



# Real Estate

## Continuing Professional Development

---

# AML - Due diligence

**Estimated time needed: 1.5 hours**

**V2.0**

December 2020



## Contents

Real Estate CPD – AML Due Diligence, covers the following information:

Learning outcomes.....	4
Introduction .....	5
What is Customer Due Diligence (CDD)? .....	6
Who does the agency have to conduct CDD on? .....	7
Undertaking CDD on a new client .....	8
What is required to identify the client and other relevant people?.....	10
Determining ownership and structure .....	18
Identification and verification of documentation.....	24
Verifying documentary evidence .....	25
Electronic verification of name, date of birth and address .....	27
Verifying a client's address.....	27
Checking the validity of documents provided.....	28
Checking identity documents .....	32
Checking proof of address documents .....	42
Statement to confirm validity .....	43
Approaching the need for additional information.....	53
Reporting to authorities .....	53
Summary of the AML/CFT responsibilities of the agency .....	55

## Acknowledgements

This material has been developed in collaboration by Skills International and the Real Estate Authority. We would like to acknowledge and thank the following individuals for their contribution to the development of this material:

John Abbott, Kirstin Brown, Yvonne Box, Treena Drinnan, Jim Ecclestone, Graham Fraser, Tania Greig, Denese Konowe, Trish Love, Jane Meyer, Deane Pettit, Jacqui Rooney, Andrew Simich, Amanda Tutty.

**DISCLAIMER:** The information contained in this document has been prepared for the purpose of continuing professional development under the Real Estate Agents (Continuing Professional Development Rules) Notice 2018. It is not intended as a comprehensive statement of the law and does not constitute legal advice, and cannot be relied on as such. While all reasonable measures have been taken to ensure the quality and accuracy of the information, REA makes no warranty, express or implied, nor assumes any legal liability or responsibility for the accuracy, completeness or use of any such information.

## Learning outcomes

At the end of this topic, you will be able to:

- explain whom you must conduct Standard Due Diligence (CDD), Enhanced Due Diligence (EDD) and Simplified Due Diligence (SDD) on
- explain what is required to identify clients and other relevant individuals
- explain how a client's identity and address is certified and verified
- explain the requirement and process for reporting to the authorities.

## Terms used in this guide

In this guide, we will use various terms related to real estate agency work and complaints processes. This table will explain key terms.

Term/abbreviation	Notes
CAC	This abbreviation stands for the Complaints Assessment Committee.
Client	A client is a person on whose behalf an agent carries out real estate agency work under a signed agreement.  In this guide, we will consider that the agency has a client relationship with the seller and, therefore, that seller is their 'client', and any buyers or potential buyers are 'customers'.
Code of Conduct	We will refer to the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012 as the 'Code of Conduct'.
Consumer	In the context of this guide, the word 'consumer' refers to buyers and sellers and potential buyers and sellers in the real estate sale and purchase process.
Customer	A customer is a person who is a party or a potential party to a transaction and excludes a client or potential client (as defined in rule 4.1 of the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012).  The meaning of 'customer' depends on with whom the agency has a client relationship.
Disciplinary Tribunal	We will refer to the Real Estate Agents Disciplinary Tribunal as the Disciplinary Tribunal.
Purchaser	The person buying the property (sometimes referred to as the 'buyer')
REA	This abbreviation stands for the Real Estate Authority.
Vendor	The person selling the property (sometimes referred to as the 'seller')

## Introduction

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (*the AML/CFT Act*) places obligations on some New Zealand institutions, as 'reporting entities', to detect and deter money laundering and terrorism financing by establishing monitoring and reporting compliance requirements.

Real estate agencies are classified as 'reporting entities' under the Act. This is because criminals often use real estate to change the money they gain from illegal activities into legitimate assets. They do this to disguise the profits of crime as genuine earnings so they can be spent without punishment or any negative consequences.

The aim of the AML/CFT requirements on real estate agencies is to deter criminals from using the real estate agency's services for this purpose and detect them if they do.

Real estate agencies, as 'reporting entities,' are required to

- Appoint a compliance officer.
- Develop, maintain and audit their risk assessment and compliance programme.
- Know who their clients are and, on whose behalf they act, and complete the required level of identity verification (that is, the appropriate level of customer due diligence).
- Report large cash transactions.
- Report suspicious activity.
- Submit an annual report to the Department of Internal Affairs (DIA).

As a result, **all licensees** who work for a real estate agent, carry out real estate agency work and manage client funds in relation to that work, are required to fully comply with the AML/CFT Act.

'Managing client funds' includes receiving deposit funds from a buyer, holding them in the agency's trust account and then releasing them to the person entitled to them.

It has now been over a year since the Act came into effect for real estate agencies. Agencies should be well aware of the requirements of the Act and have their processes embedded. The purpose of this topic is to recap on the importance of AML requirements and to provide practical guidance on how to comply with AML regulations on a daily basis. This topic assumes prior knowledge of the 2019 topic, '*AML: Your compliance requirements*' for an introduction to AML.

Examples of how money can be laundered through real estate transactions could include:

- A criminal organisation investing in a development property, paying construction bills in cash, or even loaning themselves a mortgage through a shell corporation.
- A person having a relative or an acquaintance purchase a property, when they are the financial beneficiary themselves.
- A person making a low offer in a tender purchase and paying a deposit in cash from one account. Then, when the tender is rejected, getting the refund of the deposit paid into a different account (e.g. a trust account).

In this Study Guide we will focus on the requirements of the AML/CFT Act on day to day real estate agency work by licensees, focusing on the requirements for carrying out due diligence.

## AML Cases

Here are links to some press articles regarding high profile AML cases.

<https://www.rnz.co.nz/news/national/345978/court-ruling-links-gang-boss-trust-to-money-laundering>

<https://i.stuff.co.nz/business/97408647/auckland-money-transfer-company-ordered-to-pay-more-than-5m-in-penalties>

## Helpful links

Here are links to webpages with helpful information on AML.

<https://www.keepourmoneyclean.govt.nz/>

<https://www.dia.govt.nz/AML-CFT-Information-for-Real-Estate-Agents> (Note: There is a useful video on this page titled 'Real Estate Roadshow Video – November 2018').

## What is Customer Due Diligence (CDD)?

The AML/CFT Act refers to Customer Due Diligence (or CDD). The 'customer' referred to in the Act is the person we refer to as the 'client' in the real estate industry. We are going to use the word 'client' in this guide because that is the word used in the Real Estate Agents Act and in the industry.

CDD involves

- Obtaining information about the client's identity
- Verifying the client's identity, to ensure the client is who they say they are.

When there is a higher level of risk, Enhanced Customer Due Diligence (or EDD) is required. This requires collection and verification of the same identity information that is required for CDD. However, EDD also requires the collection and verification of information relating to the client's source of wealth or source of funds, and the identification of the beneficiaries of a trust.

## Who does the agency have to conduct CDD on?

Your role in terms of AML/CFT requirements is to know your client and verify their identity to an appropriate level.

Section 11 of the AML/CFT Act requires you to conduct individual customer due diligence (CDD) on

- your client
- any beneficial owner of your client
- any person acting on behalf of your client.

Note that it is not only residential sales that are affected by AML/CFT requirements. There are AML/CFT requirements around rural, lifestyle, commercial leasing and other commercial real estate agency work. These have been identified as an area of AML/CFT risk.

### Your client

This is the person entering into an agency agreement with the real estate agent. Usually this is the vendor unless you have been engaged by a buyer to help them find a property (as a buyer's agent).

Note that the client could be the landlord if you are engaged in commercial, retail or industrial leasing.

If the agency agreement is with the vendor, they are your client, and this is the person whose identity you need to verify. You don't have to conduct CDD on a party to a real estate transaction who is not your client (e.g. in this case, the buyer). However, if you are operating under a 'buyer's agency', where there is an agency agreement between the buyer and the agency, the buyer is the client and you will need to conduct CDD on your buyer client.

The CDD process can be more complicated when your client is made up of a group of people or is, for example, a company or a trust. In these situations, there will be several different people that you need to identify to comply with the AML/CFT Act.

### A beneficial owner of your client

A beneficial owner is:

- an individual who has effective control of a client on whose behalf the transaction is conducted, or
- an individual who has **more than a 25% shareholding** in a company on whose behalf the transaction is conducted.

In these situations, you will need to conduct CDD to be satisfied that you know who the beneficial owner is. For some clients, there may be several beneficial owners.

### **A person acting on behalf of your client**

You also need to identify any person that is acting on behalf of your client. For example, this may be a person exercising a power of attorney for your client, or the legal guardian acting on behalf of a minor who is your client.

If the client doesn't speak English and they have a person acting on their behalf, you are required to identify that person who is acting on the client's behalf. You will need to be satisfied that you know who they are and that they have the authority to act for your client. You would need to undertake CDD on this person (the person acting on your client's behalf) as well as the client.

### **A person that conducts occasional transactions with you**

A person that conducts an occasional transaction with you is not your client. Rather they are the other party to the real estate transaction. In most circumstances this will be the buyer of the property that you are selling.

If a real estate sale falls through, and a deposit is refunded you will be required to carry out CDD on the buyer. You also have obligations if the person paid the deposit as a cash payment of NZ\$10,000 or more, or if they paid by wire transfer of NZ\$1,000 or more. You also have obligations if they want the money returned to a different account than they paid the deposit.

#### ***Person making a cash payment of NZ\$10,000 or more***

You do not usually have to do CDD on the customer (buyer). However, if a buyer pays you \$10,000 or more in cash, you do have CDD responsibilities regarding them. This needs to be escalated to your Compliance Officer.

#### ***Person making a wire transfer of NZ\$1,000 or more***

If deposit is being refunded to a person who paid the deposit by wire transfer, the real estate agent as the organisation ordering a wire transfer (the ordering institution) is required to obtain and verify identity information on the originator of the wire transfer in accordance with sections 27 and 28 of the Act. This needs to be referred to your Compliance Officer.

#### ***Person requesting return of deposit funds to a different bank account***

If a sale is not finalised for some reason and the person who paid the deposit requests the refund of the deposit to be paid to a different bank account from the one the deposit was originally paid into, this needs to be referred to your Compliance Officer.

### **Undertaking CDD on a new client**

You need to complete your due diligence on all new clients **before** you enter into an agency agreement with them. This is the point at which your business relationship starts.

The DIA concede that in some circumstances it may not be possible to immediately verify all the CDD information that has been obtained. Where Enhanced Due Diligence (EDD) is required, verifying information obtained regarding the source of wealth or funds of the vendor may require various additional documents to be provided.



There are two parts to undertaking CDD:

1. obtaining the required CDD information, and
2. verifying the CDD information you have obtained using documents, data or information from a reliable and independent source.

Verification of identity means taking 'reasonable steps' to be satisfied that the client is who they claim to be, by satisfying yourself that the identity information (documents or data) they provide is authentic. This is independent of the client. In other words, you cannot just take the client's word on who they are. This independent identity data is from official documents or data, or documents and data produced by independent third parties. Details of what documents are acceptable for verification are provided later in the booklet. The 'reasonable steps' you take to confirm the client's identity are dependent on the level of risk involved.

Verification of residential address means confirming that the client resides at a particular address, through documentary evidence. This is independent of the client.

In certain situations, the verification part of the CDD may be delayed but **all** the following conditions must be met:

- it must be essential not to interrupt the agent's normal business practice
- money laundering and terrorism financing risks resulting from the delay must be effectively managed through appropriate risk management procedures
- the verification part of the CDD must be completed as soon as practicable after the agency agreement has been signed by the client.

Note that **this delayed process is an exception** and some agencies are requiring each exception to be recorded by the Compliance Officer (AMLCO), with reasoning.

A real estate agent using the delayed verification provisions is required to terminate an agency agreement if they cannot complete CDD (both obtaining and verifying required information) as required by the AML/CFT Act.

Your agency will have a policy on this. Some firms are adding an addendum to the agency agreement for situations where delayed verification is applied.

Although the situation leading up to a potential client signing an agency agreement may be fast paced, delaying the verification of customer identity information should be the exception and should be backed up with written reasoning related to the conditions above. This decision should be fact-based and justifiable and be able to stand the test of the DIA (Department of Internal Affairs).



## Key points

The AML/CFT Act requires you to conduct CDD on

- your client
- any beneficial owner of your client (who has effective control or owns **more than a 25%** shareholding of a company that is a client)  
Note: the shareholding must be **more than 25%**, not 25% or below.
- any person acting on behalf of your client.

You do not usually have to do CDD on the customer, unless they pay \$10,000 or more by cash-

You should carry out due diligence on all new clients **before** the agency enters an agency agreement with them.

There are two parts to undertaking CDD:

- obtaining the required CDD information
- verifying the CDD information you have obtained using documents, data or information from a reliable and independent source.

## What is required to identify the client and other relevant people?

There are **three** levels of Customer Due Diligence (CDD); Standard CDD, Enhanced CDD (EDD) and Simplified CDD. For the real estate sector, Standard and Enhanced Due Diligence would be the most common. You need to carry out risk assessment to determine the type of customer due diligence that applies to a situation. You need a sound understanding of these levels of CDD and the implications for your real estate agency work.

### Standard CDD

Standard CDD will apply to most residential and commercial property transactions in New Zealand.

Real estate agents must conduct standard CDD when:

- they establish a business relationship with a new client, or
- a person seeks to conduct an occasional transaction or activity through the real estate agency, or
- in relation to an existing client, and according to the level of risk involved, where

- there has been a material change in the nature or purpose of the business relationship between the client and the agent, and
- the agent believes that there is insufficient information held about the client.

An example is where a client you have previously dealt with wants to engage you to sell a property and informs you that there are new investors (beneficial owners) in this property. However, you don't have any CDD information about these new investors.

The circumstances for conducting Standard CDD listed above refer to there being a 'material change in the business relationship'. You need to define this change to clarify whether Standard CDD or EDD is appropriate for the situation. Therefore, you must also obtain information about the nature and purpose of the proposed business relationship with the client. There must be enough information to determine whether Enhanced CDD needs to be conducted on the client. You should keep records of this information.

When Standard CDD applies, the following information must be gathered about a client, the beneficial owners, and a person acting on behalf of the client:

- full name
- date of birth
- if the person is not the client, the person's relationship to the client
- address or registered office
- company identifier or registration number

### Enhanced Due Diligence

Enhanced Due Diligence (EDD) is required when there are factors creating a higher level of risk of money laundering or financing terrorism. EDD needs to be conducted on clients listed in Section 22 of the Act and includes:

- trusts
- non-residents from countries that have insufficient AML/CFT regimes
- companies with nominee shareholders
- a politically exposed person (a 'PEP')
- a client seeking to conduct a complex, unusually large transaction that has no apparent or visible economic or lawful purpose, and
- when the agent believes that the level of money laundering risk involved is such that Enhanced Due Diligence should apply

A nominee shareholder of a company is an individual or company (Nominee) who holds the shares of other persons (Beneficial Owners) on trust. The nominee is officially registered on the company's share register as the holder of the shares. However, they do not own the shares or benefit from them, and they have no claim over them. The Beneficial Owners keep beneficial title to the shares, meaning they still have voting rights and are still entitled to payment of dividends.

The nominee shareholder is basically a name on a shares certificate and any other documentation relating to the company's registration. The purpose of the nominee shareholder is to keep the owner of the company from being publicly associated with that company.

A 'politically exposed person' (PEP) is an individual who is or has held a prominent public function in an overseas country in the preceding 12 months, or a relative or close associate of that individual. Examples of PEPs are ambassadors or high commissioners, or high-ranking members of the armed forces. A full list can be found in Section 5 of the Act.

A PEP generally presents a higher risk for potential involvement in bribery and corruption by virtue of their position and the influence they may hold. They can possibly be abused for the purposes of money laundering/terrorism financing.

When conducting Enhanced Due Diligence (EDD), you need to ask about the source of funds or wealth and, according to the level of risk, take reasonable steps to verify this information. Verifying the information could include using other reliable and independent sources to confirm that the information obtained from the client is correct. Taking 'reasonable steps' means taking an objective view of what actions are proportionate and suitable given the risks involved and your obligations under the Act.

If you find that the origin of your client's funds or wealth has come from their beneficial owner(s), you may need to extend your level of verification to include the source of wealth or source of funds of these beneficial owner(s).

### **Simplified CDD**

You may complete Simplified CDD if your client is one of those listed in the AML/CFT Act. This includes a range of organisations such as:

- Government departments
- Local authorities
- New Zealand Police
- State-owned enterprises
- Crown entities
- Registered banks
- Licensed insurers
- Publicly listed companies, and subsidiaries of Publicly listed companies.

Examples of situations where Simplified CDD might apply are where a local council engages you to sell one of their properties or you are engaged to sell a property owned by a publicly listed company. Obviously, you would still need to assess risk in each situation you come across and determine the appropriate level of CDD.

When Simplified CDD applies, you need to record the full name of the entity in question and a brief explanation of how it falls within Section 18(2) of the AML/CFT Act ('Circumstances when simplified customer due diligence applies').

You need to collect the following information about the identity of the person acting on behalf of the entity:

- full name
- date of birth
- the person's relationship to the client.

You also need to obtain information about the nature and purpose of the proposed business relationship between you and the client.

### Setting up a Tree to show the structure of a trust

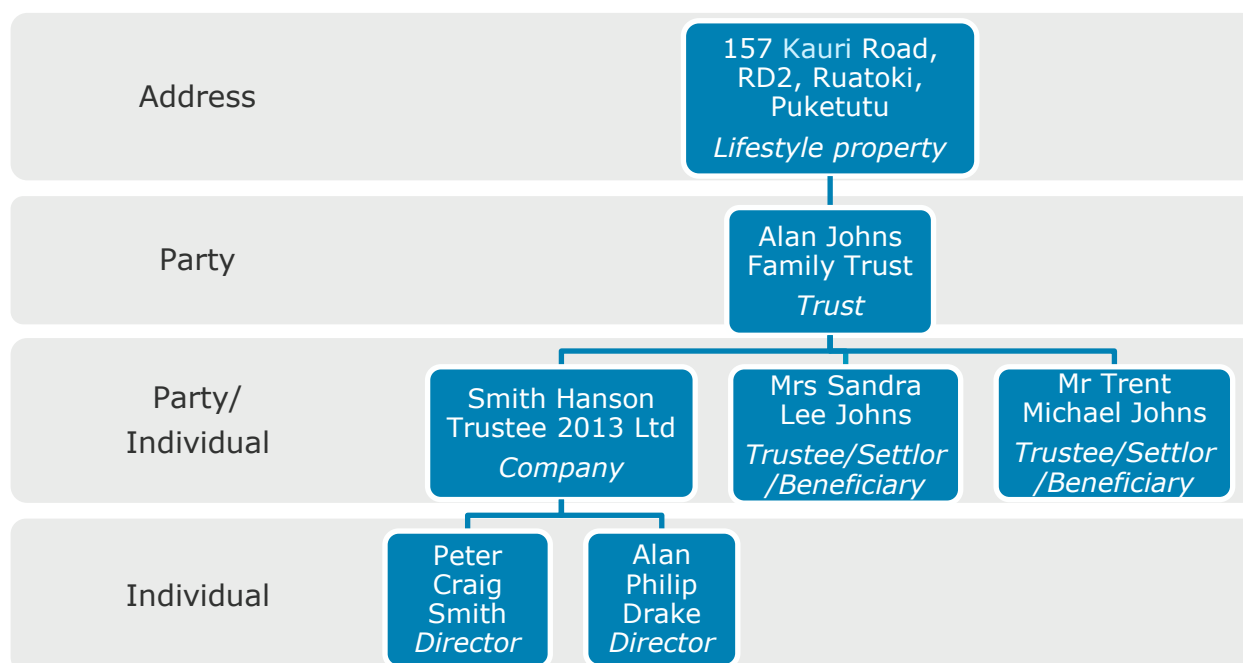
When confirming structure and ownership of a trust and determining who has effective control in a trust situation, it is helpful to put a 'tree' together. There are various ways of showing structure and ownership. An example of a method of doing this is shown on the next page.

- At the top, put the property address in the **address** level.
- Add the name of the trust in the **party** level.
- Add people or entities in the **party/individual** level.
- Add people in the **individuals** level (if there are no further elements of a Trust or a Company involved).

Note that we conduct CDD on individuals only.

Example

CDD Register – 157 Kauri Road, RD2, Ruatoki, Puketutu



Note that Peter Smith and Alan Drake have effective partial control over the trust, through the Trustee Company.

In this situation you would need to conduct EDD on the trust. This means you would need

- the full name of the trust and the address of the trust
- identification of individuals who are the settlor(s)
- confirmation of the source of funds or source of wealth of the trust (usually by verifying the origin of settlor's wealth)
- name and date of birth of the individuals who are the trust's beneficiaries.

Under the Act, a beneficial owner is an individual who has effective control of a client on whose behalf the transaction is conducted or an individual who has **more than a 25% shareholding** in a company on whose behalf the transaction is conducted. This includes settlors, trustees, protectors (if any) and the beneficiaries (or persons in whose main interest the trust is established). The beneficial owners of a family trust are usually family members.

Sandra Johns and Trent Johns are trustees. They are beneficial owners of the trust. They are also the only settlors of the trust. As they are settlors, you would need to carry out CDD on Sandra Johns and Trent Johns and gather information on the origin of their wealth.

Peter Smith and Alan Drake have effective control over specific trust property. They are not the beneficial owners and are not settlors of the trust. You would need to carry out Standard CDD on Peter Smith and Alan Drake because they have effective control over the property.

### **Professional trust named as the registered owner**

In a family trust situation, the trust is not named as the registered owner on the title. The trustees of the trust are named on the title.

According to the DIA guide 'Customer Due Diligence – Trusts', where a professional trust is named as the registered owner of a property (e.g. ABC Trustees Limited) rather than a standard family trust, the real estate agency needs to identify the individual(s) representing the corporate trustee or agent. Identification and verification of all individuals must be to the standard required by the Act.



## Key points

There are three levels of CDD; Standard CDD, Enhanced CDD and Simplified CDD.

For Standard CDD, you must gather information that details

- the client(s) full name and date of birth
- the individual's relationship to the client (if they are not the client)
- the individual's residential address
- company identifier or registration number.

This information needs to be verified.

Enhanced Due Diligence (EDD) is carried out where there is a higher level of risk, such as for ownership involving a trust, or non-residents from countries with insufficient AML/CFT regimes, or a politically exposed person (a 'PEP').

For Enhanced Due Diligence (EDD), the client needs to be asked about the source of funds or wealth. As with Standard CDD, the information supplied needs to be verified.

If you are conducting EDD on a trust, you need to identify the beneficiaries.

Simplified Due Diligence (SDD) applies for low risk clients such as local authorities or publicly listed companies. In this case, you need to record the full name of the entity and a brief reason why this is a circumstance where Simplified Due Diligence applies. You need to collect the following for the person acting on behalf of the entity:

- their full name and date of birth
- their relationship to the client.



There are three levels of CDD; Standard CDD, Enhanced CDD and Simplified CDD.

For Standard CDD, you must gather information that details

- the client(s) full name and date of birth
- the individual's relationship to the client (if they are not the client)
- the individual's residential address
- company identifier or registration number.

This information needs to be verified.

Enhanced Due Diligence (EDD) is carried out where there is a higher level of risk, such as for ownership involving a trust, or non-residents from countries with insufficient AML/CFT regimes, or a politically exposed person (a 'PEP').

For Enhanced Due Diligence (EDD), the client needs to be asked about the source of funds or wealth. As with Standard CDD, the information supplied needs to be verified.

If you are conducting EDD on a trust, you need to identify the beneficiaries.

Simplified Due Diligence (SDD) applies for low risk clients such as local authorities or publicly listed companies. In this case, you need to record the full name of the entity and a brief reason why this is a circumstance where Simplified Due Diligence applies. You need to collect the following for the person acting on behalf of the entity:

- their full name and date of birth
- their relationship to the client.




## Determining ownership and structure

The previous section dealt with the type of CDD required for certain types of clients. To know which type of CDD applies in a situation, you need to know **who** your client is.

You need to look at the title to clarify the ownership and structure of the property. The title may give you an indication of whether the owner is an individual, a couple, a partnership, a company or a trust, for example. In some cases, the ownership and structure may not be obvious from the title, and you may need to ask appropriate questions or do more research to gain clarification.

(Note: The title documents below are fictional, and we will only show part of the title document.)

### Example 1



	<b>RECORD OF TITLE</b> <b>UNDER LAND TRANSFER ACT 2017</b> <b>FREEHOLD</b>	
<b>Identifier</b> <b>Land Registration District</b> <b>Date issued</b>	<b>NA27A/537</b> <b>North Auckland</b> <b>19 July 1992</b>	 <b>R. W. Muir</b> Registrar-General of Land
<b>Prior references</b> NA16C/127		
<b>Estate</b> <b>Area</b> <b>Legal description</b> <b>Registered Owners</b>	Fee Simple 784 square metres more or less Lot 202 Deposited Plan 65457	
John Allan Person and Alice Lee Person		
<b>Interests</b> Subject to a right to drain stormwater and sewage over part marked A on DP65457 in easement certificate C342340 – 23.07.1992 at 11.14am Land Covenant in Transfer A7634386 – 23.07.1992 at 2.55pm 66573352.2 Mortgage to Westpac Bank Limited - 16.10.2005 at 10.15am		

You would need to ask further questions to find out whether the owners are a married couple, a brother and sister, father and daughter, mother and son or any other family relationship. It may even be a business partnership or a family trust.

If this is a couple or a family relationship, Standard CDD would normally apply.

If John Person and Alice Person are in a business partnership, Standard CDD would still normally apply, unless other risks became apparent.

## Example 2

 <p><b>RECORD OF TITLE UNDER LAND TRANSFER ACT 2017 CROSS LEASE</b></p>  <p>R. W. Muir Registrar-General of Land</p>	
<b>Identifier</b>	<b>NA46D/24</b>
<b>Land Registration District</b>	<b>North Auckland</b>
<b>Date issued</b>	28 November 1979
<b>Prior references</b> NA982/41	
<b>Estate</b>	Fee Simple – 1/3 share
<b>Area</b>	1265 square metres more or less
<b>Legal description</b>	Part Lot 168 Deposited Plan 57740
<b>Proprietors</b> Veejay Patel	
<b>Estate</b>	Leasehold
<b>Instrument</b>	L 757485.1
<b>Term</b>	999 years as from 31.10.1979
<b>Legal description</b>	Flat 1 Deposited Plan 89512
<b>Registered owners</b> Brian John Walker, Sarah Jane Walker and Jason Lee Walker	
<b>Interests</b> Fencing Agreement in Transfer 482620 (Affects Fee Simple)  K35553 Building Line Restriction (Affects Fee Simple)  757485.1 Lease of Flat 1 DP 89512 Term 999 years as from 31.10 1979 Composite CT NA46D/24 issued – 28.11.1979 (Affects Fee Simple) Land Covenant in Lease 757485.1 – 28.11.1979 (Affects Fee Simple) 757485.2 Lease of Flat 2 Composite CT NA46D/25 issued – 28.11.1979 (Affects Fee Simple) Land Covenant in Lease 757485.2 – 28.11.1979 (Affects Fee Simple) 757485.3 Lease of Flat 3 Composite CT NA46D/26 issued – 28.11.1979 (Affects Fee Simple) Land Covenant in Lease 757485.3 – 28.11.1979 (Affects Fee Simple) D612319.1 Mortgage to Bank of New Zealand Limited – 12.6.2001 at 1.54 pm	

The Record of Title will not show the trust name, as the trust is not a legal entity. The title document will instead show names of Trustees which could be individuals, companies or a combination of both individuals and companies. The only way to find out if there is trust ownership in the property is by enquiring with the client.

In this case you have been advised the property is owned by Jason Walker and the Walker Family Trust (of which Brian Walker and Sarah Walker are the sole trustees). Brian Walker and Sarah Walker are the settlors of the trust.



As the owners include a trust, you would need to conduct Enhanced Due Diligence (EDD) on the settlors of the trust. The requirements for EDD in a trust ownership situation are outlined in Appendix 1.

If there are

- beneficial owners involved (individuals who have effective control or own **more than** 25% of the client or person(s) on whose behalf the transaction is conducted, or
- person(s) acting on behalf of the trust



there are additional requirements for the due diligence to be carried out on these people.

### Example 3

 <p><b>RECORD OF TITLE</b> <b>UNDER LAND TRANSFER ACT 2017</b> <b>UNIT</b></p>  <p>R. W. Muir Registrar-General of Land</p>	
<b>Identifier</b>	<b>NZ34B/1366</b>
<b>Land Registration District</b>	<b>North Auckland</b>
<b>Date issued</b>	<b>19 January 1976</b>
<b>Prior references</b>	<b>Supplementary Record Sheet</b>
NZ298/233	NZ34B/1373
<b>Estate</b>	Stratum in Freehold
<b>Legal description</b>	Unit A and Accessory Unit 1 Deposited Plan 78309
<b>Registered owners</b>	
Manu Lee Smith, Petra Lana Smith and Matthew Pita Heremaia	
<p><b>The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet</b></p> <p>Subject to Section 241(2) Resource Management Act 1991 (affects DP 78309)</p> <p>D601538.2 Mortgage to ASB Bank Limited – 12.5.2003 at 9.00 am</p>	

The ownership of this property is unclear from the title. You would need to enquire about the relationship to find out whether it was a trust or whether it was a joint tenancy.

## Example 4

		<p align="center"><b>RECORD OF TITLE</b> <b>UNDER LAND TRANSFER ACT 2017</b> <b>FREEHOLD</b></p>			
<p><b>Identifier</b></p>		<p><b>NA75C/825</b></p>			
<p><b>Land Registration District</b></p>		<p><b>North Auckland</b></p>			
<p><b>Date issued</b></p>		<p><b>12 July 1990</b></p>			
<p><b>Prior references</b></p>					
<p>NA1827/11</p>					
<p><b>Estate</b></p>		<p>Fee Simple</p>			
<p><b>Area</b></p>		<p>2.3848 hectares more or less</p>			
<p><b>Legal description</b></p>		<p>Lot 1 Deposited Plan 8364 and Lot 14, 22 Deposited Plan 4653 and Part Allotment 221 Parish of Tamaki and Part Allotment 221 Parish of Tamaki</p>			
<p><b>Registered Owners</b></p>					
<p>Sandalwood Enterprises Limited</p>					
<p><b>Interests</b></p>					
<p>Subject to hot mineral water drainage, drainage and water rights over part created by Transfer 629112</p>					
<p>D554663.1 CERTIFICATE PURSUANT TO SECTION 37(2) BUILDING ACT 1991 – 4.6.2000 AT 11.35 AM</p>					
<p>D561439.1 Deed of Covenant – 29.11.2000 at 9.32 am</p>					
<p>7280126.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 – 22.3.2005 at 10.00 am</p>					

This property is owned by a company. You would usually be required to conduct Standard CDD on this client, unless there were indicators of a greater risk in this situation.

If this was a company with a nominee shareholder, the directors are in control for the benefit of the trust but are not beneficiaries. EDD and Source of Wealth information would be required for the trust and the settlors.



## Questions

A licensee has been approached by Sandra Mander, who want to sell the property owned the Mander Family Trust at 45 Mountain Grove, Creswood. Below is the part of the title showing the owners of the property.

The property is owned by the Mander Family Trust as an investment property.

Sandra Jane Mander and Sean Ian Jones are trustees of the Mander Family Trust.

Sandra is the settlor of the trust. She has effective control over the trust. Her rights include amending the Trust Deed if required.

Sean Ian Jones is the family lawyer. Sean is authorised to carry out transactions or other activities on behalf of the trust. He is the other trustee.

Fiona Amy Lulu and Paul John Mander are Sandra's daughter and son. They are beneficiaries of the trust. Each of them has a 50% interest in the trust property.

	<b>RECORD OF TITLE UNDER LAND TRANSFER ACT 2017 FREEHOLD</b>	 R. W. Muir Registrar-General of Land
<b>Identifier</b> <b>Land Registration District</b> <b>Date issued</b>	NA23A/468 North Auckland 14 June 2005	
<b>Prior references</b> NA16C/127		
<b>Estate</b> <b>Area</b> <b>Legal description</b> <b>Registered Owners</b> Sandra Jane Mander, Sean Ian Jones	Fee Simple 583square metres more or less Lot 147 Deposited Plan 23456	

1. Draw a tree diagram to show the structure of the trust.

2. Who are beneficial owners of the trust? Why?

3. Who is acting on behalf of the trust?

4. What information would you be required to find related to the trust and those associated with it?

## Identification and verification of documentation

Identification involves obtaining a range of information from the client about themselves.

Verification involves confirming some of that information against documents, data or information obtained from a reliable and independent source.

### Identity information required

The Department of Internal Affairs(DIA) ([www.dia.govt.nz](http://www.dia.govt.nz)) has a webpage 'Information for Real Estate Agents' that includes Customer Due Diligence Fact Sheets. These Fact Sheets include information on requirements where the client is a company, a partnership or trust, a co-operative, a club or society or another structure.

In Appendix 1 there is a summary of some of the information on Companies, Trusts and Partnerships. You may need to refer to the Fact Sheets on the DIA website for further information and you will need to refer to the 'Information for Real Estate Agents' webpage for any updates.

### Verifying a client's identity

The identity information collected will need to be verified. The Act states that you must take 'reasonable steps' to satisfy yourself that the identity information you have obtained is correct. This can only be done by collecting and sighting documents, data or information provided by a reliable and independent source. For many licensees, conducting CDD on your client will mean asking them to bring their original identity documents (for example, their passports) with them when you meet with them face-to-face.

You will need to check their identity documents are not expired and that the photograph is a true likeness of the individual. We will look at this in more detail later in this guide.

You should take copies of their verified identity documents, retain these copies in the client file, either in hard copy or by scanning them to soft copy.

### Scanning or copying photographic/signed documents

The main identity document must be complete, including:

- Date of birth, and
- Expiry date, and
- Signature

Other documents (such as proof of address) must always include:

- Dates, and
- Individuals' surname and initials, and
- Residential address.

The documents need to be scanned or copied in their entirety (except for bank statements). It is best practice to separate documents when scanning.

Using a scanned copy of the document allows you to continue work with the potential client. However, you do need to follow up getting a 'wet ink copy'. Some agencies have a 'CDD Exceptions Register', where progress on chasing up the 'wet ink copy' is recorded. In some agencies, the Compliance Officer receives and verifies the wet ink copy and keeps records of



progress in obtaining the 'wet ink' copy. When the Compliance Officer receives the 'wet ink' copy, they scan it and store it electronically (according to the requirements of the organisation).

More details on information required is in the Amended Identity Verification Code of Practice (IVCOP 2013), published on the Department of Internal Affairs (DIA) website. This document can be found on the webpage <https://www.dia.govt.nz/AML-CFT-Information-for-Real-Estate-Agents>

### **Amended Identity Verification Code of Practice**

When a reporting entity (for example, the real estate agent) is conducting name and date of birth identity verification on low or medium risk clients, the Amended Identity Verification Code of Practice provides a suggested best practice.

The Code of Practice states that the agency may verify the identity documents of the client:

1. By verifying documentary evidence
  - face to face, or
  - by obtaining copies of documents that have been certified by a 'trusted referee' ('Trusted referees' will be defined later.)
2. Through electronic verification (This is explained in more detail later.)

### **Verifying documentary evidence**

The Amended Identity Verification Code of Practice sets out the various combinations of documents that can be used to verify the person's name and date of birth. For example, a valid passport is accepted as a stand-alone document, but a combination of a driving licence **and** a credit card issued by a New Zealand bank (containing the person's name and signature) is acceptable as an alternative.

If you assess a person to be low to medium risk and you comply with the Code of Practice, it is considered that you have complied with the AML/CFT Act in relation to verifying the identity of that person.

### **Face to face document verification of the client's identity**

The Amended Identity Verification Code of Practice requires that the real estate agency verifies the identity of a client. In Appendix 2 there is a summary of the documents that can be used to identify the client and verify the person's name and date of birth.

Face-to-face document verification occurs when

- the client presents an original document to a staff member of the reporting entity, and
- the staff member checks that the photo is a true representation of the person, and
- the staff member photocopies that document, and
- the staff member then confirms in writing that the copy is an exact replica of the original.

Your agency will probably have a policy around how the written confirmation is worded. Examples of statements to verify that documents are a true copy are shown later in the guide.

### **Certification of documents by a 'trusted referee'**

The trusted referee's role is to

- sight the original identification document, and
- check that the identity of the customer matches the identity of the person named in those documents, and
- provide the client with a certified copy containing approved certification wording.

The real estate agency keeps the certified copy.

A trusted referee must be at least 16 years of age and one of the following:

- Commonwealth representative (as defined in the Oaths and Declarations Act 1957)
- Member of the police
- Justice of the peace
- Registered medical doctor
- Kaumatua (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.

A trusted referee must not be:

- related to the client (for example, cannot be a parent, child, brother, sister, aunt, uncle or cousin), or
- the spouse or partner of the client, or
- a person who lives at the same address as the client, or
- a person involved in the transaction or business requiring certification (for example, the lawyer carrying out the conveyancing).

If the client is resident overseas and certification occurs overseas, the documents must be copied and certified by a person authorised by law in that country to take statutory declarations or equivalent. The requirements in that country will need to be researched to determine this. Your agency may have processes around who in the agency carries out this research.

## **Role of agency's staff member in obtaining documents certified by a trusted referee**

When a staff member of the agency (including a licensee) is presented with documents certified by a third party, the staff member needs to be satisfied that the person certifying the document is authorised to do so (that is, they meet the requirements for a 'trusted referee').

## **Electronic verification of name, date of birth and address**

The Code of Practice also sets the standard if you want to verify the identity of your customer electronically.

An electronic identity is a record kept in electronic form that contains authenticated core identity information about an individual. Electronic identity verification is using that record to verify an individual's identity when carrying out CDD.

To carry out electronic identity verification of a client's name and date of birth, a reporting entity must:

- verify the client's name from either:
  - a single independent electronic source that can verify an individual's identity to a high level of confidence; or
  - at least two independent and reliable matching electronic sources
- verify the client's date of birth from at least one reliable and independent electronic source.

## **Verifying a client's address**

Under the Act you must take reasonable steps to ensure the address information obtained is correct. When doing this, you must use documents, data or information from a reliable and independent source.

Unlike the name and date of birth of a client, there is no code of practice for verifying the client's address. Your agency will provide guidance on how your firm chooses to verify an address, and this should be explained in your AML/CFT programme. For example, you could ask for a bank statement or a utility bill which contains the full name of the client and their residential address. It should be a recent document. In a higher risk scenario, your agency will probably require more rigorous address verification. For example, you could be required to seek two or more forms of address verification.

Here are some documents DIA consider to be acceptable as a reliable and independent verification of address:

- New Zealand driver licence (if address included)
- Recent bank statement including client's residential address (less than 12 months old)
- Recent utility or rates bill including client's residential address (less than 12 months old)

- Statement issued by a government agency to the person in the 12 months immediately preceding the date of application (e.g. a statement from the Inland Revenue Department)
- A copy of a report from a credit reporting agency
- A copy of a report from Terranet

Note that bank statements and utility or rates bills do not need a record of the transactions themselves. Financial details should be obscured for the privacy of the client. However, the name, date and address must be clear.

If you can't get one of the above, but you have visited the client in their home, a statement to the following effect could be used:

<p>I, <i>(name of licensee)</i> _____ of <i>(name of agency and branch/suburb/town)</i> _____</p> <p>visited this client <i>(name of client)</i> _____</p> <p>on <i>(insert date and time)</i> ____/____/____ at _____.</p> <p>During my visit I have gained a reasonable level of assurance that that this person resides here and that this is their current residential address.</p> <p>_____ <i>(signature of licensee)</i></p> <p>Licensed salesperson for <i>(name of agency)</i></p>
---

**Note:** The above statement should **only** be used as a last resort and where people don't have any documents addressed to their place of residence.

## Checking the validity of documents provided

You will need to check the validity of the documents provided by your client to verify their name, date of birth and address. This includes checking whether documents have expired, or photographs are a true likeness of the individuals.

In this section we will highlight common issues to look out for.

### Documents used to verify the person's name and date of birth

**All documents below must be verified by the licensee or a third party or certified by a trusted referee.**

One of the most common reasons one of the following documents are deemed invalid is that they have not been verified by a licensee or third party or certified by a 'trusted referee'. The person verifying or certifying the document must be identified.

Other reasons are listed in the table below.

Document	What is required	Common reasons documents are invalid
<b>New Zealand Passport</b>	<ul style="list-style-type: none"> <li>Both inside front pages are copied and are clear (showing photo and signature)</li> <li>Passport is signed</li> <li>Passport is verified by licensee or third party, or certified by a trusted referee</li> </ul>	<ul style="list-style-type: none"> <li>Unsigned passport</li> <li>Top of page cut off</li> <li>Copy illegible</li> <li>Missing page</li> <li>Passport expired</li> </ul>
<b>Overseas Passport</b>	<ul style="list-style-type: none"> <li>Both inside front pages are copied and are clear (showing photo and signature)</li> <li>Page (usually back page) showing visa or residency permit</li> </ul> <p>(Must be accompanied with residency documents)</p>	<ul style="list-style-type: none"> <li>No accompanying residency documentation</li> <li>Unsigned passport</li> <li>Top of page cut off</li> <li>Copy illegible</li> <li>Missing page</li> <li>Passport expired</li> </ul>
<b>Birth Certificate</b>	<ul style="list-style-type: none"> <li>May be New Zealand or overseas</li> <li><b>Must supply <u>one</u> of the following as well:</b> <ul style="list-style-type: none"> <li>drivers license</li> <li>New Zealand 18+ Card/ Kiwi Access Card</li> <li>New Zealand student photo ID</li> <li>New Zealand Police photo ID</li> <li>New Zealand SuperGold Card with photo ID</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No accompanying photographic ID</li> </ul>
<b>New Zealand citizenship certificate</b>	<ul style="list-style-type: none"> <li><b>Must supply <u>one</u> of the following as well:</b> <ul style="list-style-type: none"> <li>drivers license</li> <li>New Zealand <u>18</u>+ Card/ Kiwi Access Card</li> <li>New Zealand student photo ID</li> <li>New Zealand Police photo ID</li> <li>New Zealand SuperGold Card with photo ID</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No accompanying photographic ID</li> </ul>
<b>New Zealand Drivers Licence</b>	<ul style="list-style-type: none"> <li>Both sides of Drivers Licence must be copied and clear (showing photo)</li> <li><b>Must supply <u>one</u> of the following as well:</b> <ul style="list-style-type: none"> <li>Bank statement (within the last 12 months) – must contain date and account number</li> <li>Government agency statement (e.g. IRD – within the last 12 months)</li> <li>Eftpos, Credit or Debit card (name embossed and issued by a registered bank) – both sides copied, with CVC and other numbers on the reverse side covered</li> </ul> </li> </ul>	<p>Drivers Licence:</p> <ul style="list-style-type: none"> <li>Back of licence not copied (doesn't show expiry date)</li> </ul> <p>Other documents:</p> <ul style="list-style-type: none"> <li>Bank card account number and CVC number showing (security issue)</li> <li>Only one side of bank card copied</li> </ul>

Document	What is required	Common reasons documents are invalid
<b>Trust documents</b>	<ul style="list-style-type: none"> <li>Complete Copy of Trust Deed (identifying all settlors, trustees and beneficiaries)</li> <li>Copy of any amendments to the Trust Deed</li> <li>Source of Wealth information on the Settlers of the trust (this may be from the trust solicitor or accountant)</li> </ul>	<ul style="list-style-type: none"> <li>Trust deed not included</li> <li>Missing pages in Trust deed</li> <li>Source of Wealth information not included</li> <li>Amendments to the Trust Deed not included</li> </ul>
<b>Trustee Company documents</b>	<ul style="list-style-type: none"> <li>Copy of Company Extract (to identify directors, shareholders and shareholding)</li> <li>Source of Wealth information (this may be from the company solicitor or accountant)</li> <li>CDD documents for shareholders with more than 25% shareholding</li> <li>Note regarding what the company's activities are</li> </ul>	<ul style="list-style-type: none"> <li>Company Register submitted instead of Company Extract</li> <li>Incorrect name given for Trustee Company</li> <li>No CDD documents for some company directors/ shareholders</li> <li>No Source of Wealth information provided</li> </ul>
<b>Company documents</b>	<ul style="list-style-type: none"> <li>Copy of Company Extract (to identify directors, shareholders and shareholding)</li> </ul>	<ul style="list-style-type: none"> <li>Certificate of Incorporation submitted instead of Company Extract. (This certificate does not provide sufficient information to be of use in determining ownership.)</li> </ul>
<b>Estate documents</b> (where the client or one of the clients is an estate)	<ul style="list-style-type: none"> <li>Copy of Probate or Will to identify the executor and beneficiaries of the estate</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient documentation to verify that estate is a client.</li> </ul>
<b>Documents verifying name change</b>	<ul style="list-style-type: none"> <li>Copy of Marriage Certificate if name on some documents provided is different from current name due to marriage</li> </ul>	<ul style="list-style-type: none"> <li>Differing names across documents and no official evidence of name change</li> </ul>

## Documents used to verify the person's address

Document	What is required	Common reasons documents are invalid
<b>Utility bill or Rates invoice</b>	<ul style="list-style-type: none"> <li>Must show name of account holder(s), address of account holder(s), date of account, account number</li> <li>Must be less than 12 months old</li> </ul> <p>Examples of utility bills may include:</p> <ul style="list-style-type: none"> <li>Electricity bill</li> <li>Water bill</li> <li>Telephone bill</li> <li>Internet bill</li> <li>Gas bill</li> </ul>	<ul style="list-style-type: none"> <li>Date on bill/invoice is missing</li> <li>Account number on bill/invoice is missing so document doesn't identify client</li> <li>Insufficient information on address</li> <li>Date of account over 12 months old</li> </ul>
<b>New Zealand Drivers Licence</b>	<ul style="list-style-type: none"> <li>Licence must have address showing (This is optional so not all licences show address.)</li> <li>Both sides of Drivers Licence must be copied and clear (expiry date must be visible)</li> </ul>	<ul style="list-style-type: none"> <li>Licence doesn't show address</li> <li>Only one side of licence copied (expiry date or address not showing)</li> </ul>
<b>Bank statement</b>	<ul style="list-style-type: none"> <li>Must show the client's residential address</li> <li>Must be less than 12 months old</li> </ul>	<ul style="list-style-type: none"> <li>Date, address or name of account holder not clear</li> <li>Date of statement over 12 months old</li> </ul>
<b>Statement issued by government agency (e.g. the Inland Revenue Department)</b>	<ul style="list-style-type: none"> <li>Must be less than 12 months old</li> </ul>	<ul style="list-style-type: none"> <li>Date of statement over 12 months old</li> <li>Letterhead obscured so not clear which agency the letter is from</li> </ul>



## Key points

Clients may have to provide documents confirming their name and birthdate and address. These may include:

- Passport, or
- Drivers' licence **and** a prescribed supporting document (for example, a bank card)

Clients also must provide documents confirming their address, for example

- A bank statement, or
- A power bill

If the client represents a company or a trust, they may have to provide extra information such as

- evidence of who they're acting for (that is, the beneficial owners who effectively control or benefit from the trust or company)
- where and who the money came from.

## Checking identity documents

**Note that the copy the client provides you with should have all details clear and unobscured.**

However, for the purposes of this guide, we will 'blank out' some details on the documents to protect the identity of the person whose documents have been used.



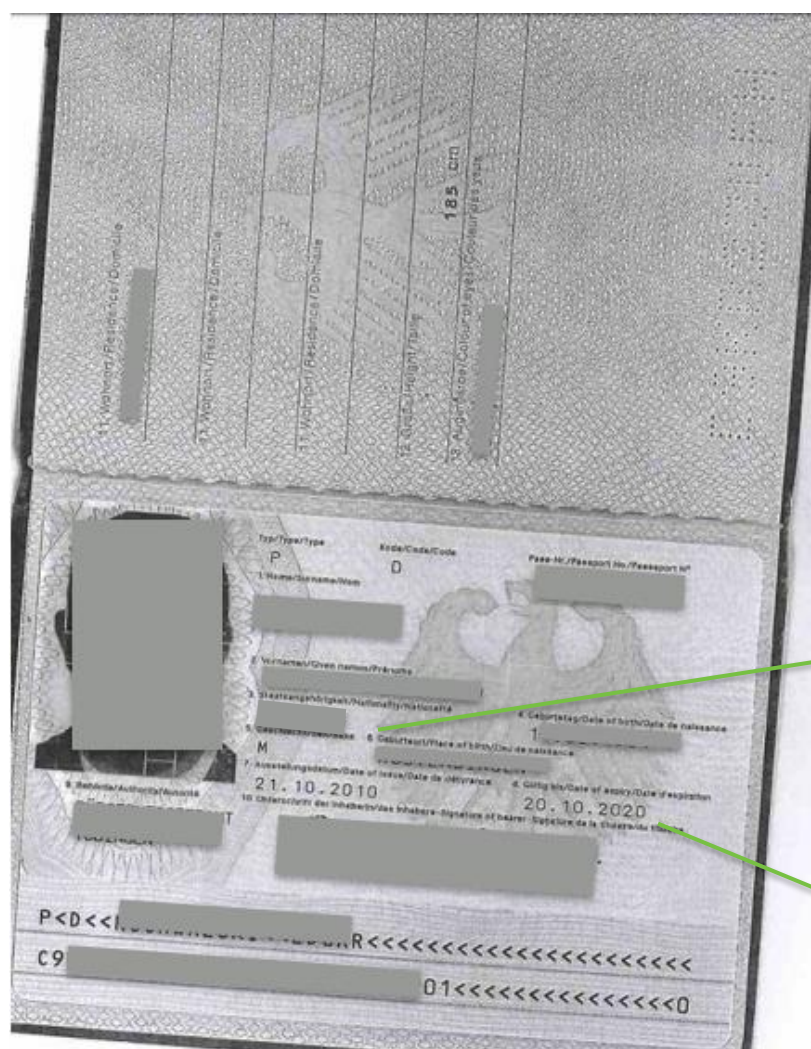


## Overseas passport

You need to follow your agency's process for dealing with an overseas passport. There may be additional information in the passport that you need to copy. You must copy residency information (such as a permanent residency Visa). This information can be found at the back of the passport document.

A designated person in your agency (such as the Compliance Officer) may need to carry out an interview with the potential client to confirm they are not regarded as a 'Politically exposed person' (PEP).

You may need to refer to your Compliance Officer to confirm whether Standard CDD or Enhanced CDD is required. For example, if the person is not a New Zealand resident, your Compliance Officer will advise you whether that country's AML/CFT regime is sufficient and whether you need to conduct EDD on the person.



Check the country the passport was issued in. This will be relevant in terms of the level of CDD required.

Check the same details as you would on a New Zealand passport (e.g. signature, expiry date, whether the photo is a true likeness, whether the identity matches, and so on.)



Check the expiry dates.

Check details are consistent with those on the front pages of the passport.

## Drivers licence

You need to have copies of both sides of the licence.

A driver's licence must be supported by another document. See Appendix 2.



Check the identity of the client matches the identity of the person named on the passport.

Check the photograph is a true likeness of the individual whose identity you are verifying.



Check the expiry date of the licence. Check that the licence is still current.

## Credit card

Credit cards are used to support drivers' licences or other specified documents.

On the front of the card:

- The account number (on the front and back of the card) must be covered and **not show more than eight digits**.

Note: All digits can be covered. Follow any agency requirements around obscuring bank numbers.

- The CCV number on the back of the card should be covered.
- Any other number reference (such as an access number) should be covered.
- Only the name and expiry date should be visible on the front of the card.

Your agency will have their own processes. However, copies of cards must not be saved in hard copy or into the computer system. This is very important in terms of the security considerations for licensees and agencies.





## Bank Statements

Bank Statements must contain

- the name of the account
- the account number
- the individual's address

and have a date less than 12 months old.

The diagram illustrates a BNZ bank statement with several callouts pointing to specific fields for verification:

- Check the organisation issuing the statement is a registered bank.** (Points to the BNZ logo and contact information at the top left.)
- Check the closing date of the statement period is less than 12 months ago.** (Points to the statement date: 06 SEPTEMBER 2019.)
- Check the identity of the client matches the identity of the person named on the statement.** (Points to the account name field.)
- Check the address is consistent with other documentary evidence provided.** (Points to the address field.)
- Check the account number is clear.** (Points to the account number field.)

The bank statement includes the following details:

- BNZ** logo and contact information: BNZ, Porirua Store, Telephone: 0800 800 488, Facsimile: 04 237 6731.
- STATEMENT NO. 303** FOR THE PERIOD 23 AUGUST TO 06 SEPTEMBER 2019.
- ACCOUNT NAME:** [Redacted]
- ACCOUNT NUMBER:** [Redacted]
- Transaction Table:**

Date	Particulars	Type	Withdrawals	Deposits	Balance
23 Aug	BN				
30 Aug	SC				
02 Sep	Ap				
02 Sep	WA				
02 Sep	ME				
06 Sep	TC				
- OPENING BALANCE:** [Redacted]
- CLOSING BALANCE:** [Redacted]

Note that the required details are in the top third of the front page of the statement. The transaction part of the statement is not required.

When copying ensure that the copy doesn't show any financial details of the account.

## Company documents

Companies do not generally require Enhanced Due Diligence (EDD). EDD must be carried out for companies with a nominee shareholding. If the shareholding is held by a trust or a trustee company, EDD is required.


Here is an example of the first page of a Company Extract. For the purposes of this guide, identifying details have been 'blanked out'.

When you are copying or scanning a Company Extract as an identification document you will need to copy the whole document with no details obscured.

Company Extracts can be accessed on the Companies Register on the Ministry of Business, Innovation and Employment (MBIE) website:

<https://companies-register.companiesoffice.govt.nz/>

Page 1 of 2



**NEW ZEALAND**  
COMPANIES OFFICE

**COMPANIES**  
REGISTER

## Company Extract

**[REDACTED] LIMITED**

64 [REDACTED]

NZBN: 9 [REDACTED]

<p><b>Entity Type:</b></p> <p><b>Incorporated:</b></p> <p><b>Current Status:</b></p> <p><b>Constitution Filed:</b></p> <p><b>Annual Return Filing Month:</b></p> <p><b>Ultimate holding company:</b></p>	<p>NZ Limited Company</p> <p>[REDACTED] 7</p> <p>Registered</p> <p>No</p> <p>November</p> <p>No</p>
--	---

**Company Addresses**

**Registered Office**

T [REDACTED], Mount Maunganui,  
3 [REDACTED]

**Address for Service**

T [REDACTED] Mount Maunganui,  
3 [REDACTED]

**Directors**

[REDACTED]

21 [REDACTED], NZ

[REDACTED]

21 [REDACTED], NZ

**Shareholdings**

<b>Total Number of Shares:</b>	100
<b>Extensive Shareholdings:</b>	No

98 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 [REDACTED]

[REDACTED]

Check the company name is consistent with the name on other information provided.

Check the company address is consistent with the address given on other information provided.

Check the names of the directors.

## Trust documents

All Trusts require Enhanced Due Diligence (EDD).

When you are copying or scanning a Trust Deed (and any amendments to the Trust Deed) as an identification document you will need to copy the whole document with no details obscured. This document should identify all settlors, trustees and beneficiaries.

You will need to obtain a document verifying the Source of Wealth of the settlors of the trust. This may be from the trust solicitor or accountant.

(Note: The documents in this section are fictional.)

If a Trustee Company is involved, CDD is required on the "Controller/Director", which could be any number of directors.

**TRUST DEED**

Check who the trustees are. If the trustee is a beneficial owner, their name, date of birth and address will be required. If a trustee is a person acting on behalf of the trust, further information will be required.

This Deed of Trust for **J & S Family Trust** is made

**BETWEEN:** Joseph Craig Bloggs, 32 Anywhere Street, Eketahuna 4995 and Paul Ray Person, 2 Main Street, Hureau, 5882 (referred to as "the Trustees")

**AND:** John Barry Bloggs, 45 Somewhere Street, Eketahuna 4995 and Sally Anne Bloggs, 45 Somewhere Street, Eketahuna 4995 (referred to as the "Settlors")

**BACKGROUND:**

A. The Trustee holds the property described in the Schedule to this deed in the Trustee's name for the benefit of Susan Anne Jones, 56 Somewhere Place, Eketahuna 4995 and Rita June Person, 2 Main Street, Hureau, 5882 (referred to as "the Beneficiaries")

B. The Trustee wishes to declare the trusts upon which the Trustee holds the property described in the Schedule together with all proceeds of that Property including all accumulated income and other additions and accretions arising from the Property (referred to as "the Trust Fund").

**OPERATIVE PART**

The Trustees hereby acknowledge and declare that:

- The Trust Fund is and will be held on the trusts set out in this deed of Trust until the Distribution date which will be 22 March 2025.
- All expenses of administering the Trust Fund whether in relation to capital or income, will, unless it is insufficient, be paid out of the income of the Trust Fund
- Until the Distribution Date the Trustee shall accumulate as part of the Trust Fund all or any of the net income of the Trust Fund after payment of all expenses and any payments to the Beneficiary.
- Until the Distribution Date the Trustees may in the Trustee's discretion pay and transfer all or any of the income of the Trust Fund and all or any of the capital of the Trust Fund to or towards the personal support maintenance, education, benefit or advancement of the Beneficiary.
- On or after the Distribution Date the Trustee will pay and transfer whatever then remains of the Trust Fund to the Beneficiary.
- In addition to all other powers conferred by law, the Trustee has the following powers
  - To invest and change investments freely as if the Trustee were beneficially entitled
  - To make payments for the benefit of the Beneficiary to the Beneficiary without being bound to see the application of the monies.

Check who the settlors are. The names of the settlors and the origin of their 'Source of Wealth' will be required, by providing Source of Wealth documentation.

Check who the beneficiaries are. The name and date of birth of the beneficiaries will be required for EDD on the trust.



Here is an example of a 'Source of Wealth' letter:

**PSL**  
CHARTERED  
ACCOUNTANTS  
39 Main Street  
PO Box 189  
Eketahuna 4995  
Tel: 04 123 4567  
Fax: 04 123 4567  
[enquiries@psl.co.nz](mailto:enquiries@psl.co.nz)  
[www.psl.co.nz](http://www.psl.co.nz)

11 February 2020

TO WHOM IT MAY CONCERN

J & S Bloggs Family Trust

We would confirm that the abovenamed trust's wealth has originated from land ownership and capital gains.  
If further information is required, please do not hesitate to contact our office.

Yours sincerely

PSL Chartered Accountants Limited

Peter Smith  
Chartered accountant

Mobile: 027456 7890  
Landline: 04 176 5432  
Email: [peters@psl.co.nz](mailto:peters@psl.co.nz)

Check the date is current.

Check the name of the trust is consistent with the Trust Deed.

Check that details of the firm the lawyer or accountant work for are supplied.

Check the contact details for the lawyer or accountant are supplied.

## Checking proof of address documents

Proof of address documents must contain the residential address of the individual you are conducting CDD on. A post box address is not acceptable. Note that the residential address of the individual may not be the address of the property being listed (for example, if the property is tenanted).

The invoice or statement can be addressed to more than one person. Provided the initials are included and relate to the individual you are conducting CDD on, these invoices or statements are acceptable.


### Utility invoices

You are only required to show the account details at the top of the invoice (as in the screenshot below). You do not need to show the amount charged.

Note: The invoice shown is fictional.

Check the name of the individual is on the account. (For example, it should not be addressed to a company.)

Check the initials of the client match the initials on the invoice.



**Piako District**

## Water Invoice

Tax Invoice / Credit Note GST No. 32-075-234

**JK & MP SMITH**  
43 RIMU AVENUE  
Papakaio  
PIAKO

**Piako District Council**  
134 Mander Street, Private Bag 134501, Papakaio 3400  
Ph: 07 563 5000 Fax: 07 563 5001  
Email: [info@piako.govt.nz](mailto:info@piako.govt.nz)

Valuation Reference: 09362 123 45  
Invoice Number: AD096234  
Date: 14 FEBRUARY 2020  
Customer Number: 0774044

LEGAL DESCRIPTION
LOT 345 DPS 5121

PROPERTY LOCATION
43 RIMU ROAD

Check that the address is a residential address not a PO Box number.  
Check that the address matches the address shown on other documents provided.

Check that the account number (in this case the customer number) is clear.

Check the date of the invoice is less than 12 months old.

## Statement to confirm validity

Once you have checked the validity of the documents provided by your client to verify their name, date of birth and address (including whether documents have expired or photographs are a true likeness of the individuals), you will need to

- write a statement to verify their validity if you are permitted to verify the documents in the given situation, or
- check that the document has a statement showing that it has been certified by a trusted referee, and that all required certification details are there

You need to be familiar with who is permitted to certify documents (on page 26). This person must be a 'trusted referee'.

Note that this process is for clients that have been assessed as low to medium risk. Your agency will have other processes in place for clients assessed as high risk.

### Statement by licensee to verify validity of documents in face to face verification

If you are verifying a document as a licensee, you need to include a statement on the copy of the document to verify its validity.

The Verification of Identity statement will need to verify

- that you have sighted the original document
- that the copy of the document is a true and correct copy of the original document
- that the photograph on the document is a true likeness of the individual who is the identity you are verifying and is the individual named on the document

The statement needs the following as evidence of who has verified the document:

- your full (printed) name
- Your role
- Your location (town or city)
- Your signature
- The date of verification

And may include

- the name of the company you work for/are engaged by

Your agency will have their own processes and wording around this.

Here is an example for verification of identity:

**DOCUMENT VERIFICATION**  
I verify that I have sighted the original of this document and this is a true and correct copy of that document and that it represents the identity of the named individual.

Dated: \_\_\_\_\_  
Signed: \_\_\_\_\_

Joe Trevor Bloggs  
Licensed Real Estate Salesperson  
XYZ Real Estate Limited  
Tatuanui

Statement that confirms the licensee has

- sighted the original document, **and**
- checked the document is true and correct copy of the original document, **and**
- checked the identity of the client matches the identity of the person named on the document, **and**
- checked the photograph is a true likeness of the individual whose identity they are verifying.

Date of verification

Signature of verifier

Name of verifier

Role of verifier

Organisation / Company verifier works for

Location (town or city)

Here is an example for verification of proof of address documents.

**DOCUMENT VERIFICATION**  
I verify that I have sighted the original of this document and this is a true and correct copy of that document.

Dated: \_\_\_\_\_  
Signed: \_\_\_\_\_

Joe Trevor Bloggs  
Licensed Real Estate Salesperson  
XYZ Real Estate Limited  
Tatuanui

### Statement by trusted referee to certify validity of documents

For Identity verification, the Certification statement will need to verify

- that the certifier has sighted the original document
- that the copy of the document is a true and correct copy of the original document
- that the identity of the individual matches the identity of the person named on the document
- that the photograph on the document is a true likeness of the individual who is the identity the certifier is verifying and is the individual named on the document

The statement needs the following as evidence of who has verified the document:

- the full (printed) name of the trusted referee
- the occupation of the trusted referee, showing their capacity to act as a trusted referee (for example Justice of the Peace, Notary Public, or Registered teacher)
- the location of the trusted referee (town or city)
- the signature of the trusted referee
- the date of certification

and may include

- the name of the company the trusted referee works for/is engaged by.

Different organisations will have their own wording around this. The document may be stamped or sealed noting the authority of the person (for example, Justice of the Peace stamp or Police stamp)

Note: If the certification is by a Justice of the Peace their printed name may be given as their initials and surname.

You will need to check that

- the certifier's name, role, and date of certification is stated, and
- the certification statement verifies that the document is a true and correct copy of the original document, and
- the certifier has signed the document, and
- the certifier's role is consistent with the list of trusted referees.

If there are any issues with the document certification, your agency will have a process around this. This may mean contacting your Compliance Officer or asking the client to have the documents re-certified.

Here is an example of a certification statement for a document.

**DOCUMENT CERTIFICATION**  
I certify that I have sighted the original of this document and this is a true and correct copy of that document and that it represents the identity of the named individual.

Dated: \_\_\_\_\_  
Signed: \_\_\_\_\_

Mata Lee Perata  
Solicitor  
Tatuanui

Statement that confirms the trusted referee has

- sighted the original document, **and**
- checked the identity of the client matches the identity of the person named on the document, **and**
- checked the document is true and correct copy of the original document, **and**
- checked the photograph is a true likeness of the individual whose identity they are verifying.

Date of certification

Signature of certifier

Name of certifier

Role of certifier

Location (town or city)



## Key points

You need to check identification and proof of address documents to ensure they are valid.

You need to check

- identification documents are signed (for example passports, driver's licences and bank cards)
- whether the document is current
- the copy of the document has all the pages required
- name, date of birth and address details are consistent with the information you already have, or with other documentary information provided
- if there are beneficial owners or individuals acting on behalf of others (for example, in a trust or company structure) that it is clear who the individual is working on behalf of.
- for properties where trusts are included in the ownership, ensure the Trust Deed and required information on source of wealth/funds of settlors is included.
- utility account numbers are clear (for proof of address)
- ensure that financial details (on bank statements or utility invoices) are obscured.

If you are verifying the document(s) face to face, you need to sight the original document.

**Note: For the purposes of this guide, identifying text and photos have been covered. This is to protect the identity of the people whose documents have been used for these questions.**

For each of the following presented as documentary evidence, state whether the documentary evidence is valid or invalid. Give reasons for your answer.

- | NEW ZEALAND • AOTEAROA  |   |  |
|---|---|--|
| <b>PASSPORT</b><br><b>URUWHENUA</b>   | Type/ <i>Momo</i><br><b>P</b>                         | Nationality/ <i>Te Whenua</i><br><b>NZL</b>              |
|  | Surname/ <i>Ingoa Whānau</i><br><b>S</b>              | Passport No./ <i>Nama Uruwhenua</i><br><b>██████████</b> |
|   | Given names/ <i>Nga ingoa ake</i><br><b>E</b>         |  |
|   | Nationality/ <i>Momo Iwi</i><br><b>NEW ZEALAND</b>    |  |
|   | Date of birth/ <i>Ra whānau</i><br><b>██████████</b>  | Sex/ <i>Tane-Wahine</i><br><b>M</b>                      |
|   | Place of birth/ <i>Wahi whānau</i><br><b>PORIRUA</b>  | <b>NEW ZEALAND</b>                                       |
|   | Date of issue/ <i>Timatanga</i><br><b>02 MAR 2005</b> | Authority/ <i>Te Mana Tuku</i><br><b>WELLINGTON</b>      |
|   | Date of expiry/ <i>Mutunga</i><br><b>02 MAR 2010</b>  |  |



6. These documents were presented as identification documentation for another client.  
(Assume that the identity of the client matches the identity of the person named on these documents.)





7. This is a fictional document. Answer the question as if this document was presented as evidence of residential address.

(Assume that the initials and surname on the invoice match the identity in other documents provided to you.)



<b>Name</b>	MB & PT Lee	<b>For faults Phone OCKO Ltd on 0800 40 15 40</b>
<b>Account number</b>	107-150-270	<b>From your mobile Phone 09 765 4321</b>
<b>Service address</b>	97 Main Street, Papakaio, <u>Piako</u>	<b>Website: visit <a href="http://www.ocko.co.nz">www.ocko.co.nz</a></b>
<b>ICP Identifier</b>	0572803415ML7B6	<b>Email service <a href="mailto:@ocko.co.nz">@ocko.co.nz</a></b>



**Billing Summary**

Bill Date 19/02/2020

Thank you for your payment of \$230.93 on 19/01/2020

<b>Current period charges</b>	
Billing period	19/01/2020 – 19/02/2020
<b>Variable Usage Charge</b>	
824 kWh x 18.59 cents/kWh	\$153.18
<b>Daily Fixed Charge</b>	
30 days x 210.32 cents/day	63.10
<b>Electricity Authority Levy</b>	
824 kWh x 0.15 cents/kWh	\$1.24
GST	\$32.63
<b>TOTALS</b>	<b>\$250.15</b>
<b>Total amount due on 19/02/2020 \$250.15</b>	

Metre no RX09015067

Previous reading 106234 (actual)

Latest reading 107058 (actual)

Units used 824kWh

Electricity Authority Levy 824 kWh x 0.15 cents/kWh \$1.24

GST \$32.63

**TOTALS \$250.15**

**Total amount due on 19/02/2020 \$250.15**

**DOCUMENT VERIFICATION**

I verify that I have sighted the original of this document and this is a true and correct copy of that document.

Signature: 

Full name: Rachel Ann Gifford

Occupation: Licensed Real Estate Salesperson

Organisation: ABC Realty Ltd, Onehunga

Date: 24 January 2020

8. The document in question 7 has been verified by the licensee as a true and correct copy of the original and has been uploaded to the company's AML file as shown on the previous page.

What should the licensee have done with this document before uploading it to the company computer system?

## Approaching the need for additional information

Where a client has not provided sufficient information, or the information supplied highlights issues that need to be addressed, it can be difficult for licensees to raise this with clients.

### Approaching the need for Source of Wealth information

Example:

You are with the potential clients who you assumed were a couple and who were the only owners of the property. When they supply you with their documentation you discover that a trust owns half the property. As they are the settlors of the trust, you need information on their source of wealth. How would you approach this situation? What would you say and what would you do?

Some agencies provide a standard form to be completed in circumstances such as this. Consequently, the enquiry can be introduced as a process requirement for the agency, rather than the potential client possibly seeing this as the licensee being intrusive.

In Appendix 3 there is an example of a form for collection of trust details.

## Reporting to authorities

### Compliance officers and their role

Each real estate agency must appoint a compliance officer who will have an ongoing responsibility to ensure your AML/CFT risks are kept in check and for administering and maintaining your agency's AML/CFT programme. This programme will include policies, procedures and controls for ensuring all compliance obligations are adequately and effectively met. The person appointed to this role should be someone who has detailed knowledge of the business and they will report to a senior manager or partner in your agency.

### Outsourcing of CDD work

Some agencies authorise another person or business to act as their agent to carry out CDD, or to get the necessary information from clients. However, **the agency cannot contract out of their liabilities**. They are still legally responsible for making sure the CDD meets the required standard. The agency must still have a Compliance Officer.

### Fiduciary duties and AML/CFT reporting obligations

You have a fiduciary relationship with your client. This is a contractual relationship based on trust, confidence and reliance held by the client with the agent. However, your obligations under the AML/CFT Act override your fiduciary obligations to the client. If you become aware of your client's involvement in activity that may be regarded as suspicious, you must report it to the assigned person in your agency. This would usually be the Compliance Officer.

### The role of the FIU as compared to the role of the DIA

The New Zealand Financial Intelligence Unit (FIU) provides financial intelligence relating to suspicious transactions/activity, money laundering, the financing of terrorism and other serious

offences. The unit collects and collates information provided by external parties and reporting entities, banks and other financial institutions.

Real estate agencies are required to provide any Prescribed Transaction Reports (PTRs) or the Suspicious Activity Reports (SARs) to the FIU. The FIU analyses and processes this information. These reports are explained in detail below.

Under the AML/CFT Act, The Department of Internal Affairs (DIA) supervises real estate agencies and this means they have the responsibility for monitoring real estate agencies' compliance with the AML/CFT Act. The DIA also has responsibility for providing guidance and education, such as codes of practice, guidelines, sector risk analysis and feedback to reporting entities. The DIA may request an audit of the agency's risk assessment and compliance programme when they deem necessary.

Real estate agencies are required to provide an annual AML/CFT report to the DIA.

### **Prescribed Transaction reports (or PTRs)**

Prescribed Transaction reports are reports of

- any international wire transfer of NZ \$1,000 or more, or
- a domestic physical cash transaction of a value equal to or above NZ \$10,000 which is conducted through the real estate agency (the 'reporting entity').

Your agency must submit these reports to the FIU using the Unit's online form.

### **Suspicious activity reports (or SARs)**

Suspicious activity reports are more complex. The requirement to report applies to the actual activity or transaction and includes proposed transactions and proposed services as well as enquiries.

Your knowledge of your clients' business and usual activities will influence your decision on what you consider suspicious activity. For example, if you have dealt with a property developer over several years, and they are funding the purchase of this property from an unusual source.

This is especially true if the money is being sent from an overseas bank account.

You would need to follow your agency policy in the case where you become aware of potentially suspicious activity. This may mean contacting your Compliance Officer.

You need to know who your Compliance Officer is and have their number readily available.

Your agency must submit these reports to the FIU using the Unit's online form.

### **Timeframe for reporting to authorities**

The agency must lodge a Suspicious Activity Report within 3 working days once reasonable grounds for suspicion are formed, and a Prescribed Transaction Report within 10 working days.

This means that you must contact your agency's Compliance Officer as soon as you become aware or suspect either of these types of activity.

### **Confidentiality of information reported**

All information that the agency reports to the authorities is confidential. You must not tell your client or customer that you have reported them. This is an offence under the Act.

## Summary of the AML/CFT responsibilities of the agency

On an ongoing basis, the agency will have to:

- verify the identity of clients
- verify the identity of buyers who pay cash deposits of \$10,000 or more. In some circumstances (such as if they represent a company or trust), the agency may also need to ask for information about where money came from and the other people involved.
- submit a Prescribed Transaction Report to the Police Financial Intelligence Unit (FIU) if a client wants to conduct a transaction in cash that is \$10,000 or more, or an international wire transfer of \$1000 or more
- report any suspicious transactions or activity to the FIU
- regularly review the agency's risk assessment and compliance programme
- ensure the agency's risk assessment and compliance programme is audited regularly
- submit an annual report to the Department of Internal Affairs, which will supervise the real estate sector.



### Key points

- Any international wire transfer of \$1000 or more and any domestic cash transfer of \$10,000 or more must be reported.
- Any suspicious activity must be reported (including actual activities or transactions and proposed transactions or services or enquiries).
- You should have the contact details for your Compliance Officer readily available.
- Your duty to report overrides your fiduciary duty to your client.



## Questions/ Discussion

(Note: In face to face sessions this may be carried out as a group discussion.)

Read Scenario 1 and answer the question that follows.

### Scenario 1

Some years ago, in a small provincial New Zealand town, the local agents couldn't believe their luck when a group of supposed 'property investors' arrived in town one weekend and made offers on several properties. Over the previous 12 months there had only been three sales in town so you can imagine how excited they were to get so many offers on the same day.

The properties were listed for sale for between \$80,000 and \$99,000 and some had been on the market for two years.

The buyers insisted on accompanying the offers with 10% deposits to make the offers more attractive to the vendors. All deposits were paid in cash and duly receipted. All the offers were readily accepted by the Vendors. The offers were all conditional upon finance which the buyers said should just be a formality.

After 5 days all the vendors' solicitors received advice that the buyers were unable to secure finance and the contracts were at an end.

The deposits were duly refunded by way of Trust Account cheques.

9. What would the licensees need to do in the is situation, under the AML/CFT Act, and why?



Read Scenario 2 answer the question that follows.

## Scenario 2

---

The licensee has multiple conversations with a client about listing their property for sale, they inform the client that the estimated sales price of their home is \$ 750,000. However, the client has advised the licensee that they are happy for the property to be sold well below this price and would accept an offer of \$450,000. After pressing to the client on why they would be happy to sell well under value, the client is vague and does not give an answer. The client then also asks to pay for the \$20,000 marketing costs and commission fee up-front in cash.

10. What, if anything, would the licensee need to do following the conversation, under the AML/CFT Act, and why?



## Putting my learning into practice

How has this topic improved your knowledge and understanding of 'AML – Due Diligence'?

Describe any change you will make to the way you work as a result of this topic.

## Appendix 1: Information required to identify the client(s)

Client/Clients	Information required to identify the client(s)
<p><b>Individual or couple</b></p> <p><b>Beneficial owners of the individual/couple</b> (e.g. a person exercising power of attorney for your client or a legal guardian acting on behalf of a minor who is your client)</p> <p><b>Person acting on behalf of the individual/couple</b> (e.g. a person exercising power of attorney for your client or a legal guardian acting on behalf of a minor who is your client)</p>	<ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address or registered office</li> </ul>
<p><b>Company</b></p> <p>(The company structure and arrangements should be verified using documents, data or information issued by a reliable and independent source. This may require the provision of a company certificate and list of directors and financial statements)</p>	<p><b>Simplified CDD for companies</b></p> <ul style="list-style-type: none"> <li>• Full legal name of company</li> <li>• Confirmation of how company qualifies for simplified CDD</li> </ul> <p><b>Standard CDD for companies:</b></p> <ul style="list-style-type: none"> <li>• Full legal name</li> <li>• Trading name (if different)</li> <li>• Principal business address or registered office address</li> <li>• Jurisdiction of incorporation</li> <li>• Company identifier or registration number, and</li> <li>• Any additional information prescribed by regulations</li> <li>• Information on the nature and purpose of the business relationship you will have with the client</li> </ul> <p><b>EDD</b> is required If company is a vehicle for holding personal assets, has nominee shareholders or has shares in bearer form.</p> <p><b>For EDD the following is also required:</b></p> <ul style="list-style-type: none"> <li>• Information on source of funds or wealth of client</li> </ul>
<p><b>Beneficial owners of the company</b> (beneficial owners may be shareholder, senior management such as CEO, and any other person with effective control, such as some directors)</p>	<p><b>Simplified CDD</b></p> <ul style="list-style-type: none"> <li>• No requirement to identify or verify a beneficial owner</li> </ul> <p>For <b>standard CDD</b>, the following is required to identify all beneficial owners:</p> <ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address</li> <li>• Any information prescribed by regulations</li> </ul> <p>Owners of company may be other legal entities, therefore information on the owner(s) of those entities may be required to establish beneficial ownership of the client.</p>

<p><b>Persons acting on behalf of the company</b> (authorised to carry out transactions or other activities on behalf of the client. For companies this includes persons who have authority to act on behalf of the business, e.g. an accountant or persons able to transact on the business account)</p>	<p><b>To identify the persons acting on behalf of the company:</b></p> <ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address</li> <li>• The relationship to the client</li> <li>• Company identifier or registration number (if applicable)</li> <li>• Any information prescribed by regulations</li> </ul> <p>The person acting on behalf of the company must be a properly authorised representative.</p>
<p><b>Trust</b></p>	<p><b>Client identification (required for identification of trust):</b></p> <ul style="list-style-type: none"> <li>• Full name of trust</li> <li>• Address of trust</li> <li>• Name and date of birth of the individuals who are the trust's beneficiaries</li> <li>• Source of funds or wealth of the client, and</li> <li>• Any additional information, such as identifying a class of beneficiary for charitable trusts</li> </ul> <p><b>For EDD:</b></p> <ul style="list-style-type: none"> <li>• Identification of individuals who are the settlor(s)</li> <li>• Origin of settlor's wealth</li> <li>• Name and date of birth of the individuals who are the trust's beneficiaries</li> </ul> <p>Note: if it is a charitable trust or discretionary trust there are some differences. Refer to DIA website.</p>
<p><b>Beneficial owners of the trust</b> (trustees, and any other individual who has effective control over the trust, specific trust property or with the power to amend the trust's deeds, or remove or appoint trustees (e.g. protector or special trustee))</p>	<p><b>To identify all beneficial owners of the trust:</b></p> <ul style="list-style-type: none"> <li>• Name</li> <li>• Date of birth</li> <li>• Address, and</li> <li>• Any additional information prescribed by regulations</li> </ul>
<p><b>Persons acting on behalf of the trust</b> (authorised to carry out transactions or other activities on behalf of the client. For trusts this includes persons who have authority to act on behalf of the trust.)</p>	<p><b>To identify the persons acting on behalf of the trust:</b></p> <ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address</li> <li>• Relationship to the client</li> <li>• Company identifier or registration number (if applicable) and</li> <li>• Any additional information prescribed by regulations</li> </ul> <p>If professional entities are appointed (e.g. as corporate trustee or agent, you also need to identify a</p> <ul style="list-style-type: none"> <li>• Individual(s) representing the corporate trustee or agent.</li> </ul>

	<p>(Note: An individual cannot act for a trust without the correct documentation signed by all trustees supporting such a person. This probably applies to limited Companies and particularly with Public Companies as well.)</p>
<p><b>Sole traders and partnerships</b> (A sole trader is trading on their own and is not incorporated. Partnerships can be two or more persons who have an agreement to run a business. Limited partners are only liable to the extent of their financial contribution to the partnership)</p>	<p><b>To identify a sole trader, partnership or limited partnership for standard CDD:</b></p> <ul style="list-style-type: none"> <li>• Full legal name</li> <li>• Full trading name (if different)</li> <li>• Principal business address/registered office address</li> <li>• Identifier or registration number (if applicable) and</li> <li>• Any additional information prescribed by regulations</li> <li>• Information on the nature and purpose of the business relationship you will have with the client</li> </ul> <p>The sole trader, partnership and limited partnership structure and arrangements should be verified using documents, data and information issued by a reliable and independent source. This may require the provision of a formal agreement (if applicable), certificate of registration or copies of trade registers and bank statements. An internet search of the business name will reveal information from trade and other directory websites.</p>
<p><b>Beneficial owners of the sole trader, partnerships or limited partnerships</b> (May include general and limited partners. Consideration should also be given to circumstances where a 3<sup>rd</sup> party is making decisions for the business, particularly in the case of a sole trader.)</p>	<p><b>The information required to identify the beneficial owners is:</b></p> <ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address</li> <li>• Any information prescribed by regulations</li> </ul>
<p><b>Persons acting on behalf of the sole trader, partnership or limited partnership</b> (includes people who have authority to act on behalf of the business, e.g. an accountant or persons able to transact on the business account.)</p>	<p><b>The information required to identify the persons acting on behalf of the sole trader, partnership or limited partnership is:</b></p> <ul style="list-style-type: none"> <li>• Full name</li> <li>• Date of birth</li> <li>• Address</li> <li>• The relationship to the client</li> <li>• Company identifier or registration number (if applicable), and</li> <li>• Any additional information prescribed by regulations.</li> </ul> <p>An individual's authority to act on behalf of a sole trader, partnership or limited partnership should be verified as well as their identity.</p>

## Appendix 2: Required documents for verification/certification of identity

The following is taken from the 'Amended Identity Verification Code of Practice 2013' document on the 'Information for Real Estate Agents' webpage on the DIA website.

To conduct documentary verification of a client's name and date of birth you require:

Option	Information required to identify the person
<b>One</b> form of primary photographic identification <b>from the three options</b> below:	
<b>Option 1</b>	<p><b>1. One of the following primary photographic identification types:</b></p> <ul style="list-style-type: none"> <li>a. New Zealand passport</li> <li>b. New Zealand certificate of identity issued under the Passports Act 1992</li> <li>c. New Zealand certificate of identity issued under the Immigration New Zealand Operational Manual that is published under section 25 of the Immigration Act 2009</li> <li>d. New Zealand refugee travel document issued under the Passports Act 1992</li> <li>e. Emergency travel document issued under the Passports Act 1992</li> <li>f. New Zealand firearms licence</li> <li>g. Overseas passport or a similar document issued for the purpose of international travel which <ul style="list-style-type: none"> <li>i. Contains the name, date of birth, a photograph and the signature of the person in whose name the document is issued; and</li> <li>ii. Is issued by a foreign government, the United Nations or an agency of the United Nations.</li> </ul> </li> <li>h. A national identity card issued for the purpose of identification, that: <ul style="list-style-type: none"> <li>i. Contains the name, date of birth and a photograph of the person in whose name the document is issued and their signature or other biometric measure included where relevant; and</li> <li>ii. Is issued by a foreign government, the United Nations or an agency of the United Nations.</li> </ul> </li> </ul>
<b>OR</b> <b>Option 2</b>	<p><b>2. One form of the following non-photographic identification:</b></p> <ul style="list-style-type: none"> <li>a. New Zealand full birth certificate</li> <li>b. Certificate of New Zealand citizenship issued under the Citizenship Act 1977</li> <li>c. A citizenship certificate issued by a foreign government</li> <li>d. A birth certificate issued by a foreign government, the United Nations or an agency of the United Nations</li> </ul> <p><b>In combination with a secondary or supporting form of photographic identification, for example:</b></p> <ul style="list-style-type: none"> <li>e. New Zealand driver licence</li> <li>f. 18+ card</li> <li>g. Valid and current international driving permit as defined in rule 88(1)(b) of the Land Transport (Driver Licensing) Rule 1999 and a licence from another country with a translation.</li> </ul>

	<p><b>Points 2 (e) – (g) are not an exhaustive list of secondary or supporting forms of photographic identification that may be acceptable.</b> Reporting entities must ensure they are satisfied that any secondary or supporting photographic identification they accept is independent and reliable.</p> <p>Confirmation that the identity information presented in the secondary or supporting form of photographic identification is consistent with the records held by a reliable and independent source (for example the information that is recorded for the purposes of the Births, Deaths, Marriages and Relationships Registration Act 1995 or the Citizenship Act 1977 by the Department of Internal Affairs) can be substituted for the primary non-photographic identification required in points 2 (a) – (d).</p>
<p><b><u>OR</u></b> <b>Option 3</b></p>	<p><b>The New Zealand driver licence and, in addition, one of the following:</b></p> <ul style="list-style-type: none"> <li>a. confirmation that the information presented on the driver licence is consistent with records held in the National Register of driver licences</li> <li>b. confirmation that the identify information presented on the New Zealand driver licence is consistent with the records held by a reliable and independent source (for example the information that is recorded for the purposes of the Births, Deaths, Marriages, and Relationships Registration Act 1995, the Citizenship Act 1977, or the Passports Act 1992 by the Department of Internal Affairs)</li> <li>c. a document issued by a registered bank that contains the person's name and signature, for example a credit card, debit card or eftpos card</li> <li>d. a bank statement issued by a registered bank to the person in the 12 months immediately preceding the date of the application</li> <li>e. a document issued by a government agency that contains the person's name and signature, for example a SuperGold Card as defined in the Social Security (SuperGold Card) Regulations 2007</li> <li>f. a statement issued by a government agency to the person in the 12 months immediately preceding the date of the application, for example a statement from the Inland Revenue Department.</li> </ul>

## Appendix 3: AML Trust Form

### AML Form for a Trust

Please complete all fields unless not applicable.

#### Trust details

Full legal name of trust			
Physical address of trust			
Postal address of the trust			
Nature/purpose of the trust			
Email			
Existing client?	<input type="checkbox"/> No	<input type="checkbox"/> Yes	Client reference if yes
Is this a charitable trust?	<input type="checkbox"/> No	<input type="checkbox"/> Yes	
Is this a discretionary trust?	<input type="checkbox"/> No	<input type="checkbox"/> Yes	

#### Individual completing this form

Name of individual authorised to act on behalf of the Trust	
---	--

(If this person is not a trustee, record the information for 'person acting on behalf of the Trust')

#### Trustee company details

Is a professional or independent trustee company a trustee of the trust?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
--	-----------------------------	------------------------------

List any individuals associated with the trustee company that has any of the following powers in regard to the trust:

has authority to transact on the trust's account; appoint or dismiss trustees and/or beneficiaries; amend the trust deed; control over any of the assets of the trust; power to make investment decisions

Names of individuals:

Are the following attached?

Trust Deed?	<input type="checkbox"/> No	<input type="checkbox"/> Yes	Deed of appointment / retirement of Trustees?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
Proof of address, if available	<input type="checkbox"/> No	<input type="checkbox"/> Yes	Letter of bank account authorised signatories, if available	<input type="checkbox"/> No	<input type="checkbox"/> Yes



## Trustees

List the full name for all Trustees, Trustee appointers and protectors (of any parties having control of Trust assets).

Trustee 1	
Trustee 2	
Trustee 3	
Trustee 4	
Trustee 5	

## Beneficiaries

If the trust is a non-discretionary trust, please provide the names and date of birth of each beneficiary:

Beneficiary 1	
Beneficiary 2	
Beneficiary 3	
Beneficiary 4	

## Source(s) of funds and wealth

Please provide details of the trust's source of funds/wealth, including the following:

- The names of the trust's settlor(s)
- The source of the settlor(s) wealth (for example, proceeds of property sale, accumulated business earnings, inheritance)
- The source of any income the trust is receiving (for example, investment income, contributions from family members, income from underlying business activities)