

16 May 2023

CHINESE COMPANIES SWITCH AUDITORS TO AVOID US DELISTING RISK

On 16 May, Nikkei Asia reported that more than a dozen Chinese companies have switched from China-based to US and Singapore auditors in recent months, thus reducing potential challenges to their US listings under the Holding Foreign Companies Accountable Act 2020.

<https://asia.nikkei.com/Politics/International-relations/US-China-tensions/Chinese-companies-switch-auditors-to-avoid-U.S.-delisting-risk>

UK: HMRC CONSULTATION ON THE TAXATION OF DECENTRALISED FINANCE (DeFi)

On 12 May, an article from Baker McKenzie reported that, in April, HMRC issued a second consultation re the taxation of transactions in the DeFi market. In short, it says, HMRC proposes to legislate to ensure that the use of cryptoassets in certain DeFi transactions would no longer give rise to a taxable disposal, but instead would trigger taxation only when the assets are economically disposed of in a non-DeFi transaction. The consultation runs to 22 June, and new legislation is anticipated for 2024.

<https://blockchain.bakermckenzie.com/2023/05/12/uk-hmrc-takes-positive-steps-on-defi-by-opening-consultation-on-the-taxation-of-decentralised-finance/#page=1>

LAB MONKEY PRICES SOAR IN US AFTER CHINA CUTS OFF EXPORTS

On 16 May, Nikkei Asia reported that prices of laboratory monkeys in the US have risen some 15-fold compared to pre-Covid prices, after China blocked exports and a new, stable source has yet to be found.

<https://asia.nikkei.com/Business/Pharmaceuticals/Lab-monkey-prices-soar-in-U.S.-after-China-cuts-off-exports>

SWEDEN GAMBLING REGULATOR GIVEN NEW PAYMENT BLOCKING POWERS

On 15 May, iGB reported that the Spelinspektionen had been provided with a suite of new powers including the new rules concerning the body's capability to block payments from unlicensed operations. The new provisions come into force on 1 July. Other new powers include the ability to purchase gambling services under a hidden identity in order to monitor the activities of gaming companies active in the regulated market; and to store and pass on personal data in order to prevent match-fixing.

<https://igamingbusiness.com/legal-compliance/sweden-gambling-regulator-given-new-payment-blocking-powers>

UK: 3 SANCTIONS ENTRIES AMENDED

On 16 May, HM Treasury issued 3 Notices, advising that a single existing entry in 3 sanctions regimes had been amended –

That of Roman Nikolaevich LEPA under the Russia sanctions;

That of DAMASCUS CHAM HOLDING under the Syria sanctions; and

That of Zvonko VESELINOVIC under the Global Anti-Corruption sanctions.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1156906/Notice_Russia_160523.pdf

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1156909/Notice_Syria_160523.pdf

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1156912/Notice_Global_Anti_Corruption_160523.pdf

EXXON MOBIL SETTLES INDONESIAN LONG-RUNNING HUMAN RIGHTS ABUSE CASE

On 15 May, the Wall Street Journal reported that Exxon Mobil has reached a settlement with Indonesian villagers who sued the company more than 20 years ago for alleged human rights abuses by contract soldiers hired to guard the company's operations in Aceh province. The settlement comes ahead of a widely anticipated trial. The villagers sued in US courts in 2001, alleging the soldiers committed atrocities including sexual assault, torture, and murder.

<https://www.wsj.com/articles/exxon-mobil-settles-indonesians-long-running-abuse-suit-95b07553>

NORTH KOREA STEPS UP 'PERSISTENT, OPPORTUNISTIC' CYBERCRIME TO FUND NUCLEAR PROGRAMMES

On 16 May, the South China Morning Post reported that, at a recent event, the deputy national security adviser for cyber and emerging technology for the Biden administration, said "about half of North Korea's missile programme had been funded by cyberattacks and cryptocurrency theft". It is also reported that a report by the UN Security Council (UNSC) in April showed that 2022 was a record-breaking year for North Korea's cryptocurrency theft, with security experts estimating that it stole up to \$1 billion worth of virtual assets last year, and used increasingly sophisticated cyber techniques both to gain access to digital networks involved in cyber finance and to steal information of potential value, including to its weapons programmes.

<https://www.scmp.com/week-asia/politics/article/3220727/north-korea-doubles-down-persistent-opportunistic-cybercrime-fund-nuclear-efforts>

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS HAS SENT OUT A REMINDER ABOUT THE SANCTIONS WHICH APPLIED TO RUSSIAN FISHING VESSELS' PORT CALLS

On 16 May, High North News reported the reminder of what Russian vessels are allowed and not allowed to do when they call at Norwegian ports. All services provided for Russian fishing vessels are essentially forbidden. Port access for Russian fishing vessels is allowed only at 3 ports - Båtsfjord, Tromsø, and Kirkenes in Northern Norway. The aim of the exception has always been the consideration of sustainable fishery cooperation between Norway and Russia.

<https://www.highnorthnews.com/en/norwegian-government-expects-business-sector-adhere-sanctions>

US IMPORTS OF 'BLOOD TEAK' FROM MYANMAR CONTINUE DESPITE SANCTIONS

On 16 May, the Guardian reported that thousands of tons of timber from Myanmar have continued to be imported into the US, despite government sanctions against the country's state-run timber company, a new report from the Environmental Investigation Agency has revealed. Teak, prized for its natural water resistance in the building of luxury yachts, furniture and flooring, has been a controversial material for years because of deforestation in Myanmar. The report names the top 12 US-based companies that have imported teak from Myanmar since the start of the coup; and says that 2 companies have what the report says is a duopoly on Myanmar teak imports in the US, making up 88% of all teak imports over the past 2 years with more than 1,600 tons of imports combined.

<https://www.theguardian.com/world/2023/may/16/myanmar-teak-wood-import-sanctions>

UK: TORY DONOR'S LINK TO MASSIVE MONEY LAUNDERING PROBE

On 16 May, the BBC and others reported that a top businessman whose foreign companies were part of a global money laundering investigation is a major donor to the Conservative Party. After losing a long-running legal fight with the BBC, the High Court had lifted reporting restrictions, amid allegations linked to an elaborate money-laundering scheme involving one of Azerbaijan's richest oligarchs. The High Court ruled that Javad Marandi can be identified because he had been a "person of importance" in an NCA case connected to the scheme which became known as the "Azerbaijani Laundromat". Marandi denies any wrongdoing.

<https://www.bbc.com/news/uk-61264369>

<https://www.standard.co.uk/news/uk/conservative-tory-party-donor-javad-marandi-conran-shop-anyahindmarch-money-laundering-nca-b1081279.html>

<https://www.occrp.org/en/27-ccwatch/cc-watch-briefs/17629-uk-investigators-tory-donor-received-230-million-in-suspicious-funds>

UK: GANG JAILED FOR PASSPORTS SCAM THAT LET SERIOUS CRIMINALS GO ON THE RUN

On 16 May, the Belfast Telegraph reported that a gang which supplied “golden ticket” falsified passports to fugitive criminals including murderers and drug dealers has been jailed. They who paid vulnerable people for their expired passports so he could apply for renewals using their names but criminals’ photos. Criminals paid up to £20,000 for the fraudulently obtained genuine (FOG) passports, that enabled them to go on the run and start a new life abroad.

<https://www.belfasttelegraph.co.uk/news/uk/gang-jailed-for-passports-scam-that-let-serious-criminals-go-on-the-run/1763809889.html>

<https://www.theguardian.com/uk-news/2023/may/16/uk-ringleaders-jailed-over-scam-providing-fake-passports-for-criminals>

HONG KONG COURT CONFIRMS CRYPTOCURRENCY IS “PROPERTY” IN LANDMARK RULING

An article from Akin Gump on 15 May reported that the Hong Kong High Court has, for the first time, confirmed that cryptocurrencies constitute “property” under Hong Kong law and are capable of being held on trust.

<https://www.jdsupra.com/legalnews/hong-kong-court-confirms-cryptocurrency-8309574/>

A WELL-CONNECTED INTERMEDIARY CLAIMING TO REPRESENT A TOBACCO MOGUL OFFERED CASH TO THE HEAD OF MALI’S STATE TOBACCO COMPANY

On 16 May, OCCRP reported that the intermediary had been caught on tape seeking to “unblock” some business issues for one of West Africa’s richest men. It is said that the self-proclaimed fixer operating across West Africa, who claims to have ties to the presidential family of Burkina Faso, said she had arranged the sit-down via a mutual contact. She was there to convince the head of the company and an influential figure in Mali’s tobacco industry, to stop Malian customs from seizing cigarettes belonging to the Burkinabè tycoon Apollinaire Compaoré, a major distributor of international brands like Marlboro and American Legend.

<https://www.occrp.org/en/loosetobacco/alleged-associate-of-burkinabe-cigarette-tycoon-apolinaire-compaore-caught-on-tape-attempting-to-bribe-malian-official>

UK: HIGH COURT DECISION CLARIFIES LIMITS OF BANKERS TRUST DISCLOSURE ORDERS

On 16 May, an article from Out-Law reported that a recent English High Court decision reminds parties that English disclosure orders against non-parties, intended to help victims of cross-border fraud, cannot generally override foreign law obligations, despite new procedural rules. A judge discharged the Bankers Trust orders because they would put the banks in breach of Australian confidentiality and privacy laws.

<https://www.pinsentmasons.com/out-law/news/high-court-decision-clarifies-limits-of-bankers-trust-disclosure-orders>

UK: INVESTIGATORY POWERS TRIBUNAL FINDS NCA EncroChat HACKING WARRANTS WERE LAWFUL

On 11 May, Computer Weekly reported that the IPT rejected claims from defence lawyers that the NCA withheld critical information when it applied to a senior judge for a warrant to obtain messages from the encrypted phone network. But in a significant legal move, it referred questions about the legal admissibility of EncroChat evidence back to the criminal courts to resolve, opening up the way for further legal challenges.

<https://www.computerweekly.com/news/366537182/Investigatory-Powers-Tribunal-finds-NCA-EncroChat-hacking-warrants-were-lawful>

DISTURBING VIRTUAL KIDNAPPING CRIME HITS CHINESE INTERNATIONAL STUDENTS IN AUSTRALIA

On 14 May, News.com reported that young Chinese students are being told by scammers they need to pay huge sums of money to avoid being deported or being arrested. And if they can't pay up, they are then forced into faking their own kidnapping.

<https://www.news.com.au/finance/virtual-kidnapping-scams-disturbing-aussie-crime-rocks-chinese-international-students/news-story/9f50ee4a2feb2d4095a3b22cd45e2e5c>

US FRAUD RISK MANAGEMENT: KEY AREAS FOR FEDERAL AGENCY AND CONGRESSIONAL ACTION

On 13 April, the Governmental Accountability Office issued a report which said that Congress can also help reduce fraud risk across the US Government by:

- Requiring agencies to report on their fraud risk management efforts in their financial reports; and
- Establishing a permanent analytics centre to help agencies identify fraud and payment errors in their programs.

The report also highlights areas where GAO's prior work has shown that federal agencies and Congress can take action to help ensure effective fraud risk management.

Federal Agencies Need to Improve Fraud Risk Management Efforts in Five Areas



Source: GAO (information and icons). | GAO-23-106567

<https://www.gao.gov/products/gao-23-106567>

HOW EL CHAPO'S SONS BUILT A FENTANYL EMPIRE IN THE US

On 9 May, a Reuters Special Report said that the brothers have emerged as key figures in the violent Sinaloa Cartel.

<https://www.reuters.com/investigates/special-report/mexico-drugs-chapitos/>

BIGGEST-EVER COLOMBIAN NARCO SUB INTERCEPTED

On 12 May, France 24 reported that the French Navy says that the largest Colombian "narco sub" ever recorded - some 30 meters (100 feet) long and 3 meters wide - has been decommissioned in the Pacific, with 3 tons of cocaine found on board. The semi-submersible vessel was intercepted on its way to Central America with 3 crew aboard. In 3 decades, the Colombian navy has seized 228 such drug-laden semi-submersibles, which are never fully underwater but used by traffickers to elude detection by coast guard and other authorities. Some were bound for the US, while others were intercepted in the Atlantic, headed for Europe.

<https://www.france24.com/en/live-news/20230512-biggest-ever-colombian-narco-sub-intercepted>

SMARTPHONES SEIZED IN ARRESTS AND SEARCHES BY POLICE FORCES ACROSS THE US ARE BEING AUCTIONED ONLINE WITHOUT FIRST HAVING THE DATA ON THEM ERASED, WHICH CAN LEAD TO CRIME VICTIMS BECOMING VICTIMS

On 16 May, the Krebs on Security blog reported that the outcome of a study. It says that, in response, the largest online marketplace for items seized in US law enforcement investigations says it now ensures that all phones sold through its platform will be data-wiped prior to auction.

<https://krebsonsecurity.com/2023/05/re-victimization-from-police-auctioned-cell-phones/>

LEBANESE CENTRAL BANK CHIEF RIAD SALAMEH FAILS TO ATTEND FRAUD HEARING IN FRANCE

On 16 May, The National in the UAE and others reported that Lebanon's central bank chief did not attend a hearing in Paris where French prosecutors were expected to press preliminary fraud and money laundering charges against him. He, his brother and the central bank chief's assistant are being investigated in Lebanon and in at least 5 European countries for allegedly embezzling hundreds of millions of dollars from the central bank.

<https://www.thenationalnews.com/mena/lebanon/2023/05/16/lebanese-central-bank-chief-riad-salameh-fails-to-attend-fraud-hearing-in-france/>

NORTH KOREAN TRADING COMPANY UNDER THE DEFENCE MINISTRY PREPARING TO SEND SOLDIERS OVERSEAS

On 16 May, Daily NK reported that a trading company affiliated with North Korea's Ministry of Defense – the Jonsong Trading Company - is preparing to deploy soldiers overseas for foreign currency earning activities,

<https://www.dailynk.com/english/n-korean-trading-company-under-defense-ministry-preparing-to-send-soldiers-overseas/>

SWITZERLAND UPDATES SYRIA SANCTIONS LISTS

On 16 May, the EU Sanctions blog reported that Switzerland had added 25 entries to its sanctions lists, bringing the lists into line with recent EU changes.

<https://www.europeansanctions.com/2023/05/switzerland-makes-syria-listings-amends-iran-myanmar-designations/>

OFAC SANCTIONS RUSSIAN RANSOMWARE ACTOR COMPLICIT IN ATTACKS ON POLICE AND US CRITICAL INFRASTRUCTURE

On 16 May, OFAC designated Mikhail Matveev for his role in launching cyberattacks against US law enforcement, businesses, and critical infrastructure. Concurrently, the US District Courts for the District of New Jersey and the District of Columbia unsealed indictments against Matveev.

Additionally, the Department of State announced an award of up to \$10 million for information that leads to the arrest and/or conviction of Matveev under its Transnational Organized Crime Rewards Program.

<https://ofac.treasury.gov/recent-actions/20230516>

<https://home.treasury.gov/news/press-releases/jy1486>

EU RUSSIA SANCTIONS NEW FAQ: ASSET FREEZE AND PROHIBITION TO MAKE FUNDS AND ECONOMIC RESOURCES AVAILABLE

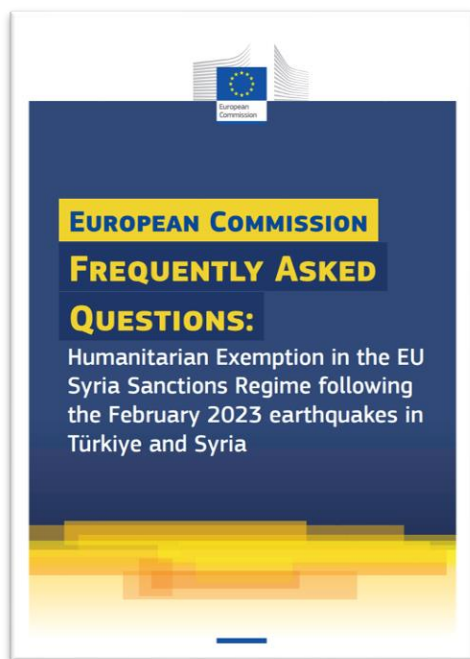
On 16 May, the EU Sanctions blog advised that the EU had added a new FAQ about what a request for derogation might mean if the applicant does not consider itself to be owned or controlled by a sanctioned person, but its counterparts do? Would that amount to an acknowledgement of ownership and/or control by the sanctioned person over the company?

<https://www.europeansanctions.com/2023/05/eu-commission-adds-faq-41-to-regulation-269-guidance/>

THE HUMANITARIAN EXEMPTION INSERTED INTO EU SYRIA SANCTIONS FOLLOWING THE EARTHQUAKE

On 16 May, the EU published a set of FAQ re the humanitarian exemption under Syrian sanctions following the earthquake in February.

https://finance.ec.europa.eu/system/files/2023-05/230516-faqs-humanitarian-exemption-syria_en.pdf



FRENCH AUTHORITIES SEEK €2.5 BILLION FROM BANKS IN TAX FRAUD CASE

On 16 May, Yahoo News reported that French authorities are seeking to recover €2.5 billion in back taxes from several banks over their alleged roles in a scheme used to avoid taxes linked to dividend payments - the so-called “cum-cum” trades designed to dodge such taxes.

<https://uk.news.yahoo.com/french-authorities-seek-2-5-172443950.html>

US POST AND POSTAL INSPECTION SERVICE EXPAND CRIME PREVENTION MEASURES

On 16 May, Parcel & Post reported that the US Postal Service (USPS) and the US Postal Inspection Service have expanded actions to protect postal employees and the security of the mail and packages as threats and attacks on letter carriers and mail fraud incidents have escalated concurrently with a national rise in crime. Letter carrier robberies are on the rise across the nation, and an increase in high volume mail theft incidents from mail receptacles including blue collection boxes.

<https://www.parcelandpostaltechnologyinternational.com/news/delivery/usps-and-postal-inspection-service-expand-crime-prevention-measures.html>

NEW FLORIDA LAW BANNING REAL ESTATE OWNERSHIP BY FOREIGN PRINCIPALS FROM CERTAIN FOREIGN COUNTRIES

On 16 May, an article from Carlton Fields was concerned with a new law which prohibits the direct or indirect ownership of various categories of real estate by individuals and companies (in addition to government and party officials) from a number of foreign nations (including China, Russia, Iran, North Korea, Cuba, Venezuela, and Syria).

<https://www.jdsupra.com/legalnews/new-florida-law-banning-real-estate-9614692/>

US: A GUIDE TO THE DEPOSITION PROCESS

On 16 May, US Legal Support published this article explaining the process, saying that depositions are usually scheduled to interview the opposition's witnesses, but an attorney may also depose their own witnesses. Depositions are the official meetings scheduled during the discovery (disclosure) process where witnesses for either side are sworn in and questioned at length.

<https://www.jdsupra.com/legalnews/a-guide-to-the-deposition-process-3820143/>

PORTUGUESE EX-BANKER CONVICTED OF FRAUD IN \$20 MILLION ART DEAL HAS EVADED JAIL TIME AFTER A CRIMINAL STATUTE EXPIRED

On 16 May, Artnet News reported that a high-profile former bank director in Portugal was convicted over an art deal more than 20 years ago. However, amid legal wrangling and red tape over which court had authority to prosecute him, the time limit on sending him to jail expired.

<https://news.artnet.com/art-world/portuguese-banker-20-million-deal-fraud-walks-free-2296049>

FOUNDER AND PRESIDENT OF EUROPEAN DEFENCE CONGLOMERATE CHARGED WITH HELPING THE RUSSIAN MILITARY EVADE US SANCTIONS AND EXPORT CONTROLS

On 16 May, a news release from the US Attorney's Office in the Eastern District of New York advised that a compliant has charged Dr Nikolaos "Nikos" Bogonikolos with wire fraud conspiracy and smuggling. Bogonikolos, a Greek national, was arrested in Paris on 9 May and remains in custody pending the resolution of extradition proceedings. It is alleged that, while ostensibly operating as a defence contractor for NATO and other ally countries, the defendant and his Aratos Group were double dealing, helping to fuel Russia's war effort and their development of next-generation weapons.

<https://www.justice.gov/usao-edny/pr/founder-and-president-european-defense-conglomerate-charged-helping-russian-military>

EU COUNCIL ADOPTS AML RULES WHICH WILL MAKE CRYPTO-ASSET TRANSFERS TRACEABLE

On 16 May, a news release advised that the EU the Council had adopted updated rules on information accompanying the transfers of funds by extending the scope of the rules to transfers of crypto assets.

<https://www.consilium.europa.eu/en/press/press-releases/2023/05/16/anti-money-laundering-council-adopts-rules-which-will-make-crypto-asset-transfers-traceable/>

PANAMA: FORMER FIU DIRECTOR SENTENCED TO 120 MONTHS FOR EMBEZZLEMENT

On 16 May, Estrella de Panama reported that Emma Reyes, former director of the Financial Analysis Unit (UAF) had been sentenced her to 120 months in prison for intentional embezzlement, with 2 other former officials sentenced to 84 and 30 months in prison. The former director was disqualified from exercising public functions for a further 120 months, once the main prison sentence had been served. The case dated back to 2014, and began with an anonymous complaint.

<https://www.laestrella.com.pa/economia/230516/exdirectora-uaf-condenada-120-meses-prision-peculado-doloso>

<https://www.prensa.com/judiciales/condenan-a-exjefa-de-la-uaf-a-10-anos-de-prision-por-peculado/>

<https://www.buymeacoffee.com/KolvM842y>

