

## **Ministerial Exemptions Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009**

In accordance with section 157(4) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice gave notice on 7 September 2022 that he has granted the following exemptions from the Act:

### **Ministerial Exemption: Carrfields Livestock Limited**

Exempting Carrfields Livestock Limited (CLL) from –

- a. Sections 10–71 (inclusive) of the Act for financial services to its livestock vendors (sellers).
- b. Sections 10–71 of the Act for financial services to its livestock purchasers (buyers) except:
  - i. CLL is not exempt from sections 39A–48C; and
  - ii. CLL is not exempt if any of these apply: section 22(1)(a)(ii), section 22(1)(b)(ii), section 22(1)(c), section 22(1)(d), section 22(1)(e), section 22(2), section 22A, section 23, section 24, section 25, and section 26; and
  - iii. CLL is not exempt from sections 49–50 if any of the sections listed in b(ii) above apply.

The exemption is subject to the following conditions:

- a. CLL must continue to carry out its own account opening due diligence process on each customer.
- b. CLL must conduct enhanced customer due diligence on its customers in relation to any physical cash transactions of \$10,000 or over or any transactions involving international funds transfers.
- c. CLL must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days from which the change affecting the exemption occurs.

The exemption has been granted as a partial exemption and with the stated conditions to reduce administrative and compliance burden to the CLL while ensuring that the money laundering and terrorism financing (ML/TF) risks associated with its activities are mitigated. The rationale for the recommended partial exemption is due to the combination of low risk and higher risk factors in this case.

- a. There are many reasons for believing CLL’s activities to be at low risk of engaging in ML/TF including:
- b. The largely domestic and relationship-based nature of CLL’s business.
- c. All vendor and purchaser customers are required to provide comprehensive information on themselves and their business when they open an account.
- d. Transactions relating to the sale and purchase of livestock are documented and comprehensively monitored by CLL.
- e. There is little or no opportunity for price manipulation.

- f. While no industry or commodity is immune to ML/TF risks, livestock is unlikely to be attractive to most launderers because of the expertise required to be involved in the purchase and sale of this commodity, the relatively high transaction costs associated with moving funds linked to livestock, and because livestock cannot be easily sold, transported, or concealed compared to other goods (such as vehicles).

There are also, however, several reasons for being concerned about the medium to high risks of money laundering in relation to aspects of CLL's activity, including:

- a. The high prevalence of CLL's customers that are trusts, which increases the risk of beneficial ownership being concealed.
- b. CLL plays a type of 'gatekeeping' role in providing professional services to clients, which is a known ML/TF risk factor.
- c. The reporting entities' occasional handling of cash when livestock is purchased at a livestock auction.
- d. While CLL's financial transactions largely relate to domestic trade, an international element also exists, and this could be exploited by money launderers to legitimise funds.

The exemption comes into force the day after publication.

The exemption will expire on **5 September 2027**.

Any person wishing to provide comment on this notice should contact the Terrorism and Law Enforcement Stewardship Team at the Ministry of Justice by emailing [amlcft.exemptions@justice.govt.nz](mailto:amlcft.exemptions@justice.govt.nz).