



Webinar

AML/CFT - Responsibilities of boards and senior management

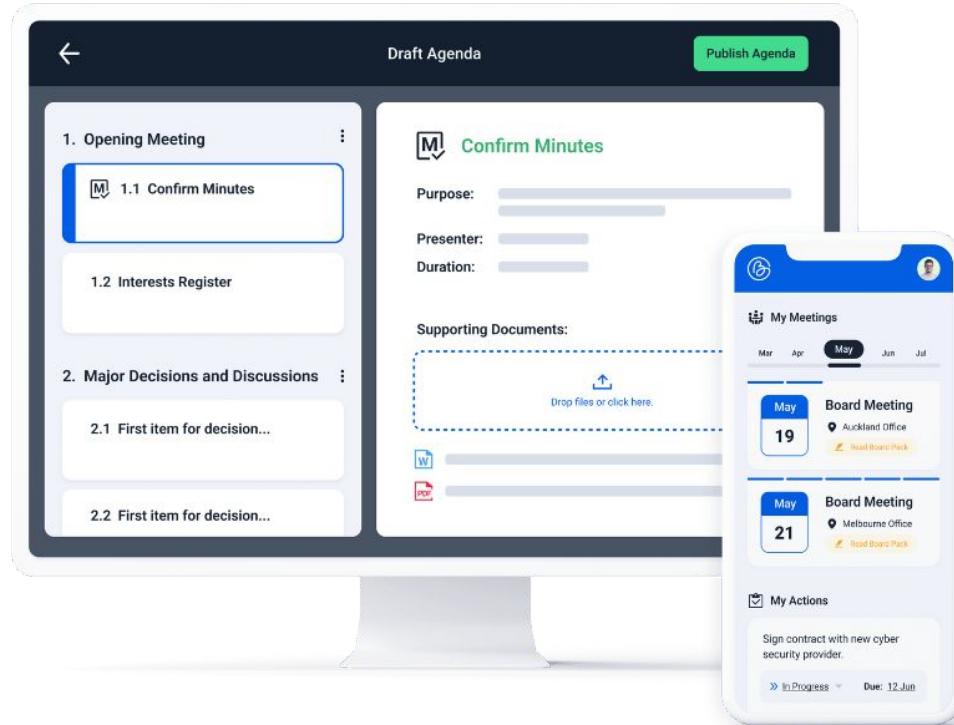
Special Guests

Tijana Misur & Daniel Relf

AML^{NZ}
SOLUTIONS

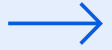








Making the fundamentals of governance free and easy to implement



Tijana Misur

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New Zealand's Leading Specialists
in Anti-Money Laundering

amlsolutions.co.nz

AML^{NZ}
SOLUTIONS



Introductions – AML Solutions

- AML Solutions established in 2012
- Professional Consulting team: ex Big Four auditors, Chartered Accountants, ex DIA and industry compliance specialists
- 2,000 reporting entities assisted with AML Compliance Programmes or Audits
- Over 10,000 people trained in AML/CFT
- AML Solutions hosts the AML SUMMIT conference each year
- Services provided across all sectors in New Zealand, Australia and South Pacific



Money Laundering: Three Stages

The three stages typically take place across Reporting Entities and sectors.

Placement

01

Introduces the illegitimate cash into the financial system.

Layering

02

Involves undertaking multiple transactions to confuse the audit trail and distance the money from origins and disguise the source or ownership of funds.

Integration

03

Introduces the laundered money into the legitimate economy, so that it appears as a “clean” or legitimate source of funds.



Recent Public Warnings

Institution	Sector	Supervisor
Peter S Brinsley	Lawyer	DIA
SkyCity	Casino	DIA
Arzito Limited	Real Estate	DIA
Pencarrow Private Equity Management	Private Equity	FMA
BNZ	Banks	Reserve Bank
OpenPay	Finance	DIA
Invest Now	MIS	FMA
Property Brokers	Real Estate	DIA
Kidd Legal	Lawyer	DIA
Westpac NZ	Banks	Reserve Bank
TSB Bank	Banks	Reserve Bank
Sharesies	Sharebrokers	FMA



SkyCity Casinos, \$4.16 Million

Breaches:

- AML/CFT Risk Assessment
- Implementing AML Programme
- ECDD
- Termination of business relationships

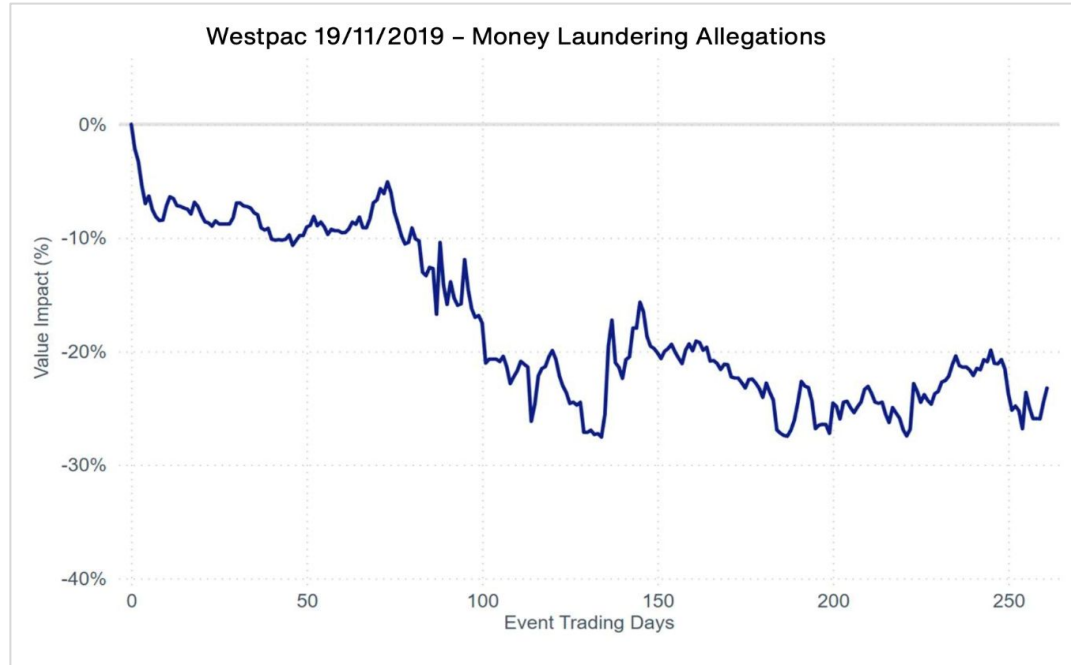
AUSTRAC fine - \$75,000,000



Allegations include wet and dirty money that appeared to have been buried being exchanged for chips, suitcases of money being taken out of the casino and a patron registered as a truck driver gambling A\$44 million (NZ\$47m) over five years with no questions asked about the origin of the money.



Financial impacts of non-compliance



Source AON Reputation Crisis Database



Penalties

Civil Liabilities exist under the legislation



01

s78 ('softer' breaches)

- Individual: \$100,000
- Body corporate: \$1 million

02

s78 (breaches)

- Individual: \$200,000
- Body corporate: \$2 million

03

s 91-97 (breach)

- Individuals: imprisonment of not more than two years and/or a fine of up to \$300,000
- Body corporate: \$5 million

Key Obligations



01

Appointment of a Compliance Officer

02

Risk Assessment

03

Compliance Programme

- Training
- Vetting
- Customer Due Diligence (CDD)

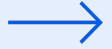
- Account/Transaction Monitoring
- Reporting (SAR/STR and PTR)
- Monitoring and Maintaining Compliance

04

Annual Report

05

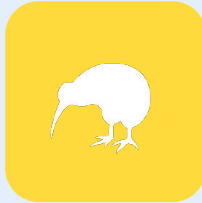
Independent AML/CFT Audit



Interesting things happening in this space



Tranche Two Australia



Regulatory and Guidance changes New Zealand

Move to a true
risk-based model



Immersion of VASPs (Virtual Asset Service Providers) into traditional RE



Reporting to Management/Board



Results of transaction monitoring



Number of SARs



Staff training



Issues/findings from internal assurance



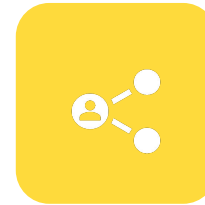
Any media items of interest



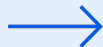
Results of the independent audit (when applicable)



Any other compliance issues



Updates from the AML supervisors



Effective assurance regimes (internal or external):

Having clear processes for:

How testing will be undertaken

- When testing is to be completed
- Testing methodology
- Who is involved and at what stages
- Achievability

Record Keeping

- How each area of testing will be documented

Findings

- Escalation of findings (e.g. to Senior Management)
- Remediation of findings
- Subsequent training of any trends identified
- Re-testing if necessary



Quality Auditor and Assurance Provider

01

Expertise and experience:

- Audit
- AML/CFT
- Sector Specific Knowledge

02

Robust audit methodologies which can be tailored to you as a reporting entity

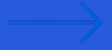
03

Meaningful Reports

04

Engagement and delivery of report





Questions?





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Thank you

