

Response ID ANON-3AUB-ZFB8-5

Submitted to **Tackling money laundering and terrorist financing**
Submitted on **2016-08-23 10:29:23**

Introduction

1 What is your name and your role/title?

Name:
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2 What is your email address?

Email:
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3 Are you responding to this consultation because you are a:

consultant

respondent type - other:

4 Is this submission:

on behalf of your business or organisation?

5 Which "Phase Two" sector/s (if any) do you belong to, are associated with or have expertise in?

6 Which "Phase One" sector/s (if any) do you belong to, are associated with or have expertise in?

Phase one FMA other:

Phase one DIA other:

7 Organisation profile

Organisation size:
2

New Zealand - Single location (Auckland, Hamilton, Wellington, Christchurch or Dunedin)

Sector-specific issues and questions

Lawyers

8 How should AML/CFT requirements apply to the legal services sector to help ensure the Act addresses the risks specific to it? For example, which business activities should the requirements apply to? At what stage in a business relationship should checks, assessments and suspicious transaction reports be done?

Lawyers-1:

9 Is the existing mechanism that protects legal professional privilege appropriate for responding to money laundering and terrorist financing, and for the legal profession to comply with its expected obligations under the Act? If not, what else is required?

Lawyers-2:

Supervision

19 Do you think any of our existing sector supervisors (the Reserve Bank, the Financial Markets Authority and the Department of Internal Affairs) are appropriate agencies for the supervision of Phase Two businesses? If not, what other agencies do you think should be considered? Please tell us why.

Supervision-1:
Yes as they have the experience to look at these new sectors independently with a fresh set of eyes and have a wider knowledge base of the whole AML/CFT legislation and regulations.

20 Are there other advantages or disadvantages to the options in addition to those outlined above?

Supervision-2:

Implementation period & costs

21 What is the necessary lead-in period for businesses in your sector to implement measures they will need to put in place to meet their AML/CFT obligations?

Implementation-1:

No longer than 12 months for Legal and Accounting as they will be well aware of the principles and some of the audit processes already but consider a 2 year period for the less informed sectors.

22 Where possible, please tell us how you calculated how long it will take to develop and put in place AML/CFT requirements.

Implementation-2:

Based on past experience with reporting entities I have not seen any example where it took longer than 12 months to be fully prepared

Proposal: expanded reporting to the Police financial intelligence unit

23 Should the current requirement to report suspicious transactions be expanded to reporting suspicious activities? Please tell us why or why not.

Reporting-1:

Yes as early detection can prevent further harm and would mean in some situations the gate was firmly bolted before the horse bolted so to speak.

Proposal: information sharing

24 Should industry regulators be able to share AML/CFT-related information with government agencies?

Info sharing-1:

Yes they should as there are too many situations where left hand doesn't know what right hand is doing and things get messed up.

25 Should AML/CFT supervisors be able to share customers' AML/CFT-related personal information with government agencies?

Info sharing-2:

Yes - see above

26 What are the appropriate circumstances under which the FIU can share financial intelligence with government agencies (such as the sector supervisors, industry regulators, intelligence agencies, IRD and Customs) and reporting entities? What protections should apply?

Info sharing-3:

Look at what regulatory experience has found workable in Australia and where possible replicate - ie don't reinvent the wheel.

27 What restrictions should be placed on information sharing?

Info sharing-4:

see above

Proposal: reliance on third parties

28 Are the existing provisions that allow reporting entities to rely on third parties to meet their AML/CFT obligations sufficient and appropriate? If not, what changes should be made?

Third parties-1:

Yes as they seem to work and as yet there is no evidence they don't so don't try to fix something that may not be broken.

Proposal: trust and company service providers

29 Should the scope of the provision requiring persons providing trust and company services to comply with the AML/CFT Act be extended to activities carried out in the ordinary course of business, rather than just when they're the only or principal part of a business?

Trust-1:

Yes as the net should be cast as wide as practical so that criminals have fewer loopholes to exploit

Proposal: simplified customer due diligence

30 Should the simplified customer due diligence provisions be extended to the types of low-risk institutions we've proposed above? If not, why?

Diligence-1:

Yes for consistency

31 Should we consider extending the provisions to any other institutions?

Diligence-2:

Only if they can show they pose a similar low risk as those who are able to use simplified due diligence