

4 March 2024

RUSSIA PRESSURES ECUADOR TO STOP THE DELIVERY OF WEAPONS OF RUSSIAN ORIGIN TO THE US

On 20 February, an article in Pucara Defense, an Argentina-based aviation magazine, reported on the dispute between Ecuador and Russia – the latter being the largest single customer for Ecuadorian bananas.

<https://www.pucara.org/post/rusia-presiona-a-ecuador-para-frenar-la-entrega-de-armamento-de-origen-ruso-a-estados-unidos>

INDIA COULD PREPARE A STRATEGIC SHIFT AWAY FROM RUSSIA

Another article from Pucara Defense, this on 15 February, says that the relationship between Russia and India is undergoing a shift that could alter the global balance of power. The analysis takes in a group of 14 ships lying at the sea in South Asia, and oil, rupees, weapons, and strategic calculation.

<https://www.pucara.org/post/india-podr%C3%ADa-preparar-un-viraje-estrat%C3%A9gico-para-alejarse-de-rusia-petr%C3%B3leo-armas-y-un-tsunami-de>

US TIGHTENS SANCTIONS RELATED TO VENEZUELA NON-COMMERCIAL FLIGHTS

On 4 March, the Global Sanctions blog reported on a replaced General License, observing that it still permits transactions ordinarily incident and necessary to the repatriation of Venezuelan nationals from non-US jurisdictions in the Western Hemisphere to Venezuela.

<https://globalsanctions.co.uk/2024/03/us-tightens-sanctions-related-to-venezuela-non-commercial-flights/>

CHINESE GANGS USE CRYPTOCURRENCIES TO LAUNDER BILLIONS

On 2 March, the Wall Street Journal reported that Chinese crime syndicates are using cryptocurrencies to launder billions of dollars, including money raised from helping supply drugs to the US or scamming American victims. It says that they are using crypto to launder the profits of drug dealing and illegal gambling, and have made huge amounts from investment scams that promise easy returns in the cryptocurrency markets.

<https://www.wsj.com/finance/currencies/chinese-gangs-use-cryptocurrencies-to-launder-billions-5749f44e>

US: SWISS-BASED GUNVOR UNIT TO PAY \$661 MILLION AFTER PLEADING GUILTY IN BRIBERY SCHEME

On 1 March, the Wall Street Journal reported that a unit of Gunvor Group, one of the world's largest energy commodity trading firms, has agreed to pay about \$661 million after it admitted to bribing Ecuadorean officials. It entered a guilty plea to a conspiracy charge in a New York federal court. The company was sentenced to pay \$374 million in fines and forfeit \$287 million in ill-gotten gains, but will receive credit for amounts paid to authorities in Switzerland and Ecuador, prosecutors said.

<https://www.wsj.com/articles/gunvor-unit-to-pay-661-million-after-pleading-guilty-in-bribery-scheme-640b31e9>

CENTRAL ASIA'S SURGING ROLE IN CIRCUMVENTING SANCTIONS: DUAL-USE GOODS FLOW INTO RUSSIA

On 4 March, BNN reported that Kazakhstan and Kyrgyzstan's trade routes crucially funnel dual-use goods to Russia, revealing the complexities of global trade and sanctions. It says that the Central Asian trade route has emerged as a critical channel for the flow of Western-produced goods, including microelectronics and luxury items, into the country. This is facilitated by the region's extensive borders with Russia, opaque trading practices, and the involvement of opportunistic intermediaries.

<https://bnnbreaking.com/world/asia/central-asias-surging-role-in-circumventing-sanctions-dual-use-goods-flow-into-russia>

AUSTRALIAN MOVEMENT OF RUSSIAN COAL "BREACHES SANCTIONS"

On 4 March, the Brisbane Times reported that the Government has argued that those citizens and businesses that wittingly haul Russian coal to be sold to a third party are breaching Australia's sanctions regime. This was in a court case involving Tigers Realm Coal, a publicly listed company backed by billionaire philanthropists Paul Little and Jane Hansen. If the Government is successful, questions arise over whether Tigers will be held criminally responsible for continuing to mine Russian coal even after being informed that the company's activities were likely to be in breach of Australia's sanctions laws.

<https://www.brisbanetimes.com.au/business/companies/australian-movement-of-russian-coal-breaches-sanctions-dfat-argues-20240304-p5f9oq.html>

THIS IS HOW A GAS STATION IN GUATEMALA MANAGED TO LAUNDER OVER \$233 MILLION

On 4 March, Prensa Libre highlighted one of 3 money laundering cases detailed in a recent GAFILAT Regional Typologies 2021-2022 report.

<https://www.prensalibre.com/guatemala/politica/asi-consiguio-una-gasolinera-lavar-q1795-millones-en-huehuetenango/>

WILL ST MAARTEN PASS THE AML EVALUATION TEST?

On 4 March, 721News.com reported that, in September, St Maarten is being evaluated by the Caribbean Financial Action Task Force (CFATF) and that it is crucial for all businesses here to have strong AML/CFT practices.

<https://www.721news.com/2024/03/cfatf-evaluation-will-st-maarten-pass-the-anti-money-laundering-test/>

ISRAELI AUTHORITIES BUST MONEY LAUNDERING RING

On 4 March, Latest LY reported that Israeli Police and the Tax Authority arrested 14 suspects in northern Israel, and seized hundreds of thousands of shekels in cash, 5 luxury cars and other assets. The scheme has been valued at \$36 million.

<https://www.latestly.com/agency-news/world-news-israeli-authorities-bust-money-laundering-ring-5798459.html>

US: SETBACK TO BENEFICIAL OWNERSHIP RULE

On 3 March, the New York Times reported that a federal court in Alabama has ruled that the US Treasury cannot require some small businesses to report personal details about their owners, despite the new law that came into operation on 1 January.

<https://www.nytimes.com/2024/03/03/us/politics/judge-ruling-corporate-transparencact.html>

UK: FINANCIAL RISK CHECKS - NEW UPDATES FROM THE GAMBLING COMMISSION

On 29 February, an article from Bird & Bird reported that the Gambling Commission has provided an update on the financial risk checks which were proposed in the White Paper in April 2023 and subsequent consultation. The Commission has outlined what approach it will take to these checks as a prelude to the full Consultation response, which it has now confirmed will be available in March.

<https://www.twobirds.com/en/insights/2024/global/financial-risk-checks-new-updates-from-the-gambling-commission>

<https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/page/emerging-money-laundering-and-terrorist-financing-risks-from-february-2024>

CZECHIA MUST IMPROVE THE EFFECTIVENESS OF ITS SYSTEM TO PROMOTE INTEGRITY AND PREVENT CORRUPTION IN GOVERNMENT AND THE POLICE

On 4 March, the Council of Europe reported on the latest GRECO report on Czechia, saying that there is too little focus is placed on guidance and training, as well as on supervision and enforcement of anti-corruption rules, and a need for improved risk analyses and remedial measures, integrity checks and clear rules on recruitment and appointment for ministers' advisers.

<https://www.coe.int/en/web/portal/-/greco-czechia-must-improve-the-effectiveness-of-its-system-to-promote-integrity-and-prevent-corruption-in-government-and-the-police>

<https://rm.coe.int/grecoeval5rep-2022-7-final-eng-evaluation-report-czech-republic-public/1680aeb6aa>

UK: COMPANIES HOUSE BEGINS ROLL OUT OF NEW ANTI-FRAUD POWERS

On 4 March, Scottish Legal News reported that the first measures under the Economic Crime and Corporate Transparency Act 2023 (ECCT Act) come into force on 4 March.

<https://www.scottishlegal.com/articles/companies-house-begins-roll-out-of-new-anti-fraud-powers>

<https://www.standard.co.uk/business/business-news/companies-house-clamps-down-on-scammers-stealing-uk-names-and-addresses-b1143001.html>

EU UPDATES FAQ ON RUSSIA SANCTIONS AND DIAMONDS

On 1 March, the EU released updated FAQ on sanctions against Russia and Belarus, with focus on Article 3p of Council Regulation (EU) No 833/2014.

https://finance.ec.europa.eu/publications/restrictions-diamonds_en

UK TO ADDRESS SETBACK WHICH MADE MANY LITIGATION FUNDING AGREEMENTS UNENFORCEABLE

On 4 March, a news release from the MoJ advised that the Government will introduce a new law to make it easier for members of the public to secure the financial backing of third parties when launching complex claims against moneyed corporations with sizeable legal teams which they could otherwise ill-afford. This will restore the position that existed before the Supreme Court's ruling last year, which made many litigation funding agreements unenforceable.

<https://www.gov.uk/government/news/new-law-to-make-justice-more-accessible-for-innocent-people-wronged-by-powerful-companies>

<https://www.legalfutures.co.uk/latest-news/chalk-to-publish-legislation-overturning-paccar-ruling>

CANADA: STRENGTHENED GUIDELINES ON FOREIGN INVESTMENTS IN THE INTERACTIVE DIGITAL MEDIA SECTOR

On 4 March, Jurist reported a statement by 2 Government ministers saying that “Canada is determined to take action when investments could threaten national security and would not be in Canada’s best interest”. The new measures will provide further guidance on how the Investment Canada act impacts interactive digital media, which includes video games and virtual reality.

<https://www.jurist.org/news/2024/03/canada-announces-new-measures-for-reviewing-foreign-investments-in-digital-media-sector/>

WOLFSBERG GROUP COUNTRY RISK FAQ

On 4 March, the Wolfsberg Group of leading banks published revised FAQ which provide a comprehensive understanding of the implications of country risk in the context of AML/CFT measures, including customer due diligence (CDD) requirements; and how financial institutions should capture country risk.

[https://db.wolfsberg-group.org/assets/6a3513cd-b486-4d7e-aa2f-698b18ed05fb/Wolfsberg%20Group%20Country%20Risk%20FAQs%20\(2024\).pdf](https://db.wolfsberg-group.org/assets/6a3513cd-b486-4d7e-aa2f-698b18ed05fb/Wolfsberg%20Group%20Country%20Risk%20FAQs%20(2024).pdf)

GUERNSEY: NATIONAL RISK ASSESSMENT IN RELATION TO MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING

Guernsey has carried out its second National Risk Assessment (NRA) of the money laundering and terrorist financing risks presented by individual sectors and products within the jurisdiction. The first was undertaken in 2020. This webpage proves links to further information on its contents.

<https://gov.gg/finance-risk-assessment>

FORMER DIRECTOR OF BINANCE, A COMPANY FINED BILLIONS IN THE US, LIVING IT UP IN MALTA

On 4 March, The Shift reported that a former director of the Malta-registered portion of Binance – the cryptocurrency exchange found guilty of breaching US AML laws – is living a life of luxury and private jets in Malta, as former colleagues face billions in settlement fees. It says that Binance was based in Malta for 18 months from 2018 to 2019, but that during its time there, Binance never paid a cent in taxes despite processing billions.

<https://theshiftnews.com/2024/02/25/former-director-of-binance-company-fined-billions-in-us-living-it-up-in-malta/>

US: PRECURSOR CHEMICAL BROKER SENTENCED FOR METHAMPHETAMINE IMPORTATION AND MONEY LAUNDERING CONSPIRACIES

On 23 February, a news release from the US DoJ advised that precursor chemical broker was sentenced to 18 years and 8 months in prison for methamphetamine importation and money laundering conspiracies. He procured chemicals, including methylamine, for the *Cartel de Jalisco Nueva Generacion* (CJNG) to make controlled substances for importation into the US. He imported over 5 million kg of chemicals into Mexico, including enough precursors to produce over 700 million doses of methamphetamine and over 2 billion doses of fentanyl.

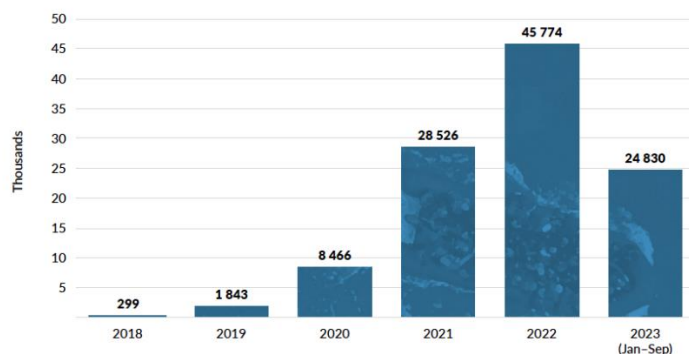
<https://www.justice.gov/opa/pr/precursor-chemical-broker-sentenced-methamphetamine-importation-and-money-laundering>

UK: THE INDUSTRIALISATION OF CROSS-CHANNEL MIGRANT SMUGGLING

On 22 February, the Global Initiative Against Transnational Organised Crime published this report says that a spike in the number of arrivals can be largely explained by the ‘industrialization’ of a system of smuggling migrants by boat, a process that began in 2018.



<https://globalinitiative.net/wp-content/uploads/2024/02/Small-boats-big-business-The-industrialization-of-cross-channel-migrant-smuggling-GI-TOC.Feb-2024.pdf>



INSIDE NORTH KOREA'S FORCED LABOUR PROGRAM

On 25 February, the New Yorker published an article saying that workers sent to Chinese factories describe beatings and sexual abuse, having wages taken by the state. And being told that they would be killed if they tried to escape.

<https://www.newyorker.com/magazine/2024/03/04/inside-north-koreas-forced-labor-program-in-china>

UK: MONEY MULE ACTION PLAN

On 1 March, the Home Office issued a cross-sector action plan to disrupt money mule activity and protect the public, through deterrents and safeguarding measures. The guidance is aimed at frontline professionals and organisations who work with children and adults at risk, and is intended to enable practitioners to recognise and respond to financial exploitation linked to money laundering so that victims, and potential victims, can get the protection and support they need.

<https://www.gov.uk/government/publications/money-mule-action-plan>

UN COMMITTEE POSTPONES DECISION ON CYBERCRIME CONVENTION

On 15 February, the Global Initiative Against Transnational Organised Crime reported that member states were unable to overcome the fundamental sticking points over what form a UN cybercrime convention should take: whether it should be a traditional cybercrime treaty or a broader treaty covering all crimes committed using information and communications technologies. Instead of honouring the committee's mandate to vote on the different options, member states ultimately chose to postpone the decision until a later date.

<https://globalinitiative.net/analysis/un-committee-postpones-decision-cybercrime-convention/>

EVOLVING DRUG TRENDS IN WARTIME UKRAINE

On 14 February, the Global Initiative Against Transnational Organised Crime reported that, as civilians and soldiers alike seek solace from the stresses of conflict, the use of cannabis and synthetic stimulants has surged. The closure of major transit hubs has disrupted cocaine imports, leading to fluctuations in availability and price. Additionally, the pending legalisation of medical cannabis presents both opportunities and challenges, raising questions about regulation and the prevalence of illicit supply channels.

<https://globalinitiative.net/wp-content/uploads/2024/02/Ruggero-Scaturro-An-altered-state-Evolving-drug-trends-in-wartime-Ukraine-GI-TOC-February-2024.pdf>

ORGANISED CRIME ON THE RISE IN MYANMAR AS RESILIENCE WANES

On 26 February, the Global Initiative Against Transnational Organised Crime reported that organised crime in Myanmar has significantly worsened, to the point that the country currently has the highest levels of organised criminality in the world.

<https://globalinitiative.net/analysis/myanmar-organized-crime-resilience-ocindex/>

OFAC SANCTIONS ZIMBABWE'S PRESIDENT AND KEY ACTORS FOR CORRUPTION AND SERIOUS HUMAN RIGHTS ABUSE

On 4 March, OFAC advised that it had designated 11 individuals, including Zimbabwe's President Emmerson Mnangagwa, and 3 entities for their involvement in corruption or serious human rights abuse. These sanctions replace those formerly imposed on persons and entities in Zimbabwe under an Executive Order imposing Zimbabwe-specific sanctions. As a result, those sanctioned under the former Zimbabwe Sanctions Program would no longer be subject to restrictions – unless subject to the new ones.

<https://home.treasury.gov/news/press-releases/jy2154>

<https://ofac.treasury.gov/recent-actions/20240304>

OFAC UPDATED FAQ EXPLAINING PROHIBITIONS RELATED RUSSIAN DIAMOND JEWELRY AND DIAMONDS

On 4 March OFAC issued updated FAQ 1166 about the ban on the importation and entry into the US of diamond jewellery and unsorted diamonds of Russian Federation origin, as well as diamond jewellery and unsorted diamonds that were exported from the Russian Federation.

<https://ofac.treasury.gov/faqs/1166>

US: TRADEMARK SCAMS ON THE RISE

On 4 March, an article from DRM was concerned with scams affecting trade mark owners, including spoofed calls from the US Patent and Trademark Office. It lists a number general things to be on the lookout for.

<https://www.jdsupra.com/legalnews/trademark-scams-on-the-rise-3844156/>

ISLE OF MAN: FEEDBACK SOUGHT ON PROPOSALS TO UPDATE AML/CFT FRAMEWORK

On 4 March, the FSA announced a consultation on proposals to update the Isle of Man's AML/CFT framework. There are plans to introduce a new activity under the remit of the FSA in respect of undertaking AML/CFT oversight in relation to 'administering or managing money on behalf of

another person'. If approved, the change would potentially bring new businesses into the scope of the designated business framework.

<https://www.iomfsa.im/fsa-news/2024/mar/feedback-sought-on-proposals-to-update-amlcft-framework/>

<https://consult.gov.im/financial-services-authority/aml-cft-framework-legislation-updates/>

ISLE OF MAN: VIEWS INVITED ON PROPOSED INTRODUCTION OF TRAVEL RULE FOR VIRTUAL ASSETS

On 4 March, the FSA and the Department of Home Affairs, issued a consultation paper on the proposed introduction of a Travel Rule (Transfer of Virtual Assets) Code.

<https://www.iomfsa.im/fsa-news/2024/mar/views-invited-on-proposed-introduction-of-travel-rule/>

<https://consult.gov.im/financial-services-authority/travel-rule-transfer-of-virtual-assets-code-2024/>

TRINIDAD & TOBAGO'S COMMENDABLE FIGHT AGAINST ILLICIT TRADE

On 18 February, the Transnational Alliance to Combat Illicit Trade (TRACIT) issued this case study, featuring what TACIT calls the commendable efforts of the Trinidadian government to tackle illicit trade. The country faces significant vulnerabilities to illicit activities; for example, local reports indicate that approximately 22% of imported alcohol and 5-10% of the domestic tobacco market are affected by illicit trade. It is said that the government's proactive steps to curb illicit trade in recent years are commendable, serving as a valuable example for other nations. However, TRACIT highlights that more needs to be done.



<https://www.tracit.org/trinidad.html>

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