

29 FEBRUARY 2024

NORTH KOREAN FACTORIES MAKING ARMS FOR RUSSIA ARE ‘OPERATING AT FULL CAPACITY’

On 28 February, CNN reported that North Korean munitions factories are “operating at full capacity” to produce weapons and shells for Russia, according to South Korea’s defence minister.

<https://edition.cnn.com/2024/02/28/asia/north-korea-munitions-factories-shipments-russia-ukraine-intl-hnk/index.html>

UK: 10 YEARS OF DPA AND THE FUTURE

On 27 February, an article from Herbert Smith Freehills, after a decade of Deferred Prosecution Agreements in the UK, reviews their performance and assesses the likely impact of recent legislative changes for the prosecution of fraud on DPA going forward. It concludes by recommending that in-house legal and compliance teams should consider adding a global fraud risk assessment to their risk registers and review existing fraud prevention procedures as major items on this year’s agenda to get ahead of the curve for when the guidance is published and a new offence comes into force.

<https://www.mondaq.com/uk/white-collar-crime-anti-corruption--fraud/1429570/the-new-dpa-landscape-for-fraud>

UK: COMPLEX OFFSHORE TAX AVOIDANCE SCHEME REVEALED AND USERS WARNED

On 29 February, a news release from HMRC said that it had exposed a complex tax avoidance scheme that moves income offshore, and warned anyone who had joined the arrangement to get out of it as soon as possible. The scheme involves contractors joining Singapore registered Procorre LLP to avoid paying Income Tax and National Insurance.

<https://www.mynewsdesk.com/uk/hm-revenue-customs-hmrc/pressreleases/complex-offshore-tax-avoidance-scheme-revealed-3307185>

US: NEW YORK AG SUES WORLD’S LARGEST BEEF PRODUCER FOR MISREPRESENTING ENVIRONMENTAL IMPACT OF THEIR PRODUCTS

On 28 February, a news release advised that the Attorney General had sued the US subsidiary of the world’s largest producer of beef products, for misleading the public about its environmental impact. It says that JBS USA has claimed that it will achieve net zero greenhouse gas emissions by 2040, despite documented plans to increase production, and therefore increase its carbon footprint.

<https://ag.ny.gov/press-release/2024/attorney-general-james-sues-worlds-largest-beef-producer-misrepresenting>

THE US ART MARKET IS A SANCTIONS BLACK HOLE

On 28 February, the FT carried an article about the exemption for the US art market, said to be worth \$30 billion, from standard laws and regulations.

<https://www.ft.com/content/ad219082-9af7-4154-a779-4a8db54e2fa2>

UK GOVERNMENT WANTS GUERNSEY AND JERSEY TO MAKE PROGRESS ON BENEFICIAL OWNERSHIP THIS YEAR

On 29 February, the Bailiwick Express in Guernsey reported that both had stalled and then backed away from previous commitments to allow full public access to registers of beneficial owners. The halt came after a court challenge had cast doubt on the legality of public registers, but the EU has now issued a proposed update to its AML Directive to correct the situation.

<https://gsy.bailiwickexpress.com/gsy/news/progress-expected-islands-year-after-eu-moves-end-uncertainty-about-who-can-access-information-companies-real-owners/>

COUNCIL OF EUROPE'S GROUP OF EXPERTS ON ACTION AGAINST TRAFFICKING IN HUMAN BEINGS (GRETA) HAS CALLED ON LITHUANIA TO TAKE FURTHER ACTION AGAINST HUMAN TRAFFICKING

On 28 February, the Council of Europe announced a new report on Lithuania.

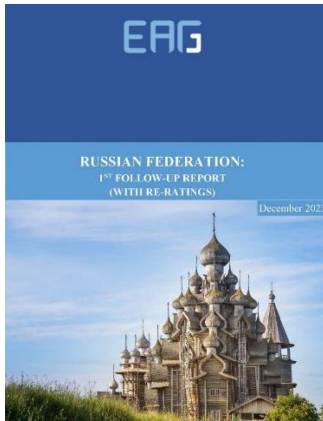
<https://www.coe.int/en/web/portal/-/lithuania-should-do-more-to-ensure-access-to-justice-for-trafficking-victims-say-council-of-europe-experts>

RUSSIA: AML/CFT EVALUATION FOLLOW-UP REPORT

On 28 February, FATF published the first follow-up report on Russia, prepared by FATF-style regional body EAG. Assessing its technical compliance only, Russia has been re-rated on the following FATF Recommendations.

- Recommendation 6 has been re-rated from partially compliant to largely compliant.
- Recommendation 7 has been re-rated from partially compliant to largely compliant.
- Recommendation 25 has been re-rated from partially compliant to largely compliant.
- Recommendation 15 has been re-rated from compliant to partially compliant.

It is said that Russia remains under regular follow-up and will continue to report on further progress in improving the national AML/CFT system.



<https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-fur/Russia-EAG-FUR-2024.pdf.coredownload.pdf>

P. 1	P. 2	P. 3	P. 4	P. 5	P. 6	P. 7	P. 8	P. 9	P. 10
LC	C	LC	LC	LC	LC	LC	LC	C	LC
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LC	PC	LC	LC	PC	PC	LC	LC	LC	C
P. 21	P. 22	P. 23	P. 24	P. 25	P. 26	P. 27	P. 28	P. 29	P. 30
LC	LC	LC	LC	LC	LC	LC	LC	C	LC
P. 31	P. 32	P. 33	P. 34	P. 35	P. 36	P. 37	P. 38	P. 39	P. 40
C	LC	C	LC	LC	LC	LC	LC	LC	LC

FATF CONSOLIDATED SCHEDULE OF AML/CFT RATINGS

On 28 February, following issue of a follow-up report on Russia, FATF issued an updated consolidated schedule of AML/CFT ratings to date.

<https://www.fatf-gafi.org/content/dam/fatf-gafi/Global-Network/4th-Round-Ratings.pdf.coredownload.inline.pdf>

EUROJUST SUPPORTS AN EPPO-LED OPERATION AGAINST CAROUSEL VAT FRAUD FOR THE FIRST TIME

On 29 February, a news release from Eurojust has supported an international joint action led by the European Public Prosecutor's Office (EPPO) against large-scale cross-border carousel VAT fraud involving companies in several Member States. The joint operation, also supported by Europol, resulted in the arrest of 14 suspects and more than 180 simultaneous searches in 17 countries. Over 680 officers participated in the actions on the ground.

<https://www.eurojust.europa.eu/news/eurojust-supports-eppo-led-operation-against-carousel-vat-fraud-first-time>

<https://www.europol.europa.eu/media-press/newsroom/news/europol-supports-eppo-investigation-eur-195-million-vat-fraud-scheme>

THE LAW COMMISSION OF ENGLAND AND WALES NEW PROJECT TO EXAMINE WHICH LAW GOVERNS DIGITAL ASSET DISPUTES

On 29 February, an Out-Law article said that the Law Commission has opened a new project to examine how questions on the application of private international law should be answered in the context of disputes over digital assets or electronic trade documents.

<https://www.pinsentmasons.com/out-law/news/law-body-considers-which-law-governs-digital-asset-disputes>

UK: SOLICITORS REGULATION AUTHORITY (SRA) HAS TAKEN ACTION IN 24 CASES WHERE MISCONDUCT IN RELATION TO NON-DISCLOSURE AGREEMENTS (NDA) WAS ALLEGED, IT HAS EMERGED

On 29 February, Legal Futures reported that it has also called for “harmonised cross-sector guidance” for the whole legal profession.

<https://www.legalfutures.co.uk/latest-news/sra-takes-action-in-24-cases-of-alleged-nda-misuse>

BANKERS VERIFIED FAKE CHINESE INCOME MORTGAGES FOR BANNED MONEY LAUNDERING SUSPECTS IN TORONTO

On 16 February, The Bureau carried a report on its investigation into Canada’s housing affordability crisis.

<https://www.thebureau.news/p/bankers-verified-fake-chinese-income>

MAN WHO HACKS EUROPEAN SEAPORTS FOR COCAINE TRAFFICKERS

On 9 February, Vsquare carried an article which also explained a *modus operandi* for drug smuggling which Europol called “Container PIN fraud”. According to a 2023 Europol report, PIN fraud in Rotterdam and Antwerp is vastly underreported and also occurs in other European ports.

<https://vsquare.org/narcofiles-europe-seaports-cocaine-drugs-trafficking-hacker/>

BEYOND CHINA: HOW OTHER COUNTRIES PROVIDE PRECURSOR CHEMICALS TO MEXICO

On 28 February, an article from insight Crime says that the availability of chemicals globally is one of the principal challenges law enforcement faces in curbing the synthetic drug trade. Although most countries are party to international conventions that provide guidelines for controlling and

monitoring the use of these chemicals, regulations and laws vary widely from country to country. These disparities have significant implications.

Chemicals Used in Methamphetamine and Fentanyl Production

Precursors	Pre-precursors		Essential Chemicals		
Norfentanyl	Benzylfentanyl	Sodium cyanide	Sodium carbonate	Methylene chloride	Sorbitol
Pseudoephedrine	1-benzyl-4-piperidone	Alpha-phenyl acetoacetonitrile (APAAN)	Potassium iodide	Pyridine	Potassium borohydride
Ephedrine	Acetic anhydride	Acetic acid	Diisopropyl ether	Hydrochloric acid	Nitropropane
4-anilino-N-phenethylpiperidine (ANPP)	1-benzyl-4-phenylpiperidine	2-acetyl-2-phenylacetamide (APAA)	Toluene	Acetone	Formic acid
Phenyl-2-propanone (P2P)	1-benzyl-4-anilinopiperidine	1-phenyl-2-nitropropane (P2NP)	Aniline	Dichloroethane	Sodium gluconate
Methylamine	Piperidine	Nitroethane	Propionyl chloride	Tartaric acid	Sodium thiosulfate
	Propionic anhydride	Methyl alpha-phenyl acetoacetate (MAPA)	Acetonitrile	Ethyl alcohol	Methyl thioglycolate
	N-phenethyl-4-piperidone (NPP)	Ethyl alpha-phenyl acetoacetate (EAPA)	Tetra-n-butyl ammonium bromide	Calcium chloride	Morpholine
	4-piperidone	Benzyl chloride	Benzyl trimethyl ammonium chloride	Hypophosphorous acid	Sodium erythorbate
	1-boc-4-piperidone	Benzaldehyde and derivatives	Polyethylene glycol	Ammonium chloride	Mannitol
	1-phenethyl-4-phenylpiperidine		Potassium carbonate	Thioglycolic acid	Maltitol
	4-anilinopiperidine (4-AP)		Phenethylbromide	Benzyl alcohol	Tetrahydrofuran
	1-boc-4-anilinopiperidine (1-boc-4-AP)		Methanol	Oxalic Acid	Potassium hydroxide
	Phenylacetic acid		Polyethylene glycol	Acetophenone	
	Benzaldehyde		Sodium chloride	Sodium hydroxide	

Sources UNODC, INCB, DEA, US National Institute on Drug Abuse, legislation on precursors and essential chemicals in Mexico, United States, India, Guatemala, and the European Union

February 2024

insightcrime.org

<https://insightcrime.org/investigations/beyond-china-other-countries-provide-precursor-chemicals-mexico/>

SWEDBANK CLEARED OF MONEY LAUNDERING BY ESTONIAN PROSECUTOR

On 29 February, Market Watch reported that the Estonian State Prosecutor's Office had been investigating whether money was laundered within Swedbank's Estonian subsidiary between 2014 and 2016, but it has found that no crime was committed and the investigation is therefore being closed, Swedbank said.

<https://www.marketwatch.com/story/swedbank-cleared-of-money-laundering-by-estonian-prosecutor-bb6e90b5>

<https://www.reuters.com/world/europe/swedbank-says-estonia-ends-money-laundering-probe-2024-02-29/>



Stoyan Lozanov



Navigating Enhanced Due Diligence (EDD)

In the compliance world, knowing your clients well is crucial. Follow these steps to dive deeper into client assessments, keeping risks at bay and your operations in check.



https://www.linkedin.com/posts/stoyan-lozanov-744b4047_compliance-aml-riskmanagement-activity-7168907763899731968-VjtF

GABON TAKES ON RUSSIAN SHIPS, FLAG REGISTRY GROWING APACE

On 28 February, Insurance Marine News reported that Gabon has been the fastest-growing flag registry in the world over the past year, benefiting from the move of several Russian-controlled vessels – notably much of the Sovcomflot fleet – away from more established registries. The Gabon register has doubled in size since the start of 2024.

<https://insurancemarineneews.com/insurance-marine-news/gabon-takes-on-russian-ships-flag-registry-growing-apace/>

UK: DEBANKING

The All-Party Parliamentary Group on Fair Business Banking has published a report which says that the volume of account closures has accelerated since 2016.



<https://www.appgbanking.org.uk/wp-content/uploads/2024/02/De-Banking-Report-2024-240221-Digital.pdf>

STRATEGIC TRADE CONTROL OF TRANSSHIPMENTS: KNOW YOUR CUSTOMER: BASED BEST PRACTICES FOR COUNTERPROLIFERATION

The latest edition of the Strategic Trade Review included this article about a study which identifies KYC- based sanction best practices in transshipment, which are essential for effectively countering proliferation and also valuable in reducing smuggling trends by enhancing end-user screening processes. It was found that KYC-based best practices and red flag indicators are essential for identifying the final recipient or purpose of sensitive goods or dual-use goods/technologies and that national.

<https://strategictraderesearch.org/current-issue/>

GUERNSEY RE-ISSUES INVESTMENT FUND RUSSIA SANCTIONS GENERAL LICENCE

On 29 February, the Global Sanctions blog reported that Guernsey has revoked and replaced its investment fund General Licence with amendments.

<https://globalsanctions.co.uk/2024/02/guernsey-re-issues-investment-fund-gl/>
<https://www.gov.gg/CHttpHandler.ashx?id=175883&p=0>

STRATEGIC TRADE REVIEW – NEW EDITION

On 29 February, the Winter/Spring 2024 edition of this excellent publication [*I say “excellent”, as it once had the good taste to publish a piece by me!*].

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<https://strategictraderesearch.org/current-issue/>



UK: 1 NEW AND 1 AMENDED SANCTIONS GENERAL LICENCE

On 29 February, HM Treasury advised of the issue of new General Licence which allows persons who owe monies to a designated person as a result of a Court Order to pay these to the Court Funds Office and for the Court Funds Office to receive these payments. It also issued an amended version of a General Licence covering payment to energy companies for gas and/or electricity, which has been amended to add permission for payments for gas and electricity meter installation, certification, validation, monitoring, replacement, removal and other payments in relation to these activities.

https://assets.publishing.service.gov.uk/media/65e08cfd3f69450011035fdb/Gas_and_Electric_INT.2022.2300292_29.02.24_PN.pdf

https://assets.publishing.service.gov.uk/media/65e06e8acf7eb16adff57fef/INT-2024-4398024_PN.pdf

FINCEN: UPDATED FATF LIST OF JURISDICTIONS WITH AML/CFT/CFP DEFICIENCIES

On 29 February, FinCEN issued a news release advising of changes to FATF warning lists, noting that it had added Kenya and Namibia to its list of Jurisdictions Under Increased Monitoring and removed Barbados, Gibraltar, Uganda, and UAE from that list.

<https://www.fincen.gov/news/news-releases/financial-action-task-force-identifies-jurisdictions-anti-money-laundering>

EU REPORT ON LEGAL OPTIONS FOR CONFISCATION OF RUSSIAN STATE ASSETS

On 29 February, the Global Sanctions blog reported that the European Parliamentary Research Service published on 23 February a report analysing the legal options for the confiscation of Russian state assets to support the reconstruction of Ukraine.

<https://globalsanctions.co.uk/2024/02/eu-report-on-legal-options-for-confiscation-of-russian-state-assets/>

[https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU\(2024\)759602#:~:text=It%20asses%20six%20options%20under,state%20sponsor%20of%20terrorism%3B%20and](https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2024)759602#:~:text=It%20asses%20six%20options%20under,state%20sponsor%20of%20terrorism%3B%20and)

PRESIDENT BIDEN SIGNS AN EXECUTIVE ORDER RE ACTIONS TO PREVENT THE TRANSFER OF AMERICANS' PERSONAL DATA TO COUNTRIES OF CONCERN

On 28 February, Fried Frank reported that the Executive Order authorises the Attorney General to take actions to prevent the transfer of personal data to countries of concern.

OFAC ISSUES NEW VENEZUELA SANCTIONS GENERAL LICENSE

On 29 February, OFAC issued General License 45B (Authorizing Certain Repatriation Transactions Involving Consorcio Venezolano de Industrias Aeronáuticas y Servicios Aéreos, S.A.).

<https://ofac.treasury.gov/media/932686/download?inline>

PORTWATCH

This is an open platform designed to monitor and simulate disruptions to maritime trade traffic flows. It is intended to assist policymakers and the public assess the impact of realised and future trade shocks, such as natural disasters. It is understandably currently focusing on the disruption in the Red Sea and to Panama Canal traffic. It is offered by the IMF in conjunction with Oxford University.

<https://portwatch.imf.org/>

BELGIAN STAR HEALTH MINISTER EMBROILED IN CORPORATE SPY SCANDAL

On 23 February, Politico reported that a Covid contractor hired ex-Mossad spies to find evidence of *faux pas* in the ministry. The medical firm involved alleges valuable contracts were awarded unfairly to a competitor.

<https://www.politico.eu/article/belgian-star-health-minister-frank-vanderbroucke-embroiled-in-corporate-spy-scandal/>

US ATTORNEY GENERAL ANNOUNCES INCREASED PENALTIES FOR AI CRIMES

On 29 February, an article from Troutman Pepper advised that the Deputy Attorney General had announced that the DoJ will now seek stiffer penalties for crimes involving, and aided by, artificial intelligence (AI).

<https://www.jdsupra.com/legalnews/us-ag-announces-increased-penalties-for-3277157/>

G20 DISCUSSES PLANS FOR GLOBAL MINIMUM TAX ON BILLIONAIRES

On 29 February, the Guardian reported that a G20 meeting of finance ministers and central bank governors are preparing to discuss an internationally agreed backstop on the taxation of hypermobile wealthy individuals. The plan aims to build on the cooperation that resulted in a 15% global minimum tax on multinational companies, which came into effect in January.

<https://www.theguardian.com/news/2024/feb/29/taxation-worlds-billionaires-super-rich-g20-brazil>

**THE ROLE TURKEY PLAYS AS A TRANSIT POINT FOR THE HIGH-TECH MACHINE TOOLS USED IN
RUSSIAN MILITARY MANUFACTURING**

On 22 February C4ADS used the example of Turkish company Jacbac to demonstrate the role Turkey plays.

<https://c4ads.org/commentary/putting-the-pieces-together/>

**SWEDISH AUTHORITIES REQUEST MALTESE MAN IN CONNECTION WITH COMPLEX €196 MILLION
VAT FRAUD**

On 29 February, Malta Today reported that a Maltese businessman is contesting a request that he be deported to Sweden to face charges of fraud, tax evasion and money laundering. He was arrested on the strength of a European Arrest Warrant issued by the Swedish authorities.

https://www.maltatoday.com.mt/news/court_and_police/127852/swedish_authorities_request_maltese_man_in_connection_with_complex_196_million_vat_fraud

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