

25 May 2023

### **IRS: CRYPTOCURRENCY IS PROPERTY NOT CURRENCY EVEN IF LEGAL TENDER**

On 24 May, an article from Cadwalader Wickersham & Taft LLP says that, since 2014, the IRS has adopted this position. However, El Salvador's adoption of Bitcoin as legal tender in 2021 made that statement factually incorrect and led some taxpayers to question whether Bitcoin might now qualify as currency for tax purposes. A new Notice from the IRS restates the IRS position.

<https://www.cadwalader.com/brass-tax/index.php?nid=70&eid=277>

### **UK: WHAT DO I DO IF IDENTIFY A FRAUD IN MY FOOD OR DRINK SECTOR ORGANISATION?**

On 23 May, Brodies LLP published an article asking what options are available to organisations in the food and drink sector where a fraud concern has been identified?

<https://brodies.com/insights/corporate-crime-and-investigations/identifying-fraud-in-food-or-drink-sector-organisation/>

### **UK: SANCTIONS EVASION GUIDANCE FOR HIGH-VALUE DEALERS AND ART MARKET PARTICIPANTS**

On 23 May, Ropes & Gray LLP said that OFSI had published guidance aimed to help "high value dealers" and art market participants (AMP) identify and mitigate sanctions risks. It is no surprise that the UK is a major hub for trade in high-value goods including art, antiques, "supercars," precious metals and gemstones, and fine wine and whisky.

<https://insights.ropesgray.com/post/102ifb0/sanctions-evasion-guidance-for-high-value-dealers-and-art-market-participants#page=1>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1151932/OFSI\\_HVD\\_Guidance\\_FINAL\\_180423.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1151932/OFSI_HVD_Guidance_FINAL_180423.pdf)

### **JUDICIAL REVIEW: AN OVERVIEW FOR COMMERCIAL PRACTITIONERS**

On 23 May, 3PB Barristers explained judicial review, saying that it is the way in which the courts supervise the exercise of public powers, those being either powers exercised by public authorities (the Secretary of State for Business, Energy and Industrial Strategy, the Financial Ombudsman Service, etc) or where a body is carrying out a public function.

<https://www.3pb.co.uk/judicial-review-an-overview-for-commercial-practitioners/>

## AIRCRAFT OWNER AWARDED OVER \$406 MILLION FOR AIRCRAFT AND ENGINES TRAPPED IN RUSSIA

On 23 May, an article from Vinson & Elkins LLP says that US companies that found their assets caught up in Russia at the start of the Russia/Ukraine conflict may find relief on paper from US courts. But it remains to be seen whether they can recover in practice. The article considers a case in New York, and an order in favour of aircraft owner BOC Aviation Limited, against Russian airline AirBridgeCargo Airlines LLC, to whom BOCA leased the aircraft, and ABC's parent guarantor, Volga-Dnepr Logistics BV in the amount of \$406.2 million.

<https://www.velaw.com/insights/s-d-n-y-awards-aircraft-owner-over-406-million-for-aircraft-and-engines-trapped-in-russia/>



<https://www.linkedin.com/pulse/money-laundering-techniques-may-2023-baptiste-forestier-cams>

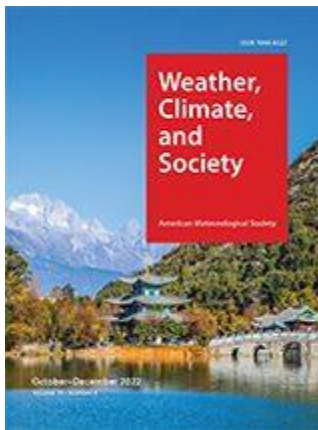
### **CREW KIDNAPPED FROM VESSEL OFF WEST AFRICA HAVE BEEN RELEASED**

On 23 May, Dryad Global reported that 3 crew kidnapped from the *Grebe Bulker* off Gabon had been released after weeks in captivity.

<https://channel16.dryadglobal.com/crew-kidnapped-from-eagle-bulk-vessel-off-west-africa-released>  
<https://insurancemarineneews.com/insurance-marine-news/kidnapped-seafarers-on-grebe-bulker-reported-as-released/>

### **HOW DO YOU STOP A PIRATE? PUT MORE FISH IN THE SEA**

On 24 May, Dryad Global reported on a study published by the American Meteorological Society that examined the links between climate change and maritime piracy. It is said that fishermen in East Africa and South Asia are turning to piracy as stocks deplete.



<https://channel16.dryadglobal.com/how-do-you-stop-a-pirate-put-more-fish-in-the-sea>  
<https://journals.ametsoc.org/view/journals/wcas/15/2/WCAS-D-21-0147.1.xml>

### **UKRAINE SAYS RUSSIA PREVENTS BLACK SEA GRAIN DEAL PORT FROM OPERATING**

On 25 May, Dryad Global reported claims by Ukraine that Russia was blocking the port of Pivdennyi, effectively closing the Ukraine grain export corridor.

<https://channel16.dryadglobal.com/ukraine-says-russia-prevents-black-sea-grain-deal-port-operating>

<https://insurancemarineneews.com/insurance-marine-news/un-expresses-concern-at-lack-of-ships-at-one-ukrainian-port/>

## **AUSTRALIA: VITAL INFORMATION ABOUT MONEY LAUNDERING IN PUBS AND CLUBS WAS KEPT SECRET**

On 25 May, various media reported claims that an independent Sydney MP has made explosive claims in parliament that the powerful NSW Crime Commission may not have been given complete access to information revealing the true extent of money laundering in pubs and clubs across the state. He also told parliament that he had also been provided with information that suggested that clubs may have been tipped off to compliance checks ahead of time.

<https://www.brisbanetimes.com.au/politics/nsw/vital-information-about-money-laundering-in-pubs-and-clubs-was-kept-secret-says-greenwich-20230525-p5db7p.html>

## **UK: COUNTER-TERRORISM SANCTION REVIEW PROCESS**

On 25 May, OFSI published guidance on how to request variation or revocation of a financial sanction designation under The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019. This includes the form with which to make the request.

<https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing/how-to-request-variation-or-revocation-of-a-financial-sanction-designation-under-the-counter-terrorism-sanctions-eu-exit-regulations-2019>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1159198/Sanctions\\_Review\\_Request\\_Form.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1159198/Sanctions_Review_Request_Form.odt)

## **MEPs VOTE TO SPEED UP THE FREEZING AND CONFISCATION OF CRIMINAL ASSETS**

On 24 May, a news release from the EU Parliament said that new legislation on seizing criminal assets would ensure fast and efficient freezing operations everywhere in the EU, and quicker compensation for victims. It mentions that, in 2010–2014, only 2.2% of the proceeds of crime were frozen in the EU. It said that MEPs on the Civil Liberties, Justice and Home Affairs Committee had adopted a draft position on new rules under a proposed Directive.

<https://www.europarl.europa.eu/news/en/press-room/20230522IPR91604/meps-vote-to-speed-up-the-freezing-and-confiscation-of-criminal-assets>

## **FROM RUSSIA WITH GOLD – UAE CASHES IN AS SANCTIONS BITE**

On 25 May, EurActiv reported that the UAE has become a key trade hub for Russian gold since Western sanctions over Ukraine cut Russia's more traditional export routes, Russian customs records show. Records show that show the Gulf state imported 75.7 tonnes of Russian gold worth \$4.3 billion – up from just 1.3 tonnes during 2021. The London Bullion Market Association banned

Russian bars made from 7 March 2022, and by the end of August, Britain, the EU, Switzerland, the US, Canada and Japan had all banned imports of Russian bullion. Russian gold producers quickly found new markets in countries that had not imposed sanctions on Moscow, such as the UAE, Turkey and China.

<https://www.euractiv.com/section/global-europe/news/from-russia-with-gold-uae-cashes-in-as-sanctions-bite/>

#### **EU: AMENDED LIST OF DUAL-USE ITEMS**

EU Regulation 2023/996/EU replaced Annex I to EU Regulation 2021/821/EU.

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2023.138.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A138%3AATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2023.138.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A138%3AATOC)

#### **UK: UPDATE ON IMPLEMENTATION OF INQUIRY INTO UNAOIL CASE**

On 24 May, the Attorney General's Office reported that the Attorney General has updated Parliament that significant action has been taken across all 11 of the recommendations by Calvert-Smith independent enquiry into the Court of Appeal's judgment in the Unaoil case and the SFO handling of the case.

Also on 24 May, the SFO published a news release providing an update on the Altman Review of the SFO handling of another case, *R v Woods & Marshall* and the handling of disclosure.

<https://www.gov.uk/government/news/attorney-confirms-progress-to-implement-calvert-smith-review-recommendations>

<https://www.gov.uk/government/publications/independent-review-into-the-serious-fraud-offices-handling-of-the-unaoil-case-r-v-akle-anor>

<https://www.sfo.gov.uk/2023/05/24/implementation-update-altman-review-2/>

#### **NEW EU DEFORESTATION REGULATION: OVERVIEW AND KEY CONSIDERATIONS FOR COMPANIES**

On 24 May, an article from Pillsbury said that the EU has adopted the new EU Deforestation Regulation, whereby applicable companies must implement a rigorous due diligence process to ensure that certain products and commodities sold in or out of the EU are not as a result of, or led to, deforestation or forest degradation. The commodities subject to the Regulation are cattle, cocoa, coffee, palm-oil, soya and wood, as well as any products that contain, have been fed with or made using these commodities e.g., leather, chocolate and beef.

<https://www.globaltradeandsanctionslaw.com/new-eu-deforestation-regulation-overview-and-key-considerations-for-companies/>

#### **US: FENTANYL SEIZURES HAVE SOARED MORE THAN 400% SINCE FY 2019**

On 24 May, Homeland Security Today reported that fentanyl seizures by US Customs and Border Protection jumped 14% from March to April — and have increased more than 400% since fiscal year 2019.

<https://www.hstoday.us/featured/fentanyl-seizures-have-soared-more-than-400-percent-since-fy-2019-cbp-reports/>

#### **UK: INDUSTRY WORKING GROUP ON eSIGNATURES FINAL REPORT**

On 14 March, the MoJ published the Final Report from the expert Industry working Group on electronic execution of documents. It sets out the Group's recommendations for reform including recommendations for enhanced certification and self-certification, and a uniformity of approach to e-signing and online identification.

<https://www.gov.uk/government/publications/industry-working-group-on-esignatures-final-report>

#### **PODCAST: TIMOTHY MCVEIGH AND THE RISE OF RIGHT-WING EXTREMISM**

On 25 May, this podcast from Lawfare discusses new and revealing information concerning McVeigh's motivations and trial strategy, Attorney General Merrick Garland's consequential role in the McVeigh trial, and the long-tail impact of the trial on right-wing domestic terrorism in the US, including the January 6 attacks on Congress.

<https://www.lawfareblog.com/lawfare-podcast-timothy-mcveigh-and-rise-right-wing-extremism>

#### **JERSEY CONSULTING ON CHANGES TO THE MONEY LAUNDERING ORDER**

On 24 May, the Jersey FSC advised that it was consulting on proposed amendments either look to align, clarify, or expand existing provisions in the Money Laundering Order. One of the proposals is to amend the meaning of "customer due diligence measures" to clarify that a "digital identification system that complies with the FATF Guidance on Digital Identity published on 6 March 2020 as amended or replaced from time to time constitutes a reliable and independent source". The consultation closes on 9 June.

<https://www.jerseyfsc.org/news-and-events/government-of-jersey-consulting-on-changes-to-the-money-laundering-order/>

### **CRYPTOCURRENCY FRAUD CASE AT SEYCHELLES' NOUVOBANQ**

On 22 May, the Seychelles News Agency reported that Nouvobanq has said that an investigation is ongoing by Seychelles' authorities into what appears to be a fraud case. The case involved cryptocurrency between several parties based internationally and locally, in which Nouvobanq was the targeted bank. Nouvobanq is one of several commercial banks in Seychelles, founded in 1991, in a joint venture between the Seychelles government and Standard Chartered Bank.

<http://www.seychellesnewsagency.com/articles/18711/Cryptocurrency+fraud+case+at+Seychelles%27+Nouvobanq+Two+new+suspects+in+police+detention>

### **NIGERIA OIL BRIBERY CASE: NETHERLANDS AND US MUST REOPEN INVESTIGATIONS INTO ENI AND SHELL'S ROLE**

On 22 May, Transparency International made this assertion, saying that Transparency International and its chapters in the Netherlands and the US urge authorities in the 2 countries to reopen investigations into Eni and Shell for alleged bribe-paying in Nigeria. The 2 oil multinationals are alleged to have paid over \$1billion in bribes to members of then-President Goodluck Jonathan's administration for the rights to the OPL245 offshore oilfield, in a case widely recognised as seriously detrimental to the people of Nigeria.

<https://www.transparency.org/en/press/nigeria-oil-bribery-netherlands-us-reopen-investigations-eni-shells-opl245>

### **OFAC SANCTIONS THE HEAD OF THE WAGNER GROUP IN MALI - IVAN ALEKSANDROVICH MASLOV**

On 25 May, OFAC announced that it had designated Maslov, the head of Russian Private Military Company 'Wagner' (aka Wagner Group) paramilitary units and its principal administrator based in Mali.

<https://ofac.treasury.gov/recent-actions/20230525>

<https://home.treasury.gov/news/press-releases/jy1502>

### **OFAC DELETES A NUMBER OF COLOMBIAN INDIVIDUALS AND ENTITIES FROM SANCTIONS LISTS**

On 25 May, OFAC listed a number of names which were being removed from its SDN List.

<https://ofac.treasury.gov/recent-actions/20230525>



<https://www.visualcapitalist.com/ranked-the-worlds-top-25-websites-in-2023/>



### **UK: PERSONAL DATA IN LITIGATION – ASSESSING THE DATA PROTECTION ACT “LEGAL PROCEEDINGS” EXCEPTION**

On 23 May, Gowling WLG published an article saying that, in addition to ensuring all relevant material is disclosed according to court rules, parties are required to ensure compliance with the DPA.

<https://gowlingwlg.com/en/insights-resources/articles/2023/personal-data-in-litigation/>

### **IMPORTANT AMENDMENTS TO UK FOREIGN INFLUENCE REGISTRATION SCHEME**

On 23 May, an article from Gowling WLG provides an update on the proposed FIRS scheme following amendment of the National Security Bill.

<https://gowlingwlg.com/en/insights-resources/articles/2023/uk-foreign-influence-registration-scheme/>

### **UK: COUNTERFEIT CLOTHING BOSS SENTENCED FOR VAT CAROUSEL FRAUD WORTH MORE THAN £150 MILLION**

On 25 May, a news release from HMRC announced that 2 men involved in one of the UK’s largest ever carousel tax frauds have been sentenced to a combined total of 31 years in jail. The gang tried to steal £97 million through VAT repayment claims on false exports of textiles and mobile phones. They also imported and sold counterfeit clothes that would have been worth at least £50 million, had they been genuine. The proceeds were used to buy property across Preston and London through offshore bank accounts. In total, 26 members of the gang have now been convicted; and more than £78 million of the gang’s assets have been restrained and the process to recover these proceeds of crime is in progress.

<https://www.mynewsdesk.com/uk/hm-revenue-customs-hmrc/pressreleases/counterfeit-clothing-boss-sentenced-for-fraud-worth-more-than-150-pounds-million-3255278>

### **RUSSIAN STATE-OWNED BANK VTB HAS OPENED A REPRESENTATIVE OFFICE IN IRAN**

On 17 May, Iran Watch reported that the Iranian government is planning to allow consumers to use Russia's Mir card payment system within Iran. Russian state-owned Promsvyazbank is already present in Iran. Sberbank, another large Russian financial institution, discussed strengthening its ties with Iran but has not yet entered the Iranian market.

<https://www.iranwatch.org/news-brief/russias-vtb-leads-moscows-efforts-strengthen-banking-presence-iran>

### **TO KEEP FLYING, RUSSIAN AIRLINES HUNT AND SCAVENGE FOR SPARE PARTS**

On 23 May, Kharon reported Russian airlines have been importing western-manufactured parts and equipment via third country-based intermediaries in order to bypass international sanctions and export controls. It also says that reports emerged in 2022 of planes being cannibalised for parts, and in December, a Russian government decree legitimised this practice.

<https://brief.kharon.com/updates/to-keep-flying-russian-airlines-hunt-and-scavenge-for-spare-parts>

### **DUTCH PROSECUTORS SEIZE LAND OWNED BY VLADIMIR PUTIN'S FORMER SON-IN-LAW**

On 25 May, the Guardian reported that the plot of land in Duivendrecht is owned by Jorrit Faassen, a Dutch businessman who was married to Maria Vorontsova, the Russian President's elder daughter.

<https://www.theguardian.com/world/2023/may/25/dutch-prosecutors-seize-land-owned-by-vladimir-putins-former-son-in-law>

### **MONEY EXCHANGES IN UAE REFUSE TO DEAL WITH 2,000 RUPEES INDIAN BANKNOTES**

On 25 May, Gulf Today reported that exchange companies in the UAE refuse to deal with the Indian banknotes, worth around \$24. The Indian Central Bank gave individuals who own the notes a deadline until the end of September, in order to exchange it in India, although only 20,000 rupees will be allowed to be deposited.

<https://www.gulftoday.ae/business/2023/05/25/money-exchanges-in-uae-refuse-to-deal-with-rs2000-indian-banknotes-after-rollback>

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

