

ATTIC interview: Vigilance CEO Sam MacGeorge	How does the Taliban make money? <b>Sanction Scanner</b>	Customer Due Diligence TIC Co share their guide	
Work   Life   Balance with expert in Wellbeing & Resilience Dr. Lucy Hone		Kickass Women	<b>August 2021</b>



# ATTIC

Collaborative thinking across AML

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# From the Editor-in-Chief

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Dr. Alice Tregunna  
Chief Executive Officer  
CAMS, Ph.D, LL.M, LL.B

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With New Zealand back in a level 4 lock-down we are finding ourselves back in the familiar setting of working from home. While this lock-down happened relatively fast we had procedures in place, ready to swing into action ensuring the safety and comfort of our staff as a priority.

With any lock-down we face a range of challenges, working from home, looking after children, and home-schooling - It's crucial to be mindful of our work/life balance. In this issue Dr Lucy Hone looks at uncertainty and change, how to recognise the signs of burnout, and what you can do to prevent it.

We are seeing more and more warnings being issued by supervisors with another two formal warnings issued by RBNZ and FMA in the last month. It is important to note that these warnings did not allege that money laundering or financing of terrorism was facilitated, rather that adequate information collection and controls were not in place. This highlights the importance of continually assessing your suite of AML policies and procedures to ensure they remain fully compliant with current legislation.

Counter Terrorism Financing (CFT) is an area of international focus with The United Nations Security Council's June report estimating the Taliban's income generated to be in the range of \$300M to \$1.6B. This month's issue includes an article from Sanction Scanner asking the question 'How does the Taliban make money?'.

As always, feel free to reach out to the TIC Co team if there is anything they can help you with.

Stay safe.

Setting the benchmark and driving best practice across  
AML/ CFT.

# In this Issue

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<b><u>From the Editor in Chief</u></b> <b><u>Dr. Alice Tregunna</u></b>	<b>ATTIC interviews Vigilance CEO Sam MacGeorge</b>	<b><u>1</u></b>
<b>ICIJ Money Laundering Investigations</b> <b>A Kleptocrat's dream': US real estate a safe haven for billions in dirty money ...</b>	<b><u>3</u></b>	<b>OCCRP: Armed and Dangerous ... Inside the 'Ndrangheta's intercontinental cocaine pipeline</b>
<b>How does the Taliban make money?</b> <b>SANCTION SCANNER</b>	<b><u>9</u></b>	<b>TIC Company Understanding Customer Due Diligence</b>
<b>Work   Life   Balance - NZIWR</b> <b>Dr Lucy Hone Wellbeing &amp; Resilience expert</b>	<b><u>15</u></b>	<b>KICKASS WOMEN</b> <b>Anna Visser - Oyster</b> <b>Mai Chen - Women of Influence</b>
		<b><u>19</u></b>

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## NATIONAL & INTERNATIONAL

### NEWS & UPDATES

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<b>Interpol.int</b> Human Trafficking & Migrant Smuggling Operations	<b><u>23</u></b>	<b>New Zealand</b> Finance, family & Fraud Formal warning Westpac Sharesies issued warning by FMA	<b><u>25</u></b>
<b>Australia: Money Laundering</b> Canberra Chef James Mussillon arrested Perjury & Fraud: Elizabeth Bryne	<b><u>27</u></b>	<b>Crime Reporter Murdered</b> Netherlands	<b><u>28</u></b>
<b>International Monetary Fund</b> Working Paper Impact of Gray-Listing on Capital Flows			
<b>Aljazeera &amp; NPR</b> Terrorist financing Taliban offices getting the money to run Afghanistan?	<b><u>29</u></b>	<b>World Bank Data &amp; Hong Kong Customs</b> Better Lives Report 2021 Hong Kong customs breaks cryptocurrency racket	<b><u>30</u></b>
<b>US Regulators, Sport &amp; AML</b>	<b><u>31</u></b>	<b>The Pegasus Project</b> by OCCRP	<b><u>32</u></b>
<b>FAFT-GAFI &amp; Elliptic</b> Challenges of New Technologies for AML/ CFT Crypto market illicit funds	<b><u>33</u></b>	<b>Basel Institute on Governance</b> Quick read: Cryptocurrencies, Crime & Money Laundering New Policy Brief: Reduce the Social acceptability of wildlife trafficking	<b><u>34</u></b>

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EXPERT OF THE MONTH - SAM MACGEORGE

# ATTIC INTERVIEWS

## SAM MACGEORGE VIGILANCE CEO

### 1. Tell us a bit about your background, describe your current role and your responsibilities.

Founder of two tech companies with 25 years experience solving business processing problems leveraging technology. CEO of Vigilance Ltd that has two best in class cloud solutions. One for protecting organisations from payment fraud and the other for Anti Money Laundry (AML) compliance. We see ourselves as digital crime fighters.

**Note:** We are rebranding our fraud protection product (VigilantPAY) and separating to a new website however this won't be ready publication so better to avoid using old name for confusion.

### 2. What is the most rewarding part of your role?

Invitation and working with a great team to solve real customer problems.

### 3. What is your opinion on AML/CFT?

Aotearoa is not immune from organised crime, local or international so we need to protect NZ inc. While AML/CFT is seen as onerous from a compliance perspective the consequence of not having measures in place can impact any one of us.

### 4. What made you interested in AML and financial crime?

First hand experience drove me to protect others.

### 5. What is the most important thing you have learnt when it comes to AML?

AML/CFT is an ecosystem made up of many stakeholders that are interdependent and rely on each other to work effectively.

### 6. What are some of the biggest challenges in AML?

Identity theft, and maintaining effective compliance.

### 7. What would you consider the key thing people forget or do not understand when it comes to AML?

I'm not an auditor however often it's the small things like not keeping an AML training register, or reviewing their compliance programme. If it isn't documented then it didn't happen, don't wait until your audit to find you have a lot of retrospective work to do.

### 8. Do you think your sector adapted well to being under the AML/CFT Regime in New Zealand?

Quite well given the level of compliance needed.

### 9. How do you keep up to date with all things AML?

Same channels as reporting entities however we are in regular communications with a number key people in the industry. And we work closely with the DIA and FIU on projects.

### 10. What is the most rewarding part of working within your sector?

Making a real difference by improving and streamlining compliance processes.

### 11. What is your proudest achievement so far?

Vigilance being recognised as a market leader.

### 12. Do you have an interesting example or case study to share (keeping things suitably vague for privacy etc)?

The invitation of criminals is always evolving - like two law firms litigating for their respective clients over a dispute, a settlement is reached, one pays the other a large sum of money. The lawyers are nun the wiser that they have just help launder money for the cost of their fees.

Payment fraud has been fueled by COVID, remote workforces and poor

## TOP THREE TIPS FROM SAM MACGEORGE

1. Don't try to do it all yourself, reach out and ask for help. There are a lot of good people and knowledge out there.
2. Consider the whole picture not just CDD, think about an audit in 3 years from now, would that go well?
3. If you are under resourced or lack skills get help the consequences of non compliance far outweighs the alternative.

transparency and processes, invoice fraud and email compromises are at an all-time high. Protecting our digital borders is a far more complex problem than that of our physical borders.

### 13. What do you see the future of the AML industry being in New Zealand?

More compliance, more penalties being handed out, more reason for a solution providers like Vigilance.

### 14. Who in the AML world do you most admire?

Not sure there are any standouts but I do admire the attitude of most reporting entities who are getting on with it.

### 15. How well do you think the New Zealand AML regime stacks up against other jurisdictions?

Well we are ahead of the Ozzies. The Financial Action Task Force (FATF) recent review of NZ Inc's AML/FCT stated we have a good understanding of AML/CFT but need improve the supervision of the private sector, it was recognised that it's still relatively new for phase two reporting entities however my read on this is that the honeymoon is over.



## An Expert

Sam MacGeorge CEO: Vigilance

Founder of Vigilance, SaaS Payment Fraud protection and AML/CFT compliance platform built on transaction monitoring.

Founder of SmartTrade, my first Tech company was a massive learning curve growing the business

Took an idea to mobilise field service people and turned it into a thriving company 30+ Staff >\$2M (IYR). SmartTrade is a leading service management system used by thousands of users across Australasia.

An innate ability to see the problem that others are looking at and finding pragmatic and elegant technology solutions to business and people problems.

# ICIJ: 'A Kleptocrat's dream': US real estate a safe haven for billions in dirty money, report says

Based on a review of more than 100 money-laundering cases, a new study finds that the U.S. has become a preferred destination for those looking to stash illicit funds through property.



Abandoned buildings at Warren Steel, Ohio, one of a number of properties across the U.S. owned by a Ukrainian oligarch.

At least \$2.3 billion has been laundered via U.S. real estate transactions in the last five years, according to a new report by a Washington, D.C.-based think tank.

By using a database of over 100 publicly reported real estate money laundering cases in the U.S., United Kingdom and Canada, Global Financial Integrity says the U.S. has become a preferred destination for those looking to use real estate to stash illicit funds — making it a “Kleptocrat’s dream.”

Public officials and their associates, known as politically exposed persons, were involved in more than half of the U.S. cases that GFI reviewed. Those PEPs include Genaro García Luna, a former Mexican

security minister who bought millions of dollars of U.S. property while accused of taking bribes from the Sinaloa cartel, and the stepson of former Malaysian Prime Minister Najib Razak, who was arrested in 2019 for his alleged role in the 1MDB scandal.

“[Real estate] provides a really easy way to hide ill-gotten gains with little oversight and few questions asked,” GFI policy director Lakshmi Kumar told the International Consortium of Investigative Journalists. “If you’re a criminal, why would you not choose a method that allows you to flaunt your wealth openly, but also hide its illicit nature?”

The U.S. was once considered at the regulatory forefront when it came to preventing money laundering through real estate, adding “persons



By Sean McGoey: Image Johnny Joo: August 10, 2021:  
Via <https://www.icij.org/>

involved in real estate closings and settlements" to the Bank Secrecy Act's definition of financial institutions in 1988. But over time, Kumar says, the country lost ground to its peers in the U.K. and Europe.

"This is clearly a systemic issue globally," Kumar said. "Everyone's discovering how easy it is to use and abuse the real estate sector. The difference is that everyone else seems to have charted a path forward. They have put in legislation they're trying to figure it out. In the U.S., we're still held back."

One of the biggest issues that the report cites is the use of geographic targeting orders as the U.S.'s primary tool to identify potential money laundering events. GTOs impose reporting requirements on real estate purchases, but only in narrowly targeted scenarios — large cash purchases by legal entities in specific geographic areas.

More than 60% of the U.S. cases examined in the report involved properties in at least one county not covered by a targeting order, which GFI says highlights the inadequacy of the system.

"A lot of the money laundering cases we saw reported in the U.K. and Canada were really concentrated in what you'd call real estate hubs in the country," Kumar said. "In the U.S., that was not the case. It was spread far and wide."

Another concern the report outlines is that the U.S. anti-money laundering regime is focused on residential purchases, when a significant portion of the cases GFI reviewed involve commercial real estate transactions.

The [FinCEN Files](#), an investigation on global dirty money flows by ICIJ and BuzzFeed News, examined the impact of large-scale money laundering on middle America.

ICIJ found that Ukrainian oligarch Ihor Kolomoisky, whose case is cited in GFI's report, [amassed a Midwest real estate empire](#) with his associates,

### Ihor Kolomoisky's U.S. shopping spree

Ihor Kolomoisky and associates purchased 22 properties between 2006 and 2015, mostly through companies registered in Delaware. More than \$490 million was siphoned from PrivatBank, a Ukraine bank Kolomoisky owned, towards the purchase of some of these properties, court records and interviews show.



at one time becoming Cleveland's largest commercial landlords, and leaving behind a trail of unpaid property taxes, unemployed workers and dangerous factory conditions. [Kolomoisky has since been sanctioned](#) by the U.S. State Department.

Kumar said that because commercial deals often involve several parties and complex financing arrangements, they are an easy way to stash illicit money.

"When you talk about residential real estate, the heart of it is identifying who is the beneficial owner, [because] if you find out who the beneficial owner is, it also tells you who the criminal is," Kumar told ICIJ. "In a

commercial real estate investment, you don't have to own the majority stake to be a criminal. You can own 2% of a \$500 million property, and you are [still] laundering millions through it."

The report also delves into the involvement of "gatekeepers" in real estate transactions and the direct role of real estate agents, lawyers and accountants in facilitating illicit transactions. But GFI also points to regulating private investment advisers as a more under-the-radar way of tackling real estate money laundering.

"Investment vehicles are one of the key methods in which to invest in commercial real estate in this country," Kumar said. "And private equity, venture capital [and] hedge funds have no [anti-money laundering] requirements — so that becomes a black box, because you don't know who is bringing what money into this country and how."

The report proposes major overhauls to the U.S.'s anti-money laundering program to fill these gaps, including replacing GTOs with more stringent reporting requirements on real estate transactions across the country, robust implementation of the beneficial ownership registry passed this year as [part of the Corporate Transparency Act](#), and urging the U.S. Treasury to issue specific regulations regarding purchases by foreign PEPs.

**ICIJ found that Ukrainian oligarch Ihor Kolomoisky, whose case is cited in GFI's report, amassed a Midwest real estate empire with his associates, at one time becoming Cleveland's largest commercial landlords, and leaving behind a trail of unpaid property taxes, unemployed workers and dangerous factory conditions. Kolomoisky has since been sanctioned by the U.S. State Department.**

ATTIC thank ICIJ for their permission to include the following article: ['A Kleptocrat's dream'](#): in this issue.



## FIU Monthly Report

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

[To read the full report](#)



OCCRP - 'ARMED AND DANGEROUS':

# OCCRP: INSIDE THE 'NDRANGHETA'S INTERCONTINENTAL COCAINE PIPELINE

Using a network spanning corrupted ports in Africa and Europe, Giuseppe Romeo, alias 'Maluferru,' built a cross-continent cocaine empire.

Credit: Claudio Capellini/IrpiMedia

In the first part of this investigation, we explored how the 'Ndrangheta syndicate moved cocaine across Europe. Now, we examine their pipeline through Latin America and Africa, showing how the highly-connected Giuseppe Romeo moved drugs through corruption-plagued ports to Antwerp, Rotterdam, and beyond.

In his younger years, the Italian drug trafficker Giuseppe Romeo, known as "Maluferru," was fascinated with Mexican narcos.

In particular, police sources familiar with the trafficker say, he admired Los Zetas, the hyper-violent cartel known for beheadings, bombings, and brazen attacks on Mexican government troops.

## Key Findings

The son of a leading figure in the feared 'Ndrangheta's Romeo-Staccu clan, Giuseppe Romeo built his own cocaine empire after his father was jailed for 30 years.

Known as "Maluferru," he sourced drugs in Colombia and Brazil, had them shipped to West Africa, and then oversaw their collection on the docks of Europe.

Maluferru used his connections among the dozens of 'Ndrangheta clans in San Luca, a small town in Italy's boot that is the birthplace of the feared criminal gang.

In Abidjan, Ivory Coast, Maluferru's gang allegedly relied on corrupt officials – and emissaries sent all the way from Italy – to facilitate their operations.

But in real life, Maluferru and his brothers — all of whom worked with southern Italy's 'Ndrangheta syndicate, the clan-based crime group which has grown to become the country's most powerful in recent decades — showed no fear of Mexican narcos.

In one incident breathlessly recalled by underworld figures in 2016, his gang had a shootout with a Mexican gang on the streets of an unnamed European city, scaring them off.

"They started shooting three, four times in the middle of the road," one 'Ndrangheta associate was heard telling another in a bugged chat. Another time, according to the same criminals, Maluferru let Mexican traffickers hold one of his own brothers hostage for eight days, as collateral for a 2-million-euro drug shipment.

This cold, calculating approach to business may run in the family.

Maluferru's father, Antonio Romeo, ran the well-connected Romeo-Staccu clan of the 'Ndrangheta until he was arrested in the mid-1990s and sentenced to 30 years in prison.

After taking the reins of his family's trafficking operations, Maluferru became a rare connector of worlds: a man with the necessary contacts in Latin America to secure huge supplies of cocaine, and in Europe to get the drugs through key ports.

As part of a group known in underworld circles as the "Gang of Belgium," he sourced cocaine in Colombia and Brazil, had it shipped through the Ivory Coast, and brought it in through the docks of Northwest Europe: Antwerp, Hamburg, and Rotterdam. At every stop, he charmed and bullied other narcos into doing his bidding, and deployed tricks of the trade to conceal shipments that made him one of Calabria's biggest-ever traffickers.

He had a reputation for keeping out of trouble. One client of his was heard on wiretaps saying admiringly that Maluferru had only once been "f\*\*cked," when 18 bricks of cocaine were seized from a stash house.

This two-part series, based on two years of research by reporters from IrpiMedia and OCCRP, explores how the 'Ndrangheta's drug trafficking network operates. The first part focused on the group in Europe, showing how an 'Ndrangheta clan named the Giorgi-Boviciani, based in Germany, shuttled cocaine across the continent and moved the proceeds into the legal economy. In this, the second part, we plunge into the Latin American and African sides of the operation, showing how the 'Ndrangheta's top brokers and suppliers — led in part by Calabria's Romeo-Staccu clan — dominate ports where corruption allows the cocaine trade to thrive.

Maluferru roughly translated means "armed and dangerous." But today Giuseppe Romeo is at least no longer armed. On March 11, he was arrested in Barcelona in an Interpol-led investigation with Spain's Guardia Civil and Italian police.

Two months later, many of his 'Ndrangheta associates, including his former clients from the Giorgi-Boviciani clan, covered in Part 1 of this series, were arrested in Operation Platinum, a separate cross-border raid which targeted the crime group around Europe. Already provisionally sentenced by Italian authorities to 20 years in absentia for international drug trafficking, Maluferru has now been extradited and faces fresh charges.

Once described by a fellow narco as being able to ship cocaine "mancu li cani" — meaning "like nobody else" in the Calabrian dialect — Maluferru had, since 2008, built a globe-spanning empire that moved tons of drugs into Europe's ports.

What follows, based on court and police documents, Italian orders of custody, and interviews with law enforcement sources, is an inside look at his alleged narcotics system: how it was built, how the drugs ran through it, and why it eventually collapsed.

Giuseppe Romeo and other characters in the following cases are still awaiting trial on some of the charges they face, and not all allegations outlined have been proven in court. A lawyer who represents Romeo told OCCRP and IrpiMedia that he did not wish to respond to questions due to ongoing criminal proceedings. His client, the lawyer said, is innocent of the crimes of which he has been accused.

## A Hometown

The village of San Luca lies at the toe of Italy's boot, separated from Reggio Calabria, the region's main city, by the Aspromonte mountains. Despite its vantage point wrapped into the hills overlooking a valley, the town of 4,000 lacks most of the charms you'd expect from Italian villages. Walking through its narrow streets, the drab houses are lined with drying laundry, and unfinished homes give the distinct feel of hardship.

But looks can be deceiving. San Luca is the spiritual home of the 'Ndrangheta, maybe the world's most powerful organized crime gang. A majority of the town's population is affiliated with one of at least nine important crime clans that started in the village.

A short drive from San Luca into the mountains of a nearby national park lies the Sanctuary of Santa Maria di Polsi, perched on a dramatic gorge. The abbey is closely associated with the annual meeting of the Crimine, the 'Ndrangheta's governing body.

by Cecilia Anesi, Margherita Bettoni and Giulio Rubino: 5 August 2021

Via <https://www.occrp.org>

It was here in San Luca that Maluferru, then aged 16, had his first run-in with police over a fraud and stolen goods case. By 22 he'd already been charged with drug trafficking and had moved beyond San Luca like many sons of the 'Ndrangheta, which exports its operations by exporting its people. But despite his rapid rise through the family ranks, it was only in the mid-2010s that his alleged role in several high-profile operations would bring him to global prominence.

Maluferru did not start at the bottom. His clan, the Romeo-Staccu, is believed to be aligned with the leading Pelle-Gambazza clan, which shares control of Calabria's Locride area, and is known for its prowess in drug trafficking.

These powerful clans are also aligned with the other respected San Lucan clans like the Nirta-Scalzone and the Mammoliti-Fischlante, as well as the smaller ones like the Giorgi-Boviciani, the Giorgi-Bellissimo and the Strangio-Fracascia.

Maluferru nimbly used all of these San Luca connections to build his powerful drug trafficking network. But unlike many of his peers, he was never convicted of the common charge of "mafia affiliation" with the 'Ndrangheta, which Italian prosecutors often levy against criminal actors.

In fact, his prowess in the trade was not immediately clear to the police. Using snippets of information gleaned from their surveillance of other Europe-based narcos, cops slowly came to understand that Maluferru – whose diminutive appearance led his enemies to call him "The Dwarf" – had an outsized influence on underworld affairs.

By 2015, he was a key part of the Gang of Belgium along with his brothers Domenico and Filippo, as well as Antonio Calogero Costadura, a Belgium-born narco also of Calabrian origin known as "U Tignusu," meaning "The Bold."

At that stage, Maluferru had already made a fortune and built a Rolodex

#### The San Luca 'Ndrangheta structure linked to Maluferru



of underworld connections that any rising narco would envy. The Gang of Belgium's name undersold its influence, since it operated well beyond Belgium.

Receiving drug shipments from Latin America, the gang used criminal connections at European ports to help extricate these drugs, before moving them into Italy and other parts of the continent. Maluferru had a regional network operating between the Netherlands, Italy, Spain, and Germany. Apart from a few trusted contacts, sources say, he kept his distance from many 'Ndrangheta figures, helping him to remain at large within Europe even as others were attracting the attention of police and getting arrested.

#### To read the full investigative findings

ATTIC thank **OCCRP** for their permission to include the following article: 'Armed and Dangerous': in this issue.

# HOW DOES THE TALIBAN MAKE MONEY?

[BLOG - SANCTION SCANNER](#)

After the Taliban took over the city of Kabul, it regained its power over Afghanistan. In this case, the most critical problems of the financial world came to the fore again. Afghanistan is one of the leading countries in many financial crimes such as money laundering, drug trafficking, extortion, and mineral exploitation.

### How Are Terrorist Organizations Financed?

The financing of terrorism is when terrorists provide the money they need to carry out various actions. Many transactions such as donations, arms sales, money laundering, drug trafficking are the methods used to finance terrorist organizations. Due to the increase in financial crimes in the world, many institutions publish various regulations to prevent these crimes. Terrorist organizations take many different measures to avoid being caught in this regard. Many terrorist organizations can appear to comply with the regulations through trade-based money laundering and finance their organizations in this way.

Trade-based money laundering is a process that can be done in more than one way. They can make money they have appeared as legitimate by methods such as fake invoicing and fake exports.

### The Situation of Terrorist Organizations in Afghanistan

After the withdrawal of the American Army from the country, the Taliban, considered a terrorist organization by many countries, took over Afghanistan. In a very sensitive and complex situation, Afghanistan has become the center of many crimes. One of the biggest reasons for all these security problems is that terrorist organizations can still be financed. This illegally obtained money is one of the sources of the fear of the people. Many problems such as mass cash smuggling, money laundering, smuggling, and extortion are crimes that have been committed intensively in Afghanistan for many years. Although many institutions, including the FATF, have introduced regulations to prevent these crimes, Afghanistan is still an inadequate country in combating terrorist financing.



### How the Taliban Make Money in Afghanistan?

The biggest example of these crimes we have mentioned is the Taliban, which has recently gained great power. The Taliban obtains enough money to prepare its army of approximately 75,000 people for terrorist activities through the crimes mentioned above. In the United Nations Security Council Report dated June 1, 2021, on this subject, "While impossible to ascertain to any degree of precision, estimates of annual income generated by the Taliban range from \$300 million to \$1.6 billion." statements are included. This large sum of money is about a third of the revenue of the Afghan Government.



More than one method is specified in the report on the ways in which this gain is achieved: "The primary sources of Taliban financing remain criminal activities, including drug trafficking and opium poppy production, extortion, kidnapping for ransom, mineral exploitation and revenues from tax collection in areas under Taliban control or influence. According to the Member States, external financial support, including donations from wealthy individuals and a network of non-governmental charitable

### Taliban and Money Laundering

It is called money laundering when terrorist organizations present their money as if they were obtained legally. Afghanistan is the country with the most money laundering in the world. The Taliban, which has been on the agenda recently, is a very effective organization in these statistics. The money transfer system, known as the Hawale System in the



foundations, also account for a significant part of Taliban income." Although the Afghan and USA Governments tried to prevent these financial crimes, they were unsuccessful.

One of the most effective ways of making money used by the Taliban is poppy cultivation. A significant source of the Taliban is agriculture, as most poppy production is done in Afghanistan in the world. While the Taliban collect 10% tax from opium producers, they collect large amounts of tax from smugglers who turn opium into drugs.

country, has become a suitable system for illegal activities as it provides uncertainty with its transparency and methods.

In 2011, the [Financial Action Task Force \(FATF\)](#) published its latest Mutual Evaluation Report on implementing money laundering and counter-terrorism financing standards in Afghanistan. However, due to the openness of their systems, the Afghan Government has not been successful in its efforts to prevent money laundering.

ATTIC thank [SANCTION SCANNER](#) for sharing this blog post.

# The Complete Guide To Understanding Customer Due Diligence

## Love it or hate it Customer Due Diligence (CDD) has become an essential part of our working lives. TIC Company take you through the key elements of carrying out CDD.

Customer Due Diligence (CDD) is not on top of most people's list of fun things to do, but it has become an essential part of daily working life for those of us who need to verify customer's identity and/or source of wealth and/or funds

TIC Company we have carried out thousands of identity verifications and their AMLOnline portal to make life easier, but even with great technology to help us it is important to understand the different types of customer due diligence and how and when to carry them out.

Here we dive into the five different types of customer due diligence and what it means for businesses.

### What is customer due diligence?

To put it simply, customer due diligence - sometimes also called know your customer (KYC) - is the process of collecting customer data to ensure customers are who they say they are, and to determine the level of risk they may present to your business. Identifying data can include

official documents with the customers name and photograph which confirms their identity, birth date and residential address.

There are two ways of carrying out identity verification:

1. Documentary verification
2. Electronic verification

Verification of address can be done using documents, data or information issued by a reliable and independent source.

### When is customer due diligence required?

CDD is required when a business which is bound by AML regulations starts a business relationship with a customer or a potential customer, or their relationship with an existing customer 'materially changes' and they need to verify customer identity and risk profile.

The Financial Action Task Force (FATF) advise customer due diligence should be carried out when:

- establishing business relations;
- carrying out occasional transactions: (i) above the applicable designated threshold which is currently \$10,000; or (ii) that are wire transfers in the circumstances covered by the Interpretative Note to Special Recommendation VII;
- there is a suspicion of money laundering or terrorist financing;
- you have doubts about the veracity or adequacy of previously obtained customer identification data.

For many businesses dealing with financial transactions this means carrying out due diligence checks on hundreds of customers every year. And CDD checks are not just restricted to the actual customer but also other people who are associated with your customer.



## Who do businesses need to include in their due diligence process?

In many cases you will not only need to carry out customer due diligence on your client but will also need to include:

- any beneficial owner of a client (the person who ultimately controls the customer); and
- any person acting on behalf of a client (the person operating or transacting on an account or facility that is held by your customer).

The reason for these inclusions is so that you can verify identities and relationships associated with your customer as well as form a better understanding of the level of money laundering and terrorist financing risk associated with your customer.

This can all seem a bit daunting and time consuming when you have a million tasks to get through each day but compliance is essential to ensure you comply with the AML/CFT Act. Not doing so can have serious financial consequences for your business. In May 2021 we saw the Reserve Bank file legal action against TSB for breaches of the AML/CFT Act which has resulted in TSB agreeing to pay \$3.85 million in penalties.

Having a compliance officer in your business who understands what needs to be done to comply with regulations and/or working with a reputable AML company can help you stay on track and guide you through AML audits as well as ensuring you are following the right customer due diligence processes.

## Types of customer due diligence

There are five types of customer due diligence processes and it is important to use the right one for any given situation:

1. Standard CDD
2. Simplified CDD
3. Enhanced CDD
4. Delayed CDD
5. Ongoing CDD

### Standard CDD

Use standard customer due diligence when you need to obtain information about the nature and purpose of the proposed business relationship and your customer has not been assessed as high risk (note, if your customer is a trust this automatically triggers enhanced customer due diligence as they are considered high risk).

### What you need to do

Identify Entities - gather identifying information on your customer, the beneficial owner(s), and any person acting on behalf of your customer.

Data to be obtained includes:

- the person's full name; and
- the person's date of birth; and
- if the person is not the customer, the person's relationship to the customer; and
- the person's address or registered office; and
- nature and purpose of the proposed business relationship; and
- any information prescribed by regulations.

**Determine Risk** - decide on the level of money laundering and terrorist financing risk involved. Collect sufficient information to determine whether enhanced CDD needs to be conducted on the customer.

**Verify Information** - according to that level of risk, verify the identity of relevant persons, including natural persons using the Explanatory

**Note:** Electronic Identity Verification Guideline July 2021. This Explanatory Note provides best practice advice for businesses carrying out name and date of birth identity verification on customers (that are natural persons) that have been assessed to be low to medium risk.



## Simplified CDD

Generally, simplified customer due diligence relates to customers that are already subject to transparency and public disclosure. These are prescribed entities as identified in 18(2) of the AML/CFT Act such as government entities, local authorities or public service agencies.

### What you need to do

**Meet The Criteria** - identify and record that the customer meets the criteria for simplified CDD. Check it on the list in section 18(2) of the AML/CFT Act.

**Nature And Purpose** - obtain information about the nature and purpose of the proposed business relationship between you and the customer.

**Identify Entities** - record the full name of the entity in question and a brief explanation of how it falls within the section. Information needs to be gathered about the identity of a person acting on behalf of the entity.

**Determine Risk** - according to that level of risk, verify the identity of the person and their authority to act on behalf of the local authority using the Amended Identity Verification Code of Practice.

## Enhanced CDD

Enhanced customer due diligence is used for high risk clients. This may be when:

- Your customer has a trust or another vehicle for holding personal assets.
- Your customer is a non-resident client from a country that has insufficient anti-money laundering and countering financing of terrorism systems or measures in place.
- Your customer has a company with nominee shareholders or shares in bearer form.
- Your customer is a politically exposed person (PEP).
- You consider that the level of risk involved is such that enhanced CDD should apply.

These requirements fall under section 22 of the AML/CFT Act.

### What you need to do

**Nature and Purpose** - obtain information about the nature and purpose of the proposed business relationship between you and the customer.

**Identify and Verify Identities** - identity information must be gathered about a customer, the beneficial owner(s), and a person acting on behalf of a customer and verify their information.

**Source of Wealth/Funds** - Obtain information about your customer's source of wealth or source of funds. You must record this information and take reasonable steps, according to the level of risk involved, to verify this information using other reliable and independent sources

## Delayed CDD

Generally, you must not commence work until client verification has been completed. However, in some circumstances you may begin work before completing customer due diligence if it is essential work required to prevent the interruption of normal business practice, and there is little risk of money laundering or terrorist financing occurring.

### What you need to do

**Customer Must Be Identified** - you must still be able to satisfy the know your customer (KYC) requirements and be aware of the entity you are entering into a relationship with and any beneficial owners or effective controllers.

**Complete As Soon As Possible** - verification of identity must be completed as soon as is practicable once the business relationship has been established

**Respond Appropriately** - if you are unable to complete the verification checks required or changes occur you must take appropriate action. If you identify anything suspicious you must file a Suspicious Activity Report (SAR) with the Financial Intelligence Unit (FIU).

## Ongoing CDD

Use ongoing customer due diligence systematically so that you can ensure that your customer's activities and/or transactions are consistent with the information and data you have previously acquired.

In the ordinary course of business where a customer is considered low risk the CDD process should be carried out every 12 months, where the customer is considered medium to high risk this should occur every 6 months plus any other reasonable time. For example, every time there is a material change in your customers transactions, CDD should be undertaken.

Be sure to record in your compliance programme how often and when ongoing customer due diligence should take place.

### What you need to do

**Confirm Consistency** - ensure that the business relationship and the transactions relating to that business relationship are consistent with your knowledge about the customer and the customer's business and risk profile.

**Maintain Records** - make sure that you have up to date records relating to the customer and any entities with beneficial ownership or effective control. Your verification records must be up to date.

**Regular Review** - you must consider (a) the type of customer due diligence conducted when the business relationship with the customer was established; and (b) the level of risk involved to determine if you need to redo your CDD checks.

**Respond To Changes** - if the nature and purpose of your relationship with the customer changes you must respond appropriately and complete checks at the necessary level. If you identify anything suspicious you must file a SAR with the FIU.

### Customer Due Diligence in Summary

While taking care of customer due diligence can be time consuming you can make it easier by following the correct processes and getting the right foundations in place:

1. Designate someone in your business as an AML/CFT compliance officer.
2. Assess and document the money laundering and terrorist financing risks your business may face.
3. Establish an AML/CFT compliance programme setting out how you'll detect and manage these risks.

### On an ongoing basis:

1. Verify the identity of customers before providing any service covered by the AML/CFT Act. In some circumstances (such as if they represent a company or trust), you may also need to ask for information about where money came from and the other people involved.
2. Monitor customers (you will have to monitor the transactions) to identify potential warning signs of money laundering and terrorism financing.
3. Report any suspicious activity to the FIU.
4. Submit an annual report to the supervisor of your sector.
5. Regularly review your risk assessment and compliance programme.
6. Have your risk assessment and compliance programme audited regularly.

And you don't have to do this alone. The FMA, DIA and FIU provide guides on AML/CFT compliance, legislation and codes of practice. These can be accessed through the relevant authority or they can all be found on our AML legislation and guidance page.

You can also consider outsourcing your AML compliance activity which will help you stay AML compliant, reduce the AML burden and will generally be quicker and less intrusive for both you and your customer.

Dr AML provides a [guide on how to choose the right AML provider](#) which outlines the things to ask and look for.

ATTIC thank [Tic Company](#) for their permission to include: The Complete Guide to Understanding Customer Due Diligence post.

# SUSTAINING HIGH PERFORMANCE THROUGH UNCERTAINTY AND CHANGE.

These are challenging times, requiring us to consider how our thoughts and actions help or hinder our capacity for resilience – both at the personal and team level. Dr Lucy Hone, from the University of Canterbury and the New Zealand Institute of Wellbeing & Resilience, suggests that if we want to avoid burnout at work, we need to understand it much better.

Have you ever laid in bed and found yourself thinking, 'I'm done, I cannot do this job any longer, I'm absolutely exhausted - there's really no point in me getting up, nothing I seem to do makes a difference'? Burnout is a much talked about, read about and feared workplace syndrome, but sadly it also little understood.

## Demystifying the myths of burnout:

Burnout doesn't come on suddenly. Instead, it's more likely that you didn't see it coming as you're not good at reading the signs. There's a fine line between super-productivity and burnout because the people most at risk are those who love their jobs and derive a sense of identity and meaning from them. In this sense, burnout comes from hyper-engagement, when people erroneously believe the solution lies in working harder and end up neglecting the world beyond work. Doing so puts you at risk.

There's more to burnout than overwhelm and exhaustion. Science has

in fact identified three different dimensions (or symptoms) of burnout: physical, emotional, and mental exhaustion; over-arching cynicism; and a feeling of ineffectiveness. When people burnout they often express cynicism that the amount of work they have to get through is achievable, and consequently wind up feeling really useless and ineffective. Most often, the demands of their job exceed the resources at their disposal.

Burnout is not just the inability to cope with stress on behalf of the individual concerned. Far from being individual failing, burnout out should be viewed as the individual's response to systemic challenges - and/or sustained stress with no let up. For this reason, it is highly irresponsible and unfair for organisations to offer staff resilience training if they are not prepared to back this up with a realistic and transparent appraisal of how workplace burdens impact their teams. If burnout results from chronic workplace stress that has not been successfully managed, prevention is as much the responsibility of executive leaders, and people leaders, as it is personal.

## Six ways to prevent burnout in yourself and others:

Focusing on these drivers of burnout supports sustainable high performance among your teams, particularly when working in VUCA environments:



### 1. Work overload

Make sure work volumes don't outstrip available time and resources. Consider how you can reduce different aspects of workload, such as meetings, emails, zoom calls – for yourself and your teams. No one is saying this is easy, but burnout is costly in so many ways, so you're better to delay a project than lose a key member of staff.

### 2. Lack of autonomy

When workers have insufficient authority over the way they work (are micro-managed), or insufficient access to the resources required to do their job effectively, cynicism ensues. Humans work best when they are given the opportunity to make choices and decisions for themselves; autonomy builds respect. Where and how can you give your teams/ individuals autonomy?

### 3. Feeling under-valued

Lack of recognition from management, colleagues, and clients pushes workers to tune out and stop caring about the end results. Whether it's in the form of praise, pay, or even personal pride, we all crave reward. Make sure you notice and praise people's individual and collective contribution, share their wins, and acknowledge contribution.

### 4. Lack of support

The overall quality of social interactions in your workplace matters: the better your relationships at work, and the better and faster conflicts are resolved, the lesser the odds of burnout. Workers need to feel resourced and supported, that their opinions count and that they can be themselves. Don't rely exclusively on surveys to assess your team, people leaders should know them well enough to sense who needs support, when they need it and in what form.

### 5. Unfairness

Fairness is paramount: your teams will be far more concerned about the fairness of your conflict resolution processes than how favourable the outcome is. Make sure their job descriptions match their contribution, give credit where/when it is due, and ensure that you are treating everyone fairly with your WFH and return to work strategies.

### 6. Values disconnect

Employees are particularly susceptible to burnout when a disconnect exists (or arises) between their deeply held personal values and the environment they work in. It's virtually impossible to feel good about your work when a values conflict exists

# Signs of burnout

## Exhaustion

- Feeling tired most days/prolonged lack of energy
- Dreading the day/week ahead
- Difficulty sleeping
- Forgetfulness
- Reduced concentration/attention (to the point that it gets in the way of your daily functioning)
- Physical symptoms like chest pain, heart palpitations, shortness of breath, stomach pain, dizziness, fainting, and/or headaches
- Lowered immunity leading to increased illness
- Not feeling hungry, forgetting to eat
- Feeling anxious, trapped and/or depressed
- Frequent angry outbursts and serious arguments

## Signs of Cynicism/Feeling detached or removed

- Loss of enjoyment (not wanting to go to work, avoiding projects)
- Pessimism (overly negative and/or doubting coworkers trustworthiness and ability to get the job done)
- Isolating yourself (at work and at home)
- Disconnection/detachment from others

## Signs of Ineffectiveness and Lack of Accomplishment

- Apathy and hopelessness ("nothing is going right" "nothing I do matters", "what's the point?")
- Irritability
- Reduced productivity (running around like a headless chicken; feeling less productive than you once did, despite putting in long hours; often leads to long lists of unfinished projects).



## Expert Wellbeing & Resilience

Dr Lucy Hone: NZIWR



Dr Lucy Hone is co-director at the New Zealand Institute of Wellbeing & Resilience ([nziwr.co.nz](http://nziwr.co.nz)) which works with organisations and communities across Aotearoa New Zealand (and internationally) to bring the best of findings from wellbeing and resilience science to life. Her TED Talk, 3 Secrets of Resilient People, has had over 4 million views making it the most watched of any New Zealander and ranked among the Top 20 TED talks of 2020.

**[Follow her work on LinkedIn.](#)**



A woman with blonde hair, wearing a grey herringbone blazer over a black top with a lace collar, holds a black mug with both hands. The mug has the text 'Kickass (Wo)man' printed on it in white. She has red nail polish and a ring on her left ring finger.

Kickass  
(Wo)man

## FEATURING

Anna Visser - Oyster

Mai Chen - Women of  
Influence

## WOMEN IN AML: ANNA VISSER



My journey in the compliance industry started when I took on an administration role for a small financial company where I was able to experience different aspects of Compliance and AML. Part of my time was working closely with the Compliance Officer working through AML audits, updating company policies and procedures to ensure the business was compliant. However, most of my time was spent helping the financial advisers prepare the documents and on-board the clients, which meant I was able to experience complexities and different situations with every case.

This experience allowed me to get a solid foundation of compliance knowledge while I also worked towards getting my CAMS certification.

What I enjoy most about AML compliance is working with the internal stakeholders and clients to bridge the gap and find a solution to sometimes frustrating situations for both parties. We all know AML and compliance is not going to disappear so finding a way to make sure all requirements are also met, while also creating a positive experience, will hopefully lessen the distaste most people have for compliance!

After learning as much as I could from the role, I decided to move on and experience another businesses' compliance regime for personal growth as well as gain perspective on other ways of thinking.

Currently employed by Oyster Property Group, a leading New Zealand commercial property and fund manager, I am working closely with investors and the compliance manager through various projects.

**Now lets get a little personal . . .**

**Favourite eating place?** Any good sushi place

**Chill time – what works for you?** And hey, let's be honest here – no judgment . . . Reading while listening to music

**What are clear traits that make you great at what you do?** Organisation and attention to detail

**What's the last thing you geeked out about?**  
I can't think of anything.

**Family time: best spots?** At home, spending time together!

**Recommended, preferred drink?** Coffee

**Favourite meal to make?** That's assuming you can cook . . . again, no judgment! – The classic Spaghetti Bolognese (my mom's recipe though)

**We all know AML and compliance is not going to disappear so finding a way to make sure all requirements are met, while also creating a positive experience, will hopefully lessen the distaste most people have for compliance!**



### Anna Visser

INVESTOR RELATIONS SUPPORT

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WOMEN OF INFLUENCE NZ - MAI CHEN

# "BEING A WOMAN OF INFLUENCE PROVIDES A PLATFORM TO DO GOOD!"

– MAI CHEN

The 2013 Business Entrepreneur Winner spoke to us about why the Women of Influence Awards have motivated her.

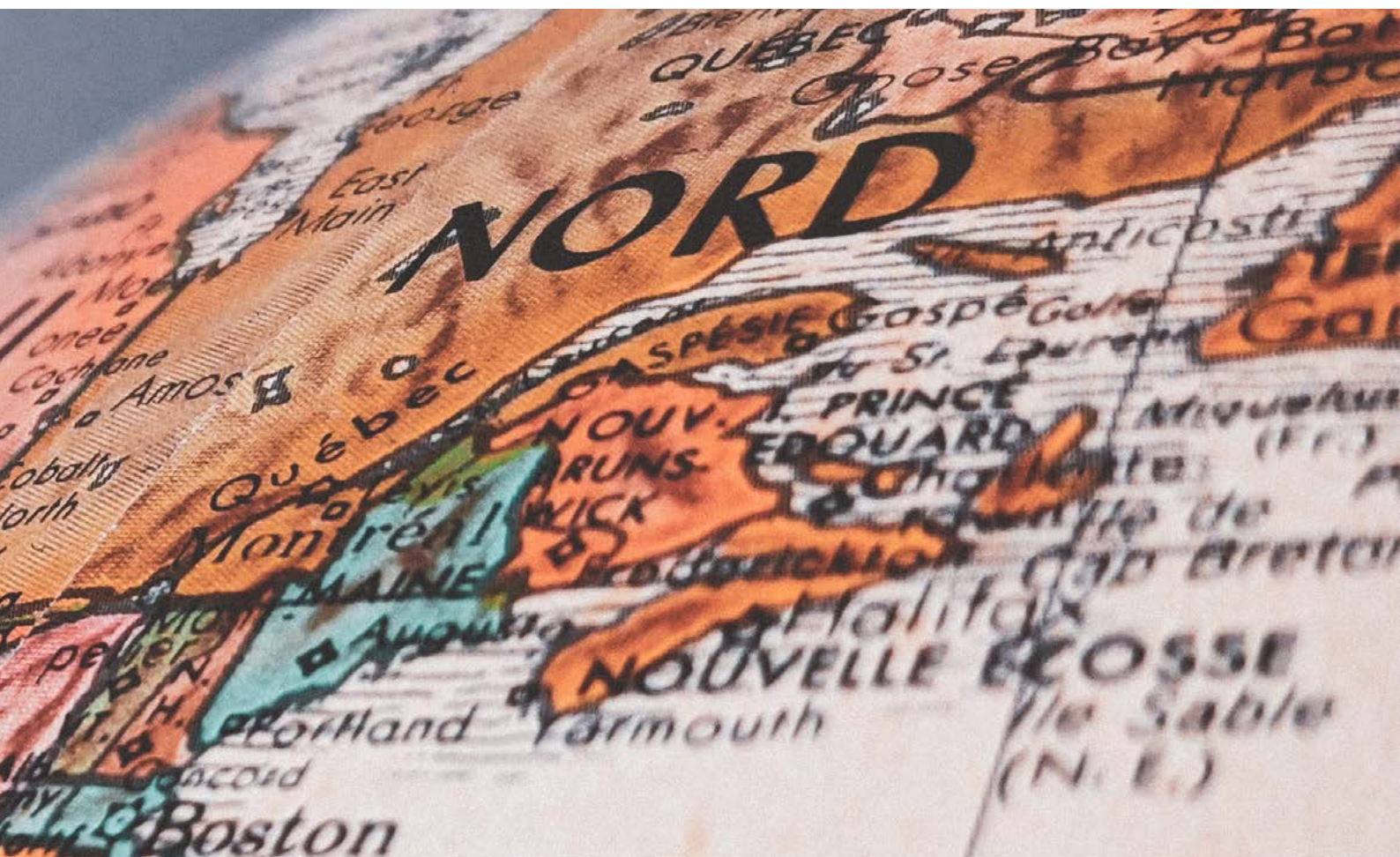
If you know an inspirational woman, nominate her now at [www.womenofinfluence.co.nz](http://www.womenofinfluence.co.nz) and book your tickets to one of our Speaker Series events in Auckland, Tauranga, Wellington or Christchurch.

Via LinkedIn: Women of Influence NZ - Celebrating the incredible wāhine of Aotearoa, New Zealand. #woinz



**“The only way to stop the flow of this dirty money is to get tough on the bankers who help mask and transfer it around the world. Banks themselves don’t launder money, after all: people do.”**

Robert Mazur, former federal agent who worked as an undercover money launderer, speaking in January 2013 after the HSBC fine.



# 286 ARRESTED IN GLOBAL HUMAN TRAFFICKING AND MIGRANT SMUGGLING OPERATION

## Police rescue 430 human trafficking victims and identify 4,000 irregular migrants from 74 countries

LYON, France – Criminal groups behind human trafficking and migrant smuggling have been hit hard in an operation coordinated by INTERPOL, with 286 suspects arrested worldwide.

Law enforcement officials from 47 countries participated in Operation Liberta (5 - 9 July), carrying out some 500,000 inspections at checkpoints and airports as well as at hotspots identified through intelligence and investigations.

Authorities rescued some 430 human trafficking victims and identified 4,000 irregular migrants originating from 74 different countries. Many of them required medical, psychological and housing assistance and were taken into the care of protective services.

In addition, 60 new transnational investigations were initiated. Fake or stolen identity documents remain the golden ticket when it comes to

helping people cross borders illegally, with such documents seized on every continent. On the first day of the operation, authorities in Tanzania arrested a Ugandan bus driver carrying a box of 169 forged passports from Kampala to Dar Es Salaam.

"Operation Liberta is a five-day snapshot of the global trafficking and smuggling situation, and how multinational, highly organized criminal networks only focus on one thing: profit," said INTERPOL Secretary General Jürgen Stock.

"With 22 criminal groups dismantled, it also shows what coordinated, global law enforcement action can achieve."

### Crime groups dismantled around the world

#### Operational highlights included:

**Algerian** authorities dismantled a smuggling group focusing on maritime routes to European coasts.

**Colombia** dismantled two different criminal organizations, making 22 arrests. While one group was dedicated to smuggling migrants to the US, the other group focused on bringing Cuban and Haitian migrants from Ecuador into Colombia. In addition, two subjects of INTERPOL Red Notices wanted internationally by Spain for human trafficking were arrested.





Some 4,000 irregular migrants originating from 74 different countries were identified during the operation, including 68 in Croatia.

Authorities in **Ecuador** arrested 8 suspects who smuggled migrants to the US using a legitimate travel agency as a cover to book flights via Mexico.

Officers in **Ghana** intercepted two Nigerian suspects accused of running a human trafficking ring between Ghana, Togo, Benin and Nigeria.

Six members of an organized crime group were arrested in **North Macedonia**. The leader had been working with associates in the Middle East to smuggle migrants from Afghanistan, Bangladesh, Pakistan and Syria to Greece.

Authorities in **Sudan** rescued 253 victims of human trafficking, arresting 32 suspects.

An organized crime group based in **Spain** which smuggled migrants by sea from Algeria to the Spanish coast was dismantled.

### Exploiting the most vulnerable

With smugglers focused on profit margins, they facilitated the passage of migrants with little or no regard for their safety and well-being.

Croatia and Nicaragua reported deadly traffic accidents when smugglers tried to evade road checks. Migrants in Slovenia were made to travel inside dog houses. In Greece, migrants reported paying as much as EUR 2,000 each for a four-hour car journey across the country. The Tunisian coast guard rescued 69 migrants from 11 different African countries after receiving a distress call from their boat.

Authorities also rescued a number of underage trafficking victims during the operation. Seven young girls were interviewed in Lebanon in connection with an international sexual exploitation and human trafficking ring. Underage victims in Venezuela reported being coerced into sexual exploitation through death threats from human traffickers.

Member countries used the opportunity to raise awareness, including in the UAE where a campaign was launched in recruitment centers for domestic workers.

### INTERPOL's policing capabilities

INTERPOL's databases were queried 508,000 times and Notices played a key role in the location and arrest of wanted individuals. For example, police in the UK arrested six fugitives wanted by different countries in Europe for migrant smuggling and human trafficking tied to sexual exploitation.

Brazil, Colombia, Curacao and Panama nabbed fugitives wanted under Red Notices for other crimes such as drug trafficking, rape and assault and money laundering.

Three Operational Coordination Units in Panama, Sudan and the UAE supported the participating countries, with a Central Support Unit at the INTERPOL General Secretariat in Lyon.

### Partnerships

This joint operation was supported by a number of partners – the International Organization for Migration, United Nations Office on Drugs and Crime and Europol. The operation was carried out under the auspices of Project Flyway, funded by Norway, ROCK (Regional operational Centre in support of the Khartoum Process and African Union-Horn of Africa Initiative), and the INTERPOL Foundation for a Safer World.

### Participating countries

Algeria, Austria, Belgium, Bosnia and Herzegovina, Brazil, Chile, Colombia, Costa Rica, Croatia, Curacao, Dominican Republic, Ecuador, El Salvador, Ghana, Greece, Guatemala, Haiti, Honduras, Iraq, Kenya, Lebanon, Mexico, Morocco, Nicaragua, North Macedonia, Oman, Pakistan, Panama, Peru, Portugal, Qatar, Saudi Arabia, Serbia, Slovenia, Spain, Sudan, Syria, Tanzania, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States, Venezuela, Vietnam and Zimbabwe.

ATTIC thank [Interpol.int](https://www.interpol.int) for their permission to include: 286 arrested in global human trafficking and migrant smuggling operation:  
26 July 2021 News and Events

# NEW ZEALAND: FRAUD & WESTPAC WARNING

## Finance, family and fraud: A trusted investment banker's descent into crime

Martin Van Beynen: 05:00, Aug 07, 21

International banker to criminal pleaded guilty to Serious Fraud Office charges after cooking the books of his international investment fund. Was it arrogance or a stubborn man?

[Read the full article](#)

[VIA STUFF](#)

## Formal AML/CFT warning issued to Westpac Banking Corporation

The Reserve Bank of New Zealand – Te Pūtea Matua has today issued a formal warning to the New Zealand branch of Westpac Banking Corporation (WBC) for failing to report prescribed transactions as required by the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009.

Under the AML/CFT Act, reporting entities are required to report prescribed transactions (including international wire transfers of \$1,000 or more) to the Police's Financial Intelligence Unit, Deputy Governor and General Manager of Financial Stability Geoff Bascand says.

WBC designed and configured its prescribed transaction reporting (PTR) systems in a way that failed to detect and report all eligible international wire transfers, resulting in it failing to report almost 8000 corporate transactions to overseas recipients between July 2018 and February 2019.

"This formal warning reflects the importance of the prescribed transaction reporting regime in building an intelligence picture across New Zealand's financial system, and reiterates the seriousness with which we view non-compliance with the AML/CFT Act," Mr Bascand says.

Reserve Bank releases Correspondent Banking, Prescribed Transaction Reporting and Transaction Monitoring Survey results: [To read in full](#)

[VIA RBNZ](#)



# NEW ZEALAND: FMA ISSUES WARNING

## FMA issues warning to Sharesies for AML/CFT breaches



### Media Release: MR No. 2021 – 39

The Financial Markets Authority (FMA) - Te Mana Tātai Hokohoko – has issued a formal warning to Sharesies Limited and Sharesies Nominee Limited for failing to have sufficient anti-money laundering procedures, policies, and controls in place.

The FMA identified the issues with Sharesies as part of its ongoing monitoring of compliance with the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act.

In the FMA's view, Sharesies had failed to:

obtain information about the nature and purpose of the proposed business relationship from most customers

obtain sufficient information to determine whether certain customers should be subject to enhanced customer due diligence

complete identity verification for up to 7,815 customers who had an account balance of more than \$1000 as part of standard customer due diligence.

The FMA requires Sharesies to complete a number of actions to meet its obligations under the Act. Sharesies must

1. obtain information from all its current customers to show their reasons for using the platform and amend its onboarding process to capture this information in the future
2. develop and implement a process to complete identity verification at the time of account application and provide training to staff on these processes
3. obtain sufficient information from all customers who used the word 'trust' in the account application process and complete enhanced customer due diligence if they are trusts – a requirement under the Act
4. adequately verify the identity of all customers and restrict withdrawals or transfers until those checks are completed.

These requirements are standard practice for AML/CFT reporting entities in completing customer due diligence, including why the customer is transacting with a firm<sup>1</sup>.

**To read the full Media Release**



Sharesies' Alison Gerry [Dir. & Chair of the Board] **says no evidence of money laundering had been found but rather a need to "strengthen [their] customer identification practice."** QT via [TVNZ](#)

## AUSTRALIA: MONEY LAUNDERING

### **Canberra chef James Mussillon arrested for money laundering, perjury and fraud: by Elizabeth Bryne**

Courgette Restaurant has made frequent appearances in the Australian Good Food Guide, along with other restaurants associated with Mr Mussillon. It is alleged that the high profile chef used his successful restaurants to commingle funds from the sale of cannabis, along with his associate Mohammed Al-Mofathel.

Detective Inspector Scott Moller said the arrests have disrupted a major illegal business.

"This is a traffickable distribution network so we are talking about kilos and kilos of cannabis in the ACT." He said. "Principally what their operation involved was cycling the money derived from the sale of illegal drugs through a (legitimate) business."

Commingling of funds is an age-old technique, and this case is a good reminder that establishments with reputable status are not immune.

[VIA ABC.net.au](https://www.abc.net.au/news/2018-07-19/canberra-chef-arrested-for-money-laundering/10066666)

## INTERNATIONAL MONETARY FUND

### **The Impact of Gray-Listing on Capital Flows: An Analysis Using Machine Learning**

Author/Editor: Mizuho Kida; Simon Paetzold

The Financial Action Task Force's gray list publicly identifies countries with strategic deficiencies in their AML/CFT regimes (i.e., in their policies to prevent money laundering and the financing of terrorism). How much gray-listing affects a country's capital flows is of interest to policy makers, investors, and the Fund. This paper estimates the magnitude of the effect using an inferential machine learning technique. It finds that gray-listing results in a large and statistically significant reduction in capital inflows.

[To read the full Working Paper](#)





# NETHERLANDS: CRIME REPORTER MURDERED

## Dutch crime report De Vries dies after being shot in street

**By Jan-Albert Hootsen on July 20, 2021 4:57 PM EDT**

The brutal slaying of crime reporter Peter R. de Vries has shocked the Netherlands. Although still one of the least violent countries for journalists in the world, reporters, parliament, and local press freedom groups warn that threats, intimidation, and violence against outlets and individual journalists reporting on organized crime are on the rise.

More than 80 percent of Dutch journalists experienced aggression on the job in 2021, an increase of 20 percent since 2017 according to a May report by PersVeilig (SafePress), an initiative by the journalists' union NVJ, the Dutch Society of Editors-in-chief, and the Dutch police and the office of the public prosecutor.

de Vries was gunned down on July 6 in broad daylight on one of the busiest streets in the Dutch capital Amsterdam after leaving the studio of talk show RTL Boulevard, where he regularly appeared as a studio guest. He died on July 15 of his injuries; Dutch authorities arrested two suspects the same day of the shooting.

According to news reports, the Dutch public prosecutor said that the killing likely had more to do with the fact that de Vries served as an adviser to the main witness in the trial of alleged drug kingpin Ridouan Taghi, who is accused of involvement in murders and attempted murders, than with de Vries' journalism.

**[Read the full article](#)**

**[To learn more about Peter R. De Vries and recording](#)** with Guests:

Peter Schouten - Friend and Colleague of Peter R de Vries

Michel Valentijn - Investigative journalist

Anna Sergi - Organised Crime Expert



### **Terrorist financing between the drug trade, international crime syndicates - don't lose sight**

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**Opium: Afghanistan's drug trade that helped fuel the Taliban**

Taliban are involved in all facets, from poppy planting, opium extraction, trafficking to charging smugglers export fees.

The United States spent more than \$8bn over 15 years on efforts to deprive the Taliban of their profits from Afghanistan's opium and heroin trade, from poppy eradication to air attacks and raids on suspected labs.

That strategy failed.

As the US wraps up its longest war, Afghanistan remains the world's biggest illicit opiate supplier and looks certain to remain so as the Taliban is on the brink of taking power in Kabul, said current and former US and UN officials and experts.

Widespread destruction during the war, millions uprooted from their homes, foreign aid cuts, and losses of local spending by departed US-led foreign troops are fuelling an economic and humanitarian crisis that is likely to leave many destitute Afghans dependent on the narcotics trade for survival.



[Read the article in full](#)

[Source: Reuters](#)

### **Where are Taliban officials getting the money to run Afghanistan?**

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NPR's A Martinez talks to Gretchen Peters of The Center on Illicit Networks and Transnational Organized Crime about the Taliban's funding, and how the group has used that money in its rise to power.

[To listen to the full transcript](#)

[Source: NPR.org](#)

# INTERNATIONAL: WORLD BANK DATA & HONG KONG CUSTOMS

## World Development Report 2021:

### Data for Better Lives

Today's unprecedented growth of data and their ubiquity in our lives are signs that the data revolution is transforming the world. And yet much of the value of data remains untapped. Data collected for one purpose have the potential to generate economic and social value in applications far beyond those originally anticipated. But many barriers stand in the way, ranging from misaligned incentives and incompatible data systems to a fundamental lack of trust. World Development Report 2021: Data for Better Lives explores the tremendous potential of the changing data landscape to improve the lives of poor people, while also acknowledging its potential to open back doors that can harm individuals, businesses, and societies. To address this tension between the helpful and harmful potential of data, this Report calls for a new social contract that enables the use and reuse of data to create economic and social value, ensures equitable access to that value, and fosters trust that data will not be misused in harmful ways.

[To download the book](#)

[VIA Worldbank.org](https://www.worldbank.org)



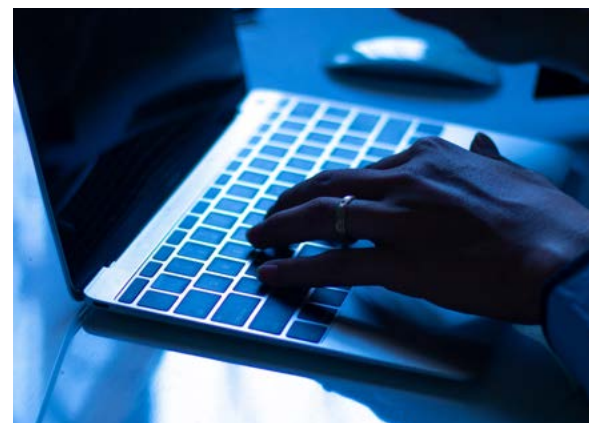
## Hong Kong customs breaks up gang in HK\$1.2 billion cryptocurrency racket: South China Morning Post

Hong Kong customs has shut down a local money-laundering syndicate that used cryptocurrency to process illegal funds totalling HK\$1.2 billion (US\$155 million), arresting the suspected ringleader and other members in the first operation of its kind in the city.

An investigation revealed more than 60 per cent of the funds had been funnelled through bank accounts in Singapore over 15 months, prompting local authorities to seek help from law enforcers there in tracking the money and its final recipients, according to Senior Superintendent Mark Woo Wai-kwan of customs' syndicate crimes investigation bureau.

"It is the first time in Hong Kong that a money-laundering ring involved in using cryptocurrency to wash dirty cash and conceal the source of criminal assets was broken up," he said, adding the modus operandi had made detection more difficult.

[Read the full article: Source South China Morning Post](#)



Authorities say the syndicate laundered about HK\$880 million through cryptocurrency between February 2020 and May 2021.  
Photo: Shutterstock via scmp.com

## INTERNATIONAL: US REGULATORS & SPORT

### **BitMEX pays US regulators US\$100 million: Settle claims of illegal trading, anti-money laundering violations**

New York court approves deal with five companies charged with operating the BitMEX platform

- BitMEX presses ahead with its expansion and marketing plan, including a multi-year sponsorship deal with Italian football club AC Milan
- BitMEX, one of the world's largest cryptocurrency exchanges which has an office in Hong Kong's priciest tower, has reached a US\$100 million settlement with US regulators to resolve charges related to illegal operations and anti-money laundering violations.

To read the full article by [Georgina Lee](#)

[VIA SCMP.com](#)



BitMEX, one of the world's largest cryptocurrency exchanges, has settled charges with US regulators. Photo: Shutterstock Images

### **AML Intelligence: Sport & AML**

#### **James Treacy**

CEO and Co-Founder AML Intelligence, dedicated to fighting financial crime and corruption through working collaboratively and effectively with my network of fellow FinCrime fighters throughout the world.

'Sad but true, and not new,' FATF chief responds as Al Jazeera investigation reveals the vulnerability of English football to money launderers.

SPORT & AML: 'Sad but true, and not new,' FAFT chief responds as Al Jazeera - [read their response](#)

[James Treacy Via LinkedIn](#)

# INTERNATIONAL: THE PEGASUS PROJECT

## About the Pegasus Project by OCCRP



1. What is The Pegasus Project, and how did it come about?

The Pegasus Project is a collaborative investigation into NSO Group, an Israeli “cyber intelligence” company that sells sophisticated spyware to governments around the world.

NSO Group insists that its mobile phone surveillance software, called Pegasus, is meant to help its clients combat crime and terrorism. But it has also been used to spy on journalists, activists, opposition politicians, and dissidents.

After years of criticism, the secretive company has recently become more communicative, publicizing its commitment to human rights and even publishing a “Transparency and Responsibility Report” in June 2021.

But the spyware intrusions haven't stopped. That's why more than 80 journalists, representing 17 media organizations around the world, have come together to produce this investigation.

It began when journalism nonprofit Forbidden Stories and human rights group Amnesty International gained access to a set of more than 50,000 leaked phone numbers believed to be a list of targets of NSO Group's phone hacking software. As the coordinator of the project, Forbidden Stories then invited OCCRP, the Washington Post, the Guardian, and 13 other partners to help investigate.

In the course of the project, we identified hundreds of individuals who owned these phones. Sixty-seven of them were subject to forensic analysis to determine whether they had been infected, and 37 showed signs of Pegasus activity. This reporting, supplemented by additional databases, internal documents, interviews, court documents, and other sources, formed the basis of the Pegasus Project, an unprecedented effort to understand who has been targeted by the users of NSO Group's software – and what happens to them next.

**To read the full [project article by OCCRP and the NSO's full response to data presented](#)**

# INTERNATIONAL: FAFT-GAFI & ELLIPTIC

## FAFT-GAFI.org Opportunities and Challenges of New Technologies for AML/CFT

New technologies can improve the speed, quality and efficiency of measures to combat money laundering and terrorist financing. They can help financial institutions and supervisors, assess these risks in ways that are more accurate, timely and comprehensive. When implemented using a responsible and risk-based approach, new technologies and innovative products and services can also improve financial inclusion, bringing more people into the regulated financial system and thereby reinforcing the effectiveness of AML/CFT measures.

This report identifies emerging and available technology-based solutions. The report highlights the necessary conditions, policies and practices that need to be in place to successfully use these technologies to improve the efficiency and effectiveness of AML/CFT. The report also examines the obstacles that could stand in the way of successful implementation of new technology.

New technologies for AML/CFT refer to:

1. innovative skills, methods, and processes that are used to achieve goals relating to the effective implementation of AML/CFT requirements or
2. innovative ways to use established technology-based processes to comply with AML/CFT obligation

[Read the full suggestion actions and handout](#)

## Crypto market provides opportunities for illicit funds:

Money laundering is a serious problem for digital finance systems across the world, with the crypto market providing new opportunities for illicit funds to be transferred. But, there are typologies in money laundering that compliance and blockchain specialists can look out for in the effort to prevent illicit activity on their platform.

To read the full blog where Elliptic explores money laundering typologies and how they're identified: by Elliptic

[VIA LinkedIn - Elliptic](#)





# BASEL INSTITUTE ON GOVERNANCE

## Basel Institute on Governance

### Cryptocurrencies, Crime and Money Laundering

Calling all those interested in #cryptocurrencies, #crime and #moneylaundering – we have three pieces of exciting news for you today.

First up: take 5 minutes to read Federico Paesano's quick guide to cryptocurrencies and money laundering investigations. Updated just now – it's a fast-moving field!

Find out how you #followthemoney when it's virtual and the challenges of recovering stolen assets held in cryptocurrencies. - [read the quick guide 1](#)

[Basel Institute on Governance Via LinkedIn](#)



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Author(s): Federico Paesano

## New policy brief on how to reduce the social acceptability of wildlife trafficking

Behaviour change interventions aimed at reducing the social acceptability of wildlife trafficking are an important part of efforts to prevent wildlife crime. But how can practitioners craft messages that will be effective in changing attitudes and behaviours?

Our latest policy brief aims to support policymakers and practitioners seeking to improve conservation outcomes through behaviour change interventions.

Based on field work and community engagement in Uganda, it summarises lessons learned about how to develop and frame effective messages in the context of counter-wildlife trafficking interventions.

The research was funded by PMI Impact as part of a wider project on stopping corruption from fuelling illegal wildlife trade between East Africa and Southeast Asia.

### Audience, content, framing

The findings reveal that a key first step is to narrowly identify the right target audience. While a general public awareness campaign may have its merits, it may be more effective to focus on those identified as most vulnerable to participating in wildlife trafficking, namely young men, those that live around wildlife trafficking hotspots and those involved in trade.

[To read and download the full policy Brief](#)



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# ATTIC

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EXPERT OF THE MONTH - SAM MACGEORGE	6
MONEY LAUNDERING - INVESTIGATIONS <b>ICIJ</b>	8
<b>OCCRP - 'ARMED AND DANGEROUS':</b>	<b>11</b>
SANCTION SCANNER - TALIBAN MAKE MONEY	14
TIC COMPANY	16
DR. AML - ALICE TREGUNNA	20
WORK   LIFE   BALANCE - <b>NZIWR</b>	<b>22</b>
WOMEN IN AML: ANNA VISSER	26
WOMEN OF INFLUENCE NZ - MAI CHEN	27
INTERPOL.INT	30
NEW ZEALAND: FRAUD & WESTPAC WARNING	32
NEW ZEALAND: FMA ISSUES WARNING	33
<b>AUSTRALIA: MONEY LAUNDERING</b>	<b>34</b>
CANBERRA CHEF JAMES MUSSILLON ARRESTED FOR MONEY LAUNDERING, PERJURY AND FRAUD: BY ELIZABETH BRYNE	34
<b>INTERNATIONAL MONETARY FUND</b>	<b>34</b>
NETHERLANDS: CRIME REPORTER MURDERED	35
INTERNATIONAL: ALJAZEERA & NPR	36
INTERNATIONAL: WORLD BANK DATA & HONG KONG CUSTOMS	37
INTERNATIONAL: US REGULATORS & SPORT	38
INTERNATIONAL: THE PEGASUS PROJECT	39
INTERNATIONAL: FAFT-GAFI & ELLIPTIC	40
BASEL INSTITUTE ON GOVERNANCE	41