

AMLCFT STATEMENT

This is a statement regarding Evolution Lawyers' obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**Act**). Terms defined in the Act have the same meaning in this statement.

Customer Due Diligence

Evolution Lawyers is a reporting entity under the Act. As such, we are required to conduct customer due diligence on our customers, any beneficial owners of our customers, and any person acting on behalf of our customers (**CDD Targets**). The process involves verifying the identity of the CDD Targets as directed by the Act.

The type of customer due diligence we are required to conduct will depend on the circumstances. Unless we are permitted to conduct simplified customer due diligence, we are required to conduct at least standard customer due diligence on the CDD Targets:

- if we establish a business relationship with a new customer;
- if a customer seeks to conduct an occasional transaction or activity through us;
- if, in relation to an existing customer, and according to the level of risk involved:
 - there has been a material change in the nature or purpose of the business relationship; and
 - we consider that we have insufficient information about the customer;
- as soon as practicable after we become aware that an existing account is anonymous; and
- in any other circumstances specified in regulations made under the Act.

Standard customer due diligence involves obtaining the following identity information about the CDD Targets:

- full name;
- if the CDD is an individual, residential address and date of birth;
- if the CDD Target is a company, the registered office address and company identifier or registration number;
- if the CDD Target is not the customer, the relationship to the customer; and
- any information prescribed by regulations.

Verifying Identity Information

We must take reasonable steps to verify that the identity information we obtain is correct and, according to the level of risk involved, satisfy ourselves of the identity of any beneficial owner and of the identity and authority of any person acting on behalf of a customer.

Our compliance programme provides that identity information may be verified by any solicitor employed by Evolution Lawyers, by any agent authorised by us for the purposes of conducting customer due diligence on our behalf, by trusted individuals personally known to the firm, and, in all other cases, by a trusted referee, being any person aged at least 16 who is also one of the following:

- Commonwealth representative - as defined in the Oaths and Declarations Act 1957
- Member of the police
- Justice of the peace
- Registrar or Deputy Registrar of the High Court or the District Court
- Registered medical doctor
- Kaumātua (as verified through a reputable source)
- Registered teacher
- Minister of religion
- Lawyer - as defined in the Lawyers and Conveyancers Act 2006
- Notary public
- New Zealand Honorary consul
- Member of Parliament
- Chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996)
- A person who has the legal authority to take statutory declarations or the equivalent in New Zealand

The trusted referee, and any trusted individual personally known to the firm, must not be:

- related to the customer;
- the spouse or partner of the customer;
- a person who lives at the same address as the customer; or
- a person involved in the transaction or business requiring the certification.

In the case of an individual's full and date of birth, a true copy of a Government issued photo identification, such as a driver's licence or passport, will be required. The person verifying the identity information must sight the original. In the case of verifying residential address, we require a recent letter from a bank or utilities provider.

We will only require certification of the documents proving the identity information if the person verifying the information is an independent, trusted referee.

Enhanced Customer Due Diligence

We are required to conduct enhanced customer due diligence:

- if we establish a business relationship with a customer that is:
 - a trust or another vehicle for holding personal assets;
 - a non-resident customer from a country that has insufficient anti-money laundering and countering financing of terrorism systems or measures in place; or
 - a company with nominee shareholders or shares in bearer form;
- if a customer seeks to conduct an occasional transaction or activity through us and that customer is:
 - a trust or another vehicle for holding personal assets;
 - a non-resident customer from a country that has insufficient anti-money laundering and countering financing of terrorism systems or measures in place; or
 - a company with nominee shareholders or shares in bearer form;
- if a customer seeks to conduct, through us, a complex, unusually large transaction or unusual pattern of transactions that have no apparent or visible economic or lawful purpose;
- when we consider that the level of risk involved is such that enhanced due diligence should apply to a particular situation;
- if we establish a business relationship with a customer who we have determined is a politically exposed person;
- a customer who we have determined is a politically exposed person seeks to conduct an occasional transaction or activity through us;
- if we are an ordering institution, an intermediary institution, or a beneficiary institution in relation to a wire transfer;
- we establish a business relationship with a customer that involves new or developing technologies, or new or developing products, that might favour anonymity; and

- a customer seeks to conduct an occasional transaction or activity through us that involves new or developing technologies, or new or developing products, that might favour anonymity.

The most common instance where we will have to conduct enhanced customer due diligence is where we establish a new business relationship with a trust or another vehicle for holding personal assets, such as a look-through company, or a company with nominee shareholders. In such cases, we are required to obtain:

- information relating to the source of the funds or the wealth of the customer;
- in the case of a fixed trust with 10 or fewer beneficiaries, the name and the date of birth of each beneficiary of the trust; and
- in the case of a customer that is a discretionary trust or a charitable trust or a trust that has more than 10 beneficiaries, a description of each class or type of beneficiary or, if the trust is a charitable trust, the objects of the trust.

Timing of Customer Due Diligence For New Customers

While customer due diligence must normally be conducted before establishing a business relationship with a new customer, the Act allows us to conduct the required customer due diligence after commencing a business relationship with a new customer if:

- it is essential not to interrupt normal business practice;
- money laundering and financing of terrorism risks are effectively managed through procedures of transaction limitations and account monitoring or (if the reporting entity is not a financial institution) through other appropriate risk management procedures; and
- verification of identity is completed as soon as is practicable once the business relationship has been established.

Given we are legally required to send prescribed information to our clients before completing any significant work on a matter, the sending and acceptance of which commences the business relationship, we have decided that the exception in the Act applies to our business. Our practise is to send clients our terms of engagement and then complete the required customer due diligence. Our procedures for managing the risk of money laundering and terrorism financing are appropriate, and include not accepting any deposits or payments in cash (per our terms of engagement) and only allowing payments to be authorised by directors of the firm.

If, however, we are unable to conduct customer due diligence within a reasonable period of time after commencing the business relationship, we will cease all work on your matter until the required customer due diligence has been completed.

Suspicious Activities

We are required to make a suspicious activity report to the Police if we have reasonable grounds to suspect that a transaction or proposed transaction through us, a service or proposed service we are to provide, or an inquiry to us, as the case may be, is or may be relevant to:

- the investigation or prosecution of any person for a money laundering offence; or
- the enforcement of the Misuse of Drugs Act 1975; or
- the enforcement of the Terrorism Suppression Act 2002; or
- the enforcement of the Proceeds of Crime Act 1991 or the Criminal Proceeds (Recovery) Act 2009; or
- the investigation or prosecution of an offence (within the meaning of section 243(1) of the Crimes Act 1961).

However, nothing in this obligation requires us to disclose any information that we believe on reasonable grounds to be a privileged communication.

Compliance Officer

Any questions or comments about this statement should be addressed to our compliance officer, Kieran Boyle, by email to mail@evolutionlawyers.nz.