtained his property for value in a case where he gave unexecuted consideration if the consideration has become executed consideration.

[Section 36E inserted by 2013 : 40 s. 6 effective 1 November 2013]

Enforcement authority

36F (1) There shall be an enforcement authority which shall be designated by the Minister for the purposes of this Part.

(2) The Minister may by order designate a public authority as the enforcement authority.

(3) An order made by the Minister under subsection (2) shall be subject to the negative resolution procedure.

[Section 36F inserted by 2013 : 40 s. 6 effective 1 November 2013]

Financial threshold

36G (1) The enforcement authority may not start proceedings for a recovery order unless the enforcement authority reasonably believes that the aggregate value of the recoverable property which the authority wishes to be subject to a recovery order is not less than \$25,000.

(2) The Minister may by order vary the amount specified in subsection (1).

(3) If the enforcement authority applies for an interim receiving order before starting the proceedings, subsection (1) applies to the application instead of to the start of the proceedings.

(4) This section does not affect the continuation of proceedings for a recovery order which have been properly started or the making or continuing effect of an interim receiving order which has been properly applied for.

[Section 36G inserted by 2013 : 40 s. 6 effective 1 November 2013]

Property freezing orders

Application for property freezing order

36H (1) Where the enforcement authority may take proceedings for a recovery order in the court, the authority may apply to the court for a property freezing order (whether before or after starting the proceedings).

(2) A property freezing order is an order that—

(a) specifies or describes the property to which it applies; or

(b) subject to any exclusions (see section 36J(1)(b) and (2)), prohibits any person to whose property the order applies from in any way dealing with the property.

(3) An application for a property freezing order may be made *ex parte*—

- (a) if the circumstances are such that notice of the application would prejudice any right of the enforcement authority to obtain a recovery order in respect of any property; or
 - (b) if the enforcement authority has taken all reasonable steps to serve notice of the application, but has not been able to do so.
- (4) The court may make a property freezing order on an application if it is satisfied that the condition in subsection (5) is met and, where applicable, that the condition in subsection (6) is met.
- (5) The first condition is that there is a good arguable case—
 - (a) that the property to which the application for the order relates is or includes recoverable property; and
 - (b) that, if any of it is not recoverable property, it is associated property.
 - (6) The second condition is that, if—
 - (a) the property to which the application for the order relates includes property alleged to be associated property; and
 - (b) the enforcement authority has not established the identity of the person who holds it,

the authority has taken all reasonable steps to do so.

[Section 36H inserted by 2013 : 40 s. 6 effective 1 November 2013]

Variation and setting aside of order

- 36I (1) The court may at any time vary or set aside a property freezing order.
- (2) If the court makes an interim receiving order that applies to all of the property to which a property freezing order applies, it shall set aside the property freezing order.
- (3) If the court makes an interim receiving order that applies to some but not all of the property to which a property freezing order applies, it shall vary the property freezing order so as to exclude any property to which the interim receiving order applies.
- (4) If the court decides that any property to which a property freezing order applies is neither recoverable property nor associated property, it shall vary the order so as to exclude the property.
- (5) Before exercising power under this Part to vary or set aside a property freezing order, the court shall (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to any person who may be affected by its decision.
- (6) Subsection (5) does not apply where the court is acting as required by subsection (2) or (3).

[Section 36I inserted by 2013 : 40 s. 6 effective 1 November 2013]

Exclusions

36J (1) The power to vary a property freezing order includes (in particular) power to make exclusions as follows—

- (a) power to exclude property from the order; and
- (b) power, otherwise than by excluding property from the order, to make exclusions from the prohibition on dealing with the property to which the order applies.

(2) Exclusions from the prohibition on dealing with the property to which the order applies (other than exclusions of property from the order) may also be made when the order is made.

(3) An exclusion may, in particular, make provision for the purpose of enabling any person—

- (a) to meet his reasonable living expenses; or
- (b) to carry on any trade, business, profession or occupation.

(4) An exclusion may be made subject to such conditions as the court deems appropriate in the circumstances.

(5) Where the court exercises the power to make an exclusion for the purpose of enabling a person to meet legal expenses that he has incurred, or may incur, in respect of proceedings under this Part, it shall ensure that the exclusion—

- (a) is limited to reasonable legal expenses that the person has reasonably incurred or that he reasonably incurs;
- (b) specifies the total amount that may be released for legal expenses in pursuance of the exclusion; and
- (c) is made subject to the required conditions by virtue of section 65(1A) in addition to any conditions imposed under subsection (4).

(6) The court, in deciding whether to make an exclusion for the purpose of enabling a person to meet legal expenses of his in respect of proceedings under this Part shall have regard (in particular) to the desirability of the person being represented in any proceedings under this Part in which he is a participant.

(7) If excluded property is not specified in the order it shall be described in the order in general terms.

(8) The power to make exclusions shall, subject to subsection (6), be exercised with a view to ensuring, so far as practicable, that the satisfaction of any right of the enforcement authority to recover the property obtained through unlawful conduct is not unduly prejudiced.

(9) Subsection (8) does not apply where the court is acting as required by section 36I(3) or (4).

[Section 36J inserted by 2013 : 40 s. 6 effective 1 November 2013]

Restriction on proceedings and remedies

36K (1) While a property freezing order has effect—

- (a) the court may stay any action, execution or other legal process in respect of the property to which the order applies; and
- (b) no distress may be levied against the property to which the order applies except with the leave of the court and subject to any terms the court may impose.

(2) If a court (whether the Supreme Court or any other court) in which proceedings are pending in respect of any property is satisfied that a property freezing order has been applied for or made in respect of the property, it may either stay the proceedings or allow them to continue on any terms it thinks fit.

(3) If a property freezing order applies to a tenancy of any premises, no landlord or other person to whom rent is payable may exercise the right of forfeiture by peaceable re-entry in relation to the premises in respect of any failure by the tenant to comply with any term or condition of the tenancy, except with the leave of the court and subject to any terms the court may impose.

(4) Before exercising any power conferred by this section, the court shall (as well as giving the parties to any of the proceedings concerned an opportunity to be heard) give such an opportunity to any person who may be affected by the court's decision.

[Section 36K inserted by 2013 : 40 s. 6 effective 1 November 2013]

Receivers in connection with property freezing orders

36L (1) Subsection (2) applies if—

- (a) the court makes a property freezing order on an application by the enforcement authority; and
- (b) the authority applies to the court to proceed under subsection (2) (whether as part of the application for the property freezing order or at any time afterwards).

(2) The court may by order appoint a receiver in respect of any property to which the property freezing order applies.

(3) An application for an order under this section may be made ex parte if the circumstances are such that notice of the application would prejudice any right of the enforcement authority to obtain a recovery order in respect of any property.

(4) In its application for an order under this section, the enforcement authority shall nominate a suitably qualified person for appointment as a receiver.

(5) Such suitably qualified person may be a member of staff of the enforcement authority.

(6) The enforcement authority may apply a sum received by it under section 36.1G(2) in making payment of the remuneration and expenses of a receiver appointed under this section.

(7) Subsection (6) does not apply in relation to the remuneration of the receiver if he is a member of staff of the enforcement authority (but it does apply in relation to such remuneration if the receiver is a person providing services under arrangements made by the enforcement authority).

[Section 36L inserted by 2013 : 40 s. 6 effective 1 November 2013]

Powers of receiver appointed under section 36L

36M (1) If the court appoints a receiver under section 36L on an application by an enforcement authority, the court may act under this section on the application of the authority.

(2) The court may by order authorise or require the receiver—

- (a) to exercise any of the management powers mentioned in paragraph 5 of Schedule 1 in relation to any property in respect of which the receiver is appointed;
- (b) to take any other steps the court thinks appropriate in connection with the management of any such property (including securing the detention, custody or preservation of the property in order to manage it).

(3) The court may by order require any person in respect of whose property the receiver is appointed—

- (a) to bring the property to a place specified by the receiver or to place it in the custody of the receiver (if, in either case, he is able to do so);
- (b) to do anything he is reasonably required to do by the receiver for the preservation of the property.

(4) The court may by order require any person in respect of whose property the receiver is appointed to bring any documents relating to the property which are in his possession or control to a place specified by the receiver or to place them in the custody of the receiver.

(5) Any prohibition on dealing with property imposed by a property freezing order does not prevent a person from complying with any requirements imposed by virtue of this section.

(6) If—

- (a) the receiver deals with any property which is not property in respect of which he is appointed under section 36L; and
- (b) at the time he deals with the property he believes on reasonable grounds that he is entitled to do so by virtue of his appointment,

the receiver shall not be liable to any person in respect of any loss or damage resulting from his dealing with the property except so far as the loss or damage is caused by his negligence.

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(7) A receiver appointed under section 36L shall (subject to section 36L(7)) be entitled to be paid his remuneration and expenses out of the proceeds of the property realised by the receiver.

[Section 36M inserted by 2013 : 40 s. 6 effective 1 November 2013]

Supervision of section 36L receiver and variations

36N (1) Any of the following persons may at any time apply to the court for directions as to the exercise of the functions of a receiver appointed under section 36L—

- (a) the receiver;
- (b) any party to the proceedings for the appointment of the receiver or the property freezing order concerned;
- (c) any person affected by any action taken by the receiver;
- (d) any person who may be affected by any action proposed to be taken by the receiver.

(2) Before giving any directions under subsection (1), the court shall give an opportunity to be heard to—

- (a) the receiver;
- (b) the parties to the proceedings for the appointment of the receiver and for the property freezing order concerned;
- (c) any person who may be interested in the application under subsection (1).

(3) The court may at any time vary or set aside the appointment of a receiver under section 36L, or any order under section 36M.

(4) Before exercising any power under subsection (3), the court shall give an opportunity to be heard to—

- (a) the receiver;
- (b) the parties to the proceedings for the appointment of the receiver, for the order under section 36M or, as the case may be, for the directions under this section;
- (c) the parties to the proceedings for the property freezing order concerned;
- (d) any person who may be affected by the court's decision.

[Section 36N inserted by 2013 : 40 s. 6 effective 1 November 2013]

Interim receiving orders

Application for interim receiving order

36O (1) Where the enforcement authority may take proceedings for a recovery order in the court, the authority may apply to the court ex parte for an interim receiving order (whether before or after starting the proceedings).

- (2) An interim receiving order is an order for—
- (a) the detention, custody or preservation of property; and
 - (b) the appointment of an interim receiver.

(3) An application for an interim receiving order may be made ex parte if the circumstances are such that notice of the application would prejudice any right of the enforcement authority to obtain a recovery order in respect of any property.

(4) The court may make an interim receiving order on the application if it is satisfied that the conditions in subsections (5) and, where applicable, (6) are met.

- (5) The first condition is that there is a good arguable case—
- (a) that the property to which the application for the order relates is or includes recoverable property; and
 - (b) that, if any of it is not recoverable property, it is associated property.
- (6) The second condition is that, if—
- (a) the property to which the application for the order relates includes property alleged to be associated property; and
 - (b) the enforcement authority has not established the identity of the person who holds it,

the authority has taken all reasonable steps to do so.

(7) In its application for an interim receiving order, the enforcement authority shall nominate a suitably qualified person for appointment as interim receiver, but the nominee may not be a member of staff of the enforcement authority.

(8) The extent of the power to make an interim receiving order is not limited by sections 36P to 36W.

[Section 36O inserted by 2013 : 40 s. 6 effective 1 November 2013]

Functions of interim receiver

36P (1) An interim receiving order may authorise or require the interim receiver—

- (a) to exercise any of the powers mentioned in Schedule 1;
- (b) to take any other steps the court thinks appropriate,

for the purpose of securing the detention, custody or preservation of the property to which the order applies or of taking any steps under subsection (2).

(2) An interim receiving order shall require the interim receiver to take any steps which the court thinks necessary to establish—

- (a) whether or not the property to which the order applies is recoverable property or associated property;

- (b) whether or not any other property is recoverable property (in relation to the same unlawful conduct) and, if it is, who holds it.
- (3) If—
- (a) the interim receiver deals with any property which is not property to which the order applies; and
 - (b) at the time he deals with the property he believes on reasonable grounds that he is entitled to do so in pursuance of the order,

the interim receiver is not liable to any person in respect of any loss or damage resulting from his dealing with the property except so far as the loss or damage is caused by his negligence.

[Section 36P inserted by 2013 : 40 s. 6 effective 1 November 2013]

Registration

36Q (1) Notice of any interim receiving order (which relates to land) shall be deposited in the office of the Land Title Registrar for recording and registration in accordance with section 3 of the Land Title Registrar (Recording of Documents) Act 2017.

(2) A person applying for an interim receiving order shall be treated for the purposes of Land Title Registrar (Recording of Documents) Act 2017 as a depositor as that term is defined in that Act.

[Section 36Q inserted by 2013 : 40 s. 6 effective 1 November 2013; subsections (1) and (2) amended by 2017 : 9 s. 11 effective 20 February 2017]

Duties of respondent etc.

36R (1) An interim receiving order may require any person to whose property the order applies—

- (a) to bring the property to a place specified by the interim receiver or place it in the custody of the interim receiver (if, in either case, he is able to do so);
- (b) to do anything he is reasonably required to do by the interim receiver for the preservation of the property.

(2) An interim receiving order may require any person to whose property the order applies to bring any documents relating to the property which are in his possession or control to a place specified by the interim receiver or to place them in the custody of the interim receiver.

[Section 36R inserted by 2013 : 40 s. 6 effective 1 November 2013]

Supervision of interim receiver and variation of order

36S (1) The interim receiver, any party to the proceedings and any person affected by any action taken by the interim receiver, or who may be affected by any action proposed to be taken by him, may at any time apply to the court for directions as to the exercise of the interim receiver's functions.

(2) Before giving any directions under subsection (1), the court shall (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to the interim receiver and to any person who may be interested in the application.

(3) The court may at any time vary or set aside an interim receiving order.

(4) Before exercising any power to vary or set aside an interim receiving order, the court shall (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to the interim receiver and to any person who may be affected by the court's decision.

[Section 36S inserted by 2013 : 40 s. 6 effective 1 November 2013]

Restrictions on dealing etc. with property

36T (1) An interim receiving order shall, subject to any exclusions made in accordance with this section, prohibit any person to whose property the order applies from dealing with the property.

(2) Exclusions may be made when the interim receiving order is made or on an application to vary the order.

(3) An exclusion may, in particular, make provision for the purpose of enabling any person—

- (a) to meet his reasonable living expenses; or
- (b) to carry on any trade, business, profession or occupation,

and may be made subject to conditions.

(4) But an exclusion may not be made for the purpose of enabling any person to meet any legal expenses in respect of proceedings under this Part except as provided by regulations under section 65(1A).

(5) If the excluded property is not specified in the order it shall be described in the order in general terms.

(6) The power to make exclusions shall be exercised with a view to ensuring, so far as practicable, that the satisfaction of any right of the enforcement authority to recover the property obtained through unlawful conduct is not unduly prejudiced.

[Section 36T inserted by 2013 : 40 s. 6 effective 1 November 2013]

Restriction on proceedings and remedies

36U (1) While an interim receiving order has effect—

- (a) the court may stay any action, execution or other legal process in respect of the property to which the order applies;
- (b) no distress may be levied against the property to which the order applies except with the leave of the court and subject to any terms the court may impose.

(2) If a court (whether the Supreme Court or any other court) in which proceedings are pending in respect of any property is satisfied that an interim receiving order has been applied for or made in respect of the property, the court may either stay the proceedings or allow them to continue on any terms it thinks fit.

(3) If the interim receiving order applies to a tenancy of any premises, no landlord or other person to whom rent is payable may exercise any right of forfeiture by peaceable re-entry in relation to the premises in respect of any failure by the tenant to comply with any term or condition of the tenancy, except with the leave of the court and subject to any terms the court may impose.

(4) Before exercising any power conferred by this section, the court shall (as well as giving the parties to any of the proceedings in question an opportunity to be heard) give such an opportunity to the interim receiver (if appointed) and any person who may be affected by the court's decision.

[Section 36U inserted by 2013 : 40 s. 6 effective 1 November 2013]

Exclusion of property which is not recoverable etc.

36V (1) If the court decides that any property to which an interim receiving order applies is neither recoverable property nor associated property, it shall vary the order so as to exclude it.

(2) The court may vary an interim receiving order so as to exclude from the property to which the order applies any property which is alleged to be associated property if the court thinks that the satisfaction of any right of the enforcement authority to recover the property obtained through unlawful conduct will not be prejudiced.

(3) The court may exclude any property within subsection (2) on any terms or conditions, applying while the interim receiving order has effect, which the court thinks necessary or expedient.

[Section 36V inserted by 2013 : 40 s. 6 effective 1 November 2013]

Reporting

36W (1) An interim receiving order shall require the interim receiver to inform the enforcement authority and the court as soon as reasonably practicable if he thinks that—

- (a) any property to which the order applies by virtue of a claim that it is recoverable property is not recoverable property;
- (b) any property to which the order applies by virtue of a claim that it is associated property is not associated property;
- (c) any property to which the order does not apply is recoverable property (in relation to the same unlawful conduct) or associated property;
- (d) any property to which the order applies is held by a person who is different from the person it is claimed holds it; or
- (e) there has been any other material change of circumstances.

- (2) An interim receiving order shall require the interim receiver—
- (a) to report his findings to the court;
 - (b) to serve copies of his report on the enforcement authority and on any person who holds any property to which the order applies or who may otherwise be affected by the report.

[Section 36W inserted by 2013 : 40 s. 6 effective 1 November 2013]

Vesting and realisation of recoverable property

Recovery orders

36X (1) If in proceedings under this Part the court is satisfied that any property is recoverable, the court shall make a recovery order.

(2) The recovery order shall vest the recoverable property in the trustee for civil recovery.

(3) But the court may not make in a recovery order any provision in respect of any recoverable property if each of the conditions in subsection (4) or (as the case may be) (5) is met and it would not be just and equitable to do so.

- (4) The conditions referred to in subsection (3) are that—
- (a) the respondent obtained the recoverable property in good faith;
 - (b) he took steps after obtaining the property which he would not have taken if he had not obtained it or he took steps before obtaining the property which he would not have taken if he had not believed he was going to obtain it;
 - (c) when he took the steps, he had no notice that the property was recoverable property;
 - (d) if a recovery order were made in respect of the property, it would, by reason of the steps, be detrimental to him.

(5) In deciding whether it would be just and equitable to make the provision in the recovery order where the conditions in subsection (4) are met, the court shall have regard to—

- (a) the degree of detriment that would be suffered by the respondent if the provision were made;
- (b) the enforcement authority's interest in receiving the realised proceeds of the recoverable property.

(6) A recovery order may sever any property.

(7) A recovery order may impose conditions as to the manner in which the trustee for civil recovery may deal with any property vested by the order for the purpose of realising it.

(8) A recovery order made by the court may provide for payment under section 36.1D of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—

- (a) the proceedings under this Part in which the order is made; or
- (b) any related proceedings under this Part.

(9) If regulations under section 65(1A) apply to an item of expenditure, a sum in respect of the item is not payable under section 36.1G in pursuance of provision under subsection (8) unless—

- (a) the enforcement authority agrees to its payment; or
- (b) the court has assessed the amount allowed by the regulations in respect of that item and the sum is paid in respect of the assessed amount.

(10) This section is subject to sections 36.1A to 36.1E.

[Section 36X inserted by 2013 : 40 s. 6 effective 1 November 2013]

Functions of the trustee for civil recovery

36Y (1) The trustee for civil recovery is a suitably qualified person nominated by the enforcement authority, and appointed by the court to give effect to a recovery order.

(2) The functions of the trustee are—

- (a) to secure the detention, custody or preservation of any property vested in him by the recovery order;
- (b) in the case of property other than money, to realise the value of the property for the benefit of the enforcement authority; and
- (c) to perform any other functions conferred on him by virtue of this Act.

(3) In performing his functions, the trustee acts on behalf of the enforcement authority and shall comply with any directions given by the enforcement authority.

(4) The trustee is to realise the value of property vested in him by the recovery order, so far as practicable, in the manner best calculated to maximise the amount payable to the enforcement authority.

(5) The trustee has the powers mentioned in Schedule 2.

(6) References in this section to a recovery order include an order under section 36.1D and references to property vested in the trustee by a recovery order include property vested in him in pursuance of an order under that section.

[Section 36Y inserted by 2013 : 40 s. 6 effective 1 November 2013]

Rights of pre-emption, etc.

36Z (1) A recovery order is to have effect in relation to any property despite any provision (of whatever nature) which would otherwise prevent, penalise or restrict the vesting of the property.

(2) A right of pre-emption, right of return or other similar right does not operate or become exercisable as a result of the vesting of any property under a recovery order.

(3) A right of return means any right under a provision for the return or reversion of property in specified circumstances.

(4) Where property is vested under a recovery order, any such right is to have effect as if the person in whom the property is vested were the same person in law as the person who held the property and as if no transfer of the property had taken place.

(5) References to rights in subsections (2) and (3) do not include any rights in respect of which the recovery order was made.

(6) This section applies in relation to the creation of interests, or the doing of anything else, by a recovery order as it applies in relation to the vesting of property.

[Section 36Z inserted by 2013 : 40 s. 6 effective 1 November 2013]

Associated and joint property

36.1A (1) Sections 36.1B to 36.1C apply if the court makes a recovery order in respect of any recoverable property in a case within subsection (2) or (3).

(2) A case is within this subsection if—

- (a) the property to which the proceedings relate includes property which is associated with the recoverable property and is specified or described in the originating summons; and
- (b) if the associated property is not the respondent's property, the summons or application has been served on the person whose property it is or the court has dispensed with service.

(3) A case is within this subsection if—

- (a) the recoverable property belongs to joint tenants; and
- (b) one of the tenants is an excepted joint owner.

(4) An excepted joint owner is a person who obtained the property in circumstances in which it would not be recoverable as against him; and references to the excepted joint owner's share of the recoverable property are to so much of the recoverable property as would have been his if the joint tenancy had been severed.

[Section 36.1A inserted by 2013 : 40 s. 6 effective 1 November 2013]

Agreements about associated and joint property

36.1B (1) The recovery order may, instead of vesting the recoverable property in the trustee for civil recovery, require the person who holds the associated property or who is the excepted joint owner to make a payment to the trustee where—

- (a) this section applies; and
- (b) the enforcement authority (on the one hand) and the person who holds the associated property or who is the excepted joint owner (on the other) agree.

(2) A recovery order which makes any requirement under subsection (1) may, so far as required for giving effect to the agreement, include provision for vesting, creating or extinguishing any interest in property.

(3) The amount of the payment is to be the amount which the enforcement authority and that person agree represents—

- (a) in a case within section 36.1A(2), the value of the recoverable property;
- (b) in a case within section 36.1A(3), the value of the recoverable property less the value of the excepted joint owner's share.

(4) But if—

- (a) an interim receiving order applied at any time to the associated property or joint tenancy; and
- (b) the enforcement authority agrees that the person has suffered loss as a result of the interim receiving order,

the amount of the payment may be reduced by any amount the enforcement authority and that person agree is reasonable, having regard to that loss and to any other relevant circumstances.

(5) If there is more than one such item of associated property or excepted joint owner, the total amount to be paid to the trustee, and the part of that amount which is to be provided by each person who holds any such associated property or who is an excepted joint owner, is to be agreed between both (or all) of them and the enforcement authority.

(6) A recovery order which makes any requirement under subsection (1) shall make provision for any recoverable property to cease to be recoverable.

[Section 36.1B inserted by 2013 : 40 s. 6 effective 1 November 2013]

Associated and joint property: default of agreement

36.1C (1) Where this section applies, the court may make the following provision if—

- (a) there is no agreement under section 36.1B; and
- (b) the court thinks it just and equitable to do so.

(2) The recovery order may provide—

- (a) for the associated property to vest in the trustee for civil recovery or (as the case may be) for the excepted joint owner's interest to be extinguished; or
- (b) in the case of an excepted joint owner, for the severance of his interest.

(3) A recovery order making any provision by virtue of subsection (2)(a) may provide—

- (a) for the trustee to pay an amount to the person who holds the associated property or who is an excepted joint owner; or

(b) for the creation of interests in favour of that person, or the imposition of liabilities or conditions, in relation to the property vested in the trustee, or for both.

(4) In making any provision in a recovery order by virtue of subsection (2) or (3), the court shall have regard to—

- (a) the rights of any person who holds the associated property or who is an excepted joint owner and the value to him of that property or, as the case may be, of his share (including any value which cannot be assessed in terms of money);
- (b) the enforcement authority's interest in receiving the realised proceeds of the recoverable property.

(5) If—

- (a) an interim receiving order applied at any time to the associated property or joint tenancy; and
- (b) the court is satisfied that the person who holds the associated property or who is an excepted joint owner has suffered loss as a result of the interim receiving order,

a recovery order making any provision by virtue of subsection (2) or (3) may require the enforcement authority to pay compensation to that person.

(6) The amount of compensation to be paid under subsection (5) is the amount the court thinks reasonable, having regard to the person's loss and to any other relevant circumstances.

[Section 36.1C inserted by 2013 : 40 s. 6 effective 1 November 2013]

Consent orders

36.1D (1) The court may make an order staying any proceedings for a recovery order on terms agreed by the parties for the disposal of the proceedings if each person to whose property the proceedings, or the agreement, relates is a party both to the proceedings and the agreement.

(2) An order under subsection (1) may, as well as staying the proceedings on terms—

- (a) make provision for any property which may be recoverable property to cease to be recoverable;
- (b) make any further provision which the court thinks appropriate.

(3) Section 36.1G applies to property vested in the trustee for civil recovery, or money paid to him, in pursuance of the agreement as it applies to property vested in him by a recovery order or money paid under section 36.1B.

[Section 36.1D inserted by 2013 : 40 s. 6 effective 1 November 2013]

Limit on recovery

36.1E (1) This section applies if the enforcement authority seeks a recovery order in respect of both property which is or represents property obtained through unlawful conduct and related property.

(2) For the purposes of this section—

- (a) the original property means the property obtained through unlawful conduct;
- (b) the original property, and any items of property which represent the original property, are to be treated as related to each other.

(3) The court is not to make a recovery order if it thinks that the enforcement authority's right to recover the original property has been satisfied by a previous recovery order.

(4) Subject to subsection (3), the court may act under subsection (5) if it thinks that—

- (a) a recovery order may be made in respect of two or more related items of recoverable property; but
- (b) the making of a recovery order in respect of both or all of them is not required in order to satisfy the enforcement authority's right to recover the original property.

(5) The court may in order to satisfy that right to the extent required make a recovery order in respect of—

- (a) only some of the related items of property; or
- (b) only a part of any of the related items of property,

or both.

(6) Where the court may make a recovery order in respect of any property, this section does not prevent the recovery of any profits which have accrued in respect of the property.

(7) If—

- (a) an order is made under section 51 for the forfeiture of property which is later determined is recoverable property; and
- (b) the enforcement authority subsequently seeks a recovery order in respect of related property,

the order under section 51 is to be treated for the purposes of this section as if it were a recovery order obtained by the enforcement authority in respect of the forfeited property.

(8) If—

- (a) in pursuance of a judgment in civil proceedings (whether in Bermuda or elsewhere), the claimant has obtained property from the defendant (“the judgment property”);
- (b) the claim was based on the defendant’s having obtained the judgment property or related property through unlawful conduct; and
- (c) the enforcement authority subsequently seeks a recovery order in respect of property which is related to the judgment property,

the judgment is to be treated for the purposes of this section as if it were a recovery order obtained by the enforcement authority in respect of the judgment property.

(9) If—

- (a) property has been taken into account in deciding the amount of a person’s benefit from criminal conduct for the purpose of making a confiscation order under section 9; and
- (b) the enforcement authority subsequently seeks a recovery order in respect of related property,

the confiscation order is to be treated for the purposes of this section as if it were a recovery order obtained by the enforcement authority in respect of the property referred to in paragraph (a).

[Section 36.1E inserted by 2013 : 40 s. 6 effective 1 November 2013; amended by 2015 : 53 s. 2 effective 1 January 2016]

Section 36.1E: Supplementary

36.1F (1) Subsections (2) and (3) give examples of the satisfaction of the enforcement authority’s right to recover the original property.

(2) If—

- (a) there is a disposal, other than a part disposal, of the original property; and
- (b) other property (the representative property) is obtained in its place,

the enforcement authority’s right to recover the original property is satisfied by the making of a recovery order in respect of either the original property or the representative property.

(3) If—

- (a) there is a part disposal of the original property; and
- (b) other property (the representative property) is obtained in place of the property disposed of,

the enforcement authority’s right to recover the original property is satisfied by the making of a recovery order in respect of the remainder of the original property together with either the representative property or the property disposed of.

(4) In this section—

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- (a) a part disposal means a disposal to which section 36E(1) applies,
- (b) the original property has the same meaning as in section 36.1E(2).

[Section 36.1F inserted by 2013 : 40 s. 6 effective 1 November 2013]

Applying realised proceeds

36.1G (1) This section applies to—

- (a) sums which represent the realised proceeds of property which was vested in the trustee for civil recovery by a recovery order or which he obtained in pursuance of a recovery order;
 - (b) sums vested in the trustee by a recovery order or obtained by him in pursuance of a recovery order.
- (2) The trustee is to make out of the sums—
- (a) first, any payment required to be made by him by virtue of section 36.1C;
 - (b) next, any payment of legal expenses which, after giving effect to section 36X(9), are payable under this subsection in pursuance of provision under section 36X(8) contained in the recovery order;
 - (c) then, any payment of expenses incurred by a person acting as a receiver or trustee under this Part, whether or not he has realised or disposed of any property under this Part,

and any sum which remains is to be paid into the Confiscated Assets Fund.

(3) The trustee may apply a sum received by him under subsection (2) in making payment of the remuneration and expenses of—

- (a) the trustee; or
- (b) any receiver or interim receiver appointed in, or in anticipation of, the proceedings under section 36H or 36O.

(4) Subsection (3)(a) does not apply in relation to the remuneration of the trustee if the trustee is a member of staff of the enforcement authority.

[Section 36.1G inserted by 2013 : 40 s. 6 effective 1 November 2013]

Exemptions etc.

Victims of theft, etc.

36.1H (1) In proceedings for a recovery order, a person who claims that any property alleged to be recoverable property, or any part of the property, belongs to him may apply for a declaration under this section.

(2) If the applicant appears to the court to meet the following condition, the court may make a declaration to that effect.

- (3) The condition is that—

- (a) the person was deprived of the property he claims, or of property which it represents, by unlawful conduct;
- (b) the property he was deprived of was not recoverable property immediately before he was deprived of it; and
- (c) the property he claims belongs to him.

(4) Property to which a declaration under this section applies is not recoverable property.

[Section 36.1H inserted by 2013 : 40 s. 6 effective 1 November 2013]

Other exemptions

36.1I (1) Proceedings for a recovery order may not be taken against any person in circumstances of a prescribed description; and the circumstances may relate to the person himself or to the property or to any other matter.

(2) Proceedings for a recovery order may not be taken in respect of cash seized and detained in accordance with section 50 unless the proceedings are also taken in respect of property other than cash which is property of the same person.

(3) Proceedings for a recovery order may not be taken against any person in respect of any recoverable property which he holds by reason of his acting, or having acted, as a receiver or trustee.

(4) In subsection (1), prescribed means prescribed by an order made by the Minister subject to the negative resolution procedure.

[Section 36.1I inserted by 2013 : 40 s. 6 effective 1 November 2013]

Recoverable property

Property obtained through unlawful conduct: recoverable property

36.1J (1) Property obtained through unlawful conduct is recoverable property.

(2) But if property obtained through unlawful conduct has been disposed of since it was so obtained, it is recoverable property only if it is held by a person into whose hands it may be followed.

(3) Recoverable property obtained through unlawful conduct may be followed into the hands of a person obtaining it on a disposal by—

- (a) the person who through the conduct obtained the property; or
- (b) a person into whose hands it may (by virtue of this subsection) be followed.

[Section 36.1J inserted by 2013 : 40 s. 6 effective 1 November 2013]

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Tracing property, etc.

36.1K (1) Where property obtained through unlawful conduct (“the original property”) is or has been recoverable, property which represents the original property is also recoverable property.

- (2) If a person enters into a transaction by which—
- (a) he disposes of recoverable property, whether the original property or property which (by virtue of this Part) represents the original property; and
 - (b) he obtains other property in place of it,

the other property represents the original property.

(3) If a person disposes of recoverable property which represents the original property, the property may be followed into the hands of the person who obtains it (and it continues to represent the original property).

[Section 36.1K inserted by 2013 : 40 s. 6 effective 1 November 2013]

Mixing property

36.1L (1) Subsection (2) applies if a person’s recoverable property is mixed with other property (whether his property or another’s).

(2) The portion of the mixed property which is attributable to the recoverable property represents the property obtained through unlawful conduct.

- (3) Recoverable property is mixed with other property if it is used—
- (a) to increase funds held in a bank account;
 - (b) in part payment for the acquisition of an asset;
 - (c) for the restoration or improvement of land;
 - (d) by a person holding a leasehold interest in the property to acquire the freehold; or
 - (e) for any other purpose similar to those set out in paragraphs (a) to (d).

[Section 36.1L inserted by 2013 : 40 s. 6 effective 1 November 2013]

Recoverable property: accruing profits

36.1M (1) This section applies where a person who has recoverable property obtains further property consisting of profits accruing in respect of the recoverable property.

(2) The further property is to be treated as representing the property obtained through unlawful conduct.

[Section 36.1M inserted by 2013 : 40 s. 6 effective 1 November 2013]

General exceptions

36.1N (1) If—

- (a) a person disposes of recoverable property; and
- (b) the person who obtains it on the disposal does so in good faith, for value and without notice that it was recoverable property,

the property may not be followed into that person's hands and, accordingly, it ceases to be recoverable.

(2) If recoverable property is vested, or otherwise disposed of in pursuance of powers conferred by virtue of this Act, it ceases to be recoverable.

(3) If—

- (a) in pursuance of a judgment in civil proceedings (whether in Bermuda or elsewhere), the defendant makes a payment to the claimant or the claimant otherwise obtains property from the defendant;
- (b) the claimant's claim is based on the defendant's unlawful conduct; and
- (c) apart from this subsection, the sum received, or the property obtained, by the claimant would be recoverable property,

the property ceases to be recoverable.

(4) If—

- (a) a payment is made to a person in pursuance of a compensation order or a restitution order made under any law in force in Bermuda in respect of loss suffered in consequence of unlawful conduct; and
- (b) apart from this subsection, the sum received would be recoverable property,

the property ceases to be recoverable.

(5) If—

- (a) in pursuance of a requirement under any law in force in Bermuda relating to any financial institution, an amount is paid to or distributed among any persons in pursuance of or in accordance with the court's directions; and
- (b) apart from this subsection, the sum received by them would be recoverable property,

the property ceases to be recoverable.

(6) Property is not recoverable while a restraint order applies to it, that is—

- (a) an order under section 28; or
- (b) an order under Schedule 2 Part 1 paragraph 5 of the Anti-Terrorism (Financial and Other Measures) Act 2004.

(7) Property is not recoverable if it has been taken into account under section 9 in deciding the amount of a person's benefit from criminal conduct for the purpose of making a confiscation order in accordance with the court's directions.

(8) Where—

- (a) a person enters into a transaction to which section 36.1K(2) applies; and
- (b) the disposal is one to which subsection (1) or (2) applies,

this section does not affect the recoverability (by virtue of section 36.1K(2)) of any property obtained on the transaction in place of the property disposed of.

[Section 36.1N inserted by 2013 : 40 s. 6 effective 1 November 2013]

Other exemptions

36.1O (1) Subject to subsections (2) and (3), an order may provide that property is not recoverable or (as the case may be) associated property if—

- (a) it is prescribed property; or
- (b) it is disposed of in pursuance of a prescribed enactment or an enactment of a prescribed description.

(2) An order may provide that if property is disposed of in pursuance of a prescribed enactment or an enactment of a prescribed description, it is to be treated for the purposes of section 36.1E as if it had been disposed of in pursuance of a recovery order.

(3) An order under this section may be made so as to apply to property, or a disposal of property, only in prescribed circumstances; and the circumstances may relate to the property or disposal itself or to a person who holds or has held the property or to any other matter.

(4) In this section, an order means an order made by the Minister, subject to the negative resolution procedure; and prescribed means prescribed by the order.

[Section 36.1O inserted by 2013 : 40 s. 6 effective 1 November 2013]

Granting interests

36.1P (1) If a person grants an interest in his recoverable property, the question whether the interest is also recoverable is to be determined in the same manner as it is on any other disposal of recoverable property.

(2) Accordingly, on his granting an interest in the property (“the property in question”)—

- (a) where the property in question is property obtained through unlawful conduct, the interest is also to be treated as obtained through that conduct;
- (b) where the property in question represents in his hands property obtained through unlawful conduct, the interest is also to be treated as representing in his hands the property so obtained.

[Section 36.1P inserted by 2013 : 40 s. 6 effective 1 November 2013]

Use of information by enforcement authority

36.1Q Information obtained by or on behalf of the enforcement authority in connection with the exercise of any of the authority's functions may only be used by the authority in connection with the exercise of its functions under this Part.

[Section 36.1Q inserted by 2013 : 40 s. 6 effective 1 November 2013]

Disclosure of information to enforcement authority

36.1R (1) Information which is held by or on behalf of a permitted person (whether it was obtained before or after the coming into force of this section) may be disclosed to the enforcement authority for the purpose of the exercise by the enforcement authority of its functions under this Part.

(2) Notwithstanding any restriction otherwise imposed by any law for the time being in force in Bermuda on the disclosure by a permitted person of information obtained in an official capacity by that person relating to any recoverable property, that person may disclose such information relating to recoverable property to the enforcement authority for any of the purposes to which this section applies.

(3) The Minister, after consultation with such persons as may be appropriate, shall produce Guidance for the purposes of this section and such Guidance shall specify the information to be disclosed, the manner in which, and any conditions subject to which, it is to be disclosed.

(4) The information that may be disclosed under this section includes information obtained before the commencement of this section.

(5) The purposes to which this section applies are—

- (a) for the purposes of the initiation of any civil recovery investigation or proceedings;
- (b) the purpose of facilitating a determination of whether any civil recovery investigation or proceedings should be initiated.

(6) Nothing in this section shall be taken to prejudice any power to disclose information which exists apart from this section, or to prejudice the rights conferred on the Director of Public Prosecutions under any provision of law.

(7) A disclosure under this section is not to be taken to breach any restriction on the disclosure of information (however imposed).

(8) But nothing in this section authorises the making of a disclosure which contravenes any provision of law relating to data protection.

(9) This section does not affect a power to disclose which exists apart from this section.

(10) In this section "permitted person" means—

- (a) a police officer;

- (b) such other person as may be prescribed by order subject to the negative resolution procedure as a permitted person.

(11) Section 6 of the Statutory Instruments Act 1977 shall not apply to Guidance produced by the Minister under subsection (3).

[Section 36.1R inserted by 2013 : 40 s. 6 effective 1 November 2013]

Disclosure of information by enforcement authority

36.1S (1) Information obtained by or on behalf of the enforcement authority in connection with the exercise of any of the authority's functions may be disclosed by the authority if the disclosure is for the purposes of any of the following—

- (a) any civil recovery investigation which is being or may be carried out, whether in Bermuda or elsewhere;
- (b) any civil recovery proceedings which have been or may be started, whether in Bermuda or elsewhere;
- (c) the exercise of the enforcement authority's functions under this Act;
- (d) the exercise by a police officer of his functions under this Act;
- (e) in the interest of safeguarding national security;
- (f) investigations or proceedings outside Bermuda which have led or may lead to the making of an external recovery order.

(2) If the enforcement authority makes a disclosure of information for a purpose specified in subsection (1) the authority may make any further disclosure of the information by the person to whom it discloses it subject to such conditions as he thinks fit.

(3) Such a person shall not further disclose the information in contravention of the conditions.

(4) A disclosure under this section is not to be taken to breach any restriction on the disclosure of information (however imposed).

(5) But nothing in this section authorises the making of a disclosure—

- (a) which contravenes any law in force in Bermuda relating to data protection;
- (b) which is otherwise prohibited under any law in force in Bermuda.

[Section 36.1S inserted by 2013 : 40 s. 6 effective 1 November 2013]

Disclosure of suspicion of recoverable property

36.1W Where a person in good faith discloses to the FIA—

- (a) his suspicion or belief that property is recoverable property or associated property; or
- (b) any information or other matter on which that suspicion or belief is based,

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the disclosure shall not be treated as a breach of any restriction upon the disclosure of information however imposed.

[Section 36.1W inserted by 2013 : 40 s. 6 effective 1 November 2013]

Tipping off

36.1X (1) A person is guilty of an offence—

(a) if—

(i) he knows, suspects or has reasonable grounds to suspect that a police officer is acting, or is proposing to act, in connection with a civil recovery investigation which is being, or is about to be, conducted; and

(ii) he discloses to any other person information or any other matter which is likely to prejudice that investigation or proposed investigation; or

(b) if—

(i) he knows, suspects or has reasonable grounds to suspect that a disclosure has been made to the FIA or to an appropriate person under section 36.1U, 36.1V or 36.1W; and

(ii) he discloses to any other person information or any other matter which is likely to prejudice any civil recovery investigation which might be conducted following such a disclosure.

(2) Section 47, which relates to tipping off, applies with the necessary modifications including the modifications set out below for the purposes of this Part, as it applies for the purposes of Part V (offences relating to money laundering)—

(a) as if references to “an investigation which is being, or is about to be conducted into money laundering” were references to “a civil recovery investigation which is being, or is about to be conducted”; and

(b) as if references to a “criminal conduct” were references to “unlawful conduct”.

[Section 36.1X inserted by 2013 : 40 s. 6 effective 1 November 2013; subsection (1) amended by 2017 : 10 s. 2 effective 24 March 2017]

Penalties

36.1Y Section 48, which relates to penalties for money laundering, applies where a person is guilty of an offence under section 36.1T, 36.1U, 36.1V or 36.1X, as section 48 applies where a person is guilty of an offence set out in that section.

[Section 36.1Y inserted by 2013 : 40 s. 6 effective 1 November 2013 in respect of section 36.1X]

PART IV
INFORMATION GATHERING POWERS

Production orders

37 (1) For the purpose of—

- (a) an investigation into—
 - (i) drug trafficking;
 - (ii) money laundering;
 - (iii) whether any person has benefited from criminal conduct;
 - (iv) the whereabouts of any proceeds of criminal conduct; or
- (b) a civil recovery investigation,

a police officer may apply to the Supreme Court for an order under subsection (2) (a “production order”) in relation to particular material or material of a particular description.

(2) The court may, if on such an application it is satisfied that the conditions in subsection (4) are fulfilled, make a production order requiring the person who appears to the court to be in possession of the material to which the application relates—

- (a) to produce it to a police officer for him to take away; or
- (b) to give a police officer access to it,

within such period as the order may specify.

This subsection has effect subject to section 40(10).

(3) The period to be specified in a production order shall be seven days unless it appears to the court that a longer or shorter period would be appropriate in the particular circumstances of the application.

(4) The conditions referred to in subsection (2) are—

- (a) that there are reasonable grounds for suspecting that—
 - (i) a specified person has carried on drug trafficking, or money laundering or has benefited from criminal conduct; or
 - (ii) in the case of a civil recovery investigation, the property the application for the order specifies as being subject to the investigation is recoverable property or associated property;
- (b) that there are reasonable grounds for suspecting that the material to which the application relates—
 - (i) is likely to be of substantial value (whether by itself or together with other material) to the investigation for the purpose of which the application is made; and

- (ii) does not consist of or include items subject to legal privilege; and
- (c) that there are reasonable grounds for believing that it is in the public interest, having regard—
 - (i) to the benefit likely to accrue to the investigation if the material is obtained; and
 - (ii) to the circumstances under which the person in possession of the material holds it,that the material should be produced or that access to it should be given.
- (5) Where the court makes a production order under subsection (2)(b) in relation to material on any premises, it may, on the same or a subsequent application of a police officer, order any person who appears to him to be entitled to grant entry to the premises to allow a police officer to enter the premises to obtain access to the material.
- (6) An application under subsection (1) or (5) may be made ex parte to a judge in Chambers.
- (7) Where the material, to which an application under this section relates, consists of information contained in or accessible by means of a computer—
 - (a) a production order under subsection (2)(a) shall have effect as an order to produce the material in a form in which it can be taken away and in which it is visible and legible; and
 - (b) a production order under subsection (2)(b) shall have effect as an order to give access to the material in a form in which it is visible and legible.
- (8) A production order—
 - (a) shall not confer any right to production of, or access to, items subject to legal privilege;
 - (b) shall have effect notwithstanding any obligation as to secrecy or other restriction upon the disclosure of information imposed by statute or otherwise; and
 - (c) may be made in relation to material in the possession of a Government Department.
- (9) A police officer may photograph or make copies of any material produced or to which access is given under this section.
- (10) Rules of court may make provision as to—
 - (a) the discharge and variation of production orders; and
 - (b) proceedings in relation to such orders.
- (11) Where the investigation into whether a person has benefited from criminal conduct or the whereabouts of the proceeds of criminal conduct relates to a relevant offence or a civil recovery investigation relates to unlawful conduct which was not committed in

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Bermuda, an application under subsection (1) shall not be made unless the provisions of section 6 of the Criminal Justice (International Co-operation) (Bermuda) Act 1994 (Bermudian evidence for use overseas) as modified by subsection (12) have been complied with.

(12) Section 6 of the Criminal Justice (International Co-operation) (Bermuda) Act 1994 shall apply for the purposes of this section and section 39 with the following modifications—

- (a) in subsection (1), for the words “criminal proceedings” to the end there shall be substituted “an investigation into whether a person has benefited from a relevant offence or the whereabouts of the proceeds of a relevant offence.”;
- (b) in subsection (2)(a), for the words “an offence” there shall be substituted “a relevant offence”;
- (c) for the words “by a notice” to the end of subsection (2) there shall be substituted “authorise a police officer to make an application for a production order under section 37 of the Proceeds of Crime Act 1997 or for a search warrant under section 39 of that Act.”;
- (d) at the end of subsection (5) there shall be added “, and “relevant offence” has the meaning given in the Proceeds of Crime Act 1997.”;
- (e) subsection (6) shall be omitted.

[section 37 amended by 2007:25 s.4 effective 15 November 2008; subsections (1), (4) and (11) amended by 2013 : 40 s. 7 effective 1 November 2013]

Failure to comply with production order

38 (1) Where a person is required by a production order to produce any material to a police officer or give a police officer access to any material, the person shall be guilty of an offence under this section if he—

- (a) contravenes the order without reasonable excuse; or
- (b) in purported compliance with the order produces or makes available any material known to the person to be false or misleading in a material particular without—
 - (i) indicating to the police officer to whom the material is produced or made available that the material is false or misleading and the respect in which the material is false or misleading; and
 - (ii) providing correct information to the police officer if the person is in possession of, or can reasonably acquire, the correct information.

(2) A person guilty of an offence under this section shall be liable on summary conviction to imprisonment for two years or a fine of \$10,000 or both.

Search warrants

39 (1) For the purpose of—

- (a) an investigation into—
 - (i) drug trafficking;
 - (ii) money laundering;
 - (iii) whether any person has benefited from criminal conduct;
 - (iv) the whereabouts of any proceeds of criminal conduct; or
- (b) a civil recovery investigation,

a police officer may apply to the Supreme Court for a warrant under this section in relation to specified premises.

(2) On such an application, the court may issue a warrant authorising a police officer to enter and search the premises if the court is satisfied—

- (a) that a production order made in relation to material on the premises has not been complied with;
- (b) that the conditions in subsection (3) are fulfilled;
- (c) that the conditions in subsection (4) are fulfilled; or
- (d) that the conditions in subsection (4A) are fulfilled.

(3) The conditions referred to in subsection (2)(b) are—

- (a) that there are reasonable grounds for suspecting that a specified person has carried on drug trafficking, or money laundering or has benefited from criminal conduct;
- (b) that the conditions in section 37(4)(b) and (c) are fulfilled in relation to any material on the premises; and
- (c) that it would not be appropriate to make an order under that section in relation to the material because—
 - (i) it is not practicable to communicate with any person entitled to produce the material;
 - (ii) it is not practicable to communicate with any person entitled to grant access to the material or entitled to grant entry to the premises on which the material is situated; or
 - (iii) the investigation for the purposes of which the application is made might be seriously prejudiced unless a police officer could secure immediate access to the material.

(4) The conditions referred to in subsection (2)(c) are—

- (a) that there are reasonable grounds for suspecting that a specified person has carried on drug trafficking, money laundering or has benefited from criminal conduct;
 - (b) that there are reasonable grounds for suspecting that there is on the premises any such material relating—
 - (i) to the specified person;
 - (ii) to drug trafficking;
 - (iii) to money laundering;
 - (iv) to the question whether that person has benefited from criminal conduct; or
 - (v) to any question as to the extent or whereabouts of any proceeds of criminal conduct,
as is likely to be of substantial value (whether by itself or together with other material) to the investigation for the purpose of which the application is made, but that the material cannot at the time of the application be particularised; and
 - (c) that—
 - (i) it is not practicable to communicate with any person entitled to grant entry to the premises;
 - (ii) entry to the premises will not be granted unless a warrant is produced; or
 - (iii) the investigation for the purposes of which the application is made might be seriously prejudiced unless a police officer arriving at the premises could secure immediate entry to them.
- (4A) The conditions referred to in subsection (2)(d) are—
- (a) that there are reasonable grounds for believing that the property specified in the application for the warrant is recoverable property or associated property;
 - (b) that the material cannot be identified at the time of the application but—
 - (i) it relates to the property specified in the application, the question whether it is recoverable property or associated property, the question as to who holds any such property; and
 - (ii) any question as to whether the person who appears to hold any such property holds other property which is recoverable property, or any question as to the extent or whereabouts of any property mentioned in this paragraph; and

- (c) that the material is likely to be of substantial value (whether or not by itself) to the investigation for the purposes of which the warrant is made, but that the material cannot at the time of the application be particularised.

(5) Where a police officer has entered premises in the execution of a warrant issued under this section, he may seize and retain any material, other than items subject to legal privilege, which is likely to be of substantial value (whether by itself or together with other material) to the investigation for the purpose of which the warrant was issued.

(6) A police officer may photograph or make copies of any material seized under this section.

(7) A person who hinders or obstructs a police officer in the execution of a warrant issued under this section is guilty of an offence and liable on summary conviction to imprisonment for two years or a fine of \$10,000 or both.

(8) Where the investigation into whether a person has benefited from criminal conduct or the whereabouts of the proceeds of criminal conduct relates to a relevant offence which was not committed in Bermuda, an application under subsection (1) shall not be made unless the provisions of section 6 of the Criminal Justice (International Co-operation) (Bermuda) Act 1994 (Bermudian evidence for use overseas) as modified by section 37(12) have been complied with.

[section 39 amended by 2007:25 s.5 effective 15 November 2008; subsections (1) and (2) amended and subsection (4A) inserted by 2013 : 40 s. 8 effective 1 November 2013]

Disclosure of information by Government Departments

40 (1) Subject to subsection (4), the Supreme Court may, on an application by the Director of Public Prosecutions, or the Attorney-General in the case of a civil recovery investigation, order any material mentioned in subsection (3) which is in the possession of a Government Department to be produced to the court within such period as the court may specify.

- (2) The power to make an order under subsection (1) is exercisable if—
 - (a) the powers conferred on the court to make a restraint order or a charging order are exercisable by virtue of section 27(1); or
 - (b) those powers are exercisable by virtue of section 27(3) and the court has made a restraint or charging order which has not been discharged,

but where the power to make an order under subsection (1) is exercisable by virtue only of paragraph (b), section 27(4) shall apply for the purposes of this section as it applies for the purposes of sections 28 and 29.

- (3) The material referred to in subsection (1) is any material which—
 - (a) has been submitted to an officer of a Government Department by the defendant or by a person who has at any time held property which was realisable property;
 - (b) has been made by an officer of a Government Department in relation to the defendant or such a person; or

(c) is correspondence which passed between an officer of a Government Department and the defendant or such a person,

and an order under that subsection may require the production of all such material, or of a particular description of such material, in the possession of the body concerned.

(4) An order under subsection (1) shall not require the production of any material unless it appears to the court that the material is likely to contain information that would facilitate the exercise of the powers conferred on the court by section 28, 29 or 31 or on a receiver appointed under section 28 or 31 or in pursuance of a charging order.

(5) The court may by order authorise the disclosure to such a receiver of any material produced under subsection (1) or any part of such material; but the court shall not make an order under this subsection unless a reasonable opportunity has been given for an officer of the Government Department to make representations to the court.

(6) Material disclosed in pursuance of an order under subsection (5) may, subject to any conditions contained in the order, be further disclosed for the purposes of the functions under this Act of the receiver or the court.

(7) The court may by order authorise the disclosure to a police officer of any material produced under subsection (1) or any part of such material; but the court shall not make an order under this subsection unless—

- (a) a reasonable opportunity has been given for an officer of the Government Department to make representations to the court; and
- (b) it appears to the court that the material is likely to be of substantial value in exercising functions relating to criminal conduct.

(8) Material disclosed in pursuance of an order under subsection (7) may, subject to any conditions contained in the order, be further disclosed for the purposes of functions relating to criminal conduct.

(9) Material may be produced or disclosed in pursuance of this section notwithstanding any obligation as to secrecy or other restriction upon the disclosure of information imposed by statute or otherwise.

(10) An order under subsection (1) and, in the case of material in the possession of a Government Department, a production order, may require any officer of the Government Department (whether named in the order or not) who may for the time being be in possession of the material concerned to comply with it, and such an order shall be served as if the proceedings were civil proceedings against the department.

(11) For the purposes of this section, “Government Department” includes—

- (a) the Bermuda Monetary Authority;
- (b) such other bodies as the Minister may prescribe for the purposes of this section.

[section 40 amended by 2007:25 s.20 effective 15 November 2008; subsection (1) amended by 2013 : 40 s. 9 effective 1 November 2013]

Monitoring orders

41 (1) A police officer may apply to the Supreme Court for an order (“a monitoring order”) directing a banking institution to give to a police officer information obtained by the institution about transactions conducted through an account held by a particular person with the institution.

(2) An application for a monitoring order shall be made *ex parte* to a judge in Chambers and shall be supported by affidavit.

(3) A monitoring order shall apply in relation to transactions conducted during the period specified in the order, commencing not earlier than the day on which notice of the order is given to the banking institution and ending not later than three months after the day on which the order is made.

(4) A monitoring order shall not be made unless the court is satisfied—

(a) that there are reasonable grounds for suspecting that the person in respect of whom the information is sought—

(i) has committed or is about to commit a drug trafficking offence or a relevant offence;

(ii) was involved in the commission, or is about to be involved in the commission, of such an offence; or

(iii) has benefited directly or indirectly or is about to benefit directly or indirectly from the commission of such an offence;

(b) that the property specified in the application is subject to a civil recovery investigation and there are reasonable grounds for suspecting that—

(i) the property specified in the application for the order is recoverable property or associated property; and

(ii) a person specified in the application appears to hold all or some of the property.

(5) A monitoring order shall specify—

(a) the name or names in which the account is believed to be held;

(b) the nature of the information which the institution is required to give; and

(c) the manner in which the information is to be given.

(6) A person who knowingly—

(a) contravenes a monitoring order; or

(b) provides false or misleading information in purported compliance with the order,

shall be guilty of an offence and liable on summary conviction to imprisonment for two years or a fine of \$10,000 or both.

(7) A reference in this section to a transaction conducted through an account includes a reference—

- (a) to the making of a fixed term deposit;
- (b) to the transfer of an amount so deposited or any part of it at the end of the term; and
- (c) to the existence or use of a deposit box held by the institution.

(8) The provision of information to a police officer by virtue of a monitoring order shall not be treated as a breach of any restriction upon the disclosure of information imposed by statute or otherwise and shall not give rise to any civil liability.

(9) In this section “banking institution” includes—

- (a) *[repealed]*
- (b) *[repealed]*
- (c) such other institutions as the Minister may prescribe for the purposes of this section.

[Section 41 subsection (9)(a) amended, (b) repealed, by BR81/1999 effective 1 January 2000; subsection (9)(a) repealed by 2007:25 s.6 effective 15 November 2008; subsection (9)(c) amended by 2007:25 s.20 effective 15 November 2008; subsection (4) repealed and replaced by 2013: 40 s. 10 effective 1 November 2013]

Customer information orders

41A (1) A magistrate may (or the Supreme Court in the case of a civil recovery investigation), on an application made to him by a police officer make a customer information order if he is satisfied that each of the requirements for the making of the order is fulfilled.

(2) The application for a customer information order must state that—

- (a) a person specified in the application is subject to a confiscation investigation or a money laundering investigation; or
- (b) property specified in the application is subject to a civil recovery investigation and a person specified in the application appears to hold the property.

(3) The application must also state that—

- (a) the order is sought for the purposes of the investigation;
- (b) the order is sought against the relevant institution or institutions specified in the application.

(4) An application for a customer information order may specify—

- (a) all relevant institutions, or
- (b) a particular relevant institution.

(5) A customer information order is an order that a relevant institution covered by the application for the order must, on being required to do so by notice in writing given by a police officer, provide any such customer information as it has relating to the person specified in the application as soon as practicable.

(6) A relevant institution which is required to provide information under a customer information order must provide the information to a police officer in such manner as the officer requires.

(7) If a relevant institution on which a requirement is imposed by a notice given under a customer information order requires the production of evidence of authority to give the notice, it is not bound to comply with the requirement unless evidence of the authority has been produced to it.

[section 41A inserted by 2007:25 s.7 effective 15 November 2008; subsection (1) amended and subsection (2) repealed and replaced by 2013 : 40 s. 11 effective 1 November 2013]

Meaning of customer information

41B (1) "Customer information", in relation to a person and a relevant institution, is information whether the person holds, or has held, an account or accounts at the relevant institution (whether solely or jointly with another) and (if so) information as to—

- (a) the matters specified in subsection (2) if the person is an individual;
 - (b) the matters specified in subsection (3) if the person is a company or limited liability partnership or a similar body incorporated or otherwise established outside Bermuda, or a partnership.
- (2) The matters referred to in subsection (1) (a) are—
- (a) the account number or numbers;
 - (b) the person's full name;
 - (c) his date of birth;
 - (d) his most recent address and any previous addresses;
 - (e) the date or dates on which he began to hold the account or accounts and, if he has ceased to hold the account or any of the accounts, the date or dates on which he did so;
 - (f) such evidence of his identity as was obtained by the institution under or for the purposes of this Act or any regulations thereunder;
 - (g) the full name, date of birth and most recent address, and any previous addresses over the most recent 10 years, of any person who holds, or has held, an account at the institution jointly with him;
 - (h) the account number or numbers of any other account or accounts held at the institution to which he is a signatory and details of the person holding the other account or accounts;
 - (i) the source of the funds in the account.

- (3) The matters referred to in subsection (1) (b) are—
- (a) the account number or numbers;
 - (b) the person's full name;
 - (c) a description of any business which the person carries on;
 - (d) the country or territory in which it is incorporated or otherwise established;
 - (e) its registered office, and any previous registered offices, under the Companies Act 1981 or anything similar under corresponding legislation of any country or territory outside Bermuda;
 - (f) its registered office, and any previous registered offices, under the Limited Partnerships Act 1883 or anything similar under corresponding legislation of any country or territory outside Bermuda;
 - (g) the date or dates on which it began to hold the account or accounts and, if it has ceased to hold the account or any of the accounts, the date or dates on which it did so;
 - (h) such evidence of its identity as was obtained by the institution under or for the purposes of this Act or any regulations thereunder;
 - (i) the full name, date of birth and most recent address, and any previous addresses over the most recent 10 years, of any person who is a signatory to the account or any of the accounts;
 - (j) the source of the funds in the account.

(4) The Minister may by order subject to affirmative resolution procedure provide for information of a description specified in the order—

- (a) to be customer information; or
- (b) no longer to be customer information.

[section 41B inserted by 2007:25 s.7 effective 15 November 2008]

Requirements for making of customer information order

41C (1) These are the requirements for the making of a customer information order.

(2) In the case of a confiscation investigation, there must be reasonable grounds for suspecting that the person specified in the application for the order has benefited from his criminal conduct.

(3) In the case of a money laundering investigation, there must be reasonable grounds for suspecting that the person specified in the application for the order has committed a money laundering offence.

(3A) In the case of a civil recovery investigation, there shall be reasonable grounds for suspecting that—

- (a) the property specified in the application for the order is recoverable property or associated property;
 - (b) the person specified in the application holds all or some of the property.
- (4) In the case of any investigation, there must be reasonable grounds for believing that—
- (a) customer information which may be provided in compliance with the order is likely to be of substantial value (whether or not by itself) to the investigation for the purposes of which the order is sought; and
 - (b) there must be reasonable grounds for believing that it is in the public interest for the customer information to be provided, having regard to the benefit likely to accrue to the investigation if the information is obtained.

[section 41C inserted by 2007:25 s.7 effective 15 November 2008; subsection (3A) inserted by 2013 : 40 s. 12 effective 1 November 2013]

Offences

41D (1) A relevant institution commits an offence if without reasonable excuse it fails to comply with a requirement imposed on it under a customer information order.

(2) A relevant institution guilty of an offence under subsection (1) is liable on summary conviction to a fine of \$50,000.

(3) A relevant institution commits an offence if, in purported compliance with a customer information order, it—

- (a) makes a statement which it knows to be false in a material particular; or
- (b) recklessly makes a statement which is false or misleading in a material particular.

(4) A relevant institution guilty of an offence under subsection (3) is liable—

- (a) on summary conviction, to a fine of \$50,000, or
- (b) on conviction on indictment, to a fine of \$100,000.

[section 41D inserted by 2007:25 s.7 effective 15 November 2008]

Statements

41E (1) A statement made by a relevant institution in response to a customer information order may not be used in evidence against it in criminal proceedings.

(2) But subsection (1) does not apply on a prosecution for—

- (a) an offence under section 41D(1) or (3); or
- (b) some other offence where, in giving evidence, the relevant institution makes a statement inconsistent with the statement mentioned in subsection (1).

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(3) A statement may not be used by virtue of subsection (2)(b) against a relevant institution unless—

- (a) evidence relating to it is adduced; or
- (b) a question relating to it is asked;

by or on behalf of the relevant institution in the proceedings arising out of the prosecution.

[section 41E inserted by 2007:25 s.7 effective 15 November 2008]

Disclosure of information

41F A customer information order has effect notwithstanding any restriction on the disclosure of information (however imposed).

[section 41F inserted by 2007:25 s.7 effective 15 November 2008]

Supplementary

41G (1) An application to discharge or vary a customer information order may be made to the magistrate by—

- (a) a police officer;
 - (b) any person affected by the order.
- (2) The magistrate may—

- (a) discharge the order;
- (b) vary the order.

(3) Magistrates' Court Rules may make provision as to the practice and procedure to be followed in connection with proceedings relating to customer information orders.

[section 41G inserted by 2007:25 s.7 effective 15 November 2008]

Offence of prejudicing investigation

42 (1) This section applies if a person knows or suspects that an investigation into criminal conduct, a civil recovery investigation or a money laundering investigation is being conducted. The person commits an offence if—

- (a) he makes a disclosure which is likely to prejudice the investigation; or
- (b) he falsifies, conceals, destroys, or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.

(2) In proceedings against a person for an offence under this section, it is a defence to prove—

- (a) that he did not know or suspect or have reasonable grounds to suspect that the disclosure was likely to prejudice the investigation; or

(b) that he had lawful authority or reasonable excuse for making the disclosure.

(3) Nothing in subsection (1) makes it an offence for a professional legal adviser to disclose any information or other matter—

(a) to, or to a representative of, a client of his in connection with the giving by the legal adviser of legal advice to the client; or

(b) to any person—

(i) in contemplation of, or in connection with, legal proceedings; and

(ii) for the purpose of those proceedings;

but this subsection does not apply in relation to any information or other matter which is disclosed with a view to furthering any criminal purpose.

(4) A person who commits an offence under this section shall be liable—

(a) on summary conviction to imprisonment for two years or a fine of \$5,000 or both; and

(b) on conviction on indictment to imprisonment for five years or a fine of \$10,000 or both.

[Section 42 subsection (1) amended by 2013 : 40 s. 13 effective 1 November 2013; subsections (1) and (2) amended by 2017 : 10 s. 2 effective 24 March 2017; Section 42 subsections (1) and (2) amended by 2018 : 5 s. 2 effective 21 March 2018]

PART V

MONEY LAUNDERING

Offences

Interpretation

42A (1) In this Part—

“AML/ATF regulated financial institution” means a person who—

(a) carries on deposit-taking business within the meaning of section 4 of the Banks and Deposit Companies Act 1999;

(b) carries on investment business within the meaning of section 3 of the Investment Business Act 2003;

(c) is an insurer (and not a reinsurer) registered under section 4 of the Insurance Act 1978 who carries on long term business falling within paragraph (a) or (c) of the definition of “long-term business” in section 1(1) of the Insurance Act 1978;

(d) is an insurance manager, broker or insurance marketplace provider registered under section 10 of the Insurance Act 1978, but in relation to

an insurance broker, only in so far as he acts as a broker in connection with long term business (other than reinsurance business) falling within paragraph (a) or (c) of the definition of “long-term business” in section 1(1) of the Insurance Act 1978;

- (e) carries on the business of a fund administrator within the meaning of section 2(2) of the Investment Funds Act 2006;
- (f) carries on money service business within the meaning of section 2(2) of the Money Service Business Act 2016;
- (fa) carries on corporate service provider business within the meaning of section 2(2) of the Corporate Service Provider Business Act 2012;
- (g) carries on trust business within the meaning of section 9(3) of the Trusts (Regulation of Trust Business) Act 2001 except for any person which is exempted by or under paragraph 3 of the Trusts (Regulation of Trust Business) Exemption Order 2002 provided that—
 - (i) such exempted person utilises the services of a corporate service provider business, licensed by the Bermuda Monetary Authority, within the meaning of section 2(1) of the Corporate Service Provider Business Act 2012; or
 - (ii) such exempted person has in its corporate structure or engages the services of a trust business, licensed by the Bermuda Monetary Authority, within the meaning given in section 9(3) of the Trusts (Regulation of Trust Business) Act 2001;
- (h) is the operator of an investment fund within the meaning of section 2 of the Investment Funds Act 2006;
- (i) is a licensed undertaking carrying on digital asset business within the meaning of section 4 of the Digital Asset Business Act 2018;
- (j) carries on for or on behalf of a customer the business of providing any of the financial activities specified in Schedule 3;

“Bermuda Casino Gaming Commission” has the meaning given in section 6 of the Casino Gaming Act 2014;

“business relationship” means a business, professional or commercial relationship between an AML/ATF regulated financial institution and a customer, which is expected by the institution when contact is first made between them to have an element of duration;

“casino” has the meaning given in section 2 of the Casino Gaming Act 2014;

“casino operator” has the meaning given in section 2 of the Casino Gaming Act 2014;

“country” includes territory;

“criminal property” has the meaning set out in subsection (2);

- “dealers in high value goods” shall have the same meaning as in section 2(1) of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008;
- “designated person”, in relation to a direction, means any of the persons in relation to whom the direction is given;
- “direction” means a direction issued by the Minister by order under section 49A;
- “financial group” means a group designated as such under section 42B;
- “notice” means a notice in writing;
- “professional accountant” means a person who is a member of the Chartered Professional Accountants of Bermuda;
- “patron” has the meaning given in section 2 of the Casino Gaming Act 2014;
- “professional legal adviser” means a barrister and attorney who is a member of the Bermuda Bar Association;
- “real estate agent” means a person licensed under the Real Estate Brokers’ Licensing Act 2017 as an agent;
- “real estate broker” means a person licensed under the Real Estate Brokers’ Licensing Act 2017 as a broker;
- “regulations” means regulations made under section 49(3);
- “relevant persons” means a person to whom, in accordance with section 49(3) and (4), regulations apply;
- “supervisory authority” means—
- (a) the Bermuda Monetary Authority in relation to relevant persons falling within paragraph (a)(i) of section 49(4) being persons who are licensed, registered or otherwise exempted under any enactment regulating the financial services industry;
 - (aa) the FIA as a supervisory authority in relation to relevant persons that are dealers in high value goods;
 - (ab) Superintendent of Real Estate as defined in section 1 of the Real Estate Brokers’ Licensing Act 2017;
 - (b) a professional body designated by the Minister under any enactment in relation to relevant persons regulated by it; or
 - (c) in the case of a casino operator, the Bermuda Casino Gaming Commission.
- (2) “Criminal property” is property which—
- (a) constitutes a person’s benefit from criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly); and

(b) the alleged offender knows or suspects constitutes or represents such benefit.

(3) For the purposes of subsection (2), it is immaterial—

(a) who carried out the conduct;

(b) who benefited from it; or

(c) whether it occurred before or after the passing of this Act.

(4) For the purposes of subsection (2), a person benefits from criminal conduct if he obtains property as a result of or in connection with the conduct.

[Section 42A added by 2008:31 s.3 effective 15 November 2008; Section 42A amended by 2009 : 50 s. 6 effective 15 January 2010; Section 42A amended by 2014 : 8 s. 16 effective 11 April 2014; Section 42A amended by 2015 : 35 s. 18 effective 6 November 2015; Section 42A amended by 2015 : 53 s. 11 effective 1 January 2016; subsection (1) amended by 2016 : 45 s. 2 effective 5 August 2016; subsection (1) definition "AML/ATF regulated financial institution" amended by 2016 : 36 s. 71 effective 31 January 2017; subsection (1) definition "AML/ATF regulated financial institution" amended by 2017 : 10 s. 2 effective 24 March 2017; subsection (1) definitions "real estate agent" and "supervisory authority" amended, and "real estate broker" inserted by 2017 : 28 s. 55 & Sch. 3 effective 2 October 2017; subsection (1) definition "AML/ATF regulated financial institution" amended by 2018 : 5 s. 8 effective 21 March 2018; subsection (1) definition "financial group" inserted by 2018 : 51 s. 2 effective 10 August 2018; subsection (1) definition "AML/ATF regulated financial institution" amended by 2018 : 49 s. 2 effective 7 September 2018; subsection (1) definition "AML/ATF regulated financial institution" amended by 2018 : 28 Sch. 2 para. 4 effective 10 September 2018; subsection (1) definition "AML/ATF regulated financial institution" amended by 2019 : 33 s. 45 effective 5 August 2019]

Designation of group as financial group

42B (1) The Minister responsible for justice may, upon the advice of relevant competent authorities, by order designate a group that consists of—

(a) a parent company, or any other type of legal person, which exercises control and coordinating functions over the rest of the group for the application of group supervision of anti-money laundering and anti-terrorist financing policies and procedures; and

(b) its branches and subsidiaries that are subject to the anti-money laundering and anti-terrorist financing policies and procedures,

as a financial group.

(2) An order made under subsection (1) shall specify the date on which the order is to take effect, being a date not later than 12 months after the date on which the order is made.

(3) An order made under subsection (1) is subject to the negative resolution procedure.

[Section 42B inserted by 2018 : 51 s. 2 effective 10 August 2018]

Concealing or transferring criminal property

43 (1) A person commits an offence if he—

- (a) conceals criminal property;
 - (b) disguises criminal property;
 - (c) converts criminal property;
 - (d) transfers criminal property; or
 - (e) removes criminal property from Bermuda.
- (2) But a person does not commit such an offence if—
- (a) he makes a disclosure under section 46 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the consent of the FIA;
 - (b) he intended to make such a disclosure but had a reasonable excuse for not doing so; or
 - (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.
- (3) A person may be treated as having the consent of the FIA if—
- (a) he makes a disclosure to the FIA; and
 - (b) the condition in subsection (4) or the condition in subsection (5) is satisfied.
- (4) The condition is that before the end of the notice period he does not receive notice from the FIA that consent to the doing of the act is refused.
- (5) The condition is that—
- (a) before the end of the notice period he receives notice from the FIA that the consent to the doing of the act is refused; and
 - (b) the moratorium period has expired.
- (6) The notice period is the period of seven working days commencing on the day after a disclosure is made.
- (7) The moratorium period is the period of 45 days and shall commence on the day that the notice is given.
- (8) For the purposes of this section—
- “a working day” means a day other than a Saturday or a public holiday as prescribed by the Public Holidays Act 1947.
- (9) Concealing or disguising criminal property includes concealing or disguising its nature, source, location, disposition, movement or ownership or any rights with respect to it.

[Section 43 repealed and replaced by 2015 : 53 s. 12 effective 1 January 2016; Section 43 heading amended by 2018 : 5 s. 2 effective 21 March 2018]

Assisting another to retain criminal property

44 (1) A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the—

- (a) acquisition;
- (b) retention;
- (c) use; or
- (d) control,

of criminal property by or on behalf of another person.

(2) But a person does not commit such an offence if—

- (a) he makes a disclosure under section 46 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the consent of the FIA;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so; or
- (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) A person may be treated as having the consent of the FIA if—

- (a) he makes a disclosure to the FIA; and
- (b) the condition in subsection (4) or the condition in subsection (5) is satisfied.

(4) The condition is that before the end of the notice period he does not receive notice from the FIA that consent to the doing of the act is refused.

(5) The condition is that—

- (a) before the end of the notice period he receives notice from the FIA that the consent to the doing of the act is refused; and
- (b) the moratorium period has expired.

(6) The notice period is the period of seven working days commencing on the day after a disclosure is made.

(7) The moratorium period is the period of 45 days and shall commence on the day that the notice is given.

(8) For the purposes of this section—

“a working day” means a day other than a Saturday or a public holiday as prescribed by the Public Holidays Act 1947.

(9) Nor does a person commit an offence under subsection (1) if—

- (a) he knows, or believes on reasonable grounds, that the relevant criminal conduct occurred in a particular country or territory outside Bermuda; and
- (b) the relevant criminal conduct was not at the time it occurred, unlawful under the criminal law then applying in that country or territory.

(10) In subsection (9)—

“the relevant criminal conduct” is the criminal conduct by reference to which the property concerned is criminal property.

[section 44 amended by 2007:25 s.8 effective 15 November 2008; by 2008:31 s.4 effective 15 November 2008; subsections (3A)-(3F) inserted by 2015 : 53 s. 13 effective 1 January 2016; Section 44 repealed and replaced by 2018 : 5 s. 2 effective 21 March 2018]

Acquisition, possession or use of criminal property

45 (1) A person commits an offence if he—

- (a) acquires criminal property;
- (b) uses criminal property; or
- (c) has possession of criminal property.

(2) It is a defence to a charge of committing an offence under this section that the person charged acquired or used the property or had possession of it for adequate consideration.

(3) For the purposes of subsection (2)—

- (a) a person does not acquire property for adequate consideration if the value of the consideration is significantly less than the value of the property; and
- (b) a person does not use or have possession of property for adequate consideration if the value of the consideration is significantly less than the value of his use or possession of the property.

(4) The provision for any person of services or goods which are of assistance to him in criminal conduct shall not be treated as consideration for the purposes of subsection (2).

(5) Where a person discloses in good faith to the FIA a belief that any property is criminal property or any matter on which such a belief is based—

- (a) the disclosure shall not be treated as a breach of any restriction upon the disclosure of information however imposed; and
- (b) if he does any act in relation to the property in contravention of subsection (1), he does not commit an offence under this section if—
 - (i) the disclosure is made before he does the act in question and the act is done with the consent of the FIA; or
 - (ii) the disclosure is made after he does the act, but is made on his initiative and is made promptly after doing the act.

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(5A) A person may be treated as having the consent of the FIA under subsection (5) (b)(i) if—

- (a) he makes a disclosure to the FIA; and
- (b) the condition in subsection (5B) or the condition in subsection (5C) is satisfied.

(5B) The condition is that before the end of the notice period he does not receive notice from the FIA that consent to the doing of the act is refused.

(5C) The condition is that—

- (a) before the end of the notice period he receives notice from the FIA that consent to the doing of the act is refused; and
- (b) the moratorium period has expired.

(5D) The notice period is the period of seven working days commencing on the day after a disclosure is made.

(5E) The moratorium period is the period of 45 days and shall commence on the day that the notice is given.

(5F) For the purposes of this section—

“a working day” means a day other than a Saturday or a public holiday as prescribed by the Public Holidays Act 1947.

(6) For the purposes of this section, having possession of any property shall be taken to be doing an act in relation to it.

(7) In proceedings against a person for an offence under this section, it is a defence to prove that—

- (a) he intended to disclose to the FIA such a belief or matter as is mentioned in subsection (5), but
- (b) there is reasonable excuse for his failure to make any such disclosure in the manner mentioned in subsection (5)(b).

(8) In the case of a person who was in employment at the time in question, subsections (5) and (7) shall have effect in relation to disclosures, and intended disclosures, to the appropriate person in accordance with any procedure established by his employer as they have effect in relation to disclosures, and intended disclosures, to the FIA.

(9) Neither the FIA nor any other person shall be guilty of an offence under this section in respect of anything done by him in the course of acting in connection with the enforcement, or intended enforcement, of any provision of this Act or of any other statutory provision relating to drug trafficking or relevant offences or criminal property.

[Section 45 amended by 2007:25 s.9 effective 15 November 2008; by 2008:31 s.5 effective 15 November 2008; subsection (1) deleted and substituted and subsections (5A) - (5F) inserted by 2015 : 53 s. 14 effective 1 January 2016; Section 45 amended by 2018 : 5 s. 2 effective 21 March 2018; subsection (5) (b) amended by 2018 : 51 s. 2 effective 10 August 2018]

Agreement in furtherance of money laundering void

45A Any agreement entered into for the purposes of facilitating the commission of money laundering is void.

[section 45A inserted by 2007:25 s.10 effective 15 November 2008]

Money laundering: defence when overseas conduct is legal

45B (1) A person does not commit an offence under section 43, 44 or 45 if—

- (a) he knows or believes on reasonable grounds that the relevant criminal conduct occurred in a particular country or territory outside Bermuda; and
- (b) the relevant criminal conduct—
 - (i) was not, at the time it occurred, unlawful under the criminal law then applying in that country or territory, and
 - (ii) is not of a description prescribed by an order made by the Minister.

(2) The Minister may by order subject to negative resolution procedure prescribe conduct for the purpose of subsection (1)(b)(ii).

[section 45B inserted by 2007:25 s.10 effective 15 November 2008]

Disclosure of knowledge or suspicion of money laundering

46 (A1) A person shall make a disclosure to the FIA when they know, suspect or have reasonable grounds to suspect that—

- (a) any currency, funds or other assets are derived from or used in connection with any criminal conduct; or
- (b) a money laundering offence has been committed, is in the course of being committed or has been attempted,

and this information has come to him in the course of his trade, profession, business or employment.

(1) Where a person in good faith discloses to the FIA—

- (a) his suspicion or belief that another person is engaged in money laundering, or
- (b) any information or other matter on which that suspicion or belief is based,

the disclosure shall not be treated as a breach of any restriction upon the disclosure of information however imposed.

(2) A person is guilty of an offence if—

- (a) he knows, suspects or has reasonable grounds to suspect that another person is engaged in money laundering which relates to any proceeds of criminal conduct;

- (b) the information, or other matter, on which that knowledge or suspicion is based came to his attention in the course of his trade, profession, business or employment; and
- (c) he does not promptly disclose this information or other matter to the FIA after it comes to his attention.

(3) Subsection (2) does not make it an offence for a professional legal adviser to fail to disclose any information or other matter which has come to him in privileged circumstances.

(4) It is a defence to a charge of committing an offence under this section that the person charged had a reasonable excuse for not disclosing the information or other matter in question.

(5) Any disclosure made by a person who was in employment at the time in question to the appropriate person in accordance with any procedure established by his employer shall be treated, for the purposes of this section, as a disclosure to the FIA.

(6) For the purposes of this section, any information or other matter comes to a professional legal adviser in privileged circumstances if it is communicated or given to him—

- (a) by, or by a representative of, a client of his in connection with the giving by the adviser of legal advice to the client;
- (b) by, or by a representative of, a person seeking legal advice from the adviser; or
- (c) by any person—
 - (i) in contemplation of, or in connection with, legal proceedings; and
 - (ii) for the purpose of those proceedings;

but no information or other matter shall be treated as coming to a professional legal adviser in privileged circumstances if it is communicated or given with a view to furthering any criminal purpose.

[Section 46 amended by 2007:25 s.11 effective 15 November 2008; by 2008 : 31 s.6 effective 15 November 2008; subsection (A1) inserted by 2013 : 30 s. 2 effective 8 November 2013; subsections (A1) and (2) amended by 2017 : 10 s. 2 effective 24 March 2017; subsection (2)(c) repealed and substituted by 2018 : 51 s. 2 effective 10 August 2018]

Tipping-off

47 (1) A person is guilty of an offence if—

- (a) he knows or suspects or has reasonable grounds to suspect that a police officer is acting, or is proposing to act, in connection with an investigation which is being, or is about to be, conducted into money laundering; and
- (b) he discloses to any other person information or any other matter which is likely to prejudice that investigation or proposed investigation.

(2) A person is guilty of an offence if—

- (a) he knows or suspects or has reasonable grounds to suspect that a disclosure is being or has been made to the FIA or to an appropriate person under section 44, 45 or 46; and
- (b) he discloses to any other person—
 - (i) his knowledge or suspicion that a disclosure or related information is being or has been filed with the FIA; or
 - (ii) information or any other matter which is likely to prejudice any investigation which might be conducted following such a disclosure.

(3) Nothing in subsection (1) or (2) makes it an offence for a professional legal adviser to disclose any information or other matter—

- (a) to, or to a representative of, a client of his in connection with the giving by the adviser of legal advice to the client; or
- (b) to any person—
 - (i) in contemplation of, or in connection with, legal proceedings; and
 - (ii) for the purpose of those proceedings;

but this subsection does not apply in relation to any information or other matter which is disclosed with a view to furthering any criminal purpose.

(4) In proceedings against a person for an offence under subsection (1) or (2)(b)(ii), it is a defence to prove that he did not know or suspect or have reasonable grounds to suspect that the disclosure was likely to be prejudicial in the way there mentioned.

(5) No police officer or other person shall be guilty of an offence under this section in respect of anything done by him in the course of acting in accordance with the enforcement, or intended enforcement, of any provision of this Act or of any other statutory provision relating to criminal conduct or the proceeds of criminal conduct.

(6) No person shall be guilty of an offence under this section where he discloses information to a supervisory authority in the course of it carrying out its statutory duties.

(7) For the purposes of this section supervisory authority shall have the same meaning as under section 2 of the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing Supervision and Enforcement) Act 2008.

[Section 47 amended by 2007:25 s.12 effective 15 November 2008; subsection (2)(b) deleted and substituted, subsection (4) amended and subsections (6) and (7) inserted by 2013 : 30 s. 3 effective 8 November 2013; subsections (1), (2) and (4) amended by 2017 : 10 s. 2 effective 24 March 2017; subsection (2) amended by 2018 : 51 s. 2 effective 10 August 2018]

Penalties

Penalties for money laundering etc

48 (1) A person guilty of an offence under section 43, 44 or 45 (money laundering) shall be liable—

- (a) on summary conviction, to imprisonment for five years or a fine of \$50,000 or both; and
- (b) on conviction on indictment, to imprisonment for twenty years or an unlimited fine or both.

(2) A person guilty of an offence under section 46 or 47 (failure to disclose knowledge or suspicion; tipping off) shall be liable—

- (a) on summary conviction, to imprisonment for three years or a fine of \$15,000 or both; or
- (b) on conviction on indictment, to imprisonment for ten years or an unlimited fine or both.

Forfeitures

48A (1) The court by or before which a person is convicted of a money laundering offence may make a forfeiture order in accordance with the provisions of this section.

(2) Where a person is convicted of a money laundering offence, the court may order the forfeiture of any property which, at the time of the offence, he had in his possession or under his control and which he used or intended to use for the purposes of the offence.

(3) Where a person is convicted of a money laundering offence, the court may order the forfeiture of any property which wholly or partly, and directly or indirectly, is received by any person as a payment or other reward in connection with the commission of the offence.

(4) Where a person other than the convicted person claims to be the owner of or otherwise interested in anything which can be forfeited by an order under this section, the court shall give him an opportunity to be heard before making an order.

[section 48A inserted by 2008:31 s.7 effective 15 November 2008]

Prevention of money laundering

Establishment of Committee; regulations etc

49 (1) There shall be established a committee, to be known as the National Anti-Money Laundering Committee, for the purpose of—

- (a) advising the Minister and the Minister of Finance in relation to the detection and prevention of money laundering, terrorist financing and the financing of proliferation, and on the development of a national plan of action to include recommendations on effective mechanisms to enable the competent authorities in Bermuda to coordinate with each other

concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation;

- (b) *[repealed]*;
- (c) advising the Minister and the Minister of Finance as to the participation of Bermuda in the international effort against money laundering, terrorist financing and the financing of proliferation;
- (d) advising the Minister and the Minister of Finance in the development of policies to combat money laundering, terrorist financing and the financing of proliferation; and
- (e) coordinating activities to identify, assess and understand Bermuda's money laundering and terrorist financing risks and taking the necessary steps to ensure that such risk assessments are kept up-to-date,

and the Committee shall meet as often as may be necessary to carry out its duties.

(2) The members of the National Anti-Money Laundering Committee shall be—

- (a) the Chairman,
- (aa) the Solicitor General,
- (b) the Financial Secretary,
- (c) *[deleted]*
- (d) the Commissioner of Police,
- (da) the Director of the FIA,
- (e) the Chief Executive Officer of the Bermuda Monetary Authority,
- (ea) the Director of Public Prosecutions;
- (eb) the Permanent Secretary Ministry of Justice;
- (ec) the Collector of Customs;
- (ed) the National Coordinator;
- (ee) the Registrar General;
- (ef) the Registrar of Companies (including when acting in his capacity as Superintendent of Real Estate);
- (eg) the Executive Director of the Bermuda Casino Gaming Commission; or
- (f) such other persons as the Minister of Finance may from time to time appoint.

(2A) The Minister of Finance shall appoint a person with relevant experience to be the Chairman of the Committee for a term not exceeding three years, which may be renewed.

(2B) A person is disqualified for appointment as Chairman if he is a member of either House of the Legislature.

(2C) A person holding office as Chairman may at any time resign by giving notice in writing to the Minister of Finance.

(2D) The Chairman shall forthwith vacate his office if he becomes disqualified for appointment.

(2E) The Minister of Finance may by notice in writing remove the Chairman from office if satisfied that—

- (a) he has without reasonable excuse been absent from three consecutive meetings of the Committee;
- (b) he has been convicted (whether before or after his appointment) of a criminal offence;
- (c) he is an undischarged bankrupt or his estate has been sequestrated and he has not been discharged;
- (d) he has made a composition or arrangement with, or granted a trust deed for, his creditors; or
- (e) he is otherwise unable or unfit to carry out his functions as Chairman.

(3) The Minister may, after consulting the National Anti-Money Laundering Committee, make such regulations as he thinks fit for the purposes of detecting and preventing money laundering.

(3a) Regulations made under subsection (3) are subject to affirmative resolution procedure.

(4) Without prejudice to the generality of subsection (3), such regulations may in particular—

- (a) require –
 - (i) such persons or classes of persons conducting businesses in the financial services industry, falling within any one or more activities or operations for or on behalf of a customer as may be prescribed by the Minister;
 - (ia) such dealers in high value goods who, by way of business, accept a total cash payment (in any currency) that is equivalent to at least BMD \$7,500 in any single transaction or series of linked transactions;
 - (ib) real estate brokers and real estate agents, when they carry out transactions for their clients concerning the buying and selling of real estate;
 - (ii) professional legal advisers and accountants in independent practice, who by way of business provide legal or accountancy services to other persons when participating in financial or real property transactions concerning a class of activity specified in subsection (5); and for this

purpose, a person participates in a transaction by assisting in the planning or execution of the transaction or otherwise acting for or on behalf of a client in the transaction; and

(iii) casino operators,

to establish and maintain procedures relating to the identification of clients, the keeping of records, the making of reports, the vetting of employees, the verification of the effective design and operation of anti-money laundering systems and the training of employees;

(b) create criminal offences of failing to comply with the regulations.

(c) *[repealed]*

(4A) In the application of subsection (4) in relation to casino operators “client” means a patron.

(5) For the purposes of paragraph (a) of subsection (4) the following are specified activities—

(a) buying and selling real property;

(b) managing of client monies, securities and other assets;

(c) management of bank, savings or securities accounts;

(d) organisation of contributions for the creation, operation or management of companies;

(e) creation, operation or management of legal persons or arrangements, and buying and selling business entities.

(5A) In this section “the National Coordinator” means a person appointed as head of the office of the National Anti-Money Laundering Committee.

(6) *[repealed]*

[section 49 amended by 2007:25 s.13 & 20 effective 15 November 2008; amended by 2008:31 s.8 effective 15 November 2008; subsection (1) amended by 2013 : 30 s. 4 effective 8 November 2013; subsection (4)(a) amended and subsection (4A) inserted by 2015 : 35 s. 18 effective 6 November 2015; subsection (2) amended and subsection (5A) inserted by 2015 : 53 s. 15 effective 1 January 2016; subsection (4)(a) amended by 2016 : 45 s. 3 effective 5 August 2016; subsection (4)(a)(ib) amended by 2017 : 28 s. 55 & Sch. 3 effective 2 October 2017; subsection (2) amended by 2017 : 35 s. 2 effective 3 November 2017; section 49 amended by BR 115 / 2017 para. 3 effective 7 December 2017; subsection (1) amended by 2018 : 51 s. 2 effective 10 August 2018]

Prohibition against the import and export of proceeds of criminal conduct

49AA (1) A person shall not without lawful authority import into Bermuda or export from Bermuda proceeds of criminal conduct in any form whatsoever.

(2) Any person who knowingly contravenes subsection (1) commits an offence and shall be liable—

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- (a) on summary conviction, to imprisonment for five years or a fine of \$50,000 or both; or
- (b) on conviction on indictment, to imprisonment for twenty years or an unlimited fine or both.

(3) For the avoidance of doubt, the word “goods” in section 100 of the Revenue Act 1898 includes the proceeds of criminal conduct in any form whatsoever.

[Section 49AA inserted by 2015 : 53 s. 16 effective 1 January 2016]

Directions

49A (1) The Minister may, by order, issue a direction to a relevant person carrying on business in or from Bermuda if—

- (a) the intergovernmental body, known as the Financial Action Task Force or the Caribbean Financial Action Task Force, has advised that measures should be taken in relation to a country because of the risk of money laundering activities being carried on—
 - (i) in the country;
 - (ii) by the government of the country, or
 - (iii) by persons resident or incorporated in the country; or
- (b) the Minister reasonably believes that there is a risk that money laundering activities are being carried on—
 - (i) in the country,
 - (ii) by the government of the country, or
 - (iii) by persons resident or incorporated in the country,and that this poses a significant risk to the national interests of Bermuda.

(2) A direction under this section may be given to—

- (a) a particular relevant person;
- (b) any description of relevant persons; or
- (c) all relevant persons.

(3) The requirements imposed by a direction must be proportionate to the seriousness of the risk, having regard to the advice mentioned in subsection (1)(a) or to the risks mentioned in subsection (1)(b), as the case may be.

[Section 49A inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49A amended by 2018 : 50 s. 2 effective 10 August 2018]

Transactions and persons affected by directions

49B (1) A direction may impose requirements in relation to transactions or business relationships with—

- (a) a person carrying on business in the country;
 - (b) the government of the country;
 - (c) a person resident or incorporated in the country.
- (2) The direction may impose requirements in relation to—
- (a) a particular person within subsection (1),
 - (b) any description of persons within that subsection, or
 - (c) all persons within that subsection.
- (3) For the purposes of this section, a transaction or business relationship with a person or government includes a transaction or business relationship with any third party that ultimately benefits, or is intended to benefit, that person or government.
- (4) A direction may make different provisions—
- (a) in relation to different descriptions of persons to whom the direction is given; and
 - (b) in relation to different descriptions of transaction or business relationship.

[Section 49B inserted by 2009 : 50 s. 7 effective 15 January 2010]

Requirements that may be imposed by directions

49C A direction may impose any of the following requirements—

- (a) customer due diligence;
- (b) ongoing monitoring;
- (c) systematic reporting
- (d) limiting or ceasing business.

[Section 49C inserted by 2009 : 50 s. 7 effective 15 January 2010]

Customer due diligence

49D (1) A direction may require a relevant person or a financial group to undertake enhanced customer due diligence measures—

- (a) before entering into a transaction or business relationship with a designated person; and
 - (b) during a business relationship with such a person.
- (2) The direction may do either or both of the following—
- (a) impose a general obligation to undertake enhanced customer due diligence measures;
 - (b) require a relevant person to undertake specific measures identified or described in the direction.

- (3) In this section, “customer due diligence measures” means measures to—
- (a) establish the identity of the designated person;
 - (b) obtain information about the designated person; their business, and the source of their funds, and
 - (c) assess the risk of the designated person being involved in money laundering activities.

[Section 49D inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49D amended by 2018 : 50 s. 3 effective 10 August 2018; Section 49D(1) amended by 2018 : 51 s. 2 effective 10 August 2018]

Ongoing monitoring

49E (1) A direction may require a relevant person or a financial group to undertake enhanced ongoing monitoring of any business relationship with a designated person.

- (2) The direction may do either or both of the following—
- (a) impose a general obligation to undertake enhanced ongoing monitoring;
 - (b) require a relevant person to undertake specific measures identified or described in the direction.
- (3) In this section, “ongoing monitoring” of a business relationship means—
- (a) scrutiny of transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with the relevant person’s knowledge of the customer, his business and risk profile; and
 - (b) so far as practicable keeping the documents, data or information obtained for the purpose of applying customer due diligence measures up to date.

[Section 49E inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49E amended by 2018 : 50 s. 3 effective 10 August 2018; Section 49E(1) amended by 2018 : 51 s. 2 effective 10 August 2018]

Systematic reporting

49F (1) A direction may require a relevant person to provide such information and documents as may be specified in the direction relating to transactions or business relationships with designated persons.

(2) A direction imposing such a requirement must specify how the direction is to be complied with, including—

- (a) the person to whom the information and documents are to be provided; and
- (b) the period within which, or intervals at which, information and documents are to be provided.

(3) The power conferred by this section may not be exercised in relation to information or documents in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

(4) The exercise of the power conferred by this section and the provision of information under it is not otherwise subject to any restriction on the disclosure of information, whether imposed by statute or otherwise.

[Section 49F inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49F amended by 2018 : 50 s. 3 effective 10 August 2018]

Limiting or ceasing business

49G A direction may require a relevant person or a financial group not to enter into or continue to participate in—

- (a) a specified transaction or business relationship with a designated person,
- (b) a specified description of transactions or business relationships with a designated person, or
- (c) any transaction or business relationship with a designated person.

[Section 49G inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49G amended by 2018 : 50 s. 3 effective 10 August 2018; Section 49G amended by 2018 : 51 s. 2 effective 10 August 2018]

Making and giving effect to directions

49H (1) The Minister may vary or revoke a direction at any time.

(2) A direction ceases to have effect one year after the day on which it was made, without prejudice to the making of further directions.

(3) A direction given to a description of relevant persons or a financial group or to all such institutions is a statutory instrument and is subject to the negative resolution procedure.

(4) A direction given to a particular person is not a statutory instrument. The Minister must give notice of the direction to that person as soon as possible after issuing it.

[Section 49H inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49H amended by 2018 : 50 s. 3 effective 10 August 2018; Section 49H amended by 2018 : 51 s. 2 effective 10 August 2018]

Directions limiting or ceasing business: exemption by license

49I (1) A relevant person or a financial group that is subject to a direction referred to in section 49G may apply to the Minister in such form as the Minister may specify, to exempt a specific transaction or business relationship or a description of transactions or business relationships from the requirements of the direction.

(2) The applicant shall provide such information and documents as the Minister may require in determining the application.

(3) The Minister may grant a license to the applicant exempting it from the requirements of the direction in relation to the transactions or business relationships specified in the license with the persons designated in it, if the Minister is satisfied that the applicant's participation in the transactions or business relationships with those persons does not pose a risk to the national interests of Bermuda.

- (4) The Minister, on his own initiative, may—
- (a) grant a license to a particular relevant person or to a group of such institutions exempting them from the requirements of a direction in relation to transactions or business relationships specified in the license with persons designated in it; or
 - (b) grant a general license exempting all relevant persons from the requirements of the direction in relation to transactions or business relationships specified in the license with persons designated in it,

if the Minister is satisfied that the participation of those institutions in the specified transactions or business relationships with the designated persons does not pose a risk to the national interests of Bermuda.

- (5) A license may be subject to such conditions as the Minister sees fit to impose and may be of the same duration as the direction or subject to an earlier expiry date.
- (6) The Minister may vary or revoke a license at any time.
- (7) On the grant, variation or revocation of a license, the Minister must—
- (a) in the case of a license granted to a particular person, give notice of the grant, variation or revocation to that person; or
 - (b) in the case of a general license or a license granted to a description of persons, take such steps as he considers appropriate to publicize the grant, variation or revocation of the license.

[Section 49I inserted by 2009 : 50 s. 7 effective 15 January 2010; Section 49I amended by 2018 : 50 s. 3 effective 10 August 2018; Section 49I amended by 2018 : 51 s. 2 effective 10 August 2018]

Offences: failure to comply with a direction

49J (1) A person who fails to comply with a requirement imposed by direction commits an offence.

(2) Notwithstanding subsection (1), no offence is committed if the person took all reasonable steps and exercised all due diligence to ensure that the requirement would be complied with.

- (3) A person guilty of an offence under this section is liable—
- (a) on summary conviction, to a fine of \$50,000; or
 - (b) on conviction on indictment to a fine of \$750, 000 or to imprisonment for a term of two years or to both.

(4) Where a person is convicted of an offence under this section, he is not liable to a civil penalty under any statutory provision in relation to the same matter.

[Section 49J inserted by 2009 : 50 s. 7 effective 15 January 2010]

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Offences in connection with licenses

49K (1) A person commits an offence who for the purpose of obtaining a license under section 49I—

- (a) provides information that is false in a material respect or a document that is not what it purports to be; and
 - (b) knows that, or is reckless as to whether, the information is false or the document is not what it purports to be.
- (2) A person guilty of an offence under this section is liable—
- (a) on summary conviction, to a fine of \$50,000; or
 - (b) on conviction on indictment to a fine of \$750,000 or to imprisonment for a term of two years or to both.

[Section 49K inserted by 2009 : 50 s. 7 effective 15 January 2010]

Report to Legislature

49L (1) As soon as reasonably practicable after the end of each calendar year, the Minister must—

- (a) prepare a report about the exercise during that year of the Minister's powers and functions in relation to directions and licenses under this Part; and
- (b) lay a copy of the report before both Houses of the Legislature.

(2) Subsection (1) does not apply in relation to a year if the Minister has not issued a direction pursuant to those powers and functions at any time in that year.

[Section 49L inserted by 2009 : 50 s. 7 effective 15 January 2010]

Use of guidance

49M (1) In determining whether a person has committed an offence under sections 43, 44, 45, 46, 47 and 49J a court shall consider whether a defendant has followed any relevant guidance which was at the time—

- (a) issued by a supervisory authority;
- (b) approved by the Minister; and
- (c) published in a manner approved by the Minister as appropriate in his opinion to bring the guidance to the attention of persons likely to be affected by it.

(2) Guidance issued under this section is not a statutory instrument and the Statutory Instruments Act 1977 shall not apply to it.

[Section 49A inserted by 2000:35 s.3 effective 1 June 2001; repealed and replaced by 2008:31 s.9 effective 15 November 2008; Section 49A renumbered to Section 49M by 2009 : 50 s.7 and amended by 2009 : 50 s.8 effective 15 January 2010]

PART VI
SEIZURE OF PROPERTY

Seizure and detention of property

50 (1) A police officer may seize and detain, in accordance with this Part, any property which is—

- (a) being imported into Bermuda;
- (b) being exported from Bermuda; or
- (c) found in the execution of his duties,

if the officer has reasonable grounds for suspecting that it directly or indirectly represents any person's proceeds of criminal conduct or is intended by any person for use in any criminal conduct.

(1A) A police officer who seizes property under subsection (1)(c) must, as soon as practicable, obtain the written permission of an officer of the rank of inspector or above to detain the property in accordance with this section.

(2) Property seized by virtue of this section shall not be detained for more than forty-eight hours unless its continued detention is authorised by an order made by a magistrate; and no such order shall be made unless the magistrate is satisfied—

- (a) that there are reasonable grounds for the suspicion mentioned in subsection (1); and
- (b) that continued detention of the property is justified while its origin or derivation is further investigated or consideration is given to the institution (whether in Bermuda or elsewhere) of criminal proceedings against any person for an offence with which the property is connected.

(2A) The period of forty-eight hours mentioned in subsection (2) shall be calculated in accordance with subsection (2B).

(2B) In calculating the period of forty-eight hours in accordance with this subsection no account shall be taken of—

- (a) a Saturday; or
- (b) a public holiday within the meaning of the Public Holidays Act 1947.

(3) Any order under subsection (2) shall authorise the continued detention of the property to which it relates for such period, not exceeding six months beginning with the date of the order, as may be specified in the order; and a court of summary jurisdiction, if satisfied as to the matters mentioned in that subsection, may thereafter from time to time by order authorise the further detention of the property but so that—

- (a) no period of detention specified in such an order shall exceed six months beginning with the date of the order; and

- (b) the total period of detention shall not exceed two years from the date of the order under subsection (2).
- (4) Any application for an order under subsection (2) or (3) shall be made by a police officer.
- (5) At any time while property is detained by virtue of this section—
 - (a) a court of summary jurisdiction may direct its release if satisfied—
 - (i) on an application made by the person from whom it was seized or a person by or on whose behalf it was being imported or exported, that there are no, or are no longer, any such grounds for its detention as are mentioned in subsection (2); or
 - (ii) on an application made by any other person, that detention of the property is not for that or any other reason justified; and
 - (b) a police officer may release the property if satisfied that its detention is no longer justified but shall first notify the magistrate or court of summary jurisdiction under whose order it is being detained.
- (6) If at a time when any property is being detained by virtue of this section—
 - (a) an application for its forfeiture is made under section 51;
 - (b) proceedings are instituted (whether in Bermuda or elsewhere) against any person for an offence with which the property is connected; or
 - (c) civil recovery proceedings are instituted under Part IIIA with respect to recoverable property which includes such property,

the property shall not be released until any proceedings pursuant to the application or, as the case may be, the proceedings for that offence or proceedings for a recovery order have been concluded.

[Section 50 subsections (2A) and (2B) inserted by 2007:25 s. 14 effective 15 November 2008; Section 50 subsection (1) substituted and (1A) inserted by 2011 : 32 s. 2 effective 10 August 2011; Section 50 amended by 2012 : 19 s. 3 effective 6 July 2012; Section 50 subsection (6) amended by 2013 : 40 s. 14 effective 1 November 2013; Section 50 subsection (3) amended by 2018 : 50 s. 4 effective 10 August 2018]

Forfeiture orders and appeals

51 (1) A court of summary jurisdiction may make an order (a “forfeiture order”) ordering the forfeiture of any property which has been seized under section 50 if satisfied, on an application made by a police officer while the property is detained under that section, that the property directly or indirectly represents any person’s proceeds of, or benefit from, or is intended by any person for use in, criminal conduct.

(2) An order may be made under subsection (1) whether or not proceedings are brought against any person for an offence with which the property in question is connected.

(3) Any party to the proceedings in which a forfeiture order is made (other than the applicant) may, before the end of the period of thirty days beginning with the date on which it is made, appeal to the Supreme Court.

(4) On an application made by an appellant to a court of summary jurisdiction at any time, that court may order the release of so much of any cash to which the forfeiture order relates as it considers appropriate to enable him to meet his legal expenses in connection with the appeal.

(5) An appeal under this section shall be by way of rehearing, and the Supreme Court may make such order as it considers appropriate and, in particular, may order the release of the property (or, in the case of cash, any remaining cash) together with any accrued interest in the case of cash.

[Section 51 amended by 2012 : 19 s. 4 effective 6 July 2012]

Seizure: supplementary

52 (1) Cash consisting of coins and bank-notes seized under this Part and detained for more than forty-eight hours shall where practicable, unless required as evidence of an offence, be held in an interest-bearing account, and the interest accruing on any such cash shall be added to that cash on its forfeiture or release.

(2) An order under section 50(2) shall provide for notice to be given to persons affected by the order.

(3) Without prejudice to the generality of any existing power to make rules, provision may be made by rules of court—

- (a) with respect to applications to any court under this Part;
- (b) for the giving of notice of such applications to persons affected;
- (c) for the joinder of persons as parties; and
- (d) generally with respect to the procedure under this Part before any court.

(4) In this Part—

“cash” means—

- (a) coins and bank-notes in any currency; and
- (b) negotiable instruments;

“exported”, in relation to any property, includes its being brought to any place in Bermuda for the purpose of being exported.

“property” includes cash and all other tangible personal property, but does not include any real property.

[Section 52 subsection (4) definition "exported" amended and "property" inserted by 2012 : 19 s. 5 effective 6 July 2012]

Freezing of funds

52A (1) An application for the freezing of funds may be made to a magistrate by a police officer in the course of a confiscation investigation or an investigation into money laundering.

(2) Where the magistrate is satisfied that a person by, for or on behalf of whom any funds are held is suspected of having benefited from criminal conduct or having committed a money laundering offence, the magistrate may make an order requiring the relevant institution that holds those funds not to make them available to any person.

(3) An order made under subsection (2) shall specify a period, not exceeding seven days, for which the order is to have effect.

(4) The period of seven days mentioned in subsection (3) shall be calculated in accordance with subsection (5).

(5) In calculating the period of seven days in accordance with this subsection no account shall be taken of—

- (a) a Saturday; or
- (b) a public holiday within the meaning of the Public Holidays Act 1947.

(6) In this section “funds” means monies deposited with designated institution.

(7) Magistrates’ Court Rules may make provision as to the practice and procedure to be followed in connection with proceedings relating to orders under this section.

[section 52A inserted by 2007:25 s.15 effective 15 November 2008]

PART VII
MISCELLANEOUS & SUPPLEMENTAL

Foreign orders etc

Enforcement of external confiscation orders or external recovery orders

- 53 (1) The Minister may, by order—
- (a) direct in relation to a country or territory outside Bermuda designated by the order (a “designated country”) that, subject to such modifications as may be specified, this Act shall apply to external confiscation orders or external recovery orders and to proceedings which have been or are to be instituted in the designated country and may result in an external confiscation order or an external recovery order being made there;
 - (b) make—
 - (i) such provision in connection with the taking of action in the designated country with a view to satisfying a confiscation order;
 - (ii) such provision as to evidence or proof of any matter for the purposes of this section and 54; and
 - (iii) such incidental, consequential and transitional provision, as appears to him to be expedient; and

(c) without prejudice to the generality of this subsection, direct that, in such circumstances as may be specified, proceeds arising out of action taken in the designated country with a view to satisfying a confiscation order and which are retained there shall nevertheless be treated as reducing the amount payable under the order to such extent as may be specified.

(2) An order under this section may make different provision for different cases or classes of cases.

(3) The power to make an order under this section includes power to modify this Act in such a way as to confer power on a person to exercise a discretion.

(4) In this section and section 54—

“external confiscation order” means an order made by a court in a designated country for the purpose—

(a) of recovering property, or the value of such property, obtained as a result of or in connection with—

(i) drug trafficking; or

(ii) any offence which would, if committed in Bermuda, be triable on indictment; or

(b) of depriving a person of a pecuniary advantage so obtained;

“modifications” includes additions, alterations and omissions.

(4A) In this section and section 54, “external recovery order” means an order made by a court in a designated country for the purpose of recovering property the value of such property that has been, or represents, property obtained through unlawful conduct; and “modifications” includes additions, alterations and omissions.

(5) An order under this section is subject to the negative resolution procedure.

[section 53 amended by 2007:25 s.20 effective 15 November 2008; section heading and subsection (1) (a) amended and subsection (4A) inserted by 2013 : 40 s. 15 effective 1 November 2013]

Registration of external confiscation orders or external recovery orders

54 (1) On an application made by or on behalf of the government of a designated country, the Supreme Court may register an external confiscation order or an external recovery order made there if—

(a) it is satisfied that at the time of registration the order is in force and not subject to appeal;

(b) it is satisfied, where the person affected by the order did not appear in the proceedings, that he received notice of the proceedings in sufficient time to enable him to defend them; and

(c) it is of the opinion that enforcing the order in Bermuda would not be contrary to the interests of justice.

(2) In subsection (1)(a), “appeal” includes—

- (a) any proceedings by way of discharging or setting aside a judgment; and
- (b) an application for a new trial or a stay of execution.

(3) The court shall cancel the registration of an external confiscation order or external recovery order if it appears to the court that the order has been satisfied by payment of the amount due under it.

[Section 54 section heading and subsections (1) and (3) amended by 2013 : 40 s. 16 effective 1 November 2013]

External confiscation order or external recovery order: retention and transfer of assets

54A Where an external confiscation order or external recovery order is registered in the Supreme Court the Minister may, having considered all the circumstances, including—

- (a) the total value of any such order;
- (b) the total law enforcement effort as a whole; and
- (c) the level of assistance provided by Bermuda,

direct that fifty percent of the property (or of the proceeds of the sale of the property), or such other percentage as the Minister considers appropriate, be retained in the Confiscated Assets Fund.

[Section 54A inserted by 2015 : 34 s. 2 effective 23 July 2015]

Evidence of corresponding law

55 (1) A document purporting to be issued by or on behalf of the Government of a country or territory and purporting to state the terms of a corresponding law in force in that country or territory shall be admitted in evidence, in proceedings under this Act, on its production by the prosecution without further proof, and such document shall be conclusive evidence that—

- (a) it is issued by or on behalf of the Government of that country or territory;
- (b) the terms of such law are as stated in the document;
- (c) any facts stated in the document to constitute an offence under such law do constitute such offence.

(2) “Corresponding law”—

- (a) in relation to proceedings relating to drug trafficking has the meaning given in section 40 of the Misuse of Drugs Act 1972;
- (aa) in relation to civil recovery proceedings, means a law which corresponds with a provision of Bermuda law which relates to unlawful conduct; and

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- (b) in any other case, means a law which corresponds with a provision of Bermuda law which creates a relevant offence.

[Section 55 subsection (2) amended by 2013 : 40 s. 17 effective 1 November 2013]

Confiscated Assets Fund

55A (1) There shall be established a fund to be known as the Confiscated Assets Fund (“the Fund”).

(2) There shall be paid into the Fund—

- (a) proceeds of criminal conduct recovered under a confiscation order or a deprivation order;
- (aa) property forfeited under section 48A;
- (b) cash forfeited under Part VI;
- (ba) cash or property forfeited or confiscated under the Anti-Terrorism (Financial and Other Measures) Act 2004;
- (bb) property recovered under Part IIIA;
- (c) money forfeited under section 37 of the Misuse of Drugs Act 1972;
- (ca) money forfeited under section 464B of the Criminal Code Act 1907;
- (d) money paid to the Government of Bermuda by a foreign jurisdiction in respect of confiscated assets, whether under a treaty or arrangement providing for mutual assistance in criminal matters or otherwise;
- (e) money to be paid by the Government of Bermuda to a foreign jurisdiction in respect of an external confiscation order or an external recovery order.

(3) The Minister and the Minister of Finance may authorise payments to be made out of the Fund—

- (a) for purposes related to—
 - (i) law enforcement, including in particular the investigation of suspected cases of drug trafficking, terrorist financing and money laundering;
 - (ii) cover costs associated with the treatment and rehabilitation of drug addicts;
 - (iii) cover costs associated with the prevention and public education concerning drug abuse;
 - (iiia) meet the expenses of the Department of National Drug Control;
 - (iv) training of officials in the effective implementation of the provisions of this Act in relation to money laundering and in relation to terrorist financing within the meaning of sections 5 to 8 of the Anti-Terrorism (Financial and Other Measures) Act 2004;

- (v) training of officials in the effective implementation of the provisions of this Act in relation to civil recovery; and
 - (vi) education and training of officials in the effective implementation of the provisions of Part IIIAA of the Evidence Act 1905 in relation to child witnesses in criminal cases relating to sexual exploitation of children and related measures, and for prevention and assistance programmes.
- (b) to satisfy an obligation of the Government of Bermuda to a foreign jurisdiction in respect of confiscated assets, an external confiscation order or an external recovery order, whether under a treaty or arrangement providing for mutual assistance in criminal matters or otherwise;
 - (c) to meet the expenses of the National Anti-Money Laundering Committee;
 - (ca) towards the expenses of the FIA;
 - (cb) towards the expenses of the enforcement authority;
 - (d) to meet the remuneration and expenses of a receiver appointed under this Act or the Anti-Terrorism (Financial and Other Measures) Act 2004;
 - (e) to pay compensation or costs awarded under this Act or the Anti-Terrorism (Financial and Other Measures) Act 2004;
 - (ea) to further the programmes of a community-based organisation or sports club that are related to youth development, sport, area improvement, community improvement or infrastructure improvement;
 - (f) to cover costs associated with the administration of the Fund.

(4) In this section—

“community-based organisation” means an organisation that is representative of a community or significant segments of a community and which is registered as a charity under the Charities Act 1978;

“sports club” means an organisation dedicated to a particular sporting activity which is regulated by a sport governing body in Bermuda.

[Section 55A inserted by 2000:35 s.5 effective 1 June 2001; subsection (2)(ba) inserted, section (3) paragraphs (a)(i), (d) and (e) amended by 2004:31 s.26 effective 7 March 2005; subsection 3(a)(iv) inserted by 2007:25 s.16 effective 15 November 2008; amended by 2007:25 s.20 effective 15 November 2008; amended by 2008:31 s.10 effective 15 November 2008; amended by 2009:18 s.2 effective 1 April 2009; Section 55A(2)(aa) inserted by 2009 : 50 s. 9 effective 15 January 2010; Section 55A subsections (2)(bb) and (3)(cb) inserted and subsection (3)(a) amended by 2013 : 40 s. 18 effective 1 November 2013; Section 55A(2)(a) amended by 2013 : 30 s.5 effective 8 November 2013; Section 55A subsections (3)(ea) and (4) inserted by 2013 : 17 s. 2 effective 15 September 2014; Section 55A subsection (2)(e) inserted and subsection (3)(b) amended by 2015 : 34 s. 3 effective 23 July 2015; Section 55A subsections (2)(ca) and (3)(vi) inserted by 2019 : 36 s. 58 effective 1 November 2019]

Administration of the Fund

55B (1) The moneys paid into the Fund shall be invested in accordance with the Public Funds Act 1954, and the income earned from such investments shall be paid into the Fund.

(2) The financial year of the Fund shall end on 31st March in each year.

(3) The Minister of Finance shall cause proper accounts, and proper records in relation to the accounts, of the Fund to be kept, and shall cause to be prepared in respect of each financial year a statement of the accounts of the Fund in such form as the Minister of Finance may direct.

(4) Within six months after the end of each financial year, the Minister shall send to the Auditor a copy of the statement of accounts for that financial year.

(5) The Auditor shall examine every statement of accounts received by him under this section and shall make a report in writing on the statement to the Minister.

(6) The Minister shall lay before each House of the Legislature a copy of the Auditor's report.

[Section 55B inserted by 2000:35 s.5 effective 1 June 2001; amended by 2007:25 s.20 effective 15 November 2008; amended by 2008:31 s.11 effective 15 November 2008]

Offences and police powers etc

Offences by bodies corporate etc.

56 (1) If an offence under this Act committed by a body corporate is shown—

(a) to have been committed with the consent or the connivance of an officer of the body corporate; or

(b) to be attributable to any neglect on his part,

the officer as well as the body corporate is guilty of an offence and liable to be proceeded against and punished accordingly.

(2) If an offence under this Act committed by a partnership is shown—

(a) to have been committed with the consent or the connivance of a partner; or

(b) to be attributable to any neglect on his part ;

the partner as well as the partnership is guilty of an offence and liable to be proceeded against and punished accordingly.

(3) If an offence under this Act committed by an unincorporated association (other than a partnership) is shown—

(a) to have been committed with the consent or the connivance of an officer of the association; or

(b) to be attributable to any neglect on his part,

that officer as well as the association is guilty of an offence and liable to be proceeded against and punished accordingly.

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(4) If the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body.

(5) Proceedings for an offence alleged to have been committed by a partnership or an unincorporated association shall be brought in the name of the partnership or association (and not in that of its members).

(6) A fine imposed on the partnership or association on its conviction of an offence is to be paid out of the funds of the partnership or association.

(7) In this section—

“officer”—

(a) in relation to a body corporate, means a director, manager, secretary, chief executive, member of the committee of management, or a person purporting to act in such a capacity; and

(b) in relation to an unincorporated association, means any officer of the association or any member of its governing body, or a person purporting to act in such capacity; and

“partner” includes a person purporting to act as a partner.

[section 56 repealed and replaced by 2008:31 s.12 effective 15 November 2008]

Police powers etc

57 (1) For the purposes of this Act, “police officer” includes any officer of the Customs Department.

(2) A police officer may arrest without warrant any person whom he reasonably believes has committed an offence under this Act.

(3) An officer of the Customs Department may, in any case relating to the commission of an offence under this Act, exercise all or any of the powers in relation to investigations into an offence which is arrestable without warrant conferred on a police officer by the Criminal Code Act 1907.

Duty of confidentiality

58 (1) Except as provided in this section, no person who under or for the purposes of this Act receives information from any person shall disclose it without the consent of the person to whom it relates (and if different) the person from whom it was received as aforesaid..

(2) This section does not apply to information which at the time of the disclosure is or has already been made available to the public from other sources, or to information in the form of a summary or collection of information so framed as not to enable information relating to any particular person to be ascertained from it.

(3) A person who contravenes subsection (1) shall be guilty of an offence and liable on summary conviction to a fine of \$50,000 or to imprisonment for two years or to both.

(4) Subsection (1) does not preclude the disclosure of information in any case in which disclosure is for the purpose of enabling or assisting the Bermuda police service or the FIA to discharge their functions under any statutory provision.

(5) Subsection (1) does not preclude the disclosure of information to the Minister of Finance or to the Bermuda Monetary Authority in any case in which the disclosure is for the purpose of enabling or assisting the Minister of Finance or the Authority to discharge their functions under any statutory provisions.

[section 58 repealed and replaced by 2007:25 s.17 effective 15 November 2008]

Procedure

Jurisdiction

59 Where a defendant is charged with a drug trafficking or relevant offence which may be tried summarily or on indictment—

- (a) the power of the Director of Public Prosecutions to issue a certificate under section 450(a) of the Criminal Code Act 1907 requiring an offence to be tried on indictment may be exercised where the Director of Public Prosecutions intends to make an application for a confiscation order if the defendant is convicted; and
- (b) the power of a court of summary jurisdiction to send the defendant to the Supreme Court for sentencing under sections 43, 44 or 45 of the Criminal Jurisdiction and Procedure Act 2015 may be exercised where the court of summary jurisdiction is of the opinion that the defendant is one against whom the Supreme Court may consider making a confiscation order.

[section 59 amended by 2007:25 s.20 effective 15 November 2008; amended by 2015 : 38 s. 91 effective 6 November 2015]

Compensation

60 (1) If an investigation is begun against a person for a drug trafficking or relevant offence or offences and any of the following circumstances occur—

- (a) no proceedings are instituted against that person;
- (b) proceedings are instituted against that person but do not result in his conviction for any drug trafficking or relevant offence; or
- (c) proceedings are instituted against that person and he is convicted of one or more drug trafficking or relevant offences, but
 - (i) the conviction or convictions concerned are quashed; or
 - (ii) he is granted a pardon in respect of the conviction or convictions concerned,

the Supreme Court may, on application by a person who held property which was realisable property, order compensation to be paid to the

applicant if, having regard to all the circumstances, it considers it appropriate to make such an order.

(1A) If a civil recovery investigation is begun with respect to property and any of the following circumstances occur—

- (a) no civil recovery proceedings are instituted with respect to that property;
- (b) civil recovery proceedings are instituted and in the case of any property to which a property freezing order or an interim receiving order has at any time applied, the court does not in the course of the proceedings decide that the property is recoverable property or associated property;
- (c) civil recovery proceedings are instituted with respect to that property—
 - (i) and a recovery order is made; but
 - (ii) the recovery order is set aside on appeal,

the court may, on application by a person who held that property or the person whose property it is, order compensation to be paid to the applicant if, having regard to all the circumstances, it considers it appropriate to make such an order.

(2) The court shall not order compensation to be paid unless it is satisfied—

- (a) that there has been some serious default on the part of any person concerned in the investigation or prosecution of the offence or offences concerned; and
- (b) that the applicant has suffered loss in consequence of anything done in relation to the property by, or in pursuance of a restraint order or a charging order, or property freezing order, and an interim receiving order or a recovery order.

(3) The court shall not order compensation to be paid in any case—

- (a) where it appears to the court that the investigation would have been continued, or the proceedings would have been instituted or continued, as the case may be, if the serious default had not occurred; or
- (b) if the court—
 - (i) makes an order under section 36.1C(5) or 36.1D;
 - (ii) has made a declaration in respect of the property by virtue of section 36.1H(2); or
 - (iii) is satisfied that any of the general exceptions set out in section 36.1N apply.

(4) Without prejudice to subsection (1), where—

- (a) a disclosure is made by any person in accordance with section 44(3) or 44(5) in relation to any property;

- (b) in consequence of the disclosure and for the purposes of an investigation or prosecution in respect of a drug trafficking offence or offences any act is done or omitted to be done in relation to that property; and
- (c) no proceedings are instituted against any person in respect of that offence or offences or no restraint order or charging order is made in relation to that property,

the court may, on application by a person who held the property, order compensation to be paid to the applicant if, having regard to all the circumstances, it considers it appropriate to make such an order.

(5) The court shall not order compensation to be paid under subsection (4) unless it is satisfied—

- (a) that there has been some serious default on the part of any person concerned in the investigation or prosecution of the offence or offences concerned and that, but for that default, the act or omission referred to in subsection (4)(b) would not have occurred; and
- (b) the applicant has, in consequence of the act or omission referred to in subsection (4)(b), suffered loss in relation to the property.

(6) The amount of compensation to be paid under this section shall be such as the court thinks just in all the circumstances of the case.

(7) Compensation ordered to be paid under this section and sections 23 and 24 shall be paid out of the Consolidated Fund or the Confiscated Assets Fund.

[section 60 amended by 2000:35 s.6(3) effective 1 June 2001; subsection (1A) inserted, subsection 2(b) amended and subsection (3) repealed and replaced by 2013 : 40 s. 19 effective 1 November 2013]

Costs

61 (1) Where—

- (a) a person brings, or appears at, court proceedings under this Act and endeavours—
 - (i) to prevent a confiscation order or a restraint order or a charging order or a property freezing order, an interim receiving order or a recovery order from being made against property of his; or
 - (ii) to have property of his excluded from such an order; and
- (b) that person is successful in that endeavour; and
- (c) the court is satisfied that he was not in any way involved in criminal conduct,

then the court may by order declare that he is entitled to be paid all reasonable costs incurred by him in connection with those proceedings, or such part of those costs as the court determines.

(2) The costs referred to in subsection (1) are not limited to costs of a kind that are normally recoverable by a successful party in civil proceedings.

(3) Costs payable by virtue of a declaration made by the court under subsection (1) shall be paid out of the Consolidated Fund or the Confiscated Assets Fund.

[section 61 amended by 2000:35 s.6(4) effective 1 June 2001; subsection (1)(a)(i) amended by 2013 : 40 s. 20 effective 1 November 2013]

Civil standard of proof

62 Any question of fact to be decided by a court in proceedings under this Act, except any question of fact that is for the prosecution to prove in any proceedings for an offence under this Act, shall be decided on the balance of probabilities.

Appeals

63 Any decision of a court in proceedings under this Act, except proceedings in relation to any offence committed under this Act, is a judgment of a court in a civil cause or matter within section 12(1) and (2) of the Court of Appeal Act 1964 or, as the case may be, section 2 of the Civil Appeals Act 1971.

Supplemental

Index of defined expressions

64 In this Act the expressions listed below are defined by, or otherwise fall to be construed in accordance with, the provisions of this Act listed below—

amount that might be realised	section 4(4)
amount to be recovered	section 15
associated property	section 36D
benefited from—	
drug trafficking	section 9(3)
relevant offence	section 10(3)
chargeable asset	section 29(5)
charging order	section 29
civil recovery investigation	section 7(1)
conclusion of application	section 8(1)
conclusion of proceedings	section 8(1)
confiscation order	section 7
corresponding law	section 55
criminal conduct	section 3
customer information orders	section 41A
defendant	section 7
the court	section 7
drug trafficking	section 3
drug trafficking arrangement	section 3

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drug trafficking offence	section 3
enforcement authority	section 36F
external confiscation order	section 53
freezing of funds	section 52A
gift caught by this Act	section 6
held (in relation to property)	section 4(2)
institution of proceedings	section 8(1)
interest (in relation to property)	section 4(1)
interim receiving order	section 36O
items subject to legal privilege	section 7
material	section 7
money laundering	section 7
monitoring order	section 41
police officer	section 57
premises	section 7
prescribed	section 7
proceeds of drug trafficking	section 12(1)(a)
production order	section 37
property	section 4(1), (2)
property freezing order	section 36H
property obtained through unlawful conduct	section 36C
prosecutor's statement	section 13(4)
realisable property	section 4(3)
recoverable property	section 7(1)
recovery order	section 36X
relevant offence	section 3 and Schedule
respondent	section 7(1)
restraint order	section 28
subject to appeal	section 8(2)
transferred (in relation to property)	section 4(2)
unlawful conduct	section 36B
value of gift	section 5(2)
value of proceeds of drug trafficking	section 12(1)(b)
value of property	section 5(1)

[section 64 amended by 2007:25 s.18 effective 15 November 2008; amended by 2013 : 40 s. 21 effective 1 November 2013]

Regulations

65 (1) The Minister may make regulations prescribing anything which may be prescribed under this Act and generally for carrying out the purposes and provisions of this Act.

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(1A) Without prejudice to the generality of subsection (1), the Minister shall by regulations—

- (a) make further provisions in relation to the enforcement authority for the purposes of Part IIIA;
- (b) make provisions in relation to pensions for the purposes of Part IIIA;
- (c) specify the required conditions for the purposes of section 36J(5), 36T(4) or 36X(9), and a required condition may in particular—
 - (i) restrict who may receive sums released in pursuance of the exclusion (by, for example, requiring released sums to be paid to professional legal advisers); or
 - (ii) may be made for the purpose of controlling the amount of any sum released in pursuance of the exclusion in respect of an item of expenditure.

(1B) A required condition made for the purpose mentioned in subsection (1A)(c)(ii) may (for example)—

- (a) provide for sums to be released only with the agreement of the enforcement authority;
- (b) provide for a sum to be released in respect of an item of expenditure only if the court has assessed the amount allowed by regulations under this section in respect of that item and the sum is released for payment of the assessed amount.

(2) Regulations made under this section shall be subject to the negative resolution procedure.

[section 65 subsection (1) repealed and substituted by 2007:25 s.19 effective 15 November 2008; subsections (1A) and (1B) inserted by 2013 : 40 s. 22 effective 1 November 2013]

Crown application

66 This Act binds the Crown, but not so as to make the Crown capable of any criminal offence.

Repeals

67 The following enactments (which are superseded by this Act) are repealed—

The Drug Trafficking Suppression Act 1988	The whole Act
The Trust Companies Act 1991	Section 17(2)(a) and (3)

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The Criminal Justice
(International Co-operation)
(Bermuda) Act 1994

Sections 14 and 15
Section 21(2)
Sections 22 to 26
Section 28(2)
In Schedule 4, the entry relating
to the Drug Trafficking
Suppression Act 1988.

Transitional provision

68 The repeal by this Act of the enactments mentioned in section 67 shall not affect their continuing operation in relation to orders made thereunder.

Consequential amendments

69 In the Criminal Justice (International Co-operation) (Bermuda) Act 1994—

- (a) in section 9(6), for the words “or would be a drug offence as defined by section 6 of the Drug Trafficking Suppression Act 1988” there shall be substituted “or would be a drug trafficking offence as defined by section 3 of the Proceeds of Crime Act 1997”;
- (b) in section 13(6), for the words “the Drug Trafficking Suppression Act 1988” there shall be substituted “the Proceeds of Crime Act 1997”; and
- (c) in section 16, for the words “drug offence” there shall be substituted “drug trafficking offence within the meaning of the Proceeds of Crime Act 1997”.

SCHEDULE 1

(Section 36P)

POWERS OF INTERIM RECEIVER

The interim receiver shall have the powers set out in this Schedule:

Seizure

1 Power to seize property to which the order applies.

Information

2 (1) Power to obtain information or to require a person to answer any question.

(2) A requirement imposed in the exercise of the power has effect notwithstanding any restriction on the disclosure of information (however imposed).

(3) An answer given by a person in pursuance of such a requirement may not be used in evidence against him in criminal proceedings.

(4) Sub-paragraph (3) does not apply—

(a) on a prosecution for an offence under section 119 of the Criminal Code Act 1907 (perjury); or

(b) on a prosecution for some other offence where, in giving evidence, he makes a statement inconsistent with it.

(5) But an answer may not be used by virtue of sub-paragraph (4)(b) against a person unless—

(a) evidence relating to it is adduced; or

(b) a question relating to it is asked,

by him or on his behalf in the proceedings arising out of the prosecution.

Entry, search, etc.

3 (1) Power to—

(a) enter any premises in Bermuda to which the interim order applies; and

(b) take any of the following steps.

(2) Those steps are—

(a) to carry out a search for or inspection of anything described in the order;

(b) to make or obtain a copy, photograph or other record of anything so described;

- (c) to remove anything which he is required to take possession of in pursuance of the order or which may be required as evidence in the proceedings under Part 2.

(3) The order may describe anything generally, whether by reference to a class or otherwise.

Supplementary

4 (1) An order making any provision under paragraph 2 or 3 must make provision in respect of legal professional privilege.

- (2) An order making any provision under paragraph 3 may require any person—
 - (a) to give the interim receiver or administrator access to any premises which he may enter in pursuance of paragraph 3;
 - (b) to give the interim receiver or administrator any assistance he may require for taking the steps mentioned in that paragraph.

Management

5 (1) Power to manage any property to which the order applies.

- (2) Managing property includes—
 - (a) selling or otherwise disposing of assets comprised in the property which are perishable or which ought to be disposed of before their value diminishes;
 - (b) where the property comprises assets of a trade or business, carrying on, or arranging for another to carry on, the trade or business;
 - (c) incurring capital expenditure in respect of the property.

[Schedule 1 inserted by 2013 : 40 s. 23 effective 1 November 2013]

SCHEDULE 2

(Section 36Y)

POWERS OF TRUSTEE FOR CIVIL RECOVERY

The trustee in civil recovery shall have the powers set out in this Schedule:

Sale

- 1 Power to sell the property or any part of it or any interest in it.

Expenditure

- 2 Power to incur expenditure for the purpose of—
- (a) acquiring any part of the property, or any interest in it, which is not vested in him;
 - (b) discharging any liabilities, or extinguishing any rights, to which the property is subject.

Management

- 3 (1) Power to manage property.
- (2) Managing property includes doing anything mentioned in paragraph 5(2) of Schedule 1.

Legal proceedings

- 4 Power to start, carry on or defend any legal proceedings in respect of the property.

Compromise

- 5 Power to make any compromise or other arrangement in connection with any claim relating to the property.

Supplementary

- 6 (1) For the purposes of, or in connection with, the exercise of any of his powers—
- (a) power by his official name to do any of the things mentioned in subparagraph (2);
 - (b) power to do any other act which is necessary or expedient.
- (2) Those things are—
- (a) holding property;
 - (b) entering into contracts
 - (c) suing and being sued;
 - (d) employing agents; and

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(e) executing a power of attorney, deed or other instrument.

[Schedule 2 inserted by 2013 : 40 s. 23 effective 1 November 2013]

SCHEDULE 3

(Section 42A(1))

SPECIFIED FINANCIAL ACTIVITIES

Financial activities

1 The following financial activities are specified for the purposes of paragraph (j) of the definition of an AML/ATF regulated financial institution in section 42A(1)—

- (a) acceptance of deposits and other repayable funds from the public;
- (b) lending, including consumer credit; mortgage credit; factoring, with or without recourse; and finance of commercial transactions (including forfeiting);
- (c) financial leasing but not including consumer products;
- (d) money or value transfer services;
- (e) issuing and managing means of payment (including credit and debit cards, cheques, traveller's cheques, money orders and bankers' drafts and electronic money);
- (f) financial guarantees and commitments, not including financial guarantee insurance which is insurance business under the Insurance Act 1978;
- (g) trading in—
 - (i) money market instruments (including cheques, bills, certificates of deposit and derivatives);
 - (ii) foreign exchange;
 - (iii) exchange, interest rate and index instruments;
 - (iv) transferable securities; or
 - (v) commodity futures trading;
- (h) participation in securities issues and the provision of financial services related to such issues;
- (i) individual and collective portfolio management;
- (j) safekeeping and administration of cash or liquid securities;
- (k) otherwise investing, administering or managing funds or money;
- (l) underwriting and placement of life insurance and other investment related insurance; and
- (m) money and currency changing.

Exceptions

2 The following are not “financial activities” for the purposes of paragraph (j) of the definition of an AML/ATF regulated financial institution in section 42A(1)—

- (a) the provision of the services of collecting, administering and disbursing service, damage or maintenance charges (however described) in connection with immovable property situated in Bermuda;
- (b) the provision of any of the activities set out in paragraph 1 when made intra-group or with or on behalf of an affiliated company by—
 - (i) a holding company to a subsidiary company of that holding company;
 - (ii) a subsidiary company of a holding company to the holding company;
 - (iii) a subsidiary company of a holding company to another subsidiary company of that holding company;
- (c) the provision of activities that constitute ancillary business to an insurer’s insurance business as permitted under section 19 of the Insurance Act 1978; or
- (d) the provision of the services of taking sales and rental deposits by real estate brokers licensed under the Real Estate Brokers’ Licensing Act 2017.

Interpretation

3 For the purposes of paragraph 2(b)—

- (a) “subsidiary company” has the meaning given in section 86(1) of the Companies Act 1981;
- (b) “holding company” has the meaning given in section 86(2) of that Act;
- (c) “affiliated”, in relation to a company, has the meaning given in section 86(3) of that Act.

[Schedule 3 inserted by 2018 : 49 s. 2 effective 7 September 2018]

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SCHEDULE

[Schedule repealed by 2000:35 s.2(2) effective 1 June 2001]

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[Operative Date: 19 January 1998]

[Amended by:

1999 : 39 (Repealed)

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2000 : 35

2004 : 31

2007 : 25

2008 : 31

2009 : 18

2009 : 50

2011 : 32

2012 : 19

2013 : 40

2013 : 30

2014 : 8

2013 : 17

2015 : 34

2015 : 35

2015 : 38

2015 : 53

2016 : 45

2016 : 36

2017 : 9

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2018 : 5

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2018 : 51

2018 : 49

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2019 : 33

2019 : 36]