

**22 May 2024**

### **WHY SO MANY MIDDLE-CLASS CHINESE MIGRANTS TAKE RISKY, ILLEGAL ROUTE TO US**

On 22 May, Nikkei Asia published an article seeking to explain why Chinese nationals make up a fair proportion of those migrants crossing the Darién jungle from Colombia into Panama. The number of Chinese migrants crossing the U.S.-Mexico border skyrocketed in 2023. It says that although the actual total is elusive, over 37,000 Chinese nationals were detained on the border with Mexico last year, and this figure is 10 times greater than in pre-pandemic years.

<https://asia.nikkei.com/Spotlight/The-Big-Story/Why-so-many-middle-class-Chinese-migrants-take-risky-illegal-route-to-U.S>

### **UK PROPOSES JOINT PROGRAMME TO TRAIN ALBANIAN JUDGES TO TACKLE MONEY LAUNDERING, ASSET RECOVERY AND CORRUPTION**

On 21 May, the Independent reported on the visit of the UK Foreign Secretary to Albania, including initiatives to train Albanian judges and police.

<https://www.independent.co.uk/news/uk/david-cameron-albania-edi-rama-english-channel-fcdo-b2549100.html>

### **RUSSIAN COURT SEIZES WESTERN BANK ASSETS TO SATISFY PAYMENT IN SANCTIONS DISPUTE**

On 22 May, the Global Sanctions blog reported that a Russian court is reported to have seized over €700 million of assets owned by UniCredit, Deutsche Bank, and Commerzbank to satisfy RusChemAlliance's claim for the payment by the banks of guarantees under a contract between it and a Germany engineering company.

<https://globalsanctions.co.uk/2024/05/russian-court-seizes-unicredit-deutsche-bank-commerzbank-assets-to-satisfy-payment-to-ruschemalliance-in-sanctions-dispute/>

### **US COURT LIMITS RECOGNITION OF RUSSIAN BANKRUPTCY PROCEEDINGS TO AVOID UNDERMINING RUSSIA SANCTIONS**

On 22 May, the Global Sanctions blog reported that the US Bankruptcy Court of the Central District of California granted a petition for the recognition of the Russian bankruptcy proceedings but it directed the parties to draft the court order in such a way that did not undermine US sanctions on Russia.

<https://globalsanctions.co.uk/2024/05/us-court-limits-recognition-of-russian-bankruptcy-proceedings-to-avoid-undermining-russia-sanctions/>

### **UK: TOTAL OF £1.17 BILLION LOST TO FRAUD IN 2023**

On 22 May, UK Finance reported on the Annual Fraud Report 2024. While the value of losses to authorised fraud was down 5%, the total number of cases was up 12% to 232,429. The main driver behind this is purchase scams, where people are tricked into paying for goods that never materialise. Losses to unauthorised fraud were down 3% compared to the year before. Banks prevented a further £1.25 billion of unauthorised fraud through advanced security systems.

<https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/annual-fraud-report-2024>

### **OFAC PUBLISHES UPDATED LIST OF ITEMS AUTHORISED FOR EXPORT TO IRAN**

On 22 May, the Global Sanctions blog reported that OFAC has published an updated list of items authorised for the export or reexport to Iran under the Iranian Transactions and Sanctions Regulations.

<https://globalsanctions.co.uk/2024/05/ofac-publishes-updated-list-of-items-authorised-for-export-to-iran/>

### **UK AND ISLE OF MAN ADD 3 INDIVIDUALS TO SOMALIA SANCTIONS**

On 22 May, HM Treasury issued a Notice, and the Isle of Man a news release, both advising that 3 individuals had been added to the Somalia sanctions regime list. This followed the UN updating its lists.

<https://www.gov.im/news/2024/may/22/financial-sanctions-somalia/>

[https://assets.publishing.service.gov.uk/media/664dd24c993111924d9d39ac/Notice\\_Somalia\\_220524.pdf](https://assets.publishing.service.gov.uk/media/664dd24c993111924d9d39ac/Notice_Somalia_220524.pdf)

### **CHINESE COURT IMPOSES FINE AND 9-YEAR SENTENCE ON LEGO COUNTERFEITERS**

On 16 May, AFD China reported that a Shanghai court upheld a lower court's ruling in a case of criminal copyright infringement involving Lego sets. This included various accomplices received sentences ranging from 1 year and 6 months to 4 years of imprisonment, along with corresponding fines. In 2016-22, the defendant company illicitly set up departments including design, engineering, production, and sales, without authorisation from Lego. It replicated products, outer packaging, and instructions, resulting in exact 1:1 replicas of Lego products.

<https://s3.amazonaws.com/documents.lexology.com/b6dc849c-a849-4ede-9d36-c3c4b4b59933.pdf>

### **EU ESTABLISHES HARMONISED ENFORCEMENT AND PENALTIES FOR SANCTIONS VIOLATIONS**

On 21 May, White & Case published a series of article about this change, including individual articles on Spain, Poland, Germany, and France.

<https://www.whitecase.com/insight-alert/eu-establishes-harmonized-enforcement-and-penalties-sanctions-violations>

<https://www.whitecase.com/insight-alert/practical-and-legal-implications-spain-following-eu-harmonization-enforcement-and>

<https://www.whitecase.com/insight-alert/practical-and-legal-implications-germany-following-eu-harmonization-enforcement-and>

<https://www.whitecase.com/insight-alert/practical-and-legal-implications-poland-following-eu-harmonization-enforcement-and>

<https://www.whitecase.com/insight-alert/practical-and-legal-implications-france-following-eu-harmonization-enforcement-and>

### **RUSSIANS ARE ABANDONING THEIR BELOVED LONDON COURTS**

On 22 May, City AM reported that there has been a dramatic drop over the past year of Russian businesses and individuals using London’s Commercial Court, after the push from the legal sector to drop Russian clients. Now, the top 5 most common foreign nationalities appearing in the courts were Ireland, the US, Switzerland, the UAE and India.

<https://www.cityam.com/power-of-sanctions-russians-are-abandoning-their-beloved-london-courts/>

<https://www.lawgazette.co.uk/news/sanctions-bite-as-uk-courts-lose-out-on-russian-cases/5119792.article>

### **REFORMING AUSTRALIA’S AML/CFT REGIME**

On 22 May, Herbert Smith Freehills published a paper following the publication of the Consultation Paper on Modernising Australia’s AML/CFT regime in April 2023. The paper explores the reforms that it expects to be of most importance to financial institutions.

<https://www.herbertsmithfreehills.com/insights/2024-05/reforming-australias-aml-cft-regime>

## **HOW A FENTANYL CRIME RING USED A CANADIAN BANK TO DO BUSINESS**

On 21 May, CBC released a 10-minute video saying that TD Bank is at the centre of a US probe into a massive global money laundering scheme. It breaks down what is known from court documents and inside sources to explain how the scheme unfolded and the red flags analysts say should have been caught.

<https://www.cbc.ca/player/play/video/9.4231479>

See also –

<https://www.mpamag.com/ca/mortgage-industry/industry-trends/how-will-money-laundering-investigation-impact-td-earnings/490211>

## **EU AMENDS UKRAINE SANCTIONS TO ALLOW FOR RUSSIAN FUNDS TO BE USED TO ASSIST UKRAINE**

EU Regulation 2024/1469/EU amended Regulation 833/2014/EU. It will allow the extraordinary revenues from assets of the Russian Central Bank immobilised under sanctions following Russia's war of aggression against Ukraine, to be used to the benefit of Ukraine.

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L\\_202401469](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401469)

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L\\_202401470](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401470)

[https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_24\\_2732](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_24_2732)

<https://www.eurasiareview.com/22052024-eu-approves-use-of-frozen-russian-assets-for-ukraine-as-zelensky-claims-tangible-results/>

<https://www.eubusiness.com/news-eu/russia-sanctions-ukraine-reconstruction.21fi>

## **THE STRANGE GAME OF OLIGARCHS CHALLENGING SANCTIONS**

On 22 May, a Commentary from RUSI says that oligarchs' occasional success in challenging sanctions in court is no cause for alarm at all. It says that we should worry less about courts and focus more on finding and freezing sanctioned assets.

<https://rusi.org/explore-our-research/publications/commentary/strange-game-oligarchs-challenging-sanctions>

## **SHOULD CONVICTED MONEY LAUNDERERS BE ALLOWED TO GO AFTER THE BANK WHERE THEY PLIED THEIR DARK TRADE, FOR COMPENSATION?**

On 21 May, a post from Kenneth Rijock said that convicted launderer Matthias Krull, who was instrumental in the illegal movement of \$1.2 billion out of Venezuela, and into Europe and South Florida, is said by German media to have brought proceedings in Venezuela against his former

employer, the same bank where he moved all those criminal proceeds through – Julius Baer Group Ltd, and its foreign branches and subsidiaries, for compensation.

<https://rijock.blogspot.com/2024/05/should-convicted-money-launderers-be.html>

#### **MYANMAR MILITIA GROUP AT CENTRE OF CYBER-SCAM NETWORK**

On 22 May, OCCRP reported that an activist group has claimed that a militia group allied with Myanmar's military rulers is at the centre of a network of illegal casinos and cyber-scam compounds, which use trafficked people to contact victims online and extort money from them.

<https://www.occrp.org/en/daily/18740-myanmar-militia-group-at-center-of-cyber-scam-network-activists-say>

#### **INDIA: NEW EVIDENCE BOLSTERS ALLEGATIONS ADANI GROUP OVERCHARGED FOR COAL**

On 22 May, OCCRP reported that, while not definitive, the evidence from various sources adds strong new evidence to over-invoicing allegations against the politically powerful Adani Group, which is perceived as close to Prime Minister Narendra Modi and is India's largest importer and private producer of coal.

<https://www.occrp.org/en/investigations/new-evidence-bolsters-allegations-adani-group-overcharged-for-coal>

#### **US TURNS SCREW ON ENDURING GUATEMALA DRUG CLAN LOS POCHOS**

On 21 May, Insight Crime reported that the group received "taxes" from Mexican traffickers to store their narcotics in Guatemalan border towns. Los Pochos are thought to be the heirs to the renowned Guatemalan drug lord, Juan Chamalé, a convicted trafficker who once controlled the land routes connecting the San Marcos department to Mexico.

<https://insightcrime.org/news/us-turns-screw-enduring-guatemala-drug-clan/>

#### **UK GAMBLING WHITE PAPER CONSULTATIONS: THE COMMISSION'S RESPONSE ON FINANCIAL RISK AND VULNERABILITY CHECKS**

On 22 May, CMS Law reported that the response states that the Commission is working towards a new, proportionate, and frictionless system of financial checks and provides for a new Social Responsibility Code provision for "financial vulnerability" checks; and a pilot for "frictionless" financial risk assessments.

<https://cms-lawnow.com/en/ealerts/2024/05/gambling-white-paper-consultations-the-commission-s-response-on-financial-risk-and-vulnerability-checks>

See also –

<https://cms-lawnow.com/en/ealerts/2024/05/gambling-white-paper-consultations-the-commission-s-first-responses>

### **UN ADDS 3 ENTITIES TO AL-SHABAAB SANCTIONS LIST**

On 21 May, the UN reported that the relevant Sanctions Committee had added 3 entities to its sanctions list.

<https://press.un.org/en/2024/sc15703.doc.htm>

### **ISLE OF MAN: CLARIFICATION OF “FIT & PROPER” ASSESSMENTS**

On 22 May, the FSA advised of a “Dear CEO” letter which provides clarification of its assessment approach, links to relevant guidance and frameworks together with its expectations of a firm in ascertaining whether an individual is, and remains, fit and proper.

<https://www.iomfsa.im/fsa-news/2024/may/dear-ceo-letter-to-regulated-entities-in-relation-to-fitness-and-propriety-fp-assessments/>

<https://www.iomfsa.im/media/3288/fp-dear-ceo-letter-final.pdf>

### **REVENUE SEIZES ROLLING TOBACCO WORTH €3,888,000 AT DUBLIN PORT**

On 22 May, the Irish Revenue Commissioners advised that officers had seized 4,715 kg of rolling tobacco at Dublin Port. It was discovered in a consignment within a trailer which had arrived from Zeebrugge, and represents a potential loss to the Exchequer of over €2,919,000.

<https://www.revenue.ie/en/corporate/press-office/press-releases/2024/pr-052224-tobacco-dublin-port.aspx>

### **CHILEAN COURT DISMISSES “PANDORA PAPERS” PROBE INTO DECEASED FORMER PRESIDENT SEBASTIÁN PIÑERA**

On 9 May, ICIJ reported that a Chilean court has definitively dismissed a criminal case against 2-time former President Sebastián Piñera stemming from the 2021 Pandora Papers investigation. He died in a helicopter crash in February.

<https://www.icij.org/investigations/pandora-papers/chilean-court-dismisses-pandora-probe-into-deceased-former-president-sebastian-pinera/>

### **AZERBAIJAN HAS BEEN SELLING ELECTRICITY TO GEORGIA THROUGH SECRETIVE OFFSHORES**

On 12 May, OCCRP reported that energy-rich Azerbaijan has become a power plant for its neighbours. Though best known as a source of oil and gas, in recent years Baku has also begun selling hundreds of millions of dollars' worth of electricity to neighbouring Georgia, and transiting even more through Georgia to Turkey. However, a new joint investigation reveals that the booming trade is characterised by a lack of transparency — and that the family members of officials in charge of authorising it have made separate business deals with those who benefited.

<https://www.occrp.org/en/investigations/azerbaijan-has-been-selling-electricity-to-georgia-through-secretive-offshores-heres-whos-behind-them>

### **RESORTS WORLD CASINO COULD FACE MASSIVE FINES IN ALLEGED MONEY LAUNDERING CASE**

On 22 May, the States Newsroom reported that Las Vegas Resorts World is being investigated by federal authorities from California. Resorts World has not been charged with wrongdoing. It says that 3 gamblers under federal investigation for their ties to illegal sports betting rings that allegedly laundered money through Las Vegas casinos lost just under \$24 million at Resorts World alone since the casino opened less than 3 years ago.

<https://www.newsfromthestates.com/article/resorts-world-could-face-massive-fines-alleged-money-laundering-case>

### **GERMAN REGULATOR BAFIN HAS FINED N26 BANK €9.2 MILLION FOR AML FAILURES**

On 21 May, Finextra reported that BaFin has imposed the fine after concluding that in 2022 N26 systematically submitted suspected money laundering reports late. It is the latest development in a long-running saga over N26's money laundering controls.

<https://www.finextra.com/newsarticle/44183/bafin-fines-n26-92m-over-late-money-laundering-reports/mobile>

### **MALTA: FIAU HUMAN TRAFFICKING AND MODERN SLAVERY GUIDANCE AND TYPOLOGY REPORT**

On 22 May, the FIAU released this report, a collaboration with the United Nations' initiative Finance Against Slavery and Trafficking (FAST) and aimed to develop an understanding of the issues surrounding human trafficking and modern slavery in Malta.

<https://fiaumalta.org/procedures-guidance-2/general-guidance/>

## **INTERPOL GLOBAL FINANCIAL FRAUD ASSESSMENT**

Published in March, this assessment constitutes an in-depth analysis of INTERPOL data holdings on offences and offenders related to financial fraud, which has been perpetrated against individuals and/or businesses, including INTERPOL Notices and/or Diffusions linked to financial fraud offences. The findings in this report are part of an ongoing analytical initiative to assess current and emerging crime threats in order to produce the INTERPOL Global Crime Threat Assessment, which will be available to law enforcement in INTERPOL member countries in November.



<https://www.interpol.int/en/News-and-Events/News/2024/INTERPOL-Financial-Fraud-assessment-A-global-threat-boosted-by-technology>

## **UK PORTS AND AIRPORTS OVERWHELMED WITH ILLEGAL VAPE SEIZURES**

On 22 May, Loadstar reported that freight terminals, airports and seaports have become the unexpected frontline in the battle against the illegal vaping surge, with enough seizures for 3 to be sold every minute. In 2023, over 1½ million illegal vapes were seized in the UK.

<https://theloadstar.com/uk-ports-and-airports-overwhelmed-with-illegal-vape-seizures/>

## **SPAIN PERMANENTLY RECALLS AMBASSADOR FROM ARGENTINA AMID FEUD WITH MILEI**

On 21 May, the Guardian reported that Spain has said it is permanently withdrawing its ambassador from Argentina as a result of a growing diplomatic feud with the country's radical right-wing President.

<https://www.theguardian.com/world/article/2024/may/21/spain-argentina-ambassador-milei>

## **TAXATION OF THE DIGITALISED ECONOMY**

KPMG has published the latest edition of this newsletter, updated to 17 May, and covering both direct and indirect taxes.



<https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2023/digitalized-economy-taxation-developments-summary.pdf>

### CRYPTO EXPERTS REACT TO RECENT SDNY ETHEREUM FRAUD INDICTMENT

On 22 May, a post from the program on Corporate Compliance & Enforcement at the New York University School of Law reflects on the recent indictment of 2 individuals for allegedly attacking and stealing \$25 million from the Ethereum blockchain. This is said to demonstrate the risks of decentralised cryptocurrency exchanges and highlights the need for strong and comprehensive regulation of cryptocurrency trading including AML controls.

[https://wp.nyu.edu/compliance\\_enforcement/2024/05/22/crypto-experts-react-to-recent-sdny-ethereum-fraud-indictment/](https://wp.nyu.edu/compliance_enforcement/2024/05/22/crypto-experts-react-to-recent-sdny-ethereum-fraud-indictment/)



[https://www.visualcapitalist.com/mapped-the-top-export-in-each-eu-country/#google\\_vignette](https://www.visualcapitalist.com/mapped-the-top-export-in-each-eu-country/#google_vignette)

**US: WEALTHY SELF-EXILED CHINESE BUSINESSMAN GOES ON TRIAL IN ALLEGED \$1 BILLION FRAUD SCHEME**

On 22 May, Yahoo Finance/AP reported that Guo Wengui, 57, once believed to be among the richest people in China, pleaded guilty after his March 2023 arrest for what prosecutors say was a 5-year fraud scheme that began in 2018. He left China in 2014 during a crackdown on corruption that ensnared individuals close to him. He allegedly fraudulently induces investors to send money through his entities and organisations.

<https://finance.yahoo.com/news/wealthy-self-exiled-chinese-businessman-175109383.html>

**LAUNDERING CASH FROM HEALTHCARE AND ROMANCE SCAMS LANDS US MAN IN PRISON FOR A DECADE**

On 22 May, The Register reported that he is said to have laundered \$4.5 million through business email compromise (BEC) attacks and romance scams, with the former aimed at healthcare entities, among other businesses, and the latter at ordinary citizens, 2019-22.

[https://www.theregister.com/2024/05/22/health\\_care\\_and\\_romance\\_frauds/](https://www.theregister.com/2024/05/22/health_care_and_romance_frauds/)

**RESTRUCTURING AND INSOLVENCY JURISDICTION GUIDE TO BVI**

On 20 May, Ogier provided this guide – domestic and cross-border.

<https://www.ogier.com/news-and-insights/insights/restructuring-and-insolvency-jurisdiction-guide-bvi/>

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