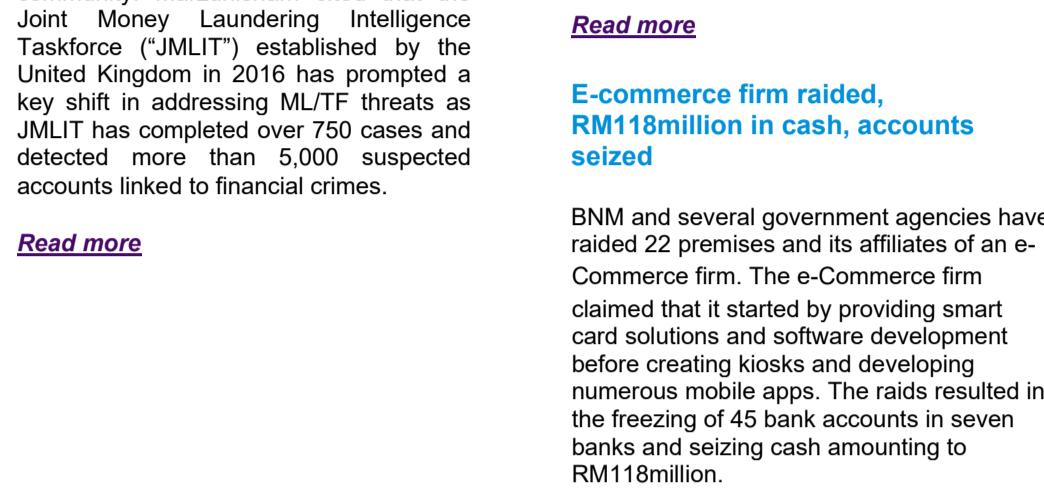


Anti-Money Laundering & Sanctions Updates

Issue 12 | December 2021

Here are the latest news and updates on Anti-Money Laundering, Counter Financing of Terrorism ("AML/CFT") and sanctions for your knowledge.



Money laundering ("ML"), terrorism financing ("TF"), proliferation financing ("PF") on the rise, says Bank Negara Malaysia ("BNM")

BNM's Deputy Governor, Marzunisham Omar observed rapid changes in ML/TF/PF methods and risks due to technological advancement. As the financial industry shifts towards digitalisation, authorities need to scrutinise measures and implementation of AML/CFT/PF standards by domestic stakeholders and the global community. Marzunisham cited that the Joint Money Laundering Intelligence Taskforce ("JMLIT") established by the United Kingdom in 2016 has prompted a key shift in addressing ML/TF threats as JMLIT has completed over 750 cases and detected more than 5,000 suspected accounts linked to financial crimes.

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Malaysia's former prime minister wife seeks to recuse judge from her RM7million ML, tax evasion trial

Datin Seri Rosmah Mansor, who is accused of tax evasion and laundering some RM7 million, has filed an application in court for the recusal of Justice Mohamed Zaini Mazlan from trying this case. Rosmah faces 12 money laundering charges involving RM7,097,750 and five counts for failing to declare her income to the Inland Revenue Board.

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E-commerce firm raided, RM118million in cash, accounts seized

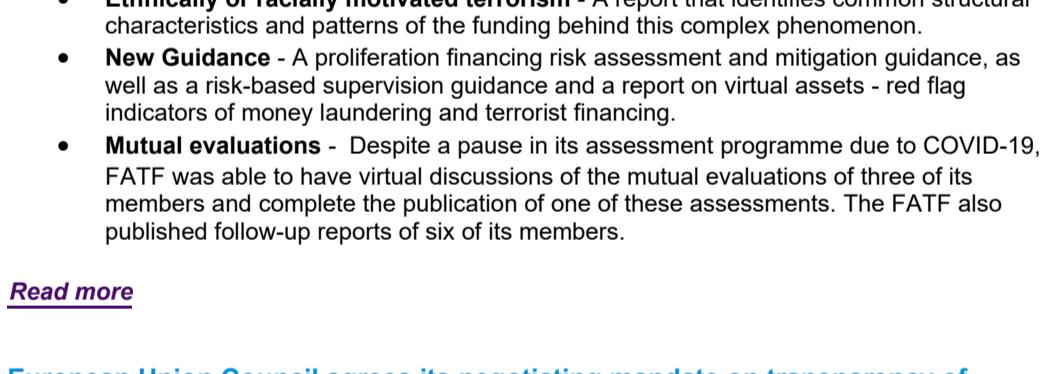
BNM and several government agencies have raided 22 premises and its affiliates of an e-Commerce firm. The e-Commerce firm claimed that it started by providing smart card solutions and software development before creating kiosks and developing numerous mobile apps. The raids resulted in the freezing of 45 bank accounts in seven banks and seizing cash amounting to RM118million.

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KPMG Insights

As ML/TF and PF are on the rise, there is a need for public-private partnership ("PPP") between BNM, the Securities Commission ("SC") Malaysia, law enforcement agencies ("LEA") and major financial institutions ("FIs") in the country to promote synergy in efforts to foil ML/TF and PF schemes. We foresee that continuous effort to build trust and transparency through open dialogue and collaboration among supervisory, regulatory authorities, and FIs to accelerate reforms and strengthen institutions, policies, and legal frameworks.

Asia Pacific



Fraudsters cloned a company director's voice in USD 35 million bank heist

Cybercriminals cloned a company director voice in the U.A.E. to steal as much as USD 35million in a complex heist. The cybercriminal disguised as the director managed to convince a bank manager he had spoken with before to authorise the transfers. Audio and visual deep fakes represent the fascinating development of 21st-century technology, and they are also potentially posing a considerable threat to anti-money laundering detection systems.

[Read more](#)

Turkey placed on FATF 'grey list' for AML/CFT failures in the Non-profit Organisation ("NPO") sector

The just-concluded plenary of the FATF has seen Turkey being placed on the 'grey list', with a stark warning that the FATF continues to monitor Turkey's oversight of the NPO sector. Turkey is urged to implement a risk-based approach to supervision of non-profit organisations to prevent their abuse for terrorist financing, conducting outreach to a broad range of NPOs in the sector and engaging with their feedback, ensuring that sanctions applied are proportionate to any violations, and taking steps to ensure that supervision does not disrupt or discourage legitimate NPO activity, such as fundraising.

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North & South America



The U.S. Treasury's Office of Foreign Assets Control (OFAC), Federal Reserve ("Fed") and the New York State Department of Financial Services (NYDFS) penalize Mashreq bank USD100 million for sanctions failures

OFAC, Fed and NYDFS issued coordinated enforcement actions totalling USD100 million against Dubai-based Mashreq bank for purposely omitting details on payment transactions with ties to Sudan. The case is eerily similar to another international bank "stripping" cases that have cropped up since 2009 with forfeitures and penalties amounting to more than USD12 billion.

[Read more](#)

Decentralised finance ("DeFi") is next on regulators' hit list

Wall Street Journal reported that the U.S. Securities Exchange Commission was probing the decentralised crypto exchange in the U.S. with officials seeking information on how investors use the platform and how it is marketed. Regulatory officials have made two things clear: they are supportive of the benefits that blockchain technology can confer on end-users, but they are not ready to trust the sector's ability to manage its financial crime risks.

[Read more](#)

Europe



FATF has published its achievements under the first year of the Germany Presidency of Dr Marcus Pleyer in the 2020-2021 annual report

This Plenary year, FATF has continued to face the unprecedented challenges of the COVID-19 pandemic. As millions struggle to cope with its devastating impact, FATF has carried out crucial work, highlighting how criminals exploit the crisis for their gain and informing governments about preventing this.

Their achievement in this year includes:

- **Digital transformation** - Two public reports on the opportunities and challenges of new technologies in the fight against money laundering and terrorist financing.

- **Money laundering from environmental crime** - A milestone report on this growing problem which is plundering the world's natural resources.

- **Trade-based money laundering** - A detailed report on this method of money laundering, one of the most frequently used, complemented by risk indicators and a public webinar.

- **Ethnically or racially motivated terrorism** - A report that identifies common structural characteristics and patterns of the funding behind this complex phenomenon.

- **New Guidance** - A proliferation financing risk assessment and mitigation guidance, as well as a risk-based supervision and financing "red flag" indicators.

- **Mutual evaluations** - Despite a pause in its assessment programme due to COVID-19, FATF was able to have virtual discussions of the mutual evaluations of three of its members and complete the publication of one of these assessments. The FATF also published follow-up reports of six of its members.

[Read more](#)

European Union Council agrees its negotiating mandate on transparency of crypto-asset transfers

EU ambassadors agreed on a mandate to negotiate the rules on information accompanying transfers of funds. The update aims to extend the scope of the rules to certain crypto-assets.

The proposal aims to introduce an obligation for crypto-asset service providers to collect and make accessible full information about the sender and beneficiary of the transfers of virtual or crypto assets they operate. This is what payment service providers currently do for wire transfers. The purpose is to ensure traceability of crypto-asset transfers to identify possible suspicious transactions better and, if necessary, block them.

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For more information on our AML & Sanctions Services, please contact:

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About KPMG Forensic AML & Sanctions Services

KPMG's award-winning AML & Sanctions team assists our clients in protecting themselves against criminals and the increasing aggressive actions of regulators. Whether designing and implementing new operating models, remediating problems of the past, designing and testing controls or transforming the culture and capabilities of the organization, our team operates globally with the largest financial institutions.

For more information please visit www.kpmg.com.my/Forensic/AML

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