

**31 OCTOBER 2023**

**UK: THE ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023**

On 30 October, Wilmer Hale published a Client Alert on this new legislation, described by the Director of the SFO as “*the most significant boost to the SFO’s ability to investigate and prosecute serious economic crime in over 10 years*”. This alert focuses on 2 key reforms to the investigation and prosecution of corporate crime in the UK contained in the Act, namely, the introduction of a strict liability ‘failure to prevent fraud’ offence and the overhaul of the means by which liability for economic criminal conduct is attributed to corporate entities. Taken together, the Alert says, the reforms represent a huge shift in the UK corporate crime landscape and significantly increase the likelihood of companies being successfully prosecuted in the UK.

<https://www.wilmerhale.com/en/insights/client-alerts/20231030-radical-reforms-of-uk-corporate-criminal-liability-receive-royal-assent>

**PLANNING AND EXECUTING INTERNAL INVESTIGATIONS INTO ALLEGATIONS OF SANCTIONS OR EXPORT CONTROLS EVASION**

On 30 October, a post from the Compliance & Enforcement blog from the Program on Corporate Compliance and Enforcement at the New York University School of Law looks at responding to allegations of sanctions or export controls evasion in the US. It sets out to offer some practical guidance for an approach to planning and executing internal investigations, and reducing the risk of investigative or analytical missteps that could cause severe consequences later.

[https://wp.nyu.edu/compliance\\_enforcement/2023/10/30/slow-is-smooth-smooth-is-fast-a-fresh-look-at-planning-and-executing-internal-investigations-into-allegations-of-sanctions-or-export-controls-evasion/](https://wp.nyu.edu/compliance_enforcement/2023/10/30/slow-is-smooth-smooth-is-fast-a-fresh-look-at-planning-and-executing-internal-investigations-into-allegations-of-sanctions-or-export-controls-evasion/)

**ITALY’S BELT AND ROAD BLUES HIGHLIGHT HOPES FOR INDIA-EUROPE CORRIDOR**

On 31 October, Nikkei Asia reported that, with Italy signalling it wants to withdraw from the Chinese-led Belt & Road Initiative (BRI), Europe is searching for alternatives, including the recently proposed India-Middle East-Europe Economic Corridor.

<https://asia.nikkei.com/Spotlight/Asia-Insight/Italy-s-Belt-and-Road-blues-highlight-hopes-for-India-Europe-corridor>

## **THE APOSTILLE CONVENTION WILL COME INTO EFFECT IN CHINA ON 7 NOVEMBER**

On 27 October, an article from the Beijing East IP Law firm reported that the 1961 Convention will enter into force in China on 7 November, and from then official documents sent by China to other contracting states for use only need to apply for the apostille as stipulated in the Apostille Convention. There is no need to apply for consular legalization services at the embassies or consulates in China of other contracting states. When official documents from other contracting states are sent to mainland China for use, only an apostille from that country is required, and there is no need to apply for consular legalisation by the local embassy or consulate of China in that country.

<https://www.mondaq.com/china/trademark/1383256/the-apostille-convention-will-come-into-effect-in-china-on-november-7-2023>

## **ILLCIT TRAFFICKING OF NATURAL PSYCHOTROPICS FROM GABON: SPECIAL FOCUS ON THE IBOGA PLANT AND ITS DERIVATIVES**

A report from ENACT Africa explores the criminal networks involved in illicit iboga harvesting and trafficking to better inform law enforcement. Iboga is a plant native to Central Africa, is subject to increasing commercialisation and global trade are having a negative impact on the plant and the communities that rely on it. Ibogaine, the psychoactive alkaloid found in iboga root, can cause a variety of effects, including stimulation, aphrodisia, trance, and hallucinations; but at high doses, it can be toxic.

<https://enact-africa.s3.amazonaws.com/site/uploads/2023-10-17-interpol-illicit-trafficking-iboga.pdf>

## **THE CURRENT STATUS OF THE ILLEGAL PANGOLIN TRADE AND THE EFFORTS TO SAFEGUARD THE SPECIES IN SOUTH AFRICA**

On 30 October, an article from ENACT Africa focussed on the pangolin trade in South Africa.

<https://enactafrica.org/enact-observer/pangolins-for-profit-from-seizure-to-safety-to-survival>

## **RUSSIAN OLIGARCH KUZMICHEV DETAINED IN FRANCE OVER MONEY LAUNDERING AND SANCTIONS PROBE**

On 31 October, Euronews and others reported that Russian tycoon Alexey Kuzmichev has been detained in France for questioning over alleged tax evasion, money laundering and violation of international sanctions.

<https://www.euronews.com/2023/10/31/russian-oligarch-kuzmichev-detained-in-france-over-money-laundering-and-sanctions-probe>

### **CHINA TO DEVELOP XINJIANG FREE TRADE ZONE DESPITE WESTERN SANCTIONS**

On 31 October, Yahoo News reported that China has set out plans to develop a free trade zone in its north-western Xinjiang region, linking it to the Belt and Road Initiative to connect the country to Europe through economic corridors.

<https://uk.sports.yahoo.com/news/china-develop-xinjiang-free-trade-104146647.html>

### **JAPAN HAS IMPOSED A FRESH SET OF SANCTIONS ON INDIVIDUALS AND A COMPANY CONNECTED TO HAMAS**

On 31 October, FBC reported that the sanctions consist of freezing the assets of individuals and a company that have helped fund Hamas, and are in line with new sanctions announced by the US earlier this month.

<https://www.fbcnews.com.fj/world/japan-announces-sanctions-on-hamas-related-individuals-company/>

<https://www.aljazeera.com/news/2023/10/31/japan-sanctions-individuals-company-over-links-to-hamas>

<https://www.europeansanctions.com/2023/10/japan-designates-hamas-connected-individuals-entity/>

### **INDIA: AHEAD OF FATF EVALUATION VISIT, CIVIL SOCIETY GROUPS FLAG CONCERNS ABOUT 'MISUSE' OF LAWS AND AGENCIES**

On 31 October, Scroll reported that civil society groups have put together reports in preparation of the FATF scheduled visit in November. The reports were published on 29 October and accused the Indian government of being overzealous in implementing laws meant to deal with financial crimes, and the misuse of the framework.

<https://scroll.in/latest/1058385/ahead-of-fatf-evaluation-visit-civil-society-groups-flag-concerns-about-misuse-of-laws-agencies>

<https://thewire.in/rights/ahead-of-fatf-meeting-report-says-india-weaponising-terror-financing-money-laundering-laws-against-ngos>

### **ALBANIA'S REMOVAL FROM FATF MONEY LAUNDERING GREY LIST MET WITH OPTIMISM**

On 30 October, the Tirana Times reported that the removal has led to cautious optimism, with financial experts emphasising the need for continued vigilance. Albania was placed on the grey list back in 2020.

<https://www.tiranatimes.com/?p=154030>

### **INDIA: AUTHORITIES RAIDS 6 CASINOS IN GOA AS PART OF MONEY LAUNDERING CASE PROBE**

In its 1 November edition, News 18 reported that the Enforcement Directorate has raided half-a-dozen casinos in Goa as part of a money laundering investigation linked to alleged fraud, official sources said.

<https://www.news18.com/india/ed-raids-6-casinos-in-go-a-as-part-of-money-laundering-case-probe-8642114.html>

### **SINGAPORE PUBLISHES ST. KITTS AND DOMINICA CBI PASSPORTS AND PHOTOGRAPHS OF CHINESE MONEY LAUNDERERS WHO USED THEM**

On 30 October, a post from Kenneth Rijock highlighted the involvement of Citizenship by Investment (CBI) passports in Singapore's massive multi-billion dollar money laundering scandal, perpetrated by Chinese nationals.

<https://rijock.blogspot.com/2023/10/singapore-publishes-stkitts-and.html>

### **US HAS SUSPENDED EXPORTS OF GUNS AND AMMUNITION AND RELATED EXPORT ASSISTANCE ACTIVITIES FOR APPROXIMATELY 90 DAYS**

On 31 October, Sandler Travis Rosenberg reported that additional steps could be taken after a review of current firearms export control review policies to “more effectively assess and mitigate the risk of firearms being diverted to entities or activities that promote regional instability, violate human rights, or fuel criminal activities”.

<https://www.strtrade.com/trade-news-resources/str-trade-report/trade-report/october/u-s-suspends-exports-of-guns-and-ammunition>

### **THE RESULTS OF A MAJOR OPERATION TO CRACK DOWN ON ILLICIT MEDICINES ACROSS 89 COUNTRIES**

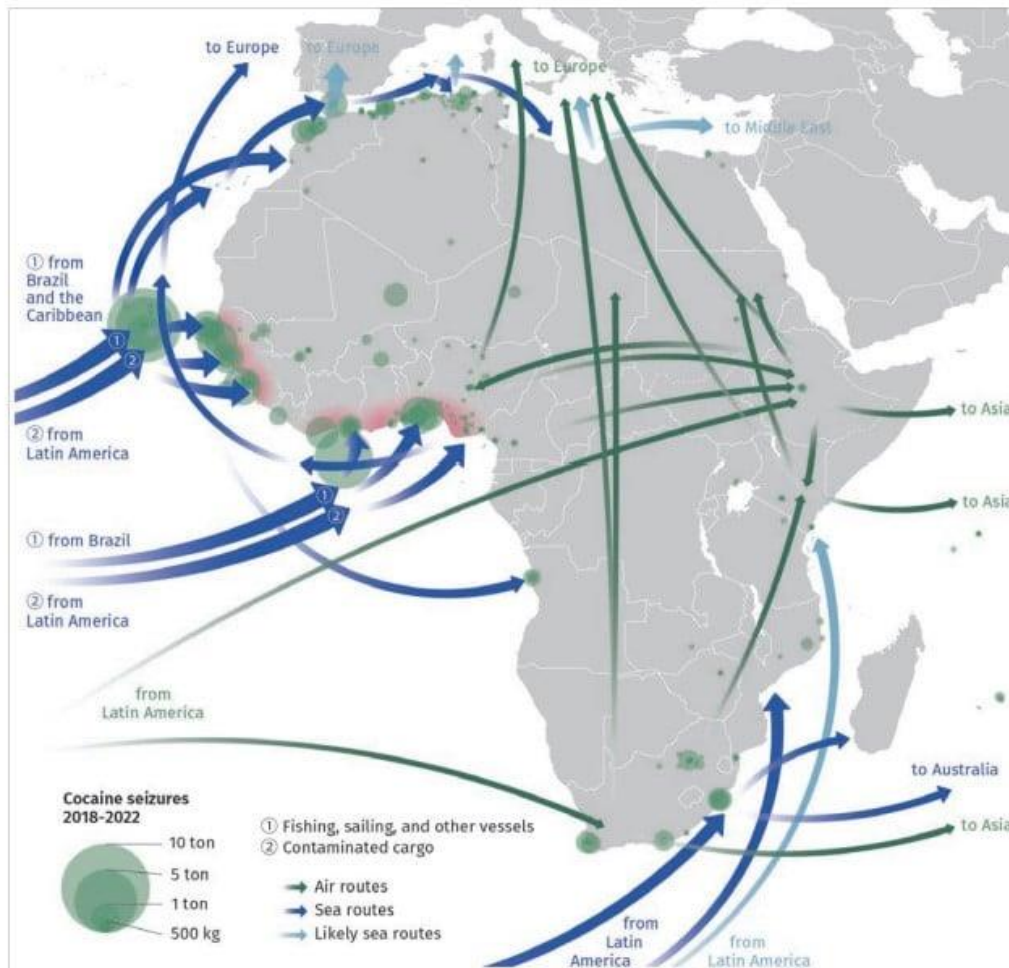
On 31 October, a news release from INTERPOL reported on the annual campaign targets illicit medicines that pose a significant threat to consumer safety, including counterfeit medicines and medicines diverted from legal and regulated supply chains. It led to 72 arrests worldwide, the seizure of potentially dangerous pharmaceuticals worth more than \$7 million, 325 new investigations and the closure of more than 1,300 criminal websites.

<https://www.interpol.int/News-and-Events/News/2023/Global-illicit-medicines-targeted-by-INTERPOL-operation>

## SOUTH AFRICA NOW A BOOMING MARKET FOR INTERNATIONAL CRIME SYNDICATES

On 23 October, Business tech reported that drug smugglers are increasingly targeting South African ports for their illicit operations – using the country as an easy gateway to push cocaine and other substances to international markets.

### Main cocaine trafficking routes into and out of Africa, and cocaine seizure cases in Africa, 2018–2022



<https://businesstech.co.za/news/lifestyle/726596/south-africa-now-a-booming-market-for-international-crime-syndicates/>

## SECOND-LARGEST SEIZURE OF ENDANGERED TOTOABA FISH SWIM BLADDERS DISCOVERED IN ARIZONA

On 31 October, World Animal News reported that customs officers and agriculture specialists at the Port of San Luis seized 109 lb of protected totoaba swim bladders with an estimated value of \$910,000 – \$1,365,000.

<https://worldanimalnews.com/second-largest-seizure-in-arizona-of-protected-totoaba-fish-swim-bladders-discovered-in-port-of-san-luis/>

### **BELGIUM SEIZES FAKE WEIGHT-LOSS DRUGS CONTAINING INSULIN**

On 30 October, Reuters reported that Belgium's drug regulator said it had seized counterfeit versions of semaglutide, the active ingredient in Novo Nordisk's popular obesity drug Wegovy, in which the injector pens contained insulin. It also reported that several people had been hospitalised in Austria after using suspected fake versions of Ozempic, another of the same family of drugs.

<https://www.reuters.com/business/healthcare-pharmaceuticals/belgium-seizes-fake-weight-loss-drugs-containing-insulin-2023-10-30/>

### **CRITICAL MINERALS RUSH WILL EXPOSE COMPANIES TO HEIGHTENED ESG RISKS**

On 26 October, Control Risks published a post saying that demand for critical minerals is surging as ESG compliance requirements grow and the scrutiny of companies who are sourcing, mining, and processing critical minerals reaches an all-time high.

<https://www.controlrisks.com/our-thinking/insights/critical-minerals-and-esg-on-top-of-risk-management-agendas-in-the-coming-years>

### **HOW SAND TRAFFICKING IN BRAZIL BECAME A HIGHLY LUCRATIVE CRIME**

On 30 October, Insight Crime published a Q&A, saying that Brazilian authorities have launched a series of operations targeting illegal sand extraction as part of a renewed commitment to fighting environmental crimes. Illegally extracted sand is primarily used in construction to make concrete, masonry, and fill for excavation sites, among other uses. Unscrupulous contractors favour it over legal sand for its lower cost.

<https://insightcrime.org/news/sand-trafficking-brazil-lucrative-crime/>

### **UK: METROPOLITAN POLICE HAVE ESTABLISHED A 40-MEMBER TEAM SPECIALISING IN CRYPTO INVESTIGATIONS**

On 22 October, the Crypto Potato website reported that the team was established in May.

<https://cryptopotato.com/london-police-unleash-specialized-40-member-unit-to-hunt-down-crypto-criminals/>

**SPAIN: HACKER DENIS TOKARENKO (AKA DENIS KATANA) “HELPED AN EX-SOVIET ORGANISED CRIME RING USE BITCOIN TO LAUNDER VAST AMOUNTS OF MONEY”**

On 24 October, Decrypt reported that Katana is accused of having advised a Russian entrepreneur linked to a criminal group on how to buy Bitcoin and use it to cover up the organisation's tracks.

<https://decrypt.co/202807/hacker-denis-katana-bitcoin-money-laundering>

**US: FORMER NAVY CIVILIAN EMPLOYEE PLEADS GUILTY TO CONSPIRACY TO COMMIT BRIBERY**

On 26 October, a news release from the US Attorney’s Office in Southern California said that a public official at Naval Information Warfare Center in San Diego accepted thousands of dollars in free meals from defence contractors in exchange for helping them win and maintain millions of dollars in government contracts.

<https://www.justice.gov/usao-sdca/pr/former-navy-civilian-employee-pleads-guilty-conspiracy-commit-bribery-0>

**DIRTY MONEY AND THE DESTRUCTION OF THE AMAZON: UNCOVERING THE US ROLE IN ILLICIT FINANCIAL FLOWS FROM ENVIRONMENTAL CRIMES IN PERU AND COLOMBIA**

A report from the FACT Coalition said that environmental crimes, seen as “low-risk, high-reward”, such as illegal mining and logging, are the third-largest type of criminal activity in the world, yielding as much as \$281 billion in proceeds every year. The report draws on interviews with local and regional activists, indigenous leaders, anti-money laundering experts, and government officials in Peru, Colombia, and the US to show how financial secrecy contributes to facilitating these crimes. The report lays out a comprehensive US reform agenda.



<https://thefactcoalition.org/wp-content/uploads/2023/10/Dirty-Money-and-the-Destruction-of-the-Amazon-Full.pdf>

# SARs IN ACTION

## Money Mules - ISSUE 22

### MONEY MULES ACCOUNT INDICATORS



#### WHAT ARE MULE ACCOUNTS?

Mule accounts are intermediary accounts used for money laundering, acting to create complex transaction chains in order to reduce detection by the financial services sector and law enforcement of an Organised Crime Network (OCN) and/or individual offenders.

#### WHAT IS A MONEY MULE?

A person who transfers illegally acquired money on behalf of others, knowingly or unknowingly. Often a mule account is controlled by a recruiter (sometimes known as a herder).



#### OFFENDER TACTICS

It is worth noting that OCNs and offenders are highly likely to use a combination of different methods to obtain as many mule accounts under their control as possible.

#### POTENTIAL INDICATORS

Below are some common indicators that may suggest money mule activity accounts, transactions and other financial activity. **For the full list, take a look at issue 22 of SARs in Action.**

- Significant branch or Post Office cash deposits without legitimate explanation.
- Same day/closely-spaced cash deposits across multiple branches or regions.
- Purchase of significant volumes of high-value luxury goods.
- Suspicious activity continues despite being contacted by financial firm.
- Company accounts linked with a UK company newly registered with Companies House or purchased 'off-the-shelf' from a formation agent.
- Use of a second personal account in order to keep activity from impacting on their primary account.
- Thousands of pounds being spent at the same retailer or within short periods of time with repeat purchases of the same amount, indicating purchase of duplicate high-value luxury goods.
- Account holder is a person who, for physical or health reasons, can reasonably not be expected to manage their finances.



#### SUBMITTING A SAR

If you decide to submit a SAR related to money muling, it will help our analysis if you include **0701-NECC** in the alert reference section of the new SAR portal.





## **OFAC PROHIBITS FINANCIAL SERVICES WITH MYANMA OIL AND GAS ENTERPRISE AND IMPOSES ADDITIONAL SANCTIONS ON BURMA MILITARY REGIME OFFICIALS AND SUPPORTERS**

On 31 October, OFAC advised that it had published a new directive that prohibits certain financial services by US persons to or for the benefit of Myanmar Oil and Gas Enterprise (MOGE). Additionally, OFAC designated 3 entities and 5 individuals connected to Burma's military regime. These actions are occurring in alignment with designations by both the UK and Canada.

<https://ofac.treasury.gov/faqs/added/2023-10-31>

<https://home.treasury.gov/news/press-releases/jy1856>

<https://ofac.treasury.gov/recent-actions/20231031>

<https://www.europeansanctions.com/2023/10/us-uk-and-canada-designate-burmese-individuals-entities/>

## **THE INDIA-CANADA RIFT: SIKHS, EXTREMISM AND/OR REPRESSION?**

On 17 October, an article from the International Centre for Counter-Terrorism (ICCT) says that the recent incident has brought the relationship between Canada and India to a nadir and stirred up memories of tensions that have festered for decades. This analysis provides a brief background of Sikh extremists in Canada, the Khalistan movement, the rise of foreign interference, the allegation of targeted killings, and the harbouring of alleged 'terrorists', before offering some concluding remarks. It is said to be the first to offer a perspective on the issue through a lens of transnational repression, and why there is likely to be an increase in this tactic going forward.

<https://www.icct.nl/publication/india-canada-rift-sikh-extremism-and-rise-transnational-repression>

## **IRAN: THE LAPSE OF JCPOA SANCTIONS AND REPLACEMENT BY NATIONAL SANCTIONS**

On 30 October, the Iran Watch website published an article saying that the Joint Comprehensive Plan of Action (JCPOA) is a dead letter: Iran's nuclear program is surging and the international coalition that forged the deal has collapsed. However, also ending was a period of divergence between US and European sanctions policy on Iran. The 3 European parties to the JCPOA—France, Germany, and UK, collectively known as the "E3" — followed through on an earlier pledge not to lift proliferation-related sanctions on Iran, as stipulated in the agreement. The article argues that a return to pre-JCPOA sanctions coordination is in order. US, European, and other allied sanctions ought to increasingly align to target Iran's weapon programs and their foreign suppliers, as well as Iran's shipping and banking industries and revenue-generating economic sectors.

<https://www.iranwatch.org/our-publications/policy-briefs/necessary-transition-sanctions-convergence>

### **UK ADDS 5 INDIVIDUALS AND 1 ENTITY TO BURMA/MYANMAR SANCTIONS LISTS**

On 31 October, a Notice from HM Treasury advised that (in coordination with the US and Canada), the UK had added 6 names to its sanctions list.

[https://assets.publishing.service.gov.uk/media/6540e45246532b001467f5e7/Notice\\_Myanmar\\_311023.pdf](https://assets.publishing.service.gov.uk/media/6540e45246532b001467f5e7/Notice_Myanmar_311023.pdf)

<https://www.europeansanctions.com/2023/10/us-uk-and-canada-designate-burmese-individuals-entities/>

The Isle of Man mirrored the additions made by the UK –

<https://www.gov.im/news/2023/oct/31/financial-sanctions-myanmar/>

### **UK: 1 EXISTING ENTRY ON RUSSIA SANCTIONS LIST AMENDED**

On 31 October, HM Treasury advised that the existing entry for Veniamin Ivanovich KONDRATYEV, Governor of Krasnodar Territory, had been corrected.

[https://assets.publishing.service.gov.uk/media/6540e4ca46532b000d67f5f5/Notice\\_Russia\\_311023.pdf](https://assets.publishing.service.gov.uk/media/6540e4ca46532b000d67f5f5/Notice_Russia_311023.pdf)

### **INDO-PACIFIC MISSILE ARSENALS: MITIGATING ESCALATION RISKS**

On 31 October, a report from the Carnegie Center says that, as countries in the Indo-Pacific region expand their missile inventories, security dilemmas related to North Korea and the Taiwan Strait grow more complex and the risks of nuclear escalation increase. The US and its Asian allies must recognise these risks and act quickly to mitigate them. The primary pursuers of significant new missile capabilities in East Asia — Australia, China, Japan, North Korea, South Korea, Taiwan, and the US — all perceive acute security challenges and see value in long-range strike capabilities for both deterrence and conventional warfighting.

[https://carnegieendowment.org/files/Panda\\_Indo-Pacific\\_Missiles\\_final\\_1.pdf](https://carnegieendowment.org/files/Panda_Indo-Pacific_Missiles_final_1.pdf)

### **DUTCH COURT HAS SENTENCED A RUSSIAN BUSINESSMAN TO 18 MONTHS IN PRISON FOR EVADING EU SANCTIONS ON RUSSIA**

On 31 October, the EU Sanctions blog reported that an unnamed Russian businessman had been jailed, and his company fined €200,000.

<https://www.europeansanctions.com/2023/10/dutch-prison-sentence-fine-eu-for-russia-sanctions-breach/>

#### **CANADA ANNOUNCES ADDITIONAL SANCTIONS AGAINST INDIVIDUALS AND ENTITIES SUPPORTING MYANMAR'S MILITARY REGIME**

On 31 October, Canada announced that it was imposing sanctions against 39 individuals and 22 entities.

<https://www.canada.ca/en/global-affairs/news/2023/10/canada-announces-additional-sanctions-against-individuals-and-entities-supporting-myanmars-military-regime.html>

#### **UK: GLENCORE BRIBERY CHARGES OVER EX-STAFF HIT WITH FRESH DELAYS**

On 31 October, Energy Voice reported that the SFO had delayed its decision to charge ex-Glencore staff over allegations they were involved in widespread corruption at the company to July 2024, leaving as many as 11 former employees in legal limbo for months to come.

<https://www.energyvoice.com/oilandgas/africa/540341/glencore-bribery-charges-over-ex-staff-hit-with-fresh-delays/>

#### **UK: NCA CALLS FOR POSSESSION OF 3D-PRINTED GUN BLUEPRINTS TO BE MADE ILLEGAL**

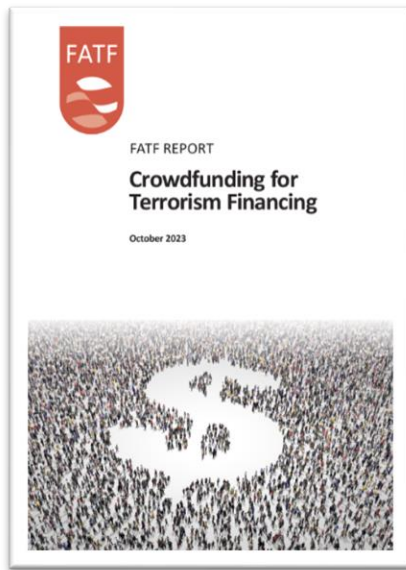
On 31 October, the Guardian reported that the head of the NCA has called for ministers to make possessing 3D-printed gun blueprints illegal after a 4-fold increase in seizures.

<https://www.theguardian.com/world/2023/oct/31/nca-calls-for-possession-of-3d-printed-gun-blueprints-to-be-made>

#### **FATF REPORT: CROWDFUNDING FOR TERRORISM FINANCING**

On 31 October, FATF published this report saying that events around the world have demonstrated that crowdfunding can also be exploited for illegal purposes. This includes terrorists and terrorist groups who can exploit fundraising platforms and crowdfunding activities on social media to seek funding for their terrorist cause from a global audience. This FATF report analyses how terrorists misuse crowdfunding platforms; draws on experiences from the FATF Global Network, industry experts, academia and civil society and examines the challenges faced in detecting and preventing terrorist financing through the crowdfunding ecosphere. Challenges include the complexity of crowdfunding operations, the use of anonymising techniques, and lack of training and terrorist financing expertise within the crowdfunding industry to detect suspicious activity. The report highlights good practices, starting with the inclusion of crowdfunding in national terrorist financing

risk assessments, outreach to the crowdfunding sector, and strong domestic and international information sharing mechanisms; and provides a list of risk indicators.



<https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Crowdfunding-Terrorism-Financing.pdf.coredownload.inline.pdf>

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