

# MOORE ALLEN & INNOCENT

## ANTI-MONEY LAUNDERING

## POLICIES & PROCEDURES

V2 February 2023

Approved & Signed: 

Title: Head of Operations and Nominated Officer

Date of Implementation: August 2022, V2 February 2023

HMRC Anti-Money Laundering Registration No: 12739547 or XBML00000101343

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# **1. ANTI-MONEY LAUNDERING POLICY**

- Moore Allen & Innocent LLP are a regulated business under the terms of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- Moore Allen & Innocent LLP will always comply with our obligations under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; any amendments to the Regulations and all associated legislation.
- Moore Allen & Innocent LLP will ensure that the following people within the business have obtained approval from HMRC:
  - All partners within the business
  - All senior managers within the business
- Moore Allen & Innocent LLP are aware that the buying and selling of property is a target of organised crime seeking to launder the proceeds of illicit activity. We will always seek to disrupt this activity by cooperating fully with the authorities and reporting all suspicious activity to National Crime Agency (NCA).
- Moore Allen & Innocent LLP will take all appropriate steps to ensure the business is not exploited in any way by persons wishing to launder money or finance terrorism.
- Moore Allen & Innocent LLP has appointed a Nominated Officer and a deputy as required by Regulation 21, who is responsible for receiving disclosures under Part 3 (terrorist property) of the Terrorism Act 2000 or Part 7 (money laundering) of the Proceeds of Crime Act 2002. This appointment will be reviewed periodically.
- Moore Allen & Innocent LLP will ensure that appropriate customer due diligence measures are taken for every client we act for and every property purchaser we encounter, using a risk-based approach.
- Moore Allen & Innocent LLP will train our employees on an annual basis to ensure they are aware of:
  - The relevant legislation and their obligations under that legislation
  - The customer due diligence procedures to be adopted
  - The risks involved for this business
  - How to recognise money laundering and terrorist financing
- Failure to comply with the policies/procedures set out in this manual, may result in criminal action being taken; regardless of whether any criminal action is taken, breaches will be treated as gross misconduct and result in disciplinary action being taken.

## 2. NOMINATED OFFICER & DEPUTY

The duly appointed Nominated Officer for this business is -

Name: Susan Farrier  
Title: Head of Operations  
Contact Address/Branch: 33 Castle Street, Cirencester, Gloucestershire GL7 1QD  
Telephone Number: 01285 648109  
Email Address: sue.farrier@mooreallen.co.uk

The Deputy Nominated Officer will take on the role and responsibilities of the Nominated Officer in the absence of the Nominated Officer, regardless of the reasons for the Nominated Officers absence.

The duly appointed Deputy Nominated Officer for this business is -

Name: Hollie Byrne MRICS FAAV  
Title: Rural Surveyor, Agriculture Sales  
Contact Address/Branch: 33 Castle Street, Cirencester, Gloucestershire GL7 1QD  
Telephone Number: 01285 648115  
Email Address: hollie.byrne@mooreallen.co.uk

Nominated Officers responsibility

- Handle situations where the client or a purchaser does not provide appropriate ID, when required and consider whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency
- Deal with higher risk situations such as approving transactions where a politically exposed person is involved
- Personally, monitor the progress of any transaction where the client or purchaser is a politically exposed person
- Ensure the business acts appropriately where a potential client is on the governments "Financial Sanctions List"
- Consider seriously any potential suspicious activity report made to them by any person within the business
- Promptly evaluate any Formal Disclosure Report to determine whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency (NCA)
- Ensure that appropriate records are kept relating to any SAR made to NCA.
- Ensure records are made and retained where a disclosure report results in no SAR being made to the NCA

### **3. THE RISK PROFILE OF THE BUSINESS**

Moore Allen & Innocent LLP is a multi-disciplinary firm of chartered surveyors. We actively trade in the agriculture, auction, estate agency and property lettings sectors with 3 branches across Gloucestershire. We act for clients in urban and rural settings, and we predominantly work and market properties within our catchment area of the Southwest. We do not market foreign properties.

The firm complies with the Money Laundering Regulations in respect of Customer Due Diligence for all business relationships. In addition we are conscious we are active in a number of regulated activities in the Estate Agency and High Value Dealer status.

The majority of our property transactional clients property values for our business range from £200,000 to £15,000,000 however we do work within a prosperous rural property market and properties within this sector can reach a top range of £25,000,000. Typically, on a regular and recurring basis, we would not be instructed to sell properties over £15,000,000.

The majority of our clients are owner occupiers who we meet personally; however, we do act for some clients who are landlords and owners who do not live in the property and on occasions, we are instructed by clients who do not live locally or live abroad.

We are instructed by UK businesses, such as solicitors, property developers, banks or other estate agents who we know well and have good working relationships with.

We do not accept instructions from any person who we know is on the UK financial sanctions list.

We do not accept cash payments in excess of £8,000 and when they do happen these are predominantly made within the auction salerooms or at agricultural auctions. We encourage all clients to make payments via bank transfer and if this is not possible, we do accept card payments in person (if not present we have a payment limit of £1,000 at the Auction Salerooms). We only accept payments from sellers or buyers for services we provide.

#### Summary of our risk profile

1. We generally act for residential and rural clients who live at the properties we market.
2. The Auction Salerooms trade via an online model with clients and buyers who reside across the world.
3. We rarely act for client's who reside outside the UK (with the exception of the Auction Salerooms)
4. We meet almost all our clients face-to-face.
5. We never handle any cash that will be used to purchase property. We do handle cash within the Auction Salerooms to a floor limit of £8,000.
6. In the past 12 months, we have not acted for any client in a public position that could create a risk of exposure to corruption.
7. The transactions we are involved in within the property sector almost always involve other third parties, such as solicitors, banks, building societies, etc., who are also subject to the same legislation
8. The transactions we are involved in within the auction sector are compliant with NAVA (National Association of Valuers and Auctioneers) regulatory guidance.
9. In the past 12 months we have not acted for any client involved in complex or "unusually" large transactions breaching our identified thresholds above.

However, this does not mean the business is complacent and not diligent, because buying and selling property and buying and selling goods via auction are methods employed by criminals to 'integrate' the proceeds of crime into the economy.

All employees are trained annually to understand their obligations, follow the processes within this manual and be diligent and vigilant to identify any signs of money laundering. The key requirement for our employees is to know the key staff members responsible for co-ordinating AML compliance within their department. They are required to have a good understanding of the regulations and ensure that every client is subjected to the Client Risk Assessment. From this assessment, the level of customer due diligence required will be decided. The Client Risk Assessment and Due Diligence requirements are undertaken predominantly using technology - lamProperty

Any employee who does not meet our training requirements and the required level of understanding of AML legislation will, apart from any legal sanctions, have internal disciplinary proceedings initiated against them.

To deal with the risks involved we have introduced technology to support and streamline the risk assessment process (lamProperty) for clients and property buyers, which is then linked to an appropriate level of customer due diligence. Further information on the process we adopt to manage our risks can be found in other sections of this document.

## 4. WHAT IS MONEY LAUNDERING

Money Laundering is the term used for several offences involving the integration of 'dirty money' i.e. the proceeds of crime, or terrorism funds, into the legitimate economy.

Here is a little background to the legislation and the offences.

### **The Proceeds of Crime Act 2002**

This act sets out the following primary money laundering offences.

- Concealing, disguising, converting, transferring or removing from the UK, 'criminal property' - defined as anything, which you know, is or suspect is, or which represents, the benefit from any criminal conduct.
- Entering into, or becoming concerned in, arrangements which the offender knows or suspects will facilitate the acquisition, retention, use or control of criminal property
- Acquiring, using or having possession of criminal property

### **There are 3 types of associated offences within the Act –**

#### **Assisting**

Assisting with the above primary offences constitutes an act of money laundering.

The penalty for assisting can be up to 14 years imprisonment or an unlimited fine.

#### **Tipping off**

'Tipping off' is an offence that is committed when a person has knowledge of money laundering and informs the money launderer - directly or indirectly - that they are being investigated or that a suspicion has been raised.

The penalty for tipping off can be up to 5 years imprisonment or an unlimited fine

#### **Failure to report**

Where a person has knowledge or suspicion of money laundering it is an offence not to report it to the proper authorities.

The penalty for failure to report can be up to 5 years imprisonment or an unlimited fine.

### **Who is affected by money laundering legislation?**

All employees of this business, irrespective of department, could potentially be affected by the legislation if they suspect money laundering and either become involved with it in some way and/or do nothing about it.

Certain departments and therefore associated roles in the company are usually recognised as having more responsibilities than others in relation to this legislation. These include:

- Estate Agency
- Rural Property Sales
- Commercial Property Sales and Letting

Those involved in taking instruction from a client to market property or land (Estate Agency business guidance for AML - <https://www.gov.uk/government/publications/money-laundering-regulations-2007-supervision-of-estate-agency-businesses/estate-agency-guidance-for-money-laundering-supervision>)

## Auction Salerooms – Art Market Participants (AMPs)

Those involved in taking instruction from a client to sell art and antiques (Art Market Participants business guidance for AML - <https://www.gov.uk/government/publications/money-laundering-understanding-risks-and-taking-action-for-art-market-participants/understanding-money-laundering-risks-and-taking-action-for-art-market-participants>)

For clarification an Art Market Participant (AMP) means anyone who as part of their business:

- trades in or acts as an intermediary in the sale or purchase of works of art and the value of the transaction, or series of linked transactions, is of at least 10,000 euros
- operates as the operator of a freeport or any other business by way of business stores works of art in the freeport and the value of the art is 10,000 euros or more.

A work of art is defined in the Value Added Tax Act 1994 section 21(6) to (6B) for the purpose of section 21(5)(a) of that Act. This is summarised as:

- a painting, drawing, collage, decorative plaque or similar picture
- an original engraving, lithograph or other print
- an original sculpture or statuary
- a sculpture cast
- a tapestry or other hanging
- a ceramic
- an enamel on copper
- a photograph

but not:

- a technical drawing, map or plan
- any picture comprised in a manufactured article that has been hand-decorated
- scenery (including backcloths)

Lettings

<https://www.gov.uk/guidance/money-laundering-supervision-for-letting-agency-businesses>

Lettings currently do not fall under the current AML guidance as the firm does not have any one individual who rents a property in excess of €10,000 a month or a landlord who receives income from a property, or a linked portfolio of properties, in excess of €10,000 a month.

## 5. STAFF TRAINING

All Partners, management and staff that encounter clients and customers will be regularly trained to meet our obligation under Regulation 24 of Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

- All staff and Partners will undertake an annual AML quiz which is mandatory and will be created, delivered and recorded by the Nominated Officer.
- All front-line, identified active departmental AML staff and Partners will receive online training via awareness modules on the lamProperty compliance software portal and via The Property Guild (Paul Offley).
- All staff and Partners will receive annual AML training to ensure they have a sound knowledge of AML legislations and requirements and the role they play in ensuring compliance. This training will be via various methods including online awareness training (see links below) and in-house training to underpin other remote/online modules.
  - ✓ Estate Agency - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#estate-agency-businesses>
  - ✓ Art Market / Auctions - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#art-market-participants>
  - ✓ All business (General) - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#information-for-all-businesses>
  - ✓ Money Services - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#money-service-businesses>
  - ✓ Rightmove AML Foundation and Advanced Awareness interactive modules with test - [Accredited Anti-Money Laundering Course for Property Professionals - Rightmove Hub](#)
- An overview of GDPR training will be provided each year to ensure general understanding of staff and business obligations to ensure compliant collection and use of data via online resources.
- Records of training undertaken are retained for all employees.

## 6. STAFF REPORTING MONEY LAUNDERING CONCERNS

Any member of staff with any concerns, no matter how small, should initially contact and discuss their concerns with the Nominated Officer or in their absence the Deputy Nominated Officer.

Matters that may raise concern include -

- The potential for money laundering or terrorist activity
- A risk that this business is being exploited
- The suspicious activities of any member of staff
- Any client, potential client, or purchaser with identification issues, such as:
  - The lack of identification being provided;
  - The type of identification document offered;
  - The content of any identification document provided;
  - Any suspicion that identification documents provided could be forged or have been altered.

After discussing concerns, the member of staff MUST make a formal suspicious report to the Nominated Officer where they believe or suspect on reasonable professional grounds that -

- Any of the funds or property involved may be the proceeds of any crime; or
- A person may have committed or may be attempting to commit a terrorist financing offence.

It is not necessary to know what sort of crime they may have committed, but the presence of one or more warning signs of money laundering, which cannot be explained, will be relevant.

This report should be sent by email to the Nominated Officer using the email address [sue.farrier@mooreallen.co.uk](mailto:sue.farrier@mooreallen.co.uk) (or in their absence [hollie.byrne@mooreallen.co.uk](mailto:hollie.byrne@mooreallen.co.uk) ) with the Subject field stating, 'ML Suspicion'. The Nominated Officer (or Deputy) will then consider the report and make a formal Suspicious Activity Report to the National Crime Agency (NCA), if it is felt appropriate.

Once a report is made all members of staff must follow any instructions the Nominated Officer provides regarding the people and transaction/s involved.

It is a criminal offence for anyone to do or say anything that "tips off" another person that a disclosure has been made.

## **7. SUSPICIOUS ACTIVITY REPORTING (SAR)**

This is the name given to a report sent to the National Crime Agency (NCA) under the Proceeds of Crime Act or the Terrorism Act. The report identifies individuals who the Nominated Officer, or an employee suspect may be involved in laundering money or financing terrorism.

The term suspicion is meant to be applied in its everyday, normal sense. But if you are still not sure of the meaning of suspicious, then the courts have said that 'it is a possibility that is more than fanciful'.

The suspicion is that the funds or property involved in the transaction is the proceeds of any crime or is linked to terrorist activity. You do not have to know what sort of crime they may have committed, but one or more warning signs of money laundering, which cannot be explained by the seller or buyer, will be relevant.

We are required to make a Suspicious Activity Report (SAR) as soon as possible after the Nominated Officer knows or suspects that money laundering or terrorist financing is happening.

At a practical level, this would mean that the facts they have about the seller and buyer and the transaction would cause a reasonable professional in their position to have a suspicion.

### **Tipping Off**

It is a criminal offence for anyone to say or do anything that may 'tip off' another person that a suspicion has been raised, or that a money laundering or terrorist financing investigation may be carried out.

It is also an offence to falsify, conceal or destroy documents relevant to investigations.

No person within the business can tell or inform the client, buyer or anyone else involved in the transaction that:

- i. The transaction is being or was delayed because a suspicion has been raised
- ii. Details of a transaction have or will be reported to the NCA
- iii. Law enforcement agencies are investigating the customer

Such an offence carries a penalty of up to 5 years imprisonment and/or a fine.

### **Example of when a SAR might be appropriate**

- Reluctance to provide details of identity or providing documents which may be fake
- The use of intermediaries to protect their identity or hide their involvement
- Several legal entities are involved in order to identify the beneficial owner
- Difficulty in identifying whether there are any beneficial owners
- No apparent reason for using your business's services - for example, another business is better placed to handle the transaction
- Lifestyles do not appear to be consistent with their income
- Income does not appear to be from a legitimate source
- Keenness to buy or sell quickly at an unusually low or high price for no legitimate reasons
- Part or full settlement in cash or foreign currency, with weak reasons
- Disqualified directors or convictions for dishonesty

Regular and existing customers

- The transaction is different from the normal business of the customer
- The size and frequency of the transaction is different from the customer's normal pattern
- The pattern has changed since the business relationship was established

- The nature of any payments made changes, for example, a buyer's payment to an auctioneer is made in cash rather than through a bank account
- There has been a significant or unexpected improvement in the customer's financial position & the customer can't give a real explanation of where money came from or their source of wealth or funds

#### Transactions

- A third party, apparently unconnected with the seller or buyer, bears the costs, or otherwise pays the transaction costs
- An unusually big cash or foreign currency transaction
- The buyer will not disclose the source of the funds
- The seller will not disclose the source of wealth where required
- Unusual involvement of third parties, or large payments from private funds, particularly where the buyer appears to have a low income
- Unusual source of funds.

#### **SUSPICIOUS ACTIVITY REPORT**

A SAR can be submitted online by the Nominated Officer or Deputy Nominated Officer (in their absence) at any time of day and an e-mailed confirmation of each report made should be received. Any SAR made should include the basis for the knowledge or suspicion of money laundering or terrorist financing; and all relevant information about the customer, transaction or activity that we hold on file.

Where this SAR arises before we have started to act for a client or it arises during us actively working with them, we must seek consent from the NCA to accept the instructions, proceed with the instruction or if a sale is agreed to take any action to 'contract chase'.

To seek consent the reasons for this should be outlined in clear terms. If urgent, telephone the National Crime Agency on 020 7238 8282 to request consent.

#### **CONSENT**

NCA will make contact by telephone to advise on the consent position and this should be then confirmed in writing by email.

Receiving consent from the National Crime Agency, or no response, does not exempt us from having to verify a customer's identity, nor that of any beneficial owners. We must continue to comply with all the requirements of the Money Laundering Regulations.

#### **NCA helpdesk**

Contact the helpdesk on 020 7238 8282 for advice or assistance with submitting a report or with the online reporting system.

#### **Timescales**

The flowchart overleaf outlines the timescales and processes that will need to be followed where any report is made. A request to expedite the process can be made to the NCA and they will generally respond to such a request within 48 hours.

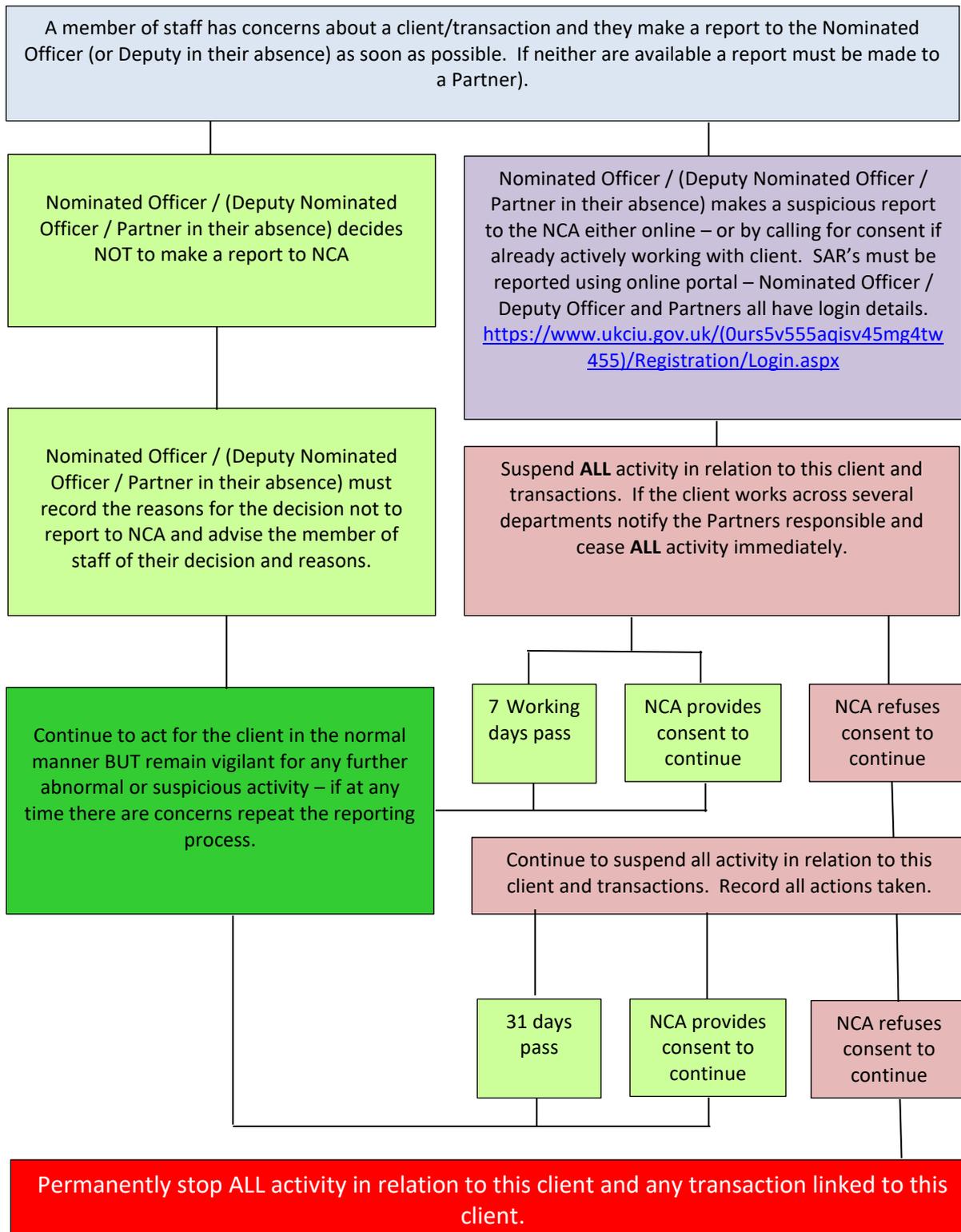
# SUSPICIOUS ACTIVITY REPORTING FLOWCHART

NCA – 0207 238 8282

<https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports>

NOMINATED OFFICER – SUE FARRIER, 01285 648109 / 07712 125016 / [sue.farrier@mooreallen.co.uk](mailto:sue.farrier@mooreallen.co.uk)

DEPUTY NOMINATED OFFICER – HOLLIE BYRNE MRICS FAAV, 01285648115 / 07741 846811 / [hollie.byrne@mooreallen.co.uk](mailto:hollie.byrne@mooreallen.co.uk)



## 8. COMPLIANCE OFFICER

The duly appointed Compliance Officer for this business is -

Name: Sue Farrier  
Title: Head of Operations  
Contact Address/Branch: 33 Castle Street, Cirencester, Gloucestershire GL7 1QD  
Telephone Number: 01285 648109 / 07712 125016  
Email Address: sue.farrier@mooreallen.co.uk

### Compliance Officer's responsibility

- Ensure appropriate registration with HMRC is maintained
- Implement and manage a process for reviewing and updating the business's policies, controls and procedures
- Implement and manage the audit process as outlined within this policy document to ensure the business complies with its policies, controls and procedures
- Ensure that the customer due diligence procedures reflect the risk characteristics of sellers or buyers
- Ensure that the customer due diligence procedures are followed
- Ensure identification records are maintained correctly and in line with Data Protection obligations
- Ensure appropriate records are held for 5 years
- Continually monitor the system and put in place processes to rectify any highlighted problems.
- Ensure low risk situations are assessed and records retained to justify your assessment
- Ensure arrangements for monitoring systems and controls are robust, and reflect the risk characteristics of sellers or buyers and the business
- Ensure staff training is appropriate to the individual and kept up to date and content regularly reviewed
- Ensure staff know the names of the nominated officer and any deputy

## **9. COMPANY AUDIT PROCEDURE (Form A)**

As part of our commitment to ensuring compliance with our legal customer due diligence obligations each department/office will be required to conduct a self-audit each quarter and provide a summary to the Compliance Officer who will then present a summary at the monthly Partner meeting. The nominated responsible individuals per department/office are:

- Residential Sales – Cirencester & Lechlade– Matt Cannon
- Rural Property Sales – Hollie Byrne
- Commercial – Richard Dell
- Auction/F&FA – Lucie Rowe

In addition to the quarterly audit reports, each office will be audited on compliance at least annually, but may take place more often where non-compliances have previously been identified through the self-audit or previous Compliance Officer audits.

The Compliance Officer will audit the quarterly reports and undertake any validation checks required to address any queries, incomplete processes or inconsistencies. In addition, they will review the data recorded in the IT system in use (IamProperty) and cross reference this to the reports for validation.

The Compliance Officer will examine records created over the preceding period to ensure that the procedures laid down in this manual have been complied with and the appropriate records are held. This will include checks on the seller and buyer risk assessments, customer due diligence and record keeping.

All non-compliance's will require remedial action and confirmation of the action taken.

Members of staff who are continually found not to be complying with the procedures in this manual may face disciplinary action.

## 10. RECORD KEEPING

Where actual documents are provided as evidence of ID the evidence is retained using one or more of the following methods:

- Complete the online onboarding biometric process with the client in lamProperty to ensure compliance with all mandatory ID documentation fields; or
- Scan and upload any physical documents to the lamProperty system as part of the manual onboarding process, ensuring compliance with all mandatory ID documentation fields and make notes of explanation as required; or
- Take photocopies of the documentation that was provided by the client as part of the manual onboarding and hold on file; or
- Take close up photographs of the documentation provided (you must be able to read all the required details) as part of the manual onboarding and hold on file.

**It is imperative that all mandatory checks are completed in full and noted on the lamProperty system to support accurate recording and auditing**

Where photography is used to copy the ID, each photograph is emailed to a company email address, uploaded to lamProperty or attached to the file and then immediately deleted from the device.

No person within the business will retain any copies, photos or other personal information on a client or buyer on any mobile device.

Where our online identification confirmation service is used (lamProperty), the report is retained.

Evidence of the sellers identity is kept for 5 years after the business relationship was terminated or the property sale completed and evidence of a buyer's identity (if the property is sold) is retained for 5 years from that date also.

In all other cases where we take identification from buyers and the sale falls through the identity evidence held for the abortive buyer is destroyed within a reasonable period (no longer than 6 months).

Copies of documentation will be acquired and recorded in line with the process above to support accurate recording and auditing. If not appropriate to use lamProperty a manual verification process will be undertaken using the Risk Assessment form (Form B) and Buyer/Vendor Information Forms **(Forms E & F)**.

Auction Salerooms – lamProperty will be used to drive the compliance and client due diligence checks where appropriate. Copies of documentation will be acquired and recorded in line with the process above to support accurate recording and auditing. If not appropriate to use lamProperty a manual verification process will be undertaken using the Risk Assessment form (Form B) and Buyer/Vendor Information Forms **(Forms C & D)**.

## **11. IDENTIFYING BENEFICIAL OWNERS**

We will take steps to identify beneficial owners of properties we are instructed to market. This will, in most cases, be carried out by obtaining title documents from the Land Registry, but it may be done in other ways, if appropriate to the situation.

Land Registry documents will be obtained via the lamProperty portal wherever possible to support reporting and audit processes. If this is not possible, they will be obtained directly from Land Registry and either uploaded to the portal or notes made to advise of them being held on file.

Other ways to identify beneficial owners of properties we are instructed to market include engagement with a solicitor who may confirm ownership or a client may hold title deeds for the property. If using evidence obtained by a third-party, they must confirm in writing they are happy for us to use their identification documents and they accept liability. The use of third-party documentation is permitted however please note the following guidance:

***In principle the AML regulations allow reliance on CDD carried out by someone else. Clients often seek to use this and tell agents and others to rely on checks done by their legal representative. In practice it is not useful as if you rely on another party's CDD then you must have their consent to do so. In practice this is rarely given and if it is no liability is accepted. The law is clear that even if you rely on CDD done by someone else you remain entirely liable for that check – as such it is advisable to always undertake checks directly to mitigate the liability risks.***

In all cases a record of the confirmation obtained will be held on file.

The Auction Salerooms will obtain evidence to identify beneficial owners of goods we are instructed to sell via completion and signature of an entry form declaring ownership. In the case of items of significant value additional evidence of ownership will be required and client due diligence checks will be completed.

## **12. CLIENT & BUYER RISK ASSESSMENTS**

We will conduct a risk assessment via lamProperty where appropriate or alternatively using the manual RA form (**AML Risk Assessment – Manual Verification Form – Form B**) on our clients prior to being appointed or at the point we are appointed and on potential purchasers at an appropriate time after their offer to purchase a property is informally accepted, but before exchange of contracts. We use the preferred route (lamProperty) to carry out this risk assessment, if for any reason we are unable to use lamProperty for the CDD process we will undertake a risk assessment manually using the forms referenced above.

We have 3 levels of customer due diligence, and we will perform the appropriate one depending on the risk profile of the customer –

- Simplified Due Diligence
- Normal Due Diligence
- Enhanced Due Diligence

A simple breakdown of the levels is noted below with more in-depth information being included in later sections of this document.

**NOTE: Knowing someone is not an exemption for CDD.** *Be extra careful with friends and acquaintances; most prosecutions for agents taking part in money laundering involve those they were friendly with. It is a key part of the strategy of money launderers to befriend those who can help them and then seek to use that to manipulate the friendship to bypass checks.*

**ID checking is not a one-off check.** *ID checks should be repeated and updated especially where a period of time has passed. If a client returns to sell a house after a couple of years, then full CDD must be repeated using slightly different ID to that used before i.e., if you used a utility bill in the first check then use a bank statement in the second. ID checks are used to build up a picture not simply to tick a box. See Forms G & H for guidance.*

*ID checks are not the sum total of CDD, a key part of the process is considering and evidencing source of funds*

**We will undertake CDD checks for all applicable transactions where they have not been done in the previous 3 months.**

### **LOW RISK - Simplified Due Diligence**

Simplified Due Diligence is not as common as many people think. **It is not intended for use with those you know well** but rather for entities that are already subject to strong controls or cases of very low risk. For example:

- i. An individual selling their family home in a rural area where they have resided all their life in order to move to sheltered accommodation is unlikely to require a high level of AML and may be suited to SDD.
- ii. Companies whose stock are traded on public markets would also qualify as would government bodies such as local authorities.

#### **INDIVIDUALS**

1. We may require the person to provide us with their full name, home address, date of birth and one acceptable form of photographic ID.
2. We may require the person to provide us with their full name, home address, date of birth, passport number or driving licence number and we would obtain a confirmation report from our online service provider (lamProperty).
3. Even though the person is assessed as low risk we may follow our normal or enhanced due diligence routes if it suits the circumstances.

## **BUSINESSES**

4. We will require the business to provide us with confirmation details of the business, as appropriate.
5. Even though the business is assessed as low risk we may follow our normal or enhanced due diligence routes if it suits the circumstances.

### **MEDIUM RISK - Normal Due Diligence**

## **INDIVIDUALS**

6. We may require the individual to provide us with their full name, home address, date of birth and documentary ID in line with that summarised in section 14.
7. We may require the person to provide us with their full name, home address, date of birth, passport number or driving licence number and we would obtain a confirmation report from our online service provider (IamProperty).
8. Even though the individual is assessed as medium risk we may follow our enhanced due diligence route if it suits the circumstances.

## **BUSINESSES**

9. We will require the business to provide information in line with that summarised in section 14.
10. We may require the individual acting for the business to provide ID in line with that summarised in section 14.
11. We will require confirmation of all the beneficial owners of the business in line with that summarised in section 14.
12. Even though the business is assessed as medium risk we may follow our enhanced due diligence routes if it suits the circumstances.

### **HIGH RISK - Enhanced Due Diligence**

## **INDIVIDUALS**

13. We will require the individual to provide us with their full name, home address, date of birth and documentary ID in line with that summarised in section 14 or provide us with copies of certified ID.
14. We will require the person to provide us with their full name, home address, date of birth, passport number or driving licence number and we would obtain a confirmation report from our online service provider, if this is possible.
15. We may look to take other steps if it suits the circumstances.

## **BUSINESSES**

16. We will require the business to provide information in line with that summarised in section 14.
17. We will require the individual acting for the business to provide ID in line with that summarised in section 14.
18. We will require the beneficial owners of the business to provide ID in line with that summarised in section 14.

## **RELIANCE ON THIRD PARTIES**

Where appropriate we may enter into a specific arrangement with another regulated business who will conduct the customer due diligence measures required. If using evidence obtained by a third-party (please also refer to Section 10):

The third party must confirm to us in writing that they –

- ✓ Are prepared to do this and
- ✓ Will conduct the appropriate customer due diligence and
- ✓ Accept full liability
- ✓ Will provide us with the copies of the identification data obtained within 2 days of any request
- ✓ They will retain the records for 5 years from the date they agreed to this arrangement with us.

Regulated Businesses we may enter into arrangements with –

- ✓ Estate Agents
- ✓ Solicitors
- ✓ Banks
- ✓ Financial institutions

#### **POLITICAL EXPOSED PERSONS (PEP) (See Form F)**

- We will always apply enhanced due diligence on politically exposed person, their family members or a known close associate.
- The person taking the instructions from the client must discuss the situation with the Nominated Officer and agree an enhanced customer due diligence and ongoing monitoring route.
- PEP and sanction checks will be undertaken, recorded and verified using the lamProperty technology.

#### **UK TREASURY FINANCIAL SANCTIONS LIST**

We will not as a matter of policy knowingly enter into any business relationship with a person on the Sanctions List. To this end we will not act for a client who is on the Sanctions List wishing to dispose of a property.

We will not enter into any discussions or negotiations with a potential purchaser who is on the Sanctions List wishing to acquire a property. PEP and sanction checks will be undertaken, recorded and verified using the lamProperty technology.

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

#### **ON GOING MONITORING OF THE CLIENTS RISK PROFILE**

All employees will be diligent when dealing with clients and buyers and where they become aware of any changes to a client or buyer's circumstances that may influence the relationship they have with us, or increase the money laundering risk profile the matter will be immediately discussed with the Nominated Officer, Deputy Nominated Officer (in Nominated Officer's absence) or a Partner.

Things that should be considered are listed below but this list is not exhaustive and other issues may also give rise for concern –

- The client moves to a new house
- The client wishes to reduce or increase the asking price of the property significantly
- The client accepts an offer that is significantly lower or higher than would appear sensible
- The client makes any comments that give rise for concern

#### **UPDATING DOCUMENTS**

In certain situations, employees will consider whether the ID documents would need to be updated. For example, if the client moves to a new house, it would be expedient to obtain confirmation documentation of their new address.

## **13. CUSTOMER DUE DILIGENCE - SELLERS**

Customer Due Diligence must be carried out **every time** instructions are given to us to market a property.

This applies regardless of whether the client is an individual or a business.

**There are no exceptions to this requirement.**

A client's identity and, where applicable the identity of any other beneficial owner, must be verified before, or at the point of accepting instructions from a client. lamProperty is the chosen method to undertake and record CDD on all Sellers and Buyers. If lamProperty is not able to be used in exceptional circumstances then the same process must be followed manually, recorded and evidence held on file (**use Forms B & F**).

### **The Practical Steps to Take**

1. When discussing instructions with a potential client the need for ID verification must be outlined.
2. The Proof of Identity checklist can be provided to potential clients if clarification is needed. (**Use Forms G & H for guidance**).
3. The risk assessment must be completed for the client at the point instructions are being taken
4. The correct route for verifying the clients Identity must be followed
5. Where obtaining ID from a UK resident client/s is difficult for any reason the client should be advised that we have a legal requirement to obtain proof of ID and that the need for this is contained within the terms of business.
6. The client can also be advised that marketing will have to stop and our instructions cancelled if we are unable to complete the required CDD checks.

However, where the problem in obtaining ID gives any reason to suspect there might be a problem with the client's identification or there are any suspicions of money laundering then the Nominated Officer must be immediately informed.

**The Auction Salerooms will obtain evidence to identify beneficial owners of goods we are instructed to sell via completion and signature of an entry form declaring ownership. In the case of items of significant value additional evidence of ownership will be required and client due diligence checks will be completed (use Forms B & D).**

## 14. CUSTOMER DUE DILIGENCE - BUYERS

Customer Due Diligence must be carried out on buyers.

This applies regardless of whether the buyer is an individual or a business.

**There are no exceptions to this requirement.**

A buyer's identity should be verified once an offer has been accepted and before contracts are exchanged. lamProperty is the chosen method to undertake and record CDD on all Sellers and Buyers. If lamProperty is not able to be used in exceptional circumstances then the same process must be followed manually, recorded and evidence held on file **(use Forms B & E)**.

### The Practical Steps to Take

1. Any person making an offer should be advised that they will need to provide ID if their offer is accepted. **(Use Forms G & H for guidance)**.
2. The buyer will verbally be advised of the seller's acceptance of their offer and at the same point the buyer must be advised of the need for ID to be confirmed.
3. Confirmation in writing of the acceptance of the offer is then sent and at this point the need for ID must also be confirmed.
4. The buyer should be advised that the memorandum of sale may be delayed where ID is not provided and verified.
5. Follow up calls and correspondence may be required.
6. Where obtaining ID from a buyer is difficult for any reason the buyer should be advised that we have a legal requirement to obtain proof of ID and that failure to co-operate may affect the purchase or even prevent it from taking place.
7. Where a sale has been agreed and the memorandum of sale is issued, but the buyer has not provided their ID the Nominated Officer must be informed and advice will be given on the action to take which may, in extreme circumstances, include cessation of the purchase.

However, where the problem in obtaining ID gives any reason to suspect there might be a problem with the buyer's identification, or there are any suspicions of money laundering then the Nominated Officer must be immediately informed.

**Auction Salerooms – lamProperty will be used to drive the compliance and client due diligence checks where appropriate. Copies of documentation will be acquired and recorded to support accurate recording and auditing. If not appropriate to use lamProperty a manual verification process will be undertaken using the Risk Assessment form and Buyer/Vendor Information Forms (use Forms B & C).**

## **15. CUSTOMER DUE DILIGENCE ROUTES**

The Risk Assessment will decide which customer due diligence route needs to be followed. lamProperty will be used to conduct all CDD, if for any reason it is not able to be used the manual verification will be required following the same process. Where any doubt exists, or any problems are encountered the Nominated Officer should be consulted. Please also refer to Section 11 – Client and Buyer Risk Assessments.

### **LOW RISK – Simplified Due Diligence**

Simplified Due Diligence is not as common as many people think. **It is not intended for use with those you know well** but rather for entities that are already subject to strong controls or cases of very low risk. For example:

- i. An individual selling their family home in a rural area where they have resided all their life in order to move to sheltered accommodation is unlikely to require a high level of AML and may be suited to SDD.
- ii. Companies whose stock are traded on public markets would also qualify as would government bodies such as local authorities.

#### **INDIVIDUAL/SOLE TRADER**

As a minimum, the client/s must provide their full names, home addresses, date of birth plus one acceptable form of photographic ID.

Sole Traders must also confirm their trading address.

#### **BUSINESS PARTNERSHIP**

As a minimum, the partners must confirm their trading address and provide their full names, home addresses, dates of birth, plus one acceptable form of photographic ID.

#### **UK LLP/LIMITED COMPANY**

As a minimum, we must obtain the legal name of the business, the registered number, the registered office, the trading address, the names of the directors

### **MEDIUM RISK – Normal Due Diligence**

#### **A. WHERE THE CLIENT/S IS RESIDENT IN THE PROPERTY BEING MARKETED OR THEY LIVE CLOSE BY AND ARE MET AT THE PROPERTY**

All the following steps should be taken on each client. This is particularly important for husband and wife owned properties -

- 1 View the acceptable proof of id and residency for individuals, as outlined in section 11.
- 2 In all cases original documents must be physically seen.
- 3 Copied or emailed documents are not to be accepted
- 4 You should be satisfied with the authenticity of documents you have seen
- 5 A record of the documents that were seen and accepted as evidence of a client's identity must be copied and held on file and/or details recorded on the lamProperty portal
- 6 The record must be held on the lamProperty portal or if held on file referenced as such.

**B. WHERE THE CLIENT/S IS ACTING WITH POWER OF ATTORNEY FOR THE PROPERTY/BENEFICIAL OWNER**

All the following steps should be taken –

- 1 Obtain a copy of the power of attorney document from the client to confirm their authority
- 2 Conduct normal customer due diligence steps on the client as in A above

**C. WHERE THE CLIENT/S IS ACTING AS AN EXECUTOR/S OF THE WILL OF THE PROPERTY OWNER**

All the following steps should be taken –

- 1 Obtain a copy of the will appointing the executor
- 2 Conduct normal customer due diligence steps on the client/executor as in A above

**D. WHERE THE CLIENT/S IS A SOLE TRADER OR PARTNERSHIP.**

All the following steps should be taken –

- 1 Conduct normal customer due diligence on the sole trader/partners of the business as in A above

**E. WHERE THE CLIENT/S IS A UK LIMITED COMPANY OR LIMITED LIABILITY PARTNERSHIP (LLP)**

All the following steps should be taken –

- 1 Obtain full details of the company's registered name, number and registered office and principal place of business
- 2 Conduct an online Companies House check of the company to obtain the names and addresses of the Directors
- 3 Ensure the person instructing you has authority to instruct you on behalf of the company
- 4 Conduct normal customer due diligence on the person instructing you, as in A above and

NB Corporate bodies have an obligation to provide information below to estate agents where they instruct them to market properties for sale. You can request this information by providing the company with a written request and they are obliged to provide the information within 2 working days.

Provision of Information obligation –

- ★ Company name
- ★ Registered number
- ★ Registered office
- ★ Principal place of business
- ★ Names of the directors, or members of its management body
- ★ Names its senior management
- ★ The law to which it is subject
- ★ Its legal owners and beneficial owners
- ★ Its memorandum of association or other governing documents.

**F. WHERE THE CLIENT/S IS AN AGENT ACTING ON BEHALF OF THE PROPERTY OWNERS**

All the following steps should be taken –

1. Conduct customer due diligence on the agent who is your client in line with this section, depending on the business status of the agent i.e. Sole traders, LLP, Limited company
2. Conduct customer due diligence on the owners of the property by either –
  - ★ Following A above; or
  - ★ Reliance on the instructing agent’s due diligence if we have an arrangement to do so; or
  - ★ Using the online verification service (IamProperty)

**HIGH RISK - Enhanced Due Diligence**

**G. WHERE THE CLIENT HAS NOT BEEN SEEN, OR CANNOT BE SEEN FACE TO FACE**

This is where the potential client/s resides a significant distance from the property or resides overseas.

All the following steps should be taken to provide the enhanced level of confidence required -

- 1 Following A above AND
- 2 Obtain authenticated copies of the client’s identity. This will involve the client providing their identity documents to a recognised independent professional such as, a bank, financial institution, lawyer or notary for authentication. They must forward the authentication statement and copies of the ID document on to you
- 3 Complete a biometric authentication via IamProperty as a face-to-face meeting is not viable.
- 4 Research the client using online searches, media feeds, social media portals, and other means to further validate evidence.
- 5 Obtain sign off of actions taken from the Nominated Officer or a Partner.

**H. WHERE THE CLIENT IS A TRUST**

Beneficial owners of Trusts are any individual who is entitled to a specified interest in at least 25% of the capital of the trust property, or where a trust is not set up entirely for the benefit of persons with a specified interest, the class of persons in whose main interest the trust is set up or operates or any individual who has control over the trust (a trust controller or trustee).

- 1 Confirm the details of trustees and settlors (sometimes known as "trustors," or "grantors")
- 2 Confirm the details of either beneficiaries with more than 25% interest, or the classes of beneficiary,
- 3 For collective investment funds or other similar arrangements confirm the details of the general partner and/or investment manager together with details of any person with more than 25% interest?
- 4 Obtain approval for establishing a business relationship from the Nominated Officer
- 5 Obtain sign off of actions taken from the Nominated Officer or a Partner.

**I. POLITICALLY EXPOSED PERSONS WHO ARE POTENTIAL CLIENT/S**

These are individuals who, at any time in the preceding year, have held a prominent public position outside of the UK. Their immediate family members or close associates are also included.

Where the client is, or a relative is, or an associate is a politically exposed person, you should -

- 1 Obtain approval for establishing a business relationship from the Nominated Officer.
- 2 Conduct the enhanced customer due diligence steps in line with G
- 3 Continual monitoring of the business relationship
- 4 Obtain sign off of actions taken from the Nominated Officer or a Partner

## **16. POLITICALLY EXPOSED PERSON (PEPS)**

### **IDENTIFYING PEPS**

The AML Regulations are particularly concerned with the identification and checking of PEP's and Sanctions. We will discuss with clients and buyers the issue of political exposure and provide our information sheet (**Form J**) explain the process and criteria to support their understanding of our AML processes.

In all cases the client or buyer must confirm whether or not they are politically exposed.

A PEP and Sanctions check must be undertaken in lamProperty.

### **WHEN DEALING WITH A PEP**

In addition to previously identified checks, the following measures will be implemented when we take instructions from a politically exposed person, relative or associate:

1. Obtain approval from the Nominated Officer before establishing a business relationship
2. Take adequate steps to establish the source of wealth and source of funds that are involved in the proposed property purchase
3. The Nominated Officer will personally monitor the business relationship as it progresses
4. The Nominated Officer will continue to apply enhanced due diligence for 12 months from the date the person ceases to hold the office.
5. For family members and close associates, the personal monitoring will cease as soon as the politically exposed person no longer holds the office.

### **WHO IS A POLITICALLY EXPOSED PERSON?**

A politically exposed person is someone that is entrusted with prominent public functions. This can be in any country including the UK.

Typically, this includes:

- Heads of state, heads of government, ministers and deputy or assistant ministers
- Members of parliament or similar bodies
- Members of the governing bodies of political parties
- Members of supreme and constitutional courts and other high level judicial bodies
- Members of courts of auditors or boards of central banks
- Ambassadors, and high-ranking officers in the armed forces
- Members of the administrative, management or supervisory bodies of state owned enterprises
- Directors, deputy directors and members of the board, or equivalent of an international organisation

The definition includes family members such as spouse, partners, children (of the person and their spouse or partner) and parents and known close associates who are seen as persons who have:

- Joint legal ownership, with a politically exposed person, of a legal entity or arrangement
- Any other close business relationship with a politically exposed person
- Sole beneficial ownership of a legal entity or arrangement set up for the benefit of a politically exposed person

We must assess the level of risk that the politically exposed person presents and apply an appropriate level of enhanced due diligence in all cases.

The following should be considered when assessing the risk:

1. A **lower risk** politically exposed person may be one who holds office in a country, similar to the UK, with traits such as:
  - Low levels of corruption
  - Political stability and free and fair elections
  - Strong state institutions where accountability is normal
  - Credible anti-money laundering measures
  - A free press with a track record for probing official misconduct
  - An independent judiciary and a criminal justice system free from political interference
  - A track record for investigating political corruption and acting against wrongdoers
  - Strong traditions of audit within the public sector
  - Legal protections for whistle blowers
  - Well-developed registries for ownership of land, companies and equities
2. A politically exposed person may be a **lower risk** if they are:
  - Subject to rigorous disclosure requirements such as registers of interests or independent oversight of expenses
  - A government MP with no ministerial responsibility or is an opposition MP
3. A **high risk** politically exposed person may be from, or connected to, a country with traits such as:
  - High levels of corruption
  - Political instability
  - Weak state institutions
  - Weak anti-money laundering measures
  - Armed conflict
  - Non-democratic forms of government
  - Widespread organised criminality or illicit drug supply
  - A political economy dominated by monopolies with close links to the state
  - Lacking a free press and where legal or other measures constrain journalistic investigation
  - A criminal justice system that suffers from political interference
  - Lacking expertise and skills related to book-keeping, accountancy and audit, particularly in the public sector
  - Law and culture hostile to the interests of whistle blowers
  - Weaknesses in the transparency of registries of ownership for companies, land and equities
4. A **high risk** politically exposed person may show characteristics such as:
  - Lifestyle or wealth does not match what you know of their income source
  - Credible allegations of financial misconduct have been made in relation to bribery or dishonesty
  - There is evidence they have sought to hide the nature of their financial situation
  - Has responsibility for or can influence the awarding of large procurement contract where the process lacks transparency
  - Has responsibility for or can influence the allocation of government grant of licenses such as energy, mining or permission for major construction projects
5. A family member or close associate of a politically exposed person may pose a **lower risk** if they:
  - Are related or associated with a PEP who poses a lower risk;
  - Are related or associated with a PEP who is no longer in office
  - Are under 18 years of age.

6. The family and close associates of a politically exposed person may pose a **higher risk** if they have:
- Wealth derived from the granting of government licences or contracts such as energy, mining or permission for major construction projects
  - Wealth derived from preferential access to the privatisation of former state assets
  - Wealth derived from commerce in industry sectors associated with high-barriers to entry or a lack of competition, particularly where these barriers stem from law, regulation or other government policy
  - Wealth or lifestyle inconsistent with known legitimate sources of income or wealth
  - Subject to credible allegations of financial misconduct made in relation to bribery or dishonesty
  - An appointment to a public office that appears inconsistent with personal merit

## **17. UK GOVERNMENT FINANCIAL SANCTIONS LIST**

Her Majesty's Treasury - Asset Freezing Unit maintains a consolidated list of financial sanctions targets and this list is continually updated and can be inspected at –

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

The list includes persons and entities that are based in the UK as well as overseas.

Where a member of staff suspects that a potential client may be on the list, they must inform the Nominated Officer of their concern and a search of the online list must be carried out by the Nominated Officer.

If we are instructed to act for any person on this list, we must suspend activity in relation to the client/activity and contact the Asset Freezing Unit to obtain advice. This applies regardless of when we discovered that the client was on the sanctions list.

We must not:

- Proceed with instructions from the client without establishing first whether a licence is required from the HMT's Asset Freezing Unit.
- Return any funds to the client without the approval of the Asset Freezing Unit

To contact the Asset Freezing Unit to request a licence or obtain advice regarding financial sanctions at:

Asset Freezing Unit  
1 Horse Guards Road  
London  
SW1A 2HQ

Email: [AFU@hmtreasury.gsi.gov.uk](mailto:AFU@hmtreasury.gsi.gov.uk)

## **18. POTENTIAL SUSPICIOUS ACTIVITY**

The examples given below are not exhaustive but are included as a guide to some of the more common issues that may be encountered in the course of estate agency business activities and art market business activities:

### **Estate Agency / Land Agency / Commercial**

#### **General Issues**

Transactions being used for tax evasion, for example when property prices are manipulated just below a Stamp Duty threshold, perhaps by rigging the price of fixtures and fittings.

Transactions, especially woodland or agricultural land purchases that are intended to avoid Inheritance Tax.

Payment for the purchase of a property from the proceeds of criminal activity like internet fraud, drug dealing, prostitution or human trafficking.

Tenants attempting to sell properties they have rented or persons selling properties they do not own

#### **Areas that may give rise to Concern**

Identifying a seller, buyer or transaction as high risk doesn't automatically mean that they are involved in money laundering or terrorist financing. Similarly, identifying a person or transaction as low risk does not mean that they're not involved in money laundering or terrorist financing; however, consideration should be given to the potential risks involved -

- Undertaking business in areas with a highly transient population
- Acting for international customers or customers you do not meet
- Accepting business from abroad, particularly tax havens, high risk third countries or countries with high levels of corruption, or where terrorist organisations operate
- Acting for entities that have a complex ownership structure or a cross border element
- Payments being made to or received from third parties or from overseas accounts

New or existing sellers and buyers:

- The person is reluctant to provide details of their identity or provides fake documents
- Checking the person's identity is difficult
- Sellers indicating that property ownership is confidential
- The person is trying to use intermediaries to protect their identity or hide their involvement
- Non-UK resident using intermediaries where it makes no commercial sense
- No apparent reason for using your business's services - for example, another business is better placed to handle the size of the transaction or the location of the property
- Part or full settlement in cash or foreign currency, with weak reasons
- Use of cash in a quick sale, or cash exchanges directly between seller and buyer - perhaps including cash deposit
- Poor explanation for the early redemption of a previous mortgage, especially where redemption incurs a penalty cost
- The customer or other party does not take up services that are attractive or is willing to pay fees that seem unnecessary
- The property value doesn't fit the customer's profile
- The buyer has not viewed the property or has only seen it on the internet

- Customers are similar - a group of purchasers with similar profiles purchases new builds or off plan can be an indicator of organised mortgage fraud
- The ownership is not transparent and uses complex trusts, offshore arrangements or multiple companies
- Reluctance to employ a solicitor or other professional for conveyancing.

How a transaction is carried out or requests made by a seller or buyer may indicate a greater risk:

- The use of multiple companies or trusts which adds layers of complexity to ownership particularly where those layers seem unnecessary, for example, trusts owning trusts or offshore shell companies
- A property has multiple owners or is owned by nominee companies
- Where multiple properties are purchased, resold or exchanged
- A large cash deposit with balance from an unusual source
- Multiple payments of smaller amounts possibly through different accounts and to avoid thresholds put in place by overseas authorities
- Sale price significantly above or below market price
- The use of property management or investments companies who may not trade to make ownership less transparent
- An unknown third party appears at a late stage
- Use of correspondent banking services where due diligence is less robust
- Unusual speed or requests to expedite transactions unnecessarily possibly over or under value
- A sudden or unexplained change in ownership
- The immediate resale (flipping) of property at a higher value
- A third party, apparently unconnected with the seller or buyer, bears the costs, settles invoices or otherwise pays the transaction costs
- The customer requests payment to a third party who has no apparent connection with the customer
- An unusually big cash or foreign currency transaction, and the buyer will not disclose the source of the funds
- Unusual involvement of third parties, cash gifts, or large payments from private funds, particularly where the buyer appears to have a low income
- Using multiple intermediaries or professionals to hide ownership or to arrange unusually complicated transactions
- You're asked to hold a big sum in your client account, then refund it to the same or a different account
- Proceeds of a sale or rental sent to a high-risk jurisdiction or unknown third party
- Successive transactions, especially of the same property, with unexplained changes in value
- Unusual source of funds, for example complex loans or unexplained charges
- The owner, landlord or builder isn't complying fully with their legal obligations, perhaps to save money
- A previously sold property is re-marketed following renovation without an obvious source of funding

Full guidance can be found online - <https://www.gov.uk/government/publications/money-laundering-regulations-2007-supervision-of-estate-agency-businesses/estate-agency-guidance-for-money-laundering-supervision>

## **Art Market**

Art is also assessed to be attractive for money launderers due to the ease with which items can be transported within the UK and across borders.

This provides a convenient way to launder high volumes of funds across borders, through relatively small items. With the banking and border cash systems being progressively tightened around the world, small, transportable high-value commodities, such as art, are commonly transported across borders and traded or sold.

Art is likely to be less suspicious to law enforcement, when compared with the likes of gold or cash. Art can be seen as a status symbol in the criminal world, thus making purchasing of art more attractive to criminals.

Risks common to all AMPs include:

- unusual sales or purchase activity
- anonymity
- face-to face sales compared to other sales
- high-risk jurisdictions
- off-record sales

Risks relating to AML regulations for AMPs include:

- reliance
- linked transactions
- data protection
- online verification
- un-registered AMPs
- online sales
- rental of art and interior designers

Full guidance can be found online - <https://www.gov.uk/government/publications/money-laundering-understanding-risks-and-taking-action-for-art-market-participants/understanding-money-laundering-risks-and-taking-action-for-art-market-participants>

**Art Market Participants Guidance on Anti Money Laundering 2020:**

<https://www.gov.uk/government/publications/art-market-participants-guidance-on-anti-money-laundering-supervision>

A number of updates have been made to the [British Art Market Federation \(BAMF\) guidance on Anti Money Laundering for UK Art Market Participants](#) on 6 February 2023:

## **Resources:**

**Gov.UK – Anti Money Laundering Guidance** - [Business tax: Anti money laundering supervision - detailed information - GOV.UK \(www.gov.uk\)](#)

**HMRC – High Risk Countries** - [The Money Laundering and Terrorist Financing \(Amendment\) \(High-Risk Countries\) Regulations 2021 \(legislation.gov.uk\)](#)

**High Risk Third Countries HM Treasury** - [HM Treasury Advisory Notice: High Risk Third Countries - GOV.UK \(www.gov.uk\)](#)

**Money Laundering Regulations 2007 – supervision of Estate Agents:**

<https://www.gov.uk/government/publications/money-laundering-regulations-2007-supervision-of-estate-agency-businesses/estate-agency-guidance-for-money-laundering-supervision>

**Art Market Participants Guidance on Anti Money Laundering 2020:**

<https://www.gov.uk/government/publications/art-market-participants-guidance-on-anti-money-laundering-supervision>

A number of updates have been made to the [British Art Market Federation \(BAMF\) guidance on Anti Money Laundering for UK Art Market Participants](#) on 6 February 2023:

**All business (General)** - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#information-for-all-businesses>

**Lettings** - <https://www.gov.uk/guidance/money-laundering-supervision-for-letting-agency-businesses>

**Estate Agency** - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#estate-agency-businesses>

**Money Services** - <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering#money-service-businesses>

**Suspicious Activity – Reporting a SAR:**

<https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports>

**Submitting A Suspicious Activity Report (SAR) within the Regulated Sector:-** [Money laundering and illicit finance - National Crime Agency](#)

**UK Sanctions List:**

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

MAI Anti Bribery and Corruption Policy

**Technology (MAI) :**

IamProperty: <https://iamproperty.guildproperty.co.uk/ic/dashboard>

**Training:**

Rightmove AML Foundation and Advanced Awareness interactive modules with test - [Accredited Anti-Money Laundering Course for Property Professionals - Rightmove Hub](#)

**Economic Crime (Transparency and Enforcement) Act 2022 -**

<https://www.legislation.gov.uk/ukpga/2022/10/contents/enacted> - this applies where an overseas legal entity (not a private individual) is buying or selling a property in the UK.

**National risk assessment of proliferation financing** - [DRAFT Proliferation Financing NRA - for final review 09.07.21.docx \(publishing.service.gov.uk\)](#)