



Anti-Money Laundering Policy

**PROCEEDS OF CRIME (ANTI-MONEY LAUNDERING) -
THIS ORGANISATION'S AND YOUR OWN PERSONAL RESPONSIBILITIES**

London Borough of Richmond Upon Thames

Anti-Money Laundering Policy

November 2010

1 Introduction

- 1.1 Money Laundering is a criminal offence and it is the responsibility of the Council and Council officers to take reasonable precautions to prevent it's involvement in money laundering, either knowingly or as a result of inaction.
- 1.2 The Council's policy is to do all it can to prevent the Council and its staff being exposed to money laundering, identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. Internal procedures will be proportionate and cost effective.
- 1.3 This policy has been adopted in order to introduce safeguards to help identify and report on instances where money laundering is suspected. It
- 1.4 It is important that all employees are familiar with their responsibilities as serious criminal sanctions may be imposed for breaches of anti-money laundering legislation. The key requirement on employees is to immediately report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO). Failure to comply with this policy and procedures may lead to disciplinary action being taken against them.

2 Money Laundering Regulations

- 2.1 The legislation and regulations which embody the UK anti-money laundering regime is contained in the following:
 - The Proceeds of Crime Act 2002 (POCA), as amended by the Serious Organised Crime and Police Act 2005 (SOCPA) and relevant statutory instruments
 - The Terrorism Act 2000 (TA 2000), as amended by the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006) and relevant statutory instruments
 - The Money Laundering Regulations 2007 (2007 Regulations) and relevant statutory instruments
- 2.2 This policy also draws on the Anti-Money Laundering Practical Guidance for Public Service Organisations published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3 Money Laundering Definition and Description of Offences

- 3.1 Money laundering is defined as the process of moving illegally acquired cash through financial systems so that it appears to be from a legitimate source. It is interpreted very widely and includes possessing, or in any way dealing with, or concealing, the proceeds of any crime.
- 3.2 The main offences relating to money laundering established by Part 7 (sections 327-329) of Proceeds of Crime Act 2002 (the POCA) are:
- Concealing, disguising, converting, transferring or removing criminal property from the UK (S.327 POCA). Concealing is where someone knows or suspects a case of money laundering, but conceals or disguises its existence
 - Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property (S.328 POCA)
 - Acquiring, using or possessing criminal property (S.329 POCA).
- 3.3 Other offences under POCA are:
- Failure to disclose money laundering offences (s.330-332)
 - Tipping off a suspect, either directly or indirectly (s.333)
 - Doing something that might prejudice an investigation (s.342)
- 3.4 All of the above money laundering offences may be committed by an organisation or by the individuals working for it if they suspect money laundering and either become involved with it in some way and/or do nothing about it. ***The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.***

4 Money Laundering Reporting Officer (MLRO) or the Deputy Money Laundering Reporting Officer (DMLRO)

- 4.1 The officer nominated to receive disclosures about money laundering activity within the Council is Mark Maidment, the Director of Finance and Corporate Services. His contact details are as follows:

Director of Finance and Corporate Services
Ground Floor, Civic Centre
44 York Street
Twickenham
TW1 3BZ
Tel.: 020 8891 7171
Email: M.Maidment@Richmond.gov.uk

- 4.2 In the absence of the MLRO, the Joint Heads of Internal Audit and Risk Management (Alix Wilson, tel. 020-8891-7291, email Alix.Wilson@richmond.gov.uk or Diana Neaves, tel. 020-8891-7248, email Diana.Neaves@richmond.gov.uk) and Interim Head of Legal Services (Helen White, tel. 020-8891-7130,) email Helen.White@richmond.gov.uk are authorised to deputise for him.

5 Recognising Money Laundering

5.1 At all times employees should:

- Be wary of unusually large cash transactions
- Be wary of the absence of an obvious legitimate source of funds
- Be alert to the possibility of money laundering by a client or a prospective client

5.2 Any employee who knows of or suspects a money laundering activity, must immediately report it to the MLRO, preferably by using the money laundering form attached (Appendix A). **Please note that a failure to immediately report to MLRO may result in a criminal offence.**

5.3 The Serious Organised Crime Agency (SOCA) has produced a list of possible “indicators of suspicion” for money laundering activity:

- Is the person’s behaviour unusual in the circumstances?
- Has the person refused to supply any form of identification, and if so, why?
- Is the activity unusual in itself?
- Is the activity unusual for the customer?
- Do I have other knowledge which leads me to believe the customer or activity is criminal?
- Do I think the property may be criminal?

5.4 The following examples may indicate money laundering activity:

- Payment of a substantial sum in cash (over £5000) by a single client in a single transaction or over a short period of time. As a general rule to the staff in the council who collect cash payments, they are asked to provide the details of any cash transactions of over £5000 to the MLRO so that precautionary checks can be performed.
- Overpayments or duplicate payments made by a client followed by a refund, or a request for a refund
- Right to Buy property sold before expiry of discount period
- Purchase of land and buildings re-sold within 3 -12 months
- Purchase of council assets re-sold within 3 months

6 Actions to take for Suspected Money Laundering

6.1 Any knowledge or suspicion must be reported to the MLRO by using the appropriate money laundering form (Appendix A) or contacting MLRO directly, even if the employee believes that the same money laundering activity has already been reported. Disclosure should be within hours, not weeks or months. If this is not the case, then the employee may be liable to prosecution.

6.2 Reports can be made from staff, members of the Council, contractors, the public, or any other related party or partner.

6.3 After reporting:

- The employee must follow any subsequent directions of the MLRO, and must not themselves make any further enquiries into the matter. They must not take further steps in any related transaction without authorisation from the MLRO.

- The employee must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must also not discuss the matter with others as this can result in “tipping off” the suspect
- The employee should not record on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation and could constitute a tip off.

6.3 Employees should be aware that:

- Ignoring the obvious can be considered a criminal offence.
- A reasonable cause for knowledge or suspicion of money laundering offence will be required. Speculation or gossip is unlikely to be sufficient to allow an investigation.
- The size or significance of the money laundering offence is irrelevant as money laundering covers the proceeds of any crime, no matter how minor and irrespective of the size of the benefit gained.

7 High Risk Areas

7.1 High risk areas are mainly accountancy, audit services and certain financial, company and property transactions undertaken by Legal Services.

7.2 In order to minimise the risk of money laundering when dealing in high risk areas, or where customers or clients meet any of the following criteria, an Identification Procedure must be followed before any business is undertaken with that organisation or person:

- Undertake a one-off transaction involving payment by or to the client of 15,000 Euro (approximately £13,000) or more
- Undertake a series of linked one-off transactions involving total payment by or to the client of 15,000 Euro (approximately £13,000) or more
- It is known or suspected that a one-off transaction (or a series of them) involves money laundering

8 Identification Procedure and Customer Due Diligence

8.1 Where the criteria of paragraph 7.2 has been met, the Council should carry out identification procedure to obtain satisfactory evidence of clients' identify. This should be done as soon as practicable after instructions are received (unless evidence has already been obtained) and no dealings should take place until this has been completed. This applies to all business entered into after 1st March 2004.

8.2 Satisfactory evidence is evidence which establishes that the client (company and/or person) is who they claim to be. This can include some of the following:

- Signed, written instructions on official letterhead at the outset of the dealings, which confirms the company name and location
- Verification of company registration and VAT numbers, website details and registered office address
- Proof of personal identification, if dealing with an individual, through meeting the client in person and verifying their identity against the passport or photo-card driving licence. This requires the person verifying the passport etc to be trained to recognise forged documents. If you are not able to recognise a

forgery or otherwise unsuitable document you should not use this method of identification.

8.3 Internal Audit are able to give further advice on what the Council considers satisfactory evidence.

8.4 Copies of the evidence obtained should be retained on file.

9 Actions of the Money Laundering Reporting Officer (MLRO)

9.1 Upon receipt of reporting form, the MLRO will:

- Advise the reporting employee of the timescale within which he expects to respond
- Consider the form and any other available internal information he thinks relevant
- Undertake such other reasonable inquiries as he thinks appropriate
- Seek specialist legal and financial advice (if necessary)
- Promptly evaluate any disclosure report, to determine whether it should be reported to the Serious Organised Crime Agency (SOCA) by way of a Suspicious Activity Report (SAR) (form can be located on the SOCA website)

9.2 The MLRO, must, if they so determine, promptly report the matter to SOCA on their standard report form and in the prescribed manner.

9.3 The MLRO will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the SOCA.

10 Record Keeping Procedure

10.1 Where the Council deals with high risk areas the client identification evidence and details of the relevant transaction(s) for that client will be retained for at least five years and in accordance with Council's other procedures. This retention can be in an electronic format (e.g. scanned documentation) as long as it is available for inspection with sufficient notice.

11 Guidance and Training

11.1 The Council will take all necessary steps to communicate this policy and train their staff in relation to identification and prevention of money laundering offences.

12 Policy Review

12.1 This Policy will be frequently reviewed and updated, as and when necessary.

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Report to Money Laundering Reporting Officer

Reporting of Money Laundering Activity

To:
[Money Laundering Reporting Officer or Deputy]

From:
[insert name of employee]

Directorate:
[insert post title and Business Unit]

Ext/Tel No:.....

URGENT YES/NO

Date by which response needed:.....

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:
[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)?
Yes/No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

Yes/No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)

Yes / No

If yes, please specify:

**Do you feel you have a reasonable excuse for not disclosing the matter to SOCA?
(e.g. are you a lawyer and wish to claim legal professional privilege?)**

Yes /No

If yes, please set out full details below:

Please set out below any other information you feel is relevant:

Signed:.....**Dated:**.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

[Please tick the relevant box]

If there are reasonable grounds for suspicion, will a report be made to the SOCA?

Yes/No

If yes, please confirm date of report to SOCA:

[Please complete the details below]

Details of liaison with the SOCA regarding the report:

Notice Period: to

Moratorium Period: to

Is consent required from the SOCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes/ No

If yes, please confirm full details below:

Date consent received from SOCA:

Date consent given by you to employee:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the SOCA, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

Other relevant information:

Signed:.....**Dated:**.....

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS