

ANTI-MONEY LAUNDERING and COUNTERING FINANCING of TERRORISM CLIENT INFORMATION GUIDE

What is It?

Anti-Money Laundering and Countering Financing of Terrorism or AML/CFT refers to laws, regulations and procedures aimed at uncovering efforts to disguise illicit funds as legitimate income.

Money laundering is the act of concealing criminal activity in relation to tax evasion, drug trafficking, public corruption and financing of groups designated as terrorist organisations. Criminals use money laundering to make illicit funds appear to have a legitimate origin.

AML legislation was formed worldwide due to the growth of the financial industry, lifting of international capital controls and the increase in the ability to conduct complex chains of financial transactions.

New Zealand Legislation

New Zealand passed a law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“AML/CFT Act 2009”). The purpose of the law reflects New Zealand’s commitment to the international initiative to counter the impact that criminal activity has on people and economies within the global community.

The AML/CFT Act 2009 places obligations on New Zealand’s financial institutions, casinos, virtual asset service providers, accountants, lawyers, conveyancers, and high value dealers to detect and deter money laundering and terrorism financing by preventing the movement of illegally obtained funds and reducing financial crime.

This Act ensures that businesses are taking appropriate measures to detect illegal activities and protect themselves which also protects the reputation of individual businesses and promotes New Zealand as a safe place to do business.

For further information please visit: <https://www.dia.govt.nz/AML-CFT-Legislation>

Why We Ask For Information

AML regulations require financial institutions including law firms to develop sophisticated customer due diligence plans to assess money laundering risk and identify potentially suspicious activity and transactions.

During the assessment process lawyers must obtain and verify information from prospective and existing clients to comply with the AML/CFT Act 2009 prior to providing services to clients.

The Financial Action Task Force (FATF), World Bank and IMF identified 12 areas that are deemed a higher risk for money laundering and financial terrorism. Any captured activity within these 12 areas must be verified through the Customer Due Diligence (CDD) process.

CDD involves understanding ownership structures of a client being an individual, company, trust, sole trader, partnership, club, society or an estate (including directors, shareholders, trustees or trust beneficiaries) and conducting identity verification on all associated individuals.

How Is This Information Collected

Lawyers must take reasonable steps to make sure the required information they receive from clients is correct.

CM Law use electronic platform services to obtain and verify this required information during our assessment process which is undertaken securely by AML IT providers InfoTrackID or APLYiD.

InfoTrackID will require you to have access to an IT device and/or a smartphone to receive emails or txt message. You can reside internationally however must hold a New Zealand passport or driver's licence to complete a "Verification of Identity".

If you are unable to complete this with InfoTrackID then we may request, you to undertake this with CM Law's other provider APLYiD. They will require you to have access to an IT device and/or a smartphone, reside in New Zealand or Australia and hold either a New Zealand or Australian passport or driver licence.

A CM Law legal representative will contact you initially with a link to the APLYiD platform whereby you can commence the onboarding customer due diligence process by completing a series of questions depending on your type of entity. While completing these questions you will be requested to support your answers with documentational evidence that can be uploaded to the platform.

Then you will be requested to undertake an individual identification verification where you will receive a SMS text message and email with a link to commence from InfoTrackID or APLYiD. During this process you will be required to undertake a biometric check using a smartphone which is an optical character recognition (OCR) alongside trusted source data to confirm the identity of a person, the legitimacy of a person's identification and their residential address.

InfoTrackID and APLYiD offer information and guidance to assist you when completing these requirements on their service platforms. There are costs associated with these services which are outlined in our Terms of Engagement (TOE).

If you are unable to complete these requirements with InfoTrackID or APLYiD due to not having the required mandatory identification documentation or ability to electronically undertake the processes due to not having access to an IT device or smartphone, then please let your legal representative know as we may be able to offer alternate onboarding/verification evidence options.

Assessing the Information

CM Law then gather all this CDD information to complete a client/matter risk assessment which is evidence that we have undertaken all necessary steps to meet our obligations as lawyers in accordance with the AML/CFT Act 2009.

Summary

If we are unable to obtain all the required information as outlined in the AML/CFT Act 2009 then it is possible that we will not be able to provide legal services to you.

CM Law will take all reasonable steps to keep your personal information safe from; loss, unauthorised disclosure or misuse as outlined in our Privacy Policy.

If you have any queries relating to this AML and CLT Information Guide please contact us at compliance@cmlaw.co.nz