



Anti-Money Laundering Guidance

1. Introduction

Money laundering legislation implemented by the Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017 requires the Council to establish procedures designed to prevent the use of its services for money laundering.

The law is intended to prevent money from illegal activities such as drug dealing from being 'laundered' and turned into legitimate finance. Money laundering might also be used to hide the financing of terrorism or other criminal activities.

2. What is Money Laundering?

Money laundering is the disguising of the source of criminal money, either in cash, paper or electronic form. This may be in order to conceal that the money has originated from crime, or it may be to conceal the source of money that is to be used in the pursuit of future crime. Money Laundering can be complex and involve several transactions.

3. How to make a Disclosure Report

Where you know or suspect that money-laundering activity is taking / has taken place it must be disclosed immediately to Internal Audit. The disclosure should be on or before the activity. There **must** be good reasons if it is reported afterwards. A referral template can be found on the Source.

If you prefer, you can first discuss your suspicions with the named officers below.

Money Laundering Reporting Officer Shazia Daya – Service Director – Legal and Democratic Services.

Contacts in Internal Audit are:

- **Head of Audit (J/S)** Melanie Henchy-McCarthy or Alison Mullis
- **Audit Manager - Investigations** - Andrea Hobbs
- **Senior Investigations Officer** - Louise Lee

No discussions should take place with colleagues other than your manager as confidentiality is paramount. You will be informed if a report is to be sent to the National Crime Agency and advised on what to do next.

Please see the Council's Money Laundering Policy for more information and a pro-

forma for reporting suspicions of money laundering.

Any Council employee, could contravene the money laundering legislation if they become aware of, or suspect the existence of criminal 'property', and continue to be involved in the matter without reporting their concerns.

If an employee has a concern they should ask questions or seek further information to allay any suspicions they may have. Enquiries can be made of the individual to establish whether or not there is an innocent explanation before deciding whether or not to make a disclosure report. If you continue to be suspicious you should make a report to the Council's nominated officer

The suspected money launderer must not be informed that the matter is being reported.

Once a report has been made to the Council's nominated officer or if you suspect that a report has been made, the potential offence of "Tipping Off" arises. Tipping Off is where someone may prejudice an investigation by giving information to a person suspected of money laundering.

4. How you might recognise money laundering and what checks you must do

- **Carry out appropriate checks to satisfy yourself of the company's or citizen's ID. Additional care must be taken when the person is not physically present.**
- **Satisfy yourself as to the source of the funds and the owner of them. Ask yourself "Given my knowledge of this person, is it plausible that they can pay this amount, for this service, by this means?"**

5. Examples of Potential Money Laundering

Case A

Any large cash transaction should alert suspicion.

A Council tenant who has been unemployed for 10+ years and in receipt of Housing Benefit applies to buy their Council House. The tenant advises that he will pay £10,000 in cash and pay the balance by bank transfer.

Financial Regulations do not allow deposits of cash in excess of £10,000 to be accepted, unless approval has been given by the Head of Corporate Finance and Procurement. Any large cash transactions should arouse suspicion.

Case B

An offer is made for a parcel of land, by a developer, which is far in excess of its value.

Case C

There is an unexplained significant overpayment which the person then requests is paid back to them, or a transaction is cancelled and refund requested. Payments should always be paid back to the account from which they came. Look to see if there is a pattern of similar transactions.

Case D

Liabilities are repeatedly met by payment from an unconnected 3rd party.

Other behavior that may arouse suspicion:

- If information about the client reveals criminality or association with criminality.
- If there is more than one Solicitor/ Conveyancer used in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property's location.
- If the Buyer or Seller's financial profile does not fit, particularly in relation to property transactions.
- If there are over complicated or poor financial systems
- Any odd or secretive behavior
- Illogical involvement of an unconnected third party
- A large transaction split into smaller ones without apparent reason (other than perhaps to avoid identity checks)

6. Ongoing monitoring

Once you have verified the identity of the citizen (or company) you will still need to monitor activity throughout the relationship and obtain updated documents when necessary. Records must be kept of citizen identification and business transactions for at least 5 years after the transaction or end of the business relationship. All records must be kept in accordance with Data Protection Legislation.