The Suspicious Activity Report

New Zealand Financial Intelligence Unit

NEW ZEALAND POLICE
Ngā Pirihimana o Aotearoa

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.

#nzfiu

Notes from the Head of FIU
Detective Inspector Christiaan Barnard

What's currently front of mind for me? Data. This vitally important subject poses many challenges and opportunities. In the FIU context, data drives deployment, discovery, and investigative support, and we have rich data sources that include suspicious activity reports and prescribed transaction reports.

The FIU has invested in data resources (both human and software), and we are seeing the benefits as the FIU Data Team puts applications into production (which at the time of writing is five). Our IQ platform has enabled us to view the data we receive in ways we were unable to before, however it has also highlighted data quality issues in the prescribed transaction reports.

With 14,000 transactions being ingested every day, data quality issues in the reports we receive can quickly have an impact on our insights. Many reports submitted by reporting entities have issues such as poorly formatted names, missing or incorrect dates of birth, and account numbers containing non-numeric data. This leads to duplication of identities within goAML and results in the FIU expending some effort cleaning the data to ensure our holdings are reliable for operational matters as well as strategic insight.

The FIU has been running a data quality project over the past few months and there has been a multi-pronged attack on "dirty data" to endeavour to clean up what we have. We are also looking to work closely in the near future with reporting entities as we try to achieve our overarching strategy of preventing erroneous data from being ingested. While we work through our options, it will likely result in changes to the acceptance rules for goAML and the introduction of feedback loops.

Our team of four data analysts has been busy developing applications within our new data analytics software IQ (which is comprised of Qlik Sense and Datarobot). This has seen five applications go into production that support a range of business needs. All of the business needs addressed were previously done through manual processes or other applications that don't provide the high-quality insights that IQ can provide. On the operational front, a search tool has been developed for a broad law enforcement audience which enables basic queries of the financial intelligence held by the FIU. An Intelligence for Investigation tool has also been developed for investigators to visualise and analyse financial intelligence relevant to their investigations.

For the Asset Recovery Units, we have developed a property tool that pulls property data to support their investigations and restraints, and a dashboard that visualises our asset recovery restraints and forfeitures. Finally, we have used IQ to develop a Workforce Manager tool which provides additional insights for our Financial Crime Group supervisors on managing a range of metrics such as training and leave.

We have additional applications in development. The most exciting one is the Discovery application, which is focussed on understanding "unknown unknowns" within the data reported to us. The Discovery application will endeavour to reach across a number of siloed criminal

databases and automatically combine it with our financial intelligence. This will inform our prioritisation of operational targets and will support other work groups in managing a range of risks. We are also developing an application which will focus on analysis of the use of cash and cash deposits reported to us. Cash is well recognised as our highest risk money laundering typology, and this will improve our insights into how illicit cash enters the financial system.

Finally, the most critical piece – our people. We are recruiting two further data analysts through our Neurodivergence Pilot which features in a story in this month's report. We have a small and highly skilled team of data analysts who are working within the IQ environment to develop applications for use by the FIU and the broader FCG. This team is critical in achieving the FIU's mission and as we look ahead, their role will become central to the ongoing successes of the FIU.

Remember: know the risk, ask the questions, and report your suspicion to the #nzfiu.

NEW ZEALAND AML/CFT NEWS

FIU News

New goAML Webinars

The FIU's Training, Liaison and Compliance team has created several new webinars, which can be found in the goAML Resource Library. To access, log into goAML, and click 'Help' in the navy blue task bar.

The new topics include:

General Principles	Entering an STR
Navigating goAML	Entering an SAR
Entering a New Entity	Entering an IFT
Entering a New User	Entering an LCT
Reverting a Rejected Report	Entering an LCT for High Value Dealers

Valuing Neurodiversity

Police is opening the recruitment door to people who have valuable skills but cannot navigate traditional employment processes.

Three positions recently advertised within the Financial Intelligence Unit (FIU) include the usual requirements – such as writing and analytical skills – and a very unusual one: Must be autistic. The roles, one research analyst and two data analysts, are the focus of the Neurodivergence Programme pilot.

The initiative began with a recruiting conference in Australia and a session about opportunities associated with neurodivergent employment. A Team Leader in Police's Talent Pathway team requested to lead a project to bring neurodiversity to Police, working closely with Autism NZ.

Autism NZ, which runs employment support programmes in Auckland and Wellington, says barriers start with job ads containing confusing jargon. Interviews are a major issue for candidates with problems communicating, responding to questions in a timely manner, understanding body language or making eye contact. This requires a more practical, hands-on process to bring out a candidate's potential.

Alongside coaching and in-work support for the newcomers – including mentoring from volunteers within PNHQ – Autism NZ is providing support to help prepare current team members. Autism NZ Chief Executive Dane Dougan says Police has been fantastic in understanding the need to de-stress the process, provide ongoing support, and create a welcoming workplace with the understanding that "difference is fine".

Applications have closed and shortlisted candidates have been invited to a two-day assessment workshop to ensure they understand the roles and working environment, while helping Police and recruiters understand their abilities and needs before final selection. The successful candidates are expected to begin work from October.

You can find out more on the [Autism NZ website](), including more on the [Neurodivergence Programme]().

#nzfiu

News from our Partners

Te Tari Taiwhenua | Department of Internal Affairs

Regulators out in the regions

AML/CFT Regulators from the Department inspected 12 reporting entities throughout Whanganui, Taupō and Hamilton during June and July as part of the Department's aim to have a visible regulatory presence around the regions. The reporting entities visited included law firms, real estate agents, accountants, and remittance providers.

The inspections and four education visits across the three regions were driven by risk analysis and our knowledge of reporting entities and sectors. The analysis undertaken also made good use of data provided by the Police Financial Intelligence Unit (FIU).

The visits were scheduled to ensure reporting entities were implementing policies, procedures, and controls (PPCs) to effectively manage the ML/TF risks faced by their business. At each visit, regulators used a hybrid model of education and investigating skills to test the PPCs in place.

"We reasonably expect all reporting entities visited to be compliant with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 by now. It was therefore disappointing that we identified reporting entities on the visits who were clearly non-compliant," says Renata Kawala, Senior AML/CFT Regulator at the Department.

"These non-compliant reporting entities will be the subject of follow up remediation or sanction action by the Department."

Examples of issues identified

➢ Reporting entities did not have sufficient understanding of when to apply enhanced CDD.

➢ Reporting entities could not identify what reasonable steps were taken to determine whether a customer or beneficial owner was a Politically Exposed Person.

➢ Reporting entities were not verifying customer identity before conducting business.

➢ Reporting entities did not have sufficient knowledge of identifying and reporting suspicious activity to the FIU.

➢ A small but significant percentage of law firms continue to use template AML documents that have not been tailored to the specific risks and requirements for their business.

We'll be continuing this important "on the ground" focus with inspections throughout the 2022/2023 year to promote AML/CFT best practice.

28th EGMONT PLENARY

Detective Inspector Christiaan Barnard

Freedom Monument in Riga, Latvia

In early July, I travelled to Latvia for the Egmont Group of Financial Intelligence Units Plenary, which was the first time that the Plenary has been held face-to-face since 2019 due to COVID. Egmont comprises of 166 jurisdictions and 120 delegations were able to attend.

I took the opportunity over the four days to have bilateral meetings with a number of jurisdictions, to either thank their FIUs for their assistance with Mutual Assistance Requests we had sent them, or to chase them up on outstanding requests.

It was a busy week, but after two and a half years of meeting through computer screens, it was a welcome change to see my colleagues in person. There is a lot to be said for the increased engagement and ability to get things done when you can see people in person.

Day 1

In the margins, I was able to catch up with a number of delegates from different countries. At the morning and afternoon tea breaks, I found myself in discussions with the delegates from Kyrgyzstan, Bahrain, Saudi Arabia, Kosovo, and Bolivia, and with delegates from Mexico and Cambodia during the lunch break.

Today saw the delegates split up to attend the four Working Group meetings that were running all day. The four working groups are Information Exchange (IEWG); Membership, Support, and Compliance (MSCWG); Policy and Procedures (PPWG); and Technical Assistance and Training (TATWG). Due to the operational focus of the Information Exchange Working Group, I opted to attend these sessions.

The first session started with an overview of the completed products from the past 12 months. These were the Laundromats; the Role of FIUs with Asset Recovery; FIU-Fintech cooperation; and the impact of the COVID pandemic. The Laundromat paper has some relevance to New Zealand in that the focus was on shell companies, and the paper included a risk-based analysis of transactions involving suspected shell companies with transactions taken from FIUs and the private sector.

The paper on the role of the FIUs with asset recovery found that many FIUs currently undertake asset searches and asset traces on behalf of their ARUs. One of the key challenges to the asset recovery process faced by most countries is the co-mingling of funds and the challenges with unpicking the complex web of transactions. Fintechs are an emerging gap for New Zealand and the paper reinforced the need for FIUs to have a good understanding of the local and international Fintech industry.

Finally, the paper looking at corruption and COVID-19 was tabled, and this identified a number of risks – some of which we have seen in NZ such as the misuse of COVID-19 subsidies. Other jurisdictions have had challenges with medical supply frauds, corruption, and favouritism in COVID-19 government contracts.

The next session of interest was updates on the ongoing projects. The current projects are Detecting Trade Based Money Laundering (TBML); Ideologically Motivated Violent Extremist (IMVE); Use of Open-Source Intelligence; and Abuse of Virtual Assets for Terrorism Financing purposes. These projects all have relevance to the NZFIU.

The afternoon comprised a number of case studies arising out of the projects. Of note was a presentation by the Austrian FIU on a white supremist rapper with the pseudonym Mr Bond who has an intense interest in the Christchurch terror attacks and he was identified through financial intelligence reporting. He has since been sentenced to 10 years' imprisonment.

Day 2

The first item on the agenda was the tabling of a concept note on the abuse of non-profit organisations (NPOs) for terrorism financing (TF) Purposes. This concept note – which will have some relevance to New Zealand – was supported and will become an IEWG project.

Among the many presentations on day two was the Latvia FIU's session on their Public Private Partnership (PPP) – New Zealand's equivalent of this is the Financial Crime Prevention Network (FCPN). The Latvian PPP, the International Financial Intelligence Taskforce (IFIT), is comprised of the FIU, law enforcement, prosecutors' office, the State Revenue Service, and every reporting entity is also considered to be a member.

The IFIT seeks to generate both tactical and strategic intelligence, with the primary way of progressing tactical intelligence facilitating one-on-one meetings between investigators and reporting entities for either prevention or investigation of specific offences. They have developed a coordination platform for the supervisors which allows for coordination of activity, secure exchange of information, and providing current trends on money laundering, terrorist financing, and proliferation financing risks.

A case study was provided where the Latvian State Police detained an organised criminal group suspected of human trafficking. The FIU convened a meeting between the Police and banks to brief banks on the case. The banks were able to then freeze the assets connected with the group while the Police applied for the Latvian equivalent of a restraining order.

In the afternoon we split off into our regional groups and I joined the Asia and Pacific Regional Group meeting which was chaired by the Australian FIU (AUSTRAC). I was also able to take some time out to connect with the FIUs involved with an operation where 12 Egmont requests and

four Mutual Legal Assistance Treaties have been made. I was able to personally thank the assisting Heads of FIU for being so responsive.

The day ended with presentations from the International Monetary Fund on its new CFT Handbook and Interpol on its new Financial Crime and Anti-Corruption Centre. One of Interpol's initiatives is to better connect law enforcement with FIUs, with the first step being I-FIU Connect, a platform that will allow FIUs to cross reference SARs against Interpol's notices and databases.

Day 3

This morning the Asia Pacific Regional Group meeting continued, beginning with a presentation from Japan on their response to their Mutual Evaluation published in 2021. The Japanese government has taken various measures in order to address the report's recommendations, including the establishment of the Inter-Ministerial Council for AML/CFT/CPF policy; establishing an action plan; strengthening the analysis of their National Risk Assessment (NRA); developing a national policy; and making a number of legislative reforms.

AUSTRAC then presented on the Pacific Financial Intelligence Community (PFIC), which was established in 2021 by founding members Australia, Fiji, Papua New Guinea, and New Zealand. The membership has recently opened up to all Pacific FIUs, and the first face-to-face meeting will be held in PNG in November.

The Philippines shared their Best in Egmont Case Awards (BECA) case study, which was presented through a short film. The topic of their BECA submission was Child Exploitation in the Philippines, where the illicit income is believed to be about US$1 billion per year. The Philippines FIU (AMLC) did a deep dive into their SARs to look at trends over the past four years. They have observed a significant increase in SARs from 2018, due to the heightened awareness of child

#nzfiu

exploitation risk in the money remittance business. The study concluded that money remitters remain the preferred method of sending money to the Philippines for live streaming of child abuse.

There was a presentation on the UN's Finance Against Slavery and Trafficking (FAST) partnership, where the presenter highlighted a recent Global Organised Crime study which concluded human trafficking is the most pervasive of all criminal markets globally. UN FAST is considering how the FATF's new presidency's focus on asset recovery can be used as leverage to recover assets from human traffickers. In February, UN FAST began a series of private sector engagements on the subject of human trafficking, forced labour, and child labour and has resulted in UN FAST developing workshops that can be delivered in any country.

AUSTRAC presented on cash deposits into ATMs, which was a project that they submitted to BECA. The focus of the project was the use of intelligent ATMs to enable large third-party deposits subsequently sent overseas. The project targeted a specific syndicate that was based in Europe. Analysis identified a complex web of accounts, resulting in the arrest of 13 people in Victoria and Western Australia and the restraint of $4 million. AUSTRAC determined that over a 12-month period, the syndicate represented 10% of all cash deposits through the ATMs via 7.8 million transactions. The predicate offences included illicit tobacco, drugs, and firearms. Feedback was provided through the Fintel Alliance, and partner banks changed their business rules for the use of smart ATMs.

The last item on the agenda was Russia, where it was noted that the FATF has largely stripped Russia of any positions of influence within the FATF and that the Russian actions are a gross violation of the commitment to international cooperation and the foundation of mutual trust required under the Egmont Charter. The Egmont chair said that decisive restrictions have been imposed on the role the Russian authorities can play in AML/CFT international activities.

The Ukraine delegation had the final agenda item. The head of the delegation thanked the chair for condemning the war against Russia. Their position was that the unjustified aggression needs to be addressed as part of the Egmont Group Chapter, as it unites FIUs based on mutual trust and if there is no trust, there is no cooperation. Numerous countries expressed their solidarity with Ukraine and condemned the Russian aggression. It should be noted that no delegation from Russia's FIU (Rosfinmonitoring) was in attendance, as the Latvian Government would not issue visas to any Russian citizens.

Day 4

Today started early with a meeting for the [Russia Related Illicit Finance and Sanctions (RRIFS)](#) Working Group. New Zealand joined this group when it was founded in March this year, and it focusses on collaboration and prompt sharing of Russia sanctions-related financial intelligence.

Today's session was opened by the President of Latvia, Egils Levits. He talked about the AML Innovation Hub and how Latvia had worked very hard to become compliant with the FATF recommendations after nearly being grey-listed.

This was followed by a panel presentation that included the Netherlands, Malaysia, and Luxembourg. It started with the Netherlands discussing their role in the ABLV Bank investigation. The Netherlands analysed the data sent to them by Latvia and established that

#nzfiu

the Netherlands had been used as a transit and integration country for the money laundering conducted by the ABLV Bank.

Detective Inspector Christiaan Barnard with outgoing Egmont Chair and Head of the Netherlands FIU, Commissioner Hennie Verbeek-Kusters

Malaysia's delegate then presented on the Financial Intelligence Consultative Group (FICG), which comprises the 12 ASEAN nations plus the New Zealand and Australia FIUs. He provided an overview of the products that have been developed out of the group which has included a regional intelligence assessment on terrorism financing (TF); regional risk assessment on non-profit organisations (NPOs) and TF; ISIL and regional TF; a terrorism financing disruption toolkit; a regional threat assessment on transnational laundering of corruption proceeds; an anti-fraud project; and cryptocurrencies.

The last panel member, from Luxembourg, presented on information exchange between FIUs from the perspective of an international financial centre. Often the predicate offence is far removed from the suspicious activity reported in Luxembourg. He discussed it within the context of the Latvian-led IFIT group and said that from the lessons learnt there is a need to develop big data analysis tools; have effective cooperation with the private sector through public private partnerships (PPP); and ensure that law enforcement, asset recovery and prosecutors are engaged early.

The next panel session started with Him Das, the Director of the United States FIU (FinCEN) on the effectiveness of the FIU. He recounted his recent time presenting to the US Congress, where he was asked if FinCEN had any statistics that measured its effectiveness. His response was that it is a complicated system where measuring effectiveness can be challenging. He saw FinCEN's measures of success as working closely with law enforcement; providing feedback loops to

reporting entities; training delivery to reporting entities; and technological innovation with data analytics. This assessment of FinCEN's priorities is very closely aligned with what the New Zealand FIU also considers important.

John Moss from AUSTRAC then also addressed effectiveness and said that it can be divided up into data, people, and tools. Given the sheer volume of data that AUSTRAC collects (850 suspicious matter reports and 500,000 transaction reports daily), he stated that FIUs need to look at reporting entities as strategic partners. He advised that FIUs should also ensure that they have up-to-date tools, as many products will have a shelf life of only a few years.

The first session of the afternoon was another panel discussion. The Canadian FIU (FinTRAC) presented on their public private partnership, covering [Project Shadow](#) (child exploitation), [Guardian](#) (fentanyl trafficking), [Protect](#) (human trafficking), [Athena](#) (underground banking), and [Chameleon](#) (romance scams). Interestingly, rather than being FinTRAC-led, a bank took the lead on each of the projects.

The Best in Egmont Case Awards (BECA) competition was then presented. There were 30 submissions which had been narrowed down to two by a panel of judges for consideration by the Heads of FIU, one submitted by Italy and another by Latvia.

Italy presented their case, which was related to the misuse of tax relief. It was the largest case of fraud and embezzlement in the history of Italy, and involved billions of euros. The Italian FIU had identified the risk very early in the offending and while they could not see the scope of the offending immediately, they engaged with the private sector to disrupt and refer matters through to the Italian Revenue Agency and National Anti-Mafia Directorate. Through the course of the investigation, more than 10 FIUs became involved due to the number of jurisdictions that the illicit funds were flowing through. Their work resulted in the arrest of 35 people, 4.4 billion euros in tax credits were detected, and 2.3 billion euros was restrained.

Latvia then presented their case, which was about a significant money laundering scandal in 2019 involving ABLV Bank. At that time, FinCEN issued a notice that the Latvian ABLV Bank was a money laundering concern, and it was allegedly laundering billions of dollars through shell companies. At that time, it was the third largest bank in Latvia and supervised by the European Central Bank. FIU Latvia acquired all ABLV customer data from 2013 to 2018 and they established that ABLV had been systematically engaging in money laundering. The complexity of the case required enhanced international cooperation, which saw the creation of the IFIT, with 25 FIUs participating in the taskforce. Over 2000 requests were sent to IFIT FIUs over the course of three years, and nearly 400 criminal proceedings were initiated, and 938 freezing orders issued. This matter has not been finalised and it is expected that there will be further prosecutions and restraints both in Latvia and outside of it.

The day ended with the Awards Ceremony – with Latvia winning the majority of the votes - and closing. Nigeria also received Stolen Asset Recovery Initiative (StAR) award of excellence. To win this, the case must have the predicate crime of corruption and involve excellent international cooperation.

The Egmont Meetings for 2023 will be held in Senegal and the 29th Plenary will be held in Mexico.

#nzfiu

AML/CFT Media Library

PODCASTS

Bribe, Swindle or Steal

Alexandra Wrage, president of TRACE, interviews luminaries in the field of financial crime, including bribery, fraud, money-laundering, insider trading, and sanctions. Each week, Alexandra and her guests discuss who commits financial crime, how it works, and what is being done to stop it.

Have You Seen This Man?

A podcast by ABC News, it tells the story of John Ruffo, who pleaded guilty to a US$350 million bank fraud in 1998 and then vanished. In the second season, the ABC News investigative unit joins the US Marshals cold-case fugitive manhunt for him.

DOCUMENTARY
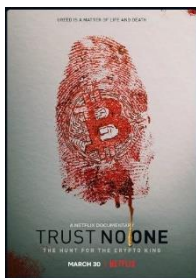
Trust No One: The Hunt for the Crypto King

QuadrigaCX was once one of the biggest crypto exchanges before the owner mysteriously died, leaving all access to funds lost – about $250 million in the crypto wallet. After founder Gerald Cotton died from Crohn's disease complications on his honeymoon, five Quadriga cold wallets were later found empty.

WEBINAR

Webinar on Money Laundering and Terrorist Financing Risks arising from Migrant Smuggling

The FATF organised a webinar on 13 July which brought together civil society, public and private sector, and academia to discuss key findings from the recent FATF report on money laundering and terrorist financing risks arising from migrant smuggling and possible solutions to detect and prevent migrant smuggling.

You can watch or listen to the recording of the webinar.

#nzfiu

INTERNATIONAL AML/CFT NEWS

Cyprus

Four charged over Cyprus 'cash-for-passports' scheme

Four people, including the former president of the Cyprus Parliament, have been charged with corruption over a cash-for-passports scandal.

Cyprus authorities said the charges related to the findings of a 2021 board of inquiry prompted by an Al Jazeera investigation and subsequent release of The Cyprus Papers and The Cyprus Papers Undercover documentary, released in October 2020.

The 2021 Cyprus inquiry into the citizenship scheme found that 53 percent of the nearly 7,000 citizenships granted between 2007 and 2020 – most of them to Russians – were unlawful.

France / Hawala

Heavy penalties for a money laundering network between France, Italy, Algeria, and Dubai

Organisers of an international money laundering network were recently sentenced, some for up to nine years in prison. A total of 23 defendants were tried for their participation in a network that spanned France, Italy, Algeria, and Dubai, with only one person being released from all charges.

Investigators found the defendants utilised both hawala and more traditional money laundering, via the conversion of large sums of cash into gold.

UAE Central Bank unveils awareness campaign for hawala remittances

The United Arab Emirates (UAE) Central Bank, in cooperation with the Ministry of Interior and other law enforcement agencies, has introduced a public awareness campaign to highlight the laws and standards for remitting money through registered hawala providers (RHPs).

The campaign features a series of messages carried on the platforms of all participating entities and through media outlets. It aims to enhance the protection of end users and introduce legal frameworks and legislation to regulate money transfers through RHPs.

Guatemala

Guatemala's former economics minister pleads guilty to using US bank to pay bribes

The former economics minister in Guatemala, Acisclo Valladares Urruela, admitted that he transferred US$350,000 in bribery payments to Guatemalan politicians through two companies with bank accounts in the United States, according to a factual statement filed with his plea agreement.

Valladares paid the bribes on behalf of telecommunications company Tigo, where he worked as a corporate officer. As a result of the payments, Guatemalan politicians passed a law that

#nzfiu

allowed Tigo to obtain a series of lucrative government contracts. According to the factual statement, Valladares did not act alone. Starting in 2014, he had been directed by senior executives at Tigo to "obtain cash to be used for the benefit of" his employer.

United Nations and Guatemalan government investigators are currently running parallel probes into allegations of corruption and bribery involving Valladares and Guatemalan politicians.

Ireland

Belfast: Ten sentenced over £20 million money laundering scheme

Ten people have been sentenced over a money laundering scheme after an investigation found significant sums of cash laundered via Northern Ireland-based accounts. The offences were uncovered during an investigation by the National Crime Agency (NCA), which involved a number of UK-based financial institutions, including Barclays bank.

Between January 2018 and July 2019, the group were caught on CCTV using one bank to deposit varying amounts of cash. They used an automated service device that enables bank account holders to deposit cash into other accounts using bank cards and PINs.

Spain

Belgian luxury car purveyor arrested in Spain's Marbella for money laundering

A suspect who is believed to have laundered millions of euros in illicit profits has been arrested following an investigation by the Belgian Federal Judicial Police and the Spanish National Police, with EUROPOL's support.

The arrest in Spain follows a series of raids carried out in January in the region of Antwerp, Belgium, where a large amount of banking and financial information was collected, leading to the identification of the suspect.

The crime group is believed to have provided drug trafficking networks with money laundering services, first collecting cash in Belgium, before purchasing luxury vehicles in another European country. The cars were then exported to other countries where they were first used as rental cars, then sold off.

United States

New York man sentenced to five years in prison for role in $4 million extortion scheme

A New York man was sentenced to five years in prison for his role in a wide-ranging fraud, extortion, and money laundering scheme. According to the government's evidence, the scheme involved a conspiracy to extort money and gold bars from a Maryland man, causing him to embezzle funds from his employer.

The embezzled funds were then converted into cash and gold bars, which were delivered to New York drop-off locations, including a hotel room, where he believed they were given to mobsters who were owed money.

#nzfiu

Cryptocurrency

Crypto mixer usage reaches all-time highs in 2022

Share of all sent funds going to mixers by sending address type, 2022
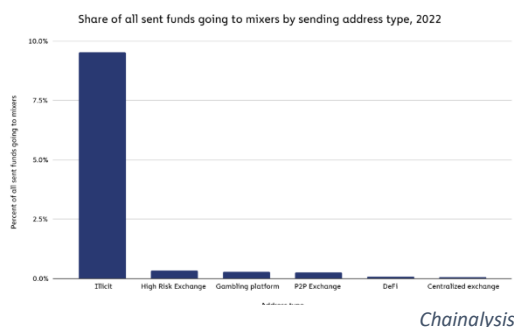
Chainalysis

A new report from crypto analysis firm Chainalysis shows that in 2022, the greatest share of funds sent to mixers was from crypto addresses tied to illicit activity.

Close to 10% of all funds sent to mixers were from these addresses compared to 0.3% mixer usage among different addresses such as P2P exchanges and gambling platforms.

Illicit addresses accounted for 23% of all funds sent to mixers so far in 2022, up from 12% in 2021. These illicit funds came from sources such as sanctioned entities, scams, and stolen funds.

Human Trafficking

Human traffickers 'using UK universities as cover'

Universities in the UK have been urged to be on high alert for human trafficking after suspected victims brought to Britain on student visas disappeared from their courses and were found working in exploitative conditions in Wales.

According to a report by the Gangmasters and Labour Abuse Authority (GLAA) seen by the *Observer*, students at Greenwich, Chester, and Teesside universities stopped attending lectures shortly after arriving in the UK. They were later found in the care sector in Wales, where they were living in squalid conditions with up to 12 people to a three-bedroom flat, and were working long hours for less than minimum wage.

An *Observer* investigation also uncovered widespread labour exploitation in care homes across Britain, with workers from India, the Philippines, and countries in Africa found to have been charged illegal recruitment fees, and in some cases forced to work in conditions akin to debt bondage to repay money owed.

Timber Trafficking

Timber trafficking: the hidden history of looting

The Africa Report has investigated the trafficking of precious African wood (kevazingo, barwood, or rosewood) and has published a six-part series:

> Timber trafficking: the hidden history of looting
> Côte d'Ivoire: the case that led to the fall of Alain-Richard Donwahi
> Cameroon-Nigeria: from Yaoundé to Lagos, wood and money
> Senegal: when timber trafficking fuels rebellion in Casamance
> Africa: the road to plundering precious woods
> DRC: Tshisekedi and the impossible clean-up of the Congolese forests

#nzfiu
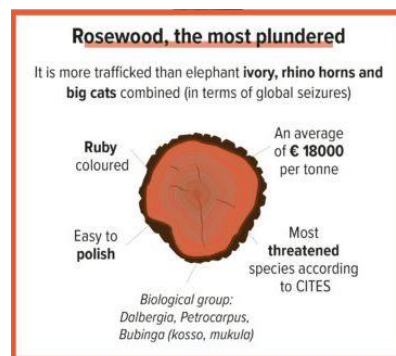
Financial Action Task Force (FATF)

Partnering in the Fight Against Financial Crime: Data Protection, Technology and Private Sector Information Sharing

FATF has published a report which aims to help jurisdictions responsibly enhance, design, and implement information collaboration initiatives among private sector entities, in accordance with data protection and privacy rules.

The report looks at global anti-money laundering, counter-terrorist financing and counter-proliferation financing requirements, and how responsible private-to-private collaboration can contribute to their effective implementation.

The report provides case studies that set out how members of the FATF have increased private sector information sharing within the legal requirements of their domestic data protection and privacy framework.

Risk-based Approach Guidance for the Real Estate Sector

This FATF guidance highlights the importance for the real estate sector to increase its understanding of the money laundering and terrorist financing risks it faces.

Vulnerabilities include exploitation by politically exposed persons, the purchase of luxury real estate, the use of virtual assets, the use of anonymous companies, and the use of gatekeepers as instruments to launder the proceeds of crime.

Hong Kong
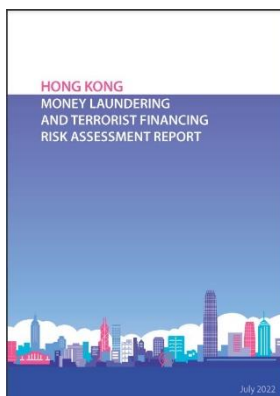
Money Laundering and Terrorist Financing Risk Assessment Report

The Hong Kong government has published its second money laundering (ML) and terrorist financing (TF) risk assessment report, based on an assessment completed in 2021. The report provides an overview of the ML, TF, and, for the first time, proliferation financing (PF) risks in Hong Kong.

The report found no changes to the overall risk exposure ratings identified in the 2018 report and that Hong Kong continues to be exposed to a medium-high level of ML risk overall. Fraud poses a high level of risk, both internally and externally, with drugs, corruption, and tax evasion posing a medium-high risk. Also consistent with the 2018 report, the updated publication found that Hong Kong has an overall medium-low level of TF risk. In its first assessment of PF risk, the report found overall that Hong Kong had a medium-low level risk to PF.

Joint Money-Laundering Intelligence Taskforce (JMLIT)

Red Alert - Financial Sanctions Evasion Typologies: Russian Elites and Enablers

The UK's Office of Financial Sanctions Implementation (OFSI) and various other UK government agencies issued a red alert, in conjunction with the Joint Money Laundering Intelligence Taskforce (JMLIT), setting out common techniques suspected of being used by sanctioned Russian elites and their enablers to evade sanctions.

This includes using family members and associates to access, transfer and/or sell frozen assets via UK enablers.

South African Reserve Bank
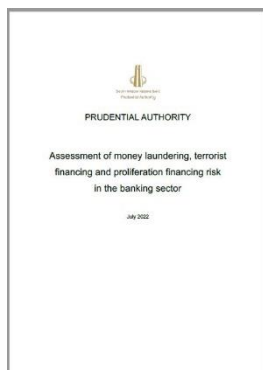
Assessment of money laundering, terrorist financing and proliferation financing risk in the banking sector

In response to an initial report by the FATF, the Prudential Authority of the South African Reserve Bank has released a report assessing financing risk in the banking sector.

The report shows that South African banks have moved up into the high-risk category for money laundering, terrorist financing and proliferation financing, with the country's five large banks most at risk.

United States Department of State
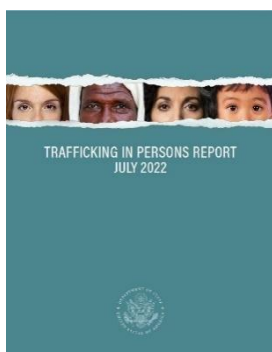
2022 Trafficking in Persons Report

The US State Department has released the 2022 annual trafficking in persons report. The US Secretary of State is required to submit the report to Congress annually under the Trafficking Victims Protection Act of 2000. The report documents the efforts by countries' governments, including the United States, to combat human trafficking.
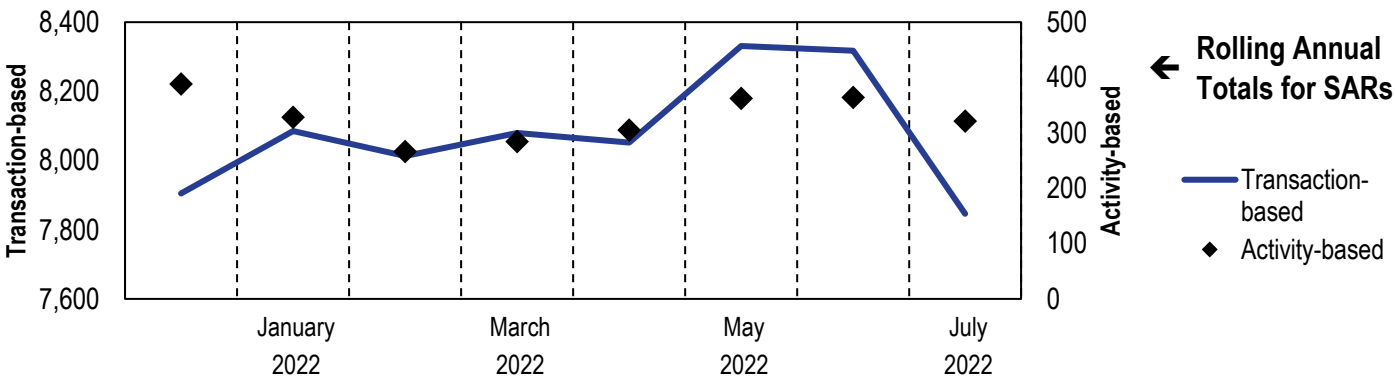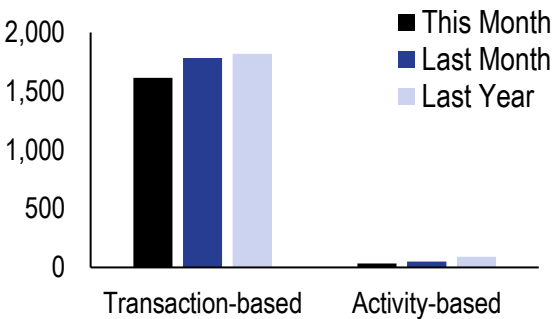
This year's report has an entire section dedicated to the Chinese-led Belt and Road Initiative of infrastructure projects around the world.

The United States government, through the United States Agency for International Development (USAID) has also recently launched a US$10 million five-year project to stop human trafficking in the Marshall Islands, Fiji, Papua New Guinea and Tonga. The project, known as the Pacific Regional Initiative and Support for More Effective Counter Trafficking in Persons (Pacific RISE-CTIP), aims to engage government, civil society, and the private sector.
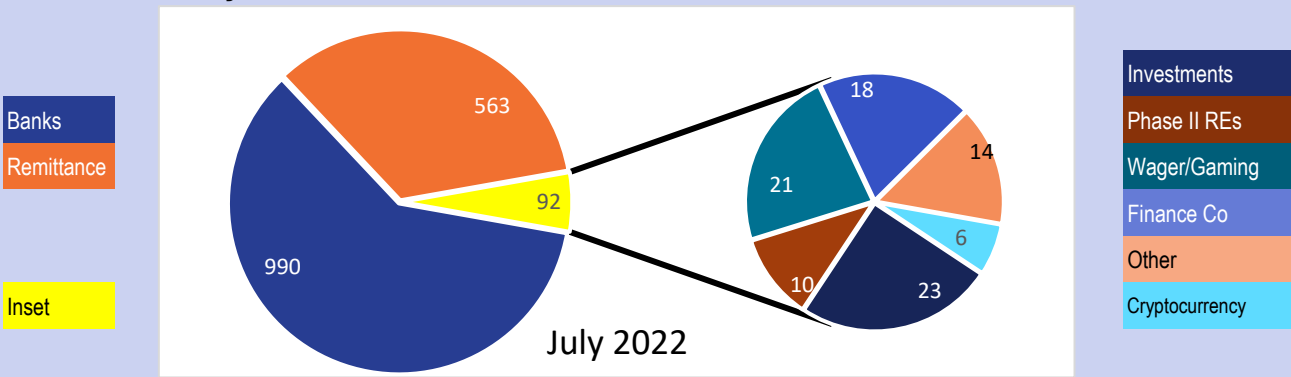
#nzfiu

SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	July 2022	June 2022	July 2021
Transaction-based	1,614	1,782	1,819
Activity-based	33	51	90
Total	1,647	1,833	1,909

← Rolling Annual Totals for SARs

Processed SARs by Sector

July 2022

Banks
Remittance
Inset

Investments
Phase II REs
Wager/Gaming
Finance Co
Other
Cryptocurrency

563 | 92 | 990 | 18 | 14 | 6 | 23 | 10 | 21

Transaction Volumes within SARs and PTRs

	This Month	Last Month	Last Year
	July 2022	June 2022	July 2021
SARs	19,494	21,479	20,190
IFTs	419,308	901,124	444,645
LCTs	17,637	14,927	13,288
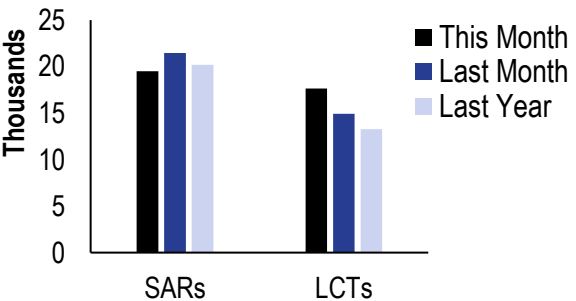
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

	This Month	Last Month
	July 2022	June 2022
Information Reports	38	19
Analytical Products	6	5
Total Products	44	24
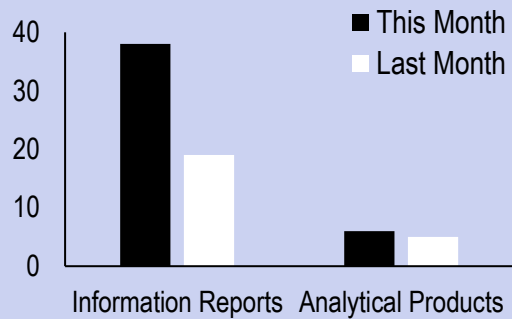
Disseminations of Products by Recipient

NZ Police | DIA | IR | MBIE | Other Govt | Customs | International

2,371 | 2,613 | 8 | 80 | 290 | 738 | 264

Products Disseminated — SARS/PTRs Included in Products
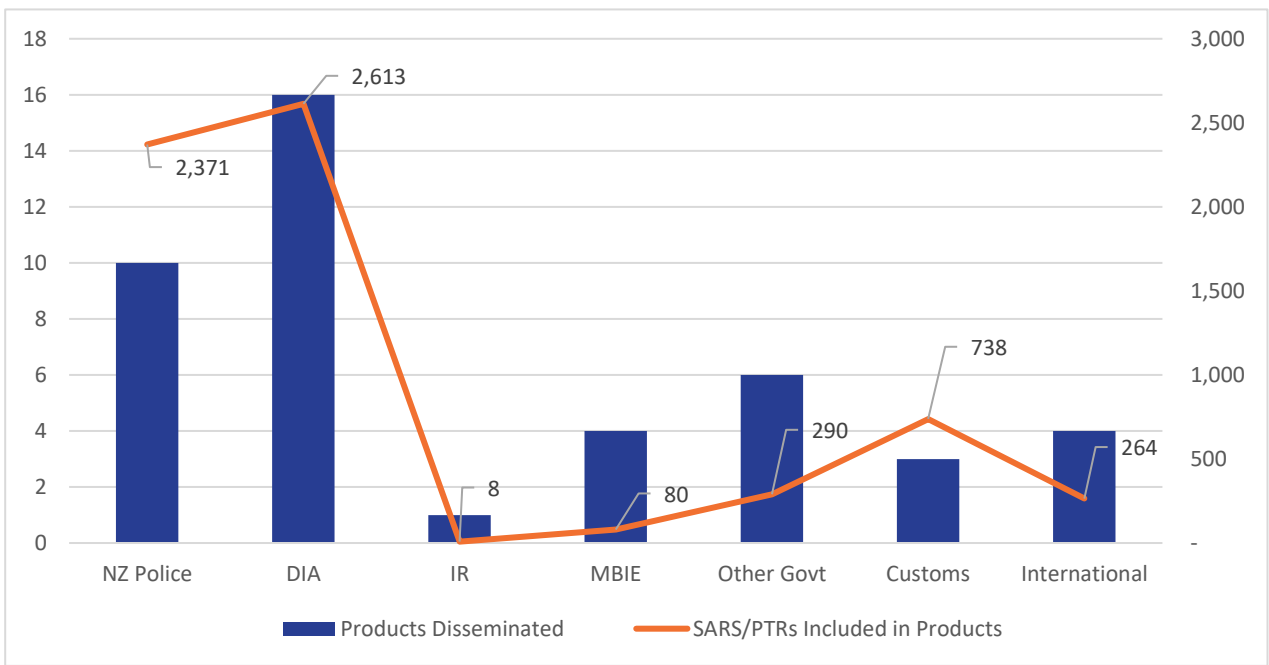
Disseminations of Products by Included SARs and PTRs

SARs	PTRs	Total
2,274	4,090	6,364

5,965 Info Report

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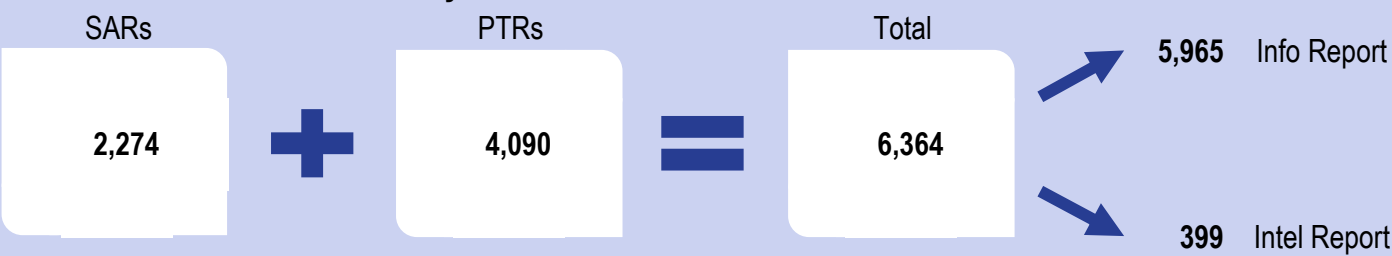
*Statistical data for transaction reporting and intelligence products may be updated as new information is processed, and so there may be minor discrepancies between the statistical figures contained in this report and subsequent reports.