

The Suspicious Activity Report

DECEMBER / JANUARY 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) 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), 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 Acting Head of FIU

Detective Senior Sergeant Dave Bealing



Kia ora koutou,

The huarere (weather) seems to have been a bit of a theme in the news recently. We have seen around the motu the effect of the cyclone and its devastating effects. These communities have become very vulnerable, and we had to overcome a number of challenges, such as the loss of power and communication.

While the majority of New Zealanders are pulling together to offer support, whether material or otherwise, we know there is always the risk for financial crime, so its important we remain vigilant to possible scams and crimes that surface.

[Consumer.org](https://www.consumer.org.nz/) recently advised consumers to be on the lookout for individuals who may be impersonating council workers after the recent floods, also providing information from the Insurance Fraud Bureau New Zealand on common criminal activities that often emerge in the wake of disasters.

Recent events will impact financial activity within the affected areas. I urge those of you who have some oversight of this to review data patterns. Sometimes a disruption can identify behaviour that was otherwise hidden within the norm and provide an opportunity to report to the FIU.

Enough about the weather! You may be aware that work continues to progress the recommendations of the AML/CFT statutory review. Next steps include developing the consultation document for Cabinet, which includes options for legislative and regulatory changes, followed by public consultation. The FIU and the Ministry of Justice will provide updates on the progress.

We look forward to continuing our work as we progress through another year.

Kia mate ururoa, kei mate wheke.

NEW ZEALAND AML/CFT NEWS

FCG / Police News

[Police stem massive organised crime operation](#)



Six people have been arrested in the wake of a Police Operation, charged with growing over NZ\$10 million worth of cannabis in two large greenhouses on a farm near Kaikohe.

Millions of dollars' worth of property, vehicles, assets, and cash have been seized as part of two major investigations by Police's Money Laundering Team and the Auckland-based Asset Recovery Unit.

Police continue to work alongside the appropriate agencies regarding a number of foreign nationals arrested during this operation.

News from our Partners

Te Mana Tātai HokoHoko | Financial Markets Authority

[FMA Warns Against Crypto Fraudsters and Impersonators](#)

The Financial Markets Authority (FMA) issued two crypto scam warnings in December, alerting against a potential charge of non-existent fees and unregulated activity.

According to the press releases published on 12 December 2022, [Krypto Security](#) and [Bay Exchange](#) are contacting New Zealanders to offer cryptocurrency services. However, neither of these companies are regulated by the FMA.

Manatū Aorere | Ministry of Foreign Affairs and Trade

[Russia Sanctions Page Updated](#)

MFAT have continued to update the Russia Sanctions Register, with the latest update being 16 February 2023. The Russia Sanctions page has been updated with additional information as well as guidance for specific sectors. MFAT has also added an option for anyone to [receive an email](#) when the Russia Sanctions register is updated.

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

AML/CFT Media Library

PODCASTS



[*The Doorstep: Sanctions Loopholes, Rerouting Trade, & Russia's War Machine*](#)

Rachel Ziemba, head of Ziemba Insights and adjunct senior fellow at the Center for the New American Security, returns to *The Doorstep* to discuss how the balance of power has shifted across the globe.



[*Financial Crime Insights: 2022 Through the Lens of Illicit Finance*](#)

The team at the Centre for Financial Crime and Security Studies discuss the illicit finance stories and surprises of 2022, as well as their predictions for 2023.



[*Fraud Talk: Confessions of a Convicted Fraudster – Charles Antonucci*](#)

The Association of Certified Fraud Examiners' Chief Training Officer John Gill interviewed Charles Antonucci, the former president of The Park Avenue Bank, who was convicted in 2015 bribery, embezzlement, and a multi-million-dollar fraud scheme.



[*The Perfect Scam: Trending Scams to Look Out for in 2023*](#)

The podcast produced by the American Association of Retired Persons (AARP) has recently released this bonus episode, where the host invites anti-fraud activists Frank McKenna and Ayelet Bigger-Levin to look ahead to the trends listeners should watch for in 2023.



[*Planet Money: Sam Bankman-Fried and the Fall of a Crypto Empire*](#)

This podcast episode by National Public Radio (NPR) explores Sam Bankman-Fried's rise to the top of the crypto market and what led him to file for bankruptcy.

INTERNATIONAL AML/CFT NEWS

Australia

[Police find elaborate underground bunker in Adelaide allegedly used to grow cannabis](#)



Two men were charged with drug and money laundering offences as well as theft of electricity after officers attended a semi-rural property where they discovered a bunker.

Cash and hydroponic equipment were seized, along with 680g of dried cannabis.

China

[Chinese Police Break up Money Laundering Group](#)

Chinese police have arrested 63 people connected to a money-laundering group that allegedly used cryptocurrency to launder around 12 billion yuan (NZ\$2.7 billion). The group is alleged to have taken the funds generated from criminals engaging in fraud and pyramid schemes and converted them into cryptocurrency to make it harder to trace.

Colombia

[Colombia's biggest money laundering case of 2022](#)

Colombian authorities have seized COP1.2 trillion (NZ\$387m) worth of assets from a money laundering ring connected to drug smuggling in the United States and Asia, allegedly operated by Holy Land Stores, which imported and sold clothes.

According to authorities, international partners forged export invoices to import clothing that were subsequently sold to Holy Land Stores' 29 branches and 30 franchises throughout Colombia. Export companies from mainland China, Singapore, Panama, India, and Hong Kong are implicated.

Denmark

[Danske Bank pleads guilty to resolve long-running Estonia money-laundering probe](#)



Danske Bank, Denmark's largest bank, has pleaded guilty to bank fraud conspiracy to settle a long-running investigation involving billions of dollars in illicit payments. The bank has agreed to forfeit US\$2 billion (NZ\$3.1bn).

Prosecutors in the US Justice Department stated that between 2008 and 2016, the now-closed Estonian branch of Danske Bank attracted high-risk customers from Russia and other countries by allowing large deposits with little oversight, with their employees creating shell companies to help hide the transactions.

Lebanon

[Cash is king in Lebanon as banks atrophy](#)



In the wake of banks freezing accounts, preventing access by their customers, Lebanese civilians have been operating entirely in cash, with the amount in circulation increasing 12-fold between 2019 and 2022.

Many businesses, including restaurants, have stopped accepting credit cards in favour of cash. The increased amount of

money in circulation has resulted in concerns about money laundering and terrorism financing, as cash is more difficult to track.

United Kingdom

[Staffordshire money laundering truckers jailed for 42 years](#)

Six people from North Staffordshire working for the shipping company Genesis 2014 (Ltd) UK have been given prison sentences totalling 42 years for their role in a money laundering operation transporting illegal cash across the UK between 2020 and 2021.

Their operation involved collecting physical bundles of cash from various locations across the country and beyond and transporting the cash to London to be laundered. The total amount involved was over £30 million (NZ\$57m).

[Santander UK fined £108m over anti-money laundering failings | Banco Santander](#)

British bank Santander UK has been fined £108 million (NZ\$207 million) after an investigation found “serious and persistent gaps” in its money laundering controls. The Financial Conduct Authority said more than £298 million (NZ\$572 million) that passed through business accounts had received red flags due to suspicious activity but had not been acted on by Santander.

One of the instances highlighted showed that Santander UK’s anti-money laundering team identified a suspicious account which transacted millions of pounds to other accounts, but due to “poor processes and structures” the account remained open for another 18 months.

United States

[Ex-FBI official arrested for alleged money laundering, violating Russia sanctions, taking money from former foreign agent](#)

US prosecutors have charged the former head of counterintelligence for FBI’s New York Office, Charles McGonigal, for money laundering, violating Russian sanctions by working with a Russian oligarch, and accepting bribes from foreign nationals in between 2017 and 2018.

The alleged criminal acts began the year after McGonigal retired from the FBI in 2018. However, the indictment states he also used his law enforcement connections before his retirement to obtain a job for a person connected to the Russian oligarch.

Corruption

[Ohio Republicans accused of taking \\$60m in bribes as corruption trial opens](#)



Top Republicans in the Ohio State Government, including former Ohio House Speaker Larry Householder (pictured left), have been accused of accepting US\$60 million (NZ\$92m) in bribes from the FirstEnergy power company in exchange for a US\$1.4 billion (NZ\$2.2bn) bailout of two nuclear power plants owned by FirstEnergy.

Federal prosecutors allege Householder and four other co-conspirators received the bribe money through tax-exempt organisations, which under US law are allowed to keep their identity of their donors secret. The bribe money was then allegedly used by Ohio Republicans to help elect their candidates in the 2018 local elections.

Cryptocurrency / Sanctions

[Russia and Iran eye up trade using cryptocurrencies to avoid dollars and sanctions](#)

Iran and Russia are reportedly in talks to jointly issue a stablecoin, backed by gold, to be used in their bilateral trade deals in an attempt to circumvent economic sanctions.

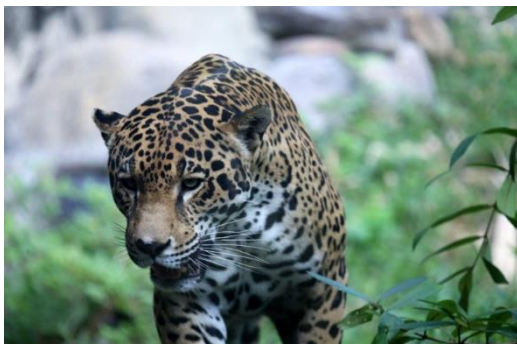
[In January 2023](#), the Russian news agency *Vedmosti* reported that the cryptocurrency would operate in a special economic zone in Astrakhan, where Russia has accepted Iranian cargo shipments.



Russian President Vladimir Putin meets with Iranian President Ebrahim Raisi

Wildlife Trafficking

[Wildlife Conservation Society report on online trade in jaguar parts](#)



A new report from the Wildlife Conservation Society (WCS) analyses the buying and selling of trafficked jaguar parts online. It revealed that most of the activity is happening in Latin America and teeth and skins were the most traded parts, commonly destined for China and other Asian countries.

Researchers reviewed online archives of popular social media sites and online marketplaces for posts related to jaguar sales between 2009 and 2019. They found 230 online posts across 31 social media sites pertaining to the illegal exchange of jaguar parts. The search was done in seven languages across 19 countries. The WCS report noted that most of the parts originated in Mexico, where the jaguar population is less than its neighbouring countries to the south. The full report can be read on [PLOS ONE](#).

Basel AML Index

[Basel AML Index 2022: Ranking Money Laundering and Terrorist Financing Risks Around the World](#)



The Basel AML Index is an independent annual ranking that assesses the risk of money laundering and terrorist financing around the world.

Published by the Basel Institute on Governance since 2012, it provides risk scores based on data from 18 publicly available sources such as the Financial Action Task Force (FATF), Transparency International, the World Bank, and the World Economic Forum. The Basel AML Index is developed and maintained by the Basel Institute's International Centre for Asset Recovery.

The Public Edition (linked) of the Index covers 128 countries with sufficient data to calculate a reliable ML/TF risk score.

FINCEN

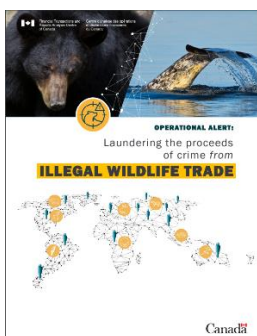
[FinCEN Alert on Potential US Commercial Real Estate Investments by Sanctions Russian Elites, Oligarchs, and Their Proxies](#)

The Financial Crimes Enforcement Network (FinCEN) issued an alert to financial institutions on potential investments in the US commercial real estate sector by sanctioned Russian elites, oligarchs, their family members, and the entities through which they act.

The alert lists potential red flags and typologies involving attempted sanctions evasion in the commercial real estate sector and reminds financial institutions of their Bank Secrecy Act (BSA) reporting obligations.

FINTRAC

[Operational Alert: Laundering the Proceeds of Crime from Illegal Wildlife Trade](#)



The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) has published a new Operational Alert meant to assist businesses in better identifying and reporting financial transactions related to the laundering of proceeds of crime from illegal wildlife trade.

The Operational Alert was developed in support of Project Anton, a new international public-private partnership aimed at improving awareness and understanding of the global threat posed by illegal wildlife trade.

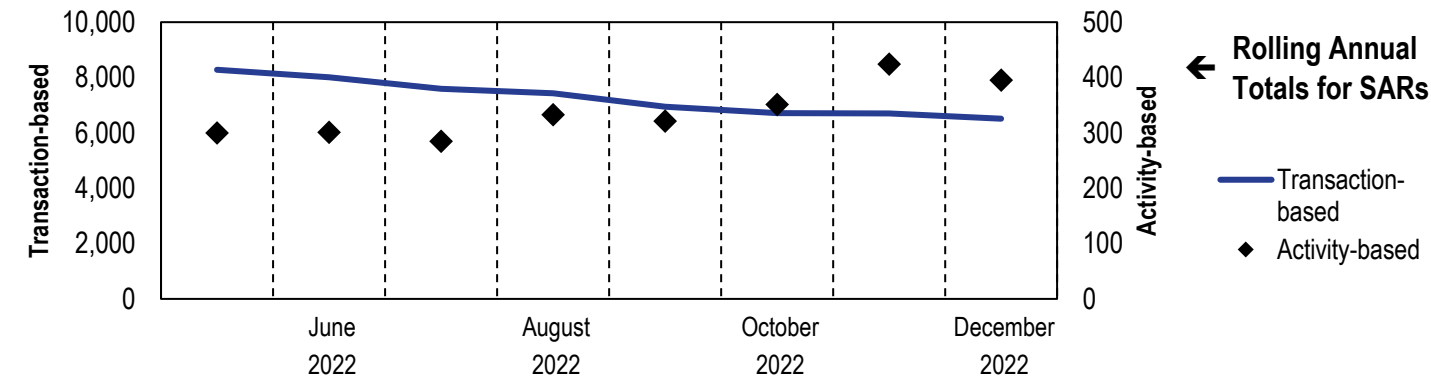
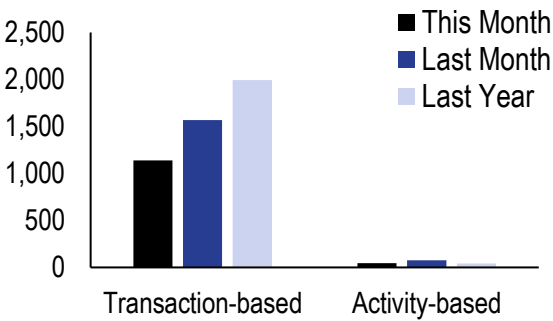
This initiative was named in honour of Anton Mzimba, Head of Security at the Timbavati Private Nature Reserve and a Global Conservation Technical Advisor, who was murdered in 2022 for his passionate commitment to protecting and conserving wildlife.

Project Anton is led by Scotiabank and supported by The Royal Foundation's United Wildlife Network, FINTRAC, AUSTRAC's Fintel Alliance, the South African Anti-Money Laundering Integrated Task Force, the United Kingdom Financial Intelligence Unit, Western Union, and numerous other government, law enforcement, and non-governmental organisations in Canada and around the world.

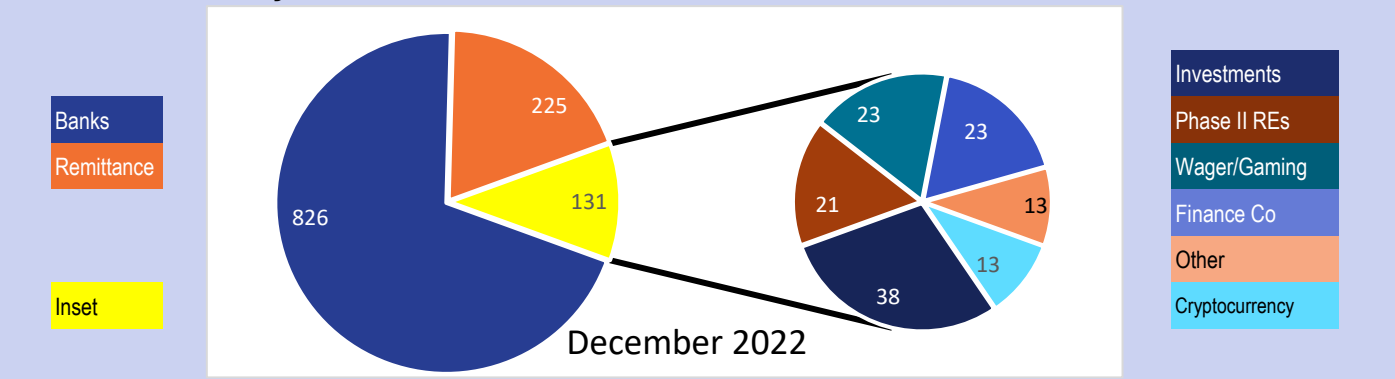
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	December	November	December
	2022	2022	2021
Transaction-based	1,138	1,568	1,994
Activity-based	44	77	41
Total	1,182	1,645	2,035

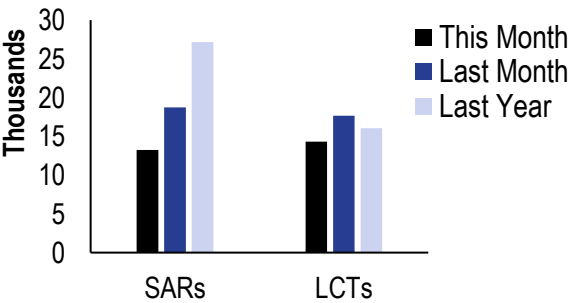


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

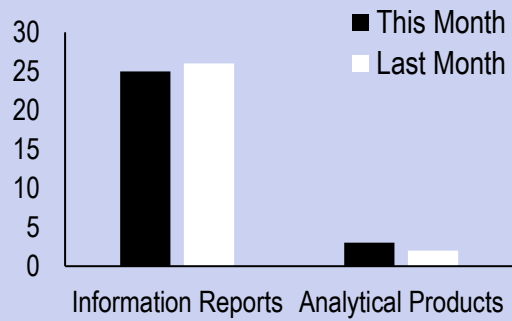
	This Month	Last Month	Last Year
	December	November	December
	2022	2022	2021
SARs	13,238	18,720	27,161
IFTs	568,465	521,849	521,308
LCTs	14,326	17,680	16,059



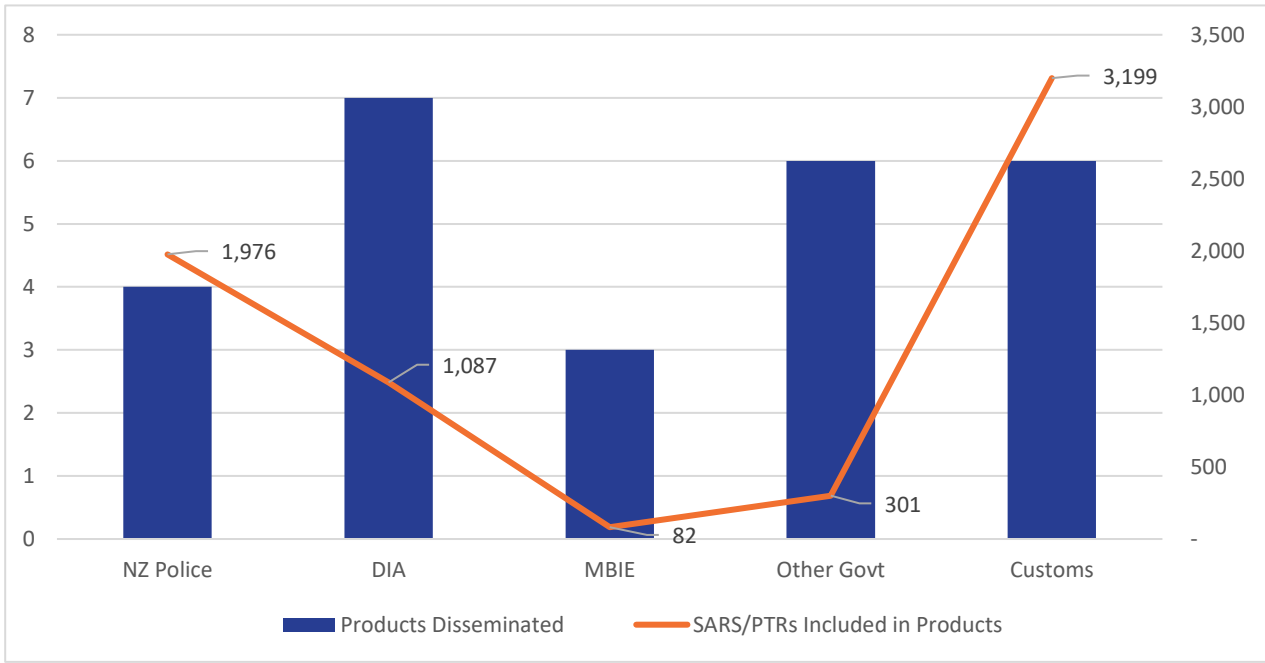
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

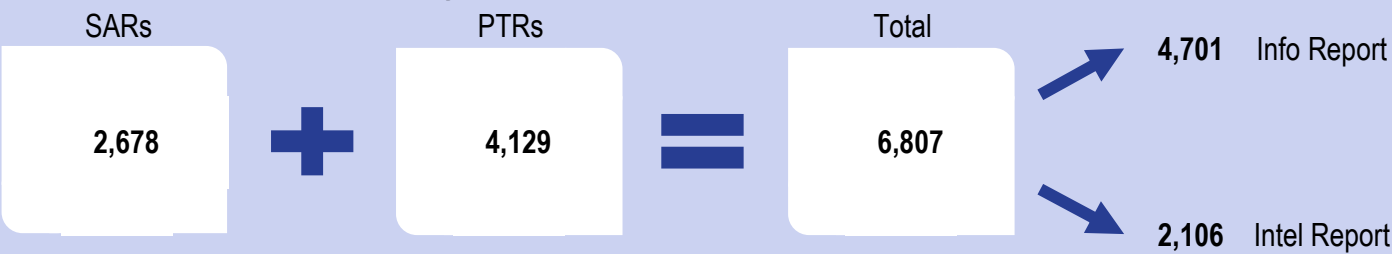
	This Month	Last Month
	December	November
	2022	2022
Information Reports	25	26
Analytical Products	3	2
Total Products	28	28



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.

QUARTERLY STATISTICS*

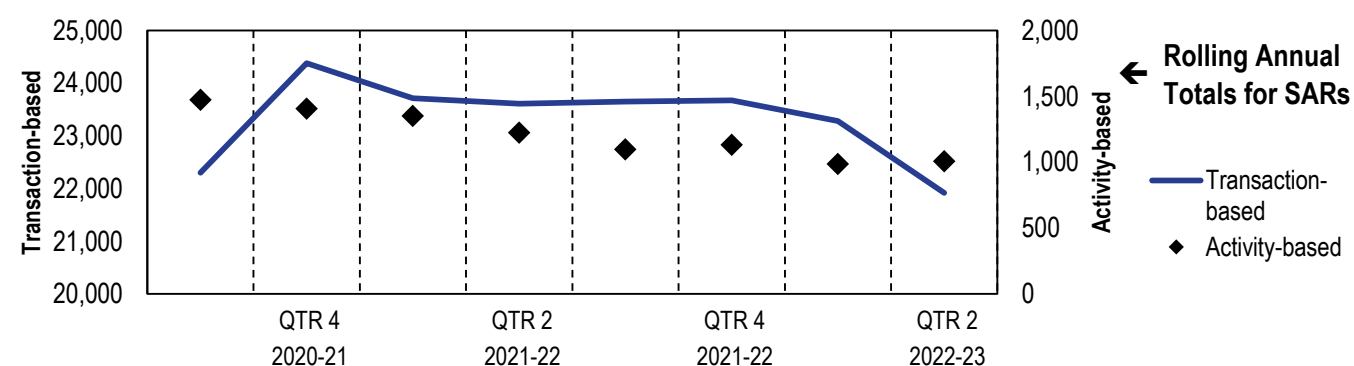
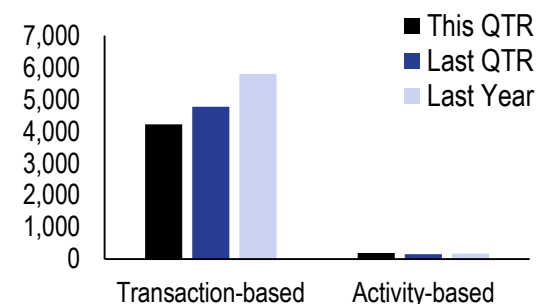
NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

QTR 2 | 2022-23

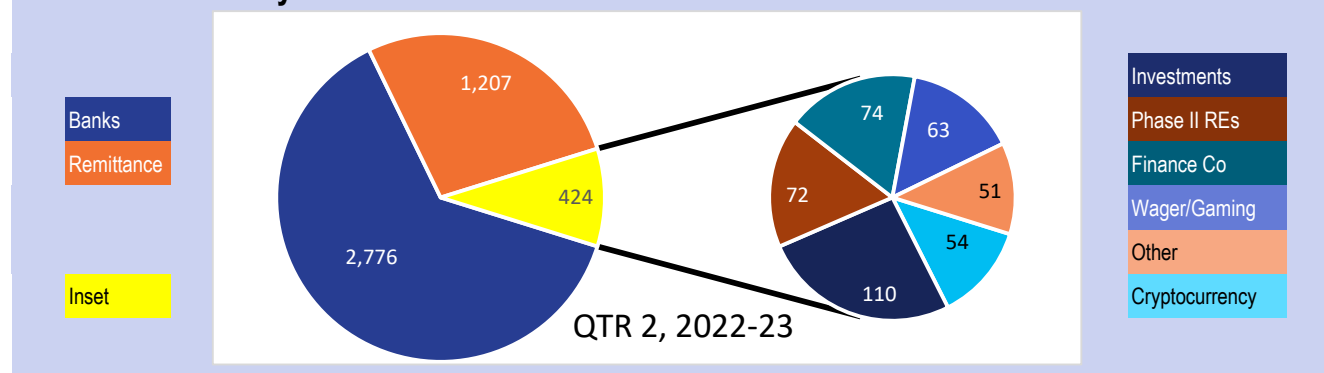
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This QTR	Last QTR	Last Year
	QTR 2	QTR 1	QTR 2
	2022-23	2022-23	2021-22
Transaction-based	4,221	4,768	5,799
Activity-based	188	157	173
Total	4,409	4,925	5,972

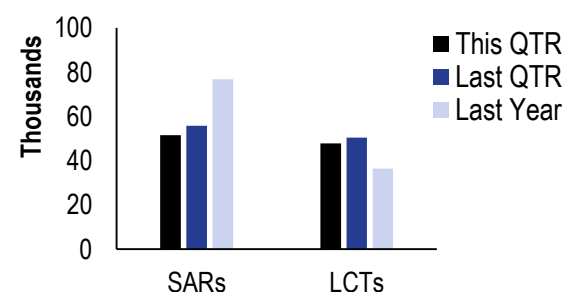


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

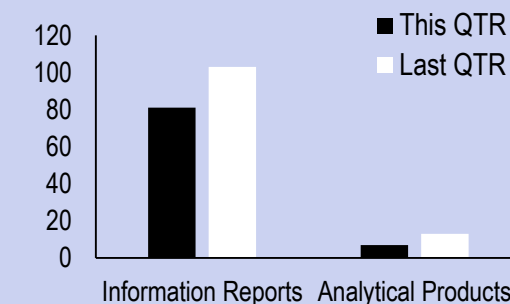
	This QTR	Last QTR	Last Year
	QTR 2	QTR 1	QTR 2
	2022-23	2022-23	2021-22
SARs	51,527	55,731	76,838
IFTs	1,572,502	1,531,151	1,412,338
LCTs	47,808	50,329	36,335



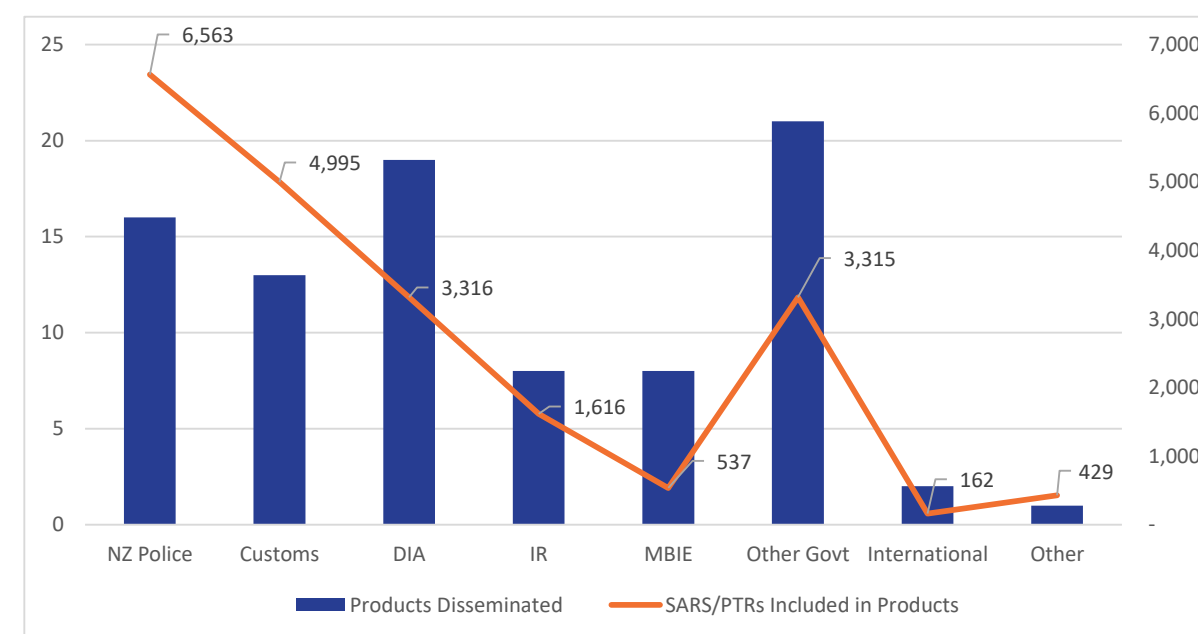
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

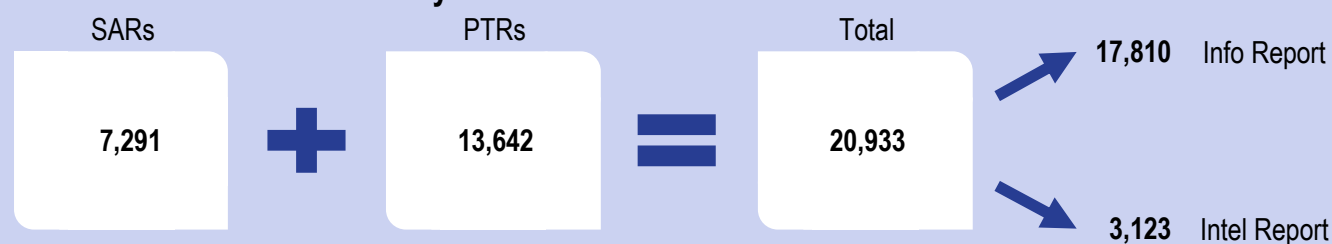
	This QTR	Last QTR
	QTR 2	QTR 1
	2022-23	2022-23
Information Reports	81	103
Analytical Products	7	13
Total Products	88	116



Disseminations of Products by Recipient



Disseminations of Products by Included SARs and PTRs

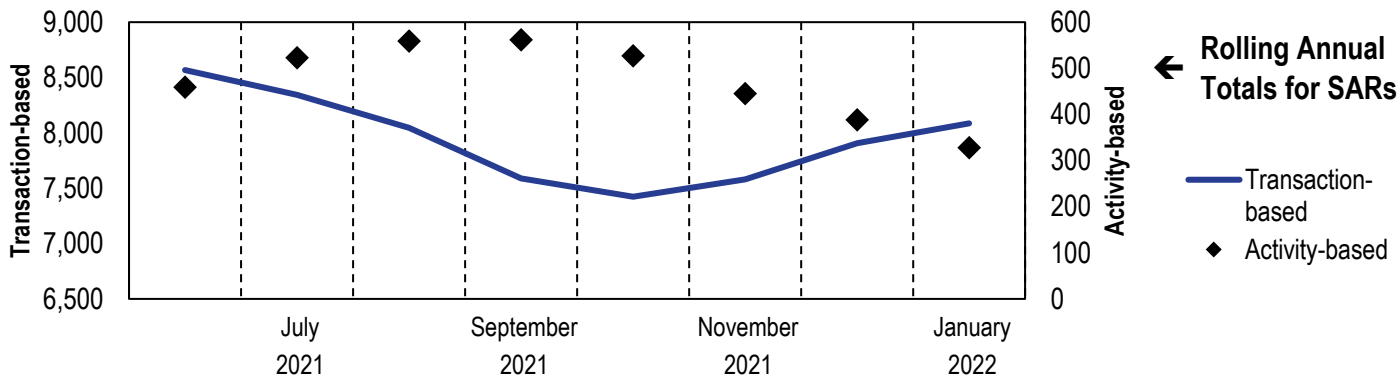
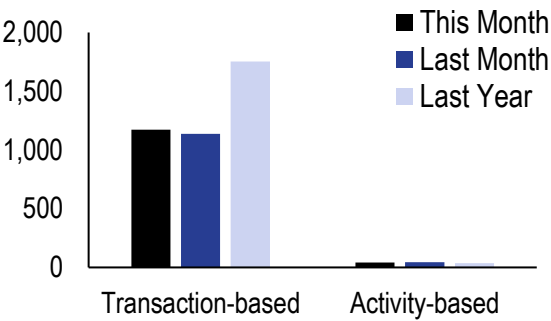


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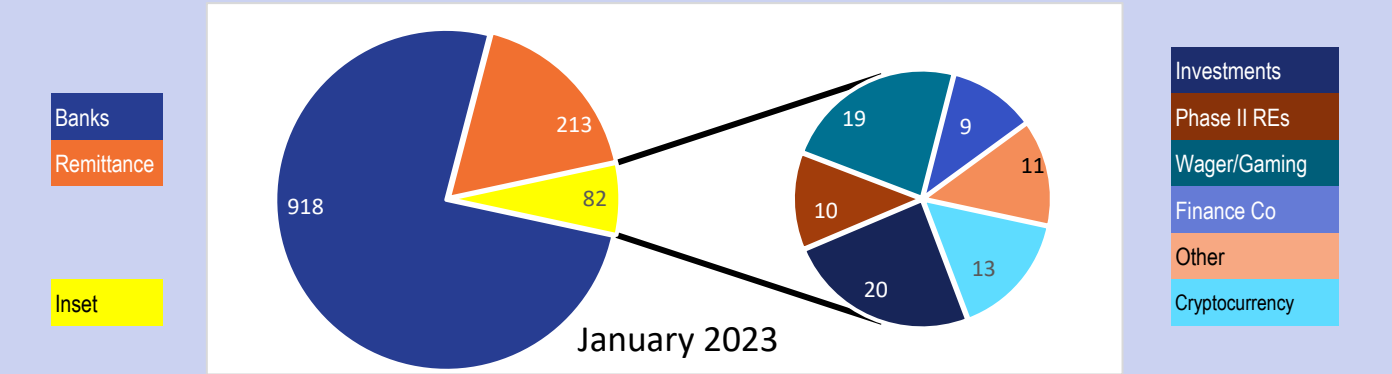
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	January	December	January
	2023	2022	2022
Transaction-based	1,172	1,138	1,752
Activity-based	41	44	37
Total	1,213	1,182	1,789

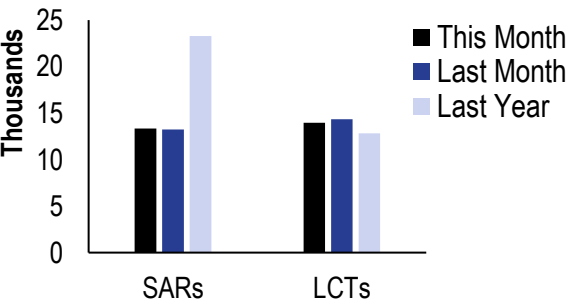


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

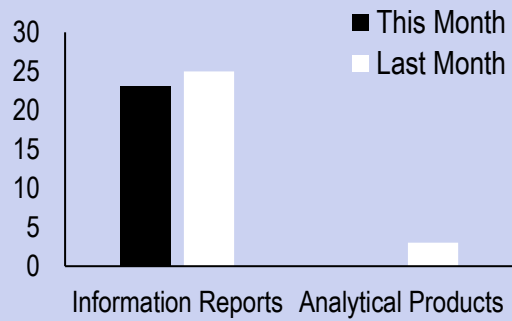
	This Month	Last Month	Last Year
	January	December	January
	2023	2022	2022
SARs	13,358	13,238	23,287
IFTs	385,764	651,828	396,786
LCTs	13,974	14,326	12,819



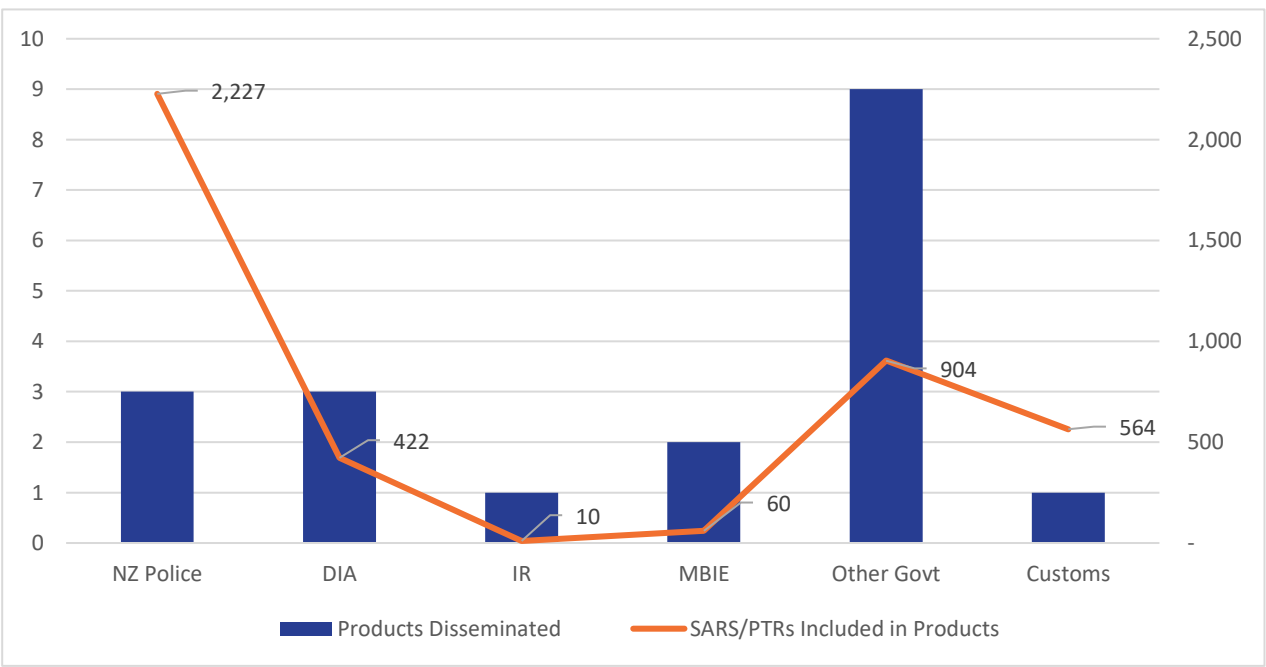
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

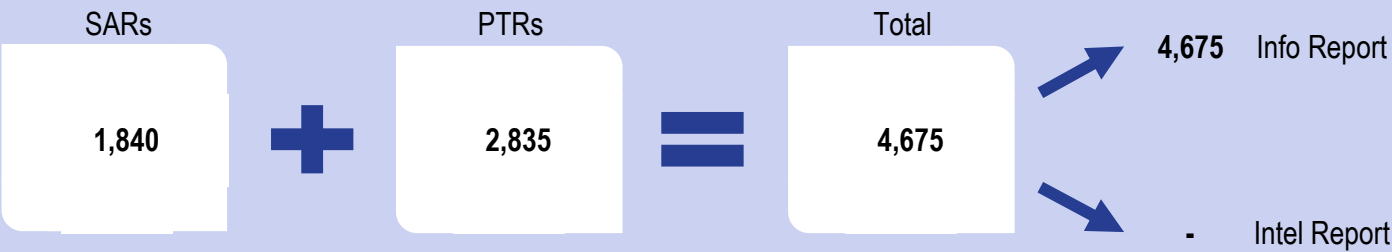
	This Month	Last Month
	January	December
	2023	2022
Information Reports	23	25
Analytical Products	0	3
Total Products	23	28



Disseminations of Products by Recipient



Disseminations of Products by Included SARs and PTRs



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