



PRESS STATEMENT

FIU action against traders engaged in illicit business practices

The Financial Intelligence Unit (FIU) has of late been receiving an increasing number of reports of some traders engaging in illegal business practices in breach of the Bank Use Promotion Act [Chapter 24:24] and the Exchange Control Act [Chapter 22:05].

The reported breaches include:

- a) Failure to bank business cash receipts;
- b) Refusal to allow customers the option to pay for goods or services in local currency;
- c) Converting prices using illegal and punitive exchange rates to discourage customers from paying in local currency; and
- d) Charging higher US dollar prices for customers paying using transfers from foreign currency accounts (FCAs).

These practices are not only criminal offences prosecutable in the courts of law, but are also administrative violations punishable under the Bank Use Promotion Act and the Exchange Control Act. The FIU has already started identifying and bringing to book traders committing these violations.

- On 24 May 2023, the FIU froze the bank accounts of 4 major distributors, namely Saxin Trading, Simrac Enterprises, Brainscope Investments and Munella Enterprises, that have been diverting basic commodities to the informal market while refusing to supply same to established retailers who pay for and sell goods in local currency.
- The FIU noted that these errant distributors transact almost exclusively in foreign currency cash yet they do not bank the cash as required under the Bank Use Promotion Act. The entities are being penalized and will further be referred to the Zimbabwe Revenue Authority for suspected tax evasion.
- The FIU has also increased surveillance operations, identifying and taking punitive action against traders engaged in exchange rate manipulation and all other illegal practices.

Members of the public are urged to report any illegal business practices as described above, to the FIU WhatsApp hotline numbers: 0780 434 475 and 0719 207310.

Financial Intelligence Unit

27 May 2023