

Anti-money laundering regulations for law firms

New Zealand lawyers must comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (Act). The Act requires us to do a number of things to help combat money laundering and terrorist financing. This is because the services law firms and other professionals offer may be seen as an attractive option to those involved in criminal activity.

What does this mean?

We must carry out back ground checks (customer due diligence) on our clients, which includes obtaining and verifying identity, address, and in some cases, source of wealth and source of funds. We are also required to report certain international transactions through our trust account and any suspicious activity to the FIU, which is the financial intelligence arm of the NZ Police. This requirement is outlined in our Terms of Engagement (available on our website).

What does this mean for Simpson Grierson clients?

Before we can start work for you we need to obtain satisfactory evidence to complete customer due diligence. This includes verifying and documenting your identity, address and business structure. We will also need to understand the nature and purpose of the proposed services you are asking us to undertake for you. The information required varies depending on whether we will be acting for an individual, partnership, company, public body, estate, trust or other entity type. Customer due diligence will include identifying and verifying any beneficial owner(s) and person(s) acting on behalf of a client.

We are also expected to carry out customer due diligence on existing clients particularly if any new instruction involves an activity covered by the Act. We will contact existing clients to let them know when this is required and what information will be needed. We are required to do this even though we may have known you for some time.

Customer due diligence

If we need to carry out customer due diligence on you, your Simpson Grierson contact person will explain the steps and what is required. For individuals that hold New Zealand or Australian identity documents, we use an electronic identity verification solution called Cloudcheck so that you can easily self-verify in your own time. Please refer to <https://www.gbg-cloudcheck.com/> for further information.

Alternatively, you can bring your passport or drivers licence and address document (eg bank statement or utility bill) to our offices to be verified in person, or you can have documents certified by a trusted referee.

If you are instructing us on behalf of an entity, we may need to ask you for information about the entity's structure and a copy of relevant documents to confirm that information eg Trust Deed, Partnership Agreement, structure chart (particularly for complex structures).

We may also need to ask you about your overall source of wealth and the source of funds for a transaction, particularly if you are instructing us on behalf of a trust.

What is a "beneficial owner"?

A beneficial owner is an individual who:

- owns more than 25% of a client;
- has effective control of a client; or
- is a person on whose behalf a transaction is being conducted.

If you meet any of the above descriptions, we will need to verify your identity.

What does "acting on behalf" mean?

Acting on behalf is where someone is instructing us on behalf of a client. If this is you, we will need to verify your identity, and confirm that you are authorised to instruct us eg we may ask for a letter of authority to act.

Who can I contact for more information?

If you require more information please contact the Simpson Grierson person who you usually work with or the AML Team at amlteam@simpsongrierson.com.

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