

The Suspicious Activity Report

APRIL 2023

New Zealand Financial Intelligence Unit

INTRODUCTION

The Suspicious Activity Report is produced by the Financial Intelligence Unit (FIU), part of the New Zealand Police Financial Crime Group, led by Detective Superintendent David Lynch. This report is comprised of FIU holdings and open-source media reporting collected within the last month.

Background

The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act became law in October 2009. The Act's purpose is to detect and deter money laundering and contribute to public confidence in the financial system. It seeks to achieve this through compliance with the Financial Action Task Force (FATF) recommendations. The Financial Intelligence Unit produces this monthly report as part of its obligations under section 142(b)(i) of the AML/CFT Act 2009. The Financial Crime Group is made up of the Financial Intelligence Unit, Asset Recovery Unit, the Money Laundering Team, and a group at Police National Headquarters.

Financial Intelligence Unit

The Financial Intelligence Unit (FIU), led by Detective Inspector Christiaan Barnard, has been in operation since 1996. Its core function is to receive, collate, analyse, and disseminate information contained in Suspicious Transaction Reports, Prescribed Transaction Reports, and Border Cash Reports. It develops and produces a number of financial intelligence products, training packages and policy advice. The FIU participates in the AML/CFT National Coordination Committee chaired by the Ministry of Justice, and chairs the Financial Crime Prevention Network (FCPN). It is a contributing member to international bodies such as the Egmont Group of Financial Intelligence Units and the Asia/Pacific Group on Money Laundering.

Asset Recovery Unit

The New Zealand Police Asset Recovery Unit (ARU) is led by Detective Inspector Craig Hamilton and was established in December 2009 to implement the Criminal Proceeds (Recovery) Act 2009 (CPRA). The ARU is the successor to the Proceeds of Crime Units, which were established in 1991, and was combined with the FIU to create the Financial Crime Group. The CPRA expanded the regime for the forfeiture of property that has been directly or indirectly acquired or derived from significant criminal behaviour. It is intended to reduce the possibilities for individuals or groups to profit from criminal behaviour, to reduce the opportunities they have to expand their criminal enterprises, and act as a deterrent for criminal activity. There are five Asset Recovery Units, based in Whangarei, Auckland, Waikato/Bay of Plenty, Wellington, and Christchurch.

Money Laundering Team

The Money Laundering Team (MLT), led by Detective Senior Sergeant Andy Dunhill, is the newest element of the FCG and was established in 2017 to target money laundering risks and reduce the investigative gap for financial investigations in organised crime. The MLT investigates criminal offenders moving the proceeds of predicate offending. The focus of the team is on disrupting and dismantling facilitators assisting organised criminal groups to hide illicit funds, including complicit Designated Non-Financial Business and Professions (DNFBPs) and other third parties such as money remitters.

Notes from the Head of FIU

Detective Inspector Christiaan Barnard

After nearly four years I am moving on from the Financial Intelligence Unit and into a new position with the Asset Recovery Unit. The last four years have seen a lot of change both within the FIU and across the AML landscape.



When I walked in the door in mid-2019, we were ramping up for the Mutual Evaluation which saw an immense amount of preparation for the FATF assessors' on-site visit that occurred in March 2020. Just after the assessors left, we found ourselves going into the first COVID lockdown – and with that came the challenges of redeploying staff and moving to remote work. I am very lucky to have such a responsive and resilient team, and they quickly adapted to this new way of working while analysts were rotated through the NZ Police Major Operations Centre to support the broader COVID Police response. During this period, the Financial Crime Prevention Network (FCPN) had gained momentum, and through this forum a broad range of tactical and strategic issues were tackled.

The FIU worked to upgrade its analytical systems with work commencing in 2020 to identify a suitable analytics platform that would provide greater insights into the immense amount of financial intelligence being provided to the FIU. The result was IQ, which is comprised of two solutions, marking the first time that machine learning was introduced to NZ Police.

The publication of the Mutual Evaluation was delayed by the COVID pandemic, but it was finally published in April 2021, reflecting a number of key strengths with the New Zealand AML/CFT system, placing New Zealand among the best countries in the world. The work did not stop there, as there is always a need to continually improve. In mid-2021, the Ministry of Justice (MOJ) commenced work on the statutory review of the AML/CFT Act, with the FIU and NZ Police units providing a significant amount of support to Ministry of Justice in its delivery; the report was tabled in mid-2022 with over 200 recommendations.

International events impacted the work of the FIU with the takeover of Afghanistan by the Taliban in late 2021 and then the unprovoked invasion of Ukraine by Russia in early 2022. The FIU contributed to the development of the Russia Sanctions Act and have been directly involved in supporting Ministry of Foreign Affairs and Trade ever since.

Despite all this activity, the FIU continued to produce leads for the NZ Police and other law enforcement agencies; write strategic intelligence products; train and provide guidance to reporting entities; continued to put on the most well-regarded AML conference in Australasia; and work closely with international partners. The FIU is a relatively small team who are stretched across an incredibly broad range of offence types, partnership engagements, and changes in the criminal environment.

I have often said that we have extremely smart people in the FIU who could get a job anywhere, but we are so fortunate that they have chosen to work for the FIU. There is a strong sense of mission, and the work is varied and rewarding. Without the determined commitment of the FIU analysts, data analysts, research analysts, investigators, compliance officers, systems managers,

and supervisors, we would not be on this positive trajectory. It's been my absolute privilege working with, alongside, and leading the incredible people within the FIU, and working with the AML partner agencies and the private sector.

While I can't predict what's in store for the FIU, I can't imagine that the next four years will be uneventful! There will be unexpected events, and I have little doubt that the team will rise to the challenge.

Ehara taku toai toa i te toa takitahi, engari he toa takitini – Success is not the work of an individual, but the work of many.

NEW ZEALAND AML/CFT NEWS

[Operation Cookie Monster: 30yo Kiwi arrested as part of global takedown on stolen digital identities](#)



A 30-year-old Auckland man has been arrested as part of Operation Cookie Monster, an international police operation led by the FBI and the Dutch National Police, which has targeted a website selling stolen private information.

The New Zealand-based part of the operation was conducted by members of the Auckland Financial Crime Unit, the national Cybercrime Unit, and other specialists. Through the site, criminals were able to purchase stolen cookies, saved logins, autofill data, and for an expensive price, access to online bank accounts.

[Serial fraudster who spent a decade targeting elderly jailed for more scams worth \\$371,000](#)

Brendon Karl Dean Harris, 28, has been handed a three-year prison sentence by the Christchurch District Court for 10 charges of loss by deception and three charges of attempted loss by deception committed in 2021, causing the loss of NZ\$371,000.

Harris had been known to authorities since 2013, and he has served time in prison in 2017 and 2019 on similar charges.



News from our Partners

Te Pā Whakamarumarū | New Zealand Security Intelligence Service

[New Zealand SIS Annual Report 2021-22](#)

The New Zealand Security Intelligence Service (NZSIS) has released its Annual Report for 2022, which cautioned that New Zealand has become increasingly at risk of foreign interference and disinformation campaigns. According to the report, the normalisation of conspiracy theories in the wake of the COVID-19 pandemic is particularly problematic, with actors taking advantage of public mistrust in the government leading to a loss of social cohesion.

The report also cautioned that New Zealand should take a more active role in Pacific geopolitics in the wake of China's increasing influence in the region.

SCAM WATCH

Scam Watch is a new feature debuting in the April newsletter that we hope will be a regular feature in future newsletters. The purpose of this feature will be to highlight the recent methods used to scam New Zealanders and discuss ways that people can avoid becoming victims. Here are recent scams that we have been made aware of this past month.

[Scammers create elaborate police station film set to trick victims from the Chinese community](#)

A Chinese expat in New Zealand came close to losing her money to scammers after they had contacted her pretending to be Chinese officials and organised a Skype call with her. They had created an elaborate film set resembling a police station and the supposed officer appeared to be in authentic uniform. They had told the victim that she was implicated in a money laundering scheme, and that she needed to place her money into an account to have it audited. The victim realized it was a scam before she paid any money and confirmed it with the help of Chinese Embassy officials and the New Zealand Police.

This was one of many incidents from groups that targeted Chinese residents living internationally, with two students in Northern Ireland losing £105,000 (NZ\$211,858) in 2022.

[Wellington police warn of renter scam circulating on social media](#)

Wellington police have warned of scammers who have been putting false flat listings on Facebook Marketplace and requesting bond payments from those interested in purchasing a room. Once the payment is made, the listing vanishes from the website and the scammer deletes their account. Police have noted that this has occurred several times and encourage vigilance when making payments online.

[Cyber security experts warn Kiwis about new phishing scams](#)

New Zealand cyber-security experts have put out warnings about scammers sending messages to unwitting victims pretending to be banks or government agencies, using websites that appear to be legitimate. These fraudulent messages include requests to pay overdue tax fees, promises of prizes, and requests to update personal bank information. There have been calls for banks and government agencies to stop sending messages by text, to prevent confusion between legitimate and scam messages.

[Southeast Asian casino scams with meth gang syndicate links 'coming for NZ targets'](#)

Authorities have warned that casinos from Southeast Asia are operating online scams that target unsuspecting victims from all around the world, including in New Zealand. These casinos, many of which were set up as fronts for the laundering of drug money, have stolen money from unsuspecting gamblers through means such as gambling fraud or tricking them into investing in fake cryptocurrency.

These casinos are also being used by criminal gangs to launder the illegal proceeds of methamphetamine production which is shipped overseas, including to New Zealand.

INTERNATIONAL AML/CFT NEWS

Australia

[Former Courgette chef jailed for money laundering and perjury](#)



Canberra chef James Mussillon has been sentenced to three years and 11 months in prison for laundering more than AU\$350,000 (NZ\$376k) through his restaurant Courgette, on behalf of an alleged drug dealer.

Mussillon pretended his co-accused was an employee at the restaurant and laundered the funds by disguising them as payments for work.

[ACCC releases Australian scam activity report for 2022](#)

The Australian Competition and Consumer Commission (ACCC) recently released its Targeting Scams report for 2022. The report states there were 500,000 reports of scams, resulting in the loss of AU\$3.1 billion (NZ\$3.3b), an 80% increase from 2021.

Within those numbers, over AU\$1.5 billion (NZ\$1.6b) was lost through investment scams, followed by remote access scams which cost AU\$229 million (NZ\$248m). Text messages surpassed phone calls as the most reported method of contact for scammers, though scam calls were responsible for the highest number of losses.

The report revealed bank transfers served as the most prevalent method of payment, and people aged 65 and over made up the largest number of reports and the largest amount stolen by scammers.



Cook Islands

[Former cop enters guilty plea to money laundering in deception case](#)

A former police officer has pleaded guilty to money laundering in a case involving NZ\$118,000 of New Zealand Ministry of Social Development (MSD) funds.

According to the summary of facts, a woman had been receiving NZ pension payments until her death in 2011. Upon her death, her nephew gained control of her bank account and mailbox, forging his aunt's signature on annual declarations received from MSD, which ultimately allowed the pension payments to continue after her death.

Italy

[Italian drug cartels conceal payments via Chinese shadow banks](#)

According to Italian authorities, drug cartels operating within the country utilise shadow networks of money brokers operating out of China, transferring money across national borders outside the legitimate financial system. These networks, known as *fei qian* or "flying money",

are a long-established informal payment system, which relies on a trusted network of transfer agents.

Italian authorities have initiated over six investigations involving drug gangs and the Chinese payment networks since discovering the payment networks five years ago. According to authorities, they are investigating alleged payments to narcotics suppliers in Latin America, Morocco, and Spain.



Kuwait

[Largest money laundering case in Kuwait's history ends in 10-year sentences](#)

Four defendants, including a member of the Kuwait ruling family, have been given sentences of 10 years each, plus KD145 million (NZ\$771m) in fines and KD306 million (NZ\$1.6b) in restitution, by the Kuwaiti Criminal Court for what is considered the largest money laundering case in Kuwait's history.

Three defendants were accused of forming an organised criminal group that laundered Chinese currency equivalent to KD700,000 (NZ\$3.7m) stolen from funds and investments of the Malaysian Sovereign Fund, with one defendant transacting the money through his company accounts in Kuwait and the Cayman Islands.

South Africa

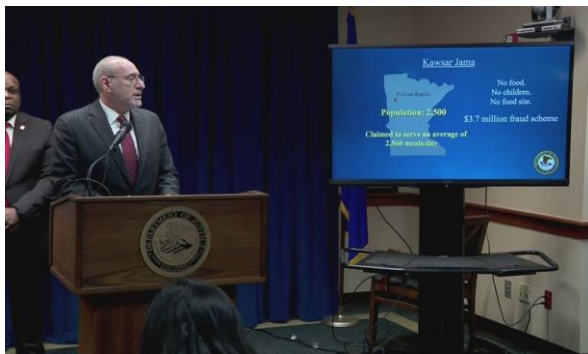
[Gold mafia helped Gupta brothers in South Africa state capture](#)

An investigation conducted by Al Jazeera's Investigative Unit (I-Unit) has purportedly identified well-known money launderer Mohamed Khan, or "Mo Dollars", as playing an important role in a US\$2 million (NZ\$3.2m) money laundering scheme.

Documents obtained during the investigation showed that the money was moved from several companies through a process called "merchanting", a form of trade-based money laundering. The payments were made through a South African based bank by employees who had allegedly been bribed by Khan.

United States

[Seventh suspect in Feeding Our Future fraud case pleads guilty to aiding money laundering](#)



Mulata Ali is the seventh defendant of 60 suspects to plead guilty to aiding and abetting in the theft of public money.

Federal authorities allege Mulata allowed fraudsters to use the business account associated with his transport company to launder more than US\$2 million of federal food-aid money meant to be used to feed underprivileged children.

Corruption

[Oligarch sentenced for role in stealing US\\$1 billion from Moldovan banks](#)



Ilan Shor, a Moldovan oligarch and the leader of the opposition ȘOR Party, has been sentenced in absentia by the Moldovan Court of Appeals for fraud and money laundering. Shor received a sentence of 15 years in prison and confiscation of US\$290 million (NZ\$467m) of his assets.

Shor was sanctioned in both the United States and the United Kingdom in December 2022.

Cybersecurity

[Ten Australians arrested as part of international illegal marketplace takedown](#)

A well-known online criminal marketplace, Genesis Market, has been shut down following an international investigation led by the FBI and supported by the Australian Federal Police (AFP). Ten people in three Australian states were arrested.

The website had offered login credentials, browsing history and other sensitive data taken from compromised devices. The total number of Australian victims is still uncertain, but authorities have identified at least 36,000 compromised Australian devices available for sale on Genesis Market. The Dutch Police have developed [a portal](#) to help individuals determine if their personal details have been compromised.

Foreign Interference

[Australian man charged with foreign interference](#)

As part of a Counter Foreign Interference Taskforce investigation, an Australian national who lives overseas has been charged with Reckless Foreign Interference by the Australian Federal Police.

The man is alleged to have been offered money by two individuals to obtain information about Australian defence, economic and national security arrangements, as well as matters relating to other countries.

Sanctions

[New York attorney pleads guilty to conspiring to commit money laundering to promote sanctions violations by associate of sanctioned Russian oligarch](#)

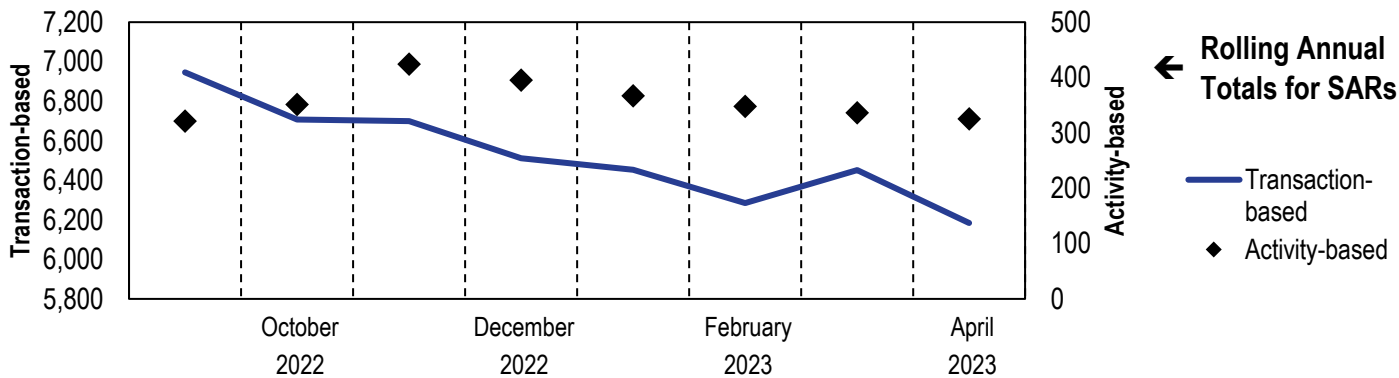
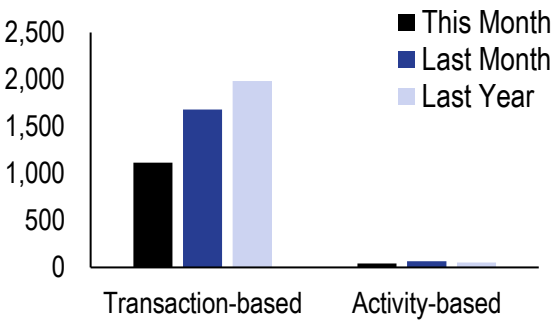
A district court in New York has charged a New York attorney with using US\$3.8 million (NZ\$6m) of laundered money to help maintain and service six properties owned by Viktor Vekselberg, a sanctioned Russian oligarch. The attorney is facing a maximum sentence of five years and a forfeiture of over US\$3.7 million (NZ\$5.8m).

After Vekselberg was sanctioned by the US Department of the Treasury in 2018, the attorney received wires into his lawyer's trust account from a bank account in the Bahamas registered to a shell company owned by an associate to Vekselberg, which he used to maintain the properties.

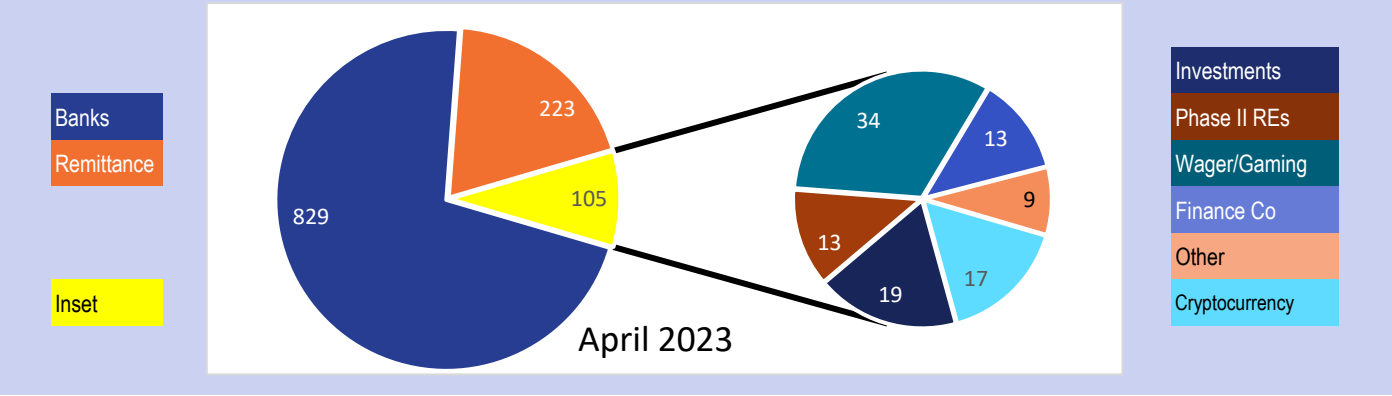
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	April	March	April
	2023	2023	2022
Transaction-based	1,115	1,682	1,983
Activity-based	42	65	53
Total	1,157	1,747	2,036

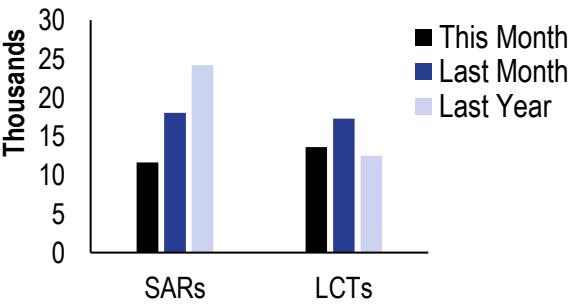


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

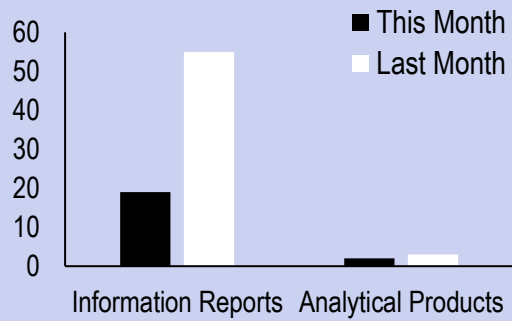
	This Month	Last Month	Last Year
	April	March	April
	2023	2023	2022
SARs	11,652	18,046	24,180
IFTs	420,736	618,507	435,733
LCTs	13,618	17,307	12,495



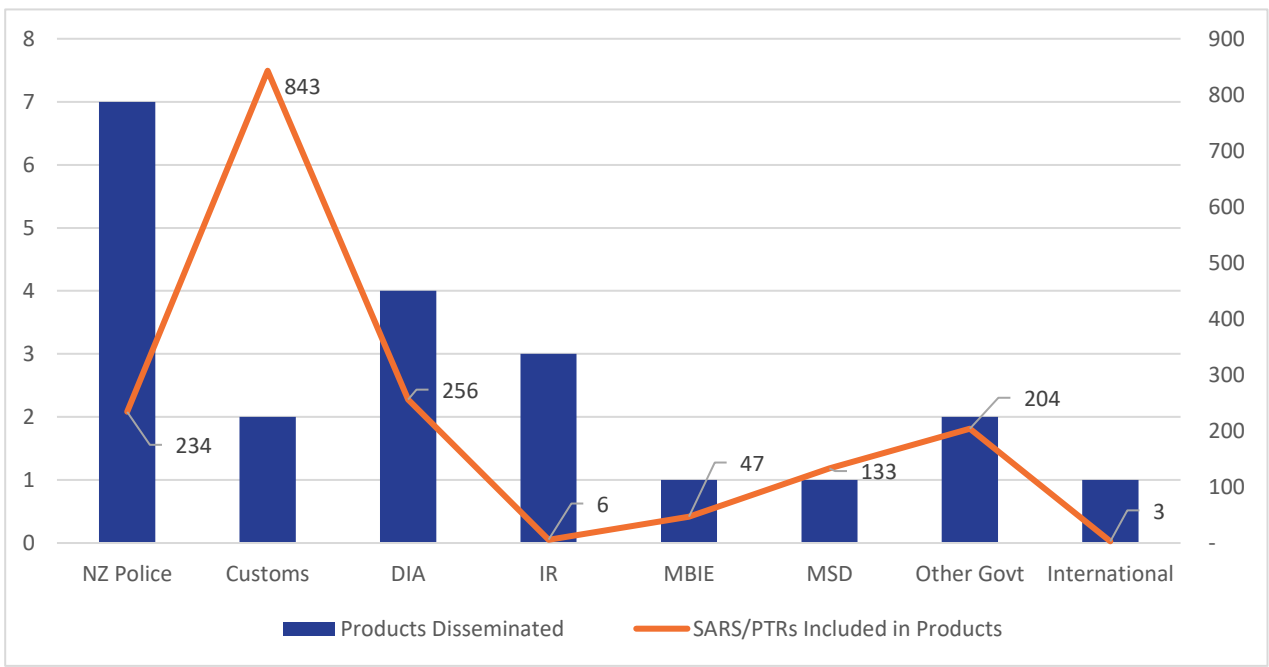
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

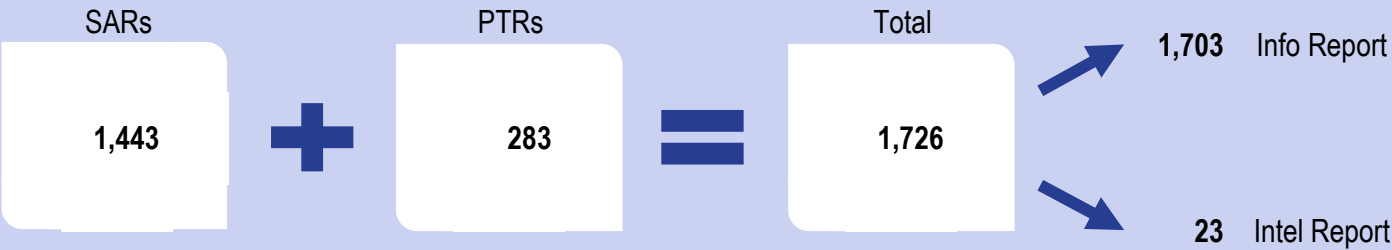
	This Month	Last Month
	April	March
	2023	2023
Information Reports	19	55
Analytical Products	2	3
Total Products	21	58



Disseminations of Products by Recipient



Disseminations of Products by Included SARs and PTRs



*Statistical data for transaction reporting and intelligence products may be updated as new information is processed, and so there may be minor discrepancies between the statistical figures contained in this report and subsequent reports.

