

22 May 2023

UK: HIGH COURT PERMITS REDEMPTION OF LOAN NOTES BY PAYMENT INTO COURT

On 22 May, the EU Sanctions blog reported on a recent case in which the High Court allowed the redemption of loan notes held by a sanctioned entity, with the proceeds being paid into a court account, for the entity to seek to recover once sanctions were lifted.

<https://www.europeansanctions.com/2023/05/high-court-permits-redemption-of-loan-notes-held-by-sanctioned-entity-by-payment-into-court/>

US CHARGES GREEK BUSINESSMAN WITH SMUGGLING MILITARY AND DUAL-USE GOODS TO RUSSIA

On 22 May, Intellinews reported that the DoJ had charged a Greek national with wire fraud and smuggling sensitive military-grade and dual-use goods from the US to Russia using Netherlands companies. The suspect, Dr Nikolaos “Nikos” Bogonikolos, 59, was arrested in Paris, on 9 May, and is currently in custody pending extradition proceedings.

<https://intelnews.org/2023/05/22/01-3279/>

SWISS EXPORTS OF DUAL-USE GOODS TO UKRAINE INCREASE SHARPLY

On 21 May, MENA FN reported that official statistics show that Swiss exports of dual-use goods to Ukraine have risen significantly in the first quarter of 2023, sparking questions about Switzerland's stance on neutrality.

<https://menafn.com/1106283378/Swiss-Exports-Of-Dual-Use-Goods-To-Ukraine-Increase-Sharply>

SANCTIONS THREATEN RUSSIAN AVIATION SAFETY: EXPIRED COMPONENTS AND CONCEALED MALFUNCTIONS

On 21 May, El Pais reported that Russian airliners continue to fly and the country's airlines transported 95.1 million passengers last year, and their volume of activity has further increased this year. However, a series of leaks has uncovered the industry's negligence in ensuring safety. For example, inspections by a Transportation Ministry agency have revealed that at least 2,000 flights took off with components that had passed their operational lifespan.

<https://english.elpais.com/international/2023-05-21/sanctions-threaten-russian-aviation-safety-expired-components-and-concealed-malfunctions.html>

BANGLADESH: TRADE-BASED MONEY LAUNDERING “FALLS SIGNIFICANTLY”

On 22 May, the Financial Express reported that the Association of Bankers Bangladesh (ABB) has reported a fall in TBML. It made this announcement at the launch of Bangladesh’s Banking Sector Outlook 2023.

<https://thefinancialexpress.com.bd/economy/bangladesh/trade-based-money-laundering-falls-significantly>

<https://www.thedailystar.net/business/economy/news/trade-based-money-laundering-trimmed-association-bankers-3326476>

ARMS DEALER IS ONLY THE SECOND AMERICAN CONVICTED OF TORTURE

On 21 May, Rolling Stone carried an article about Ross Roggio, 54, a former paratrooper and con artist from Stroudsburg, Pennsylvania, had been convicted of 39 counts of torture, arms smuggling, wire fraud and money laundering. The charges stem from a plan to build an illegal weapons factory in Iraqi Kurdistan, and weapons made in this factory were sold on the black market in Iraq and Syria, contributing to regional conflict. It involved a victim, an Estonian named Siim Saar, who had uncovered Roggio’s embezzling.

<https://www.rollingstone.com/politics/politics-features/ross-roggio-grifter-arms-dealer-guilty-torture-1234739277/>

JAPAN MOVES TO EASE CONSTRAINTS ON THE EXPORT OF WEAPONS

On 22 May, Aviation Week reported that Japan is considering easing arms export restrictions, a move that could bolster its struggling defence industry.

<https://aviationweek.com/defense-space/missile-defense-weapons/japan-moves-ease-constraints-export-weapons>

PIG BUTCHERING AND 3 OTHER SCAMS

On 22 May, ITV provided explanations of “pig butchering” (so-called because they “fatten up” the victim by forming a romantic connection before executing the investment part of the scam), fake missing person appeals, PayPal scams, and fake app alerts.

<https://www.itv.com/news/2023-05-22/what-is-pig-butchering-the-four-most-devious-new-scams>

EU DIRECTIVE ON THE EXCHANGE OF INFORMATION BETWEEN THE LAW ENFORCEMENT AUTHORITIES OF MEMBER STATES

EU Directive 2023/977/EU repeals and replaces Council Framework Decision 2006/960/JHA. It establishes harmonised rules for the adequate and rapid exchange of information between the competent law enforcement authorities for the purpose of preventing, detecting or investigating criminal offences.

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2023.134.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A134%3ATOOC

EU ADDS 5 NAMES TO IRAN SANCTIONS LIST

EU Regulation 2023/986/EU added 5 names to the EU Iranian sanctions list following the widespread and disproportionate use of force by the Iranian security forces against non-violent protestors.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.LI.2023.134.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A134%3ATOOC>

<https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=uriserv:OJ.LI.2023.134.01.0006.01.ENG&toc=OJ:L:2023:134I:TOC>

KAZAKHSTAN HAS BECOME A PATHWAY FOR THE SUPPLY OF RUSSIA'S WAR MACHINE

On 19 May, OCCRP published a report saying that Western sanctions are meant to prevent Russia from supplying its military from abroad, but sensitive electronics are still getting through. Reporters traced several of these supply chains through Kazakhstan — and found that they run through companies newly established by Russians.

<https://www.occrp.org/en/investigations/kazakhstan-has-become-a-pathway-for-the-supply-of-russias-war-machine-heres-how-it-works>

AUSTRALIAN WATCHDOG CALLS FOR AUDIT OF STATE'S PUBLIC SECTOR STAFF FOLLOWING INVESTIGATION

On 21 May, Jurist reported that the Northern Territories Independent Commission Against Corruption (ICAC) released the findings of an independent investigation, concluding that a public officer had falsified qualifications to be appointed to 3 separate high-ranking positions between 2013 and 2018. The Commission urged public bodies to audit and verify personnel records which are “contingent upon the holding of a particular qualification”.

<https://www.jurist.org/news/2023/05/australia-corruption-watchdog-calls-for-audit-of-public-sector-staff-following-investigation/>

UN IS SET TO SANCTION AUSTRALIA FOR FAILING TO MEET ITS INTERNATIONAL HUMAN RIGHTS OBLIGATIONS

On 20 May, Jurist reported that Australia had failed to implement the UN Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment.

Currently, 14 countries have been sanctioned for non-compliance, and Australia would be the first OECD nation to be included in a non-compliant list.

<https://www.jurist.org/news/2023/05/australia-to-become-first-oecd-nation-on-un-human-rights-non-compliance-list/>

DUBAI CUSTOMS SEIZED 330 TONNES AND 200 SAMPLES BANNED UNDER CITES CONVENTION OVER THE LAST 3 YEARS

On 22 May, ANI reported a statement from Dubai Customs.

<https://www.aninews.in/news/world/middle-east/dubai-customs-seizes-330-tonnes-200-samples-banned-under-cites-convention20230522041921/>

UK FINANCE REPORT SHOWS PERSISTING RISK IN INVOICE AND CEO FRAUD FOR BUSINESSES

On 22 May, an Out-Law article said that invoice and CEO scams remain some of the main financial fraud risks businesses face, despite a drop in overall fraud losses in 2022 compared to the previous year, according to a report by UK Finance.

<https://www.pinsentmasons.com/out-law/news/uk-finance-report-shows-persisting-risk-invoice-ceo-fraud-businesses>

RUSSIANS COULD BE DISGUIISING CASH TO EVADE CANADIAN SANCTIONS, FEDERAL AGENCY WARNS

On 18 May, the Montreal Gazette reported that FINTRAC also said that those seeking to launder the proceeds might try to hide assets by transferring ownership to close associates. It warned that Russians subject to economic sanctions due to the attack on Ukraine could try to evade them using shell companies, cryptocurrency and real-estate transactions.

<https://montrealgazette.com/news/canada/russians-could-be-disguising-cash-to-evade-canadian-sanctions-federal-agency-warns/wcm/bc8ac18a-0633-4313-9798-af583f240524/>

UK: HOMELESSNESS CHARITY CENTREPOINT ‘MONITORING SITUATION’ AFTER ADVISER NAMED IN MONEY LAUNDERING PROBE

On 18 May, Civil Society reported that Javad Marandi has supported Centrepoint since 2019 and was appointed co-chair of its growth board in January 2020. Marandi has denied any wrongdoing and Centrepoint told Civil Society that it is not aware of any reasons for concern regarding any current or previous donations made by the Marandi Foundation but is “monitoring the situation closely”.

<https://www.civilsociety.co.uk/news/centrepoint-monitoring-situation-after-adviser-named-in-money-laundering-probe.html>

BRAZIL'S TOP COURT CONVICTS EX-PRESIDENT COLLOR ON MONEY LAUNDERING AND CORRUPTION

On 18 May, Yahoo News reported that Brazil's supreme court has voted to convict former President Fernando Collor de Mello, 73, on corruption and money laundering charges. He was impeached in 1992 on corruption charges.

<https://news.yahoo.com/brazils-top-court-convicts-ex-002502958.html>

COMPANIES BEHIND MALTA HOSPITAL CONTROVERSY SPENT MILLIONS ON LUXURIES, PAYMENTS TO DIRECTOR

ON 17 May, an OCCRP report said that, in February a Maltese court annulled a €2.1 billion public healthcare contract over suspicion of fraud. Financial records obtained by reporters show the people behind the contract used company accounts to buy personal and luxury items, and funnelled millions of euros to themselves and relatives under the guise of loans and other payments.

<https://www.occrp.org/en/investigations/companies-behind-malta-hospital-controversy-spent-millions-on-luxuries-payments-to-director>

SECRET ABRAMOVICH FOOTBALL FUNDING SET TO BE INVESTIGATED

On 19 May, the Bureau of Investigative Journalists reported that the Dutch football association, the KNVB, is to authorise an independent investigation into alleged financial ties between former Chelsea owner Roman Abramovich and top-flight club Vitesse Arnhem. It said that an investigation had uncovered a complex network of loan arrangements between the club's holding company and a series of companies, which ultimately appeared to trace back to Abramovich.

<https://www.thebureauinvestigates.com/stories/2023-05-19/secret-abramovich-football-funding-set-to-be-investigated>

JERSEY: CONSULTATION ON CHANGES TO THE MONEY LAUNDERING ORDER

Jersey is consulting on changes to the Island's AML law. The consultation opened on 12 May and closes on 9 June.

<https://www.gov.je/government/consultations/pages/changesmoneylaunderingorder.aspx>

UK'S NEW STRATEGY TO FIGHT FRAUD GRABS HEADLINES BUT LEAVES POLICE OUTGUNNED

A post on the FCPA Blog on 22 May makes this assertion, saying that considering the magnitude of the problem that already exists, proposals are not likely to have much impact. It is said that one reason the strategy faces long odds is because fraud is underreported and, therefore, difficult to tackle.

<https://fcpablog.com/2023/05/22/uks-new-strategy-to-fight-fraud-grabs-headlines-but-leaves-police-outgunned/>

UK: GUIDANCE NOTE FOR COMPANIES TO HELP THEM UNDERSTAND WHAT THEY NEED TO DO TO ENSURE THEY ARE COMPLYING WITH THE RUSSIA SANCTIONS

On 22 May, the Export Control Joint Unit issued Notice to Exporters 2023/08. It is said that the aim of the Notice is to prevent the undermining of trade sanctions, export controls, and other restrictive measures designed and implemented in response to Russia's invasion of Ukraine. Awareness of the risk and obligations in relation to sanctioned goods is an important first step for trade.

<https://www.gov.uk/government/publications/notice-to-exporters-202308-russia-sanctions-trade-sanctions-circumvention/nte-202308-russia-sanctions-trade-sanctions-circumvention>

<https://www.gov.im/news/2023/may/22/export-notice-russia/>

NORTH KOREA EXPORTED A RECORD AMOUNT OF FAKE HAIR TO CHINA IN APRIL

On 22 May, NK Pro reported that DPRK has used prison labour in past to turn human hair imports into wigs, fake beards and eyelashes.

<https://www.nknews.org/pro/north-korea-exported-record-amount-of-fake-hair-to-china-in-april-data-shows/>

UK: 4 RUSSIA SANCTIONS ENTRIES AMENDED

On 22 May, a Notice from HM Treasury advised that 3 existing entries had been amended, and the non-Latin script for a further entry has been amended.

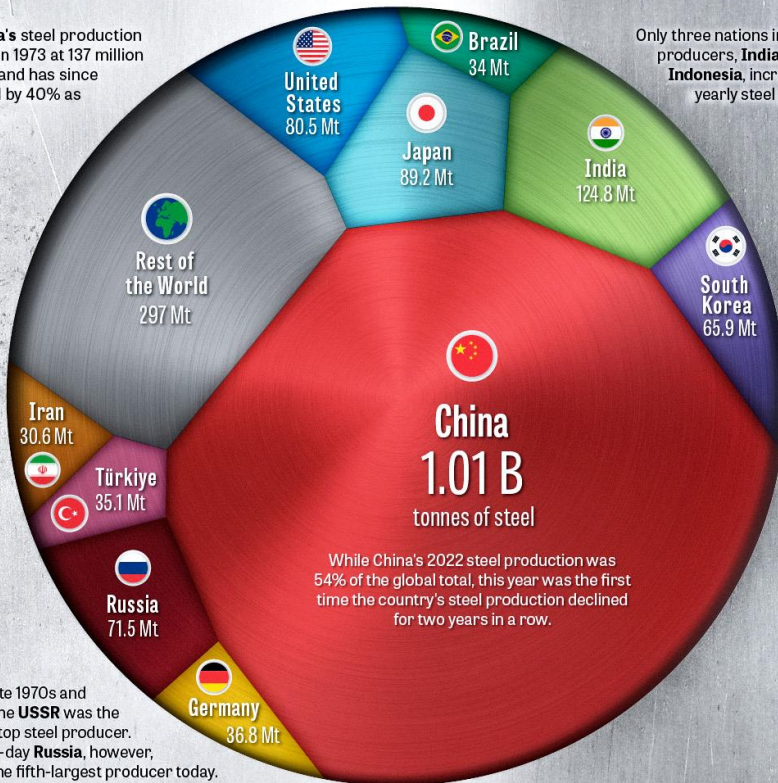
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1158255/Notice_Russia_220523.pdf

THE WORLD'S TOP STEEL-PRODUCING NATIONS

STEEL PRODUCTION BY COUNTRY IN 2022 IN MILLIONS OF TONNES

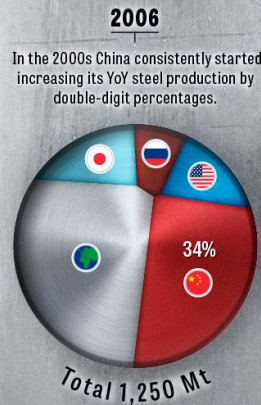
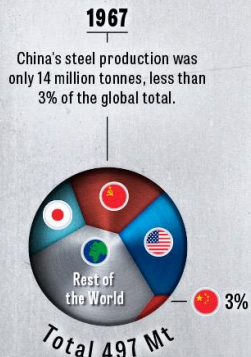
America's steel production peaked in 1973 at 137 million tonnes, and has since declined by 40% as of 2022.

Only three nations in the top 15 producers, **India, Iran, and Indonesia**, increased their yearly steel production in 2022.



In the late 1970s and 1980s, the **USSR** was the world's top steel producer. Modern-day **Russia**, however, is only the fifth-largest producer today.

CHINA'S SURGE IN STEEL PRODUCTION OVER TIME



HONG KONG MONETARY AUTHORITY KICKSTARTS E-HKD RETAIL CBDC PILOT

On 22 May, Fintech Futures reported that HKMA has kickstarted its e-HKD pilot programme, a “key component” of its approach to the potential rollout of a retail central bank digital currency (CBDC). A total of 16 firms have been chosen from across the financial, payments and technology sectors to take part in the first round of pilots this year.

<https://www.fintechfutures.com/2023/05/hong-kong-monetary-authority-kickstarts-e-hkd-retail-cbdc-pilot/>

UK: RUSSIA SANCTIONS GENERAL LICENCE ON “PRIOR OBLIGATIONS”

On 22 May, HM Treasury announced a new General Licence. Anybody intending to use the General Licence should consult the copy of the licence for full details of the definitions, permissions, and usage requirements. The Licence covers prior contractual obligation of a designated person.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1158368/INT_2023_3024200.pdf

THE INSTITUTE AML AND FINANCIAL CRIME DIGEST #102

<https://www.linkedin.com/pulse/institute-aml-financial-crime-digest-102-22523-imlpo/?trackingId=T9O3ApCTReKWLGaY%2FZijLA%3D%3D>

THE SOUR TRUTH OF OXFORD STREET’S CANDY SHOP CURSE

On 22 May, Yahoo News carried an Evening Standard report on the “weird” US-style candy and souvenir shops in London’s top shopping street, saying that behind the gaudy exteriors, activities like the sale of illegal goods and money laundering are taking place. Authorities are finally cracking down on this criminality, as well as many millions in unpaid business taxes, but how did the West End turn into the Wild West for all these cowboys?

<https://uk.news.yahoo.com/sour-truth-oxford-street-candy-092101949.html>

FORMER BOSS OF A CITY OF LONDON FOREIGN EXCHANGE COMPANY IS FOUND GUILTY OF AN AROUND £70 MILLION FRAUD

A news release from the CPS on 22 May advised that Anthony Constantinou, 41, the former director of a finance company based in the City of London, has been convicted of being responsible for an around £70 million investment fraud, which stole money from members of the public. Investors returns were paid directly out of the investments, and the rest of the money was spent. Millions of

pounds were lavished on the image of the firm, including sponsorship deals designed to make it look successful and thereby attract yet more investment, and millions of pounds were paid for the benefit of Constantinou who controlled the funds.

<https://www.cps.gov.uk/cps/news/former-boss-city-london-foreign-exchange-company-found-guilty-around-ps70m-fraud>

A HUSBAND HID \$500,000 IN BITCOIN DURING A DIVORCE — AND GOT BUSTED BY A CRYPTO HUNTER

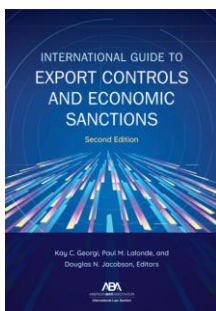
On 20 May, CNBC reported that it had spoken with divorce attorneys from Florida, New York, Texas and California, blockchain forensic investigators, financial advisors, spouses who were hunting down virtual coins and some of the crypto holders themselves to find out how crypto plays into divorce. In one case, a few months into divorce proceedings, one wife thought it was suspicious that her spouse, who earned \$3 million annually, didn't have many assets. After spending half a year on discovery and enlisting the help of a forensic accountant, the New York housewife eventually tracked down 12 bitcoins — then worth half a million dollars — in a previously undisclosed crypto wallet.

<https://www.cnbc.com/2023/05/20/bitcoin-in-divorce-how-spouses-hide-assets-crypto-hunters-find-them.html>

AMERICAN BAR: INTERNATIONAL GUIDE TO EXPORT CONTROLS AND ECONOMIC SANCTIONS, SECOND EDITION

The American Bar Association has published this updated guide. This handbook offers an expanded scope covering the US, 23 other countries, and the EU. Warning: it costs \$329.95!

<https://www.americanbar.org/products/inv/book/431116696/>



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

