

**Trust and Company Service Providers (TCSPs)**

The overall risk assessment rating for Trust and Company Service Providers (TCSPs) is **HIGH**.

The features identified in the table of this guide will help Trust and Company Service Providers conduct risk assessments.

They will help you create policies and procedures which accurately reflect how much money laundering risk you think your business is subject to.

The table does not cover every way a money launderer may use your business. It reflects ways that money launderers have acted in the past. We encourage you to think about other situations that may apply to your specific business.

Transactions or activities listed in the table may not necessarily signal money laundering if they are consistent with a customer’s legitimate business.

Based on knowledge of your own business as a Trust and Company Service Provider you should decide what risk particular customers or transactions pose and how you can lessen that risk.

|  | **HIGHER RISK CHARACTERISTICS** | **LOWER RISK CHARACTERISTICS** |
| --- | --- | --- |
| **Services Offered** | New Zealand foreign trusts and limited partnerships for international clients; |  |
| Establishment of non-publicly traded companies, limited liability companies (LLCs), and trusts that have no physical presence (other than a mailing address) and produce little to no independent economic value; |  |
| Running virtual offices which provide TCSP services; |  |
| **Scope of Business** | Issuing bearer shares which may obscure beneficial ownership; | New Zealand resident director; |
| The use of nominee agreements that can hide the beneficial ownership of client companies; | New Zealand Inland Revenue Department (IRD) number ; |
| Fiduciary responsibility of TCSPs providers allowing discretionary control over the accounts and funds of their clients; |  |
| **Ways in which services are delivered to customers** | Non face-to-face contact with customers making it more difficult to know who is controlling the structures and, or accounts; |  |
| **Types of Customer dealt with** | Company structures for customers operating internationally (non-resident customers); | Company structures for customers operating domestically; |
| Customers with complex business ownership structures with the potential to hide the underlying beneficiaries; |  |
| Transactions with customers based in, or conducting business in or through, high risk countries or known tax havens; |  |
| **Nature of Customer Transaction (s)** | Intercompany loan transactions and, or overseas wire transfers (that have no clear legal or commercial purpose); |  |
| The source of funds cannot be easily verified; |  |
| Cash deposits which are not registered as turnover or sales; |  |
| Cash in currencies of countries where individuals or companies do not have registered legal activities; |  |
| **Use of third-party/ service providers** | Financial intermediaries conducting cash movements (including setting up bank accounts) and asset management offshore; |  |