

August 4, 2022 | Myanmar

## **Money laundering risk in Myanmar crony airline MAI's transaction with Australian mining company**

Australian Stock Exchange listed mining company Mallee Resources Limited (ASX:MYL), formerly Myanmar Metals, has announced the sale of its Myanmar subsidiary, Bright Mountain Resources (Myanmar) Limited to the Myanmar crony airline Myanmar Airways International Company Limited (MAI).

In the deal, MAI appears to be acting as a broker for the transfer of US\$10.2 million to Mallee Resources.

The transaction involves Mallee Resources selling its Myanmar registered subsidiary, with its balance of US\$12.06 million in accounts with two undisclosed Myanmar banks, to MAI, who will pay Mallee Resources US\$10.2 million in tranches over six months, thereby taking a cut of over 15%.

The US\$12.06 million originated in Mallee Resources' sale of their stake in the Bawdwin mine project to Win Myint Mo Industries Company Limited.

Win Myint Mo Industries Company Limited is a Myanmar registered company established by the Asia World conglomerate, also based in Myanmar.

Asia World is a crony company formed by the now deceased international heroin trafficker Lo Hsing Han and his son, Steven Law. Asia World and Steven Law were previously subject to US sanctions in 2010 for financially supporting the previous military junta. The US government has noted Steven Law's history of illicit activities.

Win Myint Mo Industries was separated from Asia World in 2016, as part of a reorganisation, which created a second conglomerate, National Infrastructure Holdings Company Limited, run by former Asia World directors. According to a Sydney Morning Herald source, the demerger was due to "Asia World's historic reputation".

Although Mallee Resources owns Bright Mountain Resources, it has been unable to transfer its assets, since the Australian bank ANZ, which operates in Myanmar, ceased all business with Mallee Resources, with the company announced in January.

Moreover, on April 3, the junta's Central Bank of Myanmar ordered the conversion of foreign currency accounts to Myanmar kyat.

Mallee Resources claimed in an April 7 statement that "enforced conversion is not expected to apply" to their funds.

Mallee Resources' deal with MAI will serve to facilitate the repatriation of funds to Australia. MAI may use bank accounts in Myanmar or offshore for the transaction. MAI has a registered company in Singapore.

The formerly state-owned MAI is fully owned by the crony conglomerate 24 Hour Group, and is a key business partner of the Myanmar military junta. MAI and the Myanmar Air Force have shared aircraft, and the junta leadership use an MAI branded aircraft for their international travel, including to Russia, where the junta leadership have discussed business and the purchase of arms.

Russia and the Myanmar junta are planning to commence direct cargo and passenger flights with MAI between Yangon and Moscow, which would support further business activities and arms procurement, bypassing sanctions.

Other 24 Hour Group businesses linked to the junta include largescale limestone and coal mining in production sharing contracts with state-owned enterprises, now under junta control; and a Sittwe waterfront development, where the Myanmar state has seized land from Rohingya.

Given Win Myint Mo Industries' historical links to Steven Law, Asia World and the Myanmar military; risks associated with the source of funds; the size of the transaction; MAI's unusual involvement as a third-party facilitating the funds transfers; MAI and 24 Hour Group's close ties to the military junta; and the refusal of ANZ to provide services to Mallee Resources; Justice For Myanmar cautions that there is a risk this transaction could amount to money laundering.

We urge Australian authorities to urgently investigate the transaction and source of cash that Mallee Resources is attempting to transfer, facilitated by MAI.

The acquisition of Bright Mountain Resources profits 24 Hour Group and provides it with further resources to continue to support the Myanmar military junta. We call for immediate targeted sanctions against 24 Hour Group for its ongoing support for the Myanmar military junta.

**Justice For Myanmar spokesperson Yadanar Maung says:** "There is a heightened money laundering risk in Myanmar since the military's illegal attempted coup.

"Governments must be vigilant to prevent illicit financial flows, corruption and business involving the junta, its conglomerates and cronies.

"Mallee Resources' business with Min Myint Mo Resources and MAI, both of which have deep links to the Myanmar military, should raise anti-money laundering red flags that need to be investigated.

"24 Hour Group is a key partner of the Myanmar junta. Its subsidiary MAI has deep links to the military leadership and its deal with Mallee Resources also shows that it operates as a money transfer agent, facilitating a large international transfer of crony funds and profiting from the junta's financial controls.

"The Myanmar military junta is continuing to commit atrocity crimes with total impunity, with the murder of more than 2,100 people, including by summary execution, the arrest of more than 14,000, widespread torture, indiscriminate shelling and airstrikes, and mass forced displacement.

"The junta's international crimes are enabled by its systemic corruption, the continued flow of funds from its cronies and an international network of associated businesses. These relationships must be cut.

"We call for targeted sanctions against 24 Hour Group and all other businesses supporting the Myanmar military junta."

**More information:**

Justice For Myanmar, a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for an end to military business and for federal democracy and a sustainable peace.

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