

12 March 2024

CAMBODIA TO DIVERT MEKONG TRADE VIA CHINA-BUILT CANAL, VEXING VIETNAM

On 12 March, Nikkei Asia reported that Cambodia is moving ahead with plans to build a \$1.7 billion, Chinese-funded canal that would directly connect Phnom Penh with Cambodian ports on the Gulf of Thailand. It will also potentially give China greater influence in the region.

<https://asia.nikkei.com/Spotlight/Asia-Insight/Cambodia-to-divert-Mekong-trade-via-China-built-canal-vexing-Vietnam>

SHIPPING EMISSIONS: ENVIRONMENTAL NGO CALL FOR TOUGHER PENALTIES AND HIGHER STANDARDS

On 11 March, Seatrade Maritime reported that, as another round of critical discussions on shipping regulation get underway at the IMO, environmental NGO have called for action on fuel standards, an emissions levy, and a revision of the Carbon Intensity Indicator (CII). The organisations also encouraged the adoption of global standards for fuel/energy in shipping to give the certainty needed to support investment in wind power, and the production and use of zero emissions fuels.

<https://www.seatrade-maritime.com/regulation/environmental-ngos-call-tougher-cii-penalties-and-higher-standards>

NUMBER OF SHIP TRANSITS THROUGH RED SEA DROPS AGAIN

On 8 March, Zawya reported that a trade indicator notes the number of ships around the Cape of Good Hope off Africa had tripled. The number of container ships passing through the Red Sea and the Suez Canal fell again in February compared to January, according to a new report.

<https://www.zawya.com/en/business/transport-and-logistics/number-of-ship-transits-through-red-sea-drops-again-brtadtdb>

BOSNIA-HERZEGOVINA HAS ADOPTED A NEW ACT ON PREVENTION OF MONEY-LAUNDERING AND FINANCING OF TERRORISM

On 11 March, an article from BDK Advokati details the changes brought about by the new Act.

<https://bdkadvokati.com/aml-in-bosnia-and-herzegovina/>

UK: PAYMENT SERVICE PROVIDERS TO BE GIVEN MORE TIME TO PREVENT FRAUD

On 12 March, UK Finance reported that the Government is expected to publish draft legislation allowing financial services firms more time to investigate potentially fraudulent payments. Payment

service providers currently only have 24 hours to spot and investigate suspicious payments before they are required to process them.

<https://www.telegraph.co.uk/money/banking/bank-transfers-four-days-long-under-new-fraud-laws>

US: DOJ UPDATES SANCTIONS VOLUNTARY SELF-DISCLOSURE POLICY

On 12 March, the Global Sanctions blog reported that the DoJ has updated its policy on voluntary self-disclosure of sanctions and export control breaches.

<https://globalsanctions.co.uk/2024/03/us-doj-updates-sanctions-voluntary-self-disclosure-policy/>

<https://www.justice.gov/nsd/media/1285121/dl?inline=>

CANADA DESIGNATES IRANIAN OFFICIALS FOR REPRESSION OF WOMEN

On 12 March, the Global Sanctions blog reported that Canada had designated 2 Iranian officials in response to the repression of women and girls.

<https://globalsanctions.co.uk/2024/03/canada-designates-iranian-officials-for-repression-of-women/>

WHY RUSSIA HAS BEEN SO RESILIENT TO WESTERN EXPORT CONTROLS

On 11 March, an article from the Carnegie Endowment for International Peace examines why Russia has proved exceptionally resilient to the West's measures. This is true of the Russian economy as a whole but is particularly germane when it comes to Russia's unexpected success in acquiring advanced technology components. How is it that Russia has been so effective in acquiring critical technology used for military weapons, often from Western manufacturers, despite export controls? 3 factors are primarily responsible for sustaining Russia's military technology procurement efforts – use of run-of-the-mill computer chips and components; an adaptive ability to exploit globalised supply chains and leverage a network of third-country traders; and shifting geopolitical incentives have motivated many countries to ignore Western sanctions.

<https://carnegieendowment.org/2024/03/11/why-russia-has-been-so-resilient-to-western-export-controls-pub-91894>

MOROCCAN CUSTOMS CRACK DOWN ON MONEY LAUNDERING THROUGH IMPORT DOCUMENTS

On 12 March, Hespress reported that Moroccan customs authorities have stepped up scrutiny of import documents used by companies to illegally transfer large sums of money abroad. It is thought that it is linked to newly-established companies operating in the information systems and database technology sectors.

<https://en.hespress.com/81317-moroccan-customs-crack-down-on-money-laundering-through-import-documents.html>

SINGAPORE TO CLAMP DOWN ON CORPORATE SERVICE PROVIDERS AFTER HUGE MONEY LAUNDERING SCANDAL

On 12 March, The Star in Malaysia reported that Singapore is planning to tighten its rules governing corporate service providers, following a spate of money laundering cases involving foreign nationals in the city state. All entities providing corporate services - such as business formation and regulatory filings - in and from Singapore will need to be registered with the Accounting and Corporate Regulatory Authority. The government is also looking to impose fines on registered corporate-service providers and their senior management, if they breach rules on AML and illicit financing.

<https://www.thestar.com.my/aseanplus/aseanplus-news/2024/03/12/singapore-to-clamp-down-on-corporate-service-providers-after-huge-money-laundering-scandal>

FATF: GUIDANCE ON BENEFICIAL OWNERSHIP AND TRANSPARENCY OF LEGAL ARRANGEMENTS

On 11 March, FATF published updated its risk-based guidance for Recommendation 25. The guidance complements the existing guidance on Recommendation 24 on legal persons and aims to help stakeholders from the public and private sectors to implement the new requirements more effectively.



<https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/Guidance-Beneficial-Ownership-Transparency-Legal-Arrangements.pdf.coredownload.inline.pdf>

UK: SFO ARRESTS 3 AS IT KICKS OFF PROBE INTO £76 MILLION CARE HOME SCANDAL

On 12 March, City AM reported that the investigation is into the UK registered property developer, the Carlauren Group, which collapsed into administration in November 2019. Between 2015 and 2019 the group had purchased 23 hotels to renovate them into care-homes, but only 9 of these were ever operational, with some even continuing to operate as hotels.

<https://www.cityam.com/serious-fraud-office-kicks-off-probe-into-carlauren-76m-care-home-scandal/>

<https://www.sfo.gov.uk/2024/03/12/serious-fraud-office-makes-three-arrests-in-new-care-home-fraud-investigation/>

UK: SRA WARNS SOLICITORS OVER “DEEPFAKE” CLIENTS AND VENDOR FRAUD

On 12 March, Legal Futures reported that the Solicitors Regulation Authority (SRA) has warned lawyers who rely on video calls to identify clients of the risks posed by ‘deepfake’ technology.

<https://www.legalfutures.co.uk/latest-news/sra-warns-solicitors-over-deepfake-clients-and-vendor-fraud>

EXPERTS SAY DRUG CARTELS LAUNDER ILLICIT PROFITS THROUGH US PRIVATE SECTOR

On 11 March, OCCRP reported on what it describes as a shadowy underworld that thrives thanks to enablers exploiting loopholes in US AML laws not seen elsewhere in the West. The US Treasury says that transnational organised crime figures launder the blood money through professionals exploiting the US legal oversights.

<https://www.occrp.org/en/daily/18552-experts-say-drug-cartels-launder-illicit-profits-through-us-private-sector>

CENTRAL AMERICAN DEVELOPMENT BANK MAKES REFORMS AFTER OCCRP INVESTIGATION

On 12 March, OCCRP reported that the Central American Bank for Economic Integration (CABEI) is implementing a wide range of reforms, in the light of a history of scandal, corruption and lax oversight and lending practices. The changes include putting the brakes on the amount of funds going to the governments of Nicaragua and El Salvador.

<https://www.occrp.org/en/daily/18554-central-american-development-bank-makes-reforms-after-occrp-investigation>

DENTONS LAW FIRM CLEARED OF AML RULE BREACHES

On 12 March, Legal Futures reported that Dentons, the world's largest law firm, has been cleared by the Solicitors Disciplinary Tribunal over alleged breaches of AML rules. The allegations arose while the firm acted for a PEP or his associated entities between around May 2013 and June 2017.

<https://www.legalfutures.co.uk/latest-news/sdt-clears-dentons-of-anti-money-laundering-rule-breaches>

THE ART MARKET: A MONEY LAUNDERER'S HAVEN?

On 11 March, an article from Dentons says that the allure of client anonymity and exclusivity, subjectively high-value transactions, the ease of conducting transactions and transporting art across borders, the increasing rate of online transactions, and the widely accepted use of third-party intermediaries to purchase, sell, and hold artwork, make art an appealing commodity for criminals seeking to launder funds. However, it says that laws such as the Corporate Transparency Act (CTA) are pushing the US in the right direction to combat money laundering activities in the art market.

<https://www.dentons.com/en/insights/articles/2024/march/11/the-art-market-a-money-launderers-haven>

IRAN: COURT SAYS IRANIAN-GERMAN NATIONAL AND US GOVERNMENT MUST PAY \$2.5 BILLION OVER 2008 BOMBING

On 12 March, Rferl reported that a court in Tehran has ordered Iranian-German national Jamshid Sharmahd and the US Government to pay \$2.5 billion in compensation to victims of a 2008 bombing in Shiraz in southern Iran.

<https://www.rferl.org/a/iran-german-national-sharmahd-court-compensation-bombing/32858379.html>

KAZAKH PRESIDENT PAID \$5 MILLION FOR CONTROVERSIAL OLIVER STONE MINISERIES TO WHITEWASH IMAGE

On 11 March, Rferl reported that an investigation has found that a foundation controlled by former Kazakh President Nursultan Nazarbaev paid at least \$5 million for a 2021 documentary that sought to whitewash the authoritarian leader's image.

<https://www.rferl.org/a/kazakhstan-nazarbaev-whitewash-lopatonok-oliver-stone/32857496.html>

CHINESE ARRESTS JUMP NEARLY 50% AMID CLAMPDOWN ON ‘HOSTILE FOREIGN FORCES’

On 11 March, RFA reported that authorities arrested 726,000 people last year, a jump of 47.1% from the previous year, the country’s chief prosecutor told the National People’s Congress amid a crackdown on crimes linked to “hostile foreign forces.”

<https://www.rfa.org/english/news/china/china-arrests-hostile-foreign-forces-03112024204531.html>

CRYPTO FIRM MOVED \$4.2 MILLION OF ASSETS TO DIGITAL WALLET LINKED TO ALLEGED RUSSIAN ARMS DEALER

On 11 March, ICIJ reported on an analysis of transactions in 2021 which shows a link between Copper Technologies and Jonatan Zimenkov, who was later hit with US sanctions over Russia’s Ukraine invasion.

<https://www.icij.org/inside-icij/2024/03/crypto-firm-moved-4-2m-of-assets-to-digital-wallet-linked-to-alleged-russian-arms-dealer/>

CASE STUDY: DANGERS OF COAL CARGO

On 12 March, Hellenic Shipping News reported on a case in which a bulk cargo vessel carrying coal from South Africa to Singapore suffered a fatal accident, resulting in the deaths of 3 crew members who were found in a full cargo hold. As a combustible material, coal poses significant risks during transport.

<https://www.hellenicshippingnews.com/case-study-dangers-of-coal-cargo/>

FRANCE – INVESTIGATION INTO BANK’S SUDAN TRANSACTIONS

On 12 March, Duane Morris reported that BNP Paribas remains the subject of an ongoing investigation in relation to allegations of complicity in crimes against humanity, torture and genocide arising from the financial services it provided to the government of Sudan between 2002 and 2008. Its Swiss subsidiary is also the subject of the investigation.

<https://blogs.duanemorris.com/europeansanctionsenforcement/2024/03/12/france-investigation-into-banks-sudan-transactions/>

OFAC AND BAHRAIN ACTION AGAINST KEY IRAN-BASED OPERATIVES AND A FINANCIAL FACILITATOR FOR DESIGNATED TERRORIST GROUP AL-ASHTAR BRIGADES

On 12 March, OFAC advised that the State Department designated Al-Ashtar Brigades as a Foreign Terrorist Organization and a Specially Designated Global Terrorist in 2018. The new designations are

said to highlight the critical role that the Iranian regime plays in providing support to Al-Ashtar Brigades.

<https://ofac.treasury.gov/recent-actions/20240312>

<https://home.treasury.gov/news/press-releases/jy2171>

US: WHITE HOUSE RESURRECTS CALL FOR INCREASED BUSINESS JET FUEL TAXES

On 12 March, AIN Online reported that the White House has proposed a fivefold phased-in increase of the jet fuel tax for private users and lengthening the depreciation terms for business aircraft. Included in the President's Fiscal Year 2025 budget request, the proposal comes in addition to the White House Directive for the IRS to step up audits of business aircraft users to make sure they are properly classifying business and private uses. Plans would call for a phased-in fuel increase from the current 21.9 cents per gallon to \$1.06 per gallon in fiscal year 2029 on jet fuel used by non-commercial operators.

<https://www.ainonline.com/aviation-news/business-aviation/2024-03-12/white-house-resurrects-call-increased-bizjet-taxes>

CZECHIA: UK COMPANY WAS NOT THE BENEFICIAL OWNER OF ROYALTIES

On 13 March, KPMG reported on a case before the Supreme Administrative Court (SAC) in which the court ruled that a UK company was not the beneficial owner of royalties received from a Czech company because it was obliged to pay almost 95% of the funds received to other related parties and thus was not free to make decisions about the use of the funds.

<https://danovky.cz/en/news/detail/1411>

EU: MEPs HAVE APPROVED NEW RULES TO HARMONISE THE ENFORCEMENT OF EU SANCTIONS ACROSS MEMBER STATES

On 12 March, a news release from the EU advised that the European Parliament has adopted a directive, agreed with Member States, on criminalising the violation and circumvention of EU sanctions. It will introduce a common definition of, and minimum penalties for, violations. The law still needs to be formally approved by the EU Council, too, before it can become law. It will enter into force 20 days after its publication in the Official Journal of the EU, after which Member States will have 1 year to transpose it into national legislation.

<https://www.europarl.europa.eu/news/en/press-room/20240308IPR19002/eu-sanctions-new-rules-to-crack-down-on-violations>

IRELAND: 20.6 MILLION CIGARETTES SEIZED OVER 3 DAYS

On 12 March, TJI reported that Revenue Commissioners officials had found and seized the cigarettes in 2 searches over 3 days.

<https://www.tobaccojournal.com/news/20-6-million-cigarettes-seized-over-3-days/>

IRELAND: DEPARTMENT OF FINANCE TOLD SANCTIONS TO PREVENT RUSSIAN MONEY LAUNDERING 'UNENFORCEABLE'

On 12 March, the Irish Examiner reported comments made by a senior official about how ineffective sanctions had been in stopping the flow of Russian money through Ireland. It is said that 4 cases of breaches of financial sanctions against Russia reported to the gardaí for investigation – but that the head of the Department of Finance’s AML unit is said to have commented that sanctions were often “unenforceable” in practice.

<https://www.irishexaminer.com/news/arid-41351239.html>

SOUTH AFRICA: ‘HOPELESSLY INSOLVENT’ AND SCANDAL DOGGED HABIB OVERSEAS BANK LIQUIDATED

On 12 March, Business Day reported that the SA Reserve Bank’s Prudential Authority (PA), successfully brought the liquidation application after finding that the bank’s books were in a perilous position and could not be rescued. The local unit of the Pakistani bank has more often than not courted controversy in the past few years – including recent allegations that about 1.7 billion Rand was laundered via Habib by some of South Africa’s biggest gold smugglers.

<https://www.businesslive.co.za/bd/companies/financial-services/2024-03-12-hopelessly-insolvent-habib-overseas-bank-liquidated/>

HOW SOCIAL MEDIA HELPS WILDLIFE TRAFFICKING THRIVE IN PLAIN SIGHT

On 9 March, Popular Science reported on how social media, especially Facebook, aids wildlife smugglers and sellers.

<https://www.popsci.com/environment/social-media-endangered-animals-for-sale/>

PANAMA: EU LAUNCHES THE SECOND PART OF ITS 'EL PACCTO' PROGRAM TO FIGHT ORGANISED CRIME IN LATIN AMERICA AND THE CARIBBEAN

On 12 March, Estrella de Panama reported that the program currently works with 60 countries and covers "1 billion people" with a budget of €58.8 million. 'EL PACCTO' is an EU regional programme that supports the fight against organised crime through the promotion of technical cooperation

between institutions in Latin America and Europe, focusing on the demand and development of its work in collaboration with regional and national institutions.

<https://www.laestrella.com.pa/mundo/en-panama-la-ue-lanza-la-ampliacion-de-su-programa-contra-el-crimen-IM6394129>

VENEZUELA AND ARGENTINA IN DISPUTE OVER SEIZED IRAN-LINKED JUMBO JET SENT TO THE US

On 12 March, La Prensa reported that the cargo jet operated by the Venezuelan state-owned Conviasa had been owned by Iran's Mahan Air. It was seized by Argentina in June 2022, and sent by the Government to the US last year, in response to a confiscation request. Venezuela announced that it will close its airspace to Argentina, until it compensates for the damage caused by the seizure; and that no aircraft, coming from or heading to Argentina, will be able to fly over Venezuela.

<https://www.prensa.com/mundo/venezuela-y-argentina-en-disputa-por-avion-incautado/>

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