

# ***The Suspicious Activity Report***

AUGUST 2022

*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, currently led by Detective Inspector Christiaan Barnard. 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) and section 143(b) 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) 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 Acting Head of FIU

*Detective Senior Sergeant Dave Bealing*



Kia ora and tsi bong bong.

I am back in New Zealand (and the FIU) after spending the first half of the year as a Senior Advisor in the Autonomous Region of Bougainville. Bougainville is part of Papua New Guinea (PNG) but has been seeking independence since a civil war in the nineties when New Zealand first established an official presence there. I highly recommend the documentary *Soldiers Without Guns*, which has nothing to do with money laundering, but is worth watching, nonetheless.

Papua New Guinea is not a popular holiday or business destination for most Kiwis, so doesn't feature in the public consciousness like many of our other Pacific neighbours. But New Zealand has had significant engagement with PNG over the past few years, which I'll outline here as an example of efforts put into outreach to combat international money laundering.

From 2016, the NZ FIU worked with PNG's Financial Analysis and Supervision Unit (FASU) on their capability and systems, and in 2019 they reached the required standard and were invited into the [Egmont Group](#). FASU, along with FIUs from Australia, Fiji, and New Zealand, is also one of the founding members of the Pacific Financial Intelligence Community (PFIC) and is hosting the inaugural plenary later this year. Given the ongoing international focus on the Pacific region, PFIC is expected to generate significant benefits. It is exactly these types of international relationships we need to foster to effectively chase illicit funds around the world and prevent them from reaching our shores in the first place.

PNG and NZ share some of the same issues, but their risk areas are different. Inherent corruption in PNG makes meaningful change difficult, and the exploitation of forestry, mining and fishing resources diverts wealth from the many to the few. The lack of public funds effects everything from health and education services to roading. Considering just their mineral wealth, PNG should be one of the richest countries in the world, but they are forced to rely on significant foreign aid for what we would consider basic services like electricity. New Zealand is considered one of the least corrupt countries in the world, and having seen the opposite end of the spectrum I can assure you it is worth the effort to stay that way.

Closer to home, the Financial Crime Group is pleased to welcome Detective Superintendent Dave Lynch as the new Director in October. His appointment means Detective Inspector Christiaan Barnard will be back as the FIU Manager, and I will return to the Operations Manager role.

Finally, you may already know the annual FIU conference is being held on 8 and 9 November. We are offering the choice of attending in person or remotely; the former seems to be the preference, which is hardly surprising, and seats are filling fast so get in now. The highlight for me is always meeting representatives from our reporting entities, so please come and find me for a chat.

## NEW ZEALAND AML/CFT NEWS

### FIU News

#### *2022 AML/CFT Conference*

Hosted by the FIU and the Association of Certified Anti-Money Laundering Specialists (ACAMS), the theme of the 2022 AML/CFT Conference is “Money Laundering is Not a Victimless Crime”.

The Conference programme contains more than 15 sessions presented by domestic and international speakers who will share their knowledge and experiences to highlight the necessity for integrating both public and private sectors to combat financial crime.

The Conference is scheduled to be held on Tuesday, 8 November and Wednesday, 9 November at the Museum of New Zealand Te Papa Tongarewa in Wellington, New Zealand. Sector Supervisors (RBNZ, DIA, and FMA) workshops will be held Monday, 7 November, at Harbourside, where each Supervisor will address key topics related to reporting entities in their sectors.



Notable sessions on Day 1 include Financial Sanctions upon Russia presented by the Honourable Nanaia Mahuta, Global Ripples from the Cullen Commission into Money Laundering presented by Gary Hughes of Britomart Chambers, and a case study on a Child Exploitation Materials investigation presented by the United States Internal Revenue Service.

Day 2 highlights include an interview with Ilze Znotina, the former head of the Latvian FIU, who will discuss the ABLV Bank scandal. There will also be sessions on illegal wildlife trafficking with a focus on fisheries crimes, and human trafficking/modern slavery.

The 2022 conference will once again be a hybrid event: along with the on-site attendance, there will be virtual access to the full conference. Workshops content will also be available. If you are interested in attending in person, be sure to register as soon as possible as on-site attendance will be limited.

Registration for the Conference closes on **Friday, 21 October** – no registrations will be accepted after this date. Please click [here](#) to register.

## Recent Operations and Asset Seizures

### Operation Samson

In July, Police executed a series of search warrants at several residential and commercial addresses across Auckland connected to a transnational organised crime group operating in New Zealand.

As a result, Police seized more than \$2.4 million in cash, a firearm, methamphetamine, and cannabis. A patched member of the Hells Angels has been charged with money laundering and has appeared in the Auckland District Court.

Following the termination of Operation Samson, additional restraints were made, including [16 vehicles](#) and more than \$400,000 in cash.



Police allege those involved have ties to a sophisticated money laundering operation across Tāmaki Makaurau.

As a result of this investigation, one person has been charged with significant drug dealing and importation offences. The total value of property, assets, and cash restrained thus far as a result of Operation Samson is in excess of \$6 million.

### Operation Bush

After nearly a year of investigation, 10 search warrants were executed in July as part of Operation Bush.

Led by the Upper North Money Laundering Team, the operation dismantled a sophisticated drug dealing and money laundering operation across the North Island, with more than 60 charges filed relating to money laundering and the cultivation, supply, and selling of cannabis.



As a result of the warrants, nearly \$6.5 million worth of assets were restrained, including two vehicles with a combined value of \$90,000, and five properties. Several significant cannabis grows were located with 193 plants and approximately nine kilograms of packaged cannabis seized. Eight people were arrested, including the alleged kingpin, who is believed to be linked to a Vietnamese organised crime group.

Police are working alongside Immigration New Zealand in relation to the foreign nationals involved in this investigation.



## News from our Partners

### Manatū Aorere | Ministry of Foreign Affairs and Trade

#### *Russia Sanctions Register Updated*

Since the Russia Sanctions Act and the Russia Sanctions Regulations 2022 came into force in March 2022, the Ministry of Foreign Affairs and Trade (MFAT) has amended the Regulations to include additional individuals, businesses, and activity.

DATE	REGULATIONS AMENDED TO:
<b>19 April</b>	designate Russian financial institutions, including banks.
<b>3 May</b>	designate members of Russia's Federation Council and additional defence entities, and to extend further prohibitions on those already sanctioned.
<b>11 May</b>	designate disinformation and malicious cyber actors.
<b>17 May</b>	designate additional Belarusian individuals and entities, including President Lukashenko.
<b>8 June</b>	designate 44 entities that are funding or fuelling the Russian war in Ukraine.
<b>4 July</b>	introduce measures prohibiting the importation of gold of Russian origin; came into force 25 July.
<b>2 August</b>	introduce measures to designate the Russian Armed Forces and 61 entities that support the Russian military.
<b>22 August</b>	designate 48 individuals and one entity which are supporting Russia's occupation objectives in Ukraine.

MFAT also updated key information in September, including the Guidance Note on banking transactions (12 September) and correcting a technical issue in the Sanctions Register (20 September).

Further, on 8 September, designation notices were given by the Secretary of Foreign Affairs and Trade under section 11 of the Russia Sanctions Act 2022. These designation notices provide details on entities that form part of the Russian Armed Forces, and associates of three sanctioned defence entities.

Duty holders and reporting entities should continue to review the [MFAT page on Russian Sanctions](#) to ensure they have the most up to date information.

As a reminder, Russia Sanctions breaches can be reported on the NZ Police [105 website](#).

## INTERNATIONAL AML/CFT NEWS

### Italy

#### [The non-existent Antarctic State: 12 people arrested](#)



More than 700 people throughout Italy fell for a scam, believing they had been made citizens of a new Antarctic State after making payments ranging from €200 to €1,000. The fake citizenship claimed to provide certain benefits, including exemption from Italian taxes and

exemption from Italian COVID-19 vaccination rules.

Italian police have placed 12 people under house arrest for their involvement in the scam and have charged them with money laundering, conspiracy, fraud, and the manufacture and possession of false documents. Another 30 people are also under investigation.

The total amount scammed is approximately €400,000, which was laundered through a foreign account located in Malta.

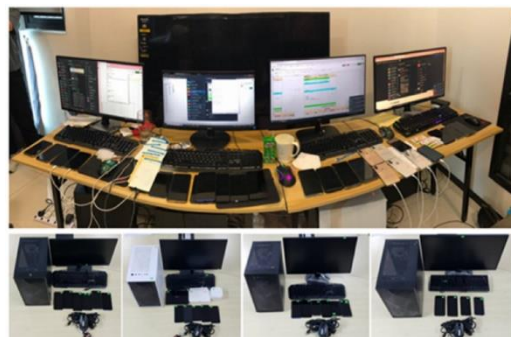
### Singapore / Malaysia

#### [Two transnational syndicates crippled and 13 arrested in joint operation](#)

Two transnational scam syndicates allegedly involved in money laundering activities were “crippled” in a joint operation conducted by the Singapore Police Force (SPF) and the Royal Malaysia Police (RMP).

Nine people were arrested following raids carried out in Malaysia by officers from SPF’s Commercial Affairs Department and RMP’s Commercial Crime Investigation Department. Simultaneously in Singapore, officers from the Anti-Scam Command arrested four people for their suspected involvement in aiding the money laundering syndicate by handing over their personal bank accounts or relinquishing their SingPass accounts.

The scam syndicates are believed to have scammed more than 60 victims out of S\$1.3 million (NZ\$1.6m) using a variety of scams including investment scams, job scams, sextortion, and government officials’ impersonation scams.



*Exhibits seized during CCID-CAD joint raids*

### Turkey

#### [Türkiye takes action against TikTok money laundering](#)

The Financial Crimes Investigation Board (MASAK) is investigating TikTok over allegations of money laundering.

Initial findings show some livestreaming TikTok users with a small number of followers are collecting a large amount of “donations” although their livestreaming involved nothing but a black screen or a still photo. MASAK says the funds are suspected to be “donated” through stolen credit cards, and thus used in money laundering. The probe also found accounts indirectly or directly linked to the terrorist group Daesh received large amounts of donations.

## United Arab Emirates

### [\*UAE commences reporting essentials to counter crypto real estate money laundering\*](#)

In a statement released on 8 August, the Ministry of Justice and the Ministry of Economy jointly with the UAE Financial Intelligence Unit outlined new reporting requirements for real estate transactions including digital assets. According to the UAE government, the new regulations are intended to crack down on money laundering and terrorism financing.

All real estate agents, brokers, and law firms are now obliged to file reports to the FIU for purchase and sale transactions of freehold real estate properties in the UAE that include any of three methods of payments, whether for a portion or the entirety of the property value: single or multiple cash payment(s) equal to or above AED 55,000 (NZ\$26k); payments that include the use of a virtual asset; payments where the fund(s) used in the transaction were derived from a virtual asset.

## United Kingdom

### [\*Man sentenced for money laundering after cash stash found under bed\*](#)



A man has pleaded guilty to two counts of money laundering after police found him in possession of £280,000, most of which was hidden in a drawer under a bed.

The man, Lin Guo, was sentenced to two years in prison and ordered to complete 200 hours of unpaid work within 12 months.

Guo’s home address was being used as a “cash house” where money was stored and counted prior to being laundered into a UK bank account.

## Virgin Islands

### [\*Money launderers targeting hotels\*](#)

The Financial Investigation Agency recently warned that money launderers have been targeting the Virgin Islands hospitality industry. The agency’s Financial Investigation Unit issued a [press release](#) advising hotels, resorts, and guesthouses to be aware of scammers making false reservations under the names of reputable individuals and businesses.

The release stated, “they often pay for the reservation using a cashier’s cheque to the bank account of the hotel or guesthouse and then cancel and make a request for a refund via email”. The goal of the scam is to conceal funds gained from illegal activity and introduce it into the banking system as a legitimate source of funds.



## Cryptocurrency

### [US Treasury sanctions notorious virtual currency mixer Tornado Cash](#)

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) has sanctioned virtual currency mixer Tornado Cash. The sanctions will prohibit US persons, and those subject to US jurisdiction, from using the virtual currency mixer. As a result of this action, 44 cryptocurrency wallets linked to Tornado Cash were also sanctioned by the US government.

Tornado Cash was sanctioned after it was used to launder more than US\$7 billion worth of virtual currency since its creation in 2019, including over US\$455 million stolen by the Lazarus Group, a Democratic People's Republic of Korea (DPRK) state-sponsored hacking group that was sanctioned by the United States in 2019. Tornado Cash was subsequently used to launder at least US\$7.8 million from the August 2022 Nomad Heist.

### [Tornado Cash seen as key laundering tool for NFT scams before US sanctions](#)

Tornado Cash was the preferred tool for laundering illicit proceeds from nonfungible token (NFT) scams prior to the ban, according to blockchain analytics firm Elliptic Enterprises.

The mixer "was the source of US\$137.6 million of crypto assets processed by NFT marketplaces and the laundering tool of choice for 52% of NFT scam proceeds before being sanctioned", the firm wrote in a report titled [NFTs and Financial Crime](#) released in August.

## Wildlife Trafficking

### [Anti-money laundering linked to wildlife trafficking becomes part of Chinese law enforcement training for the first time](#)

[TRAFFIC](#) supported the Anti-Smuggling Bureau of the General Administration of Customs of China to carry out an annual law enforcement training workshop to further strengthen China Customs' capacity to interrupt the illicit financial flow from illegal wildlife trade. More than 220 participants from the General Administration of Customs and 18 local Customs Branches from across China joined in the two-day training.

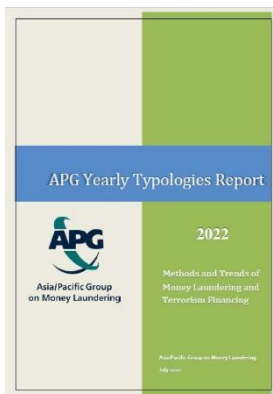
Professor Xin Wang from Peking University Law School presented on international AML policy, China AML legislation, and the correlation between illegal wildlife trade and money laundering. He discussed how to overcome the issues encountered by customs in applying AML laws and regulations in practical work.

The Director of TRAFFIC China Office, Ling Xu, took a deeper dive into the typical characteristics and payment methods of the illegal supply chain, the red flags of wildlife crime in transportation and finance, exemplified cases of wildlife and timber crime, and international cooperation mechanisms.

China Customs has actively cracked down on the smuggling of endangered species and their products in recent years and has carried out international cooperation with the customs agencies of Southeast Asian and African countries.

## Asia / Pacific Group (APG)

### [2022 APG Yearly Typologies Report](#)

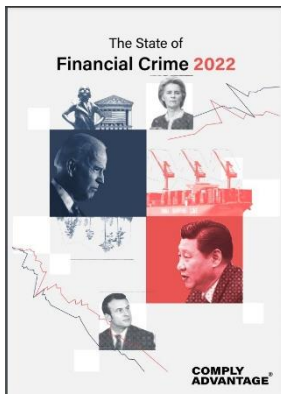


Each year, APG members and observers provide information on money laundering and terrorist financing cases, trends, research, regulatory action, and international cooperation. The information provides the basis for case studies and the selection and design of in-depth studies on particular typologies topics.

The 2022 APG Typologies Report includes 236 case studies and observations from 22 APG members and nine observers, a significant increase from previous years. The case studies featured are a small part of the work by contributing law enforcement and intelligence agencies. Many cases cannot be shared publicly, however, due to their sensitive nature or ongoing investigative processes.

## Comply Advantage

### [The State of Financial Crime 2022](#)



This annual report is based on a 2021 global survey of 800 compliance professionals across North America, Europe, and Asia Pacific. The respondents represented enterprise banking, investments, crypto, insurance organisations, and fintechs.

The report explores some of the biggest financial crime challenges reporting entities are facing, including biggest pain points with AML programmes, regional trends, and industry trends.

One key focus noted in the survey is the exploration and implementation of new technologies, as organisations continue to look to upgrade legacy systems, manage data more effectively, and access AML risk data in real time.

## INTERPOL

### [#YourAccountYourCrime: Global campaign exposes use of money mules](#)

The International Criminal Police Organisations (INTERPOL) Financial Crime and Anti-Corruption Centre (IFCACC) launched a global awareness campaign in August to highlight the widespread use of money mules in facilitating the movement of criminal proceeds.



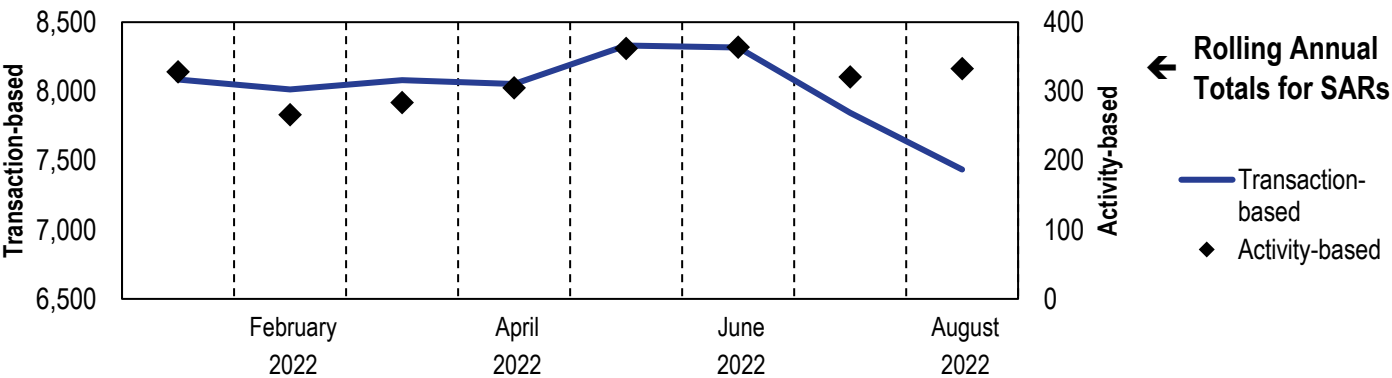
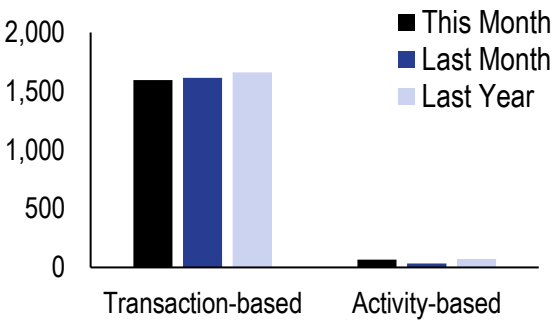
The two-week campaign ran from August 10 to 26 on social media and was supported by 34 countries worldwide. The campaign explained how to stay safe – and out of the criminal cycle – by exploring [how to avoid becoming a victim](#) and the [risks associated with money muling](#).

The campaign was developed as part of INTERPOL's [Project TORAID](#).

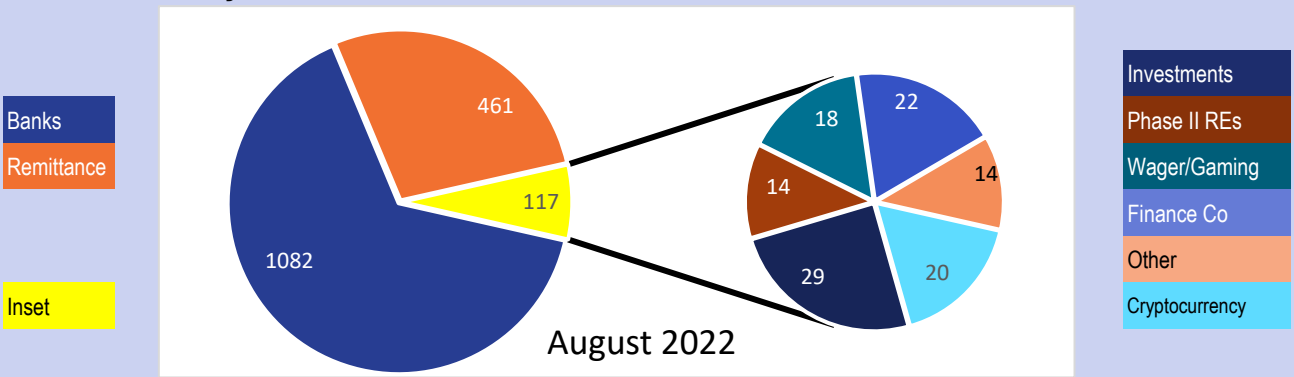
SUBMITTED REPORTS to the FIU\*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	August	July	August
	2022	2022	2021
Transaction-based	1,595	1,614	1,660
Activity-based	65	33	72
Total	1,660	1,647	1,732

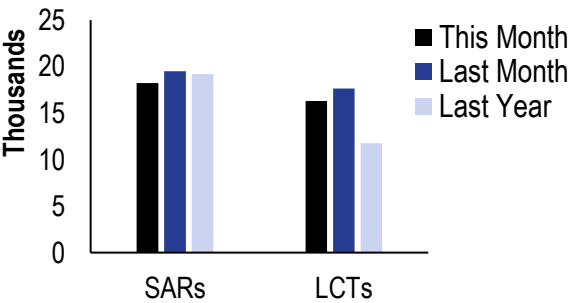


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

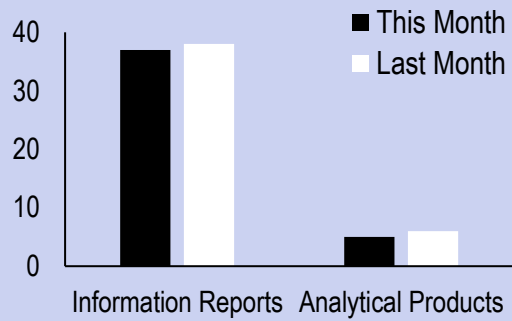
	This Month	Last Month	Last Year
	August	July	August
	2022	2022	2021
SARs	18,230	19,494	19,207
IFTs	435,589	502,671	439,623
LCTs	16,291	17,637	11,770



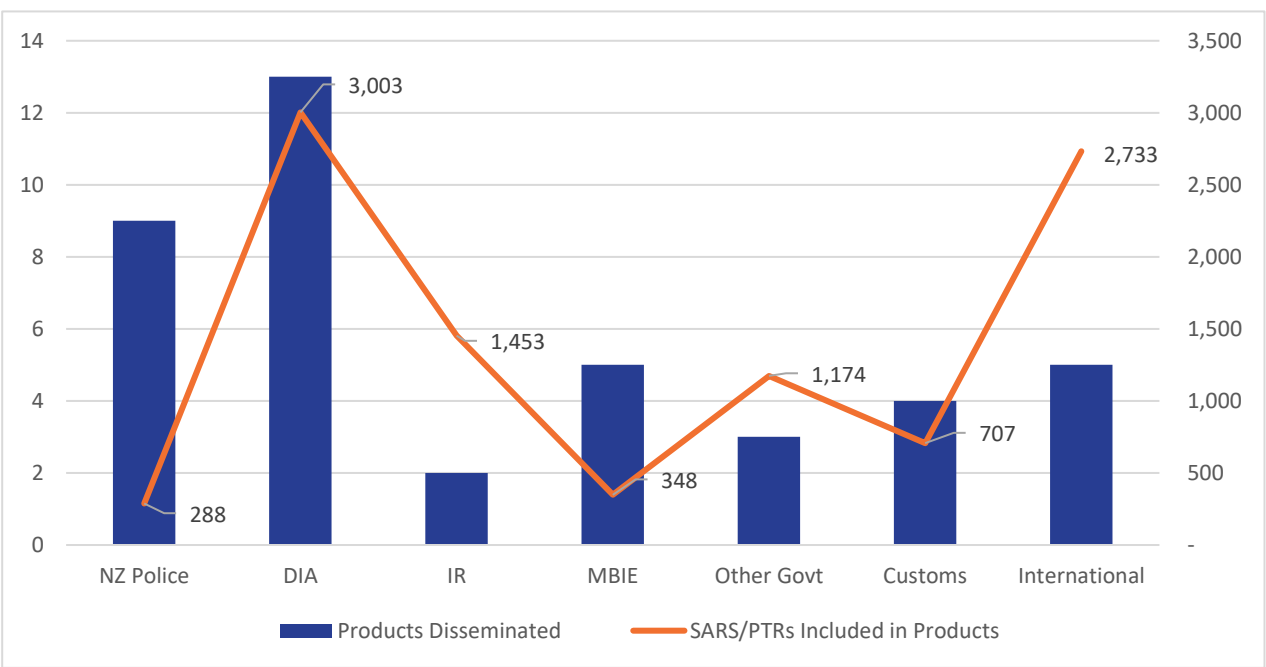
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

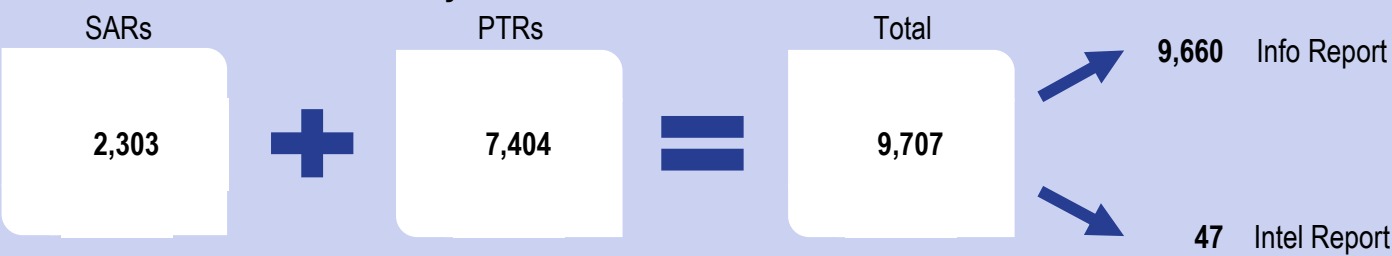
	This Month	Last Month
	August	July
	2022	2022
Information Reports	37	38
Analytical Products	5	6
Total Products	42	44



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.

