



High Value Dealers: AML/CFT Factsheet March 2019

Background

The Government has introduced measures to protect the reputation of New Zealand's financial sector, disrupt and deter crime and meet international standards for combating money laundering, terrorism financing and other related threats. These measures are in response to an estimated \$1.35 billion of money that is laundered through the New Zealand financial system every year.

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the AML/CFT Act) captures high value dealers (HVDs) from 1 August 2019. Introducing AML/CFT measures will deter criminals from using your services and help detect them if they do. It will make it harder for criminals to move cash anonymously using high value goods. Importantly, it will also strengthen the overall AML/CFT system.

High value dealers

If you are an HVD and meet all three of the following criteria, you will have compliance obligations in accordance with the AML/CFT Act from 1 August 2019:

1. You buy or sell specific **high value goods** (listed below) in your **ordinary course of business**¹; and
2. **Cash** is the means of payment for the transaction; and
3. The cash transaction (or value of related cash transactions) is **equal to or above the prescribed threshold**.

The high value goods which are covered by the AML/CFT Act include:

- Motor vehicles
- Ships

- Jewellery
- Watches
- Gold, silver, or other precious metals
- Diamonds, sapphires, or other precious stones
- Paintings
- Prints
- Protected foreign objects
- Protected New Zealand objects
- Sculptures
- Photographs
- Carving in any medium
- Other artistic or cultural artefacts.

Some important information about cash

- The buying and selling of high value goods using payment that is not cash will not be covered by the AML/CFT Act.
- Cash means physical currency (which includes New Zealand dollars and foreign currency) or bearer-negotiable instruments such as cheques.
- The Ministry of Justice (who administers the legislation) has completed consultation with the sector asking for feedback on cash threshold levels of \$5,000, \$10,000 or \$15,000. The cash threshold will not be confirmed until Cabinet has approved the recommendation.
- The Department of Internal Affairs (the Department) cannot confirm what recommendation the Ministry of Justice will make on the cash threshold.

AML/CFT obligations for HVDs

The Department will be providing more detailed guidance for HVDs on these obligations.

Note that HVDs have fewer AML/CFT obligations compared to other reporting entities.

The following AML/CFT obligations apply to HVDs involved in a cash transaction equal to or above the prescribed threshold:

1 For more information see the 'Interpreting Ordinary Course of Business guideline' (<https://bit.ly/2po86Fw>)

What must HVDs do	Comments
<ul style="list-style-type: none"> Conduct standard customer due diligence (CDD). 	<ul style="list-style-type: none"> You will need to conduct standard CDD on your customer, any beneficial owner of a customer, and any person acting behalf of a customer². If CDD is required, the identity of the person you are dealing with must be verified before you enter into a transaction with them. If you cannot complete CDD you must not engage in that cash transaction.
<ul style="list-style-type: none"> Submit prescribed transaction reports (PTRs) to the NZ Police Financial Intelligence Unit (FIU). 	<ul style="list-style-type: none"> You must submit PTRs to the FIU (using the goAML web-based reporting tool³) for cash transactions at or above the prescribed threshold.
<ul style="list-style-type: none"> Keep records of identity and verification documents, suspicious activity reports (if they are submitted to the FIU), and any audits. 	<ul style="list-style-type: none"> Records must be kept for at least five years.
<ul style="list-style-type: none"> Audit your AML/CFT compliance obligations when requested by the Department. 	<ul style="list-style-type: none"> Auditor must be independent and suitably qualified.

The Department strongly recommends that HVDs covered by the AML/CFT Act also submit suspicious activity reports to the FIU if suspicion exists, although this is optional.

Disclaimer

Please note this factsheet is provided for information purposes only and cannot be relied on as evidence of complying with the requirements of the AML/CFT Act. It does not constitute legal advice.

² Further information relating to beneficial owner and acting on behalf of others can be found on the Department's website (<https://bit.ly/2Bxp2Pc>).

³ You can find more information on goAML on the New Zealand Police's website (<https://bit.ly/2ygOri3>).