

AN OASIS FOR NATIVE SPECIES.

NOT FOR MONEY LAUNDERERS.

Our country is a target for money launderers. It's estimated that over \$1 billion a year comes from drug dealing and fraud, and can be laundered through New Zealand businesses. Risking our reputation and economy. So, we're making law changes to protect New Zealand and everything we love about it. Together, we can keep our money clean.



WHAT IS MONEY LAUNDERING?

To put it simply, money laundering is a crime. It's the process criminals use to 'clean' the money they make from crimes such as fraud, dealing in illegal drugs and trafficking. By making the money look like it comes from a legitimate source, they can cover their tracks and avoid detection. Criminal organisations and people who finance terrorism target businesses and countries they believe have weak systems and controls that they can exploit. The following money laundering examples show how seemingly innocuous transactions have led to the New Zealand legal sector being abused.

EXAMPLE 1: INVESTMENT OF PROCEEDS IN REAL ESTATE

A man deposited the total purchase price for a house, in cash, with his lawyers well before the sale price was agreed. The lawyer's due diligence revealed that the money deposited was far greater than expected given the the client's regular income. The house sold for a low price and the left-over cash was sent to another person indicated by the man. It was later found that the funds deposited were from the proceeds of crime.

EXAMPLE 2: USING TWO LAWYERS AND AN OFFSHORE COMPANY

New Zealand drug dealers approached a lawyer and instructed them to set up an offshore shell company in Gibraltar. The lawyer then assisted the drug dealers in obtaining a \$400,000 loan from the shell company to the drug dealers which was paid in cash. The drug dealers approached a second lawyer and instructed them to deposit the cash from the loan into their lawyer's trust account and to hold the funds on behalf of the shell company. The drug dealers had effectively involved two lawyers in a money laundering scheme which was structured to avoid AML/CFT controls in the banking sector. The funds appeared to be legitimate and seemed to have come from offshore.

WHAT CAN I DO?

Generally speaking, you won't need to do anything. Simply be aware that some extra information may be required from you during certain transactions. Even if you have been a customer of a business for a long time, they may need to ask you to help confirm that you are who you say you are and, in some cases, tell them where the money you are going to use has come from.