

Anti-Money Laundering / Countering Financial Terrorism Legislation

From 1 July 2018 lawyers in New Zealand will fall under the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT). The purpose of this 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.

Lawyers are now required to help combat money laundering and terrorist financing, and to help the New Zealand Police bring the criminals who do it to justice. Banks and casinos have been subject to the AML/CFT requirements for some time and in addition to lawyers from 1 July 2018, from 1 October 2018 accountants and from 1 January 2019 will also fall under the requirements of this legislation. This is because the services law firms and other professionals offer may be attractive to those involved in criminal activity such as money laundering and/or the financing of terrorism.

The law says that 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 "customer (or client) due diligence".

Customer Due Diligence

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

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

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

To confirm these details, documents such as your driver's licence, passport or your birth certificate, and documents that show your address (such as a current bank statement) will be required to be provided to us.

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.