

How does the AML/CFT Act affect me?

New Zealand has passed a law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“the AML/CFT law” for short). The purpose of the law reflects New Zealand’s commitment to the international initiative to counter the impact that criminal activity has on people and economies within the global community.

Recent changes to the AML/CFT Act mean that from 1 July 2018 lawyers must comply with its requirements. The law says law firms and other professionals must assess the risk they may face from the actions of money launderers and people who finance terrorism and must identify potentially suspicious activity.

To make that assessment, lawyers must obtain and verify information from prospective and existing clients about a range of things. This is part of what the AML/CFT law calls “client due diligence”.

Lawyers must also conduct client due diligence on the beneficial owners of its clients and any related parties who act on our clients’ behalf. The law classifies a beneficial owner as any person that owns greater than 25% of a client, or someone that has effective control of a client.

CLIENT DUE DILIGENCE REQUIREMENTS

Client due diligence requires a law firm to undertake certain background checks before providing services to clients or clients. Lawyers must take reasonable steps to make sure the information they receive from clients is correct, and they need to ask for documents that show this.

We will need to obtain and verify certain information from you to meet these legal requirements. This information includes:

- ▶ your full name; and
- ▶ your date of birth; and
- ▶ your address.

To confirm these details, documents such as your driver’s licence or your birth certificate, and documents that show your address - such as a current bank statement - will be required.

If you are seeing us about company or trust business, we will need information about the company or trust, including the people associated with it (such as directors and shareholders, trustees and beneficiaries).

We may also need to ask you for further information. We will need to ask you about the nature and purpose of the proposed work you are asking us to do for you. Information confirming the source of funds for a transaction may also be necessary to meet the legal requirements.

IF YOU CANNOT PROVIDE THE REQUIRED INFORMATION

If we are not able to obtain the required information from you, it is likely we will not be able to act for you. Because the law applies to everyone, we need to ask for the information even if you have been a client of ours for a long time.

Before we start working for you, we will let you know what information we need, and what documents you need to show us and let us photocopy.

Please contact the lawyer who will be undertaking your work, if you have any queries or concerns.

FURTHER INFORMATION

Anti-Money Laundering and Countering Financing of Terrorism Act 2009

<http://www.legislation.govt.nz/act/public/2009/0035/latest/DLM2140720.html?src=qs>

Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Regulations 2011

<http://www.legislation.govt.nz/regulation/public/2011/0222/latest/whole.html>

Identify Verification Code of Practice 2013

<https://fma.govt.nz/assets/Reports/131201-identity-verification-code-of-practice-aml-cft.pdf>

Beneficial Ownership Guidelines

[https://www.dia.govt.nz/Pubforms.nsf/URL/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf/\\$file/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf](https://www.dia.govt.nz/Pubforms.nsf/URL/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf/$file/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf)