

1 May 2024

ISLE OF MAN: NEW SANCTIONS AND EXPORT CONTROL WEBPAGE

On 1 May, the Isle of Man advised on the launch of a new webpage, said to have improved layout and accessibility, as well as a built-in RSS feed.

<https://www.gov.im/news/2024/may/01/new-sanctions-and-export-control-webpage-launch/>

UK: NEW RULES FOR REGISTERED OFFICE ADDRESSES

On 1 May, Companies House reminded that under the Economic Crime and Corporate Transparency Act, there are new rules for registered office addresses. You cannot use a PO Box as a registered office address, but you can still use a third-party agent's address if they meet the conditions for an appropriate address. Companies that do not have an appropriate registered office address could be struck off the register.

<https://changestoukcompanylaw.campaign.gov.uk>

UK: OFFICE OF FINANCIAL SANCTIONS IMPLEMENTATION (OFSI) INTRODUCES FAQ AS A NEW FORM OF ADDITIONAL GUIDANCE

On 1 May, OFSI advised that the FAQ are designed to offer easily accessible responses to commonplace compliance questions, and should always be viewed alongside existing guidance and legislation, which take precedence.

<https://www.gov.uk/government/publications/uk-financial-sanctions-faqs/uk-financial-sanctions-faqs>

UK: NOTICE TO EXPORTERS 2024/09 - UPDATE ON AUKUS

On 1 May, the Department for Business and Trade issued a new Notice to Exporters, providing an update on progress with the AUKUS partnership on export control reforms. It sets out reciprocal arrangements to those being implemented by the US to deliver the AUKUS partnership and will be delivered in the form of an open general licence (OGL) – though this is not yet available.

<https://www.gov.uk/government/publications/notice-to-exporters-202409-update-on-aukus>

For more on AUKUS, see –

<https://www.globaltradeandsanctionslaw.com/australia-uk-united-states-aukus-trilateral-security-partnership-export-controls/>

<https://www.nationaltribune.com.au/aukus-countries-export-licence-free-environment-takes-flight/>

US TIGHTENS CONTROLS ON FIREARM AND AMMUNITION EXPORTS

On 29 April, Reed Smitih LLP reported on changes to take effect from 30 May. The Commerce Department is also seeking public comment on the interim final rule involved, with comments to be received by 29 June.

<https://www.tradecomplianceresourcehub.com/2024/04/29/bis-tightens-controls-on-firearm-and-ammunition-exports/#page=1>

US: UNDERSTANDING EXPORTER LIABILITY FOR RE-EXPORTS

On 29 April, an article from Barnes Richardson and Colburn LLP was concerned with the liability surrounding an exporters liability of re-exported controlled items, and the important due diligence responsibilities and consequences that exporters encounter in re-export transactions.

<https://www.barnesrichardson.com/understanding-exporter-liability-for-reexports>

EU SANCTIONS: MORE THAN 40 EXAMPLES OF RECENT ENFORCEMENT OF SANCTIONS CIRCUMVENTION INVOLVING A THIRD-COUNTRY

Duane Morris LLP on 29 April said that it had compiled a list of over 40 cases involving recent enforcement of sanctions circumvention on a third-country by third-country basis.

Where a particular case involved circumvention via several countries they are listed separately.

<https://blogs.duanemorris.com/europeansanctionsenforcement/2024/04/29/the-enforcement-of-sanctions-circumvention-in-europe/#page=1>

UK: FCA CONSULTATION PAPER ON CHANGES TO SANCTIONS GUIDANCE

On 1 May, the Global Sanctions blog reported on the consultation launched by the FCA, which includes “extensive updates to Chapter 7 covering financial sanctions”. Responses are due by 27 June.

<https://globalsanctions.co.uk/2024/05/uk-fca-consultation-paper-on-changes-to-sanctions-guidance/>

CHINA MOVING FORCED LABOURERS DUE TO US CRACKDOWN

On 30 April, the Wall Street Journal reported claims by the Department of Labor that coerced labourers are being moved out of Xinjiang as China makes efforts to frustrate supply-chain due diligence.

<https://www.wsj.com/articles/china-moving-forced-laborers-amid-u-s-crackdown-biden-official-says-534a4198>

MALTA: PRIME MINISTER JOSEPH MUSCAT ON A LIST OF PEOPLE AND COMPANIES SUSPECTED BY THE ATTORNEY GENERAL OF MONEY LAUNDERING AS PART OF A MAGISTRATE INVESTIGATION

On 1 May, Siracusaarteecultura in Italy and Lovin' Malta reported that a judge has ordered several banks and companies to give police access to their funds, assets and other relevant information. The suspects have also been given 24 hours to declare the source of their wealth to the Attorney General in writing and have been banned from selling their assets.

<https://lovinmalta.com/news/joseph-muscat-identified-in-long-list-of-money-laundering-suspects/>

CANADA: TD BANK SETS ASIDE \$450 MILLION FOR US AML PROBE FINE

On 30 April, Reuters reported that the bank had taken an initial provision of \$450 million in relation to ongoing discussions with a US regulator over an AML probe and any penalties. It said its discussions with 3 US regulators and the DoJ were ongoing and that it anticipates additional monetary penalties.

<https://www.msn.com/en-ca/money/topstories/canada-s-td-bank-sets-aside-450-million-for-us-anti-money-laundering-probe-fine/ar-AA1nX2Yw>

CANADA CHARGES INDIVIDUALS WITH UNLAWFUL LIBYAN EXPORTS/IMPORTS

On 1 May, the Global Sanctions blog reported that the RCMP has announced that 2 individuals have been charged with a conspiracy to export Chinese drones and military equipment to Libya and the sale of Libyan oil to China in breach of UN sanctions.

<https://globalsanctions.co.uk/2024/05/canada-charges-individuals-with-unlawful-libyan-exports-imports/>

MODERN SLAVERY LAW IN THE EU

On 1 May, an Out-Law article took the form of a guide, saying that there is no EU-wide legislation currently in effect that addresses modern slavery risk, though that would change if the Corporate Sustainability Due Diligence Directive (CSDDD) becomes EU law and is then implemented in Member States. However, it says, legislation is already in effect in Germany and France that imposes requirements on organisations in respect of modern slavery and other risks.

<https://www.pinsentmasons.com/out-law/guides/modern-slavery-law-eu>

UK AML/CFT: SUPERVISION REPORTS 2020-22 AND 2022-23

On 1 May, HM Treasury published a report for 2020 to 2022 on AML/CFT supervision, and one for 2022-23. They include supervisory and enforcement data on both the Statutory and Professional Body Supervisors, highlighting any notable changes in supervisory activity and any fines that supervisors have issued. In one report the 2 years have been combined to address delays in reporting that developed during the pandemic and ensure data is available as close to the relevant period as possible.

https://assets.publishing.service.gov.uk/media/6630ac7387bdbae4ab19adca/Supervision_report_final_draft_-_signed.pdf

https://assets.publishing.service.gov.uk/media/6630f2b4120ab0e20c4b9bdb/Final_annual_supervision_report_2022-23.pdf

Previous reports are at –

<https://www.gov.uk/government/collections/anti-money-laundering-and-counteracting-the-financing-of-terrorism-reports>

ECUADOR: PRESIDENT HAS DECLARED A STATE OF EMERGENCY IN 5 PROVINCES

On 1 May, Jurist reported that this is the second time Ecuador has faced a state of emergency this year amid escalating violence throughout the country.

<https://www.jurist.org/news/2024/05/ecuador-president-declares-state-of-emergency-in-five-provinces-amid-internal-armed-conflict/>

US: EARLY BITCOIN INVESTOR CHARGED WITH TAX FRAUD - “BITCOIN JESUS” EVADED NEARLY \$50 MILLION IN TAXES

On 30 April, a release on Mondo Visione advised of an unsealed indictment for Roger Ver, an early investor in bitcoins, who was charged with mail fraud, tax evasion and filing false tax returns. He was arrested in Spain and the US will seek Ver’s extradition to stand trial.

<https://mondovisione.com/media-and-resources/news/us-department-of-justice-early-bitcoin-investor-charged-with-tax-fraud-man-kn/>

GLOBAL COALITION TO FIGHT FINANCIAL CRIME (GCFFC) ESTIMATES PROCEEDS FROM HUMAN TRAFFICKING AT \$498 BILLION

On 19 April, the GCFFC published the estimate, but said that it believes the most recent estimate is still likely an underestimate.

<https://www.gcffc.org/gcffc-estimates-proceeds-from-human-trafficking-at-usd-498-billion/>

INDIA AND THE UAE: THE NEW DESTINATIONS FOR PERUVIAN DIRTY GOLD

On 14 April, Ojo Publico published a report saying that an investigation had uncovered that companies in India and the UAE import gold from suppliers investigated by Peruvian authorities with records linking them to illegal gold mining. It says that 6 suppliers of one of India's largest companies have records linking them to illegal gold mining.

<https://ojo-publico.com/5070/india-and-united-arab-emirates-new-destinations-peruvian-gold>

SANCTIONS ON RUSSIA SEE INCREASED PACE OF SHIP REFLAGGING

On 1 May, Insurance Marine News reported that several flags that had made little to no impact on the international registry showing significant levels of growth – nearly all of it the result of the emergence of a shadow fleet of tankers. The flag registries of the Comoro Islands, Guinea-Bissau and Gabon have each more than doubled in size in 2024 so far.

<https://insurancemarineneews.com/insurance-marine-news/sanctions-on-russia-see-increased-pace-of-reflagging/>

WEBINAR: SANCTIONS ACT 2024 IN THE ISLE OF MAN

On 30 April, the Isle of Man released a webinar explaining the effects and implications of the new Act, which came into operation on 1 May.

<https://www.youtube.com/watch?v=2I9x7beGFfo>

JERSEY: CONSULTATION ON DRAFT LEGISLATION CONCERNING OBLIGED ENTITY ACCESS TO A CENTRAL REGISTER OF BENEFICIAL OWNERSHIP AND CONTROL

On 1 May, a news release from the FSC advised that the closing date for submissions is 7 June.

<https://www.jerseyfsc.org/news-and-events/consultation-opened-on-obliged-entity-central-register-access/>

<https://www.gov.je/Government/Consultations/Pages/CentralRegisterAccess.aspx>

OFAC FURTHER ACTION ON RUSSIA'S MILITARY-INDUSTRIAL BASE, TARGETING THIRD-COUNTRY SUPPORT WITH NEARLY 300 NEW SANCTIONS

On 1 May, OFAC advised that it is taking action to target Russia's military-industrial base and chemical and biological weapons programs as well as companies and individuals in third countries that help Russia acquire key inputs for weapons or defence-related production. The almost 300 targets being sanctioned by both Treasury and the State Department include sanctions on dozens of

actors that have enabled Russia to acquire desperately needed technology and equipment from abroad. Among the actual or potential targets of the sanctions are –

- foreign financial institutions that conduct or facilitate significant transactions, or provide any service, involving Russia’s military-industrial base;
- external suppliers for cotton cellulose and its highly flammable byproduct, nitrocellulose, which are key explosives precursors;
- 3 Russia-based entities and 2 individuals involved in procuring items for military institutes involved in Russia’s chemical and biological weapons programs;
- 2 Russia-based entities involved in natural gas-related construction projects, Neftegazstroy and Aktsionernoe Obshchestvo Vnipegazdobycha;
- Russian, Chinese and Hong Kong businesses involved in the Russian UAV procurement network;
- individuals and entities that are part of the procurement network of Russian defense procurement firm Radioavtomatika LLC and its front company, Novastream Limited, to acquire foreign electronic components;
- PRC-based entities were designated for operating or having operated in the technology sector of the Russian Federation economy;
- PRC companies providing support to Russian defence entities;
- Belgium- and Türkiye-based machine tool procurement networks;
- Hong Kong-, Slovakia-, and UAE-based electronics procurement networks;
- The supply chain supporting KAMAZ, Russia’s largest truck manufacturer, one of the world’s top 20 heavy duty truck producers, and a supplier of armoured vehicles to Russia’s military;
- Russia-Based so-called “sanctioned goods” procurement agents;
- Evgenii Stanislavich Petrov and what is termed the Petrov procurement network;
- Yevgeni Aliyev, a procurement agent, and the Aliyev network of intermediaries that places orders on behalf of Russian end-users with close ties to the Russian military;
- Türkiye-based electronics supplier Alpha Impex Ithalat Ve Ihracat Dis Ticaret Limited Sirketi;
- various individuals in the leadership of Russia-based sanctioned entities;
- a number of entities, being Russia-based persons designated for operating or having operated in the defence and related materiel sector of the Russian Federation economy;
- a number of entities, being Russia-based persons designated for operating or having operated in the technology sector of the Russian Federation economy; and
- 3 entities designated for operating or having operated in the transportation sector of the Russian Federation economy.

OFAC also issued 3 new General Licenses 95 (Authorizing Civil Aviation Safety and Wind Down Transactions Involving Limited Liability Company Aviakompaniya Pobeda), 96 (Authorizing Limited Safety and Environmental Transactions Involving Certain Blocked Persons or Vessels), and 97 (Authorizing the Wind Down of Transactions Involving Certain Entities Blocked on May 1, 2024).

<https://home.treasury.gov/news/press-releases/jy2318>

<https://ofac.treasury.gov/recent-actions/20240501>

PODCAST: A GLIMPSE INSIDE BHUTAN

The latest TRACE podcast involves Sherub Tharchen in Bhutan about his country. It covers some of the basics, including the country's location between 2 neighbours with high levels of corruption, and then discusses how the current King of Bhutan tackled corruption in a way that, while probably not replicable in most countries, has nevertheless had great success for the Bhutanese.

<https://www.traceinternational.org/resources-podcast>

UK: CMA WINS LEGAL CHALLENGE OVER WARRANTS TO SEARCH HOMES

On 30 April, Field Fisher reported the decision of the Competition Appeal Tribunal (CAT) regarding the powers of the Competition and Markets Authority (CMA) to search an individual's home. CMA issued a judicial review challenge against a decision by CAT and the High Court has now ruled that the CAT misapplied the law when it refused the CMA's request for a warrant to search domestic premises. The original hearing in October involved for 4 warrants to search business and domestic premises in connection with an investigation into suspected anti-competitive conduct.

<https://www.fieldfisher.com/en/insights/navigating-the-regulatory-landscape-the-cma-wins-legal-challenge-over-warrants-to-search-homes>

UK GOVERNMENT HAS REBUFFED A PARLIAMENTARY COMMITTEE'S CALL TO INSTRUCT THE NATIONAL AUDIT OFFICE TO INVESTIGATE THE TEESIDE FREEPORT, TEES VALLEY COMBINED AUTHORITY (TVCA) AND THE SOUTH TEES DEVELOPMENT CORPORATION










On 30 April, Local Government Lawyer reported that the Teesside Freeport is home to a 1,000-acre brownfield site known as Teesworks, which receives both tax and customs benefits and public investment. The project has been mired in controversy, which led the Government to commission an independent review of the site's operation last year. It found no actual evidence of corruption, but that "a number of decisions taken by the bodies involved do not meet the standards expected when managing public funds".

Global Gold Production 2023



FATF PROPOSED RULES FOR PAYMENTS: BALANCING INTEGRITY AND INCLUSION?

On 1 May, CGAP (a global partnership of more than 30 leading development organisations) published a post on the revision of FATF Recommendation 16 and the “Travel Rule”. It says that, whatever the final revisions are, they will have a bearing on the accessibility of payments for low-income customers. It is therefore critical that the financial inclusion community makes its voice heard and supports FATF in this delicate revision – a process that should ideally also be informed by a regulatory impact assessment.

CURRENT	PROPOSED
 <p>Name of originator and beneficiary</p>	 <p>Full name of originator and beneficiary</p>
 <p>Account number of originator and beneficiary</p> <p>OR</p> <p>81425 A unique transaction reference number</p>	 <p>Account number of originator and beneficiary</p> <p>OR</p> <p>81425 A unique transaction reference number</p>
	<p>If the originator or beneficiary is a legal person;</p> <p>The connected business identifier code (BIC)</p> <p>OR</p> <p>The Legal Entity Identifier (LEI)</p> <p>OR</p> <p>The unique official identifier of that entity</p>
 <p>Originator’s address</p> <p>OR</p>  <p>National ID number</p> <p>OR</p>  <p>Customer ID number</p> <p>OR</p>  <p>Date and place of birth</p>	 <p>Address of the originator and beneficiary</p> <p>OR</p> <p>COUNTRY TOWN In the absence of an address, the country and town name</p> <p>If the originator is an individual;</p> <p>The national ID number</p> <p>OR</p> <p>Unique official identifier</p> <p>OR</p> <p>Customer identification number</p> <p>OR</p> <p>Date and place of birth</p>

(A second revision option in relation to individual data extends these requirements to the beneficiary too)

<https://www.cgap.org/blog/fatfs-proposed-rules-for-payments-balancing-integrity-and-inclusion>

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