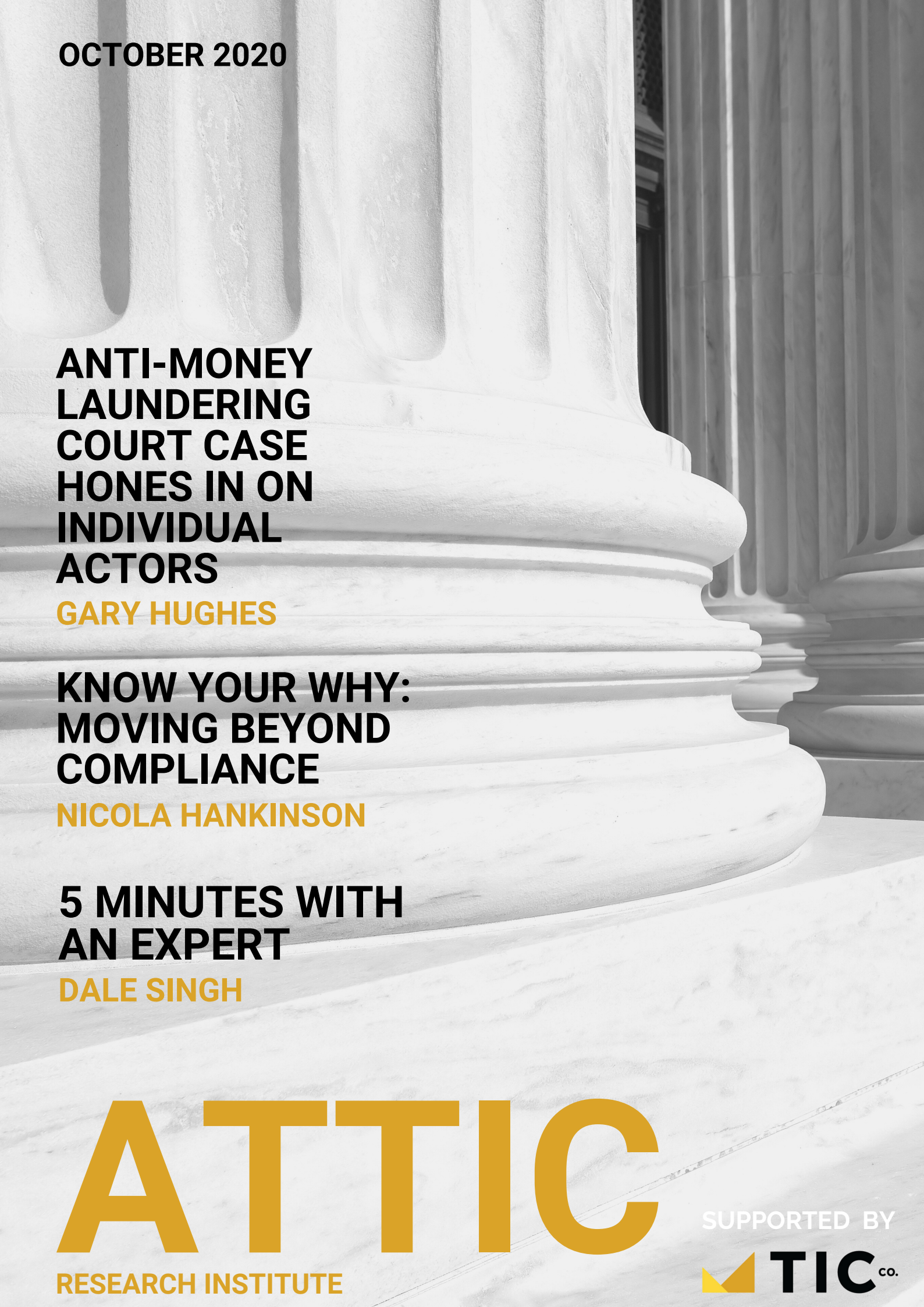

OCTOBER 2020

# ANTI-MONEY LAUNDERING COURT CASE HONES IN ON INDIVIDUAL ACTORS

GARY HUGHES

# KNOW YOUR WHY: MOVING BEYOND COMPLIANCE

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DALE SINGH

ATTIC

RESEARCH INSTITUTE

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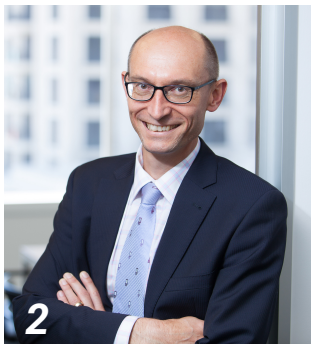
# EDITOR'S NOTE


The focus for the ATTIC research institute this month has been on supporting our team, clients and others in the industry with their mental health and well-being. We have been participating in all sorts of online activities, social outings and outreach programs. It is crucial that we keep encouraging each other to be mindful of the impacts that the unprecedented events of 2020 have had on us all.

Last week the team celebrated Pink Shirt Day to remind us of the importance of the mantra to 'Stand Up, Stand Together, Stop Bullying'. As a side note, it was also the perfect opportunity to enjoy some sweet treats, with a respectable serving of strawberries and grapes to stave off the sugary guilt! But, this has lead nicely into the launch of our new initiative to support professionals working in the AML industry in New Zealand.

It has been a pleasure to work with John Alcock from ACAMS to launch the Women in AML network, with its inaugural event being hosted this week. Remember - just because 'women' is in the title this does not mean that everyone is not invited to attend, participate and support. So many celebrations this month to report - but perhaps the most exciting and yet another excuse for cupcakes at ATTIC HQ. Although we will miss our Business Administration super star, we celebrated Suz's baby shower with our usual glittery finesse. We are eagerly awaiting the arrival of our youngest team member. Don't forget to reach out if you would also like to join the team or collaborate with the ATTIC Research Institute.

**DR. ALICE TREGUNNA**
**Editor-in-Chief**















ATTIC RESEARCH INSTITUTE

# ANTI-MONEY LAUNDERING COURT CASE HONES IN ON INDIVIDUAL ACTORS

**BY GARY HUGHES**

BARRISTER, AKARANA CHAMBERS, AUCKLAND - B/COM & LLB(HONS)

Gary is widely regarded as New Zealand's most experienced AML/CFT lawyer, active in this field since 2007. He helped establish ACAMS in NZ in 2009, and is now Technical Advisory Director to ACAMS Australasia, as well as an Anti-Corruption Officer at the International Bar Association.

Here, Gary analyses themes emerging from the first 5 enforcement actions taken by the DIA.

This article was originally featured on Thomson Reuters Legal Insight and has been republished here with full permission.

The DIA has the largest catchment of supervised businesses (after 2018 law changes added NZ lawyers, accountants, and real estate agents to the regulatory net), and has been by far the most energetic of the regulators in pursuing court enforcement.

Gary Hughes, the author of AML/CFT Workflow & Guidance, has provided an update on these issues drawing on his unique, subject-matter expertise.

**The Department of Internal Affairs (DIA) is one of three Anti-Money Laundering regulators in New Zealand. Last month, the DIA's 5th major High Court case moved towards a conclusion, and it confirms an increasing trend to keep individuals on the hook for compliance failings.**

## NZ ANTI-MONEY LAUNDERING REGIME STARTING TO MATURE

The *Anti-Money Laundering and Countering Finance Terrorism Act 2009 (AML/CFT Act)*, like Australia's equivalent 2006 Federal statute, controls the financial crime compliance activities of "reporting entities" of various sorts.

But directors, senior managers/quasi-directors, and the AML/CFT Compliance Officer also have a significant role to play at each reporting entity. Especially so among small, close-held or family entities, these persons are regarded as the reporting entity's driving force, its "mind and will". Hence the DIA has shown itself eager to obtain court orders against directors, owners, and now compliance officers too.

Under the AML/CFT Act, the regulators have a choice. They can commence civil proceedings seeking a pecuniary penalty (to all intents and purposes, similar to a monetary fine), or a criminal prosecution seeking conviction and a criminal fine. In either case, additional management bans or restraining orders can be requested from the Court.

DIA v OTT Trading Group Ltd & Others is the 4th civil claim by the DIA in the High Court for pecuniary penalties. It has also taken one criminal prosecution, resulting in conviction and fines for that company and the mother/son combination who ran it (R v Fu, Che & Jiaxin Finance Ltd – see table below).

This latest case came to a partial conclusion in the Auckland High Court on 15 May 2020. The two companies targeted are in the money remittance/forex industry: MSI Group and OTT Trading Group. They were modest size firms, each with a sole director/shareholder, and those individuals were sued as additional defendants alongside their companies.

For good measure, another defendant was also sued personally, the staff member acting as AML/CFT Compliance Officer for OTT.

The May 2020 judgment dealt with the individual persons, eventually by negotiated/consent orders. The two corporate defendants will shortly come back to court for a conclusion to their process separately.

## PUNISHING INDIVIDUAL OFFICERS AS WELL AS ENTITIES

The latest case confirms a definite trend to sheet home responsibility to individual actors as much as possible. That goes not only for AML/CFT regulators, but others such as the NZ Commerce Commission, Overseas Investment Office, Financial Markets Authority ("FMA") and the Financial Service Providers Registrar.

For example, just this month the Commerce Commission succeeded in a false and misleading (Fair Trading Act) prosecution of a business in the fire extinguisher servicing industry.

Mindful of critical safety elements in that line of work, the regulator pressed for court-enforceable undertakings from the principals that they would not be involved in offering those services or equipment, and removing the company from the Companies Register.

In the OTT Trading case that desire for personal accountability resulted not in a financial penalty against the individuals – something which has occurred elsewhere – but only in injunctive restraining orders excluding those people from the sector.

In particular, the orders preclude them from offering any services/activity that would make them a "reporting entity" (as defined in the AML/CFT Act), or from acting as "compliance officer", or even a "senior manager" of a reporting entity.

The overall effect is to prevent these people running a financial services business, or being employed in senior roles of one.

The restraint period was for 3 years (for two of the defendants) and for an open-ended restraining period "until further order of the Court" in the case of Ms Woon, the OTT Trading Group's compliance officer.

It seems inevitable that orders will soon follow imposing pecuniary penalties on the two companies, to effectively put them out of business too. That judgment is expected in the next few weeks, with the case seemingly no longer being actively defended.

## OVERVIEW OF FIRST 5 ENFORCEMENT CASES

Below is a summary of the outcomes in the five cases the DIA has taken to date.

### CASE 1: DIA v Ping An Finance (Group) NZ Company Ltd, and Xiaolan Xiao

- 28 September 2017 – NZ$5.29m plus costs
- Undefended, no steps taken, formal proof.
- Company and its sole director/AMLCO/owner sued.
- Personal management ban order against individual director/owner.
- Individual then appealed, which failed, was then bankrupted.

### CASE 2: DIA v Qian DuoDuo Ltd/Lidong Foreign Exchange

- 27 July 2018 – NZ$356,000 plus costs.
- Facts and liability mostly uncontested.
- Quantum was disputed, as was the extent of mitigating factors, including criticism of AML consultants relied upon.
- Company alone was sued – but it was alleged director had misled the DIA.

### CASE 3: DIA v Jin Yuan Finance Ltd, and Rex Young

- 3 October 2019 – NZ$4.007m plus costs.
- Undefended.
- History of non-compliance between 2013 and 2017.
- Previous formal warning issued by DIA in 2015.
- Director and shareholder Mr Young did not oppose restraining order.
- De-risking (closure of bank accounts) was a contextual feature in this case – the DIA was told the entity did its business through one company bank account, but in fact, it had lost its banking facilities. It later turned out to be using 17 bank accounts in different names, implying its actual transaction business could be much greater than had been declared.

### CASE 4: R v Qiang Fu, Fuqim Che & Jiaxin Finance Ltd

- Prosecution seeking the criminal conviction of company and 3 individuals.
- Sentencing 3 March 2020: Jiaxin Finance was fined NZ$2.55m; Mr Fu $180,000; Ms Che $202,000.
- Case is now going on appeal.
- Customer Ponzi alleged.

### CASE 5: DIA v MSI Group Ltd, OTT Trading Group Ltd, and T. Qi, L.C. Woon, Y. Duan

- 15 May 2020.
- Restraining orders imposed on three individuals.
- Companies defunct – formal orders made to restore one to the Company Register.
- Initially defended, then negotiated conclusion as to court orders.
- The three individuals were said to have misled the DIA during investigations, including by creation of false documents.
- The agreed statement of facts at the consent hearing records Ms Woon as "not competently discharg[ing] her obligation to OTT as compliance officer.

## TRENDS REVEALED BY THESE AML CASES

It is certainly possible to detect a couple of trends. First, all have been taken against small, Asia-Pacific based money remittance firms, closely controlled by the owners and primarily servicing a clientele outside of the Australia and New Zealand region.

And, with only two of the cases being defended or fully argued, some high monetary penalties have been meted out in the undefended cases in particular. Whilst not on the scale of some of AUSTRAC's agreed penalty blockbuster cases in Australian Federal Court (e.g *AUSTRAC v Tabcorp* AU$45m in 2017; *AUSTRAC v CBA* AU$700m in 2018; case against Westpac still in negotiations towards an outcome) – in the relatively smaller NZ regulatory landscape, these were still significant multi-dollar outcomes against small companies.

In light of this series of cases, some have wondered if the DIA is simply going after "low hanging fruit" in its early years as an AML enforcer? All were Asia-Pacific based businesses exhibiting weak compliance processes, transactions not accounted for, and records kept in potentially unsecure social media platforms.

Looked at more roundly, however, the money remittance sector is notably considered high risk, and some of AUSTRAC's early enforcement efforts also targeted similar businesses on the other side of the Tasman. In some cases at least, there may be arguably a public good in removing a few fraught financial entities from serving consumer markets.

That also relates to the overall trend now becoming clearer with the OTT/MSI case, of the regulator focusing on excluding key individuals from providing such services/work in future.

Restraining orders, management banning orders, or director disqualifications, have been an adjunct feature of several cases – Ping An, Jin Yuan, Jiaxin Finance and now OTT/MSI. Notably, this OTT/MSI case (like Mr Young – in Jin Yuan Finance) saw the DIA not press for additionally a financial penalty imposed on the individuals.

Presumably, restraints that would effectively force these people out of the industry was felt hefty enough.

Although eye-catching high penalties may be imposed on the companies, which is handy for deterrence and signalling effect to the rest of the regulated masses, a small company is often effectively insolvent. So the regulator may be forced to stand in line, and whistle along with other creditors in liquidation – or turn its focus upon the individual persons instead.

## UNDEFENDED, VERSUS NEGOTIATED, OR CONTESTED OUTCOMES

Three of those cases, importantly, have been effectively undefended. They went forward in one-sided fashion with only the DIA's legal team making submissions ("formal proof"), or upon agreed statement of facts and in some cases agreed penalty positions.

The latter is often a heavily negotiated process where the parties/lawyers navigate suitable areas of admitted breach, and then an agreed quantum or type of penalty, or argue only over the various aggravating and mitigating factors. A similar negotiation process has been at work in the current *AUSTRAC v Westpac* case.

The *DIA v Che, Fu, & Jiaxin* case is now under appeal to the NZ Court of Appeal.

After a defended hearing, which you may expect more likely to happen when criminal charges are involved, guilty verdicts were delivered against all parties and significant fines at sentencing. All findings are potentially up to be revisited at the appeal hearing

Equally important, two of those cases have seen allegations made that certain individuals involved in the running of the companies may have misled the regulator, either by what was put into its AML compliance documents, or by statements made during the course of investigations. Those types of allegation make the matter more difficult to settle or find common ground. And of course, if there is evidence of actual money-laundering, as opposed to compliance failures of a strict liability nature regardless of whether laundering existed, the negotiations and eventual penalty are likely to be worse.

## NZ FINANCIAL MARKETS AUTHORITY AND THE RESERVE BANK GEARING UP TOO

I mentioned above that the DIA is one of three AML/CFT Supervisors, unlike Australia which has a singular agency in the shape of AUSTRAC. This triple-headed regulatory framework has proved unwieldy at times, and may be revisited in the legislation in future, with a statutory review process planned for 2021.

Those other two supervisors have not taken court action in the past few years on the scale of the DIA, preferring to rely on public and private warnings and other regulatory tools instead.

But they have signalled for some time this softer stance was changing, and last week the FMA announced its first court action for a civil pecuniary penalty, against a derivatives issuer/broker business named CSLA Premium. That case has just commenced, and may have some distance to run yet.

Compared to the DIA action, the FMA has been careful to say at the outset that it is not targeting the directors, only the New Zealand company, a subsidiary of a Hong Kong business.

All eyes may now turn to the Reserve Bank of New Zealand, which supervises the banking, life insurance, non-bank deposit taker and credit union sectors. In a year when New Zealand is going through Mutual Evaluation by the global FATF body (Financial Action Task Force), there is inevitably pressure and expectation for tougher enforcement action. Although the Reserve Bank has the most institutional challenges of the three Supervisors in moving to become an active enforcer, given its conflicting objectives around market stability and monetary policy, it would be no surprise to see activity in its sectors soon.

## LATER UPDATE FROM THE AUTHOR

After this article was first published on 1 July 2020, there was a significant development. The New Zealand High Court (at Auckland) subsequently released the reserved decision against the entities MSI and OTT, as foreshadowed in the article above.

The two corporate defendants had their part of the case return to court for a conclusion to their process separately. This part was not defended; so only the DIA made arguments to the Court, with the judge determining it on the written submissions without an oral hearing.

That judgment has now confirmed hefty monetary penalties of NZ$3.1m against OTT, and $4.485m against MSI Group.

A restraining injunction against OTT not to carry out any financial activities that would cause it to be a “reporting entity” under the AML/CFT Act was additionally granted. MSI was already out of business, or else would have met the same injunctive fate.

This development tends to confirm the regulator’s increasingly apparent strategy to pursue both the corporate entity for large fines, but also (and especially if the company has no real ability to pay up) the key individual human beings actually running the business.

# KNOW YOUR WHY: MOVING BEYOND COMPLIANCE

**BY NICOLA HANKINSON**

Chartered Accountant, National Technical Manager and AML Compliance Officer, Baker Tilly Staples Rodway

For accountants, like many other phase 2 reporting entities, being included in New Zealand's AML/CFT regime was initially received as warmly as a compulsory visit to your Nana's – a little bit of kicking and screaming, searching for excuses and reluctantly realising you have no choice but to smile sweetly and grin and bear it.

It would be fair to say that there was a degree of inertia, or burying of heads in the sand, with some phase 2 reporting entities reluctant to be part of a regime that they saw little need for, or benefit in.

A number of bodies playing their part in addressing this initial reaction, including:

- the Ministry of Justice (charged with overseeing New Zealand's AML regime), who ran a public awareness campaign 'Keeping our Money Clean' ;
- the Financial Investigation Unit of the New Zealand Police who have started producing monthly 'Suspicious Activity Reports' to keep us all up-to-date on ML/FT activity in New Zealand and further afield;
- the DIA (charged with supervising the phase 2 reporting entities as well as a selection of phase 1 entities) who ran roadshows and produced guidance documents and sector risk assessments; and
- the professional bodies, including Chartered Accountants Australia and New Zealand and the Law Society, who ran training sessions and developed illustrative documents and information sheets.

What we are seeing now, after two years of being in the AML/CFT regime, is a growing level of maturity – greater awareness that family time is something to be treasured and that our grandparents have some fascinating stories we could learn from. In terms of AML, accountants are now realising the value that can be gained from obtaining a deeper understanding of our clients, what services they are asking for (and why) and what their expectations and long-term goals are.

We have seen a shift from a compliance focus (ensuring we ticked all the boxes required by the AML/CFT Act in documenting our Risk Assessments and Compliance Programmes, appointing a Compliance Officer and AML auditor, developing systems and processes for undertaking Customer Due Diligence (CDD)

and training staff to detect any 'red flags') to focussing more on the why – why we are doing these things, the broader benefits that can be obtained from having a better, richer understanding of our clients, their related entities, beneficial owners and business relationships.

The Panama papers, illustrated beautifully by the recent *Laundromat* movie, highlighted the role that phase 2 reporting entities have historically played in aiding and abetting criminals. A number of high-profile cases, including the recent *Comanchero* case, made us realise that, as with the Panama papers, New Zealand is not immune to money laundering activity.

New Zealand has a strong reputation for the quality of its AML/CFT framework. This makes us an attractive place for money launders to enter the global economy.

Phase 2 reporting entities are commonly referred to as 'gatekeepers', given the key role we play in protecting the ML/FT 'gates' by setting up companies, providing directorships, enabling the transfer of property and other high-value assets and through the operation of trust accounts amongst other things. Criminal entities seek us out as highly-regarded professional service providers, such as accountants and lawyers, can provide the air of credibility they are seeking.

After two years of being in the AML regime, phase 2 reporting entities understanding of the risk associated with being involved with less than reputable clients and customers has matured. The conversation has moved from a reluctant 'why do I have to go' to one of curiosity and understanding the many benefits that can be gained from 'hopping on-board the AML bus' or in the car to Nana's house.

**"NEW ZEALAND'S AML/CFT REGIME WAS INITIALLY RECEIVED AS WARMLY AS A COMPULSORY VISIT TO YOUR NANA'S – A LITTLE BIT OF KICKING AND SCREAMING, SEARCHING FOR EXCUSES AND RELUCTANTLY REALISING YOU HAVE NO CHOICE BUT TO SMILE SWEETLY AND GRIN AND BEAR IT."**

# Comparing AML Solutions Can Be SCARY

## You may want to ask your provider some of the following questions...

### You Should Be Able To Focus on Your Core Business

The provider you select should be able to give you the confidence to focus on your strengths, whilst you leave them to focus on theirs.

An expert led AML outsource company will be able to assist you with your day to day obligations as well as your long term compliance.

They should be helping you to optimise your processes, support you and your clients , whilst not cutting corners.

It is a balance - 'glittery tech' is fantastic (if it is a compliant solution), but it is essential that this has been developed with your AML and privacy obligations in mind and not only their profit margins and market share.

**REMEMBER: YOU CANNOT OUTSOURCE YOUR LIABILITY**

### Aim to be Cost Effective and Compliant

The support your provider gives you should be tailored to your business model. Make sure you understand what they are providing you with and the value it is providing.
Start to combat the 'fake news' in the industry and take the time to understand:

- What solution are they providing and what are your business needs?
- Are you paying for an eIDV tool and still need to complete the other elements in the CDD process?
- Are you paying for a SaaS platform and you're still required to have the AML expertise to use it effectively and be compliant?
- Are you paying for a document management system that expects you to keep on top of your record keeping obligationsand to run additional searches?
- Does the solution save you time, streamline your processes and allow you access fit for purpose professional support?

**REMEMBER: CONSIDER YOUR FINANCIAL, REPUTATIONAL AND LEGAL RISK**

### Test the Providers Expertise

As we see morre audit reports coming through, from providers and the supervisors, it is painfully clear that something needs to change across the industry.

- Are your compliance documents fit for purpose? If you have not asked for these at onboarding alarm bells should be ringing. Your provider must be completing checks on your behalf, in accordance with your compliance program and risk appetitie. A 'cookie cutter' approach to your CDD just won't cut it.
- Who develops their policies, procedures and controls and what is their practical AML experience - in a risk based context? Professional competence that you can rely on is important when your compliance officer is personally liable and your business and clients may be at risk of victimisation.
- Do you understand your responsibilities and is your provider supporting best practice? For as start, have they discussed your Know Your Customer requirements with you?
- Do they guide and support you in being compliant, whilst protecting your relationships with your clients?


***Do Your Own Due Diligence Before They Do Yours***

**Want to know more?**
**Contact us: draml@ticc.nz**

# 5 MINUTES WITH AN EXPERT: DALE SINGH

**ASSOCIATE HEAD OF COMPLIANCE AT TIGER BROKERS (NZ) LIMITED**

AN INTERVIEW WITH DALE SINGH
BY IVANA MLINAC

**Please tell us a bit about your background, your current role and your responsibilities.**

I stumbled across my AML and compliance career through a "happy accident" in 2011 when all things AML were very unknown in New Zealand. Thinking back, it was one of the best decisions I've ever made as it has been and still is a very fulfilling career path. Fast forward 9 years, I am now working as the Associate Head of Compliance for Tiger Brokers (NZ) Limited and my main responsibilities are to maintain a structured and systematic AML/CFT compliance framework to ensure the business is in compliance with relevant rules and regulations in New Zealand.

**What is the most rewarding part of your role?**

I find it rewarding to have a small, but important role in the war against financial crime and terrorism. The main aim of my role is to identify these criminals and make it difficult for them to use financial institutions for illicit purposes. Most people would listen to my enthusiastic explanations about why I love my job and find it boring, but fighting against these illegal efforts does not always have to entail epic gun battles shown in movies but involves people like me who sit behind a desk and conduct investigations instead of shooting bullets!

**What is your opinion of the current AML/CFT regime within New Zealand? And, how does this compare internationally?**

When I started my AML career in 2011, there was no AML/CFT regime in place and I have seen New Zealand's AML/CFT regime grow since its introduction during Phase 1 in 2013 until the recent Phase 2, extended to cover more businesses. New Zealand is certainly catching up to international standards following Phase 2 and we are fortunate that New Zealand is one of the least corrupted countries in the world and a good place to do business.

**What made you interested in AML/CFT and financial crime?**

Access to the financial system helps transform lives around the world. But the financial system is also the lifeblood of some of today's most damaging crimes – from human trafficking to terrorism, the drug trade to corruption. This puts AML/CFT and financial crime specialists like me in the front line of fighting financial crime. What interests me most is being able to build and maintain a robust defence system as a gatekeeper to the financial system. This means engaging my people and strengthening the culture so that each and every one of us sees fighting financial crime as a core part of the day job.

**What is the most important thing you have learned when it comes to AML/CFT?**

I have grown to learn the importance of taking a risk based approach rather than taking a tick box approach. You cannot be a "no" or "yes" person. To be successful in AML and compliance you have to come up with creative ways to add to the bottom line and to help front line staff find their success without breaking the law or breaking away from their own values. Being a person with high integrity is a value that has no ambiguity and doing the right thing especially when it is uncomfortable.

**What are some of the biggest challenges you have experienced in AML/CFT?**

I read a recent article on the biggest AML compliance challenges and could totally relate to it. Digitalization of products and more complex payment streams, increasingly sophisticated criminals and their networks, global regulations increasing pressure on AML compliance expectations and expanding volumes of data are some of the biggest challenges faced by people in my profession. Money launderers will always find newer ways to use Financial institutions for illegal activities. The timely detection of laundering activities is probably one of the most challenging aspect in the implementation of an efficient AML program.

**What would you consider to be a key thing people forget or do not understand when it comes to AML/CFT?**

I think people forget or do not understand the importance of complying with the various obligations under the AML / CFT Act 2009 and the consequences of non-compliance. Penalties range from a formal warning or enforceable undertakings to serious criminal proceedings and civil penalties. Enforcement actions associated with AML have been on the rise. Since 2009, regulators have levied about $32 billion in AML-related fines globally.

**Do you think your sector adapted well to being under the AML/CFT Regime in New Zealand?**

I think the Sector Risk Assessment 2017 (SRA) is a key document in ensuring that the sector adapts well to being under the AML/CFT Regime. Brokers and custodians were rated as having an inherent risk of medium-high and the SRA provided red flags as a starting point for Reporting Entities to consider in their risk assessment and compliance programme. This gave the sector an indication of the internal control measures to put in place to ensure a reasonable residual risk.

**What is one of the most rewarding parts of working within your sector and supporting the AML/CFT regime within New Zealand?**

Every sector comes with its own challenges and brokers & custodians is a new environment for me. It's mentally stimulating for me to learn about the risks related to brokers even though i have an extensive background in AML. I enjoy the challenge of having to apply my knowledge to this sector to grow, learn, develop and add to my existing skill set.

**How do you tend to keep up to date with all things AML/CFT?**

I subscribe to FMA updates and regularly visit various websites some of which are FATF, Thomson Reuters, Basel AML Index, CAMS, DIA and RBNZ.

## DALE'S TOP TIPS

Dale shares her words of wisdom as an experienced Compliance Manager

- ALMOST EVERYTHING WE USE IN OUR DAY-TO-DAY LIVES IS INTEGRATED WITH THE LATEST TECHNOLOGY: PHONES, TABLETS, BLUETOOTH, THE LIST IS NEVER ENDING. YOU MUST EMBRACE THIS ENERGY AND CHANNEL IT AS AN AML TRAINING RESOURCE.
- GOOD CORPORATE GOVERNANCE SETS THE RIGHT CULTURE WITHIN THE ORGANISATION FOR EFFECTIVE AML COMPLIANCE.
- KNOW YOUR RISKS AND CONTINUALLY IMPROVE YOUR AML PROGRAM TO CONTROL THOSE RISKS.

# UPDATES

## AML/CFT TRAINING

### WEBINARS

If you are looking for expert guidance around your AML/CFT obligations, sign up for ATTIC's regular instructor-led webinars.

We are excited to bring you ATTIC Training. We are currently offering a **special** for all our subscribers. Use the coupon code '**ATTICSubscriber**' for **10% off** any training webinars. **Book all of 2020 today**!

LEARN MORE

**2021 TRAINING DATES COMING SOON!**

### PROFESSIONAL COURSES

The recent 2020 DIA Regulatory Report found that insufficient training of compliance officers, senior management and any staff member with AML/CFT duties was one of the most common areas of non-compliance.AML/CFT training should be taken seriously, and it should be provided consistently. We have a number of courses below to suit both individuals and businesses to complete training requirements.

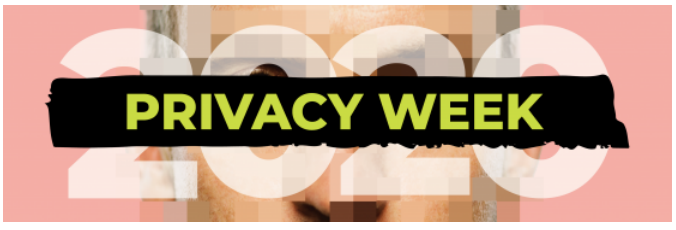
We provide these courses Online, In-Person and One-On-One. We also offer pre-recorded training packages. Please fill in our form below to find out more.

SUBMIT AN EOI TODAY!

## PRIVACY WEEK 2020

### 2 - 6 NOVEMBER 2020

The Office of the Privacy Commissioner marks Privacy Week each year to promote privacy awareness and to inform people of their rights under the Privacy Act. It is also to help educate businesses, organisations and agencies of their responsibilities and obligations with personal information. For more information, click here.




PrivacyLive: The Privacy Act 2020 is here

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ATTIC RESEARCH INSTITUTE

UPCOMING

# EVENTS & OPPORTUNITIES

## WOMEN IN COMPLIANCE

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ACAMS

Women and Business provides a welcoming, positive environment for Business Women and Professionals to connect on a monthly basis. Events are held monthly on a Tuesday evening. The topics of our presentations and discussion change monthly, some include guest speakers while other events include presentations, inspiration and motivation.

We had a very successful first event and look froward to the next one!

## APAC PRIVACY LAW UPDATE: CROSS-BORDER TRANSFERS

**Thursday, 22 October 2020**

Information Governance ANZ

Join to hear about the latest data privacy developments across APAC with our special guests John Edwards, NZ Privacy Commissioner, Dr Clarisse Girot from the Asian Legal Business Institute and Daihmin Warner from Simply Privacy and InfoGovANZ International Council.
For more, click here.

## CYBER SMART WEEK

**19 - 23 October 2020**

Cyber attacks are becoming more common, and anyone can be targeted. It may come as a surprise, but your personal information is highly valuable to attackers. Yes, cyber baddies are interested in getting your stuff – whether it's to steal your money or your identity, or just cause mayhem in your online world. As with many risks, prevention is the best approach, which is why we're encouraging all New Zealanders to increase their cyber resilience so they're less vulnerable to attacks. To read more, click here.

# INDUSTRY UPDATES

## COMANCHERO TRIAL

A jury has found Comancheros boss Pasilika Naufahu guilty of money laundering and drug charges.

Naufahu was found guilty of two money laundering charges - one in respect of a Ford Ranger and the other a $102,075 Bentley.

READ MORE

## SAR REPORT

The New Zealand Financial Intelligence Unit have published the Suspicious Activity Report for July 2020.

The report contains interesting information about the 2,041 Suspicious Activity Reports filed in July, an update from the Asset Recovery Unit and International AML/CFT News.

READ MORE

## ENHANCED CDD

The AML/CFT Supervisors have updated the enhanced customer due diligence (enhanced CDD) guideline. This clarifies when source of wealth or source of funds identification and verification must be carried out.

READ MORE

## POLICE MAKE ARRESTS, SEIZE PROPERTIES AND VEHICLES, IN MONEY LAUNDERING PROBE

Six people across Auckland have been arrested and millions of dollars' worth of properties and luxury vehicles have been seized, after a year-long police investigation into money laundering.

READ MORE

## AML INDEX

The Basel AML Index is an independent research-based ranking of the risk of money laundering and terrorism financing (ML/TF) of countries around the world.

READ MORE

## FMA PROCEEDINGS

The FMA alleges that CLSAP NZ failed on numerous occasions to conduct sufficient customer due diligence and enhanced customer due diligence, to terminate business relationships, to report suspicious transactions and to keep records in accordance with the AML/CFT Act.

The FMA also claims that these alleged breaches are representative of CLSAP NZ's general approach to compliance with its obligations under the AML/CFT Act over the time that they occurred.

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# REGULATORY FINDINGS

## REAL ESTATE

**Top 5 "compliant" areas:**

- Compliance Officers
- Assessing the risks of your services
- Annual report
- Record keeping
- Regard to applicable guidance material

**Top 5 "non-compliant" areas:**

- Record keeping
- Enhanced due diligence
- Electronic Identity Verification (EIV)
- Monitoring AML/CFT programme
- Politically Exposed Persons

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## LEGAL SECTOR

**Top 5 "compliant" areas:**

- Compliance Officers
- Risk-based due diligence
- Regard to applicable guidance material
- Assessing risks of your delivery method
- Assesing risks concerning products and services

**Top 5 "non-compliant" areas:**

- Record keeping
- Electronic Identity Verification
- Complying with IVCOP
- Prescribed transaction reporting
- Reliance on third parties to undertake CDD

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## ACCOUNTANCY

**Top 5 "compliant" areas:**

- AML/CFT Programme
- Compliance Officers
- Regard to applicable guidance material
- Suspicious activity reporting
- Keeping risk assessment current

**Top 5 "non-compliant" areas:**

- Wire transfer provisions
- Record keeping for countries with insufficient AML/CFT systems
- Annual report
- Monitoring AML/CFT programme
- Record keeping for large, complex and unusual patterns of transactions

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Ngā Pirihimana o Aotearoa

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## FIU / ACAMS Conference 2020

**10 - 11 November 2020**

Register Now to Secure Your Place

Increasing number and complexity of regulations related to anti-money laundering and counter-financing of terrorism (AML / CFT) constitute major challenges for businesses. Failure to implement and maintain an effective AML / CFT risk assessment and programme can result in regulatory intervention often resulting in substantial monetary penalties and reputational damage.

In collaboration with the New Zealand Financial Intelligence Unit, we are delighted to invite you to join the **FIU / ACAMS Conference 2020** on **10 - 11 November 2020** at the Museum of New Zealand Te Papa Tongarewa, Wellington, New Zealand, with Sector Supervisors (RBNZ, DIA and FMA) workshops on **9 November 2020** at Harbourside Function Venue.

Themed as "**Organised Crime - Money Feeds the Beast**", the Conference will focus on how money is the key motivator for a range of criminal offending. We are excited to have influential speakers at the event, including **Archana Kotecha** from Liberty Asia and **Tom Keatinge** from the Royal United Services Institute, who will be speaking about human trafficking and sanctions, respectively. In addition, the Conference will bring together domestic and international speakers from government and private sectors where there will be opportunity to maintain existing and develop new relationships with professionals who have similar backgrounds.

Apart from the on-site attendance, virtual access to the full Conference and workshops content will also be available.

We provide up to 12 ACAMS credits upon attendance of this Conference. ACAMS credits are accruable to the application of CAMS and CGSS Exams.

**Register Now →** **Find Out More →**

**Registration Deadline: 23 October 2020**

**Questions? Contact us at apac@acams.org**

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