

7 May 2024

WHICH REGIONS AND INDUSTRIES ARE PROFITING FROM RUSSIA'S WAR?

On 30 April, an article from Carnegie Politika said that, for some Russian regions, the country's invasion of Ukraine means they face shelling and dwindling export revenues due to sanctions. For others, it means an unprecedented influx of cash as they profit from the flywheel of war and growing domestic consumption.

<https://carnegieendowment.org/politika/92327>

DEA PLAN TO RESCHEDULE CANNABIS: IMPLICATIONS AND INSIGHTS

On 3 May, an article from McCarter & English LLP said that the DOJ has proposed reclassifying cannabis from Schedule I to Schedule III under the Controlled Substances Act. This raises new questions about what exactly cannabis reclassification might mean for existing state cannabis markets, and the article addresses some of those issues.

<https://www.mccarter.com/insights/deas-plan-to-reschedule-cannabis-implications-and-insights/>

US: BIS REVISES EXPORT CONTROLS ON FIREARMS LICENSING REQUIREMENTS

On 30 April, an article from Thompson Hine Ltd said that the Commerce Department proposes to amend the Export Administration Regulations (EAR) to enhance the control structure for firearms and related items under Bureau of Industry and Security (BIS) jurisdiction. Public comment will be accepted until 1 July.

<https://www.thompsonhinesmartrade.com/2024/04/bis-revises-export-controls-on-firearms-licensing-requirements/#page=1>

OFAC DELISTS MALTA & RUSSIA-BASED AIRCRAFT MANAGEMENT COMPANY

On 7 May, the Global Sanctions blog reported that OFAC had delisted Malta and Russia-based Emperor Aviation Ltd and 7 related aircraft. It had been alleged to provide travel for the immediate family of a senator, Suleyman Kerimov.

<https://globalsanctions.co.uk/2024/05/ofac-de-lists-malta-russia-based-aircraft-management-company/>

US: USING THE EXPORT LICENSE EXCEPTION STA - STRATEGIC TRADE AUTHORIZATION

On 6 May, an article from Shipping Solutions says that the licence exception STA allows for the export, re-export and in-country transfer of specific controlled items to low-risk destinations (a

preferred group of about 40 countries). However, it is important to note that using STA comes with specific requirements for exporters. The article considers the eligibility criteria for the STA, its benefits and the steps exporters must take to ensure compliance when using this exception.

<https://www.shippingsolutions.com/blog/using-export-license-exception-sta-strategic-trade-authorization>

IRAN SAID TO BE USING MALAYSIAN PROVIDERS TO BUST OIL SANCTIONS

On 7 May, Business Times in Singapore reported that a US Treasury official has said that Iran has relied on Malaysian service providers to get around international sanctions and sell its oil in the region.

<https://www.businesstimes.com.sg/international/asean/iran-using-malaysian-providers-bust-oil-sanctions-us-official>

RUSI: BUILDING ON THE WORK OF INVESTIGATIVE JOURNALISTS TO IDENTIFY COMMON MECHANISMS BY WHICH PROFESSIONAL SERVICE PROVIDERS FACILITATE SANCTIONS EVASION

On 7 May, RUSI published a Policy Brief and OCCRP partnered with RUSI's Centre for Finance and Security (CFS) to conduct the innovative analysis involved. It outlines the steps policymakers can take to "disable the enablers" which will strengthen sanctions implementation beyond the Russian context.

<https://rusi.org/explore-our-research/publications/policy-briefs/disabling-enablers-sanctions-circumvention>

COLOMBIAN MARITIME COMPANIES HIT WITH US VISA CURBS OVER MIGRANT TRANSPORT

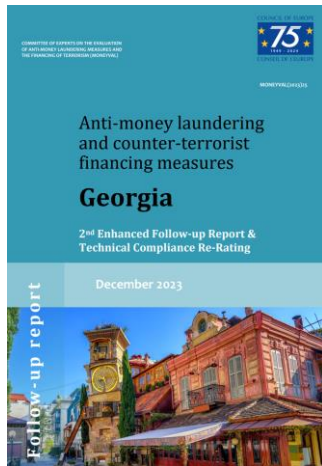
On 6 May, Investing.com reported that the US had issued visa restrictions against executives of several Colombia maritime companies allegedly linked to migrant transportation to the Colombia-Panama border. This target ferry operators "ruthlessly smuggling" migrants who intend to cross from Colombia to Panama. The policy followed a move last year to target individuals operating charter flights into Nicaragua carrying migrants bound for the US-Mexico border.

<https://www.investing.com/news/world-news/us-sanctions-colombian-maritime-companies-over-alleged-migrant-smuggling-3421349>

GEORGIA: AML/CFT EVALUATION FOLLOW-UP REPORT

On 7 May, MONEYVAL published the second follow-up report on Georgia, saying that Georgia had requested a reassessment of 9 FATF Recommendations contained in its comprehensive 2020 Mutual

Evaluation Report. Georgia is rated “compliant” on 7 Recommendations, “largely compliant” on 22 Recommendations, “partially compliant” on 10 Recommendations, and “non-compliant” on 1 Recommendation. Georgia will remain in enhanced follow-up and will continue to report back to MONEYVAL on progress to strengthen its implementation of AML/CFT measures. Georgia is expected to report back within 1 year’s time, in December 2024.



<https://rm.coe.int/moneyval-2023-25-ge-5thround-2ndenhfur/1680ae8b8b>

<https://agenda.ge/en/news/2024/39014#gsc.tab=0>

<https://civil.ge/archives/604273>

Table 1. Technical compliance with re-ratings, December 2023⁴

R.1 PC (FUR2 2023) PC (MER)	R.2 LC (MER)	R.3 C (MER)	R.4 LC (MER)	R.5 LC (MER)
R.6 PC (FUR2 2023) PC (MER)	R.7 PC (FUR2 2023) PC (MER)	R.8 NC (MER)	R.9 C (MER)	R.10 LC (MER)
R.11 LC (MER)	R.12 C (FUR2 2023) PC	R.13 C (MER)	R.14 LC (MER)	R.15 PC (FUR2 2023) PC (MER)
R.16 LC (MER)	R.17 LC (MER)	R.18 LC (MER)	R.19 LC (MER)	R.20 LC (MER)
R.21 C (MER)	R.22 PC (FUR2 2023) PC (FUR1 2022) PC (MER)	R.23 PC (FUR2 2023) PC	R.24 PC (MER)	R.25 PC (MER)
R.26 LC (MER)	R.27 LC (MER)	R.28 PC (FUR2 2023) PC (FUR1 2022) PC (MER)	R.29 LC (FUR1 2022) PC (MER)	R.30 C (MER)
R.31 LC (MER)	R.32 LC (MER)	R.33 LC (MER)	R.34 LC (MER)	R.35 PC (FUR2 2023) PC (FUR1 2022) PC (MER)
R.36 LC (MER)	R.37 LC (MER)	R.38 LC (MER)	R.39 C (MER)	R.40 LC (MER)

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

SINGAPORE: SWISS-ASIA FINANCIAL SERVICES FINED FOR BREACHES OF AML RULES

On 7 May, the Business Times reported that wealth and fund management company Swiss-Asia Financial Services (SAFS) had been issued with a composition penalty of S\$2.5 million for breaching the Monetary Authority of Singapore's (MAS) AML/CFT requirements. MAS also reprimanded SAFS' CEO Olivier Pascal Mivelaz and chief operating officer Steve Knabl for failing to ensure that the company complied with these requirements.

<https://www.businesstimes.com.sg/companies-markets/swiss-asia-financial-services-fined-s-2-5-million-breaches-anti-money-laundering-rules>

<https://sbr.com.sg/financial-services/news/mas-penalises-swiss-asia-financial-serious-aml-failures>

<https://mondovisione.com/media-and-resources/news/monetary-authority-of-singapore-imposes-composition-penalty-of-s25-million-on/>

COUNCIL OF EUROPE EVALUATES ANTI-CORRUPTION PROGRESS IN BELGIUM

On 7 May, Council of Europe's GRECO body has issued 2 reports on progress towards implementing GRECO recommendations concerning members of parliament, judges and prosecutors as well as central governments (top executive functions) and law enforcement agencies in Belgium. While the first report is generally favourable, the second shows mixed results.

<https://www.coe.int/en/web/portal/-/council-of-europe-evaluates-anti-corruption-progress-in-belgium>

FORMER CITY SOLICITOR JAILED FOR 15 YEARS FOR ROLE IN £30M PONZI SCHEME

On 7 May, the Law Society Gazette reported that a former City solicitor who was jointly responsible for setting in motion a vast investment fraud scheme has been jailed for 15 years. Jonathan Denton, 64, was sentenced for 2 frauds which were worth £25 million in total. He was one of more than a dozen individuals convicted and sentenced.

<https://www.lawgazette.co.uk/news/former-city-solicitor-jailed-for-15-years-for-role-in-30m-ponzi-scheme/5119627.article>

<https://www.legalfutures.co.uk/latest-news/ex-city-solicitor-jailed-for-15-years-over-investment-frauds>

SOUTH AFRICA: ACCESS TO THE BENEFICIAL OWNERSHIP REGISTER

On 3 May, an article from CMS Law said that the Companies Amendment Bill, 2023 expands on the provisions of the existing law by providing for specific access rights to the beneficial ownership

registers or information of companies under certain circumstances. The effective date of the Companies Bill is yet to be promulgated, however, it has been passed by parliament.

<https://cms-lawnow.com/en/ealerts/2024/05/access-to-the-beneficial-ownership-register>

GUYANA RAISES ROGUE REGISTRY WARNING AS SANCTIONED TANKERS FALSELY FLY ITS FLAG

On 6 May, Lloyds List reported that the maritime authority has said that a dozen-plus tankers linked with Iran were fraudulently registered under its flagged by an unauthorised entity.

<https://www.lloydslist.com/LL1149046/Guyana-raises-rogue-registry-warning-as-sanctioned-tankers-falsely-fly-its-flag>

SLOVENIA: AML/CFT EVALUATION FOLLOW-UP REPORT

On 7 May, MONEYVAL released the sixth enhanced follow-up report on Slovenia, saying that Slovenia has improved its measures for tackling terrorist financing. As a result of legislative amendments to the terrorist financing offence, the country has been re-rated on this recommendation from “partially compliant” to “largely compliant”. Out of the 40 FATF Recommendations, Slovenia currently has 11 Recommendations rated “compliant” and 29 Recommendations rated “largely compliant”. Slovenia is no longer required to report under MONEYVAL’s 5th round of evaluations.



https://www.coe.int/en/web/moneyval/home/newsroom/-/asset_publisher/zTE3FjHi4YJ7/content/slovenia-has-improved-its-criminal-legislation-against-terrorist-financing-says-council-of-europe-body

<https://rm.coe.int/moneyval-2023-23-slo-5thround-6thenhfur/1680ae98c9>

Table 1. Technical compliance with re-ratings, December 2023⁸

R.1 LC (FUR4 2022) PC (MER)	R.2* LC (FUR2 2019) LC (MER)	R.3 LC (MER)	R.4 LC (MER)	R.5 LC (FUR6 2023) PC (FUR4 2022) PC (MER)
R.6 LC (FUR3 2021) PC (MER)	R.7 LC (FUR3 2021) PC (FUR1 2018) PC (MER)	R.8 LC (FUR3 2021) PC (MER)	R.9 LC (MER)	R.10 LC (MER)
R.11 C (MER)	R.12 C (FUR3 2021) PC (MER)	R.13 LC (FUR3 2021) PC (MER)	R.14 C (MER)	R.15* LC (FUR5 2023) PC (FUR4 2022) PC (FUR3 2021) C (MER)
R.16 C (FUR1 2018) PC (MER)	R.17 LC (MER)	R.18* LC (FUR1 2018) LC (MER)	R.19 LC (MER)	R.20 C (MER)
R.21* C (FUR1 2018) C (MER)	R.22 LC (MER)	R.23 LC (MER)	R.24 LC (MER)	R.25 LC (MER)
R.26 LC (FUR3 2021) PC (MER)	R.27 C (MER)	R.28 LC (FUR3 2021) PC (MER)	R.29 C (MER)	R.30 C (MER)
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R.36 LC (MER)	R.37 LC (MER)	R.38 LC (MER)	R.39 LC (MER)	R.40 LC (MER)

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

UK: THE COURT OF APPEAL'S LATEST JUDGMENTS ON DELAY IN CONFISCATION PROCEEDINGS

On 23 April, an article from Mountford Chambers says that the 2-year limit in section 14(5) of the Proceeds of Crime Act after conviction for the determination of confiscation proceedings appears to be no more than notional.

<https://www.mountfordchambers.com/beyond-the-boundaries-of-time-haden-luxton-and-section-14-of-poca>

BRIEFING: COMPANY REGISTRATION IN THE UK

On 1 May, the House of Commons Library published this briefing. It says that the UK Government is reforming Companies House and the company registration regime in the UK. This is in response to concerns raised about the vulnerability of the company registration system to abuse, and the reliability of the company data collected and published by Companies House.

<https://researchbriefings.files.parliament.uk/documents/CBP-10015/CBP-10015.pdf>

SOARING REMITTANCES TO DEVELOPING NATIONS OVERTAKE FOREIGN DIRECT INVESTMENT

On 7 May, the Guardian reported that the UN's International Organization for Migration found that international transfers increased 650% from \$128 billion to \$831 billion between 2000 and 2022. The report shows that in 2020, India, China, Mexico, the Philippines and Egypt were, in descending order, the top 5 remittance recipient countries, although India and China were well above the rest.

<https://www.theguardian.com/global-development/article/2024/may/07/soaring-remittances-to-developing-nations-overtake-foreign-direct-investment>

FORGET MACAU'S JUNKET LAUNDERERS, DIRTY CHINESE CASH HAS A NEW HOME: SOUTH-EAST ASIA CASINO SCAM HUBS

On 27 April, the South China Morning Post reported that an anti-corruption crackdown in Asia's gambling capital has decimated its once-booming junket industry, and those involved have moved to shady special economic zones of Cambodia, Laos, and Myanmar – and the loosely regulated casinos of the Philippines and Vietnam.

<https://www.scmp.com/week-asia/economics/article/3260532/forget-macaos-junket-launderers-dirty-chinese-cash-has-new-home-southeast-asias-casino-scam-hubs>

32 PEOPLE INDICTED IN TAIWANESE CRYPTO EXCHANGE FRAUD CASE

On 1 May, Bitcoinist reported that the ongoing saga between the Taiwanese authorities and former executives from crypto exchange ACE continues with a new round of charges pressed against its founder, David Pan, and another 31 individuals linked to the case.

<https://bitcoinist.com/32-people-indicted-in-taiwanese-crypto-exchange-fraud-case/>

AL-QAIDA AND ISLAMIC STATE BRIEFINGS

On 6 May, the US Congressional Research Service published 2 reports on the background, current status, and US policy in respect of the 2 organisations.

<https://crsreports.congress.gov/product/pdf/IF/IF10328>

<https://crsreports.congress.gov/product/pdf/IF/IF11854>

NORTH KOREA-RUSSIA RELATIONS: CURRENT DEVELOPMENTS

On 6 May, the US Congressional Research Service published a briefing updating the relationship between North Korea and Russia.

<https://crsreports.congress.gov/product/pdf/IN/IN12355>

MOLDOVA: FORMER PRIME MINISTER VLAD FILAT ACQUITTED IN MONEY LAUNDERING CASE

On 7 May, Moldpress reported that the former Prime Minister Vlad Filat had been acquitted in the case in which he was accused of large-scale money laundering. Prosecutors announced they will appeal the sentence handed down by magistrates.

<https://www.moldpres.md/en/news/2024/05/07/24003333>

BANK OF MOZAMBIQUE HAS OPTED TO APPLY LIMITS FOR TRANSACTIONS THROUGH ELECTRONIC MONEY INSTITUTIONS (EMI), TO COMBAT THE FINANCING OF TERRORISM AND MONEY LAUNDERING

On 7 May, African Wireless Communications reported that the government found that the electronic money sector poses a high level of threat to terrorist financing in Mozambique.

<https://www.africanwirelesscomms.com/news-details?itemid=7640&post=bank-of-mozambique-limits-electronic-money-transactions-645507>

OFAC SANCTIONS SENIOR LEADER OF THE LockBit RANSOMWARE GROUP – UK AND ISLE OF MAN DO SO ALSO

On 7 May, OFAC advised that it had designated Dmitry Yuryevich Khoroshev, a Russian national and a leader of the Russia-based LockBit group, for his role in developing and distributing LockBit ransomware. This designation is the result of a collaborative effort with the DoJ, Federal Bureau of Investigation, the UK NCA and other international partners. The DoJ has also unsealed an indictment and the UK and Australia are also announcing the designation of Khoroshev.

<https://www.gov.im/news/2024/may/07/financial-sanctions-cyber/>

<https://home.treasury.gov/news/press-releases/jy2326>

<https://ofac.treasury.gov/recent-actions/20240507>

https://assets.publishing.service.gov.uk/media/6639e75174933dccbbb6c2a2/Notice_Cyber_070524.pdf

<https://www.theguardian.com/technology/article/2024/may/07/dmitry-khoroshev-named-as-alleged-leader-of-ransomware-gang-lockbit>

MALTA: FORMER PM JOSEPH MUSCAT AND OTHERS CHARGED WITH MONEY LAUNDERING ETC

On 7 May, the Times of Malta and others reported that Joseph Muscat and ex-minister Konrad Mizzi were to be charged with accepting bribes and corruption; while Chris Fearne and Edward Scicluna to

be charged with defrauding the government through deceit. Several others are also facing charges, including Muscat's former chief of staff, Keith Schrembri.

https://www.maltatoday.com.mt/news/national/129059/breaking_muscat_to_be_charged_with_money_laundering_bribery_and_corruption

<https://timesofmalta.com/article/joseph-muscat-charged-bribery-criminal-association.1092078>

<https://lovinmalta.com/news/those-who-laugh-last-laugh-loudest-joseph-muscats-first-comment-after-criminal-charge/>

<https://lovinmalta.com/news/news-politics/joseph-muscat-six-major-scandals-that-echo-his-name/>

ESTONIA – BANK TO CONTEST FIU €300,000 FINE FOR BREACHING SANCTIONS

On 6 May, Duane Morris reported that LHV Pank has said that it intends to challenge a fine of €300,000 imposed on it by the FIU for breaching EU sanctions.

<https://blogs.duanemorris.com/europeansanctionsenforcement/2024/05/06/estonia-bank-to-contest-fius-e300000-fine-for-breaching-sanctions/>

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