

13 March 2023

### **NEW DATA ON GLOBAL ARMS TRANSFERS**

On 13 March, SIPRI published new information saying that the US share of global arms exports increased from 33% to 40% while Russia's fell from 22% to 16%. Imports of major arms by European states increased by 47% between 2013–17 and 2018–22, while the global level of international arms transfers decreased by 5.1%. Arms imports fell overall in Africa (down 40%), the Americas (down 21%), Asia and Oceania (down 7.5%) and the Middle East (down 8.8%) — but imports to East Asia and certain states in other areas of high geopolitical tension rose sharply.

<https://www.sipri.org/media/press-release/2023/surge-arms-imports-europe-while-us-dominance-global-arms-trade-increases>

<https://doi.org/10.55163/CPNS8443>

<https://www.theguardian.com/world/2023/mar/13/france-challenging-russia-as-second-biggest-arms-exporter-behind-us>

### **PAKISTAN: ECONOMIC CRISIS IMPACTS SHIPPING SECTOR**

On 9 February, Risk Intelligence published a short piece warning that protests and blockades are likely in the coming months, leading to disruptions and shipping delays.

<https://www.riskintelligence.eu/analyst-briefings/pakistans-economic-crisis-impacts-the-shipping-sector>

### **THE ONGOING FUEL SMUGGLING CHALLENGE IN SE ASIA**

On 1 March, Risk Intelligence published an article from Bunkerspot highlighting the significance of the threat, interconnected with other criminal activities, asking why fuel smuggling has remained a constant threat while others have declined.

<https://www.riskintelligence.eu/feature-articles/south-east-asia-an-ongoing-fuel-smuggling-challenge>

### **MARITIME PIRACY: RECENT DEVELOPMENTS**

On 26 February, Risk Intelligence referred to an article in Diploweb (in French) on recent developments in the Indian Ocean, Gulf of Guinea and SE Asia, and their impact on shipping and trade.

<https://www.diploweb.com/Piraterie-maritime-quels-recents-developpements-d-une-menace-bien-ancree.html>

<https://www.riskintelligence.eu/feature-articles/maritime-piracy-what-recent-developments-of-a-well-established-threat>

### **DECEPTIVE SHIP PRACTICES AND THE EVASION OF SANCTIONS ON RUSSIAN GRAIN AND OIL**

In February, Risk Intelligence published this White Paper which says that the deceptive ship practices mainly occur in the Black Sea, the Mediterranean, and the Atlantic, from where the goods are transported to ports around the world. The report outlines where and how Russian-linked suspicious and atypical seaborne trade increased after the Ukraine invasion in February 2022. It reflects on the implications for actors involved in commercial shipping with an outlook on potential developments in 2023.

[https://8059546.fs1.hubspotusercontent-na1.net/hubfs/8059546/RI\\_Whitepaper\\_Russia%20sanction%20evasion\\_2023.pdf](https://8059546.fs1.hubspotusercontent-na1.net/hubfs/8059546/RI_Whitepaper_Russia%20sanction%20evasion_2023.pdf)

### **AUSTRALIA, CANADA AND THE US HAVE MADE A JOINT SUBMISSION TO THE IMO TO DEBATE WAYS TO END THE USE OF SHIP-TO-SHIP (STS) TRANSFERS OF RUSSIAN CRUDE OIL**

A final article from the Hellenic Shipping News on 13 March said that the countries want the IMO to call upon flag states to ensure that their tankers adhere to international laws and safety requirements around STS transfers. The IMO will bring up the issue at the next meeting of its Legal Committee from 27 March.

<https://www.hellenicshippingnews.com/countries-call-on-flag-states-to-crack-down-on-dark-sts-oil-transfers/>

### **US: CORSA COAL TO PAY \$1.2 MILLION OVER ALLEGED EGYPT BRIBES**

On 13 March, the Wall Street Journal reported that, according to the DoJ, the Corsa Coal Corporation has agreed to pay \$1.2 million for allegedly using a third party to bribe Egyptian government officials, as part of a bid to win contracts to supply coal to a state-owned company. The company made a voluntary disclosure, and the DoJ chose not to prosecute. It is said that Corsa made \$32.7 million in profits from the scheme, but can only afford to pay the \$1.2 million.

<https://www.justice.gov/criminal-fraud/file/1573526/download?mod=djemRiskCompliance>

### **PHILIPPINES: 18 CONTAINERS OF SMUGGLED RED AND YELLOW ONIONS SEIZED AT THE MANILA INTERNATIONAL CONTAINER PORT (MICP) BY CUSTOMS**

On 13 March, CNN reported that the shipment from China was falsely declared to contain pizza dough and fish balls. The pizza dough used to conceal the onions also lacked an import licence and permit.

<https://www.cnnphilippines.com/news/2023/3/13/18-containers-smuggled-onions-boc.html>

### **UK: NATIONAL PROTECTIVE SECURITY AUTHORITY BEGINS WORK**

On 13 March, a post on the Home Office blog reported on the work of this new body created to help the UK combat national security threats presented by state-sponsored actors. The NPSA has absorbed the responsibilities of the Centre for the Protection of National Infrastructure but with a broader remit, reflecting the fact that the threats the UK faces today extend far beyond critical national infrastructure. It is said that advice will be provided in an accessible and informative way so that it can be understood and used by a broad range of private and public sector organisations, including tech start-ups, businesses, events venues and universities.

<https://homeofficemedia.blog.gov.uk/2023/03/13/national-protective-security-authority/>  
<https://www.npsa.gov.uk/>

### **AUSTRALIA: HILLSONG CHURCH HAS ANNOUNCED THAT IT WILL CONDUCT AN INDEPENDENT INVESTIGATION INTO ITS FINANCIAL STRUCTURE FOLLOWING ALLEGATIONS OF FRAUD AND FINANCIAL MISAPPROPRIATION**

On 12 March, Jurist reported that the church will conduct, “a complete re-evaluation, via an outside third party, of our financial structure and systems to ensure they line up with the mission going forward”. This followed allegations made under privilege in the Australian parliament based on a whistleblower’s claims.

<https://www.jurist.org/news/2023/03/australia-based-hillsong-church-to-conduct-independent-financial-review-following-parliament-criticism/>

### **EGYPT: CUSTOMS OFFICERS THWART ATTEMPTS TO SMUGGLE ANTIQUES AND GOLD BARS**

On 12 March, Arab News reported that customs officers at the airport in Alexandria had thwarted an attempt to smuggle 13 antique metal pieces dating back to the 4<sup>th</sup> Century AD and hidden in the baggage of a Libyan passenger. Separately, officers in Cairo foiled 2 attempts to smuggle gold bars and diamond-encrusted jewellery from an air hostess and a Dutch passenger.

<https://www.arabnews.com/node/2267061/middle-east>

### **COLOMBIAN GANGS FLOODING IRELAND WITH LIQUID COCAINE HIDDEN IN SHAMPOO BOTTLES**

On 12 March, the Irish Mirror claimed that cartel bosses were organising shipments from Colombia via Africa and Spain to flood the market in Ireland and in the UK. The drug is dissolved at source and disguised in bottles of shampoo or hidden in products like sugar cane and even coconuts.

<https://www.irishmirror.ie/news/irish-news/crime/colombian-gangs-flooding-ireland-liquid-29437237#>

### **DARK FLEET OF TANKERS NOW COMPRISES 10% OF SEABORNE OIL TRANSPORT**

On 10 March, Lloyds List reported that some 440 tankers above 30,000 dwt tonnes, with an average age of 20 years, have been identified as solely deployed in shipping Iranian, Venezuelan and Russian oil.

<https://lloydslist.maritimeintelligence.informa.com/LL1144275/Dark-fleet-of-tankers-now-comprises-10-of-seaborne-oil-transport>

### **TANKER SWITCHING FOR RUSSIAN OIL HITS RECORD HIGH AS SANCTIONS KICK IN**

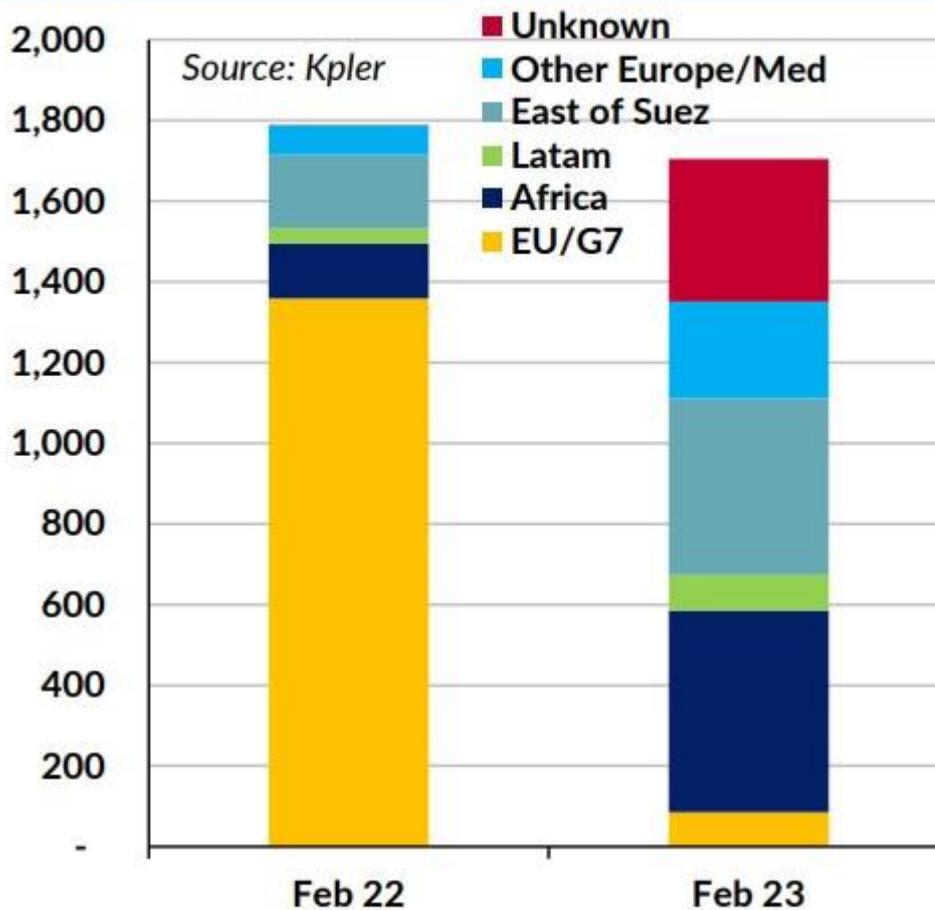
On 13 March, Hellenic Shipping News reported that seaborne tanker switching of Russian-origin crude and products have rebounded to record highs since the latest round of Western curbs on Moscow's oil, according to tanker tracking data, with the transfers increasingly focused in waters off Greece and Spain's north African enclave Ceuta. It is said that the shipping data suggests the opaque practice of ship-to-ship transfers may be less aimed at sidestepping US and EU sanctions by refiners and traders and more linked to Russia's increasing need to market its discounted oil to a shrinking pool of interested buyers.

<https://www.hellenicshippingnews.com/tanker-switching-for-russian-oil-hits-record-high-as-sanctions-kick-in/>

### **PRODUCT TANKER MARKET FLOWS SHIFTING AFTER BAN ON RUSSIAN IMPORTS**

In another article from the Hellenic Shipping News on 13 March said that product tanker market flows have changed considerably since the EU ban on Russian imports, and Russia being forced to divert cargoes to distant markets in order to maintain export volumes.

## Russian CPP Exports by Destination (kbd)



<https://www.hellenicshippingnews.com/product-tanker-market-flows-shifting-after-ban-on-russian-imports/>

### TRANSPARENCY v PRIVACY: THE CJEU BENEFICIAL OWNERSHIP REGISTER RULING

On 10 March, an article from Control Risks was concerned with the 22 November CJEU ruling that acted to limit general public access to beneficial ownership information on grounds that it conflicted with data protection and privacy rights outlined in the Charter of Fundamental Rights of the European Union. This article explores this ruling, the impact on both enforcement and preventative due diligence and investigative efforts for obliged and regulated organisations – particularly investors, regulated corporates and financial institutions – and the necessary considerations in any future alternative legislation on the matter.

<https://www.controlrisks.com/our-thinking/insights/transparency-vs-privacy-the-cjeu-beneficial-ownership-ruling>

## **EU SANCTIONS ON RUSSIA: OVERVIEW, IMPACT, CHALLENGES**

On 10 March, the EU Parliament Research Service produced this briefing.

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739366/EPRS\\_BRI\(2023\)739366\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739366/EPRS_BRI(2023)739366_EN.pdf)

## **JUSTICE AND THE CONFISCATION OF RUSSIAN STATE ASSETS**

On 13 March, a post from Lawfare in the US considers possible criminal or civil actions to confiscate frozen Russian assets. It argues that confiscation of Russia's frozen state assets must rest on commitments to justice, not just on expediency.

<https://www.lawfareblog.com/justice-and-confiscation-russian-state-assets>

## **WARNING: CRIMINALS STEAL CRYPTOCURRENCY THROUGH PLAY-TO-EARN GAMES**

On 9 March, the FBI issued a Public Service Announcement which warns of criminals creating fake gaming applications (apps) to steal millions of dollars in cryptocurrency. Criminals advertise the apps as play-to-earn games offering financial incentives to players.

<https://www.ic3.gov/Media/Y2023/PSA230309>

## **US: FIFA BRIBERY CASE - ONE EX-FOX EMPLOYEE CONVICTED AND ANOTHER ACQUITTED**

On 10 March, the Guardian reported that a former Fox TV executive was convicted of paying tens of millions of dollars in bribes to obtain broadcasting rights to the World Cup and other top soccer matches. A second ex-executive was acquitted. Hernan Lopez, the former CEO of Fox International Channels, was convicted. Carlos Martinez, who headed the Latin America affiliate, was acquitted.

<https://www.theguardian.com/football/2023/mar/10/fifa-bribery-case-verdict-fox-executives>

## **2 LEADING OHIO REPUBLICANS FOUND GUILTY IN \$60 MILLION BRIBERY SCHEME**

On 9 March, the Guardian reported that a former Ohio state house speaker Larry Householder and former Ohio Republican party chair Matt Borges had been convicted in a \$60 million bribery scheme that federal prosecutors have called the largest corruption case in state history. They were involved in a scheme secretly funded by Akron-based FirstEnergy Corp to secure power in the legislature, elect allies – and then to pass and defend a \$1 billion nuclear power plant bailout benefiting the electric utility.

<https://www.theguardian.com/us-news/2023/mar/09/ohio-republicans-guilty-60m-bribery-scheme>

### **UAE CENTRAL BANK HELPS IMPROVE HAWALA OPERATORS' COMPLIANCE**

On 10 March, the Khaleej Times reported that, in the UAE, the Central Bank has recognised the role of hawala providers as essential to financial inclusion while acknowledging that such players continue to pose greater money laundering and terrorist financing vulnerability. As such, hawala is regulated by the Registered Hawala providers (RHP) Regulation issued by the CBUAE in 2019 and all providers undertaking hawala activity in the UAE must hold a Hawala Provider certificate issued by the Central Bank. RHP are required to comply fully with AML/CFT laws, rules and regulations, and are also required to establish and maintain an effective AML/CFT compliance programme designed to prevent misuse of its activity to facilitate money-laundering or terrorist financing. This should include appointing a competent compliance officer and MLRO.

<https://www.khaleejtimes.com/business/uae-central-bank-helps-improve-hawala-operators-compliance>

### **HOW THE CHINESE COMMUNIST PARTY LAUNDERED MAFIA MONEY IN ITALY**

On 9 March, the Bitter Harvest website carried a report about an Italian Tax Police investigation which is said to have unveiled a €15 billion money laundering operation involving Italian mafia, Colombian drug barons, and Putin's oligarchs. It is claimed that the whole operation has been traced back to those who organised it in China: a pool of banks led by the Bank of China.

<https://bitterwinter.org/how-the-ccp-laundered-mafia-money-in-italy/>

### **UK: LAW SOCIETY ADVISORY GUIDE - CHINESE UNDERGROUND BANKING AND FUNDS FROM CHINA**

On 8 March, the Law Society published this Guide which explores the risks arising from the use of Chinese informal value transfer systems ('underground banking') and circumvention of Chinese currency controls. The guide sets out practical measures to help one mitigate the risks.

<https://www.lawsociety.org.uk/Topics/Anti-money-laundering/Guides/Chinese-underground-banking-and-funds-from-China>

### **ANALYSIS OF OPIATE STAMPS SEIZED IN THE INDIAN OCEAN 2017-2021**

The UN Office on Drugs and Crime (UNODC) has published this report, saying that drug packages seized in the Indian Ocean are marked with a wide range of stamps including hand-pressed and hand-written markings. These stamps are made up of several elements consisting of sequential and non-sequential numbers, names, locations, and different objects. The stamps can provide some detail on the manufacturers and traffickers involved in the production and transport of drugs to

international markets. Stamps are chosen by individual Drug Trafficking Organisations (DTO). They appear to be well known amongst DTO and usually cannot be copied by other traffickers. However, in some cases a “franchising” process is possible, with smaller traffickers purchasing the right to use stamps associated with larger DTO.

[https://www.unodc.org/documents/data-and-analysis/AOTP/Drug\\_Stamp\\_Report\\_Online\\_1.pdf](https://www.unodc.org/documents/data-and-analysis/AOTP/Drug_Stamp_Report_Online_1.pdf)

#### **ISLE OF MAN: IRAQ AND RUSSIA SANCTIONS UPDATE**

On 13 March, the Isle of Man issued 2 news releases confirming changes to Iraq and Russia sanctions lists following the same changes to UK sanctions lists. The changes include the removal of 2 names from the Iraq sanctions list.

<https://www.gov.im/news/2023/mar/13/financial-sanctions-iraq/>

<https://www.gov.im/news/2023/mar/13/financial-sanctions-russia/>

#### **US TRADE DUE DILIGENCE REQUIRED FOR M&A TRANSACTIONS**

On 13 March, Torres Trade Law made available a chapter contributed to “The Law Reviews: Mergers & acquisitions” 16<sup>th</sup> Edition. It focuses on successor liability from violations by the target company and the impact of foreign investment reviews triggered by acquisition or investment by foreign persons.

[https://www.torrestradelaw.com/blog\\_images/US-Trade-Compliance-Due-Diligence.pdf](https://www.torrestradelaw.com/blog_images/US-Trade-Compliance-Due-Diligence.pdf)

#### **TAXATION OF THE DIGITALIZED ECONOMY**

On 13 March, KPMG published the latest edition of this newsletter, covering direct and indirect taxes.

<https://tax.kpmg.us/content/dam/tax/en/pdfs/2023/digitalized-economy-taxation-developments-summary.pdf>

#### **ENFORCING JUDGMENT DEBTS AGAINST PENSION FUNDS**

In the latest edition of the latest FIRE newsletter an article considers a recent Court of Appeal case in the UK about an order which allows a judgment debt to be enforced against a pension fund. Such an order has so far only been granted in cases of fraud. It argues that such orders, now endorsed by the Court of Appeal, are clearly useful in extending the range of assets which judgments can be enforced against. However, it says that a number of questions remain unanswered about this rare form of court order.

[https://thoughtleaders4.com/images/uploads/news/TL4\\_FIRE\\_Magazine\\_Issue\\_12\\_-\\_FIRE\\_Starters\\_Edition\\_2023\\_1.pdf](https://thoughtleaders4.com/images/uploads/news/TL4_FIRE_Magazine_Issue_12_-_FIRE_Starters_Edition_2023_1.pdf)

**ADOLFO CHICHI DE OBARRIO, FORMER PRIVATE SECRETARY OF FORMER PANAMANIAN PRESIDENT RICARDO MARTINELLI, SENTENCED TO 10 YEARS IN PRISON**

On 13 March, La Prensa reported that de Barrio currently lives in Milan. He was also ordered to pay \$5,910,486 within 24 months. The charges related to money laundering in the Blue Apple case – which involved a joint-stock company Blue Apple Services, created by several people (members of the Martinelli government of 2010-2014), with the purpose of "disguising or laundering money" allegedly obtained from bribes received for the concession of various construction projects.

<https://www.prensa.com/judiciales/juzgado-condena-a-120-meses-prision-a-adolfo-chichi-de-obarrio-por-blanqueo-de-capitales/>

**COLOMBIAN NAVY SEIZES 2,600 KG OF COCAINE FROM SUBMARINE**

On 12 March, La Prensa in Panama reported that the submarine was transporting the drug in the direction of Central America when it suffered a mechanical breakdown in the fuel system, which caused a leak of toxic gases. 2 of the crew were able to climb onto the hull and were rescued by the Navy, but 2 others reportedly died.



<https://www.prensa.com/mundo/la-armada-de-colombia-incauta-de-2600-kilogramos-de-cocaina-en-un-submarino/>

<https://www.buymeacoffee.com/KoLvM842y>

