

Why we need to ask clients for information

In 2009 New Zealand passed a law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (we will call it the “AML Act”). The purpose of the AML Act 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.

As a consequence of the AML Act, financial institutions have been required to identify their customers before being able to undertake any work on their customers’ behalf. You will more than likely have already come across this with your bank at some point in the past few years.

Recent changes to the AML Act mean that from 1 July 2018, lawyers are required to comply with its requirements. As such, lawyers must now do a number of things to help combat money laundering and terrorist financing, and to help Police bring the criminals who do it to justice. The AML Act does this because the services law firms and other professionals offer may be attractive to those involved in criminal activity.

The AML Act requires law firms and other professionals to assess the risk they may face from the actions of money launderers and people who finance terrorism and to 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 Act calls “customer due diligence” (‘CDD’).

CDD 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 we 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 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 we are not able to obtain the required information from you, it is likely we will not be able to act for you.

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 copy.

If you have any queries or concerns with regard to the AML/CFT regime, please do not hesitate to contact us.