

**aml**

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**From:** [REDACTED]@clydelaw.co.nz>  
**Sent:** Saturday, 30 October 2021 1:41 pm  
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**Subject:** FW: Scan 30/10/2021 13:30  
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Please find attached my submission.

Yours faithfully,  
CLYDE LAW LIMITED

[REDACTED]  
Principal/Director  
Email: [REDACTED]@clydelaw.co.nz

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## Review of the AML/CFT Act.

I own a small to medium sized law firm in Hamilton, and have been operating under the new regime for about two years now.

The new requirements have been effective in highlighting the need to be vigilant about AML/CFT issues.

My main concerns are of an administrative nature.

Some of the problems we have encountered during this time are:

1. Use of the FIU reporting functions. These are a nightmare to follow and access. The platform is unreliable and defaults back to the start if you push the wrong key. It is laborious in completing just the simple processes and takes a lot of time in processing. The site is a major disincentive to reporting. I have spoken to other practitioners who have told me they just refuse to do international transfers solely because of the difficulties in using the platform. It needs to be simplified and made user friendly.
2. Linkage to Real me. I have not been able to file my Annual Report because my password has expired or will not be recognized. When trying to download the new password there are numerous defaults under the DIA process and no matter how hard I try I cannot log on to Real Me to file the report. In addition to this I apparently have to have my identity verified and go through a whole lot of red tape just to start the process, and it takes about two weeks to complete. This is another example of how we have transitioned very quickly from being an open economy to one which is so highly regulated and controlled. It is impacting on overall efficiency and profitability.
3. In making these comments I perceive that the system as it stands is designed to be low input and cost to the end users but it is effectively creating significant administrative and time barriers for those who are required to report. I do think that the low level of STR reporting is a direct outcome of the complicated way reporting has to be done.
4. Confidentiality. The DIA has tried to assure us that the information reported is "confidential" and can only be disclosed by court order under the Act. Alongside that assurance is the government policy for information sharing which overrides the privacy imperative. There appears to be no constraints on the use of this information by other government departments and I have good reason to believe that there are significant leaks in the system. This is also a disincentive to reporting. There is a need to ensure that any disclosures made to other government departments should only be made at a high level of trust to duly appointed trained and authorized AML staff.
5. Use of third party AML entities.
  - a. There has been a proliferation of organisations purporting to be able to offer services in this area. My own experience has been that some of them are overseas based and send the occasional news report out but they are virtually of little use in helping us comply with local requirements.

- b. There is a ;lack of standardization in the industry.
  - c. I have concerns about the level of investigation now required by these organisations. Source of funds has become a major issue for us. Even Mum and Dad families have to disclose the source of their wealth from the beginning of creation. Usually that means these entities are imposing on use to disclose our records because the persons themselves do not have good records. This is time consuming and unremunerative. Another example of overbearing regulatory control.
  - d. There are privacy issues here. These organisations will in time become the repository of vast amounts of personal information about members of the public. What restraints need to be placed on these organisations so that they do not provide this information to third parties including government officials, and what constraints need to be put in place so that this information is protected.
  - e. Some of these organisations are now extending the scope of their pep scrutiny to persons domiciled and born in New Zealand. This is a worrying concern in the context of the current way the government is moving with Covid issues.
6. Reporting requirements. We are required to report annually to the DIA. Every two years we are required to undergo an outside audit. These are time consuming and expensive. However they do serve a purpose in highlighting compliance issues as the system beds in and we become more familiar with the requirements. I would recommend that audits should be every five years rather than two years. A better substitute might be a requirement for continuing education in this area. Annual reports should be an adequate way to ensure compliance, after the initial start up period.

  
Director

CLYDE Law Limited

