

aml

From: [REDACTED]@richardsons.co.nz>
Sent: Friday, 3 December 2021 11:15 am
To: aml
Subject: Review of the AML/CFT Act Consultation
Attachments: RRE Submission AML CFT MOJ consult doc Nov 2021.pdf

Good Morning,

Please find attached submission from Richardsons Real Estate Limited.
Many thanks,

Kind Regards

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IMPORTANT NOTICE: FROM 1 JANUARY 2019 WE WILL BE ASKING CLIENTS FOR MORE INFORMATION

New legislation affecting real estate agents will require us to gather more information from our clients. You can read more about here <http://www.richardsons.co.nz/anti-money-laundering/>

1st December 2020

AML/CFT consultation team
Ministry of Justice
SX10088
Wellington 6140

EMAIL: aml@justice.govt.nz

SUBMISSION Review of the AML/CFT Act Ministry of Justice Consultation Document October 2021

Thank you for the opportunity to make a submission on the Review of the AML/CFT Act Consultation Document, October 2021 (**Consultation Document**).

Introduction

Richardsons Real Estate is a real estate company based in the Coromandel Peninsula. Richardsons was established in 1960 and have been a constant in our area for over 60 years. We have 10 offices and over 40 salespeople.

Richardsons Real Estate do not support the amending of the regulations which requires real estate agents to conduct CDD on Purchasers for the reasons as summarized below.

- And or Nominee on sale and purchase agreements would make it impossible for real estate agencies to verify the nominated party as this is decided with by the purchaser and the solicitor then creates the appropriate e-dealings at the time of transfer, keeping purchaser CDD with the solicitors makes more sense.
- Real estate agents under our regulations are only entitled to receive one commission and are only acting for one party, therefore we are acting as an agent for either the seller as a seller's agent or a buyer as a buyer's agent, whomever is contractually bound to us is bound to pay our commission, our AML Risk assessment responsibilities lye with who we are contracted to.
- Auctions are conducted as unconditional sales, in a competitive Auction situation it would not be sustainable or cost effective to conduct CDD on all the purchasers and to add a condition in for verification would contradict the Auction process.
- Tenders and Multiple Offers would also require multiple verification of purchasers, of which there can be only one purchaser of the property. This would bring a level of dissatisfaction for the purchasers particularly if they miss out on the property, it is not sustainable with the level of property vs. the number of potential purchasers for each property.
- The cost of compliance would not just double – in fact in this market it could more than quadruple if we conducted CDD on every potential purchaser.
- Currently the process of the solicitors conducting CDD on their clients is the most effective and fair way for purchasers to have CDD conducted on them, as per the review documentation there must be thought put into who carries the cost of compliance, remember it is not just a monetary cost but also a time cost. Real estate agencies only usually deal with the deposit of a sale and purchase agreement, the rest, usually 90%, is directly transacted between solicitors and banks on behalf of the seller and the purchasers.