

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

In accordance with section 157(6)(b) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice gave notice on 15 March 2021 that he has granted the following exemption from the Act:

Ministerial Exemption: Pegasus Health Limited

Exempting Pegasus Health Limited (“Pegasus”) from the following provisions of the Act:

- a. sections 10–71 (inclusive).

The exemption only applies to the administration and accounting services Pegasus provides to their existing three customers.

This exemption is made subject to the following conditions:

- a. Pegasus Health Limited keep their internal processes in place and maintains its close relationship with customers; and
- b. Pegasus Health Limited must inform the Ministry of Justice of any changes that may affect the exemption and/or conditions imposed by this written instrument within 10 days from when the change affecting the exemption occurs. This would include if Pegasus were to accept another customer as services provided to a new customer would not be covered under this exemption.

This exemption has been made for the following reasons:

- a. Pegasus has only three organisations as customers. Consequently, Pegasus has close relationships with each of the organisations and knows the purpose of the services provided to them and has full visibility of the three organisations’ ownership structures.
- b. The customers do not have high-risk operations, nor operate on a global scale or reside in high-risk jurisdictions. All three operate as organisations delivering health services in the Canterbury health sector. Furthermore, there are checks and balances in place regarding the accounts of its customers: CCPG files an Incorporated Society Return, which provides full accounts; and CCCT files a Charities Commission Return, which provides high-level financial information.
- c. There is a high level of transparency regarding the source, use and destination of funds: the business is managed by identified individuals within the organisations’ finance teams; transactions are only made from their customers’ accounts to other identified accounts, for identified purposes; the source of the funds is identified; and payments are not made via intermediaries or agents.
- d. All invoices are approved by a Pegasus staff member, and all transactions are checked and released by two authorised Pegasus staff. These internal controls mean only legitimate business expenses would be approved for payment and no payment would be made without approval. With controls such as this in place, Pegasus is protected from being misused by money launderers.
- e. The level of disclosure of information in their financial statements is high for a Tier 1 entity and they must be financially audited. The audit of a Tier 1 entity involves the assessment of internal controls

of the financial operation of the entity by an external professional body (Qualified Auditors). This helps reduce the risk of fraud and/or ML/TF. This auditing occurs as part of the required charity auditing. This will continue to occur even if an exemption were granted to Pegasus.

- f. The business does not facilitate prescribed transactions under the AML/CFT Act. International bank transfers are of low value.
- g. Pegasus does not carry out cash transactions which sets them apart from other TCSPs. Cash transactions increase the risk of ML/TF as it enables anonymity. Pegasus has acknowledged that cash transactions are technically possible, although they haven't occurred in practice and would be seen as highly unusual. Therefore, cash transactions would be scrutinised.
- h. The proposed condition requiring Pegasus to keep its internal processes in place and maintain its close relationship with customers, creates an extra layer of control to ensure the residual risk of Pegasus' activities remains low.

This exemption comes into force on 9 March 2021.

This exemption will expire on 9 March 2026.

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