

Estate and Taxation Plan Council

Notes From Financial Intelligence Unit Briefing 27 July 2016

Carolyn Cody from New Zealand Police – Financial Intelligence Unit presented on the remit of the Unit and the way Suspicious Transaction Reports are processed. Since anti-money laundering legislation came into effect in 2013 with the establishment of the Unit, STR reporting had grown dramatically. Reporting from responsible agencies highlights that transactions in property throughout New Zealand which is involved in money laundering is estimated to be one third of total money laundering activity.

Professionals in legal, accounting, and financial planning disciplines need to assist each other with implementing AML requirements, particularly in knowing our clients. Otherwise, we can easily become victims ourselves of clients who we do not know properly and accept them on terms which are mistaken.

Another aspect of knowing our clients is the assumption that clients are not always as smart as we may think. For example, some clients have unwittingly become victims of scams. So unusual requests to drawdown on trust, investment portfolio, or other funding sources should be treated with care.

Tranche 2 of the AML regulatory requirements will come into effect in 2017 so that lawyers and accountants (amongst others) have similar responsibilities to banks and financial planners. Part of the response to these requirements will be to think about ways to simplify practices rather than take on additional administrative burden. For example, already some law firms have a policy that they will not accept any cash deposits into their trust accounts.

A very good web site resource for AML issues and typologies can be found at www.police.govt.nz/advice/businesses-and-organisations/fiu/goaml.

Additional disciplines around onboarding clients need to be considered. The FIU regularly updates its website to record developing typologies in money laundering activity. One current method, for example, is to heavily top up credit on credit cards which are spent while overseas. Remittances undertaken that way can be harder to track.