

1 February 2023

JAPAN INTRODUCES FURTHER SANCTIONS AGAINST RUSSIA

On 30 January, Baker McKenzie reported that the Japanese government introduced further sanctions against Russia on 27 January. These include designation of an additional 22 individuals and 3 entities related to the Russian Federation and 14 individuals who were judged to be directly related with the “annexation” of the Crimea and Sevastopol or the destabilisation of the eastern part of Ukraine, an export ban on 49 entities, and an export ban on military reinforcement related commodity goods etc. The latter 2 actions having effect from 3 February. The article also recaps earlier measures.

<https://sanctionsnews.bakermckenzie.com/japan-introduces-further-sanctions-against-russia-6/#page=1>

HOW TO CONDUCT DUE DILIGENCE ON CHINESE SUPPLIERS

On 18 January, JunHe LLP published an article saying that it had prepared, in Q&A form, the most common questions foreign investors have regarding investing and doing business in China. The article comprises the chapter on undertaking CDD on suppliers there.

https://mp.weixin.qq.com/s/F9SoqH2a8TONpU4_E71opQ

UK: PRIVILEGE - A REMINDER OF THE FRAUD EXCEPTION

On 30 January, an article from Rahman Ravelli which details a recent High Court case where the court considered the circumstances in which the fraud exception is applicable to privileged documents; the court refused an injunction to prevent the claimants’ use of privileged material, and the claimants were allowed to use the documents, which the defendants said were disclosed inadvertently. One of the key areas of dispute between the parties was the approach the court should take to documents that potentially reveal wrongdoing, commenting that while privilege is an essential principle in protecting the relationship between clients and their lawyers, the law does not stand by and allow privilege to cloak dishonesty and fraud.

<https://www.rahmanravelli.co.uk/articles/privilege-a-reminder-of-the-fraud-exception/>

UK GOVERNMENT PROMISES ROBUST CRYPTO REGULATION

On 31 January, the BBC reported that the UK Government is announcing measures to "robustly" regulate the cryptocurrency industry. It says the proposals to be consulted on will give consumers confidence while allowing the sector to "thrive". The consultation closes on 30 April.

<https://www.bbc.com/news/technology-64468617>

<https://www.gov.uk/government/news/uk-sets-out-plans-to-regulate-crypto-and-protect-consumers>

<https://www.gov.uk/government/consultations/future-financial-services-regulatory-regime-for-cryptoassets>

US: A PRIMER ON SERVICE OF PROCESS

On 30 January, a post on the Transnational Litigation Blog covered service for state and federal courts, and the relevance of the 1975 Inter-American Convention on Letters Rogatory and the 1965 Hague Service Convention.

https://tlblog.org/a-primer-on-service-of-process/?utm_source=rss&utm_medium=rss&utm_campaign=a-primer-on-service-of-process

UK: 2 JAILED FOR LIFE OVER £4.6 MILLION PROPERTY FRAUD MURDER

On 1 February, the BBC reported that 2 men have been given life sentences for strangling a businesswoman after a plan to "plunder" her property went wrong. One had spent months befriending the victim and trying to deceive her into giving him control of 2 properties she owned in London.

<https://www.bbc.com/news/uk-england-london-64484505>

SUSPECTS CONVICTED BY COURT IN MAJOR BORDEAUX WINE FRAUD CASE

On 1 February, the Drinks Business reported that 5 people have been convicted for their part in a huge scale wine fraud that saw nearly 35,000 hectolitres of Spanish wine passed off as French. This was one of the largest wine frauds to affect the country in recent years.

<https://www.thedrinksbusiness.com/2023/02/suspects-convicted-by-court-in-major-bordeaux-wine-fraud-case/>

CHINA ISSUES DRAFT AMENDMENT TO THE TRADEMARK LAW

On 1 February, an article from Bird & Bird asked if the proposed change make a difference. The firm says in the article that it believes it will greatly influence brand protection and management in China.

<https://www.twobirds.com/en/insights/2023/china/china-issues-draft-amendment-to-the-trademark-law-will-this-change-the-game>

US COMMERCE DEPARTMENT BUREAU OF INDUSTRY AND SECURITY TO ADD 7 ENTITIES IN IRAN TO THE ENTITY LIST

On 1 February, Sandler Travis Rosenberg reported that these entities are being added for contributing to Russia's military and defence industrial base through the production of UAV that are being transferred to Russia for use in Ukraine. The listing imposes a licence requirement for exports of all items subject to the Export Administration Regulations.

<https://www.strtrade.com/trade-news-resources/str-trade-report/trade-report/february/new-restrictions-on-exports-to-seven-entities>

<https://www.federalregister.gov/documents/2023/02/01/2023-02130/additions-to-the-entity-list>

SON OF LONGTIME AZERBAIJANI OIL OFFICIAL OWNS LUXURIOUS LONDON FLAT WORTH OVER \$20 MILLION

On 31 January, OCCRP reported that, until last year, Rovnag Abdullayev headed Azerbaijan's state oil company, SOCAR, where he made a modest official salary. Yet his son Rashad purchased an ultra-expensive property in London's Grosvenor Square at the age of 25.

<https://www.occrp.org/en/investigations/son-of-longtime-azerbaijani-oil-official-owns-luxurious-london-flat-worth-over-20-million>

CANADA: BRITISH COLUMBIA DECRIMINALISES POSSESSION OF SMALL QUANTITIES OF HARD DRUGS

On 31 January, Jurist reported that it is no longer a criminal offence to possess under 2.5 grams of certain previously illicit substances in the province of British Columbia. An exemption from federal legislation concerning "hard" drugs, the requested exemption has been granted for 3 years as part of a pilot project tackling widespread substance use, an ongoing issue in British Columbia.

<https://www.jurist.org/news/2023/01/canada-dispatch-british-columbia-decriminalizes-possession-of-small-amounts-of-several-hard-drugs/>

HOW WORLD'S BIGGEST FOSSIL FUEL COMPANIES 'PROFITED IN MYANMAR AFTER COUP'

On 1 February, the Guardian reported that, in the 2 years since a junta launched a coup, some of the world's biggest oil and gas service companies continued to make millions of dollars from operations that have helped prop up the military regime. Leaked Myanmar tax records and other reports appear to show that US, UK and Irish oil and gas field contractors – which provide essential drilling and other services to Myanmar's gas field operators – have continued to make millions in profit in the country after the coup. EU sanctions prohibit European companies from working on Myanmar's

oil and gas field projects, but the US and UK have not yet introduced similar measures and such work is not prohibited.

<https://www.theguardian.com/world/2023/feb/01/myanmar-oil-gas-companies-profits-regime-coup>

PHILIPPINES: MARCOS ADMINISTRATION TO WORK WITH CHINESE INFRASTRUCTURE COMPANY BLACKLISTED BY US

On 1 February, Eurasia Review reported that the Philippine president is willing to cooperate on infrastructure projects with a Chinese state-owned giant, his office said, although the US has blacklisted China Communications Construction Co. Ltd (CCCC) over its links to the militarization of Beijing's outposts in the South China Sea.

<https://www.eurasiareview.com/01022023-philippines-marcos-administration-to-work-with-chinese-infrastructure-firm-blacklisted-by-us/>

4 CRUCIAL IMPLICATIONS OF COP27 FOR THE MINING INDUSTRY

On 31 January, an Analysis from Control Risks says that it is believed that the mining sector makes up 4.5% of Africa's GDP and accounts for over a third of exports from over half of African nations. It says that COP27 will indirectly impact the mining sector through 4 levers, as well as increasing pressure on mining companies to reduce their carbon footprint and adopt more sustainable practices.

<https://www.controlrisks.com/our-thinking/insights/four-crucial-implications-of-cop27-for-the-mining-industry>

SHIPPING INDUSTRY FLAG STATE PERFORMANCE TABLE 2022/2023

The International Chamber of Shipping published this league table which summarises factual information in the public domain that might be helpful in assessing the performance of flag States. Lloyds List reported that over 2 dozen received "spotless" scores, but that Togo stands out as the only register to make it on to the black lists of the 3 major port state control regimes.

<https://www.ics-shipping.org/wp-content/uploads/2023/01/Shipping-Industry-Flag-State-Performance-Table-2022-2023.pdf>

THE UK SANCTIONS REGIME DOES NOT BLOCK THE COURTS FROM ENTERING JUDGMENTS IN FAVOUR OF A PARTY ON THE SANCTIONS LIST

On 1 February, Legal Futures reported that the hearing involved applications to stay a \$850 million fraud claim brought by 2 Russian banks and for a release from undertakings. It is also said that the “complex and hard fought” litigation was “progressing towards trial” at the time of the invasion of Ukraine in February 2022, when defendants applied for a stay in the proceedings and release from the undertakings they gave the court in connection with the freezing orders against them. While the applications were dismissed, the court granted permission to appeal. It was also noted that that payment of costs orders in favour of the sanctioned claimant was also licensable.

<https://www.legalfutures.co.uk/latest-news/court-can-enter-judgment-in-favour-of-sanctioned-russian-party>

<https://essexcourt.com/effect-of-russian-sanctions-on-pending-litigation-in-english-courts/>

<https://files.essexcourt.com/wp-content/uploads/2023/01/30114704/PJSC-v-Mints.pdf>

IRELAND: SCREENING OF THIRD COUNTRY TRANSACTIONS BILL 2022 EXPECTED TO COME INTO FORCE IN EARLY 2023

An article from Eversheds Sutherland on 1 February says that the Bill gives effect to an EU Regulation and provides for the investigation and screening of certain transactions that involve persons, connected persons or undertakings from outside of the EU, the EEA and Switzerland, and will give the Minister for Enterprise Trade and Employment the power to block, or impose conditions on, such transactions.

https://www.eversheds-sutherland.com/global/en/what/articles/index.page?ArticleID=en/global/ireland/screening_third_country_transactions

NON-CANADIANS ARE PROHIBITED FROM PURCHASING RESIDENTIAL REAL ESTATE IN CANADA FOR A PERIOD OF 2 YEARS

On 30 January, an article from Dentons reported that, since 1 January, non-Canadians have been prohibited from purchasing residential real estate in Canada for a period of 2 years under the Prohibition on the Purchase of Residential Property by Non-Canadians Act.

<https://www.dentons.com/en/insights/articles/2023/january/30/canadian-government-publishes-new-regulations>

UKRAINIAN AGENTS CARRY OUT SERIES OF SEARCHES, INCLUDING HOME OF BILLIONAIRE KOLOMOYSKIY AND MINISTER – AND HEAD OF TAX AUTHORITY

On 1 February, Rferl reported that agents from Ukraine's Security Service (SBU) and the Bureau of Economic Security have carried out searches on the homes of billionaire tycoon Ihor Kolomoyskiy and ex-Interior Minister Arsen Avakov in what appears to be part of an effort to root out corruption. It is said that the premises of the Tax Office were also searched. Kolomoyskiy, a former ally of the President, was indicted in the US in 2020 on charges related to large-scale bank fraud, and US authorities have also alleged that he and a business partner laundered stolen funds through the US. He has denied any wrongdoing, but last year he was deprived of Ukrainian citizenship. The minister has said his home was searched by security officials in an investigation connected to a purchase of French-made Airbus helicopters.

On 1 February, the Guardian reported that the woman leading the Kyiv tax authority was accused of massive fraud after a raid of one of her 4 homes, and a series of national officials were forced from office.

<https://www.rferl.org/a/ukraine-sbu-search-kolomoyskiy/32249253.html>

<https://www.theguardian.com/world/2023/feb/01/ukraine-head-of-kyiv-tax-authority-accused-of-multi-million-dollar>

GERMAN COURT SENTENCES SECOND PERSON IN VIETNAM KIDNAPPING CASE

On 31 January, RFA reported that a man has been sentenced to 5 years in prison for his part in the kidnapping of a former Vietnamese provincial official by the Vietnamese secret service.

<https://www.rfa.org/english/news/vietnam/vietnam-kidnapping-trial-01312023223033.html>

MYANMAR PLUNGES IN LATEST CORRUPTION INDEX, BUT VIETNAM RISES

On 31 January, RFA reported on the latest Transparency International perception of corruption index. Myanmar has fallen 17 places in Transparency International's latest Corruption Perceptions Index, supplanting Cambodia as SE Asia's worst country for graft for the first time in a decade. Vietnam rose 10 places, putting it in the vicinity of emerging and middle world powers like Saudi Arabia, South Africa and India.

<https://www.rfa.org/english/news/myanmar/corruption-perceptions-index-01312023144554.html>

RUSSIA BANS OIL EXPORTERS FROM ADHERING TO WESTERN PRICE CAPS

On 1 February, Hellenic Shipping News reported that Russian government has banned domestic oil exporters and customs bodies from adhering to Western-imposed price caps on Russian crude.

<https://www.hellenicshippingnews.com/russia-bans-oil-exporters-from-adhering-to-western-price-caps/>

AUSTRALIA: AFP SMASHES ALLEGED \$10 BILLION CHINESE MONEY LAUNDERING OPERATION

On 1 February, WA Today reported that federal agents have dismantled an alleged Chinese-Australian money laundering organisation that moved an estimated \$10 billion offshore while amassing a blue-chip property portfolio comprising Sydney mansions, a luxury city building and hundreds of acres of land near Sydney's second airport.

<https://www.watoday.com.au/national/nsw/property-grab-afp-smashes-alleged-10-billion-chinese-money-laundering-operation-20230201-p5ch7k.html>

PANAMA HIGHLIGHTS PROGRESS TO GET OFF THE LIST OF COUNTRIES WITH DEFICIENCIES IN THE FIGHT AGAINST MONEY LAUNDERING

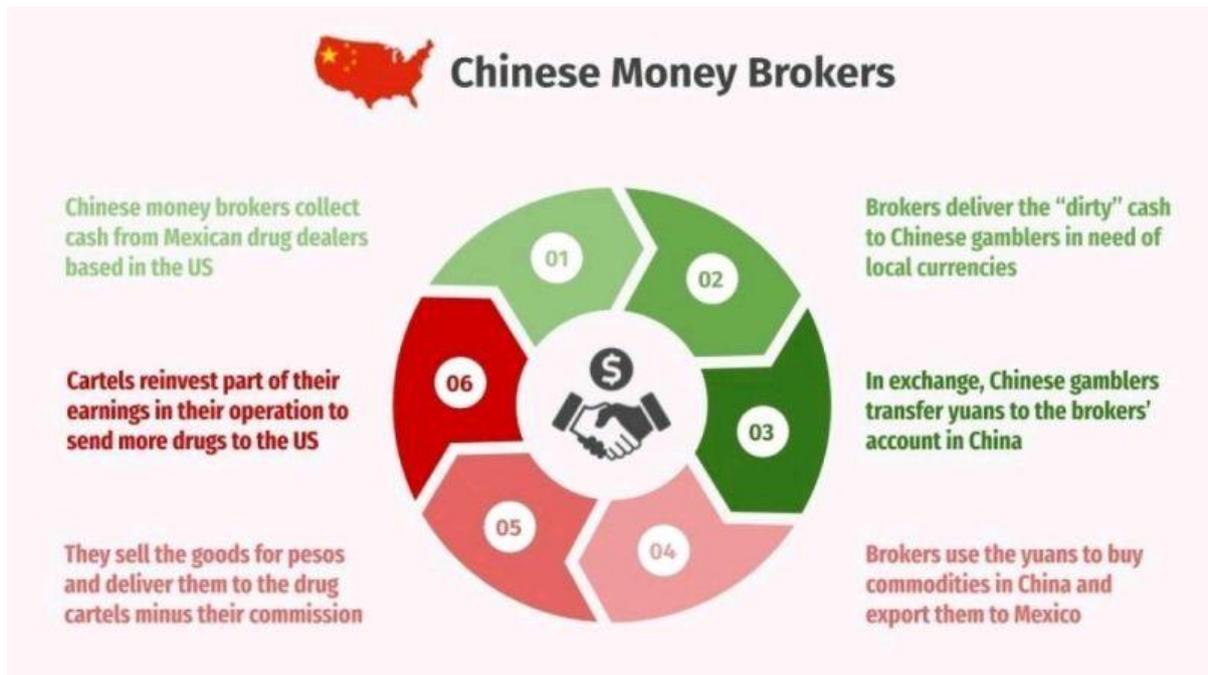
On 1 February, an article in the Rio Times said that the Government of Panama has said that the country is progressing in financial and fiscal transparency, referring, in particular, to the progress in 11 of the 15 points stipulated in the Action Plan established to get off the list of countries with deficiencies in the fight against money laundering of FATF.

<https://www.riotimesonline.com/brazil-news/mercosur/central-america/panama-highlights-progress-to-get-off-the-list-of-countries-with-deficiencies-in-the-fight-against-money-laundering/>

SPAIN SEIZES 4.5 TONNES OF COCAINE FROM LIVESTOCK CARRIER

On 31 January, Insurance Marine News reported that Spanish authorities have seized 4.5 tonnes of cocaine from a Togo-flagged livestock carrier when it was off the coast of the Canary Islands. It was said to be carrying 1,750 cattle on a voyage from Cartagena, Colombia, to Beirut, Lebanon.

<https://insurancemarinenews.com/insurance-marine-news/spain-seizes-4-5-tonnes-of-cocaine-from-livestock-carrier/>



https://www.linkedin.com/posts/baptisteforestier_compliance-financialcrime-moneylaundering-activity-7026442025344364544-zpVq

HUMAN TRAFFICKING: DETECTION AND INVESTIGATIONS

On 30 January, ACAMS Today carried an article, being Part 2 of a series on human trafficking. It details the use of a persona-based approach in conducting HT investigations and also provides examples of how it can be applied to disrupt human trafficking more effectively. It says that the use of a persona-based approach in financial crime is a relatively new area of research and application, but it is already demonstrating the potential to significantly improve the understanding, detection and prevention of complex crimes such as human trafficking.

<https://www.acamstoday.org/human-trafficking-detection-and-investigations/>

CHAOS AND INTRIGUE REIGN IN UK COURT FIGHT OVER CASTRO-ERA CUBAN DEBT

On 30 January, CNBC carried an article about a trial over unpaid Cuban sovereign debt before the High Court. The debt dates back to the 1980s, when Fidel Castro still ruled Cuba. An investment fund has sued Cuba over tens of millions of dollars' worth of unpaid commercial loans from the 1980s.

<https://www.cnbc.com/2023/01/30/cuba-debt-fight-chaos-intrigue-reign-at-uk-high-court.html>

THE TRUE COST OF FAKE ALCOHOL AND HOW TO CATCH THE CULPRITS

The Fraud Advisory Panel in the UK has published a special report into the extent of the problem and the front-line work of the people trying to tackle it. It mentions cases, saying that toxic alcohol kills

about 1,000 people each year in India; and in 2015 fake 'Jack Daniels' which was in fact 60% methanol killed more than 2 dozen people in Russia. The report says that the Experts believe that the structure of the modern alcohol industry makes it particularly vulnerable to fraud.



https://www.fraudadvisorypanel.org/wp-content/uploads/2023/01/FAP-Special-Report-on-Alcohol-Fraud_WEB.pdf

WEAPONS LEFT BEHIND BY US FORCES IN AFGHANISTAN ARE ARMING MILITANTS IN THE DISPUTED KASHMIR REGION

On 30 January, NBC News reported that authorities in Indian-controlled Kashmir have said that militants trying to annex the region for Pakistan are carrying M4, M16 and other US-made arms and ammunition that have rarely been seen in the 30-year conflict. A major reason, they say, is a regional flood of US-funded weapons that fell into the hands of the Taliban when US-led NATO forces withdrew from Afghanistan in 2021. More than \$7.1 billion in US-funded military equipment was in the possession of the Afghan government when it fell to the Taliban in August 2021 amid the withdrawal.

<https://www.nbcnews.com/news/world/us-weapons-afghanistan-taliban-kashmir-rcna67134>

EUROPEAN COMMISSION HAS UPDATED ITS RUSSIA SANCTIONS FAQ ON MEDIA, MEDICINES AND MEDICAL DEVICES

On 1 February, the EU Sanctions blog advised that the EU had updated its FAQ on these 2 subject matters.

<https://www.europeansanctions.com/2023/02/eu-commission-updates-russia-sanctions-faqs-on-media-veterinary-medicine/>

OFAC TARGETS GLOBAL SANCTIONS EVASION NETWORK SUPPORTING RUSSIA'S MILITARY-INDUSTRIAL COMPLEX

On 1 February, OFAC announced that it had imposed sanctions against 22 individuals and entities across multiple countries related to a sanctions evasion network supporting Russia's military-industrial complex.

<https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20230201>
<https://home.treasury.gov/news/press-releases/jy1241>

SOUTH KOREA: OIL BROKER ARRESTED OVER THE SUPPLY OF 18,000 TONNES OF DIESEL TO NORTH KOREA

On 1 February, the EU Sanctions reported that it is alleged that the diesel was transferred on 35 occasions between October 2021 and January 2022. A Russian oil tanker operated by a South Korean supplier transferred the oil to a Chinese vessel, which then transferred it to a North Korean vessel.

<https://www.europeansanctions.com/2023/02/oil-broker-arrested-over-supply-of-18000-tonnes-of-diesel-to-north-korea/>

AUSTRALIA: NEW MYANMAR, RUSSIA AND IRAN NAMES ADDED TO SANCTIONS LISTS

On 1 February, the EU Sanctions blog reported that Australia had designated several people and entities under its Myanmar, human rights and Russia sanctions regimes.

<https://www.europeansanctions.com/2023/02/australia-adds-to-myanmar-human-rights-russia-sanctions-lists/>

Your Phone Runs on Cobalt From DR Congo

Countries with the largest cobalt mine production in 2021 (in metric tons)



Cobalt is a key component of lithium-ion batteries commonly used in smartphones and other small electronic devices.

Source: U.S. Geological Survey via Statista DossierPlus - 'Mining Industry in Africa'



statista

<https://www.statista.com/chart/29228/cobalt-mining-production-countries>

US: AML WHISTLEBLOWER PROVISION EXTENDED TO ECONOMIC SANCTIONS VIOLATIONS, AND INCREASE INCENTIVES FOR REPORTING

On 1 February, Greenberg Traurig reported that, on 29 December, the Anti-Money Laundering Whistleblower Improvement Act amended the Bank Secrecy Act (BSA) to bolster incentives for reporting BSA violations to federal officials and to expand the scope of reportable violations to include violations of US economic sanctions. The Act also creates a \$300 million "Financial Integrity Fund" to allow the US Treasury to pay whistleblower awards from fines collected by it and the DOJ without the need for further appropriations.

<https://www.gtlaw.com/en/insights/2023/2/anti-money-laundering--whistleblower-provision-expanded-cover-economic-sanctions-violations>

UK: THE INCREASE IN SAR OVER TIME AND THE FUTURE OF THE REGIME

On 1 February, an article from White & Case says that the latest report from the NCA suggests that in the next reporting year, a million SAR will be filed, so it looks at the increase in SAR over time and the future of the regime. Between April 2021 and March 2022, 901,255 SAR were filed with the NCA, an increase on the previous year of 21%. This follows the trend established over the previous 11 years. It points out that, in 2019, the Law Commission issued a detailed report setting out potential reform of the SAR regime, but so far only some relatively minor amendments have been made.

<https://www.whitecase.com/insight-alert/uk-money-laundering-crossing-million-sar-threshold>

JAPAN: GOVERNMENT IS SET TO SUBMIT A BILL THAT WOULD ALLOW THE USE OF MEDICAL MARIJUANA

On 27 January, TJI reported that the government is thought to be considering allowing patients with intractable diseases to be treated with marijuana, while simultaneously criminalising the use of marijuana for recreational purposes.

<https://www.tobaccojournal.com/news/medical-marijuana-could-be-legalised/>

US: FDA WANTS NEW REGULATORY FRAMEWORK FOR CBD USE

On 27 January, TJI reported that the Food and Drug Administration (FDA) has called for a new regulatory framework to ensure the safe use of the cannabis compound CBD.

<https://www.tobaccojournal.com/news/fda-wants-new-regulatory-framework-for-cbd-use/>

JERSEY'S FINANCE INDUSTRY BRACES FOR TASKFORCE REVIEW AFTER 'SCATHING' MONACO EVALUATION

On 1 February, the Jersey Evening Post reported that Jersey hopes it can avoid the fate of Monaco when its financial services sector is reviewed this year, after Monaco received a 'scathing' assessment from MONEYVAL.

<https://jerseyeveningpost.com/news/2023/02/01/jerseys-finance-industry-braces-for-taskforce-review-after-scathing-monaco-evaluation/>

ADANI CRISIS COULD PUSH CLEAN ENERGY INVESTORS AWAY FROM INDIA

On 1 February, an article in Time Magazine reported on the effects of allegations that the Indian conglomerate Adani Group committed "accounting fraud, stock manipulation, and money

laundering”, which it says rattled markets and political observers. Indian stocks tumbled and analysts questioned how the affair would affect the political prospects of the current Indian government. It is argued that the crisis is bound to affect how foreign investors see the country and, by extension, how willing they are to provide capital for the transition to clean energy. On the one hand, if the allegations are found to be true, or if the Indian government doesn’t investigate them, investors might become sceptical about putting money into India’s energy transition. On the other, a thorough investigation or debunking of the claims would likely engender confidence.

<https://time.com/6252115/adani-group-crisis-india-clean-energy/>

C4ADS: WILDLIFE SEIZURE DASHBOARD SHOWS THAT WE ARE STILL LIVING THROUGH A “PANDEMIC-ADJUSTED” WORLD WITH NEW OPPORTUNITIES FOR PREVENTATIVE ACTION

On 1 February, C4ADS published a report saying that the COVID-19 pandemic disrupted international trade and the global economy, impacting both licit commercial activity and transnational illicit trafficking networks. In particular, seizures of certain types of wildlife experienced an overall decline shortly after restrictions began. Some warned that seizures would surge once restrictions eased. However, contrary to expectations, the total seizures of intercontinentally-trafficked elephant ivory, rhino horn, and pangolin products have not yet returned to pre-pandemic (2017-2019 average) levels. It argues that the current transitional period presents a unique window of opportunity for counter-wildlife trafficking stakeholders to anticipate impending changes and orient their actions accordingly.

<https://c4ads.org/commentary/a-pandemic-adjusted-world-wildlife-seizure-trends-in-2022/>

<https://www.buymeacoffee.com/KoIvM842y>

