

17 May 2023

MYANMAR MILITARY IMPORTED OVER \$1 BILLION IN ARMS SINCE TAKEOVER

On 18 May, Nikkei Asia reported that the UN has said that, since February 2021, the regime had imported over \$1 billion in arms and raw materials for arms production. Russia, China, Thailand, India and Singapore were the top suppliers.

<https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Myanmar-military-imported-over-1bn-in-arms-since-takeover-U.N2>

BULGARIA'S MAFIA STATE REACHES BREAKING POINT

On 17 May, an article from Politico examines the situation in Bulgaria, saying that the lead characters are thuggish Chief Prosecutor Ivan Geshev, nicknamed "The Cap", and (equally thuggish) former Prime Minister Boyko Borissov, nicknamed "The Pumpkin". Geshev has long been identified by anti-corruption and pro-democracy activists as one of the biggest obstacles to Bulgaria's convergence with EU norms. Over the summer of 2020, he was one of the main targets of massive anti-mafia street protests, where demonstrators unsuccessfully demanded his resignation. Bulgaria's politically-protected mafia is ubiquitous and its interests include narcotics, arms, people smuggling and siphoning off EU funds. To the protesters, Bulgaria's prosecutors lie at the heart of the mafia structure, always ensuring that no big fish are ever brought to justice in the captured state.

<https://www.politico.eu/article/the-cap-versus-the-pumpkin-bulgarias-mafia-state-reaches-breaking-point>

UK: SANCTIONS AND CONTRACTUAL PERFORMANCE

On 16 May, an article from Ashurst asked what happens if you have a contractual obligation, but think that performing it will put you in breach of sanctions? In the UK, section 44 of the Sanctions and Anti-Money Laundering Act 2018 (SAML) provides protection from civil liability for acts done in the reasonable belief that they are in compliance with UK sanctions. In a May judgment, the High Court considered a party's defence to claims for payment of interest on the basis of section 44. In particular, it emphasises the 2 requirements for reliance on section 44 – that a party believed its act or omission was in compliance with sanctions, and, crucially, that this belief was reasonable.

<https://www.ashurst.com/en/news-and-insights/legal-updates/corporate-crime-and-investigations-update/>

PIRACY ON THE HIGH SEAS: THE GREATEST SECURITY CHALLENGE

On 18 May, Dryad Global carried an article saying that, due to poverty and hopelessness around the world, pirate activities at the turn of the 20th and 21st Centuries were not eradicated, but instead intensified.

<https://channel16.dryadglobal.com/piracy-on-the-seas-the-great-security-challenge-of-the-21st-century>

ONTARIO SUPERIOR COURT PROVIDES GUIDANCE ON THE BRIBERY OFFENCE UNDER THE CFPOA

On 17 May, an article from Osler Hoskin and Harcourt LLP said that the *Corruption of Foreign Public Officials Act*¹ (CFPOA) is Canada's contribution to the international battle against foreign corruption. However, the lack of guidance historically issued relating to interpretation of the Act and relatively infrequent enforcement to date make judicial decisions regarding the legislation significant. In March, a decision of the Ontario Superior Court of Justice provided further clarity regarding the bribery of foreign public officials' offence. In acquitting the accused, the Court provided guidance on what constitutes an "advantage" under the CFPOA, as well as the meaning of the requirement that the advantage be "as consideration for" actions undertaken by the foreign public official.

[https://www.mondaq.com/canada/government-contracts-procurement--ppp/1316130/ontario-superior-court-provides-guidance-on-the-bribery-offence-under-the-cfpoa-](https://www.mondaq.com/canada/government-contracts-procurement--ppp/1316130/ontario-superior-court-provides-guidance-on-the-bribery-offence-under-the-cfpoa)

EVADING SANCTIONS WITH RUSSIAN INTERNATIONAL COMPANIES (MK)

On 18 May, a post from Lawfare says that new Russian "International Companies" — denoted by the Russian acronym MK — are an adaptation to help circumvent sanctions. They are an entirely new type of corporate entity. They allow the Russian elite to enjoy benefits similar to those of offshore companies in Cyprus or Jersey or Panama — such as anonymity and easy access to foreign currency flows — but with a reduced risk from sanctions etc. New laws established the MK as well as new "Russian offshore" zones to house them. There are 3 kinds of MK companies: the international company limited liability company (Russian acronym MKOOO), the international company joint stock company (MKAO), and the international company public joint stock company (MKPAO).

<https://www.lawfareblog.com/evading-sanctions-russian-mk-companies>

LAST YEAR THE PANAMANIAN REGISTRY LOST 1,126 SHIPS REPRESENTING 19 MILLION 656,112 TONS OF CARGO

On 17 May, Panama America reported claims that many of the newly-registered ships were also those qualifying for exemption from registration fees.

<https://www.panamaamerica.com.pa/economia/registro-panameno-de-barcos-sigue-cayendo-en-picada-1221963>

CANADA: RUSSIANS COULD BE DISGUIISING CASH TO EVADE CANADIAN SANCTIONS

On 18 May, CTV reported that Canada's financial intelligence agency, FINTRAC, is warning that Russians subject to economic sanctions due to Russia's attack on Ukraine could try to evade them using shell companies, cryptocurrency and real-estate transactions. FINTRAC also says in a new special bulletin that those seeking to launder the proceeds of crime and corruption might try to hide assets by transferring ownership to family members or close associates.

<https://www.ctvnews.ca/business/russians-could-be-disguising-cash-to-evade-canadian-sanctions-federal-agency-warns-1.6403816>

CYPRUS: POLICE INVESTIGATING 3 LAW FIRMS FOR VIOLATING EU SANCTIONS

On 18 May, the Cyprus Mail reported that 3 law firms have been reported to the police over suspicions they have violated EU sanctions, according to the Cyprus Bar Association. A further 2 reports were filed to police about lawyers' clients. It is said that a total of 36 law firms were the focus of an internal probe by the Association.

<https://cyprus-mail.com/2023/05/18/police-investigating-three-law-firms-for-violating-eu-sanctions/>

<https://www.financialmirror.com/2023/05/18/five-law-firms-under-sanctions-busting-spotlight/>

HOW SMALL KAZAKH BUSINESSES PROFIT FROM RUSSIA SANCTIONS

On 18 May, Deutsche Welle carried a report saying that sanctions against Russia mean good business for people and companies in neighbouring Kazakhstan. Despite pressure from the US, small traders continue to bring sanctioned goods across the border.

<https://www.dw.com/en/how-small-kazakh-businesses-profit-from-russia-sanctions/a-65663621>

THOUSANDS OF RUSSIAN AIRLINE FLIGHTS USING EXPIRED PARTS BECAUSE OF SANCTIONS

On 17 May, Newsweek reported that authorities in Russia have reported that, despite some Western parts making their way into the country, Russian aircraft have nonetheless flown with "violations that directly affect flight safety".

<https://www.newsweek.com/thousands-russian-flights-expired-parts-sanctions-1801056>

PAKISTAN IMPLEMENTS BAN ON CRYPTOCURRENCY SERVICES

On 18 May, the Techjuice website reported that Pakistan has recently announced its decision to suspend cryptocurrency services in the country, citing the need to prevent illegal digital currency transactions in accordance with the guidelines of FATF. The Minister of State for Finance and Revenue has said that that cryptocurrency will never be legalised in Pakistan.

<https://www.techjuice.pk/pakistan-implements-ban-on-cryptocurrency-services-exploring-the-pros-and-cons/>

UAE: 13 INDIANS FOUND GUILTY OF MONEY LAUNDERING, TAX EVASION

On 18 May, the Khaleej Times reported that 13 defendants of Indian nationality and 7 companies they owned had been convicted of money laundering and tax evasion offences, according to Abu Dhabi authorities. They were found to have conducted economic activities — involving the unlicensed provision of credit facilities through points of sale (POS), and used the headquarters of a travel agency to carry out unlicensed economic activities.

<https://www.khaleejtimes.com/uae/crime/uae-13-indians-found-guilty-of-money-laundering-tax-evasion>

REPUBLIC OF BELARUS (SANCTIONS) (EU EXIT) (ISLE OF MAN) (REVOCATION) ORDER 2023

This UK Order-in-Council revokes the Republic of Belarus (Sanctions) (EU Exit) (Isle of Man) Order 2021, as Isle of Man legislation has the same effect.

<https://www.legislation.gov.uk/uksi/2023/553/made/data.pdf>

PwC GLOBAL BOSSES TAKE CONTROL OF SCANDAL-HIT AUSTRALIAN TEAM

On 18 May, the Irish Times reported that, while PwC's national businesses have autonomy over their operations, its global headquarters is using its rights under the international network's rules in order to exert influence over the Australian business in response to the misuse of government information.

<https://www.irishtimes.com/business/2023/05/18/pwcs-global-bosses-to-seize-oversight-of-scandal-hit-australian-team/>

<https://www.icij.org/investigations/luxembourg-leaks/accounting-giant-pwc-is-in-crisis-mode-amid-a-growing-australian-tax-leak-scandal/>

FinCEN PUBLISHES REPORTING REQUIREMENTS, AND DEFINITIONS OF CORPORATE TRANSPARENCY ACT

On 17 May, Adams & Reese LLP published an article saying that, from 1 January 2024, most US corporate entities will be required to report to FinCEN. The Corporate Transparency Act (CTA) was enacted by Congress in 2021, as an expansion of the AML laws, intended to prevent terrorist financing, corruption, tax fraud, and other illicit activity. The CTA requires a Reporting Company to file reports to identify the company's owners and those who filed the documents creating or registering the company with the state.

<https://www.idsupra.com/legalnews/fincen-publishes-reporting-requirements-1863465/>

[See also –](#)

WHAT EVERYONE NEEDS TO KNOW ABOUT THE CORPORATE TRANSPARENCY ACT (WHETHER OR NOT A CORPORATION)

On 18 May, Smith Gambrell Russell published this article which contains basic information about the Act.

<https://www.idsupra.com/legalnews/what-everyone-needs-to-know-about-the-4071394/>

UK: DORMANT ASSETS SCHEME

On 18 May, the Department for Culture, Media and Sport published updated information about this scheme, under which unclaimed and orphan money goes towards social and environmental initiatives across the UK.

<https://www.gov.uk/government/publications/the-dormant-accounts-scheme#full-publication-update-history>

UK: DSIT CYBER SECURITY NEWSLETTER - MAY 2023

The latest newsletter was published on 4 May and details the latest announcements, events and projects for people interested in the field of cyber security. This month's edition includes:

- New Cyber Security Breaches Survey 2023 highlights the scale of the cyber threat;
- Cyber sector analysis shows increased growth & employment in the UK cyber security industry;

- New IoT product security laws come into effect; and
- Applications open for the Digital Growth Grant.

<https://www.gov.uk/government/publications/dsit-cyber-security-newsletter-may-2023>

KAZAKHSTAN: THE WORLD'S THIRD LARGEST BITCOIN MINING HUB RECENTLY ENACTED ITS ROBUST NEW LAW ON DIGITAL ASSETS

On 18 May, Jurist published an Explainer which it said considers how the law, along with a slew of amendments to related laws, has the potential to catapult Kazakhstan to the forefront of digital asset regulation, as well as having profound implications for the crypto industry.

<https://www.jurist.org/features/2023/05/18/how-kazakhstans-new-digital-asset-law-could-pave-the-way-to-a-regulated-crypto-economy/>

ECUADOR: PRESIDENT GUILLERMO LASSO HAS DISSOLVED THE NATIONAL ASSEMBLY AND CALLED FOR NEW ELECTIONS JUST 1 DAY AFTER HIS IMPEACHMENT TRIAL BEGAN

On 17 May, Jurist reported the action taken to prevent the impeachment on charges of corruption going forward. Lasso will also rule by decree for economic matters, subject to oversight by the Ecuadorian Constitutional Court, until the upcoming legislative and presidential elections.

<https://www.jurist.org/news/2023/05/ecuador-president-dissolves-national-assembly-calls-elections-during-own-impeachment-trial/>

PAPUA NEW GUINEA: PRIME MINISTER HAD UNDISCLOSED TIES TO FIGURE AT CENTRE OF PORTS CRIMINAL PROBE

On 17 May, OCCRP reported that, while PNG police have launched an international bribery probe after OCCRP and partners revealed questionable offshore dealings by Australian businessman Don Matheson, the country's PM has sought to distance himself from Matheson. However, it is reported that reporters found evidence that both the PM and a key minister had closer ties to the Australian than previously disclosed. It is alleged that Matheson played a central role in suspicious offshore payments to senior officials at the time they awarded major international contracts to operate the country's biggest ports.

<https://www.occrp.org/en/the-pandora-papers/png-prime-minister-had-undisclosed-ties-to-figure-at-center-of-ports-criminal-probe>

GIBRALTAR: FIU PUBLISHES 2022 ANNUAL REPORT WITH STRATEGIC ANALYSIS AND ITS LATEST 3-YEAR STRATEGIC PLAN

On 18 May, the GFIU advised that it had published its latest annual report and strategic plan. The report includes strategic analysis spanning from 2019 to 2022. It is said that a significant milestone has been the successful establishment of the Financial Liaison & Intelligence Network (FLINT), Gibraltar's Public-Private Partnership aimed at combating Money Laundering, Terrorist Financing, and Proliferation Financing. The Strategic Analysis Report highlights an increase in Suspicious Activity Reports (SAR), submitted by certain sectors, such as Banks and Trust and Corporate Service Providers (TCSP), when compared to 2021. It is said that there has been a noteworthy decrease in defensive reporting and an improvement in the percentage of SAR meeting the GFIU standards.



<https://www.gibraltar.gov.gi/press-releases/gfiu-publishes-2022-annual-report-with-strategic-analysis-and-its-latest-3-year-strategic-plan-3162023-8878>

DEUTSCHE BANK AGREES TO PAY \$75 MILLION TO SETTLE JEFFREY EPSTEIN LAWSUIT

On 18 May, the Guardian reported that Deutsche Bank has agreed to pay \$75 million to settle a lawsuit brought by a group of women who accused the German lender of helping facilitate Jeffrey Epstein's sex trafficking operations. The lender was fined \$150 million by New York state's financial regulator over its relationship with Epstein in 2020, a year after Epstein died in prison while awaiting trial on sex trafficking charges in August 2019.

<https://www.theguardian.com/business/2023/may/18/deutsche-bank-agrees-to-pay-75m-to-settle-jeffrey-epstein-lawsuit>

TERRORIST FINANCING: THE OVERLOOKED RISK IN AFRICA

On 16 May, an article from Control Risks said that while traditional considerations regarding ESG, corruption, money laundering and sanctions exposure are often at the forefront of organisations' priorities when embarking on ventures in emerging markets, risks regarding terrorist financing are often underprioritised. It says that terrorist financing risks are often perceived to be associated with hard-to-detect lower value transactions between individuals and to be relevant considerations solely for financial institutions in transaction monitoring. However, in sub-Saharan Africa there is reason to shift our thinking on terrorist financing for any form of high value investment.

<https://www.controlrisks.com/our-thinking/insights/terrorist-financing-the-overlooked-risk-in-africa>

UK: PROPERTY REGISTER FINES WORTH £1 BILLION NOT YET IMPOSED

On 18 May, the BBC reported that the UK has so far failed to impose fines worth as much as £1 billion on foreign companies breaking a landmark transparency law. Since January, overseas companies that own UK property can be fined up to £2,500 a day unless they declare their owners. Thousands are still to do so, including firms which have been linked to oligarchs such as Roman Abramovich, but no fines have yet been issued. The government said it was "building cases" against unregistered companies.

<https://www-bbc-co-uk.cdn.ampproject.org/c/s/www.bbc.co.uk/news/uk-65611255.amp>

US: FORMER HEAD OF NGO SENTENCED FOR BRIBING OFFICIALS OF THE MARSHALL ISLANDS

A news release from the US DoJ on 16 May advised that the former president of a New York-based non-governmental entity (NGO) had been sentenced to 3½ years in prison for paying bribes to elected officials of the Republic of the Marshall Islands (RMI) in exchange for passing certain legislation. Cary Yan, 51, conspired with others – including his assistant, Gina Zhou – in connection with a multi-year bribery scheme.

<https://www.justice.gov/opa/pr/former-head-non-governmental-organization-sentenced-bribing-officials-republic-marshall>

EPPO CARRIES OUT 40 HOUSE SEARCHES IN ROMANIA AND FRANCE IN INVESTIGATION INTO €30 MILLION FRAUD

A news release from the European Public Prosecutor's Office (EPPO) on 16 May advised that 40 house searches had taken place in several locations in Romania and France, as part of an ongoing investigation led by the EPPO in Bucharest into suspected fraud involving EU and national funds,

amounting to more than €30 million. The case involves a suspected criminal scheme to provide false letters of guarantee to awardees of projects financed by EU funds, which claimed to insure the projects against potential damages.

<https://www.eppo.europa.eu/en/news/eppo-carries-out-40-house-searches-romania-and-france-investigation-eu30-million-fraud>

EMBEZZLEMENT AT THE LEBANESE CENTRAL BANK: DID AUDITORS OVERLOOK ALLEGED FRAUD?

On 15 May, The National in the UAE reported that, as investigations into alleged misconduct at the Banque du Liban continue, questions are arising regarding the failure of local and international auditors to raise the alarm on potential financial fraud.

<https://www.thenationalnews.com/mena/lebanon/2023/05/15/embezzlement-at-the-lebanese-central-bank-did-auditors-overlook-alleged-fraud/>

ILLICIT FLOWS THROUGH BALKAN AIRPORTS

On 15 May, a report from the Global Initiative Against Transnational Organised Crime is the result of an organised crime-based security threat assessment of airports in the Western Balkans – though it also notes that illicit activities are also being conducted using private jets that land at minor airports and airstrips. The focus is limited to 2 major airports, which are presented as case studies: Belgrade and Skopje’s international airports. These seem to be the hubs for illicit activities related to human trafficking, smuggling of migrants and goods, as well as main entry points for shipments of drugs and precursors.

<https://globalinitiative.net/analysis/illicit-flows-balkan-airports/>



REPORT: 12 MAJOR US TIMBER COMPANIES WHICH HAVE BEEN IMPORTING TEAK FROM MYANMAR SINCE THE START OF THE 2021 COUP

On 16 May, the Environmental Investigation Agency published this report saying that Myanmar is one of the world's biggest producers of high-quality natural teak, prized for its water-resistant properties and highly prized for decking and fixtures on the superyachts of the wealthy. However, teak imports into US are prohibited by sanctions imposed in response to the violent military coup in Myanmar.

<https://eia-international.org/report/acts-of-defiance-ii-acts-of-defiance-ii-us-companies-break-sanctions-to-import-teak-from-myanmar/>



FCPA CHARGE AGAINST PORTUGUESE CITIZEN DISMISSED AGAIN

On 18 May, a post on the FCPA Blog reported that Paulo JDC Casqueiro-Murta, a Portuguese citizen extradited to the US in July 2021, had been granted dismissal by the federal district court in Houston for the second time of his 2019 indictment that charged him with 1 count of FCPA conspiracy and 3 related money-laundering counts. He was accused him of helping set up bank accounts to handle bribe payments to officials of Venezuela's state energy company PDVSA.

<https://fcpablog.com/2023/05/18/fcpa-charges-against-portuguese-citizen-dismissed-again/>

BASEL AML INDEX BRIEFING: MOROCCO AND CAMBODIA REMOVAL FROM FATF GREY LIST

The Basel Institute on Governance has issued 2 new articles following the decision of FATF to remove the countries from its list of jurisdictions under increased monitoring (“grey list”) in February. The briefings cover the main issues that led to them being grey-listed, the action plan developed to address them, and publicly available data on how it was implemented.

<https://baselgovernance.org/publications/basel-aml-index-briefing-moroccos-delisting-fatf-grey-list>

<https://baselgovernance.org/publications/basel-aml-index-briefing-cambodias-delisting-fatf-grey-list>

RESEARCH CASE STUDY: LEVERAGING INFORMAL NETWORKS FOR ANTI-CORRUPTION IN EAST AFRICA

The Basel Institute on Governance has published this paper which gives a brief overview of its Public Governance team's research in Uganda and Tanzania. Through interviews, the team explored when, how and why informal networks are built and used to access public services or business opportunities corruptly. Citizens and business people may invest significant time and money in building informal networks with public officials to overcome public service delivery shortcomings and access business opportunities. Understanding these networks better can strengthen anti-corruption efforts.

<https://baselgovernance.org/publications/research-case-2>

HOW CORRUPTION THREATENS THE FORESTS OF UKRAINE: TYPOLOGY AND CASE STUDIES ON CORRUPTION AND ILLEGAL LOGGING

The Basel Institute on Governance has issued this Working Paper which offers a detailed deep dive into how corruption fuelled illegal logging in Ukraine during the period before the full-scale war. It explains how the Russian invasion has raised the risks of illegal logging, by increasing demand for wood and its relative value as a resource, and by reducing inspections and civil society oversight. The report identifies specific corruption patterns linked to 3 main types of illegal logging -

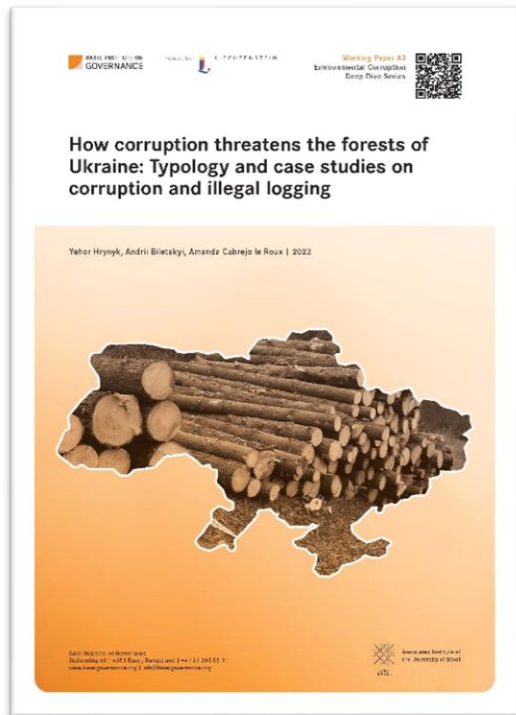
By private actors such as communities and criminal groups, who can evade justice by corrupting law enforcement officials.

By forest management officials, who sometimes obtain false paperwork to fell trees – thus easing their export abroad.

Following the illegal appropriation of forests through manipulation of land documents.

A significant proportion of wood illegally logged in Ukraine comes with (illegally obtained) permits, so can be "legally" exported to foreign markets in the EU and elsewhere.

https://baselgovernance.org/sites/default/files/2023-04/deep_dive_ukraine_en.pdf



MONEY LAUNDERING AND SANCTIONS EVASION USING THE ART MARKET

The Basel Institute on Governance has issued this Quick Guide which briefly explains the unique characteristics of the art market that make it vulnerable to this type of abuse. It also outlines steps that jurisdictions can take to prevent and combat abuse of the sector for illicit purposes.

https://baselgovernance.org/sites/default/files/2023-04/230412-quickguide_29.pdf

RUSSIA SANCTIONS: US TREASURY PROGRESS REPORT DETAILING PRICE CAP'S SUCCESS 1 YEAR AFTER LAUNCH

On 18 May, the US Treasury issued a news release saying that its Office of Terrorist Financing & Financial Crimes and Office Economic Policy had released a progress report that underscores the price cap on Russian oil's success in achieving its dual goals: reducing Russia's revenue and keeping the global energy market stable. It says that the Treasury, the US Government, and the price cap coalition will continue to monitor dynamics in the global oil market going forward in support of these goals.

<https://home.treasury.gov/news/press-releases/jy1491>

<https://home.treasury.gov/news/featured-stories/the-price-cap-on-russian-oil-a-progress-report>

US: GUIDELINES FOR SUBMISSIONS OF FORCED LABOUR SUPPORTING DOCUMENTS

On 18 May, KPMG reported that that US Customs and Border Protection (CBP) had issued a report detailing recommended guidelines for submissions of forced labour supporting documents for import consignments.

<https://kpmg.com/us/en/home/insights/2023/05/tnf-us-guidelines-submissions-forced-labor-supporting-documents.html>

https://www.cbp.gov/sites/default/files/assets/documents/2023-May/CBP_Forced_Labor_SupportingDocs_Submissions_Guide_0.pdf

US: 44 INDIVIDUALS INDICTED BY FEDERAL GRAND JURY FOR ROLES IN A MULTIMILLION-DOLLAR FRAUDULENT SCHEME TO OBTAIN COVID-19 RELIEF FUNDS

On 18 May, a news release from the US Attorney's Office in Puerto Rico announced the indictment of 44 individuals for their participation in a multi-million-dollar fraudulent scheme to illegally obtain federal recovery funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A Grand Jury charged the defendants with multiple counts of wire fraud and money laundering.

<https://www.justice.gov/usao-pr/pr/44-individuals-indicted-federal-grand-jury-roles-multimillion-dollar-fraudulent-scheme>

EXPERTS REACT TO US SUPREME COURT DECISIONS ON HONEST SERVICES FRAUD AND THE "RIGHT TO CONTROL" THEORY

On 18 May, a post from the Compliance & Enforcement blog from the Program on Corporate Compliance & Enforcement at the New York University School of Law responds to 2 recent Supreme Court decisions which, it is said, continue a trend of circumscribing the federal government's ability to prosecute domestic public corruption in the US. In the post, white collar defence attorneys and former prosecutors provide their reactions to these cases.

https://wp.nyu.edu/compliance_enforcement/2023/05/18/experts-react-to-supreme-court-decisions-on-honest-services-fraud-and-the-right-to-control-theory/

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

