

# ***The Suspicious Activity Report***

JULY 2021

*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 Bill Peoples. 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 Headquarters group.

### Financial Intelligence Unit

The Financial Intelligence Unit is led by Detective Inspector Christiaan Barnard and has been operational 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 is led by Detective Inspector Craig Hamilton and was established in December 2009 specifically 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 (ARUs), 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 investigate 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.

## FINANCIAL INTELLIGENCE UNIT UPDATE

### Notes from the Head of FIU

*Detective Inspector Christiaan Barnard*

Just as this month's report was ready to be published, New Zealand suffered a terrible terror event on Friday in Auckland. I would like to acknowledge the victims of this tragedy and wish them a full and speedy recovery.

This act was a dynamic situation where members of the Police and public bravely responded and were able to prevent further harm. Criminal, coronial, and IPCA investigations will be underway and there will be a significant amount of work done to reconstruct his activity leading up to the attack. In just over 24 hours of Friday's event the ISIS inspired offender was publicly named.



Given that it was a terror attack linked to a designated terrorist group, it is incumbent on all reporting entities to check their customer records to determine whether this individual is or was a customer, and whether there is any activity that reaches the threshold for reporting through the FIU. For those reporting entities who have actively searched for and provided information on terrorism financing risks, your ongoing vigilance and work is greatly appreciated.

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This month's report focusses on the situation in Afghanistan and what the implications are for AML/CFT in New Zealand now that the Taliban claim to be in control. We have looked on as the Taliban have rapidly taken the country by force, and there is significant apprehension about the future – not just for Afghanistan and its people, but also what the implications are for international security.

The United Nations' (UN) sanctions were first imposed against the Taliban in 1999 and further measures have been imposed since that time, including in 2011. The focus of the UN's Taliban sanctions is to suppress terrorism. Some members of the Taliban and individuals, groups, undertakings, and entities that are associated with the Taliban are subject to Targeted Financial Sanctions (TFS) in that the resolutions require the freezing of their assets and they cannot be provided with financial resources.

There are also travel bans in place and restrictions on the export of arms to these individuals and groups. Over 370 named members of the Taliban leadership and 31 related organisations are individually subjected to sanctions. Afghanistan had been making significant improvements in improving its AML/CFT regime, which resulted in the Financial Action Task Force (FATF) removing its on-going monitoring process in 2017. It remains to be seen as how recent developments may impact on this progress.

It is timely to remind ourselves of our obligations and to highlight some of the challenges faced by businesses. I use the word 'businesses' intentionally, as unlike the AML/CFT Act, which applies to specified business types (aka reporting entities), compliance with sanctions laws is a requirement of every business and citizen in New Zealand. Unlike many of our foreign partners, New Zealand does not have a dedicated sanctions office to provide supervision or provide

guidance to businesses. There are several online resources available that are spread between Ministry of Foreign Affairs and Trade (MFAT) and the New Zealand Police to assist businesses with understanding their obligations, which I have listed below. In addition to this, there are a number of subscription services available to reporting entities that allow you to screen customers and activity for links to sanctions persons and entities.

What are the risks for New Zealand businesses? Trust and company formation agents must understand who the beneficial owner is of the structures they are creating to ensure that they are not used to breach sanctions. New Zealand laws have tightened up since the [2009 interception](#) at Bangkok Airport of a plane that had departed North Korea with 35 tons of arms on board, but Trust and Company Service Providers (TCSPs) must remain vigilant. In the 2009 case, the consignment included portable surface to air missiles, rockets, and rocket-propelled grenades. Among the complicated ownership layers, it was established that a New Zealand registered company had leased the plane. For businesses involved in international commerce and remittances, knowing your customer just became much more important.

Between January 2020 and August 2021, the FIU observed NZ\$6.5m sent to Afghanistan, with New Zealand receiving NZ\$2.9m in the same period. Businesses need to have a clear understanding of who their trading partners are. As outlined later in this report, illegal mining is a significant source of funds for the Taliban, and includes precious stones such as emeralds and rubies. Gemstone importers need to be alert to the origin of their goods. Charities need to ensure they have controls in place to ensure that donations do not end up in Taliban coffers. This is not meant to be an exhaustive list; it is meant to convey the variety of sectors that need to understand their risk in order to avoid inadvertently financing the Taliban's activities.

In addition, as well as running the risk of breaching sanctions laws, businesses could also fall afoul of the Terrorism Suppression Act 2002. Under this Act it is an offence to deal with property or provide financial services to the Taliban, and it is punishable by up to 7 years imprisonment.

On a side note, in October 2020 the FATF changed its methodology to include counter proliferation financing measures that will require FIUs and the private sector to identify evasion of targeted financial sanctions by North Korea and Iran. These measures are focussed on the counter-proliferation of weapons (particularly nuclear weapons). The New Zealand FIU has committed to developing a Counter Proliferation Financing risk assessment, which will assist reporting entities with understanding the threats and vulnerabilities associated with the evasions of sanctions.

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

#### **Some helpful links are listed below:**

[MFAT's advice](#) on sanctions.

NZ Police list of [designated Taliban entities](#).

[DIA's advice](#) on protecting charities against terrorism financing.

The [NZ regulations](#) on the Taliban. Also, the reference to the [Taliban](#) in the Terrorism Suppression Act 2002.

## NEW ZEALAND AML/CFT NEWS

### *Regulation Asia Fraud and Financial Crime Conference*

Detective Inspector Barnard recently participated in a panel discussion on Financial Crime Intelligence, Data and Analytics as part of the Regulation Asia Fraud and Financial Crime Conference. The video of the panel can be viewed on [YouTube](#). The timings of Christiaan's comments are:

02:45 Use of New technology in the FIU

13:52 Information Sharing within NZ's PPP the Financial Crime Prevention Network

31:05 Dealing with defensive reporting

38:30 Measuring the success of AML/CFT

### *Sentencing Notes from a High Court Money Laundering Case*

In the sentencing notes from a hearing in the High Court of New Zealand Hamilton Registry on 8 June 2021 [*R v Williams*, [CRI-2020-019-3685](#)], Justice Jagose provided insight into how the Court views the offense of money laundering. Explaining how he arrived at the sentence for Williams, Justice Jagose referred to an earlier appellate ruling in *R v Wallace* [CA415/98] where the offender had also pleaded guilty to a representative count of money laundering as profits of large-scale methamphetamine manufacture and supply. The Court of Appeal stated:

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*"Those who launder money for drug dealers are nearly as culpable as those who actually participate in the dealing. They make it possible for those who import drugs to reap the profit from that activity. The extent of the money laundering operation and the convicted person's involvement in it are important considerations."*

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Referring to the sentencing notes of the *Wallace* ruling, as well as the reliance on that ruling in a similar 2010 appellate case, Justice Jagose stated that the offender's facilitative role in methamphetamine-related offending was in effect a significant role in the overall operation.

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*"You meet all five of the indicia of that role: having operational function; directing others; having only financial motivation; obtaining commercial profit; and having some awareness and understanding of the scale of the operation. The summary of facts to which you pleaded guilty singles you out in that financial role."*

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Justice Jagose stated that he was satisfied that the defendant's offending was not insignificant based on the sums he received and disbursed and the steps he took to conceal them, and that the offending is aggravated by the defendant's personal gain, and his significant premeditation in making the cryptocurrency arrangements, in connection with the very serious principal offending of large-scale methamphetamine manufacture and supply.

## Questions We've Been Asked

In last month's edition of The Suspicious Activity Report, we included a feedback form so that we could better understand readers' interests. We have gotten some excellent comments so far, and have added this page in response to feedback received. The feedback form will be uploaded as a separate document to the FIU website; we encourage everyone to have their say.

### ➤ How can Payroll services be used for money laundering and/or terrorism financing?

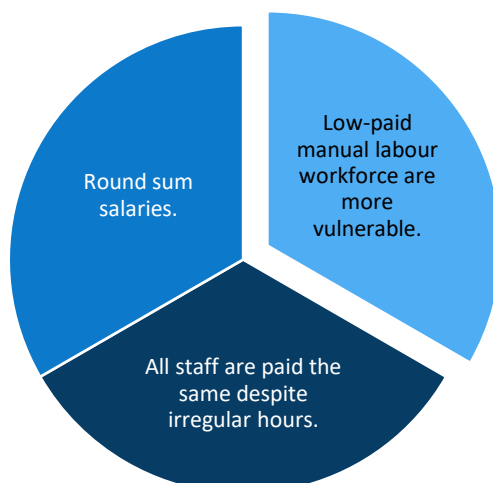
Payroll services could face fraud from either internal or external actors. For this newsletter, we'll focus on how Payroll service providers can potentially be used for illicit purposes, including human trafficking, by external clients.

External threats to payroll services include clients who do not provide authentic or complete information. For example, [Douglas Wold](#), a former Human Resources Manager for a company in Oregon, USA, submitted fraudulent payroll requests to an external payroll services provider for 37 employees who did not exist or who had left the company. Wold deposited over 50 fraudulent payroll cheques into his own bank accounts in just a few months. Below is a list of red flags and explanations of associated risks for Payroll services.

Unusual client requests or difficulty obtaining relevant documents.	No interaction with IRD.	Services provided without source documents.
Payroll services can enable money laundering by providing a seemingly legitimate record of money movement of source of funds.	Client limits or prevents the Payroll service from directly filing with Inland Revenue or confirming PAYE payments have been made, confirming employee IRD numbers, etc.	Reliance on client information rather than checking or testing original documentation may allow clients to use Payroll service to enable payroll fraud.

Payroll services could also be exploited to facilitate modern slavery/human trafficking, which is a financially motivated crime.

### Indicators of Modern Slavery/Human Trafficking



## AFGHANISTAN

### Where do the Taliban get their funding?

#### Background

The Taliban is an Islamic fundamentalist group, primarily [Pashtun](#), that controlled over 90% of Afghanistan from 1996 until the US-led invasion in 2001. At the time, only three countries recognized the Taliban regime – Pakistan, Saudi Arabia, and the United Arab Emirates. The Taliban regrouped in neighbouring Pakistan and re-emerged in 2006 to lead an insurgency against the US-backed Afghan government.

In February 2020, the United States and the Taliban signed a peace agreement, which included terms for the US withdrawal of troops. Later that year, the Taliban began negotiations on a power-sharing agreement with the Afghan government, but little progress was made. Soon after the United States' April 2021 announcement that US troops would be withdrawn from Afghanistan, the Taliban increased their territory and was in control of approximately [54% of Afghan districts](#) by July, seizing control of all key cities and provinces, including Kabul, by mid-August.

#### Structure

The Supreme Leader of the Taliban, Mawlawi Hibatullah Akhundzada, is supported by three primary deputies: Mullah Muhammed Yaqoob, Mullah Abdul Ghani Baradar, and Sirajuddin Haqqani. Policy decisions and oversight of the many commissions, including economics, health, military and education, is provided by the leadership council known as the [Quetta Shura](#).

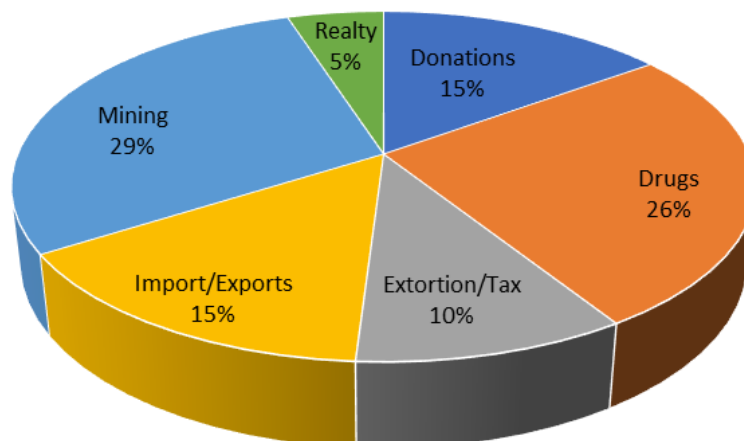


## Revenue Streams

A 2020 confidential report commissioned by [NATO](#) and obtained by [Radio Free Europe/Radio Liberty](#) estimates that the Taliban earned US\$1.6 billion (NZ\$2.3bn) in the financial year April 2019 – March 2020 primarily from the illicit drug trade, illegal mining, and exports. According to one of the Taliban members interviewed for the report, one of the key drivers to increased revenues is mining; China and the UAE are the largest purchasers of the raw materials. A breakdown of revenues was provided by the Taliban members interviewed (refer to graph below).

Further interviews with Taliban operatives, Afghan officials and foreign experts reveal the Taliban is close to achieving financial independence. Mullah Mohammad Yaqoob, highlighted above, has focussed on the goal of financial independence by building export markets utilising relationships with wholesale and export businesses to sell a range of products including coal, salt, and precious stones.

### Taliban Revenue Streams Fiscal Year ended March 2020



Source: [Radio Free Europe](#)

According to a [United Nations Security Council \(UNSC\) report](#) released in June 2021, the primary sources of Taliban financing are criminal activities, including drug production and trafficking, extortion, and mineral exploitation. Donations from wealthy individuals and non-governmental charitable groups accounted for a significant part of Taliban income, according to information supplied for the UNSC report by UN Member States.

## Mining – US\$464 million

Afghanistan has over 1,400 mineral fields and has vast deposits of natural resources such as copper, gold, oil, natural gas, uranium, coal, rare earths, zinc, marble, and gemstones including emerald, lapis lazuli, red garnet and ruby. A further breakdown of key resources can be [found here](#).



In 2010, Afghanistan's Mines Minister estimated that Afghanistan's untapped mineral deposits could range between one to three trillion (US) dollars, an estimate supported by the US Geological Survey Afghanistan.

### **Opium and other Illicit Drugs – US\$416 million**

Opium, which is used to make heroin, morphine, and codeine, is one of the largest revenue sources for the Taliban. According to the [United Nation's World Drug Report 2020](#), Afghanistan accounted for approximately 84% of the world's opium supply over the five years ending in 2020, with three of the last four years seeing Afghanistan's highest levels of opium production. Even during the COVID-19 pandemic, poppy cultivation increased by 37% in 2020, according to the United Nation's Office of Drugs and Crime (UNODC) report.

The UNODC report also noted that the pandemic did not appear to have had a material impact on trading routes, with the Balkan and southern routes retaining their status as the primary trafficking channels for Afghan opiates. The manufacture of methamphetamine in Afghanistan also seemed to remain steady during the pandemic, as evidenced by the pattern and origin of methamphetamine seizures in countries neighbouring Afghanistan.

### **Imports/Exports – US\$240 million**

According to the United National Security Council, the Taliban import and export various everyday consumer goods. The 2019 [United Nations Security Council report](#) noted individuals who launder money and share profits with the Taliban also maintain legitimate business interests in the Gulf States. The UNSC Monitoring Team continues to receive reports that Faizullah Khan Noorzai and [Malik Noorzai](#) conduct money-laundering and provide funding to the Taliban through the import and export of spare automobile parts from Japan.

In June, the Taliban gained control over the main trade gateway into Tajikistan, continuing operations and collecting customs revenues. They have seized almost all of the border between Afghanistan and Tajikistan since then. A Taliban spokesman said the group reached out to neighbouring governments of Tajikistan and Uzbekistan to assure them that routine border operations will continue as normal, noting that customs staff members have also remained in their jobs.

### **Donations – US\$240 million**

Governments of several sympathising countries are believed to bankroll the Taliban, according to several international sources, with donations coming from charities and private trusts located in [Persian Gulf](#) countries. Private citizens from Saudi Arabia, the United Arab Emirates, Qatar, and Pakistan also help finance the Taliban, according to American counterterrorism agencies. These links are long-established – a classified CIA report [estimated in 2008](#) that the Taliban had received US\$106 million (NZ\$153m) from foreign sources, in particular the Gulf states.

In an August 2021 publication for the [Carnegie Endowment for International Peace](#), Aqil Shah, a visiting scholar in the South Asia Program, wrote that Pakistan's Inter-Services Intelligence (ISI) agency was instrumental in the creation of the Taliban during the 1990s Afghan civil war. As detailed in the 2010 book 'Taliban: Militant Islam, Oil and Fundamentalism in Central Asia' by

Ahmed Rashid, the ISI provided financial resources, training, weapons, logistical support, and a safe haven within Pakistani territory to Taliban fighters.

A former head of ISI admitted in 2014 that Pakistan used US aid to continue funding the Taliban after the 9/11 terror attacks, telling [a television audience](#) “The ISI, with the help of America, defeated America.”

Two years later when former Afghan Taliban chief Mullah Akhtar Mansoor was assassinated by a US drone strike, it was discovered that he was in possession of a Pakistani passport under the fictitious name Wali Muhammad. Pakistan’s Interior Minister formally acknowledged that Mansoor had been supplied a genuine Pakistani passport by Pakistan’s National Database and Registration Authority.

In its [2018 report](#), the UNSC Monitoring Team highlighted the role played by wealthy donors and sponsors of the Taliban who were resident in the Gulf States and countries that neighbour Afghanistan, as well as the importance of the Gulf region as a location where drug revenue can be laundered by the Taliban through legal structures controlled by local Afghan expatriates.

The following year, the [tenth report](#) of the UNSC Analytical Support and Sanctions Monitoring Team reported that security and intelligence officials detailed a network of individuals, companies, mosques and madrasas known to provide finances and money-laundering on behalf of the Taliban. Of particular interest, various charitable foundations in Gulf countries gave approximately US\$60 million (NZ\$86m) annually to the Haqqani Network, run by Sirajuddin Haqqani.

### **Extortion/Tax – US\$160 million**

The Taliban collects money from individuals and industries, even issuing official receipts of payment in what the Taliban refers to as ‘tax’ but what can be more obviously described as ‘extortion’.

Drivers of vehicles on Taliban-controlled highways are charged tolls, shopkeepers pay the Taliban for the right to do business, and several industries including farmers, mining operations, media, telecommunications and even development projects funded by international aid, pay fees levied by the Taliban.

In 2016, the Ministry of Communications and Information Technology would not confirm or deny claims that Afghanistan telecommunication companies had recently agreed to pay the Taliban a 10% levy, but did acknowledge that the companies used to pay protection money to the Taliban to prevent destruction of property and attacks on staff members.

The [Afghanistan Research and Evaluation Unit](#) reported in 2018 the Taliban also takes 10% of every step in the drug production chain – poppy farmers, manufacturing labs, and traders who export the drug. [Hanif Sufizada](#), economic policy analyst at the Centre for Afghanistan Studies also reports the Taliban imposes a traditional Islamic form of taxation called ‘zakat’, a 2.5% wealth ‘tax’ in the areas they control.

### **Real Estate – US\$80 million**

Details of the Taliban’s real estate holdings are not as well documented as the other sources of income. The 2020 NATO report obtained by [Radio Free Europe](#) provided a breakdown of Taliban

revenues under the leadership of Mullah Yaqoob listed annual real estate revenue of US\$80 million (NZ\$115m).

Other indications of Taliban real estate holdings is evidenced by a February 2020 article by Pakistani [TV Channel SAMAA](#). The article detailed Pakistan's Federal Investigation Agency's (FIA) investigation into several properties owned by former Afghan Taliban chief Mullah Akhtar Mansoor. The properties located in various parts of Pakistan included a plot of land, a house, and four flats that had been purchased as investments by Mansoor through fictitious identities as well as two frontmen. An anti-terrorism court advertised the auction of all six properties in February 2020.

The FIA investigation also found that Mansoor was operating three bank accounts totalling Rs3 million (NZ\$58k), and had purchased a life insurance policy in the name of his second fictitious identity, Gul Muhammad.

### Looking Forward

As of mid-August 2021, only China, Russia and Pakistan had left their embassies open in Kabul. While China has not officially recognised the Taliban as the new government, earlier media reports indicate China is prepared to recognise the Taliban as the legitimate ruler of Afghanistan if the group overpowers the democratically elected government in Kabul.

A meeting between the Taliban and Chinese Foreign Minister Wang Yi in July resulted in a tacit agreement where the Taliban promised Afghanistan would not be used as a base for militants to attack China and China would provide economic support and investment in Afghanistan.

Russia's President Vladimir Putin has recently ordered the evacuation of Russian citizens from Kabul due to the increased concern at the security situation in Afghanistan, after the Taliban blocked the road to Kabul airport. However, Russia's ambassador to Kabul recently praised the Taliban and blamed the United States for the problems at the airport, describing the evacuations as moving 'a small group' of embassy staff out of the country for holiday trips and ordinary work.

The aforementioned NATO report, written by research and journalist Lynne O'Donnell before the start of the formal peace talks between the Taliban and the Afghan government, cautions that the Taliban's growing financial power could place it in a position to ignore pressure to cut ties with other terrorist groups such as Al-Qaeda. The report also warns that unless global action is taken, the Taliban will remain a wealthy organisation, and says that NATO must first act to stop the Taliban's wealth-generating activities.

The report also calls on the [transatlantic alliance](#) not to delist all Taliban figures and their associates from UN sanctions lists, to extend sanctions to include businesses and individuals that facilitate Taliban financing, and support a worldwide embargo on illicit Afghan products.

## INTERNATIONAL AML/CFT NEWS

### Canada

#### [ML worries raised in case of lawyer who let client move millions through trust account](#)

A Canadian lawyer based in Vancouver has been suspended for providing the use of her firm's trust account without completing customer due diligence or providing legal services. The hearing panel of the Law Society of British Columbia raised the possibility that the lawyer may have been unintentionally helping someone clean dirty money.

The transactions involved a client based in Hong Kong. Over the course of two years, the client wired over CA\$14 million (NZ\$16m) to the firm's trust account in 15 transactions from various locations including Panama, Singapore and a Singapore bank via Luxembourg. The client subsequently cancelled each transaction and asked the money to be refunded or transferred.

### Ireland

#### ['Mr Nobody' jailed for money laundering](#)

Declan Brady, a senior figure in the Kinahan organised crime cartel known as 'Mr Nobody', pleaded guilty to two money laundering offences in April and was recently jailed for seven years and three months. Brady's wife and mistress were also sentenced for money laundering, both receiving three-year suspended sentences, having laundered €770,499 (NZ\$1.3m) and €196,864 (NZ\$337k) respectively.

Despite declaring 'no gross income' to Revenue for four years, the Bradys had deposited hundreds of thousands of euros across several bank accounts, paid €27,000 (NZ\$46,000) cash for a relative's wedding and serviced a €3,000 (NZ\$5,000) monthly mortgage for a property in Spain.

### Nigeria/Dubai

#### [Nigerian influencer Hushpuppi pleads guilty to money laundering](#)

An [Instagram celebrity](#) popularly known as Hushpuppi has pleaded guilty to fraud and money laundering. Hushpuppi, whose legal name is Ramon Abbas, described himself as a 'real estate developer' and gained a global following of 2.5 million Instagram users by posting pictures and videos of expensive items he purchased including cars, watches, and designer clothes and bags.



Abbas was arrested at his residence in the United Arab Emirates last June and later extradited to the United States to face trial on charges of money laundering through cybercrime schemes. During his arrest, authorities seized Dh150 million (NZ\$60m) in cash, 13 luxury cars worth Dh25 million (NZ\$10m), 21 computers, and 47 smartphones.

Court documents said Abbas' crimes costs victims nearly US\$24 million (NZ\$35m) in total. In one scheme, Abbas and his co-conspirators defrauded a Qatari businessman of US\$1.1 million (NZ\$1.6m) by posing as bank officials, creating a fake website, and bribing a foreign official to continue the scheme after the victim was tipped off.

During interrogation, Abbas disclosed that the foreign official was a Nigerian Police Deputy Commissioner, Abba Kyari, a highly decorated police officer who had the nickname 'super cop' due to years of high-profile arrests of notorious criminals. Kyari allegedly accepted a bribe to arrest and jail an Abbas associate who tipped off the fraud victim. The United States Department of Justice has issued a warrant of arrest for Kyari and is seeking to extradite him to the United States to face money laundering charges.

## United Kingdom

### [UK banks cap transfers amid fraud crackdown](#)

In an attempt to stem money laundering and fraud, banks are instituting caps on the amount that bank customers can transfer online when using the Faster Payments Service, which enables immediate transfers.

NatWest was the first large bank to implement the £5,000 (NZ\$10k) transfer limit, saying that 95% of its customers had never made a payment of more than £5,000. Royal Bank of Scotland and Ulster Bank have also instituted a £5,000 limit.

## Countering Financing of Terrorism/Corruption

### [How a Russian couple sold €679m worth of weapons from their Madrid home](#)

Three members of a Russian family arrested in 2015 after fleeing to Panama, have recently been released provisionally on bail in Spain. They are accused of money laundering from illicit origin, specifically embezzlement of public funds, and arms trafficking.

The Kokorevs' activities [first came to light](#) during a 2003 US Senate investigation into the 9/11 attacks, which uncovered US\$26 million (NZ\$38m) of transfers from the Equatorial Guinea account at a US bank to the account of a company owned by the Kokorevs. In 2008, the Pro-Human Rights Association of Spain filed a criminal complaint alleging the Kokorevs laundered money embezzled from Equatorial Guinea into Spanish real estate on behalf of Teodoro Obiang, the long-time dictator of Equatorial Guinea.

Spanish police gathered further evidence during a 2012 raid on the Kokorevs' residence in Spain. From the records seized, judiciary police reconstructed dozens of bank transfers of government funds from Equatorial Guinea totalling €679 million (NZ\$1.2bn) channelled through a network of companies created by the Kokorevs. The court investigation found that the Kokorevs received at least €120 million (NZ\$206m) through the sale of weapons, ships, and helicopters and held several properties worldwide, valued at €91 million (NZ\$156m), including two apartment buildings in New York City and two in London.

## Corruption

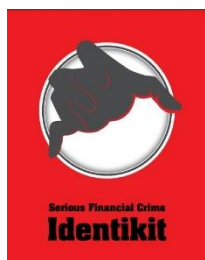
### [Vatican indicts 10 people, including a cardinal, over 'reckless' London investment](#)

Ten people were indicted by the Vatican, including an Italian cardinal, for financial crimes. The charges laid against the individuals include fraud, embezzlement, false documentation, money laundering, extortion, and abuse of office. The charges against the cardinal, Angelo Becciu, include allegedly channelling money to businesses or charitable organisations run by his brothers in Sardinia.

The trial initially began 27 July 2021 and is primarily focussed on the purchase of a building in one of London's most popular districts using charity funds known as Peter's Pence, which is typically earmarked for the poor and ill. After procedural matters were decided, the trial has been adjourned until 5 October. More detail about the indictments can be found on the [Vatican News site](#).

## Australian Taxation Office (ATO) Serious Financial Crime Taskforce

### [Guide to identifying serious financial criminals](#)



Behind every serious financial crime is a group of people who play different roles. According to the ATO-led Serious Financial Crime Taskforce, these range from hardcore criminals through to professional enablers such as accountants who help clients evade tax.

The Taskforce has released a guide to identifying the types of criminals that are commonly involved in serious financial crimes, and explains how to spot them based on their behaviours.

## FATF Grey List

### [Four countries have been placed on the FATF's Grey List for ML failings](#)

The Financial Action Task Force's (FATF) grey list is officially referred to as Jurisdictions Under Increased Monitoring, and includes countries that have a much higher risk of money laundering and terrorism financing, but have formally committed to working with the FATF to develop action plans that will address their AML/CFT deficiencies. Malta, Haiti, South Sudan, and the Philippines were added to the list in 2021.

During a plenary meeting held in June 2021, the FATF agreed unanimously that Ghana has satisfactorily completed its action plan, and therefore has been removed from the grey list.

## U.S. State Department Engel List

### [U.S. releases Section 353 list of corrupt and undemocratic actors in Central America](#)

The Engel list, created under a law enacted by the United States Congress in December 2020, required the US State Department to create a list of the high-profile individuals it regarded as corrupt within the countries of El Salvador, Honduras and Guatemala.

The US special envoy for the three countries stated that the 55 persons on the list were included after an "extensive review of credible information" from both classified and unclassified sources, for reasons including knowingly engaging in corruption, obstructing investigations into corruption, and undermining democratic processes or institutions.



# MONTHLY STATISTICS\*

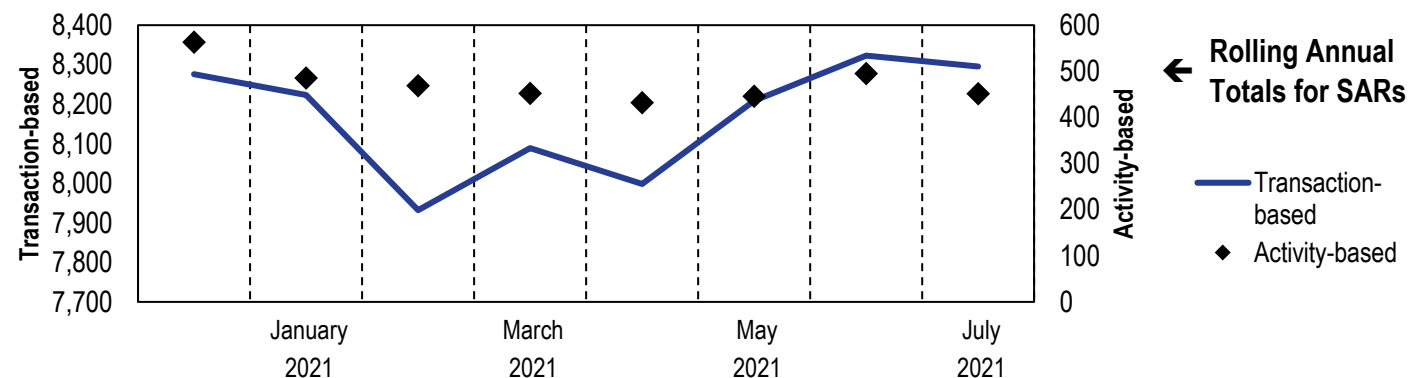
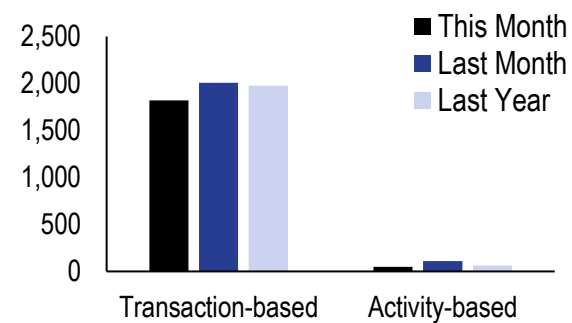
# NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

July | 2021

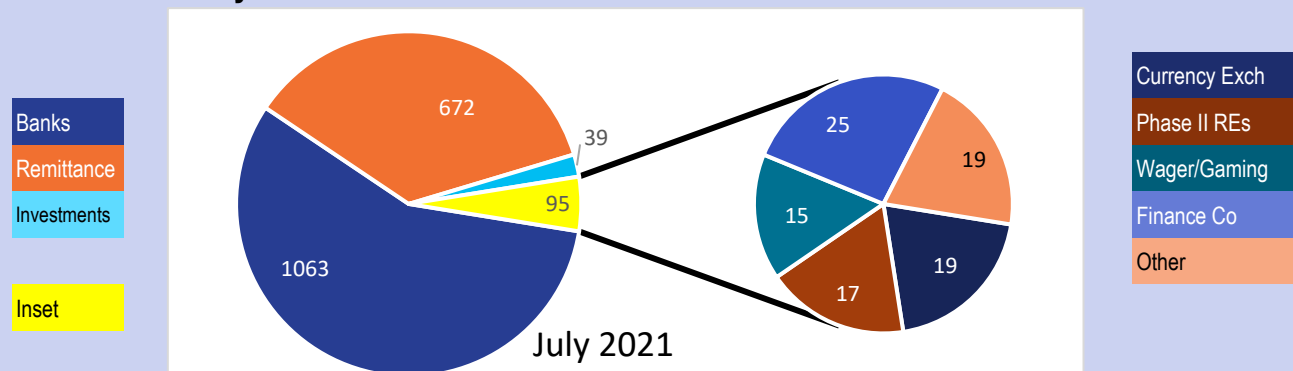
## SUBMITTED REPORTS to the FIU\*

### Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	July	June	July
	2021	2021	2020
Transaction-based	1,819	2,009	1,978
Activity-based	50	110	63
<b>Total</b>	<b>1,869</b>	<b>2,119</b>	<b>2,041</b>

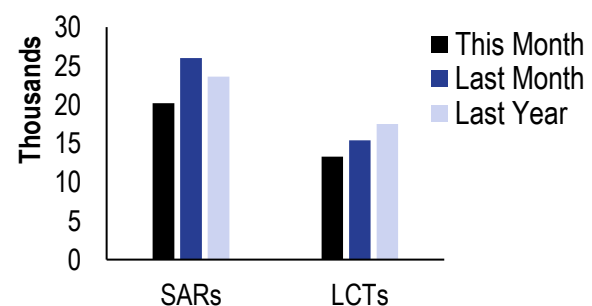


### Processed SARs by Sector



### Transaction Volumes within SARs and PTRs

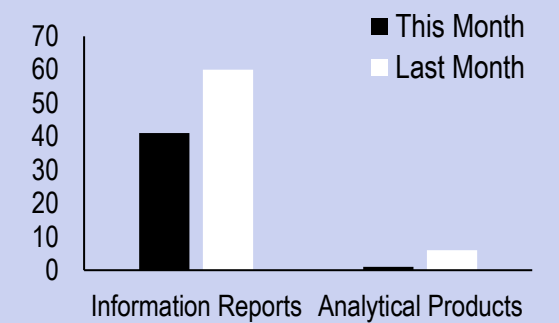
	This Month	Last Month	Last Year
	July	June	July
	2021	2021	2020
SARs	20,190	26,018	23,598
IFTs	444,645	440,004	467,030
LCTs	13,288	15,377	17,477



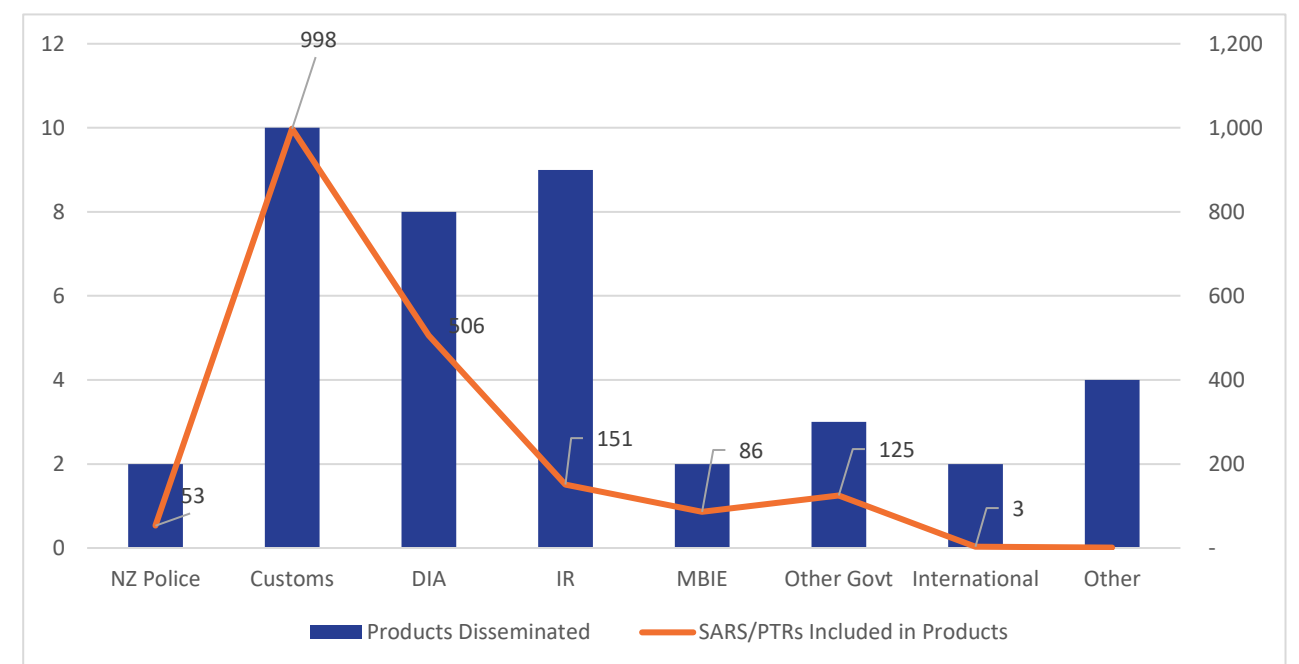
## FINANCIAL INTELLIGENCE PRODUCTS

### Disseminations of Products by Type

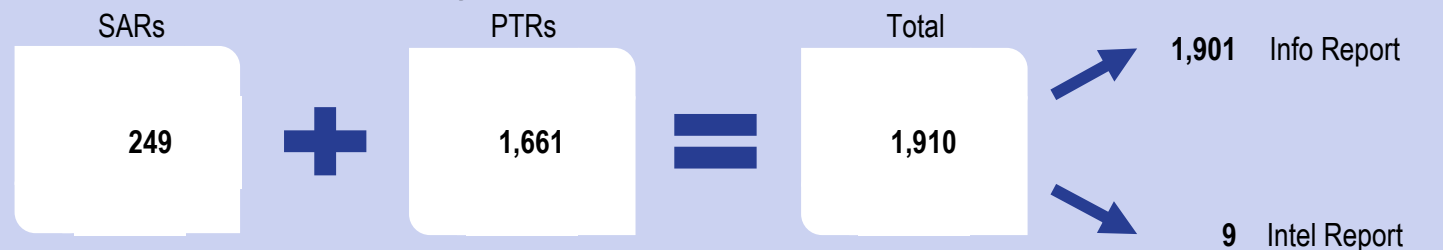
	This Month	Last Month
	July	June
	2021	2021
Information Reports	41	60
Analytical Products	1	6
<b>Total Products</b>	<b>42</b>	<b>66</b>



### 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.

