

The Suspicious Activity Report

OCTOBER 2021

New Zealand Financial Intelligence Unit



NEW ZEALAND
POLICE
Ngā Pirihimana o Aotearoa

INTRODUCTION

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

Background

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

Financial Intelligence Unit

The Financial Intelligence Unit is currently led by Detective Senior Sergeant Dave Bealing 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 Acting Head of FIU

Detective Senior Sergeant Dave Bealing

Welcome to the penultimate version of the Suspicious Activity Report for 2021. Not a particularly merry topic this month, but an important one that I suspect is more prevalent here in New Zealand than we know.



We tend to think of slavery as a thing of the past. However, partly due to a broader definition, the sad fact is there are many more people who meet the definition of a 'slave' today than there has been at any point in history¹. The human toll is huge, and because the cost of an enslaved workforce is negligible compared to potential profits, there is little thought for workforce welfare. It is a worldwide issue that is most prevalent in Africa, Asia, and our back yard, the Pacific.

Slavery has been outlawed in nearly every country for at least two hundred years. Making things illegal may temporarily reduce incidence but will always increase the profit for those willing to take the risks. And those profits can be difficult to track down – the methods of moving illicit funds are as diverse as those who are trafficked and enslaved. Not that there isn't plenty of money to find: FATF have estimated funds generated by global human trafficking at USD 150 billion (that is NZD 225 billion, enough for a fairly comfortable retirement).

Climate change is generally held to pose the greatest threat to our world. There is a causative link between the enslaved and environmental damage; if modern slaves were a nation, the amount of carbon emitted by their actions would only be exceeded by China and the US. Modern slaves find themselves working in developing countries exploiting natural resources, including rainforest deforestation that reduces biodiversity and strip mining that poisons land and waterways for generations. Corruption plays a part; these activities could not occur without local and national authorities being complicit. These activities would still occur to some degree without the current labour sources, but if we can lessen slavery and corruption there would be significant benefits for the environment.

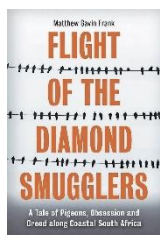
Human trafficking is just another example of greed, where any opportunity to make money will be exploited by criminals, regardless of the suffering it will cause. In a New Zealand context, we need to know what we are looking for, and the information our reporting entities provide will help us identify and tackle modern slavery here and across the Pacific.

While we all work hard every day to keep our communities safe from exploitation, it is important we also remember to take time for ourselves. I wish you all the best for the upcoming festivities.

¹ <https://www.theguardian.com/news/2019/feb/25/modern-slavery-trafficking-persons-one-in-200>

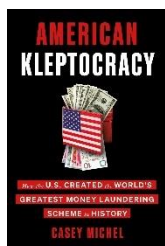
AML/CFT Media Library

BOOKS



[Flight of the Diamond Smugglers](#)

American journalist Matthew Gavin Frank investigates the illicit diamond trade in South Africa that supplies a global market. He explores the various methods used to facilitate smuggling, particularly the illegal act of sneaking carrier pigeons onto mine property and affixing diamonds to their feet.



[American Kleptocracy: How the US Created the World's Greatest Money Laundering Scheme in History](#)

American Kleptocracy examines how the United States has acted as the greatest 'offshore' haven in the world, attracting hundreds of billions of dollars in illicit finance tied directly to corrupt regimes and extremist networks.

DOCUMENTARY

[The Hunt for Britain's Slave Gangs \(BBC\)](#)



The documentary follows West Midlands Police as they bring down a gang that held hundreds of people captive, set them to work, stole their wages and threatened to kill them if they tried to escape. The programme features first-hand testimony from people who were enslaved by the gang.

MOVIE



[The Infiltrator](#)

This movie is based on the true story of author and former government agent Robert Mazur. Mazur spent five years undercover infiltrating the criminal hierarchy of Colombia's drug cartels as the fictitious Bob Musella, a 'wealthy, mob-connected big shot living the good life'. Mazur detailed his illicit financial exploits in the [2009 book](#) titled *The Infiltrator*, which the movie is based on.

MODERN SLAVERY / HUMAN TRAFFICKING

What is Modern Slavery/Human Trafficking (MSHT)?

The United Nations defines [human trafficking](#) as the recruitment, transportation, transfer, harbouring, or receipt of people through force, fraud or deception, with the aim of exploiting them for profit. The [Global Slavery Index](#), from the Walk Free Foundation in Australia, defines slavery as "situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, abuse of power or deception".

Human trafficking can take place even if the victim initially consented to providing labour, services, or commercial sex acts. The trafficker's coercive scheme is what matters, not a victim's prior consent or ability to meaningfully consent thereafter.

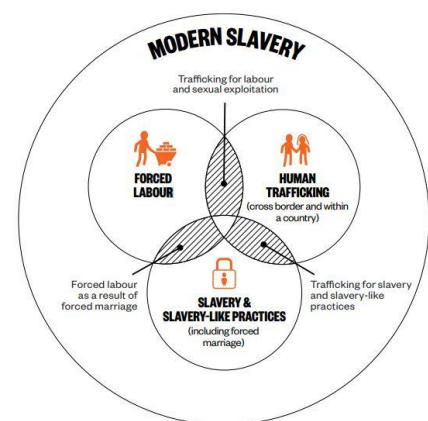
International law does not require that a trafficker or victim move across a border for a human trafficking offence to take place. Trafficking in persons is a crime of exploitation and coercion, not movement. It can take place within a single country or even a community.

There is no universally accepted definition of 'modern slavery' – this umbrella term is used to cover practices which include slavery, human trafficking, forced labour, debt bondage, domestic servitude, forced marriage, and the sale and exploitation of children.

According to the [Global Slavery Index](#), an estimated 40.3 million men, women, and children were victims of modern slavery on any given day in 2016, with women and girls making up 71 percent of the victims. Of these, 24.9 million were in forced labour, and 15.4 million were living in a forced marriage. Modern slavery occurs in every region in the world but is most prevalent in Africa, followed by the Asia and Pacific region.

In modern society, MSHT can encompass girls groomed and forced into sexual exploitation; men tricked into accepting risky job offers and trapped in forced labour in building sites, farms or factories; and women recruited to work in private homes only to be trapped, exploited and abused behind closed doors.

WHAT IS MODERN SLAVERY?



Human trafficking in numbers

- 51% of identified victims of trafficking are women, 28% children and 21% men
- 72% people exploited in the sex industry are women
- 63% of identified traffickers were men and 37% women
- 43% of victims are trafficked domestically within national borders

(Estimates by [The United Nations Office for Drugs and Crime \(UNODC\)](#))

Illegal migrants are especially vulnerable to exploitation, as they often cannot speak the local language and don't know where they can turn for help. People trapped by traffickers are mostly trying to escape poverty or discrimination, improve their lives and support their families.

Bonded Labour

Migrant labourers are particularly vulnerable to bonded labour, also known as debt bondage or peonage. Debt bondage has existed for hundreds of years and is the [most common](#) form of modern slavery.

Debt bondage often begins when migrant labourers seeking an economic opportunity contract with labour agencies or employers in their home countries for work abroad. The arrangement can look like an employment agreement, but one where the worker starts with a debt to repay. As the migrant labourer works to repay the debt, some recruiters or employers unlawfully exploit the initial debt by adding immigration, housing and other fees designed to make repayment of the debt impossible.

In some scenarios, the migrant's legal immigration documents are confiscated. In other instances, the documents are falsified by the recruiting agency or employer, leaving the workers vulnerable and dependent.

Forced Labour

Forced labour is a form of modern slavery and refers to any work or service which people are coerced to perform under threat of violence, intimidation, or by more subtle means aimed at controlling the worker. Forced labour is most often found in industries with a lot of workers and little regulation such as agriculture, fishing, domestic work, construction, and manufacturing. Unfortunately, forced labour is used to produce many products in the global supply chains.

As estimated by the [2012 International Labour Organization](#) (ILO), there are 24.9 million people in forced labour worldwide, including 1.5 million in 'developed' economies (US, Canada, Australia, EU, Japan, and New Zealand).



Wage Theft

Wage theft occurs when employers do not pay workers according to the law. Examples of wage theft include paying less than minimum wage, illegal deductions in pay, not allowing workers to take meal and rest breaks, requiring off-the-clock work, or not paying workers at all. Industries that rely on low-paid, unskilled, temporary and seasonal labour, and those that employ a large proportion of migrants and youth, are at a higher risk of breaching employment standards by committing wage theft.

Wage-related abuses can be considered a much more straightforward offence than human trafficking or modern slavery and are much more common. These abuses have become normalised in some contexts; a [2017 study in Australia](#) found that nearly half of all migrants were paid below the legal minimum wage.

What MSHT Looks Like

Victims of modern slavery can be found anywhere. There are certain industries where they are currently more prevalent, such as nail bars, car washes, agriculture and fishing, and construction. Other high-risk situations include when there is a need for a sudden injection of workers into the work force, such as a seasonal staff. However, victims can also be found in private homes.

There are a number of indicators that can be signs that someone is a victim of modern slavery, including a person who acts as if they were instructed by someone else and reluctant to interact with others; a person who doesn't have personal belongings or documents that would allow them to travel; a person who doesn't know their home or work address, or a person who shows signs of physical abuse or malnourishment.



Infographic from Leicester, Leicestershire & Rutland Modern Slavery Action Group, United Kingdom

New Zealand Connection

The [2021 Trafficking in Persons Report](#), published by the United States Department of State, noted that exploitation of domestic and foreign victims by human traffickers occurs in New Zealand and that foreign workers from South and East Asia and the Pacific are vulnerable to forced labour in New Zealand's agricultural, dairy, construction viticulture, food service, liquor retail, technology, hospitality, transport, and domestic service sectors.

This exploitation is facilitated by unregulated and unlicensed immigration brokers who operate in New Zealand and source countries, particularly in India and the Philippines. Some foreign workers are charged excessive recruitment fees, which are then repaid by unjustified salary reductions, and experience excessively long hours, restrictions on their movement, passport retention, and non- or under-payment of wages. Victims often do not file complaints due to fear of losing their temporary visas.

[Christina String](#), University of Auckland Business School associate professor and co-author of the White Paper *Temporary Migrant Worker Exploitation in New Zealand*, estimates that as many as 3,000 migrants are being exploited in New Zealand on any given day. While liquor stores appear to feature often in cases of migrant worker exploitation, workers have also been exploited in retail, restaurants, orchards and massage operations. Exploitation can take many forms, though commonly involves low rates of pay, overwork, refusal to pay for holiday work, forcing employees to work when sick, and abuse.

MSHT in the media

In 2011, labour exploitation aboard foreign chartered commercial fishing vessels in New Zealand waters became public following reports by [32 Indonesian crew members](#) who had walked off a South Korean fishing vessel docked in Lyttelton, New Zealand. The crew alleged debt bondage, verbal and physical abuse, sexual abuse, inhumane punishments, underpayment and non-payment of wages. The incident led to a [ministerial inquiry](#) in 2014 and the New Zealand government to introduce regulations for foreign chartered vessels within the New Zealand maritime jurisdiction.

In 2018, the former owners of two [Hamilton Super Liquor](#) stores were forced to repay more than \$250k owed to employees in wages. In 2020, [Matangi Berry Farm](#) in Hamilton was fined for exploiting workers, and in 2019, Rotorua holiday park [Golden Springs](#) was ordered to pay over \$200k in unpaid wages and compensation. The Director had used social media to attract two Chinese migrants to work at the park. She took \$45k from each of them as bonds; they arrived on visitor visas and worked unlawfully seven days a week for no pay.

A 2018 Ministry of Business, Innovation & Employment (MBIE) investigation found that [73 of 75 Chorus subcontractors](#) in Auckland had breached minimum employment standards. The investigation found some employers used extended trial or "volunteer" periods in which workers weren't paid, and also paid some staff below the minimum wage and no holiday pay.

Over the past three years, several massage operations have been fined for labour law breaches, including Hanako Massage Therapy in Papakura and Oriental Natural Healthy Limited, which runs the Body Haven spa in Auckland. One migrant worker [interviewed by Stuff](#) stated that wages listed in employment contracts were not the true wages paid, and that some massage

shops routinely took 60% commission from customer fees. A month after she started working for Body Haven, she received \$170 for 198 hours of work.

[At the end of 2020](#), a *Stuff* journalist reflected the dozens of stories he had written regarding exploited migrant workers. The journalist later focussed his reporting on the liquor store industry. In December 2020, Super Liquor Papatoetoe [was ordered](#) by the Employment Relations Authority to pay NZ\$18,000 in penalties and more than NZ\$28,000 in unpaid wages and leave allowances to a former worker. In March 2021, a Tokoroa bottle store [lost its appeal](#) to the Alcohol Regulatory and Licensing Authority (ARLA) for a new licence, partly due to employment breaches, and was [forced to close](#).

Just a few months later, the Employment Relations Authority issued a [determination ordering](#) Clevedon Road Liquor in Papakura to pay NZ\$50,000 for breaching minimum employment standards. The employer had kept two sets of records – one to show the actual hours worked, and another to show hours worked as per the employment agreement.

More recently – in November 2021 – a [Dunedin bakery owner](#) has been ordered to repay more than NZ\$300,000 after the Labour Inspectorate found that wages paid to employees did not meet the minimum wage rate when considering the total number of hours worked. The employer did not keep timesheets and paid employees based on 40 hours per week when they had been working over 80 hours each week.

Convictions

Only four people have been convicted over dealing in slaves under New Zealand law. The first two occurred in the 1990s, with the third several years later in 2018. In that case, [a mother was convicted](#) for keeping her teenaged daughter prisoner inside their home and sold as a sex slave. She received a sentence of three years and five months.

In 2020, Joseph Matamata, a Hawke's Bay horticultural labour contractor, was [sentenced to 11 years](#) in prison after being found guilty of 10 charges of trafficking people and 13 charges of dealing in slaves. The charges against him related to offences against 13 people brought from his home community to work in New Zealand over a 25-year period. Justice Cull, who presided over the case, said Matamata took the passports of the victims, several of whom arrived in New Zealand as teenagers. Matamata also housed the victims on his properties, told not to talk to anyone outside, and assaulted them if their work did not meet his expectations.

There have also been few human trafficking convictions in New Zealand. In September 2016, [Faroz Ali](#) was convicted of 15 people trafficking charges and sentenced to nine years and six months in prison. The offending related to 15 Fijian nationals he brought to New Zealand and exploited.

Actions New Zealand is Taking

Initiatives

New Zealand is a member of the Commonwealth of Nations ('Commonwealth'), which represents 2.4 billion people living in 54 nations. According to Walk Free's [Eradicating Modern Slavery report](#), one in every 150 people in the Commonwealth is living in modern slavery.

In 2018, at the Commonwealth Heads of Government Meeting, states committed to achieving the United Nations Sustainable Development Goal (SDG) [Target 8.7](#): “Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms”.

Since that time, only half of Commonwealth countries, including New Zealand, have developed national campaigns to inform the public how to report suspected cases of modern slavery. New Zealand also provides victim identification training for Police, immigration officers, and frontline workers such as social workers, doctors, and nurses.



MBIE published the [Plan of Action against Forced Labour, People Trafficking and Slavery](#) in December 2020, which sets out New Zealand's approach through the pillars of prevention, protection, and enforcement. The Plan of Action recognises that these forms of exploitation often occur in conjunction with other criminal offences and unlawful behaviour, such as breaches of employment standards, immigration fraud, physical and sexual assault including family violence, and money laundering.

The Plan of Action sets out the all-of-government actions planned between 2020-2025, noting which key agencies are responsible for the government's efforts to address forced labour, people trafficking and slavery.

The goals of the Plan are to:

- Prevent forced labour, people trafficking and slavery from occurring in New Zealand.
- Build capability so that New Zealand businesses, government agencies and consumers are not supporting forced labour, people trafficking and slavery through the purchase of goods or services across global supply chains.
- Identify, assist and support victims of forced labour, people trafficking and slavery.
- Efficiently and effectively enforce the law to disrupt and prosecute the people involved in forced labour, people trafficking and slavery.
- Build greater coordination and cooperation between key government and staff, nationally and internationally.
- Work in partnership with stakeholders outside of government to build awareness and to progress actions to address forced labour, people trafficking and slavery within New Zealand and the wider Asia-Pacific region.

MBIE is also leading a [policy and operational review](#) of Temporary Migrant Worker Exploitation in New Zealand, with the goal to reduce the exploitation of temporary migrant workers, including international students.

Legal Remedies

Employers who flout employment and immigration laws may face a 'stand-down' period (up to 24 months) where they are not able to support migrant worker visa applications. Repeat offenders can be banned from hiring workers or acting as an employer for up to 10 years. As of November 2021, there were 59 traders on the [stand-down list](#). Many were from the retail sector, with liquor stores the most prominent. Companies in the horticulture and hospitality sectors also feature in the list.

Slavery and forced labour are criminalised in ss 98 and 98AA of the [Crimes Act 1961](#), although the Act does not provide a definition for forced labour, and people trafficking has been a criminal offence under ss 98D of the Crimes Act since 2002. Section 98D includes people trafficked both across borders and within New Zealand, with or without the involvement of organised groups, with no distinctions made for gender, nationality, or visa status. In 2018, New Zealand enacted the [Minors \(Court Consent to Relationships\) Legislation Act](#) to prevent forced marriage.

New Zealand Immigration has published a [downloadable flyer](#) in several languages on how to recognise trafficking, and MBIE has provided contact information for anyone to report suspected exploitation.

OFFENCE	PROVISION	MAXIMUM PRISON SENTENCE
Dealing in slaves (defined as including, without limitation, a person subject to debt bondage or serfdom)	Crimes Act s 98	Up to 14 years
Dealing in people under 18 for: <ul style="list-style-type: none"> sexual exploitation removal of body parts engagement in forced labour 	Crimes Act s 98AA	Up to 14 years
Trafficking in persons (see page 23 for further information on this offence)	Crimes Act s 98D	Up to 20 years, fine up to \$500,000
Coerced marriage or civil union	Crimes Act s 207A	Up to 5 years
Exploitation of unlawful employees and temporary workers	Immigration Act s 351	Up to 7 years, fine up to \$100,000

What Can Reporting Entities Do?

Join the Global Initiative

The [Liechtenstein Initiative](#) for a Financial Sector Commission on Modern Slavery and Human Trafficking is a public-private partnership between government and the private sector to address modern slavery and human trafficking. It was formally launched in September 2018 in response to calls from the United Nations General Assembly and the United Nations Security Council to achieve the [Sustainable Development Goals](#).

It aims to put the financial sector at the heart of global efforts to end modern slavery and human trafficking and accelerate action in eradicating these practices.

The Liechtenstein Initiative continues as [Finance Against Slavery and Trafficking \(FAST\)](#), an initiative based at United Nations University Centre for Policy Research that works to mobilise the financial sector against modern slavery and human trafficking.

To address modern slavery and human trafficking, FAST partners with entities around the world, including international banks and regional banking associations, investor groups and stock exchanges, professional associations, survivor support organisations, and regulators and policymakers.

Understand the Red Flags/Transactional Indicators

Modern slavery is often closely associated with corruption, bribery, illicit financial flows, and other financial crimes, and is estimated by the International Labor Organization (ILO) to generate US\$150 billion in revenue annually. As with other proceeds derived from illegal activity, this money must be laundered to conceal its origins and integrate the funds into the legitimate financial system.

‘Following the money’ is the most effective way to identify assets related to slavery and forced labour. All reporting entities and AML practitioners play a key role in the fight against the trafficking of human beings. According to Europol, Money Service Businesses are the most widely used instruments for laundering proceeds from MSHT. The compilation of data from various reporting bodies enables the FIU to provide law enforcement agencies with valuable information.

There is a range of methods that financial institutions can employ to contribute to the fight against modern slavery. These include training frontline staff to recognise the signs of a trafficked person in a face-to-face encounter, understanding the transaction patterns that indicate a high risk of modern slavery, and considering the industries, business types, and locations that are particularly high risk in relation to modern slavery activity.

Red Flags/Transactional Indicators

The starting point for effective financial investigations is the awareness and use of accurate financial indicators and transactional red flags indicative of human trafficking for the purpose of labour exploitation. It is important to note that no one indicator alone is likely to confirm money laundering from human trafficking. When reporting SARs or STRs related to MSHT, please select the indicator **CHT – Crime Human Trafficking / Slave Trade / Exploitation** in goAML, in addition to any other relevant indicators.

Red flags related to potentially trafficked persons


 Behavioural indicators of potentially trafficked person	KYC Indicators	Transactional indicators of a potentially trafficked person
Signs of poor hygiene, malnourishment, or fatigue.	Individual does not know home or work address.	Payment for a visa by a non-family member.
Bruises or other signs of physical or sexual abuse.	False identification documents.	Repeated transfers of funds to the same third party, often in round amounts.
No freedom of movement or monitored movement.	Inability to contact client at reported phone number, or phone number changes frequently.	Rate of pay for each pay is identical, with no changes for differing hours in industries where it would not be expected.
Exhibits fearful, anxious, or submissive behaviour.	Email address for individual on temporary visa corresponds to online classified ads known to cater to the sex industry.	Cash deposits into an account followed rapidly by complete, or nearly complete withdrawal or funds transfer to an account held by an unrelated person or entity.
Inability to make eye contact.	Addition of an unusual number of unrelated individuals as joint account holders, or authorised users of products such as credit cards.	ATM usage often occurs at the same machine and at the same time, suggesting that a third party is in control of their cards.
No control of money, identification, or phone.	Newly opened customer account appears to be controlled by a third party, including forms completed in different handwriting and/or the customer reads their address from a form.	Bank account activity showing an almost total absence of transactions related to ordinary living expenses combined with a single periodic withdrawal almost immediately after deposit.
Individual reads their personal details from a script/form.		Multiple ATM withdrawals at the same time and location from different customers who have the same registered residential address, or some other common identifying feature in their account information.
No knowledge of current or past whereabouts.		Customer generally operates an account accompanied by a handler or translator, who may also be demonstrating control of the person.

Red flags related to potential traffickers


Behavioural indicators by a potential trafficker	KYC indicators of a potential trafficker	Transactional indicators of a potential trafficker
Speaking on behalf of the individual/using an interpreter.	Use of a third party ID, who is not present, to open an account.	A recruiter purchases visas, passports, and travel for third parties.
Insistence on being present for every aspect of engagement.	Attempt to open an account for an unqualified minor.	Payments to overseas labour agencies, recruiters, or employment websites.
Possession of documents or money.	Accounts of foreign workers or students where the employer of employment agency serves as custodian.	Wages paid out are not expected for the number of people employed by the company.
Third party attempting to fill out paperwork without consulting individual.	One attorney claiming to represent multiple undocumented immigrants detained at different locations.	No evidence of payment to Inland Revenue or ACC, or amounts lower than expected for number of employees
Claims to be related but does not know critical details.	A high number of individual accounts opened and closed simultaneously.	Transactions are made outside of the usual operating hours of the business.
Acts of physical aggression displayed.	Reports or indication of cheap labour or unfair business practices.	Relatively high expenditures for items inconsistent with stated business purpose.
Avoidance of face to face contact.	Accounts in children's names with significant activity.	Multiple workers paid into a single bank account.
Use of ATM when there is no queue at the branch.	Common mobile number, address and employment references being used to open multiple bank accounts in different names.	Frequent low value purchases at fast food restaurants in relatively short timelines and inconsistent with expected activity.
Forms completed in different handwriting.		A cluster of bank accounts registered to the same mobile number, email address, and/or same stated (foreign) nationality of account holder.
		Deposits into accounts being primarily or exclusively coming from third party cash deposits.

Other red flags

Whilst many of the red flags listed above are found primarily in the banking system, the behavioural indicators will be relevant to any reporting entity, as will several of the KYC indicators. Below we have listed additional red flags that can be seen by a variety of reporting entities.

 Business Structure	Employee Transactions	Business Transactions
<ul style="list-style-type: none"> • Unusually complex structures • Unclear beneficial ownership • Unclear source of funds / wealth • Client holds a diverse portfolio of businesses in high risk industries (e.g. construction, takeaways, bottle shops) 	<ul style="list-style-type: none"> • The industry generally has irregular hours or pay, yet all staff are paid the same • Business output not proportionate with size and staffing levels • Round sum salaries or discrepancy within wages of workforce with can indicate a mix of legitimate and exploited workers 	<ul style="list-style-type: none"> • Payments / income received at unusual times of day • Acquisition or transfer of money to buy property / assets in countries where a high number of MSHT victims and / or offenders originate from • Card statements showing payments processed between hours that do not correlate with the type of business

Additional Resources

Media

[Finance Against Slavery and Trafficking: The Podcast](#) is a series exploring the connections between global finance and modern slavery and human trafficking.

The [second episode of the UKFIU Podcast](#) looks at modern slavery and human trafficking and the importance of SARs information. Panellists from the UKFIU and the NCA Modern Slavery Human Trafficking Unit discuss what assists law enforcement and helps to safeguard victims.

In this [free webinar](#), Kimberly Randle of [Fair Supply](#) presents the financial typology of modern slavery.

Additional reading

The OSCE/FAST [Following the Money](#) compendium provides step-by-step guidance on conducting financial investigations into human trafficking.

A paper published in the scientific journal, Proceedings of the National Academy of Sciences, reveals that [satellites can reveal risk of forced labour](#) in the world's fishing fleet.

The Anti-Human Trafficking Intelligence Initiative (ATII) has released the second report of a four-part series, titled [How Human Traffickers Exploit International Economics: Cryptocurrencies, Banks, and Credit Cards](#).

The Financial Action Task Force released a report on the [Financial Flows from Human Trafficking](#) in July 2018, which includes several case studies.

Training

The Mekong Club provides several publications on their website, including [Modern Slavery Typologies](#) for financial services providers.

Previously mentioned in the September 2021 edition of *The Suspicious Activity Report*, ACAMS has developed a free self-paced [online course and certificate](#) with the Liechtenstein Initiative for Finance Against Slavery and Trafficking (FAST Initiative) enabling professionals from the financial sector to help fight against modern slavery and human trafficking.

Collaboration

IBM and [StopTheTraffik](#) have developed the [TraffickAnalysis Hub](#) for collaborative data mining to identify human trafficking risks.

[The Knoble](#) is a network of financial crime compliance professionals developing solutions to protect vulnerable people, including those vulnerable to human trafficking.

Survivors of modern slavery and human trafficking are at a particular risk. Survivors often find their path to financial inclusion complicated by association of their financial identity with AML/CFT red flags, often because their traffickers have hijacked their identity. The [FAST Survivor inclusion initiative](#) supports banks' efforts to include survivors to prevent risks of a return to exploitation: <https://www.fastinitiative.org/implementation/survivor-inclusion/>

Who to contact about exploitation

To contact the dedicated migrant exploitation team, contact MBIE on 0800 20 00 88 (Monday to Friday, 8.00am-5.30pm (excluding public holidays))

To report migrant exploitation online, fill out the form Reporting migrant exploitation on the Employment New Zealand website:

[Reporting migrant exploitation](#) – Employment New Zealand

To report anonymously, call Crime Stoppers on 0800 555 111 or make an anonymous report on the Crime Stoppers website:

[Crime Stoppers](#)

To report people trafficking, call New Zealand Police 105 or 111 (if it is an emergency).

INTERNATIONAL AML/CFT NEWS

Syria

[How Syria's embassies in Europe help fund the war back home](#)

Military service is mandatory for Syrian men between the ages of 18 and 42. Those who are overseas or who do not want to serve can pay an 'exemption fee', currently set at US\$8,000 (NZ\$11k).

In December 2019 the conscription law was amended to allow the government to seize assets without warning from men who had reached the age of 42 and had not yet served in the military or received an exemption. In February 2021, an army official announced via Facebook that a new regulation would allow the government to confiscate the property of family members related to 'service evaders'.

Syrian embassies have recently begun collecting cash payments for military exemptions. It is suspected that the cash is returned to Syria in diplomatic pouches. The US Department of State currently has sanctions against Syria and several Syrian officials.

Turkey

[Fraud on the farm](#)



A mobile game called 'Farm Bank' was created in 2017 by Mehmet Aydin in Turkey. The game required real-world money to care for virtual animals, and offered players a way to earn money back by keeping the virtual animals alive. Players were also offered fees for signing up new users.

The userbase grew to approximately 50,000 players in only eight months, paying over US\$300 million (NZ\$428m). Over time, returns to players dwindled, and Aydin fled to Uruguay in 2018 when Turkey's Customs Ministry charged Farm Bank with aggravated fraud. The indictment includes nearly 4,000 complainants and 48 suspects; Aydin has been extradited back to Turkey.

United Kingdom

[NatWest faces £340 million fine after admitting money laundering failings](#)

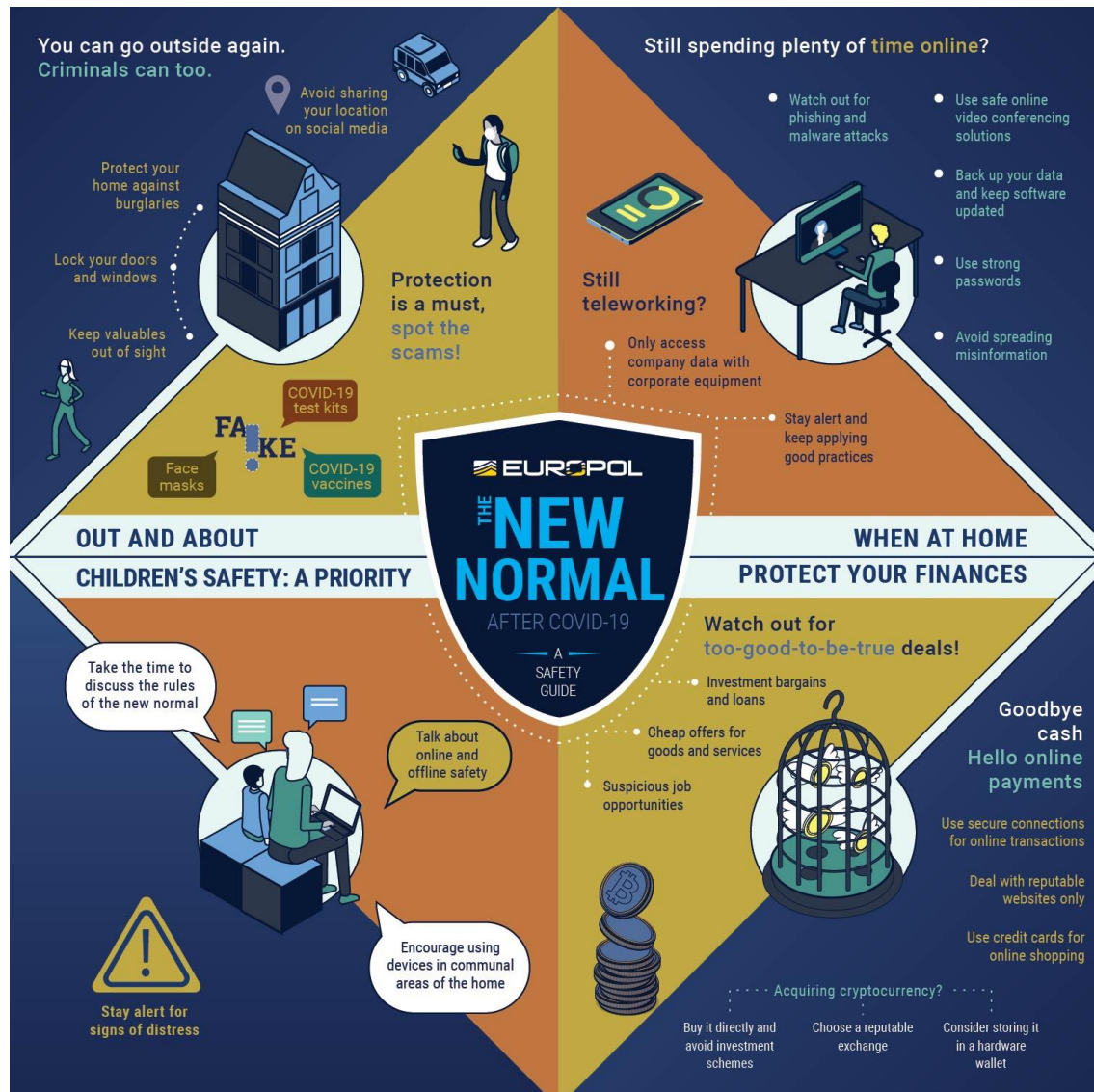
The Financial Conduct Authority (FCA) in the UK stated that NatWest failed to adhere to the requirements of the AML legislation in relation to a customer's account. NatWest faces a fine of up to £340 million (NZ\$652m) after admitting three counts of failing to properly monitor their customer.

Fowler Oldfield, a jeweller, estimated sales of 15 million pounds each year when it opened accounts with NatWest. However, over the next few years, they had deposited £365 million (NZ\$700m), approximately £264 million of it in cash. The jeweller was shut down after a police raid in 2016, and was described as being the centre of a multimillion-pound money laundering business, according to court proceedings.

Europol

[A safety guide for the 'new normal' after Covid-19](#)

Europol has released an infographic in several languages advising how people can protect their children, house, finances, and data now that confinement measures are starting to relax.



Financial Action Task Force (FATF)

[FATF Jurisdictions Under Increased Monitoring – October 2021](#)

The Financial Action Task Force (FATF) announced that Turkey has been added to its Jurisdictions Under Increased Monitoring list, noting the progress made on a number of recommended actions, and listing the areas that require further action.

The FATF has also published an updated list of ['high-risk' jurisdictions](#) for money laundering and terrorist financing.

MONTHLY STATISTICS*

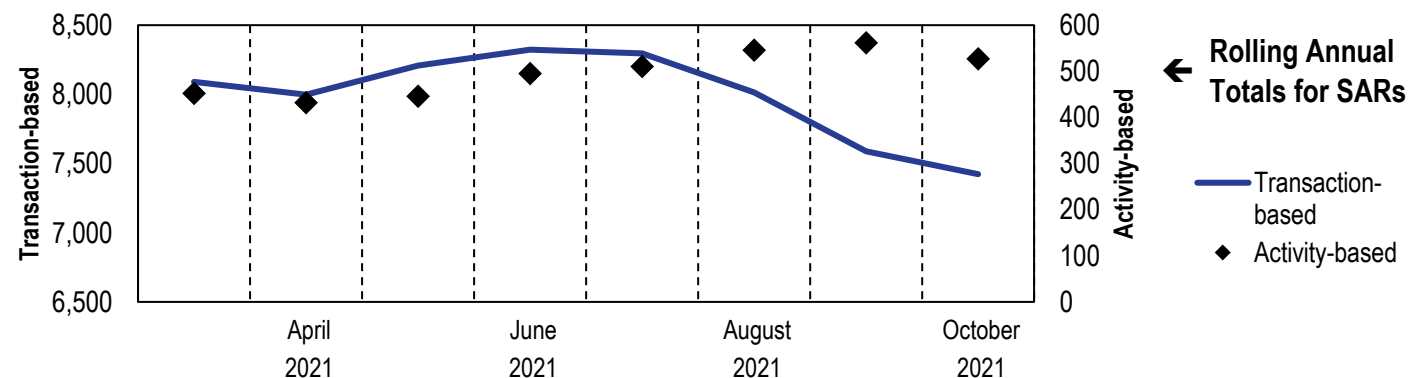
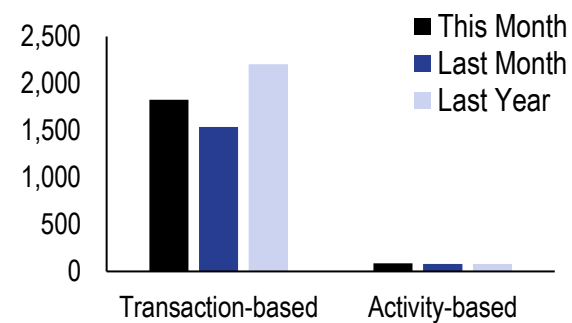
NEW ZEALAND POLICE FINANCIAL INTELLIGENCE UNIT

October | 2021

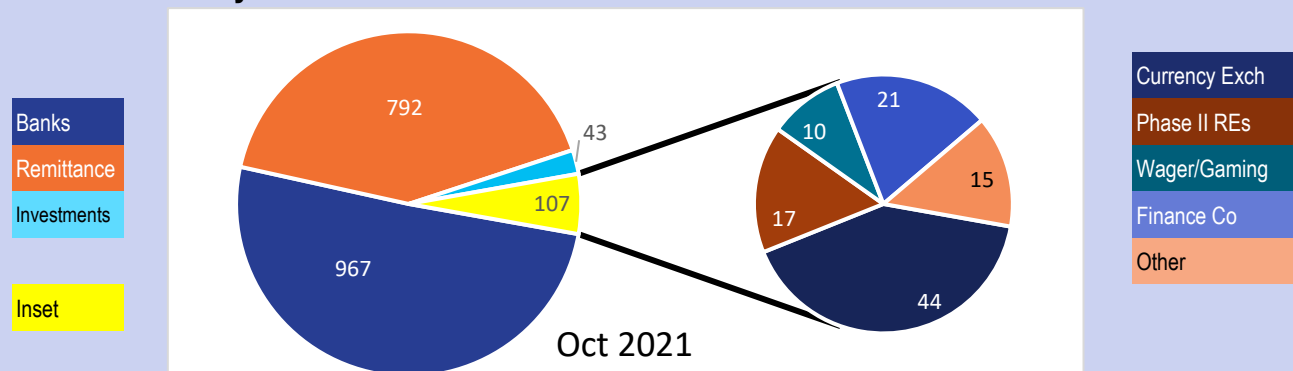
SUBMITTED REPORTS to the FIU*

Processed Suspicious Activity Reports (SARs)

	This Month	Last Month	Last Year
	October	September	October
	2021	2021	2020
Transaction-based	1,827	1,536	2,204
Activity-based	86	78	78
Total	1,913	1,614	2,282

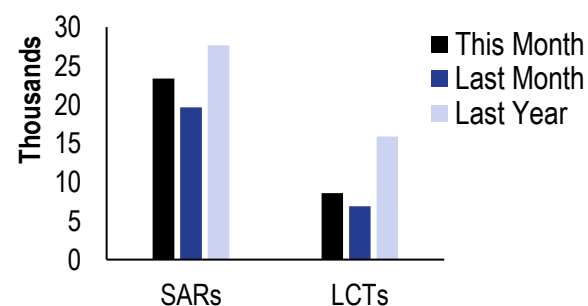


Processed SARs by Sector



Transaction Volumes within SARs and PTRs

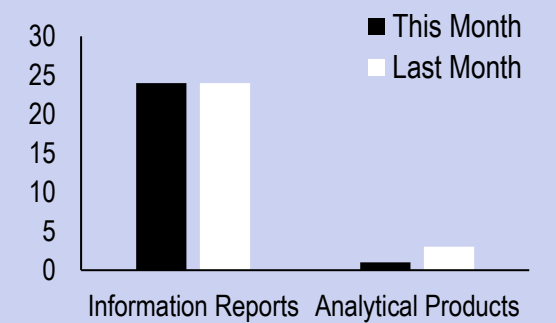
	This Month	Last Month	Last Year
	October	September	October
	2021	2021	2020
SARs	23,351	19,653	27,647
IFTs	436,066	424,206	424,810
LCTs	8,583	6,867	15,869



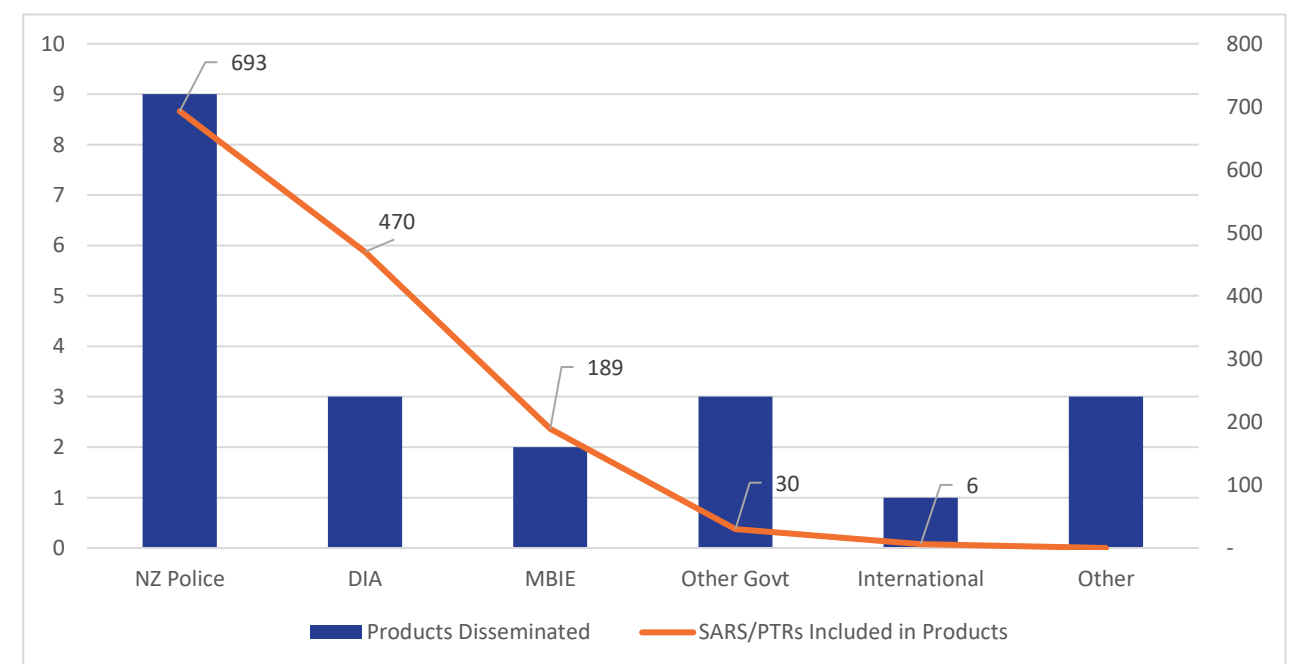
FINANCIAL INTELLIGENCE PRODUCTS

Disseminations of Products by Type

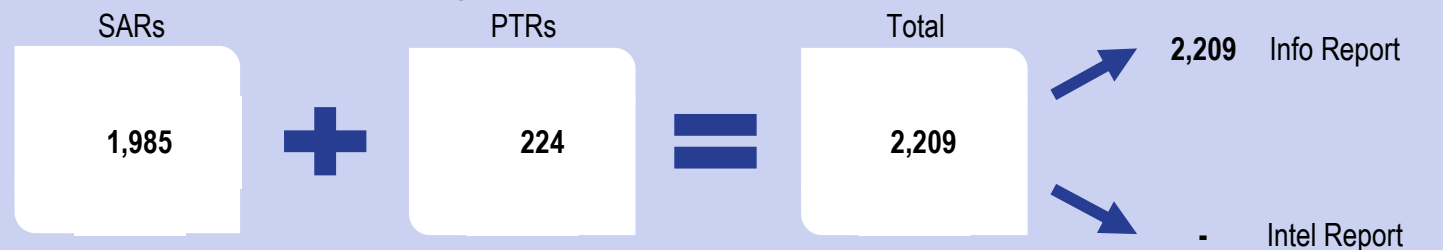
	This Month	Last Month
	October	September
	2021	2021
Information Reports	24	24
Analytical Products	1	3
Total Products	25	27



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.

