

18 January 2023

### **US: PRESIDENT SIGNS 2 BILLS WITH IMPLICATIONS FOR SANCTIONS, EXPORT CONTROLS, AND RELATED SUBJECTS**

On 16 January, Baker McKenzie published an article concerned with the National Defense Authorization Act (NDAA) and the Consolidated Appropriations Act, identifying those parts with relevance to sanctions and export control-related matters. The various topics touched upon include additional sanctions targeting Burma, prohibitions on the use of Chinese semiconductors by US Government agencies, provisions relating to Russia's invasion of Ukraine, provisions relating to sanctions and related subjects, including authorization for the transfer of forfeited assets to aid Ukraine, and funding for initiatives to combat forced labour and sanctions implementation.

<https://sanctionsnews.bakermckenzie.com/us-president-signs-two-bills-with-implications-for-sanctions-export-controls-and-related-subjects/#page=1>

### **ARE FOREIGN CRYPTOCURRENCY ASSETS REPORTED FOR FBAR AND FATCA?**

On 14 January, Golding & Golding, international tax lawyers, posed this question and set out to take a brief look at how foreign virtual currency/virtual currency should be reported for FBAR and FATCA purposes.

<https://www.fbarlawyersirs.com/is-virtual-currency-foreign-assets-reported-for-fbar-fatca/>

### **INDIAN ARMY HAS OBTAINED INTELLECTUAL PROPERTY (I) RIGHTS OF THE DESIGN AND CAMOUFLAGE PATTERN OF ITS NEWLY INTRODUCED CAMOUFLAGE PATTERN DRESS**

On 18 January, Rissadiary reported that the Indian Army had acted to prevent unauthorised vendors from manufacturing and selling the combat pattern dress in the open market as it was posing a serious security threat for the Indian Army and the nation as a whole.

<https://orissadiary.com/advisory-on-prevention-of-unauthorized-proliferation-of-newly-introduced-combat-uniform-for-indian-army/>

### **WHO IS ABDUL REHMAN MAKKI AND WHY HAS THE UN BLACKLISTED HIM?**

On 19 January, The Hindu carried an article which set out to explain who he was, the deputy head of terror organisation Lashkar-e-Taiba, and why he had been sanctioned. He is the brother-in-law

of LeT chief and Mumbai 26/11 attacks mastermind Hafiz Saeed, and was added to the sanctions list of the UN Security Council's ISIL (Da'esh) and Al-Qaeda Sanctions Committee (UNSC 1267) for his involvement in "raising funds, recruiting and radicalising youth to violence and planning attacks in India".

<https://www.thehindu.com/news/international/abdul-rehman-makki-un-blacklist-global-terrorist-sanction-explain/article66386598.ece>

### **FOOD SMUGGLING TO KALININGRAD FLOURISHING DESPITE SANCTIONS**

On 18 January, LRT in Lithuania reported that food smuggling business is thriving between Poland and the Kaliningrad Oblast as Russian citizens grow increasingly frustrated over the lack of access to Western products because of sanctions.

<https://www.lrt.lt/en/news-in-english/19/1869402/food-smuggling-to-kaliningrad-flourishing-despite-sanctions>

### **MACAU JAILS 'JUNKET KING' ALVIN CHAU FOR 18 YEARS**

On 18 January, Yahoo News reported that Macau's former "junket king" Alvin Chau had been sentenced to 18 years in jail for running an illegal gambling empire. The 48-year-old founder of Suncity Group pioneered the junket industry that brought high rollers from mainland China to Macau, the only place in the country where casinos operate legally.

<https://news.yahoo.com/macau-jails-junket-king-alvin-035450240.html>

### **INVESTIGATION: UKRAINE BUYS HUGE AMOUNTS OF RUSSIAN FUELS FROM BULGARIA**

On 18 January, EurActiv reported that, in 2022, Ukraine bought a huge amount of fuels from Bulgaria made from Russian oil, according to data by the Bulgarian National Statistical Institute. Compared to the period before the war, there was a 1,000-fold increase, and Bulgaria's 2021 fuel exports to Ukraine totalled only €750,000.

<https://www.euractiv.com/section/global-europe/news/investigation-ukraine-buys-huge-amounts-of-russian-fuels-from-bulgaria/>

### **EU PARLIAMENT BACKS EXPORT BAN ON ALL WASTE DESTINED FOR DISPOSAL**

On 18 January, EurActiv reported that the Parliament had voted in favour of a new law introducing stricter procedures and control measures for waste shipments, including a ban on all waste

destined for disposal. It says that talks to be scheduled later this year between the European Parliament and EU Member States to finalise the text.

<https://www.euractiv.com/section/energy-environment/news/parliament-backs-export-ban-on-all-waste-destined-for-disposal/>

<https://www.eubusiness.com/news-eu/waste-shipments>

### **UK: ECONOMIC CRIME AND CORPORATE TRANSPARENCY BILL 2022 FACTSHEETS**

On 18 January, various UK Government departments published a series of factsheets on aspects of this Bill. The measures affect, amongst other things, Companies House and company names, Limited Partnerships, authorised CSP, company transparency and accounts, beneficial ownership, SFO powers, cryptoassets, information-sharing.

<https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheets>

### **REPORT ON THE DISCUSSIONS HELD AT THE REASSESSING THE FINANCING OF TERRORISM IN 2022 (RAFT22) CONFERENCE**

On 17 January, RUSI published a detailed report on this conference which brought together leading voices in the European counterterrorism effort, from EU policymakers and internal security leads to representatives of national law enforcement and prosecution agencies, and financial intelligence units (FIU). It is said to consolidate topline from a series of panel discussions and one-on-one sessions with experts, which together covered the key areas necessary to comprehensively reassess the financing of terrorism in 2022.

[https://static.rusi.org/379\\_CR\\_RAFT22\\_web\\_final.pdf](https://static.rusi.org/379_CR_RAFT22_web_final.pdf)

### **10 SUSPENDED CHINESE SNOOKER PLAYERS CHARGED WITH MATCH-FIXING**

On 18 January, the Guardian reported that snooker's governing body has decided that 10 Chinese players have a case to answer in relation to alleged match-fixing. The allegations include fixing matches, approaching players to cheat, betting on snooker and seeking to obstruct the investigation. The former Masters champion, Yan Bingtao, is among the players charged.

<https://www.theguardian.com/sport/2023/jan/18/ten-suspended-chinese-snooker-players-charged-with-match-fixing-by-wpbsa>

### **'QATARGATE' PROBE: KEY EU CORRUPTION SUSPECT MAKES DEAL TO EARN LENIENCY**

On 18 January, France 24 reported that Pier Antonio Panzeri, alleged ringleader of a EU corruption scandal linked to Qatar and Morocco, has decided to reveal information in exchange for a lighter sentence, Belgian prosecutors said.

<https://www.france24.com/en/video/20230118-qatargate-probe-key-eu-corruption-suspect-makes-deal-to-earn-leniency>

<https://www.politico.eu/article/european-parliament-corruption-scandal-maria-arena-figa-talamanca-pier-panzeri-eva-kaili-francesco-giorgi-free-flights-secret-deal-secretary-inside-eu-committee-qatargate-storm-cash/>

### **ISO 37001 CONTINUES TO GAIN GLOBAL MOMENTUM**

On 17 January, a post on the FCPA Blog said that ISO 37001 on anti-bribery is becoming one of the most widely certified ISO management system standards.

<https://fcpablog.com/2023/01/17/iso-37001-continues-to-gain-global-momentum/>

<https://www.iso.org/the-iso-survey.html>

### **DNV CONFIRMS 1,000 VESSELS AFFECTED BY CYBERATTACK**

On 16 January, the Norway-based classification society and marine advisory service DNV has confirmed that around 1,000 vessels have been affected by a recent cybersecurity incident on its ShipManager software, which proved to be a result of a ransomware attack.

<https://insurancemarinenews.com/insurance-marine-news/dnv-confirms-1000-vessels-affected-by-cyberattack/>

### **UK: HOW HACKED EVIDENCE AND STOLEN DATA BEING USED BY LEADING LAW FIRMS TO ADVANCE THEIR CLIENTS' CLAIMS IN ENGLISH COURTS**

On 15 January, a report from the Bureau of Investigative Journalists reported on a case that sees allegations that a former Metropolitan Police officer hired Indian hackers and that lawyers from a top City firm held a secret "perjury school" in the Swiss Alps to prepare false witness testimonies about how they got hold of illegally obtained information.

<https://www.thebureauinvestigates.com/stories/2023-01-15/hacked-evidence-and-stolen-data-swamp-english-courts>

### **REPORT: SUPPLYING MYANMAR'S WEAPONS PRODUCTION**

On 16 January, a report claimed that, despite robust production capabilities, and a long drive for weapon self-sufficiency, Myanmar is still reliant on international supplies, including for a variety of raw materials, parts and components and end-items, as well as machinery and technology, for the sustained production – both licensed and un-licensed – of the weapons in its arsenal. The report maps out the Myanmar military's in-country weapon production and provides an overview of some of the critical supplies that appear to enable this production, and it identifies companies whose products are currently used to successfully sustain weapon manufacturing at scale; it also identifies companies that enable the purchase products by brokering deals or otherwise acting as intermediaries.

<https://specialadvisorycouncil.org/wp-content/uploads/2023/01/SAC-M-REPORT-Fatal-Business-ENGLISH-1.pdf>

### **CYPRUS: SEARCH FOR RUSSIAN MONEY**

On 15 January, CBS published this report on its inquiries in Cyprus, about Russian cash and oligarchs' use of the "Golden Passports" etc.

<https://www.cbsnews.com/news/cyprus-russia-money-60-minutes-2023-01-15/>

### **eSIMS AND PHONE NUMBER HACKING**

On 11 January, the INTEL471 website explaining about eSIMS - a rewritable SIM chip permanently in a device. Mobile providers can upload an eSIM configuration over the internet to a subscriber – this being more convenient for phone users and providers than obtaining and swapping a real SIM. However, online self-service and the speed at which numbers can be transferred raises questions about how fraudsters might be able to intercede.

<https://intel471.com/blog/a-look-at-esims-and-number-hijacking>

### **ITALY: €10 MILLION FROZEN IN INVESTIGATION INTO 'DUTCH SANDWICH' TAX EVASION SCHEME**

On 17 January, a news release from the European Public Prosecutor's Office advised that an investigation into tax evasion carried out by the EPPO and the Italian Financial Police (*Guardia di Finanza*) had seen a freezing order of assets for a value of over €10 million. The case involves a company suspected of using an international tax evasion mechanism, also known as 'tax inversion'. It said that it is believed that the company ostensibly based in the Netherlands created

a complex corporate system, by which it was controlled by a holding company registered in the Netherlands Antilles (under a preferential tax regime), and in turn by another company, also apparently based in the Netherlands – a scheme known as a ‘Dutch sandwich’, a form of tax evasion technique that involves using parent companies in different countries to shift profits to tax havens.

<https://www.eppo.europa.eu/en/news/italy-eu10-million-frozen-investigation-dutch-sandwich-tax-evasion-scheme>

#### **CHARITY COMMISSION INVESTIGATES CHARITY SET UP BY UK BILLIONAIRE OVER £16 MILLION SKI CLUBHOUSE**

On 16 January, the Guardian reported that a charity owned by the UK’s richest man is facing inquiries over a ski lodge in the French Alps where he and his daughter skied.

<https://www.theguardian.com/news/2023/jan/16/watchdog-investigates-charity-set-up-by-uk-billionaire-jim-ratcliffe-over-16m-ski-clubhouse>

#### **LAWYERS CHALLENGE EU EIGHTH SANCTIONS PACKAGE RESTRICTING THE PROVISION OF LEGAL SERVICES**

On 17 January, an article from Rahman Ravelli detailed lawyers of the Paris and Brussels Bars’ recent challenge to the EU Council’s limitations on EU lawyers’ activity, eighth package of EU sanctions, introduced on 6 October. The article concludes that it is hoped that the General Court of the CJEU will recognise the importance of this claim and will grant the partial annulment; arguing that, in a state governed by the Rule of Law, everyone should be granted access to legal services, even when it is only for advisory purposes.

<https://www.rahmanravelli.co.uk/articles/lawyers-stand-against-eu-8th-sanctions-package-restricting-provision-of-legal-services>

#### **FinCEN IDENTIFIES VIRTUAL CURRENCY EXCHANGE BITZLATO AS A “PRIMARY MONEY LAUNDERING CONCERN” IN CONNECTION WITH RUSSIAN ILLICIT FINANCE**

On 18 January, a news release from FinCEN advised that FinCEN had issued an order that identifies the virtual currency exchange Bitzlato Limited as a “primary money laundering concern” in connection with Russian illicit finance. This is the first order issued pursuant to section 9714(a) of

the Combating Russian Money Laundering Act, as amended, The order prohibits certain transmittals of funds involving Bitzlato by any covered financial institution.

<https://www.fincen.gov/news/news-releases/fincen-identifies-virtual-currency-exchange-bitzlato-primary-money-laundering>

[https://www.fincen.gov/sites/default/files/shared/FAQs\\_Bitzlato%20FINAL%20508.pdf](https://www.fincen.gov/sites/default/files/shared/FAQs_Bitzlato%20FINAL%20508.pdf)

#### **RUSSIAN OWNER OF CRYPTOCURRENCY EXCHANGE BITZLATO ARRESTED IN MIAMI**

On 18 January, the Guardian reported that Anatoly Legkodymov, who lives in China, was arrested in Miami.

<https://www.theguardian.com/technology/2023/jan/18/russian-cryptocurrency-exchange-arrested-bitzlato>

<https://mondovisione.com/media-and-resources/news/us-department-of-justice-founder-and-majority-owner-of-cryptocurrency-exchange/>

#### **US: DoJ CRIMINAL DIVISION ANNOUNCES REVISED CORPORATE ENFORCEMENT POLICY**

On 17 January, Torres Trade Law reported that the Assistant Attorney General (AAG) for the DoJ Criminal Division had announced the “first significant changes” to the Criminal Division’s Corporate Enforcement Policy (CEP) since 2017. The change is concerned with cases where prosecutors may determine that a declination is the appropriate outcome, despite there being other aggravating circumstances if, for example, the company involved has given “extraordinary” cooperation.

<https://www.torrestradelaw.com/posts/DOJ-Criminal-Division-announces-Revised-Corporate-Enforcement-Policy/295>

<https://www.wilmerhale.com/en/insights/client-alerts/20230118-doj-announces-updates-to-corporate-enforcement-policy>

#### **DATA PROTECTION: DEADLINE FOR ADOPTING NEW EU SCC HAS NOW PASSED**

On 17 January, Field Fisher reminded one that the deadline to adopt the new EU Standard Contractual Clauses (SCC) was 27 December, and that by that date, existing contracts concluded before 27 September 2021 that incorporated the old EU SCC needed to be revised to incorporate the new EU SCC.

<https://www.fieldfisher.com/en/insights/deadline-for-adopting-new-eu-sccs-has-now-passed>

### **US: SUPREME COURT AGREES TO CONSIDER FCA HEALTH INSURANCE FRAUD CASE**

On 17 January, Fried Frank reported that the Supreme Court had agreed to consider a pair of whistleblower-initiated False Claims Act cases accusing 2 pharmacy operators of billing Medicare and Medicaid programs for prescription drugs at artificially high rates while charging non-governmentally insured customers lesser prices for those same drugs. The hearings concern a decision of a court of appeal that held that each company should not be held responsible for the fraud. The plaintiffs argued, however, that both companies knowingly defrauded the Medicare and Medicaid programs, and made efforts to conceal pricing practices.

<https://www.findknowdo.com/news/01/17/2023/supreme-court-agrees-consider-fca-health-insurance-fraud-case>

### **PODCAST: “WHEN MCKINSEY COMES TO TOWN”**

In the latest TRACE podcast, Michael Forsythe, co-author with Walt Bogdanich of “When McKinsey Comes to Town”, joins the podcast to talk about McKinsey’s work in support of autocratic regimes, its rampant conflicts of interest and the distance between its stated values and its work on the ground.

<https://www.traceinternational.org/resources-podcast>

### **NORTH KOREA RAPIDLY BUILT AT LEAST 12 HORSE TRACKS AT ARMY BASES, FOR REASONS THAT REMAIN UNCLEAR**

On 18 January, NK Pro reported that the DPRK military has invested significant resources in horses. NK Pro analysis of satellite imagery shows that the Korean People’s Army (KPA) rapidly built new horse tracks and support facilities at 12 of their command headquarters around the country in the last half year, and it was likely involved in the construction of at least 5 more. It is speculated that the DPRK ruling family’s long obsession with horses and current leader Kim Jong Un’s recent equine escapades point to their use as propaganda symbols and possibly even an expanded program to breed horses for export.

<https://www.nknews.org/pro/stable-genius-kim-jong-un-pushes-secret-military-horse-program/>

### **SUPREME COURT TO RESOLVE SPLIT OVER EXTRATERRITORIALITY OF CIVIL RICHO**

On 13 January, a post on the Transnational Litigation Blog reported that the Court had granted cert (as it is termed) and consolidated 2 cases for oral argument. The question in both cases is

how RICO's private right of action applies to intangible property. However, the post goes on to say that the case is significant not just because of what it will say about the extraterritoriality of civil RICO but also because of its implications for enforcing foreign judgments and arbitral awards. It also says that the federal court circuits have split on how to determine the location of the injury with respect to intangible property, and that the treble damages that civil RICO provides would create a powerful tool for enforcing foreign judgments and arbitral awards.

<https://tlblog.org/supreme-court-grants-cert-to-resolve-split-over-extraterritoriality-of-civil-rico>

#### **US: A PRIMER ON JUDICIAL ASSISTANCE TREATIES**

On 17 January, the Transnational Litigation Blog provided this primer, saying that, in transnational litigation it will often be necessary to do something within the territory of another state, such as serve process, obtain evidence, authenticate documents, or enforce judgments. Judicial assistance treaties exist to aid with these tasks. The US is party to conventions on service, the discovery of evidence, and the authentication of documents. It has also signed, but not yet ratified, conventions on the recognition and enforcement of judgments.

<https://tlblog.org/a-primer-on-judicial-assistance-treaties>

#### **TIME TO PUT ANTWERP'S RUSSIAN DIAMONDS ON EU SANCTIONS LIST**

On 17 January, an Opinion piece on EU Business made this point, saying that almost a third of the diamonds for trade in Antwerp come from Russia, and rough diamonds remain an important source of income for Russia. Alrosa, which accounts for the majority of Russian diamond mining, has close ties to the Kremlin, and its CEO, Sergei Ivanov, is the son of one of Putin's closest allies. However, the diamond industry has managed to evade sanctions for 9 European sanctions packages.

<https://euobserver.com/opinion/156606>

#### **ISRAEL'S SUPREME COURT BLOCKS APPOINTMENT OF KEY NETANYAHU ALLY OVER TAX FRAUD CONVICTION**

On 18 January, the BBC reported that the Court had blocked the appointment of Aryeh Deri, leader of the ultra-Orthodox Shas. In 1999, Mr Deri was sentenced to 3 years in prison after being convicted of taking bribes, fraud and breach of trust while serving as interior minister. He was released after 22 months and returned to parliament in 2013. In January 2022, a court agreed to a

plea deal in which Mr Deri admitted to tax fraud. He was given a 1-year suspended prison sentence and fined \$53,300 and also resigned as an MP, which meant the court did not decide whether his offence involved "moral turpitude" - a finding that would have barred him from running for office for 7 years. He was re-elected in November.

<https://www.bbc.com/news/world-middle-east-64319492>

#### **NCA RECENTLY ANNOUNCED THAT IT WILL CREATE A NEW "CRYPTO CELL" THAT WILL BE DEDICATED TO TARGETING BAD ACTORS CONCERNED WITH CRYPTOCURRENCY IN THE UK**

On 18 January, an article from Mishcon de Reya says that the Crypto Cell, which will initially contain 5 officers, will support new and existing investigations where speciality cryptocurrency experience is required, as well as proactively identifying targets for investigation.

<https://www.mishcon.com/news/nca-creates-new-team-fight-crypto-fraud>

#### **GUATEMALA ACCUSES COLOMBIA'S DEFENCE MINISTER OF BREAKING THE LAW DURING HIS TIME AS THE HEAD OF A UN-BACKED ANTI-CORRUPTION MISSION**

On 18 January, the Guardian reported the growing diplomatic row between Guatemala and Colombia. Iván Velásquez, a prominent human rights lawyer, previously led Cicig, the UN-backed unit which was responsible for dismantling dozens of powerful corruption networks before it was expelled from Guatemala in 2019. He was last year named defence minister by Colombia's left-wing president, Gustavo Petro. The newspaper noted that the right-wing Guatemalan President has been accused of purging the justice system, derailing corruption investigations and forcing judges and prosecutors to flee the country; and its the attorney general, María Consuelo Porras, was sanctioned by the US for "repeatedly obstructed and undermined anti-corruption investigations to protect her political allies and gain undue political favor".

<https://www.theguardian.com/world/2023/jan/18/colombia-guatemala-row-minister-un-corruption-inquiry>