

## ADVISORY REGARDING FINANCIAL DEALINGS WITH LOCATIONS OF SPECIFIC CONCERN

31 August 2011

On 24 June 2011 the Financial Action Task Force (FATF) issued a [Public Statement](#) concerning countries identified as posing international money laundering and terrorism financing risks, due to them having deficient Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) measures.

Accordingly, the Ministry of Justice and the Financial Intelligence Unit of the New Zealand Police advise financial institutions<sup>1</sup> to give special attention to business relationships and transactions with:

- **Iran**, including Iranian companies and financial institutions.
- **Democratic People's Republic of Korea (DPRK)**, including DPRK companies and financial institutions.

In particular, financial institutions should protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices in relation to these countries.

Financial institutions are further advised to consider the risks arising from the deficiencies associated with each of the following jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies:

- Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria, Turkey

For more details concerning the specific deficiencies and risks associated with the jurisdictions listed above, financial institutions are advised to refer to the 24 June 2011 FATF [Public Statement](#).

Regarding Iran, financial institutions are further advised to have regard to the UN Sanctions (Iran) Amendment Regulations which came into force on 23 December 2010.

The regulations now require all New Zealanders and persons in New Zealand doing business with Iran to be registered with the Ministry of Foreign Affairs and Trade. In order to register, applicants must provide details of the due diligence they have undertaken and sign a declaration that the applicant believes on reasonable grounds that the business to be done with the Iranian business partner could not contribute to Iran's proliferation-sensitive nuclear activities, or to the development by or on behalf of Iran of nuclear weapon delivery systems, or to violations of resolutions 1737, 1747, 1803, or 1929 of the Security Council of the United Nations.

In addition financial institutions are also advised to take note of an additional document updated by FATF on 24 June 2011: [Improving Global AML/CFT Compliance: On-going Process](#)

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<sup>1</sup> As defined in section 3 of the Financial Transactions Reporting Act 1996.

In this document the FATF has identified a number of jurisdictions that have strategic AML/CFT deficiencies. The jurisdictions identified in this document are:

Angola, Antigua and Barbuda, Argentina, Bangladesh, Brunei Darussalam, Cambodia, Ecuador, Ghana, Honduras, Indonesia, Mongolia, Morocco, Namibia, Nepal, Nicaragua, Nigeria, Pakistan, Paraguay, Philippines, Sudan, Tajikistan, Tanzania, Thailand, Turkmenistan, Trinidad and Tobago, Ukraine, Venezuela, Vietnam, Yemen, Zimbabwe.

In addition the FATF has identified the following jurisdiction as not making sufficient progress towards remedying strategic AML/CFT deficiencies through the action plan that has been agreed with the FATF:

São Tomé and Príncipe.

If these jurisdictions do not take sufficient action to implement significant components of their action plan by October 2011, then the FATF may take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.