

From: [Gareth Foster](#)
To: [FAA Review](#)
Subject: Submission
Date: Thursday, 26 November 2015 2:37:15 p.m.
Attachments: [clip_image001.gif](#)

Hi there,

Thank you for the opportunity to participate in the conversation. We are a Trust and Company Service Provider (TCSP) and while we do not provide services to FSP's as such we do bump into them from time to time (eg. Can you help us register as a FSP? etc). My submissions are solely concerning Chapter 6 of the options paper.

Chapter 6 – Misuse of the Financial Service Providers Register

- Do you agree with our assessment of the pros and cons of the options to overcome misuse of the FSPR?

Option 4 - disagree in part. While registering a TCSP as an FSP will bring that entity under additional watch of the FMA - this will not fix the problem. What has a TCSP got to do with an FSP that is misusing the register? The FSP is the one mis-using the register (not the TCSP).

Additionally - it does seem odd that an FSP is exempt from the AML Act if they are based outside New Zealand. This seems like an obvious short coming. Although this will need to be linked with a desk based review and / or audit for the foreign company - this does seem difficult to enforce. But simply if they do not pass then they are ejected from the register. If this was coupled with the recent requirement of having an NZ (or AU) based director for NZ Limited (only) companies then that would be a fairly robust solution.

- What option or combination of options do you prefer and why? What are the costs and benefits?

Option 1 and 4 stand out.

Option 1 - in our experience entities or persons without the full intention of using our services for fit and proper purpose will have difficulty supplying all necessary and complete documentation. Requiring them to prove legitimacy in a foreign country is good. However you must have channels to verify this information directly from an official source in the other country. This could mean that only certain countries would 'co-operate' with NZ authorities in helping us verify information. A good source of what countries we should be doing business with could be countries that we have an established tax treaty with and / or the foreign jurisdiction is rated as an observer or member of the FATF
Tax treaty info - <http://taxpolicy.ird.govt.nz/tax-treaties>
FATF info - <http://www.fatf-gafi.org/about/membersandobservers/>

If information was not able to be verified then they could not be registered.

Make part of the application fee non-refundable in case of non-application to cover the time of doing the above (eg. add an additional foreign verification fee)

Option 4 -

As a TCSP registering as an FSP is neither here or there. I'm not sure what benefit it would bring however it would weed out those who were 'just trying it on'. A TCSP is already a reporting entity under the AML Act and therefore must have robust systems otherwise face the risk of prosecution.

What could be more interesting is limiting who the applications to be become an FSP could come from.

Typically an overseas entity wishing to register as an FSP will get help from an agent in New Zealand (although they may register directly). Perhaps that agent should be a known entity - such as a TSCP, another FSP or a lawyer. If the agent is not one of those (and not a director of the company) then the application cannot be made. This will ensure there was a certain quality of applications coming into the FSPR.

Furthermore -only allowing "NZ Limited" companies available for registration on the FSP would also be of benefit. Then you would have at least one New Zealand or Australian director to chase if the conduct of the company is not up to standard.

- What are the potential risks and unintended consequences of the options above? How could these be mitigated?
 - Would limiting public access to parts of the FSPR help reduce misuse?
- It is not a solution. How could the public check on a valid FSP?

Demographics

- Name:

Gareth Foster, Managing Director, Private Box Limited

- Contact details:

Redacted

- Are you providing this submission:

On behalf of my organisation

Private Box Limited is a mail forwarding company that lets you live where and how you want. We employ 5 staff (2.5 FT) and have around 1300 customers. Some of our customers use our address as their Registered Office or principal place of business for their Company Registration.

Best regards,
Gareth

Gareth Foster
Managing Director



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