

6 December 2022

To Pencarrow Private Equity Management Limited (FSP157184) (**Pencarrow**), Level 14, Pencarrow House, 1-3 Willeston Street, Wellington, 6011, New Zealand

## **Formal warning for purposes of section 80 of Anti-Money Laundering and Countering Financing of Terrorism Act 2009**

We have reasonable grounds to believe that you have engaged in conduct that constitutes a civil liability act under the [Anti-Money Laundering and Countering Financing of Terrorism Act 2009](#) (the **Act**). You are required to comply with your obligations under the Act at all times.

Details of the conduct are as follows:

Failure to comply with sections 50(1) and 52(a) of the Act

We have identified that Pencarrow had in April to July 2018, systemic failings with respect to retaining its obligation to keep identify and verification records for its customers who invested in Fund V in a manner that was readily accessible.

Those failings meant that Pencarrow was unable to provide the records to establish whether it has undertaken sufficient enhanced customer due diligence for six of the customer files reviewed.

Those failings impacted on:

- the ability to use collected information when performing ongoing customer due diligence and account monitoring,
- independent audits required under the Act, and
- the supervisory and investigative functions of Pencarrow's Supervisor under the Act.

The following actions are required to ensure compliance with the Act:

1. Your next independent AML/CFT audit has been brought forward on request by FMA, therefore, you are required to have your next AML/CFT audit completed within four months after issuance date of this warning and submit a copy of the final audit report to FMA within 30 days after completion of the AML/CFT audit. The audit must be in accordance with s 59(1) of the Act.
2. Following your formal notification to the FMA of the completion of onboarding for Fund VI, the FMA will perform a monitoring visit to assess your compliance with AML/CFT obligations.

If you continue to engage in conduct that constitutes a civil liability act, or you do not take the actions required, civil or criminal enforcement action may be taken under the Act. This may result in (but is not limited to) the imposition of—

- civil penalties of up to \$200,000, in the case of an individual, and \$2 million, in the case of a body corporate; and
- criminal penalties of imprisonment for up to two years or a fine of up to \$300,000, in the case of an individual, and \$5 million, in the case of a body corporate.

Please note that issuing this formal warning notice to you does not affect Financial Markets Authority's ability to consider or impose other appropriate sanctions under the Act.

If you believe the facts as stated in this Notice are incorrect or incomplete, please contact us by 5pm on Thursday 8 December 2022.

Signature:

A handwritten signature in black ink, appearing to be 'Liam Mason', with a horizontal line extending to the right.

Liam Mason, General Counsel  
Financial Markets Authority