

The Suspicious Activity Report

JUNE 2023

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, led by Detective Superintendent David Lynch. This report is comprised of FIU holdings and open-source media reporting collected within the last month.

Background

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

Financial Intelligence Unit

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

Notes from the Head of FIU

Dan Frost

Kia ora tātou,

Ko Dan Frost tōku ingoa, and I am privileged to be contributing to the latest publication of *The Suspicious Activity Report*. I am now coming up to four weeks in the role of the Manager of the Financial Intelligence Unit (FIU) at Ngā Pirihimana o Aotearoa/New Zealand Police.

The past weeks have been a flurry of navigating the Anti-Money Laundering/Countering Financing of Terrorism Act, meeting with sector supervisors, and attending various domestic and international financial crime community meetings. This is part of my learning and building the understanding of the role that the FIU plays as a member of a larger community of organisations in the public and private sectors, who are dedicated to preventing money laundering activities and countering the financing of terrorism.

Two key themes that have become apparent in my short time in this role: seeing the dedication of people involved in our 'world' to making our communities safer, and the importance of kanohi ki te kanohi (face to face) with our partners to better understand how as a collective we can work collaboratively to prevent harm as a result of money laundering and other forms of financial exploitation.

I feel privileged to have a great team who are supporting me, while I continue to build my corporate knowledge, as well as building new connections within our community, as we all work towards the goal of making Aotearoa/New Zealand the hardest place in the world for organised criminal groups and networks to do business.

I will finish with a Whakataukī (proverb) which play a large role in Te Ao Māori. This Whakataukī talks of the significance of collaboration and co-operation to complete the work:

Mā whero mā pango ka oti ai te mahi

With red and black the work will be done

NEW ZEALAND AML/CFT NEWS

FCG / Police News

[Operation Chartruese: Arrests made, drugs, cars and luxury watches seized](#)

New Zealand Police have made four arrests and seized approximately NZ\$1 million worth of vehicles, jewellery, ammunition, and cash as part of Operation Chartruese.

The six-month investigation targeted a criminal gang that had allegedly been importing, selling, and supplying methamphetamine and MDMA, as well as precursor chemicals, and then laundering the proceeds.



[Operation Regis: Police, Customs, alongside international partners, intercept millions worth of methamphetamine at the border](#)



Authorities from New Zealand, Australia, and Canada worked together to uncover an elaborate drug importation scheme involving maple syrup containers.

Five people have been arrested after taking possession of the majority of the imported methamphetamine, with a sixth arrested when he sought to take possession of the remainder.

News from our Partners

Te Mana Tātai Hokohoko | Financial Markets Authority

[Tiger Brokers to pay \\$900,000 penalty for multiple AML/CFT Act breaches](#)

In proceedings brought by the Financial Markets Authority (FMA), the Auckland High Court has ordered Tiger Brokers (NZ) Limited, the New Zealand subsidiary of the Singaporean-based company Tiger Fintech, to pay a NZ\$900,000 fine for repeated violations of the AML/CFT Act.

These violations included failing to carry out customer due diligence (CDD) checks, continuing to work with customers where it was unable to conduct CDD checks, failing to report suspicious transactions, and failing to keep records in accordance with the Act. Approximately NZ\$60.8 million had entered the New Zealand economy through Tiger Brokers between 2019 and 2020 without the proper checks and controls.

SCAM WATCH

[Police make third arrest over online term deposits scam](#)

A 60-year-old Auckland resident is the most recent to be arrested on charges of money laundering after a search warrant was enacted on his property. The arrest was the latest of three that have been made in relation to an online scam which operated a fake bank website to trick victims into giving them their bank details, then taking their money and sending it overseas.

[Police urge caution with TXT scam circulating](#)

New Zealand Police have issued a warning about a new TXT scam which tricks people into clicking a link that appears to be from the New Zealand Police. Police have made it clear that they never contact anyone out of the blue via TXT and have asked anyone who receives the TXT to report it to the Department of Internal Affairs.

[NZ left off Google's global anti-scam plan while victims lose millions](#)

As New Zealand is facing a wave of scamming activity with losses extending into the millions, the country has been left out of a financial verification scheme implemented by Google to curb the accessibility of scam websites.

Many countries, including Australia, Singapore, Germany and Indonesia have been covered by this scheme, which prevents financial services from advertising on the platform without providing proof that they are regulated to provide their declared service. The FMA has been in contact with Google to try to apply for the scheme, but Google has not given any confirmation as to when or if New Zealand can be covered.

2022 – 2023 Year in Review

Looking Back

This issue of *The Suspicious Activity Report* marks our 32nd edition of publishing the FIU newsletter, four years on from inception.

The 2022-2023 year has seen the return of in-person attendance at the annual FIU/ACAMS Conference, a continuing increase in capability for FIU data insights using our new IQ software tool, and the multi-agency collaborative effort to implement the recommendations that came out of the AML/CFT Act Review.

The Financial Intelligence Unit's most ambitious project this year was the Neurodiverse Pilot Program, a collaboration with Autism NZ, where three fixed-term positions in the FIU were offered to neurodiverse applicants. The typical interview process was replaced with a workshop where applicants were provided information on the roles, then asked to analyse data as part of a skills assessment. The successful applicants joined the FIU in November 2022.

The FIU also undertook a Data Quality Project to amend goAML systems and processes to improve the overall quality and reliability of data held. The automatic rules implemented include checks for a range of errors with the aim to minimise the number of rejected reports while protecting the integrity of goAML data.

At the end of this month's edition, we have included an updated survey. Please take a moment to provide feedback to assist us in understanding your interests and planning future issues of *The Suspicious Activity Report*.

Thank you to all those who have provided feedback this year – we look forward to answering questions we've been asked in a future edition.

10
EDITIONS



110 PAGES OF CONTENT



5 FEATURES

- Egmont Plenary – Latvia
- Money Mules
- Electronic Sales Suppression
- Gold Laundering
- Environmental Crime



HIGHLIGHTS



Neurodiverse Pilot Project

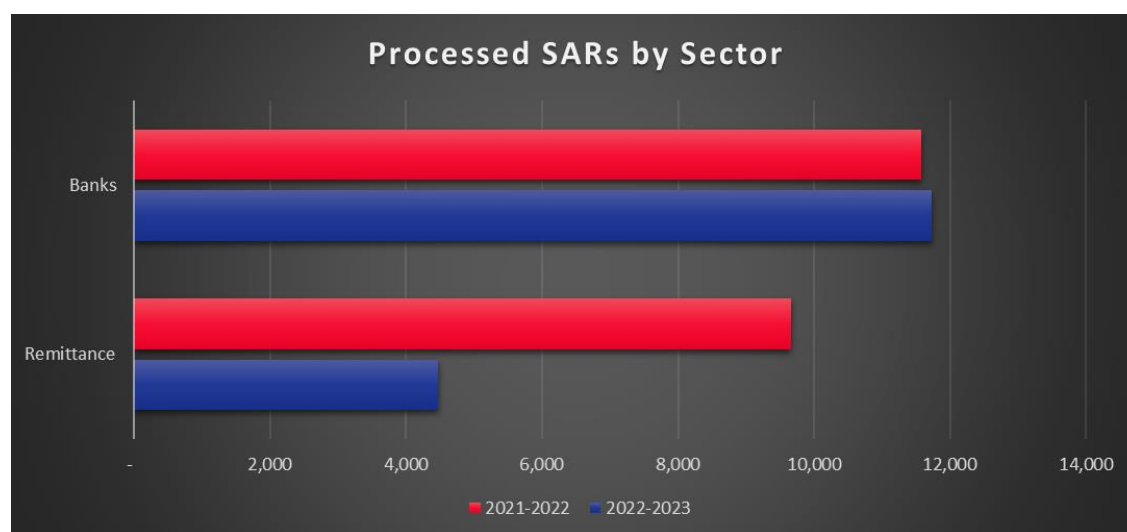


goAML Data Quality Project

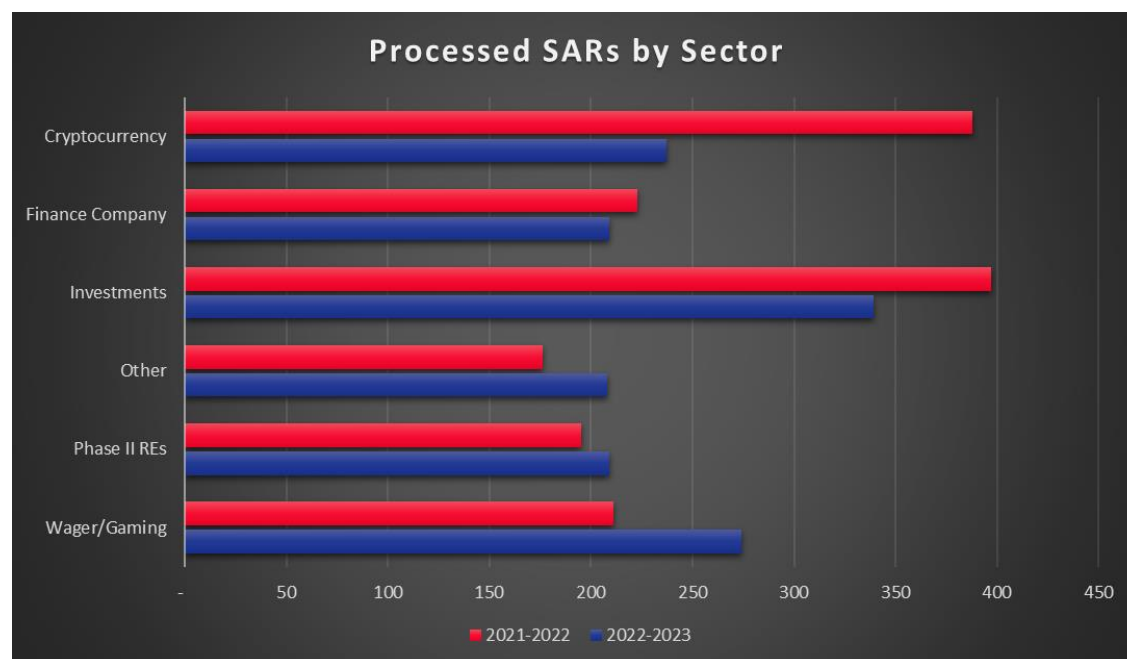
Suspicious Activity Reporting to the FIU

The annual statistics dashboard for the period between 1 July 2022 and 30 June 2023 (included at the end of this newsletter) shows a significant decrease in the number of suspicious activity reports (SARs) – from nearly 23,000 in the previous year down to 18,000 – a decrease of approximately 22.5%. As the FIU is working to encourage quality over quantity, this isn't necessarily a negative result.

Similar to previous years, the bulk of processed SARs for 2022-23 were reported by the bank and remittance sectors, though there was a steep decline in reports by the remittance sector of over 50% from the previous year.

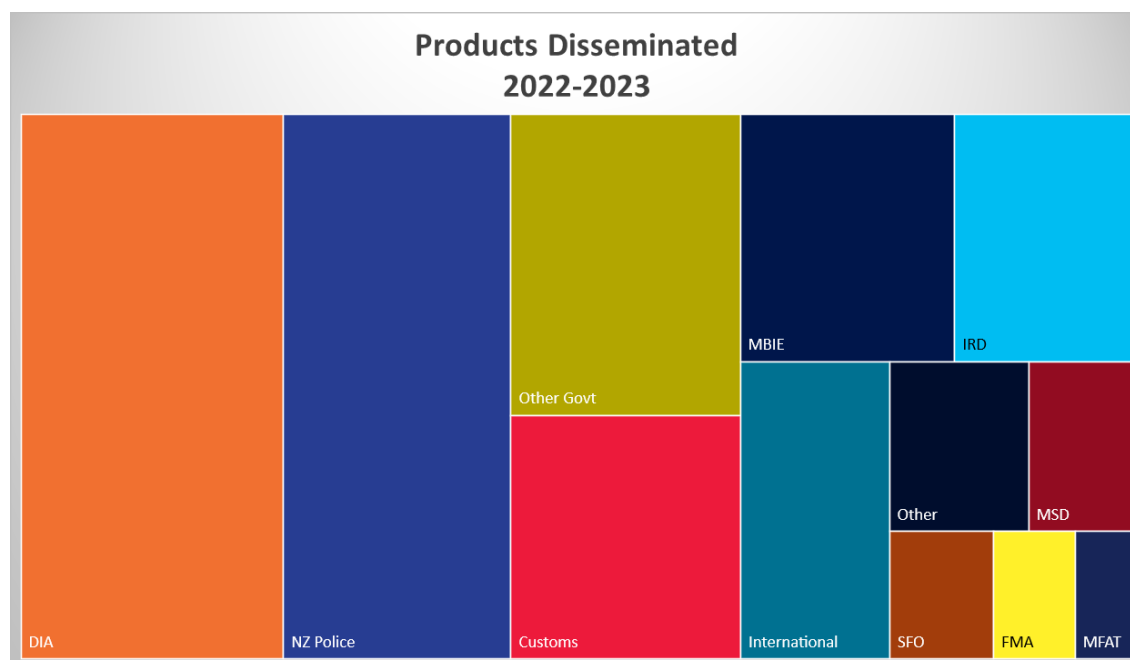


However, most sectors increased reporting compared to the prior financial year, including Phase II entities and those in the Wager/Gaming industries; overall there was a modest increase of three percent.

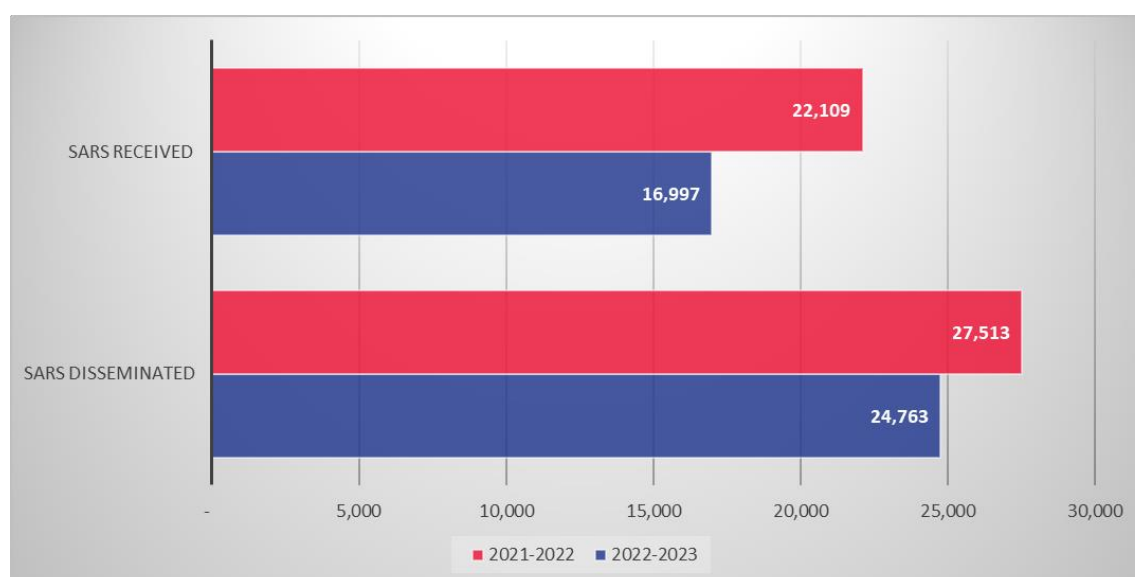


Disseminations also decreased overall by a minor amount this financial year (5%), with the largest drop in disseminations to Police. As in the previous year, this is due to the increase in the number of investigators with direct access to goAML.

Information and analytical products sent to the DIA and other government partner agencies increased in the 2022-23 year, as have reports to international partners.



While SARs have decreased by nearly 25% from the previous year, SARs and related transactions disseminated have decreased by only 10%. This would indicate an increase in the quality of SARs received.



INTERNATIONAL AML/CFT NEWS

Australia

[More than 800kg of cocaine seized in Western Australia, three arrests](#)



Australian authorities have seized 800kg of cocaine worth approximately AU\$320 million (NZ\$348m).

The Australian Border Force and the Australian Federal Police (AFP) were called to assist a small boat carrying three people and became suspicious when they learned the cruiser had been purchased with cash the previous day.

Nearby cargo ships were investigated, and one was discovered to have cocaine hidden in a water tank.

[AU\\$47m in assets seized as part of organised crime syndicate investigation](#)

The AFP and Victoria Police have conducted two separate investigations into the Middle Eastern Organised Crime syndicate, resulting in the arrest of 52 people and the seizure of drugs, firearms, AU\$2.2 million (NZ\$2.4m) in cash, and AU\$47 million (NZ\$51m) worth of assets including cars, property, paintings, and a luxury yacht.

One operation focused on the large syndicate's access to firearms, large-scale drug importations, and unexplained wealth, and the other focused on the syndicate's criminal operations and how they were coordinated by leaders in custody in the prison system.

EUROPOL

[Poland and Spain take down gang hiding drugs worth millions in fruit and veg crates](#)

Spanish and Polish authorities have seized over 260kg of marijuana, amphetamine, and cocaine worth €2.9 million (NZ\$5.2m) hidden in lorries carrying fruit and vegetables bound for Poland.

Evidence collected over the investigation revealed how the drugs were smuggled as well as the connections the gang members had with sports clubs.



[Over 40 members of Italian organised crime arrested](#)

A joint operation by German, Italian and Austrian law enforcement, supported by EUROPOL and EUROJUST, have made 43 arrests and seized companies, real estate properties and vehicles worth over €5 million (NZ\$8.9m).

The target of the operation, the 'Ndrangheta, is a mafia clan based in Calabria. They are suspected of a variety of criminal activities including corruption of local politicians, fraud and money laundering, illicit waste trafficking, as well as violence and extortion.

United Kingdom

[Belfast gang bugged in Northern Ireland's biggest ever tax fraud case](#)

Twenty-seven people have been sentenced in Northern Ireland's biggest ever tax case, with the two ringleaders receiving sentences of four years each.

Authorities installed listening devices at an accountancy firm where one of the ringleaders was a partner. A false audit trail using 16 shell companies and 56 associated bank accounts had been created to enable clients to operate in the construction industry without paying tax.

United States

[Former co-owner of Minnesota Vikings sentenced to 75 months in prison for providing shadow banking services to cryptocurrency exchanges](#)

Reginald Fowler, former co-owner of the Minnesota Vikings football team, has been sentenced to six years and three months in prison, a forfeiture of over US\$740 million (NZ\$1.2b), and restitution of over US\$53 million (NZ\$86m) by a New York federal court for cryptocurrency fraud. Fowler had used his bank accounts to process US\$750 million (NZ\$1.2b) worth of cryptocurrency from Crypto Companies, who otherwise couldn't access legitimate banking institutions through legal means.

He had also defrauded the Alliance of American Football (AAF) league when acquiring a major stake with them by claiming his accounts were related to real estate with which he could invest with them, when they were actually derived from the crypto fraud, resulting in the bankruptcy of the AAF.



[New York 'lottery lawyer' sentenced to 13 years for \\$107 million fraud](#)

Jason Kurland, a New York-based lawyer specialising with lottery winners, has been sentenced by a New York District Court to 13 years in prison for wire fraud and money laundering, and has been ordered to pay US\$30.5 million (NZ\$49m) in restitution and forfeit US\$26.5 million (NZ\$43m).

Kurland used his position as a lawyer to deceive lottery winning clients into investing US\$107 million (NZ\$172m) in companies that he and his accomplices secretly owned, which he then used for his personal benefit.

Arms Trafficking

[OFAC sanctions cartel members for arms trafficking, fuel theft, and drug-related ML](#)

The United States Office of Foreign Assets Control (OFAC) designated three individuals and one entity in connection with the Cartel de Jalisco Nueva Generacion (CJNG). Two senior members of the group were sanctioned for arms trafficking and fuel theft, while the third individual was sanctioned for helping the cartel move illicit funds between the United States and Mexico through a trade-based money laundering (TBML) scheme.

CJNG is the cartel implicated in the [deaths of several people](#) who worked at a call centre operated by the cartel. In April, the US Treasury Department announced sanctions against members of the CJNG who ran a timeshare fraud from a call centre in Puerto Vallarta, Mexico.

Drug Trafficking

[DOJ files first-ever charges against Chinese fentanyl manufacturers](#)

The United States Department of Justice (DOJ) has filed charges against four Chinese chemical manufacturers and eight individuals based on allegations that they had exported the chemicals needed to create fentanyl to the Sinaloa Cartel in Mexico.

Two suspects were arrested after undercover Drug Enforcement Administration (DEA) agents posing as fentanyl manufacturers met with them and arranged a purchase of 210 kg of fentanyl precursor chemicals.

Human Trafficking

[2,700 people tricked into working for cybercrime syndicates rescued in Philippines](#)



A raid conducted on seven buildings in Manila by Philippine authorities has led to the rescue of more than 2,700 workers from various countries including China, Vietnam, and Indonesia who were made to work for cybercrime syndicates.

These victims were lured by criminal groups with promises of high-paying jobs and ideal working conditions via Facebook advertisements.

National Security

[Flight training for Chinese military pilots targeted in latest US export crackdown](#)

The Biden administration has added 43 entities to an export control list including Frontier Services Group Ltd, a security and aviation company, for training Chinese military pilots and other activities that threaten US national security.

In addition to recruiting Western pilots to train People's Liberation Army pilots on Western aircraft manoeuvres, companies were added to the list for acquiring US-origin items in support of China's military, including hypersonic weapons development. Thirty-one Chinese entities in total were added to the [list](#).

Association of Certified Fraud Examiners

[Combatting Business-to-Business Fraud: Benchmarking Report](#)



The ACFE and Thomson Reuters partnered on a study to explore the risks and controls related to business-to-business transactions and relationships to help organisations have visibility into these risks and benchmark their own processes for screening and onboarding other businesses.

The report outlines the most significant risks and challenges associated with onboarding new businesses, top risk factors when assessing a new business, and common know-your-business due diligence processes.

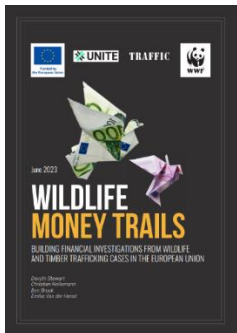
Australian Institute of Criminology

[Identity Crime and Misuse in Australia 2023](#)

This study presents findings from the Australian Cybercrime Survey related to identity crime and misuse. Thirty-one percent of respondents experienced identity crime in their lifetime and 20 percent experienced it in the past 12 months. Almost half of identity crime victims reported that suspicious transactions appeared in their bank statements or accounts. The type of personal information most commonly misused was names, followed by credit or debit card information. Twenty-nine percent of victims in the past 12 months experienced a financial loss.

TRAFFIC

[Wildlife Money Trails: Building Financial Investigations from Wildlife and Timber Trafficking Cases in the European Union](#)



A new TRAFFIC and WWF 'Wildlife Money Trails' report released in June aims to help law enforcement authorities and financial institutions uncover financial crimes related to wildlife and timber trafficking in the EU.

The report features 16 case studies, highlighting how financial institutions such as banks can be used by traffickers and can be exposed to money laundering, fraud, and facilitating organised crime. The case studies in the report illustrate some practical approaches to applying 'follow the money' principles by law enforcement investigators.

United Nations Office on Drugs and Crime

[World Drug Report 2023](#)

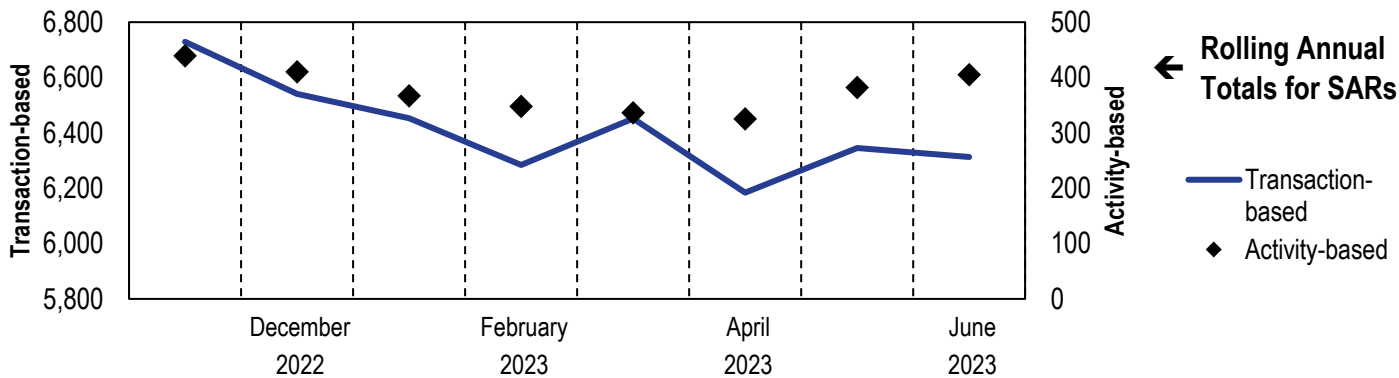
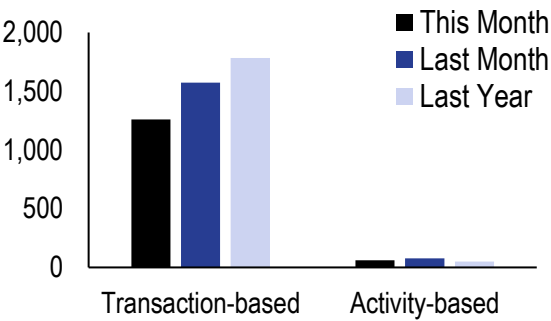
The latest World Drug Report consists of two products, a web-based element, and a set of booklets. The [online segment](#) presents the latest global, regional, and subregional estimates of and trends in drug demand and supply in an interactive, user-friendly platform.

[Booklet 1](#) presents findings in the form of an executive summary, while [Booklet 2](#) 'Contemporary Issues on Drugs' analyses challenges posed to law enforcement in relation to synthetic drugs as well as issues related to drugs in specific contexts, such as the Amazon Basin.

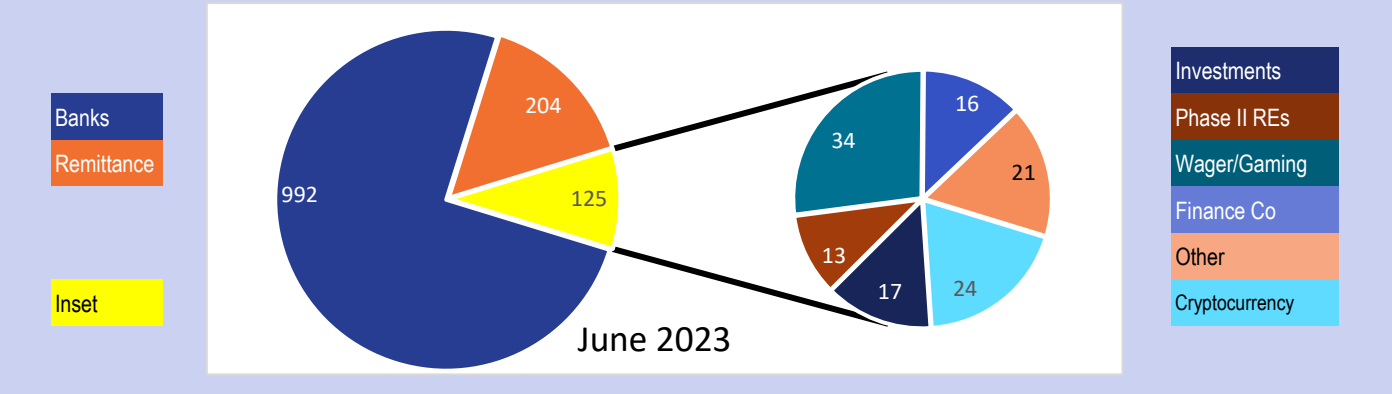
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	June	May	June
	2023	2023	2022
Transaction-based	1,261	1,573	1,782
Activity-based	60	77	51
Total	1,321	1,650	1,833

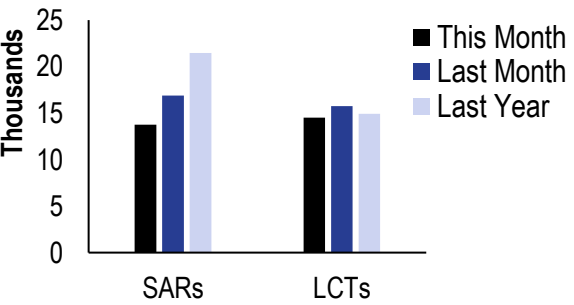


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

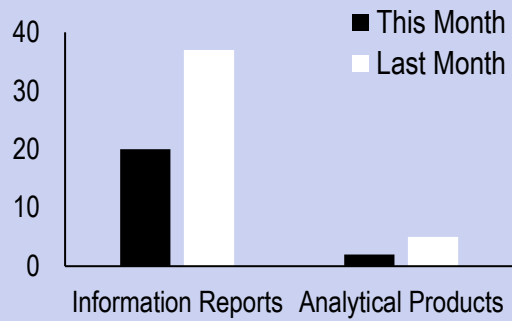
	This Month	Last Month	Last Year
	June	May	June
	2023	2023	2022
SARs	13,750	16,892	21,479
IFTs	524,163	556,350	901,124
LCTs	14,512	15,746	14,927



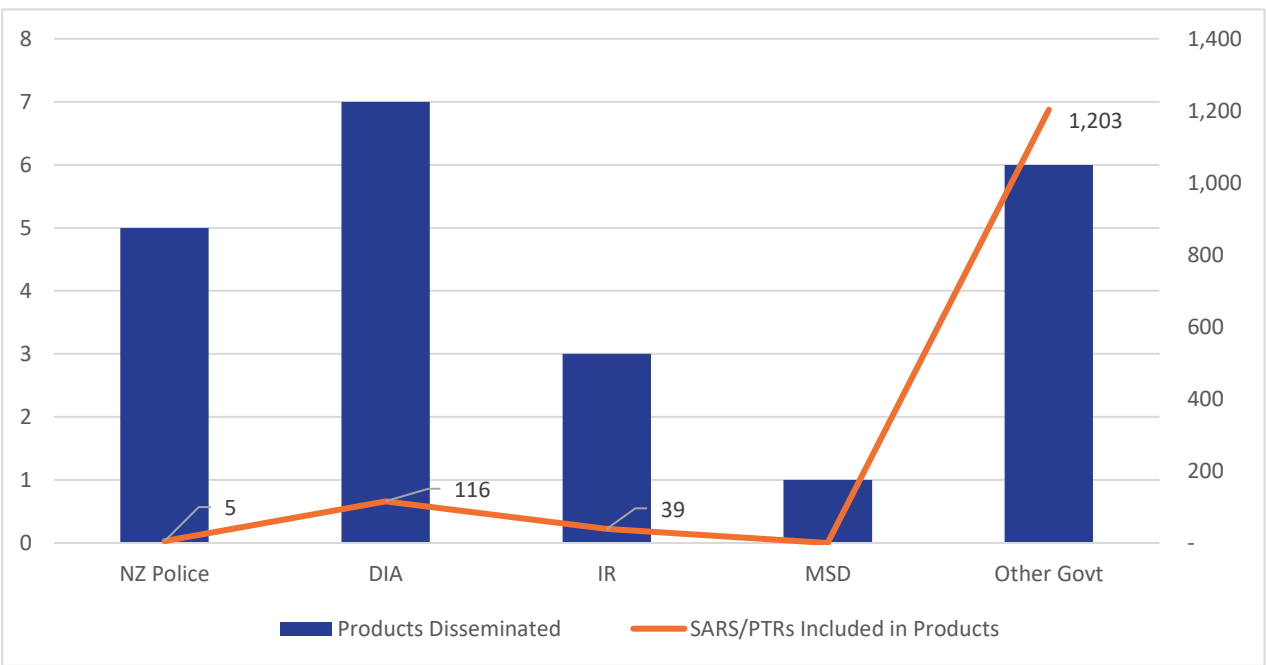
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

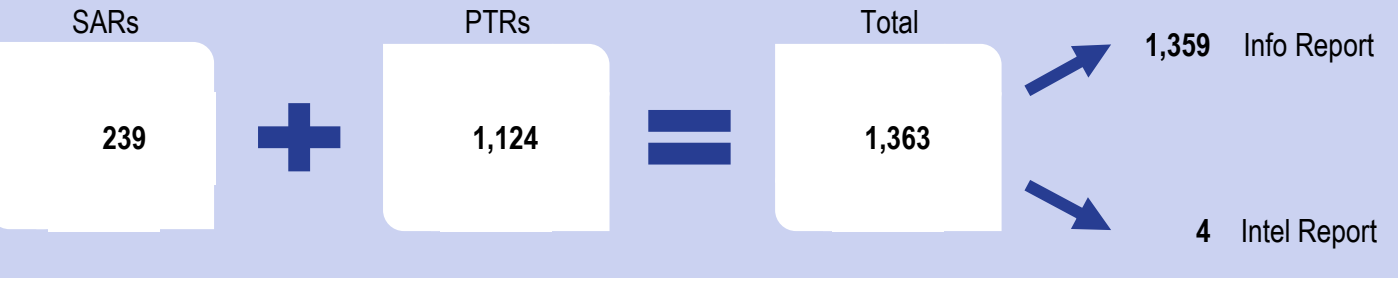
	This Month	Last Month
	June	May
	2023	2023
Information Reports	20	37
Analytical Products	2	5
Total Products	22	42



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.

1 April 2023 - 30 June 2023

QUARTERLY STATISTICS*

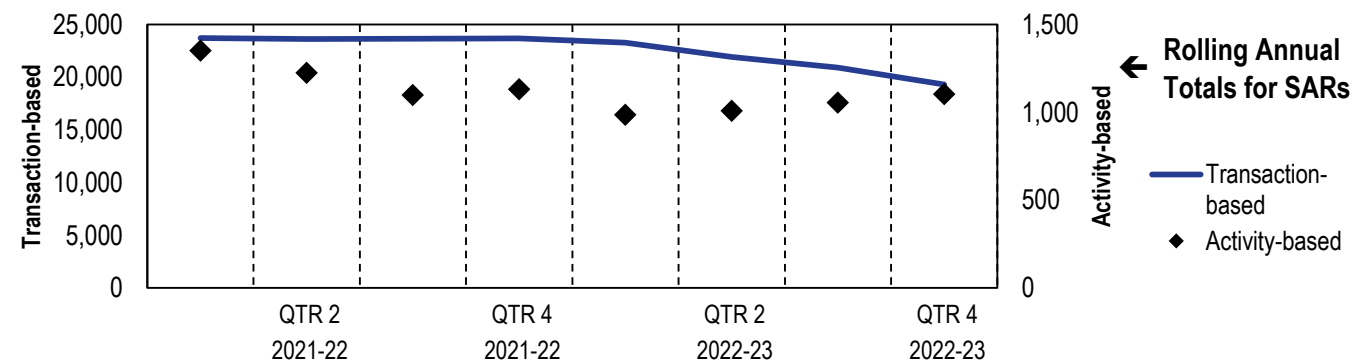
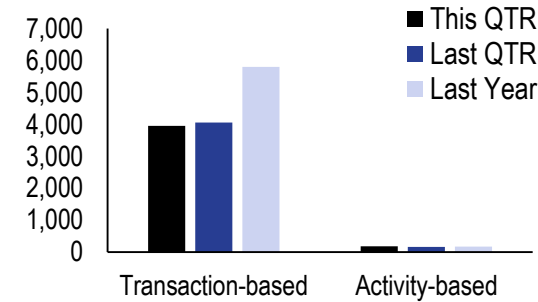
NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

QTR 4 | 2022-23

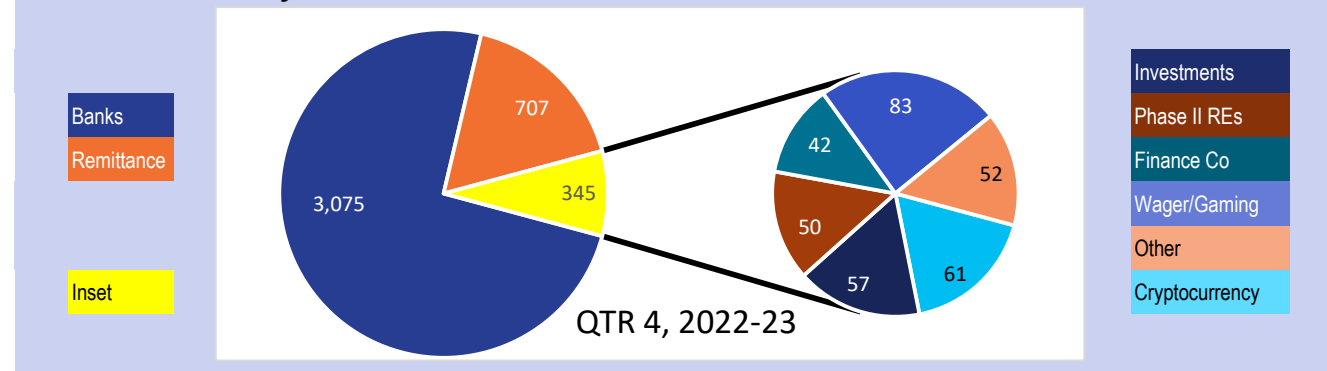
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This QTR	Last QTR	Last Year
	QTR 4	QTR 3	QTR 4
	2022-23	2022-23	2021-22
Transaction-based	3,949	4,060	5,802
Activity-based	179	165	169
Total	4,128	4,225	5,971

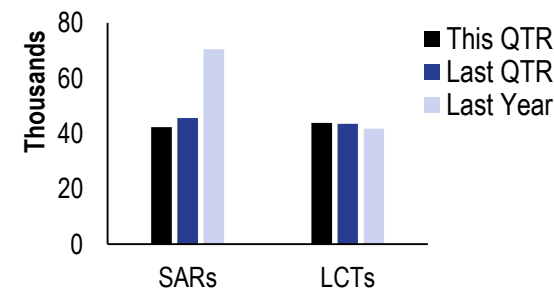


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

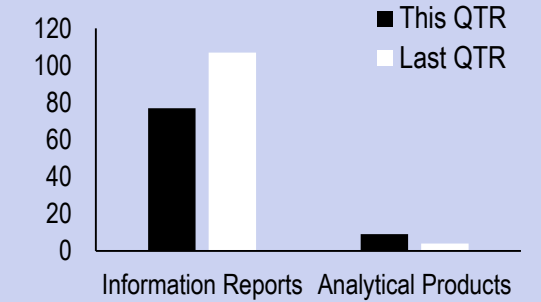
	This QTR	Last QTR	Last Year
	QTR 4	QTR 3	QTR 4
	2022-23	2022-23	2021-22
SARs	42,294	45,613	70,423
IFTs	1,584,612	1,568,783	1,812,675
LCTs	43,876	43,445	41,747



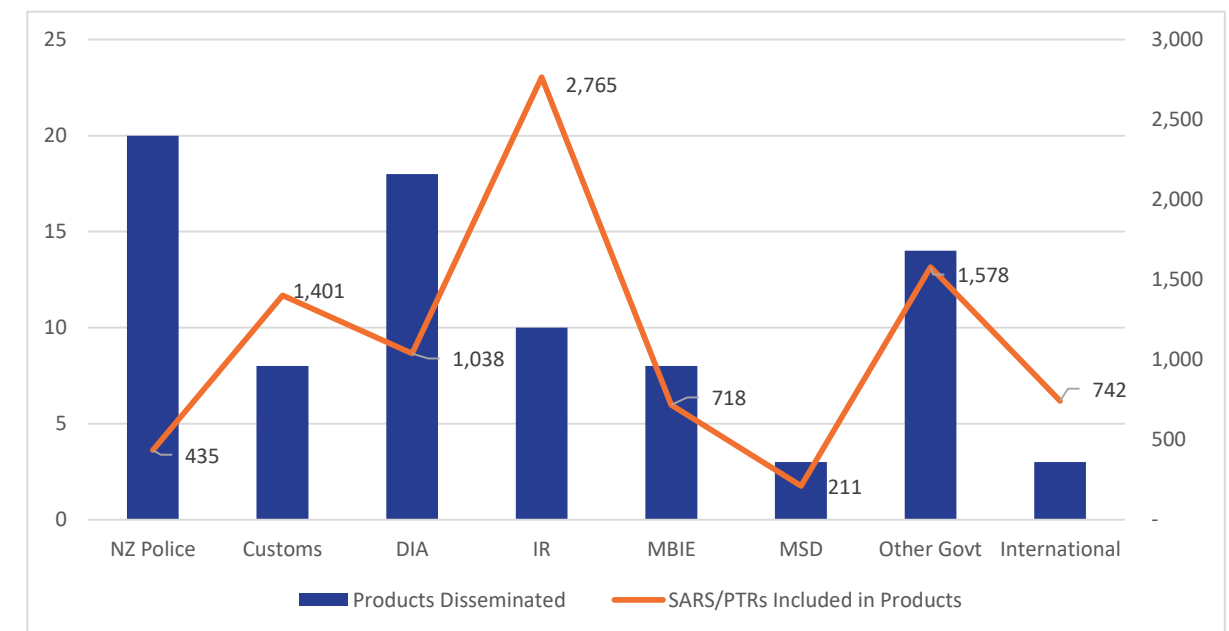
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

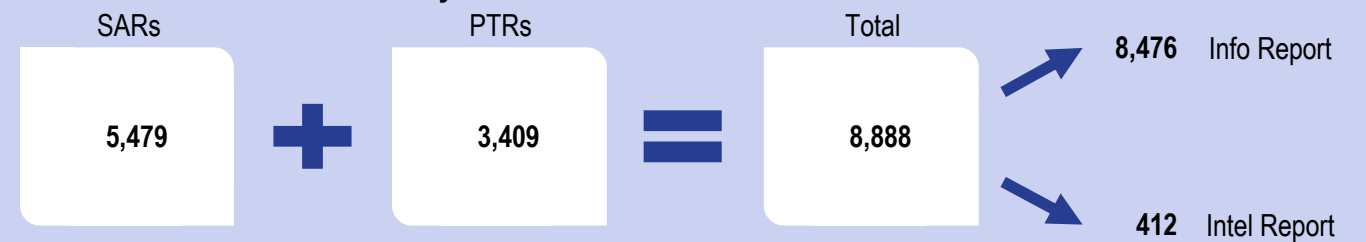
	This QTR	Last QTR
	QTR 4	QTR 3
	2022-23	2022-23
Information Reports	77	107
Analytical Products	9	4
Total Products	86	111



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.

1 July 2022 - 30 June 2023

ANNUAL STATISTICS*

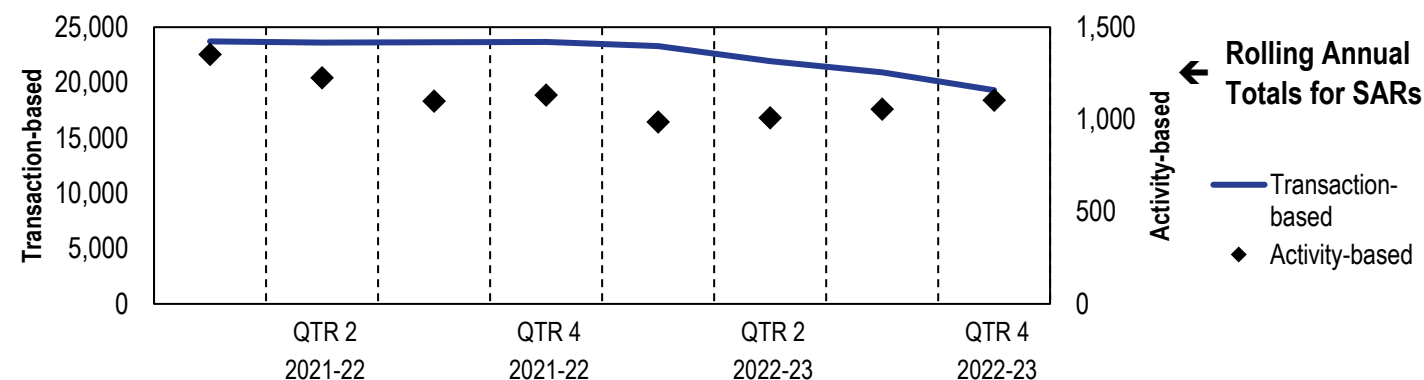
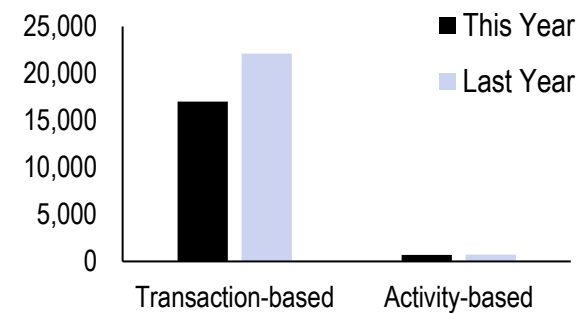
NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

YEAR | 2022-23

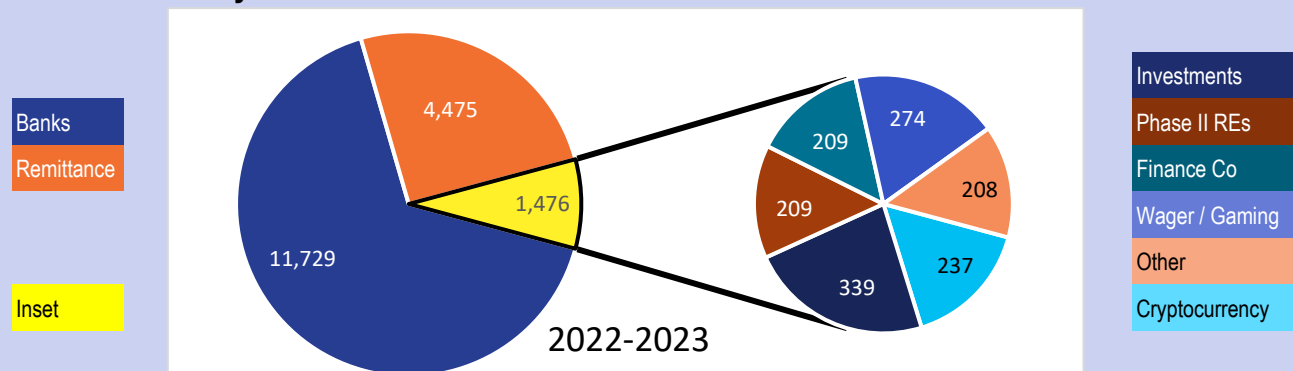
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Year	Last Year
	2022-23	2021-22
Transaction-based	16,998	22,109
Activity-based	689	721
Total	17,687	22,830

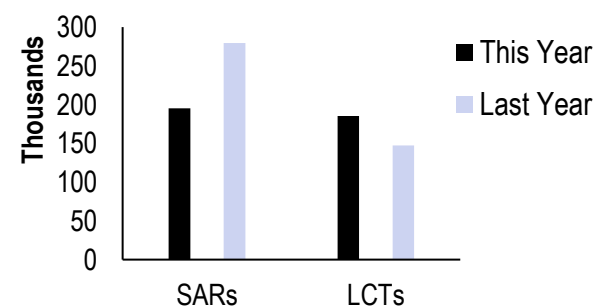


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

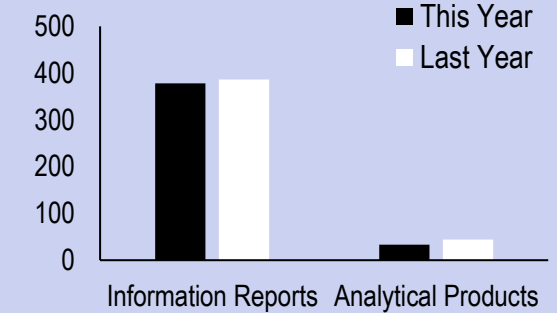
	This Year	Last Year
	2022-23	2021-22
SARs	195,165	279,559
IFTs	6,340,411	5,856,042
LCTs	185,458	147,197



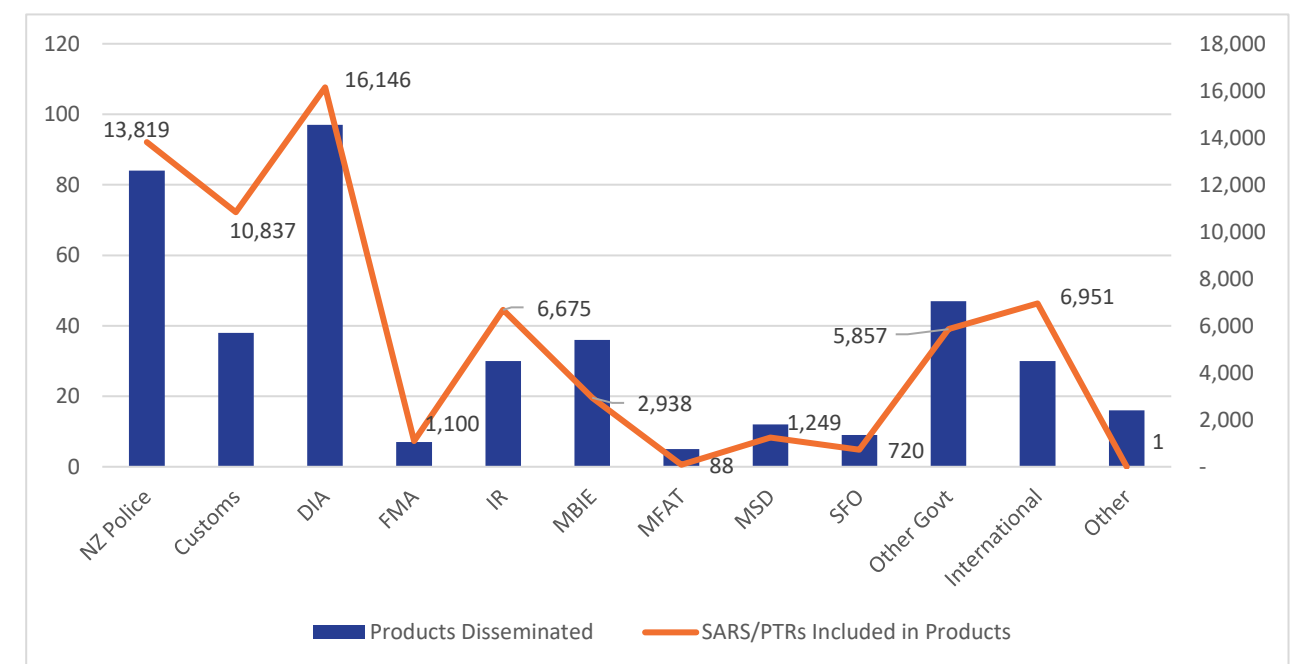
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

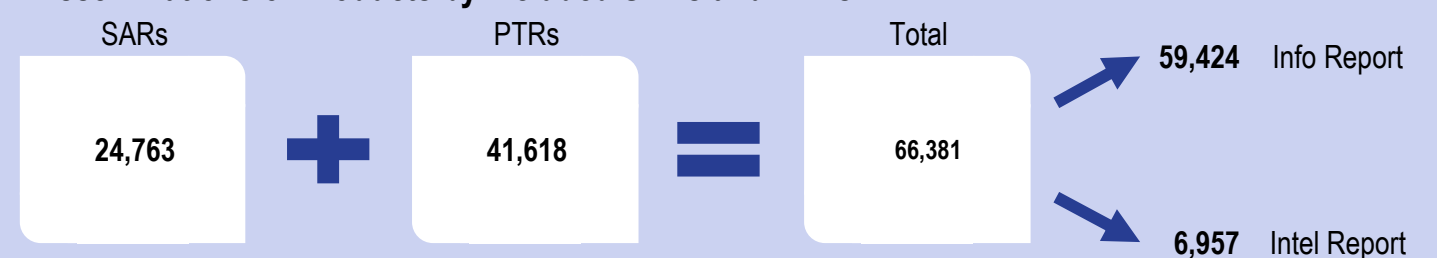
	This Year	Last Year
	2022-23	2021-22
Information Reports	378	386
Analytical Products	33	44
Total Products	411	430



Disseminations of Products by Recipient



Disseminations of Products by Included SARs and PTRs



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