

The Suspicious Activity Report

MAY 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, 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

In 2016, our former NZ Police Commissioner Mike Bush set out five targets for the NZ Police as part of his overarching strategy '[Our Business](#)'. One of these was restraining NZ\$400 million of cash and assets from gangs and organised crime by June 2021. In 2017 this target was lifted to NZ\$500 million and was supported by the Government pledge to increase Police numbers by 1,800 over five years. This saw a significant national investment in fighting organised crime with an injection of over 700 additional constabulary positions across the National Investigations groups (including the Financial Crime Group) and the Police Districts. Each year since then the Financial Crime Group has seen additional staff deployed into the Asset Recovery Unit and the Financial Intelligence Unit and some of these allocated staff were then engaged to create the Money Laundering Teams. During this time the Financial Crime Group has doubled to its current size of over 150 staff.



The Asset Recovery Unit are key to the success of achieving this goal, with their investigators and analysts tirelessly working alongside a range of law enforcement agencies to restrain assets tied to their investigations, but the target has highlighted the value of the FIU. Of the NZ\$521 million restrained at the time of writing, NZ\$188 million is a direct result of a referral from the FIU based on the financial intelligence received from Reporting Entities. For the remaining two thirds of the restraints, the FIU has played a critical role in supporting operations through the analysis and dissemination of financial intelligence – which has included our ongoing collaboration as a member of the [Financial Crime Prevention Network](#) (FCPN). This success is off the back of the hard work Reporting Entities have put into identifying and reporting suspicious activity, for which I would like to give my thanks.

What is next for the Financial Crime Group? In order to remain innovative and aligned with the broader New Zealand Police (NZ Police) strategy, we are moving to an outcome focussed approach where we will ensure that work will maximise the protection of our community. This maxim will be central to the FIU's work and will inform the way we update the National Risk Assessment, implement our new analytical software, and develop the FCPN. Don't worry – we will continue to measure our restraints, as this is one of our ongoing measures of success, but it will not be as prominent in the vision we are setting for our team.

On the subject of implementing our new software, this month we have an overview of its capabilities from Acumen BI's Data and Analytics Practise Lead Dan Gargiulo. The suite of software that we are implementing will allow all users (investigators and analysts alike) to derive insights contained in the vast amount of data we collect that we currently can only retrieve using our data analysts. In addition to democratising the FIU data insights within Police, it will improve our leads discovery and provide a more comprehensive picture of the different sectors to inform the RBNZ, DIA, and FMA's risk-based approach to compliance.

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

Notes from the ARU Manager

Detective Inspector Craig Hamilton



On 01 July 2017 Police introduced a strategically focused target to restrain proceeds of crime. This strategy focused on the removal of accrued criminal wealth as part of the Police mission to make New Zealand the safest country. This strategy was represented as a target of NZ\$500 million cash and assets restrained from gangs and criminals by 30 June 2021.

As at 30 June 2021, Police have restrained \$521 million in cash and assets against this target, exceeding expectations. This ambitious response to criminal proceeds would not have been possible without the evolving maturity of our AML/CFT system which continues to present us with opportunities to respond to criminal wealth.

I want to take this opportunity to thank all our partners and the AML professionals for their contribution to our success. Much of the property restrained has been identified via reporting to the FIU. This intelligence has then been expertly developed by the FIU and disseminated to police investigation units and our partner agencies resulting in numerous restraints right across Aotearoa. As reporting entities, do not underestimate the importance of the role you play in keeping yourselves, your families and your communities safe. You all have a vital role in the safety and security of New Zealand.

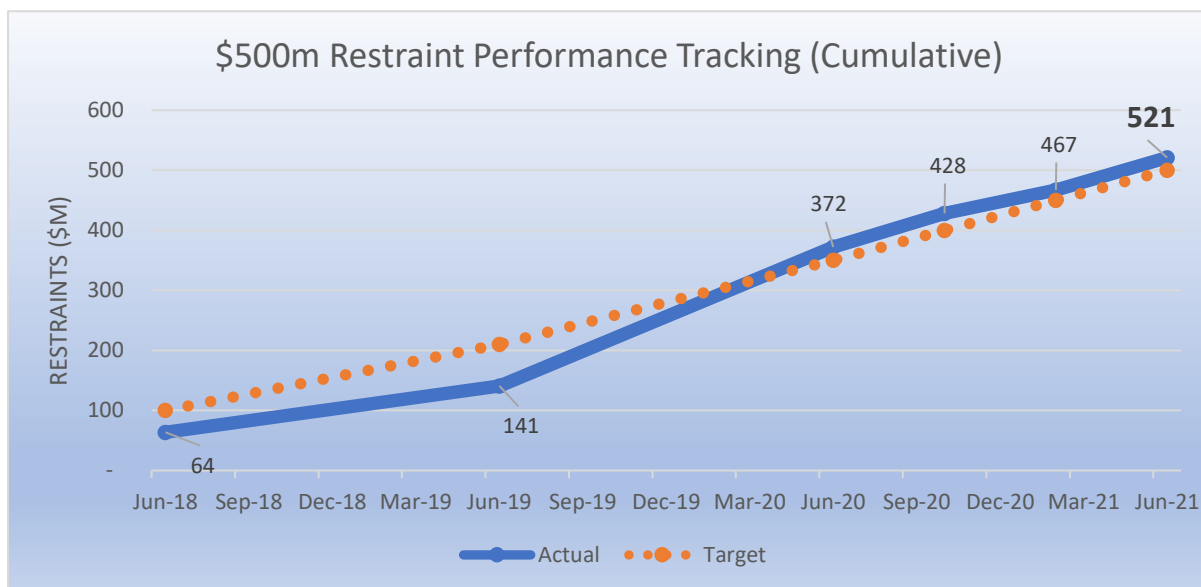
However, organised crime continues to threaten the safety of our communities and one of the biggest impacts we can make is to continue to target their biggest vulnerability – wealth. If we remove criminal assets we remove the power and influence of offenders by preventing reinvestment in the expansion and continuation of illicit activities which ultimately results in harm. Following these restraints, forfeiture is sought which provides funding to support initiatives focused on community resilience and repairing the effects of crime.

The New Zealand Police, and in particular the Financial Crime Group, take this opportunity to thank you for all your efforts in supporting us to make our homes, roads and workplaces safer right across New Zealand.

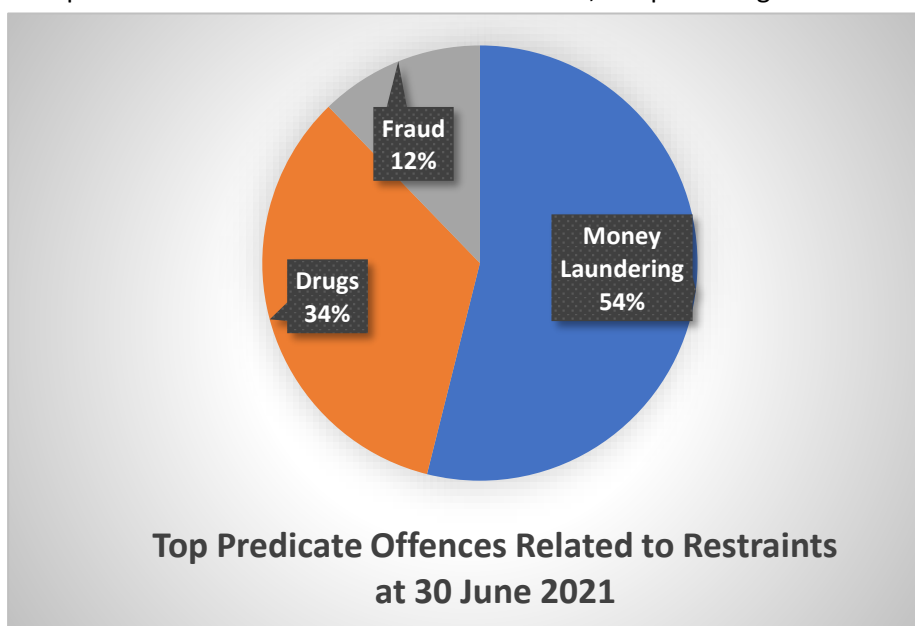
FCG News

\$500m Target

In the first *Suspicious Activity Report* published a year ago, we reported that New Zealand Police had restrained \$372m worth of assets between 1 July 2017 and 30 June 2020, aiming for a goal of \$500m by 30 June 2021. That goal has now been successfully reached, and with a surplus - total restraints as of 30 June 2021 is \$521 million.



Last year, we reported the majority of restrained assets related to cases where money laundering was the predicate offence (41%), followed by drugs (26%) and fraud (15%). While the top three predicate offences have remained the same, the percentages have shifted a bit:



A lot of work from within the three different units of Financial Crime Group, as well as support from districts, National Organised Crime Group, and other internal and external partners are undoubtedly the reason we can celebrate this milestone success.

2020 Mutual Evaluation FIU Actions

As mentioned in last month's edition of *The Suspicious Activity Report*, one of the priority improvements recommended by the FATF after the 2020 Mutual Evaluation was to improve the FIU's tools for prioritisation, database integration, and analysis of financial intelligence to enhance its ability to directly identify previously unknown targets and trends.

The FIU is well underway with implementing changes related to this recommendation with Acumen BI having been selected to provide a new intelligence platform to improve FIU analysis, refine the FIU prioritisation process, support leads discovery, and expand the reach and impact of financial intelligence across all FIU clients.

We have invited Acumen BI's Data and Analytics Practise Lead, Daniel Gargiulo, to provide a high-level description of the new platform the FIU has selected and will implement later this year.

Active Intelligence to support AML/CFT



Daniel Gargiulo is the Data and Analytics Practise Lead with Acumen BI, who has been selected to partner with the FIU on their Service Delivery Transformation Project. With over ten years' experience as an analyst including 8 years with Acumen BI, he has focussed on using data to enable organisations to drive change through evidence-based decision making with a strong focus on automating manual tasks.

To meet the FIU's diverse requirements and outcomes, the core technologies Acumen BI are implementing include Qlik and Data Robot. These technologies and Acumen BI's partnership approach will allow New Zealand Police (NZ Police) to take ownership of the intelligence platform, ensuring there is the flexibility for it to evolve over time as the nature of the AML/CFT environment changes.

Qlik will allow the FIU to build complex data models that combine multiple data sets together to answer a wide range of questions. These interactive Qlik Applications use proprietary technology that allow users at all levels of the organisation to freely explore, ask, and answer questions of the data on the fly and discover new insights.

Data Robot provides a machine learning platform which will be used by the FIU to develop and deploy anomaly detection models to enhance the capabilities of the FIU to detect illicit activity and identify previously unknown targets.

These technologies will significantly improve the processing, analysis and dissemination of intelligence information and provide the flexibility to meet a diverse and increasingly dynamic range of requirements.

Diverse Use Cases

The intelligence platform will play a key role in supporting NZ Police meeting its AML/CFT outcomes. The FIU will use the intelligence platform for a wide variety of use cases including proactive lead identification, supporting law enforcement operations, and making goAML,

Companies Register and property information more accessible to the Asset Recovery Unit, the National Organised Crime Group, and wider NZ Police investigators and intelligence staff. The platform will also support the dissemination of information to Sector Supervisors to support feedback and compliance monitoring.

An excellent example of where active intelligence has driven real outcomes is the Brazilian Court of Audit (TCU). They now analyse more than 100 databases containing over 7 terabytes of data, all of which is used by 1,100 auditors across the Brazilian Federal government to identify network relationships, collusion, fraud, corruption, and non-compliance to regulations.

Acumen BI are looking forward to partnering with the FIU team and NZ Police to deliver on this important initiative and ensure the FIU are future proofing themselves as the nature of money laundering and counter financing terrorism changes.

About Acumen BI

Acumen BI (<https://acumenbi.co.nz/>) is a New Zealand company that is highly experienced in implementing end to end data and analytics platforms. A key part of their service is transitioning users and technical staff from working within the constraints of traditional reporting paradigms, to making use of the dynamic and flexible best of breed technology such as Qlik, Data Robot and Snowflake. Acumen BI work with enterprise clients throughout New Zealand across Government, Health, Public and Private organisations including the Ministry of Health, New Zealand Transport Agency, Tertiary Education Commission and more.

About Qlik

Qlik's vision is a data-literate world, where everyone can use data and analytics to improve decision-making and solve their most challenging problems. Qlik provides an end-to-end, real-time data integration and analytics cloud platform to close the gaps between data, insights and action. By transforming data into Active Intelligence, businesses can drive better decisions, improve revenue and profitability, and optimize customer relationships. Qlik does business in more than 100 countries and serves over 50,000 customers around the world.

About Data Robot

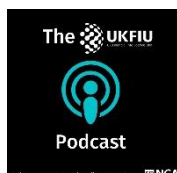
Data Robot is an industry leader delivering trusted machine learning technology and enablement services to global enterprises competing in today's Intelligence Revolution. Data Robot's platform democratizes data science with end-to-end automation for building, deploying, and managing machine learning models. This platform maximizes business value by delivering machine learning at scale and continuously optimizing performance over time. The company's proven combination of cutting-edge software and world-class machine learning implementation, training, and support services empowers any organisation – regardless of size, industry, or resources – to drive better business outcomes.

Further Actions

In future editions of *The Suspicious Activity Report*, we will delve further into the FATF recommendations that are specific to the Financial Intelligence Unit, including expanding our outreach to reporting entities, a new tracking/feedback mechanism in the FIU case management software, and completing the third National Risk Assessment.

AML/CFT Media Library

PODCAST



[The UKFIU Podcast](#)

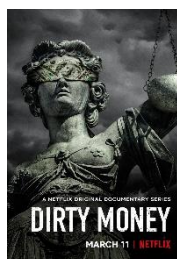
These educational podcasts are part of the UKFIU's new digital presence delivering a smarter approach to fighting financial crime. Episodes are released approximately every two months.



[Financial Management Magazine: Management Accountants vs Money Laundering \[20 minutes\]](#)

This podcast episode features an interview with Matthew Russell, a financial crime partner in PwC's London Forensic Services Practice. Matthew discusses what makes an effective anti-money laundering programme and why every management accountant should be concerned about money laundering.

TV

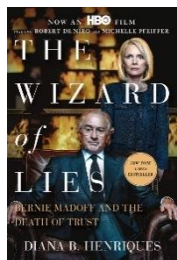


[Dirty Money](#)

A television series streaming on Netflix which tells stories of corruption and financial crime. Episodes include the HSBC money laundering scandal, the use of gold to money launder, and the arrest and conviction of former Malaysian Prime Minister Najib Razak for abuse of power and money laundering.

There are two seasons available with six episodes each.

MOVIE



[The Wizard of Lies](#)

A biopic film that tells the story of Bernie Madoff and the largest Ponzi scheme in history. Thousands of investors were defrauded out of tens of billions of dollars over the course of several years. The movie is based on the 2011 non-fiction book of the same name by Diana B Henriques.

INTERNATIONAL AML/CFT NEWS

Australia

[Sydney casinos to ban cash to counter money-laundering fears](#)

The NSW Independent Liquor and Gaming Authority (ILGA) announced in May that Crown Resorts agreed to “make all gaming in its casinos cashless with card technology linked to identity and a recognised financial institution”, in its effort to get its Sydney licence back. Crown’s licence was suspended in 2020; an inquiry later found it was likely that criminal activity had occurred at Crown’s Melbourne and Perth casinos.



Crown’s rival, The Star, also confirmed plans to phase out the use of cash, and will look to provide cashless solutions in other jurisdictions as part of a gradual transition over time.

Further, Wests Newcastle has announced they will [trial cashless poker machines](#) in their club starting in September.

European Union

[EU proposes new legislation](#)

The Commissioner for Finance of the European Commission, Mairead McGuinness, announced that the European Commission will present a new package of legislative proposals against money laundering in July, which will include a ban on cash payments. The ban will be set at €10,000 with Member States being given the opportunity to introduce a smaller amount.

Cash limits already exist in other EU states; Greece limits cash purchases to €500 EUR, while France limits cash purchases to €1,000.

The Commission also intends to set up an EU umbrella agency against money laundering and terrorist financing, which will directly monitor how banks implement anti-money laundering policies.

United Kingdom

[Drug dealer caught after police identify fingerprints from photo of cheese](#)



A drug dealer in England has been jailed for 13 years after he posted a photo of himself holding a block of stilton cheese in the encrypted messaging service EncroChat. EncroChat was used by over 60,000 people worldwide for coordinating the distribution of illicit goods, money laundering and plotting to kill rivals, according to the UK’s National Crime Agency.

The police were able to enhance the photo and analyse his palm and fingerprints, connecting him to drug sales made through the network. The man pleaded guilty to charges of conspiracy to supply heroin, cocaine, ketamine and MDMA and well as the transferring of criminal property.

Corruption

[Former Chadian diplomats to USA indicted for bribery, money laundering](#)

Chad's former ambassador to the US and his ex-deputy have been indicted for allegedly accepting a US\$2m (NZ\$2.9m) bribe from a Canadian start-up energy company and attempting to launder the payment.

According to the indictment, between August 2009 and July 2014, the men demanded the bribe from the unnamed Canadian company in exchange for influencing their government to assist the company in obtaining oil rights. A founding shareholder of the involved company was also charged in the indictment with arranging for the bribe to be paid to the former ambassador's wife through a fraudulent contract for consulting services that were never rendered.

[Religious groups and money laundering in Dominican Republic](#)

Prosecutors allege that a former head of the Dominican Republic's Presidential Security Corps fraudulently diverted money from government institutions to a non-profit organisation he formed in 2015 to foster Christian values through community farming.

According to the court filing, more than 90% of the non-profit's earnings came from bank deposits from third parties that could not be explained. Those suspected in the scheme, including security officials and a pastor, were placed in preventative detention or under house arrest for 18 months as part of an ongoing investigation into charges of money laundering, falsifying public documents, and fraud.

Sanctions

[Bahrain probes \\$1.3bn Iranian money laundering network](#)

Bahrain's public prosecutor has referred 13 banks, including Iran's Central Bank, to court for money laundering and other 'unlawful banking practices' carried out between 2008 and 2012. After an extensive investigation, prosecutors found that employees at Bahrain's Future Bank allegedly worked with Iranian bank officials to transfer over US\$1.3bn (NZ\$1.9bn) through an unregulated alternative system to conceal the source of the funds in order to circumvent sanctions against Tehran.

The investigation was carried out by the Financial Investigation Directorate at Bahrain's Ministry of Interior, the Central Bank of Bahrain, and independent international experts.

Countering Financing of Terrorism

[Tobacco giant's Burkina Faso distributor denies smuggling, funding terrorism](#)

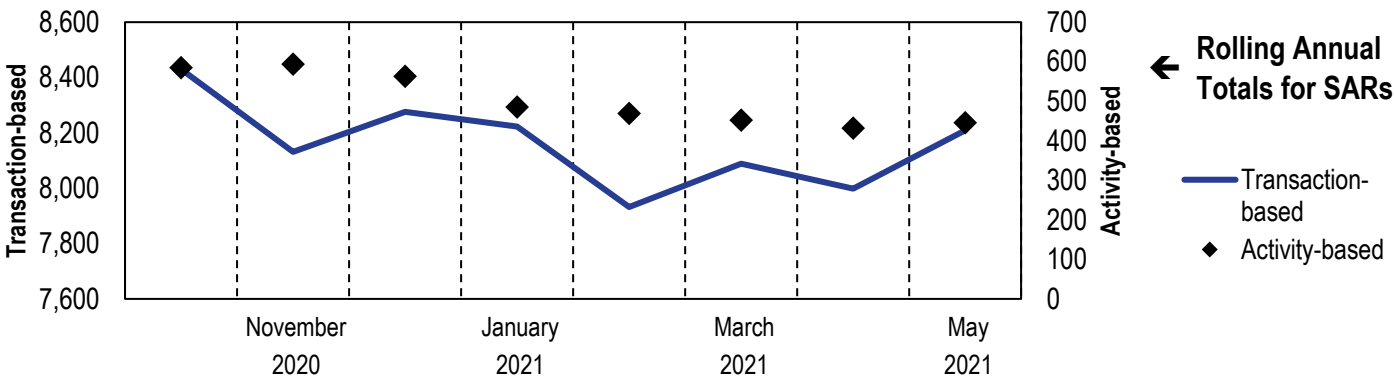
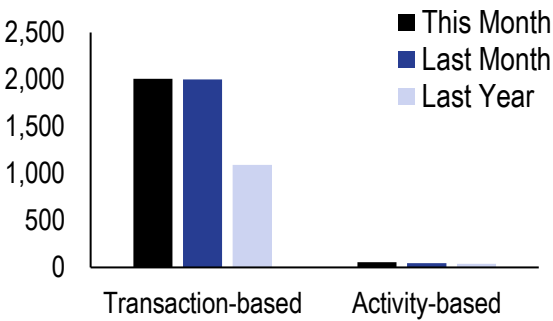
Two investigative reports this year accused the sole distributor of Philip Morris tobacco products in Burkina Faso of funding terrorism through tobacco smuggling.

The [first report](#) by the Organised Crime and Corruption Reporting Project (OCCRP) highlighted how Philip Morris (PMI)'s representative in Burkina Faso remains employed with PMI despite the United Nations explicitly identifying him as a tobacco smuggler. The [second report](#) explores the extent to which British American Tobacco (BAT) may be supporting the illicit trade in Mali.

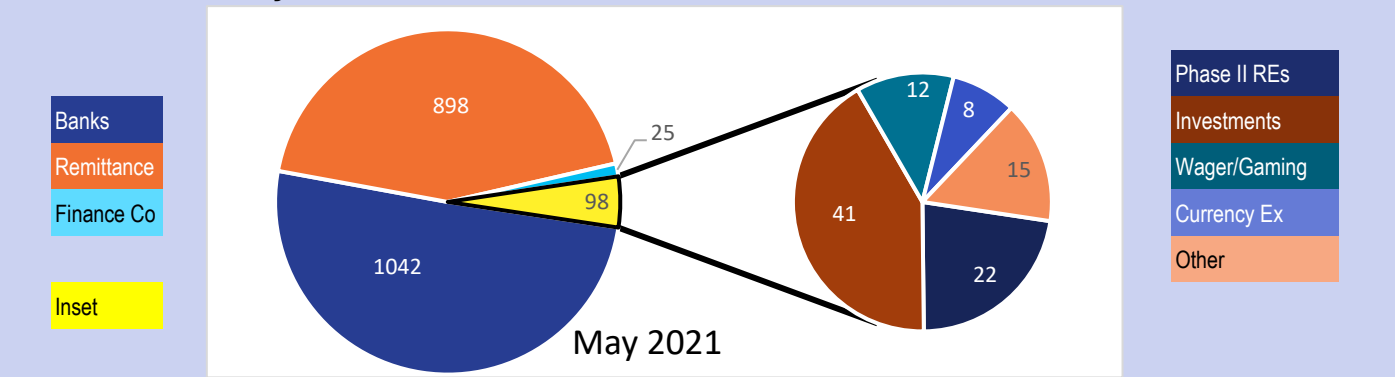
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	May	April	May
	2021	2021	2020
Transaction-based	2,007	1,999	1,090
Activity-based	56	46	38
Total	2,063	2,045	1,128

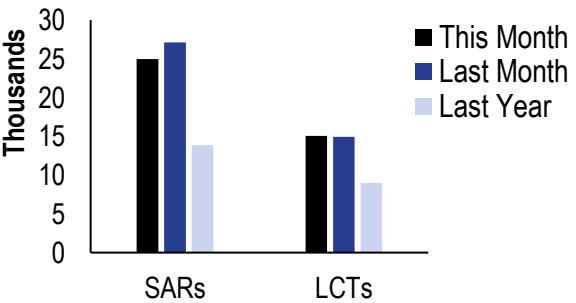


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

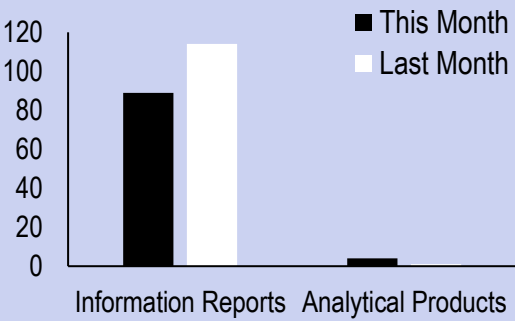
	This Month	Last Month	Last Year
	May	April	May
	2021	2021	2020
SARs	24,982	27,115	13,849
IFTs	419,485	416,035	390,656
LCTs	15,063	14,937	8,974



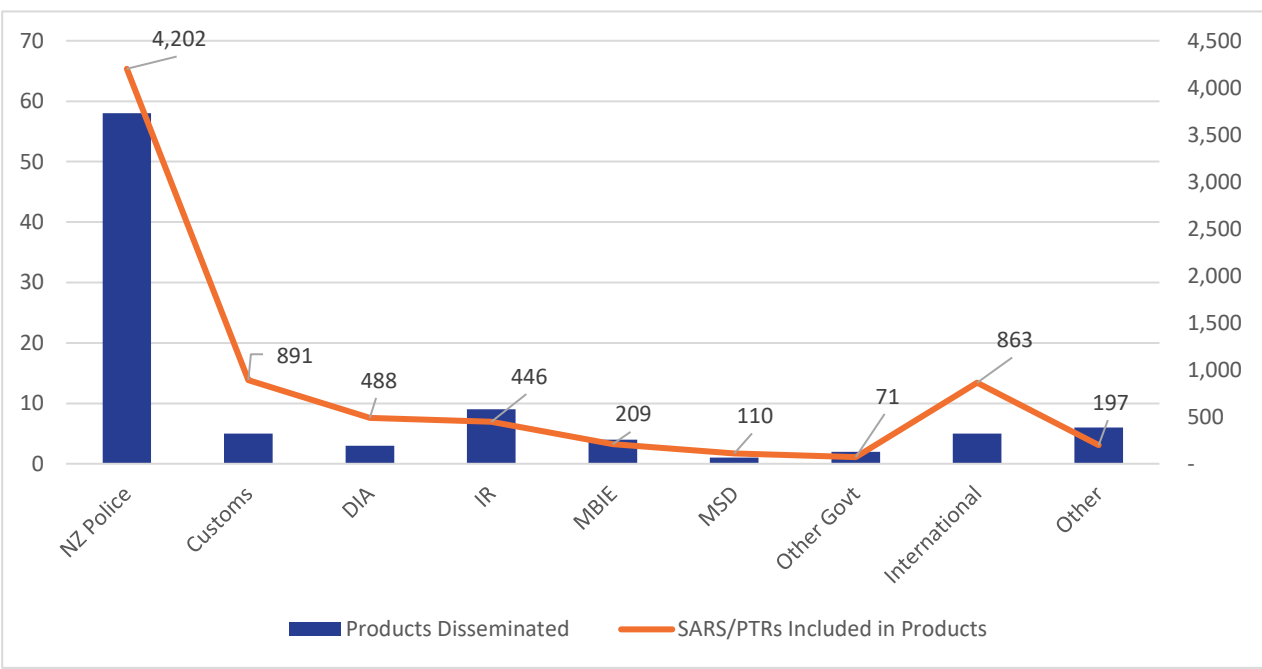
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

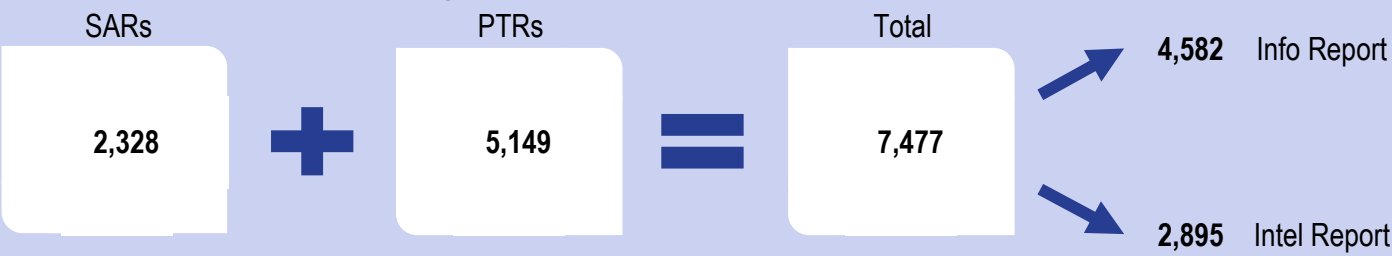
	This Month	Last Month
	May	April
	2021	2021
Information Reports	89	114
Analytical Products	4	1
Total Products	93	115



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.

