

The Suspicious Activity Report

March 2023

New Zealand Financial Intelligence Unit

INTRODUCTION

The Suspicious Activity Report is produced by the Financial Intelligence Unit (FIU), part of the New Zealand Police Financial Crime Group, led by Detective Superintendent David Lynch. This report is comprised of FIU holdings and open-source media reporting collected within the last month.

Background

The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act became law in October 2009. The Act's purpose is to detect and deter money laundering and contribute to public confidence in the financial system. It seeks to achieve this through compliance with the Financial Action Task Force (FATF) recommendations. The Financial Intelligence Unit produces this monthly report as part of its obligations under section 142(b)(i) and section 143(b) of the AML/CFT Act 2009. The Financial Crime Group is made up of the Financial Intelligence Unit, Asset Recovery Unit, the Money Laundering Team, and a group at Police National Headquarters.

Financial Intelligence Unit

The Financial Intelligence Unit (FIU), led by Detective Inspector Christiaan Barnard, has been in operation since 1996. Its core function is to receive, collate, analyse, and disseminate information contained in Suspicious Transaction Reports, Prescribed Transaction Reports, and Border Cash Reports. It develops and produces a number of financial intelligence products, training packages and policy advice. The FIU participates in the AML/CFT National Coordination Committee chaired by the Ministry of Justice, and chairs the Financial Crime Prevention Network (FCPN). It is a contributing member to international bodies such as the Egmont Group of Financial Intelligence Units and the Asia/Pacific Group on Money Laundering.

Asset Recovery Unit

The New Zealand Police Asset Recovery Unit (ARU) is led by Detective Inspector Craig Hamilton and was established in December 2009 to implement the Criminal Proceeds (Recovery) Act 2009 (CPRA). The ARU is the successor to the Proceeds of Crime Units, which were established in 1991, and was combined with the FIU to create the Financial Crime Group. The CPRA expanded the regime for the forfeiture of property that has been directly or indirectly acquired or derived from significant criminal behaviour. It is intended to reduce the possibilities for individuals or groups to profit from criminal behaviour, to reduce the opportunities they have to expand their criminal enterprises, and act as a deterrent for criminal activity. There are five Asset Recovery Units, based in Whangarei, Auckland, Waikato/Bay of Plenty, Wellington, and Christchurch.

Money Laundering Team

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

Letter from the Editor

Dawn Logan, Senior Strategic Advisor (Acting)



Kia ora koutou.

In this edition, we provide an update on which goAML indicators are most often selected by our reporting entities. As many of you know, the FIU revised the indicators a year ago – adding new ones such as ‘cash deposits’, removing the more general indicators, and combining others for clarity and efficiency.

My team has analysed the indicators selected, comparing the past 12 months to ones chosen the previous 12 months to understand how the changes have affected the overall picture we are seeing from reports. This analysis can be found on page 4.

The results and the insights we now have as a result of the updated indicators are positive, and as our capability increases with the Qlik / IQ software, we’ll be able to increase our awareness of new trends of suspicious reporting.

The use of goAML indicators by reporting entities is already incredibly helpful for the FIU. They are an invaluable tool for conducting base level analysis, allowing us to quickly sort and categorise the data we receive, as well as provide focus areas for us to identify trends when we respond to queries and surveys from domestic and international partners.

If your organisation isn’t familiar with how goAML indicators can increase the value of your Suspicious Activity Reports / Suspicious Transaction Reports, guidance can be found in the goAML library.

Also highlighted in the New Zealand news section of this edition is the passing of the Criminal Activity Intervention Legislation Act (CAIL). This Act, which will amend four Acts including the Anti-Money Laundering and Countering Financing of Terrorism Act, will affect many high-value dealers. If you are a reporting entity that falls under this category, please refer to your Sector Supervisor’s (Department of Internal Affairs) website [for guidance](#).

I would like to take this opportunity to thank reporting entities for your efforts. The FIU absolutely understands the work it takes to scan for suspicious activities and transactions, complete due diligence and analyse the results, as well submit detailed reports. The work you do makes a difference, and as the quality of reports increases, so does our analysis and resulting disseminations to law enforcement and other government agencies.

Nga mihi nui kia koutou.

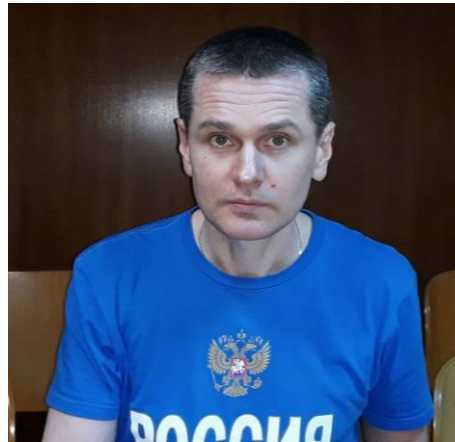
NEW ZEALAND AML/CFT NEWS

FCG / Police News

[Judge rules \\$140m sent to New Zealand by Russian 'computer genius' was global money laundering of criminal profits](#)

Alexander Vinnik was convicted in 2020 of laundering millions of dollars extorted from a widespread cyber-attack. That same year, the New Zealand Police Asset Recovery Unit (ARU) successfully sought interim restraining orders in the High Court over \$140 million of Vinnik's funds held in New Zealand.

Justice Christine Gordon released her ruling in March, stating she was satisfied there were reasonable grounds to believe Vinnik had unlawfully benefitted from significant criminal activity, and ordered the \$140 million to remain in the custody of the Official Assignee.



[Operation Gallium: Police charge seven men and seize methamphetamine, cash, and other assets](#)



Seven men have been arrested in Whanganui, Hamilton, and Auckland after an investigation uncovered the activities of a group manufacturing methamphetamine in rural locations.

The raids led to the seizure of 19.32 kg of meth worth around NZ\$6.7 million, equipment for its manufacture, LSD, GBL, a firearm and physical cash. Also seized by authorities were 19 vehicles, five motorcycles, two boats, two jet skis, and a caravan.

News from our Partners

Pāremata Aotearoa | New Zealand Parliament

[Criminal Activity Intervention Legislation Bill enacted](#)

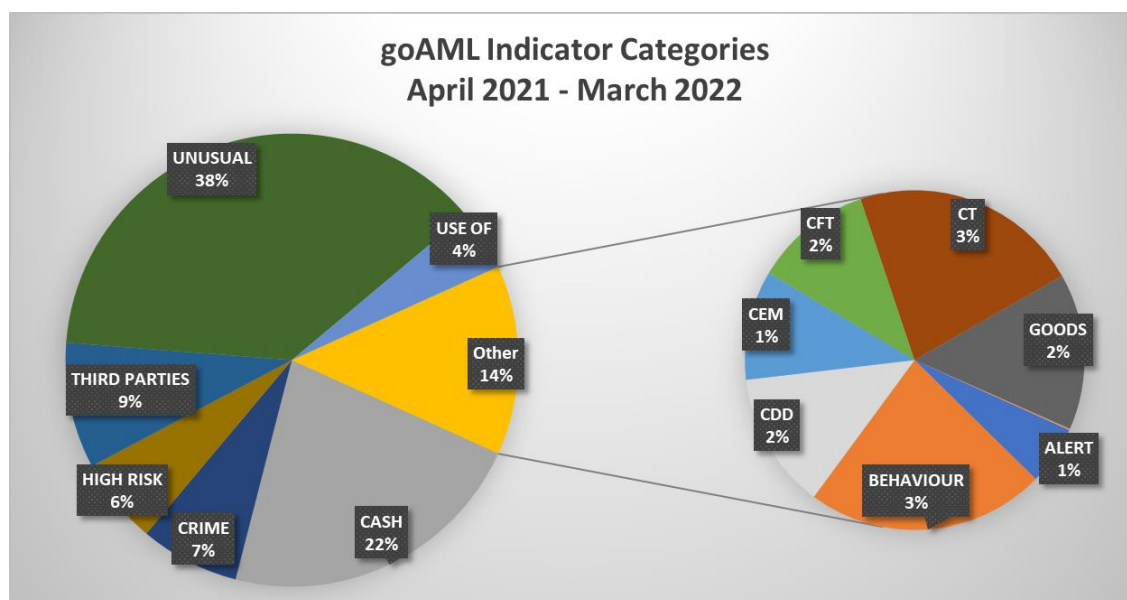
The Criminal Activity Intervention Legislation Act (CAIL) amends four acts including the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and came into effect on 5 April.

The CAIL Act will update the AML/CFT Act to prohibit cash transactions over a specified value for the certain high-value goods, including jewellery; watches; gold, silver, or other precious metals; diamonds, sapphires, or other precious stones; motor vehicles; and ships.

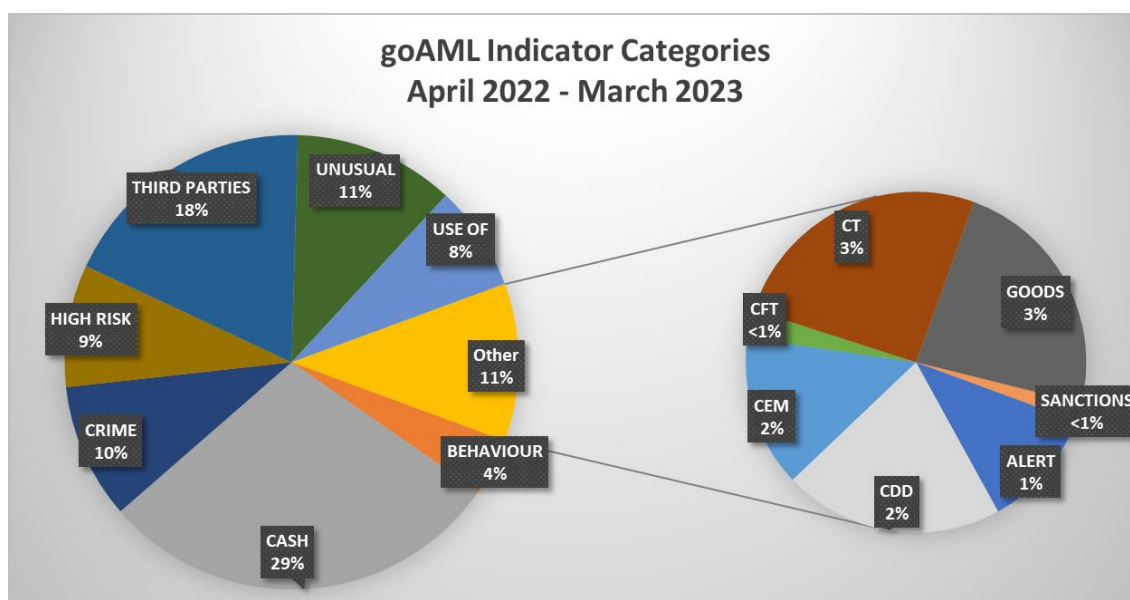
The threshold amount of \$10,000 will be set in the AML/CFT Regulations and will come into effect on 11 May.

FIU News

In March 2022, the goAML indicators were revised to remove the more general indicators, and refine, clarify, and add other indicators. A quick change in the indicators occurred, between March 2022 when the new indicators were revised, and June 2022, when the preliminary data was [published](#). The early stages showed a rapid trend from the more general categories to selection of other indicator categories to form a more macro view of suspicion activity.



Since then, the Unusual category has continued to shrink, from 38% (as at March 2022) to 15% (as at June 2022) to 11% (as at March 2023). This has demonstrated the usefulness of the improved indicators, as the reporting and resulting data is proving to be more detailed.



The Third Parties category has increased from 10% (March 2022) to 18% (March 2023), and Cash from 23% to 29%. Crime and High Risk have increased by 3% each, and the Use Of category has doubled. These five categories, and the more detailed indicator selections within them, provides the FIU with better insight into the suspicious behaviours and transactions reporting entities are seeing.

AML/CFT Media Library

PODCASTS



[*Criminal: Crazy Eddie*](#)

Criminal podcast host Phoebe Judge interviews Gary Weiss, author of [*Retail Gangster – The Insane, Real-Life Story of Crazy Eddie*](#), to tell the story of a wildly popular 1970s family business in NYC.



[*Financial Crime Matters: How Britain Became Butler to the World's Financial Criminals*](#)

The host of the ACAMS *Financial Crime Matters* podcast interviews Oliver Bullough, a reporter for The Guardian, about his latest book. The book explores how a lack of regulatory diligence has led to Britain becoming a hub for transnational criminals to launder money by buying property or funnelling the money through the UK.



[*The Evolution of IRS Criminal Investigations*](#)

In this episode of the Association of Certified Fraud Examiners' podcast, the Special Agent in Charge of the Los Angeles field office of the IRS's Criminal Investigation division reflects on the division's growth over the last 20 years, growing uses of cryptocurrencies and common tax fraud schemes.



[*The Perfect Scam: FBI and Grandmother Bring Down Crime Ring, Parts 1 and 2*](#)

The podcast produced by the American Association of Retired Persons (AARP) highlights a common scam where a parent or grandparent is convinced a family member is in legal trouble and needs money urgently. This case was referred to the FBI, who used the [RICO Act](#) to prosecute the offenders.



[*Non-State Proxies: The Wagner Group*](#)

This episode from RUSI's The Suspicious Transaction Report podcast focuses on the Wagner Group and the role it may play in the current global security framework. Guests for this episode include the director of illicit finance policy at investigative NGO The Sentry, and the director of the Centre on Terrorism, Extremism and Counterterrorism in California.

INTERNATIONAL AML/CFT NEWS

Australia

[Hillsong under investigation by charities regulator over explosive allegations aired in parliament](#)



Australian MP Andrew Wilkie, under parliamentary privilege, revealed documents produced by a whistleblower that claim the megachurch Hillsong had engaged in tax evasion and money laundering, alleging that around AU\$80 million (NZ\$86m) was not declared in official documents by the church.

The documents accuse the family of founder Brian Houston of using church money to fund private jet trips, overseas holidays, cash gifts, and luxury items such as clothing and watches.

[Cybercrime syndicate dismantled after allegedly laundering \\$1.7 million](#)

A cybercrime syndicate responsible for over 15 cybercrime incidents between 2020 and 2023 which targeted victims in both Australia and overseas was dismantled by Australian authorities, resulting in the arrests of four people.

The group is alleged to have managed more than 80 fraudulent bank accounts used to launder AU\$1.7 million (NZ\$1.8m) obtained from scams, BEC attacks and fraudulent superannuation schemes, with 1.1 million (NZ\$1.2m) laundered through accounts in South Africa.



Bulgaria

[Bulgaria to extradite top ex-magistrate to Austria over money laundering](#)



Ivan Dimov, former member of Bulgaria's Supreme Judicial Council, is facing extradition to Austria over charges of money laundering, related to transactions totalling over €170,000 (NZ\$304k) from several Austrian bank accounts to accounts held in Bulgaria.

Dimov previously had to resign from his position on the Supreme Judicial Council in 2009 over his involvement in a lobbying scandal. Dimov denies the recent charges made against him.

Hong Kong

[Hong Kong police crack money-laundering syndicate suspected of processing HK\\$119 million in 2 months](#)



Authorities from Hong Kong and China have arrested 11 people who had allegedly participated in a cross-border syndicate that laundered approximately HK\$119 million (NZ\$24m), spanning both regions.

The syndicate is accused of using more than 90 Chinese bank accounts operated by mules to send the money obtained through a variety of scams, including investment frauds, fake official scams and “guess-who-I-am” scams, which were conducted entirely on the mainland. The money from these accounts were then sent by the account holders to the perpetrators in Hong Kong, where they were used to purchase luxury watches, gold items, and mobile phones using debit cards lent from the account holders.

Switzerland

[Bankers convicted in Switzerland over Putin money laundering](#)

Four bankers from the privately owned bank Gazprombank were found guilty of assisting an ally of Russian President Vladimir Putin to hide funds in Switzerland bank accounts. They have received suspended prison sentences and fines of CHF741,000 (NZ\$1.3m).

The men, whose identities have been hidden under Swiss privacy rules, had helped Sergey Roldugin, the godfather of Putin’s daughter, funnel up to [CHF10 million](#) (NZ\$17.8m) into accounts which Roldugin operated but were used to store Putin’s money.

Vietnam

[Vietnamese customs officials nab airline flight attendants transporting illegal drugs](#)

Customs officers detected drugs in the baggage of four members of a Vietnam Airlines crew during a security clearance check on an international flight from Paris to Ho Chi Minh City.

The flight attendants were carrying over 100 toothpaste tubes containing grey tablets and white powder. Rapid tests indicated that the substances contained MDMA, ketamine, and cocaine. The flight attendants said they were paid 10 million dong (NZ\$695) to help transport “some goods” to Vietnam.

Zimbabwe

[Top Zimbabwe ambassador involved in gold smuggling scheme](#)

During an undercover operation by Al Jazeera’s Investigative Unit (I-Unit), Zimbabwean preacher Uebert Angel allegedly offered to use his status to launder millions of dollars through a gold-smuggling scheme.

Using his diplomatic immunity, Angel offered to bring illicit cash into the country where it could be used to purchase gold from the Zimbabwean government’s gold refinery, Fidelity. The gold could then be sold overseas to obtain legitimate cash.

CITES

[Mexico sanctioned for failure to protect wildlife](#)

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) recently announced new sanctions imposed on Mexico, prohibiting the country from selling any of its regulated wildlife to the other 183 parties of the CITES treaty.

The sanction is the most drastic step available under the treaty and comes after multiple warnings related to Mexico's failure to combat illegal fishing of totoaba and to protect the vaquita porpoise.

EUROJUST

[Twenty-two arrests made after joint European operation on drug trafficking group](#)



A police operation by authorities from Spain, France, the Netherlands, and Romania has resulted in the arrest of 22 people suspected of being members of an organised crime group which trafficked cocaine and cannabis across multiple European countries and laundered the proceeds.

It is believed that the criminals laundered the illicit cash through underground banking networks, which served to transfer the money between locations and converted it to cryptocurrency. Around €2 million (NZ\$3.5m) in cash, firearms, dozens of kilograms of cocaine, luxury vehicles, and watches were seized by authorities in the raids.

EUROPOL

[EUROPOL operation nets 16 suspects, 4.7 tons of meth seized](#)

Sixteen individuals have been arrested in an operation targeting an organised criminal syndicate allegedly responsible for producing and distributing 4.7 tonnes of methamphetamine in central Europe. Law enforcement agencies from the Czech Republic, Poland, Romania, and Slovakia were involved in the operation.

The group is believed to have used a Romanian company to purchase raw materials and mix them into pharmaceutical products; during the joint action, over 3.3 million tablets containing raw material for the production of methamphetamine were seized.

[Crypto money laundering platform ChipMixer shut down by German and US authorities](#)

EUROPOL has announced that a joint US-German operation has shut down ChipMixer, a cryptocurrency mixing platform used to facilitate money laundering, and arrested its operator, 49-year-old Minh Quốc Nguyễn.

The mixing service was used to pool funds from ransomware attacks, dark web purchases, and crypto-heists to obfuscate their origin. Among the US\$700 million (NZ\$1.1b) of stolen funds processed through ChipMixer were funds stolen from cryptocurrency websites by a North Korean hacker group.

Cryptocurrency

[US regulators file suit against crypto giant Binance alleging they broke US money laundering laws](#)

The US Commodity Futures Trading Commission (CFTC) has filed a suit against Binance, the world's largest crypto exchange, alleging they had encouraged their customers to violate their own compliance controls as well as US regulations, and turned a blind eye to illegal activity.

Because Binance isn't registered with the CFTC or any other US regulatory institution, they aren't allowed to conduct business in the United States. However, it is alleged that they advised American customers to use VPNs and shell companies to access Binance within the country, and knowingly didn't enforce their own 'know your customer' guidelines.

[APT43: North Korean group uses cybercrime to fund espionage operations](#)



In a Threat Intelligence Report published by Google's Mandiant, they assessed with high confidence that APT43 is a moderately-sophisticated cyber operator that supports the interests of the North Korean regime.

The report notes that Mandiant has identified APT43 using cryptocurrency services to launder stolen currency, including the likely use of hash rental and cloud mining services to launder stolen cryptocurrency into clean cryptocurrency.

Ransomware

[Ransomware attacks have entered a 'heinous' new phase](#)

A security firm analyst has advised ransomware actors are getting more aggressive their extortion techniques as fewer victims pay the ransom. In February, a Russia-based ransomware group, BlackCat, attacked a physician practice in the United States, stealing graphic medical photos. When the health care group refused to pay the ransom, BlackCat released three screenshots of cancer patients receiving radiation treatment as well as patient documents.

Less than a month later, the ransomware gang Medusa published sample data stolen from a United States public school, including notes that describe allegations of a sexual assault and the parties involved.

Sanctions

[Wagner chief admits to founding Russian troll farm sanctioned for meddling in US elections](#)

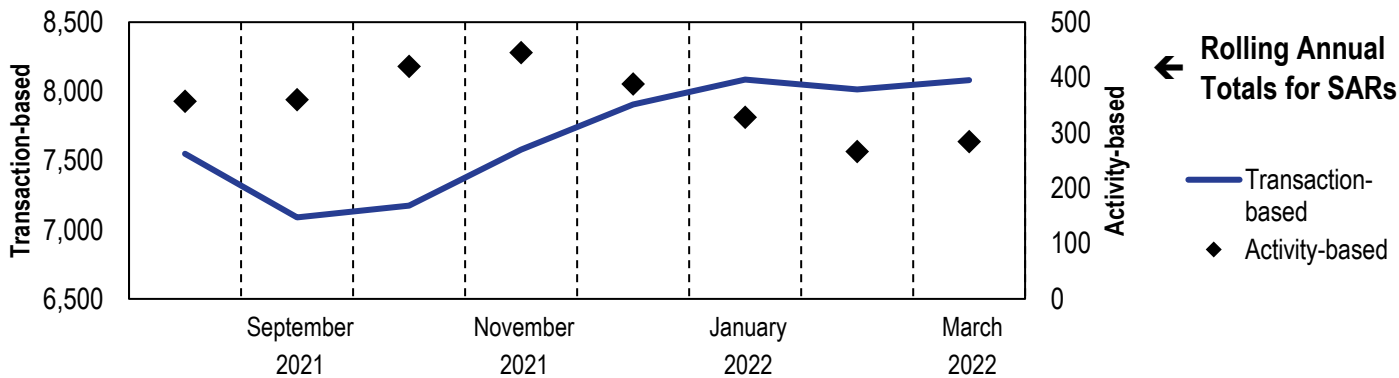
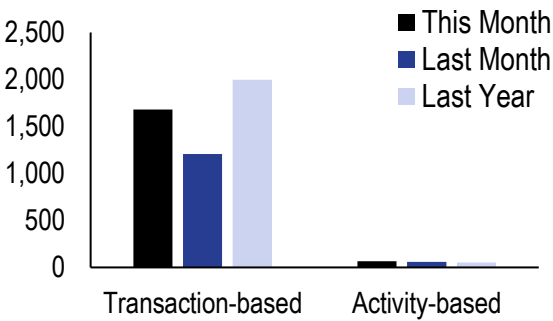
Yevgeny Prigozhin, head of Russian private military company Wagner, admitted to founding the Internet Research Agency (IRA), a troll farm that the US government sanctioned in 2018 for interfering in American elections.

The US Treasury Department accused the IRA of having "created and managed a vast number of fake online personas that posed as legitimate US persons to include grassroots organisations, interest groups, and a state political party on social media".

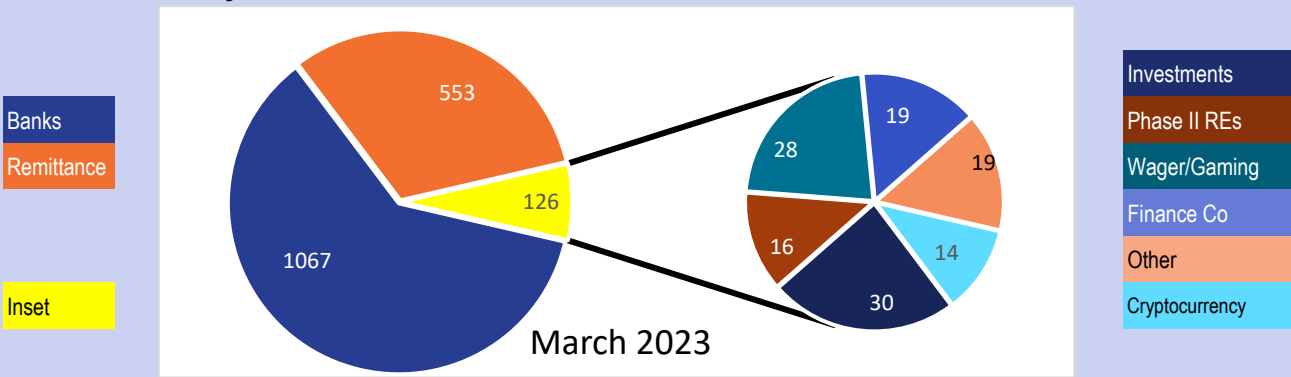
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	March	February	March
	2023	2023	2022
Transaction-based	1,682	1,206	1,996
Activity-based	65	59	52
Total	1,747	1,265	2,048

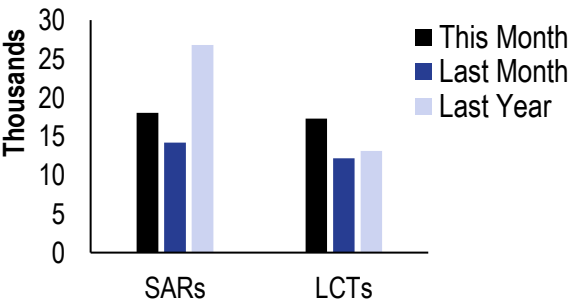


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

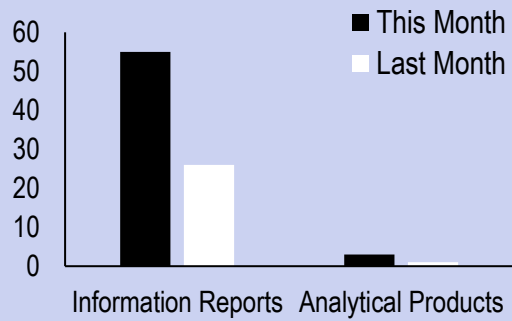
	This Month	Last Month	Last Year
	March	February	March
	2023	2023	2022
SARs	18,046	14,209	26,779
IFTs	535,144	481,149	513,583
LCTs	17,307	12,164	13,130



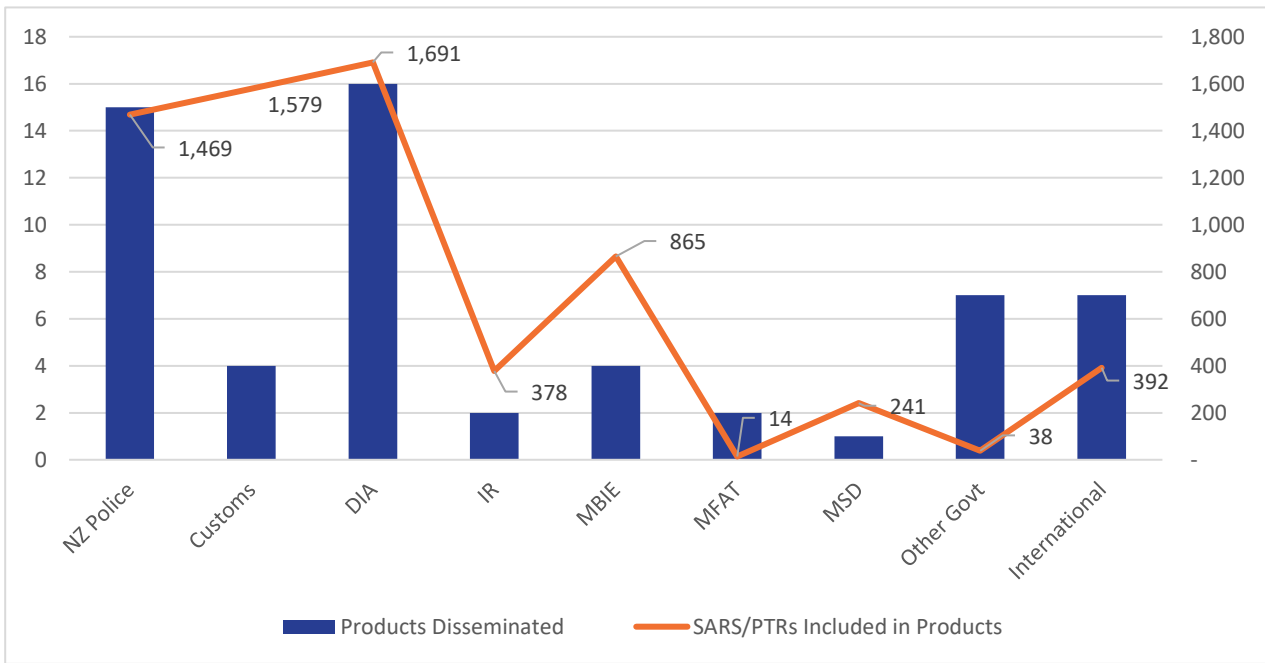
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

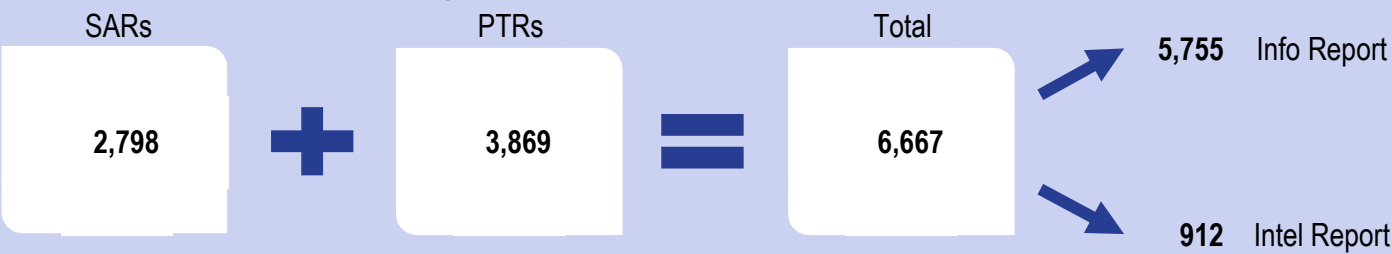
	This Month	Last Month
	March	February
	2023	2023
Information Reports	55	26
Analytical Products	3	1
Total Products	58	27



Disseminations of Products by Recipient



Disseminations of Products by Included SARs and PTRs



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

QUARTERLY STATISTICS*

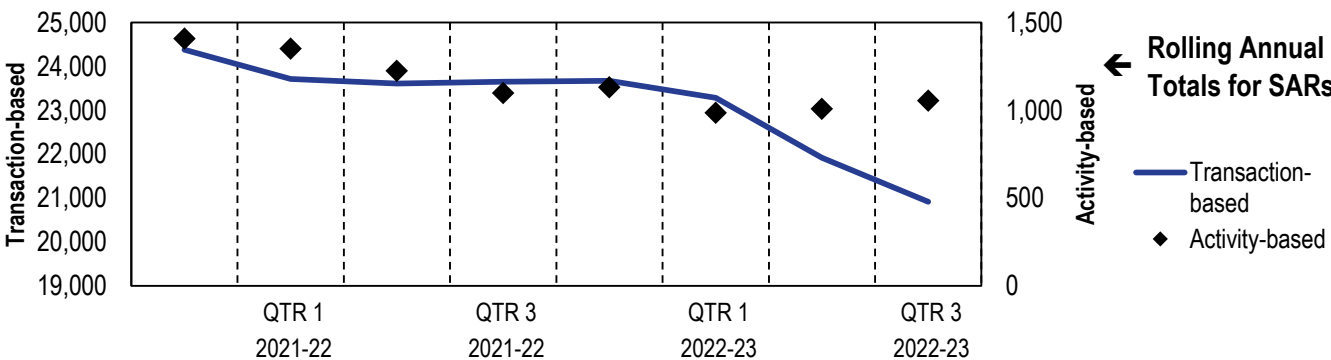
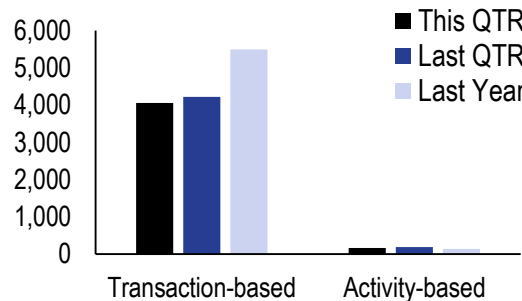
NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

QTR 3 | 2022-23

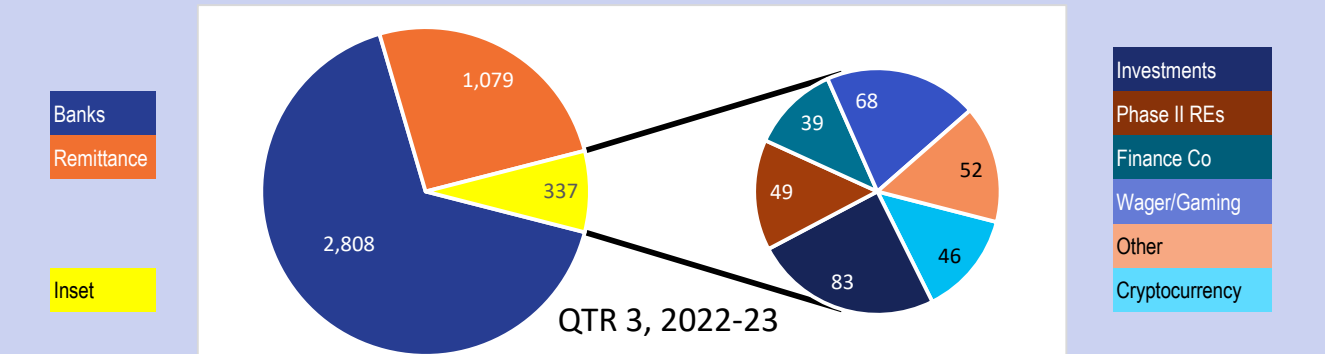
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This QTR	Last QTR	Last Year
	QTR 3	QTR 2	QTR 3
	2022-23	2022-23	2021-22
Transaction-based	4,060	4,221	5,493
Activity-based	165	188	139
Total	4,225	4,409	5,632

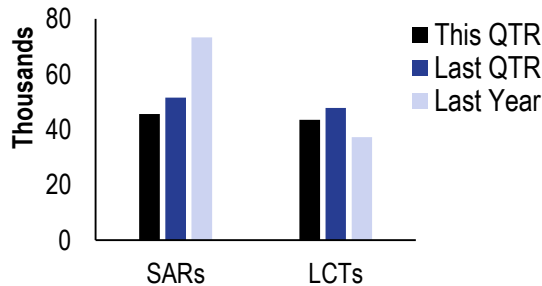


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

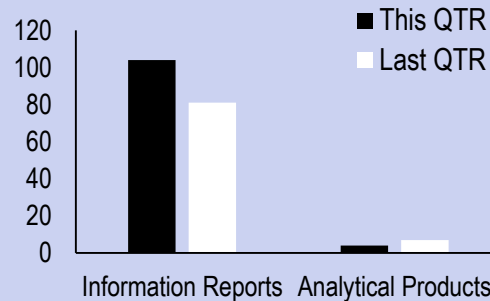
	This QTR	Last QTR	Last Year
	QTR 3	QTR 2	QTR 3
	2022-23	2022-23	2021-22
SARs	45,613	51,527	73,248
IFTs	1,485,420	1,655,865	1,322,555
LCTs	43,445	47,808	37,190



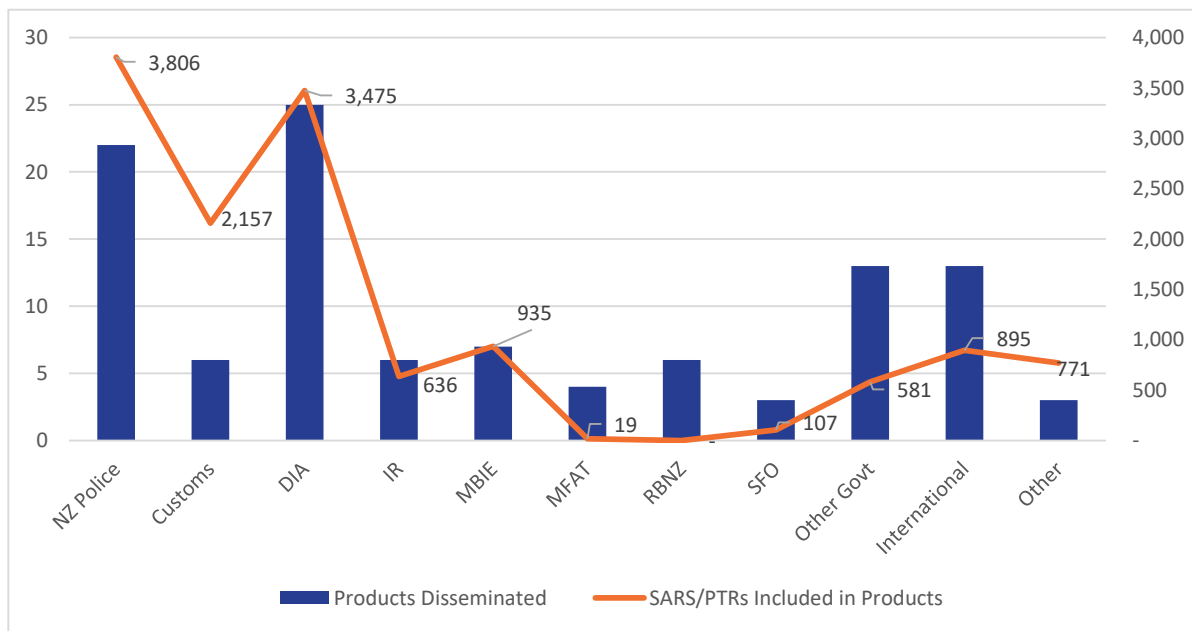
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

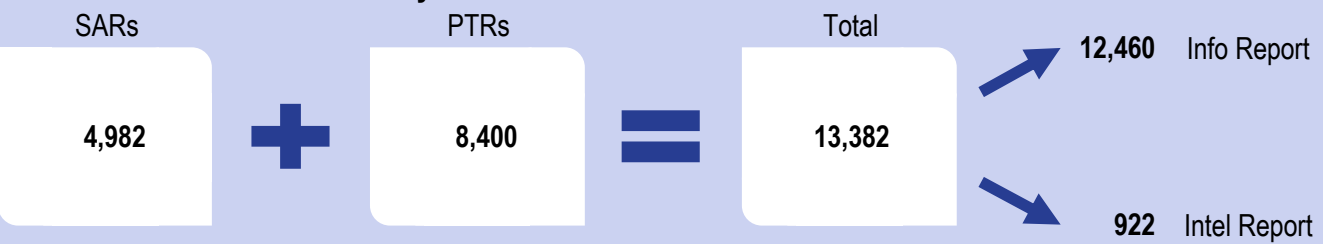
	This QTR	Last QTR
	QTR 3	QTR 2
	2022-23	2022-23
Information Reports	104	81
Analytical Products	4	7
Total Products	108	88



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.

