

NEW COMPLIANCE REQUIREMENTS—WHAT YOU NEED TO KNOW

There will have been some changes since you last used a lawyer, as we are now required to formally identify all our clients before acting for them. This is a result of a new law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act). From 1 July 2018 we are obliged to comply with the requirements of this Act.

Even if we have been working with you for a long time, we will need to complete these formal requirements. We now need you to bring identification and proof of address documentation to your next meeting with us. To make this process as simple as possible, please take some time to prepare this prior to our meeting and bring the original documents along with you.

The simplest forms of acceptable identification are as follows:

- ◆ Passport – this is adequate on its own
- ◆ NZ Drivers Licence **plus one** of either: -
 - * Bank Credit Card (embossed and signed)
 - * SuperGold card
 - * Bank account statement (original)
 - * Any statement issued by a government agency (original)
 - * Birth Certificate

The simplest documents acceptable to confirm your address are as follows (any one):

- ◆ Rates or utility bill
- ◆ Bank statement or letter from your Bank
- ◆ Car registration
- ◆ IRD notices
- ◆ Letter from an employer
- ◆ Insurance policy documents

There many other forms of suitable identification, so if you are unable to provide the above just give us a call and we will be able to assist you.

We are also required by law to fully understand the reasons and background to the work we will be undertaking for you. We will need to ask you questions in relation to this and on some occasions request further documentation in relation to the task.

Please be aware that we must complete the above prior to being able to act for you so please call in advance if you have any questions.

HOW DOES THE AML/CFT ACT AFFECT YOU?

New Zealand has passed a law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("the AML/CFT law" for short). The purpose of the 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.

Recent changes to the AML/CFT Act mean that from **1 July 2018** lawyers **MUST** comply with its requirements. 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 "client due diligence".

Lawyers must also conduct client due diligence on the beneficial owners of its clients and any related parties who act on our clients' behalf. The law classifies a beneficial owner as any person that owns greater than 25% of a client, or someone that has effective control of a client.

CLIENT DUE DILIGENCE (“CDD”) REQUIREMENTS

Client due diligence **REQUIRES** a law firm to undertake certain background checks **BEFORE** providing services to clients. 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 and verify certain information from you to meet these legal requirements. This information includes:

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

To confirm these details, documents such as your driver’s licence or your birth certificate, and documents that show your address - such as a current bank statement - will be required.

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.

| Checklist for your meeting | |
|----------------------------|---|
| | Identification – original documents must be sighted by our staff |
| | Address confirmation – originals where possible |
| | ID and address confirmation for all people involved |
| | Call us on 03 545 8080 if you are unable to provide the above and we will advise alternatives |
| | Any documentation relevant to the work we will undertake for you |

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.

FURTHER INFORMATION

Links to the relevant legislation and/or regulations are provided below:

Anti-Money Laundering and Countering Financing of Terrorism Act 2009

<http://www.legislation.govt.nz/act/public/2009/0035/latest/DLM2140720.html?src=qs>

Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Regulations 2011

<http://www.legislation.govt.nz/regulation/public/2011/0222/latest/whole.htm>

Identify Verification Code of Practice 2013

<https://fma.govt.nz/assets/Reports/131201-identity-verification-code-of-practice-aml-cft.pdf>

Beneficial Ownership Guidelines

[https://www.dia.govt.nz/Pubforms.nsf/URL/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf/\\$file/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf](https://www.dia.govt.nz/Pubforms.nsf/URL/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf/$file/AMLCFT_BeneficialOwnershipGuideline_Dec2017.pdf)