Open House
estate agents

ANTI-MONEY LAUNDERING POLICY

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This document explains the firm's policies and procedures. It has been approved by the senior management of the firm. It supplements the training with which you have also been provided. It is important that you read this manual and refer to it when relevant issues arise.

Our **MLRO** is **Sarah Dyche**

Consult her in cases of difficulty. In her absence,

consult the **Deputy MLRO**, who is **Sammy Dyche**

WARNING

Failure to comply with the firm's policies, as set out in this manual, may be treated as gross misconduct and result in disciplinary action. Such failure may also put you at risk of prosecution under the Proceeds of Crime Act.

A Introduction

1. The Money Laundering Regulations 2017 (as amended)
The law requires us to follow procedures to prevent criminals from being able to use our services to launder money, or to finance terrorism. All references in this document to money laundering include terrorist financing. If you are unsure how to apply this policy consult the MLRO.

2. Record Keeping
The firm is required to maintain records (including records of client identification and about their transactions) for at least five years from the end of our business relationship with a client. Personal data received from clients is protected by data protection law. It must be used or processed only for the purposes of preventing money laundering.

3. Training
The firm must ensure that you receive training about the law relating to money laundering, and how to recognise and deal with suspect transactions. You must attend such training and read this policy.

4. Your Role
Your main obligations are to carry out "customer due diligence" and to recognise and report suspicious transactions. You must also avoid tipping off a suspect about a report. This policy explains what you should do to comply with these obligations.

Note also the following two points.

5. Responding to AML Enquiries from the Authorities
We may receive enquiries about anti-money laundering issues it from bodies including the police, the National Crime Agency and HMRC. All such enquiries must be referred immediately to the MLRO. S/he will investigate the matter and make what response is appropriate.

6. Sanctions
The government imposes sanctions on some regimes and individuals to seek to protect peace and security. Occasionally there may be reason to suspect that someone involved in a matter is the subject of sanctions or has committed an offence under sanctions regulations. If so you must inform the MLRO without delay. S/he will look into the matter, and where appropriate will make a report to the Office of Financial Sanctions Implementation.

B Customer Due Diligence ("CDD")

1. What is "Customer Due Diligence"?

1.1. We are required to check that our clients are who they claim. That is because crooks often try to buy and sell property, or rent property, using false names, nominees or companies or trusts to hide their ownership or involvement.

1.2. We also need to know enough about our clients and the transaction so we can monitor for signs of money laundering. So we should know enough to:

- be able to spot if they may be "politically exposed" (see the notes below on "Politically Exposed Persons")
- understand the source of funds involved e.g. by asking about buyers' mortgage arrangements or other funding (see the notes below on "Ongoing Monitoring")
- generally understand the purpose and intended nature of the business relationship.

Although in many cases the normal enquiries you make of any client will be sufficient, if the matter appears to be higher risk you should ask extra questions.

2. Whom must we check, and when?

2.1. ***Sellers:*** We need to check out sellers at the start of the matter, before accepting instructions to market their property. Never put a property on the market before doing those checks.

2.2. ***Buyers:*** We are also required to check out buyers if their offer is accepted. To avoid delays with a sale it is a good idea to obtain evidence of buyers sooner.

2.3. ***Landlords and tenants if rent is 10,000 euro per month:*** We must run CDD checks on both landlord and tenant when we arrange a letting where the monthly rent (at any point in the letting) will be the equivalent of 10,000 euro or more.

Note that for lettings work if checks are needed, they must be carried out before the letting agreement is concluded (so not necessarily right at the start of our work). However, it will normally be sensible to carry out checks on the landlord as soon as we are instructed, and also to check prospective tenants as soon as we reach the point of taking up references on them.

3. The Importance of Thorough CDD
Our reputation is our greatest asset. Thorough CDD will not only ensure compliance with the law, but will tend to deter undesirable clients from instructing this firm.

4. The CDD Form
The firm has devised CDD Forms (attached, Forms A and B), to help us to carry out CDD. Complete Form A for clients who are individuals acting only for themselves. If we are dealing with a company, partnership, trust, head agent or other organisation or intermediary inform the MLRO who will decide evidence is required and complete Form B.

C Client Identification

1. Identification and Verification
We must "identify" our clients (which simply means asking them their name and address) and also to "verify" that information (which means requiring them to prove it). We also must run similar checks on the "beneficial owners" of companies or other entities who instruct us (see below) and anyone who is acting on behalf of someone else.

2. Documents
The normal process to verify identity is this:

2.1. See original official documents (such as a passport or photocard driving licence).

2.2. Check that the details including the photograph match our client.

2.3. Take a copy, and sign and date it, to certify it has been compared with the original.

2.4. File the completed CDD form, plus the evidence of identity, in the firm's central records which are kept via Alto.

3. Clients Who Are Not Present

3.1. If you do not meet the client that increases the risk and makes it harder to check the client's identity. You must take suitable action to verify the client's identity.

3.2. For example, the client can take their passport or other identifying documents (plus photocopies) to a Post Office. The clerk will, for a small fee, check them and certify the copies, which can then be sent to us. Or else the client can ensure that a trustworthy third party, such as a solicitor or accountant carries out the identification process on our behalf, and then send us the certified copies. See Form D below which you may use to explain this to a client.

3.3. Alternatively, we may be able to accept a reference from another organisation. But that should only be with the approval of the MLRO (see the following section).

4. Reliance

We do our own due diligence checks. Our policy is not to rely on checks done by others nor to agree to others relying on our checks. Exceptions can only be made with the prior agreement of the MLRO.

5. Evidence Required

In most cases it is easy to verify the identity of the client, by seeing their passport or photocard driving licence. If your client does not have such government-issued photographic evidence available obtain at least two other documents. See the guidance on the CDD form. If in doubt consult the MLRO.

D Beneficial Owners

1. Our Duty to Investigate Beneficial Ownership

Money launderers may seek to hide their identity behind nominees, or corporate or trust structures. So when we are instructed on behalf of any company, partnership, trust or other principal we must:

- check the identity the person instructing us
- check they are authorised to act
- take reasonable measures to understand the client's ownership and control structure
- establish if there is any beneficial owner who is not the client, and take adequate measures, on a risk-sensitive basis, to verify their identity, so that we are confident about the identity of the ultimate beneficial owner(s)
- check they have correctly recorded their beneficial owners (e.g. with Companies House, in the Register of People with Significant Control, or with the Trusts Registration Service).

If you discover any discrepancies in what we are told about beneficial owners you must tell the MLRO. For example, if someone is running or benefiting from a company but is not recorded in the paperwork of that company as a shareholder or director this can be a sign of money laundering, which we may have to report.

2. The MLRO Should Check Beneficial Owners

Who counts as a beneficial owner, and what evidence we need of their identity, varies from case to case. So if the client has beneficial owners you should seek guidance from the MLRO as to what we need.

E Risk Assessment

1. What is Risk Assessment?

1.1. You must make enquiries about the client, the source of funds and the purpose and nature of the transaction so you can make an initial assessment of the money laundering risk. These are the normal inquiries you make of any new client.

1.2. You are required to make a written risk assessment when completing the CDD form. But in addition you must continue to assess risk throughout a client relationship. Your risk assessment will determine the approach you take to CDD in general, and ongoing monitoring.

2. Enhanced Due Diligence - High Risk Matters and Clients

2.1. We must carry out "enhanced due diligence" in any case where there is a high risk of money laundering. The law says that includes the following:

- A party to a transaction is established in a high-risk country.
- A party is a "politically exposed person" (known as a "PEP"), or a family member or known close associate of a PEP.
- A party has provided false or stolen identification documentation or information, (assuming we still propose to deal with them, which is unlikely).
- A party is a legal arrangement or vehicle for holding personal assets.
- A party is a company that has nominee shareholders or shares in bearer form.
- A party is a cash-intensive business.
- The corporate structure of the client is unusual or excessively complex.
- A transaction is complex and unusually large, and has no apparent economic or legal purpose, or there is an unusual pattern of transactions with no apparent economic or legal purpose.

2.2. In addition you should be aware of the following risk factors which particularly apply in the context of this firm.

- Cash transactions. The firm's policy is that we [only accept cash from anyone up to a limit of £500 in any 28 day period/do not normally accept payment in cash]. If anyone asks you to accept more than [£500] in cash, report it to the firm's MLRO.
- Clients who use complex corporate or trust structures to own or rent property.

- Funds are coming from a high-risk country.
- Funds being provided by someone other than the buyer him or herself, or a mortgage lender.
- A property is being rapidly re-sold, in circumstances which may suggest mortgage fraud.

2.3. In such cases discuss what extra precautions are required with the MLRO.

3. Politically Exposed Persons ("PEPs")

3.1. You must get approval from the firm's MLRO before accepting a PEP as a client.

3.2. A PEP is a person who is entrusted with prominent public functions, whether in the UK or abroad, other than as a middle-ranking or more junior official.

3.3. You should make enquiries to establish if a client is or may be a PEP. You must also check if:

- they have been a PEP in the recent past (certainly in the last 12 months);
- they are immediate family members of a PEP;
- they are known close associates of a PEP.

3.4. Before completing the Customer Due Diligence Form (Form A) you must make enquiries to check if someone is a PEP.

3.5. If we agree to act for such a person you will be required to take extra measures to establish the source of wealth and the source of funds which are involved. You must also conduct enhanced ongoing monitoring of the business relationship.

4. Simplified Due Diligence - Low Risk Clients and Matters

4.1. We do not have to check the beneficial owners of listed companies or their subsidiaries.

4.2. Generally if a client and a matter are low risk for money laundering, (for example because the client is well known and reputable, or well regulated) we may take a proportionate approach to due diligence. For example you might not ask such searching questions about the source of funds.

4.3. Needless to say simplified due diligence is not appropriate if you doubt information you have been given or you suspect money laundering. It may cease to be appropriate if the risk profile changes for the worse.

F Ongoing Monitoring

The regulations also require us to scrutinise transactions, including where necessary, the source of funds, to ensure they are consistent with our knowledge of the client, his business and risk profile. This means asking reasonable questions, staying alert, and reporting any suspicious circumstances. It may also mean updating CDD documents, for example if new people become involved in a transaction. For higher risk clients, including PEPs, you must conduct enhanced ongoing monitoring. That means paying extra attention to possible causes for concern.

G Reporting Suspicious Transactions

1. If in Doubt, Report

You must report anything that should give you grounds to suspect that money laundering has taken place or is being attempted, to the MLRO. If you do not do that you may commit a serious criminal offence, under s330 Proceeds of Crime Act 2002.

2. Keep it Confidential: Avoid Tipping Off

If you suspect money laundering only report this to the appropriate persons within the Firm. You must not tip off the person suspected. Otherwise you may commit an offence under s333A or s342 Proceeds of Crime Act 2002.

3. How to Report

3.1. To report a suspicion of money laundering, initially simply speak to or email the firm's MLRO. If [s/he] is unavailable refer the matter to [the deputy MLRO/the head of your office.]

3.2. Confirm your report in writing. This protects you from any possible suggestion that you did not make a report promptly. But take care to maintain strict confidentiality. For example, do not leave a report on a desk where others may read it, and do not send a report to a shared email address.

3.3. The MLRO will consider the problem and will decide whether to report the matter to the National Crime Agency (NCA).

4. Report Without Fear

Do not fear that making a report will expose you to any sanctions. Sections 337 and 338 Proceeds of Crime Act 2002 provide that a report of suspicions of money laundering is not to be taken to breach any duty of confidentiality.

H Grounds For Suspicion

This section contains guidance on when you should suspect money laundering, and make a report to the MLRO.

1. General

Any of the following factors may be suspicious.

1.1. Cash. Any party (whether our client or otherwise) proposes to pay significant sums in cash.

1.2. Unexplained transfers of funds. Paying money into our bank account and then asking for it to be paid out to another account. This may be designed to make it harder for others to trace the funds.

1.3. Money being paid direct between the parties, and not via solicitors or agents.

1.4. Transaction being completed by the parties without the involvement of solicitors.

1.5. A transaction which has no apparent purpose and which makes no obvious economic sense.

1.6. Unusual transaction. Where the transaction is not the sort of transaction which you would expect that individual to engage in, or an unusual sort of transaction for this firm.

1.7. Secretive clients. The client refuses to provide requested information without reasonable explanation, including client identification information.

1.8. Unusual sources of funds. Funds will normally be paid from an account in the payer's own name maintained with a recognised and reputable financial institution. If payments are made by a third party, or from abroad, this may be a concern.

1.9. Transactions where the source of the wealth is unclear. Large amounts of money provided by a buyer who appears to have a low income.

1.10. Insistence that a matter be completed very urgently, for no good reason.

1.11. Properties owned by nominee companies, off shore companies or multiple owners, where there is no logical explanation.

1.12. The seller is known to have committed acquisitive crimes (such as drugs dealing, theft or tax evasion).

1.13. Difficulties with identification of client or beneficial owners, including reluctance to attend for identification processes, which may suggest impersonation.

1.14. The property being bought in somebody else's name other than that of the person providing the money or making the decisions. Of course people often assist relatives with purchases. However, if there is no family connection or other obvious reason why the third party is providing funding, report the matter.

1.15. A misleading apportionment of the purchase price, with the intention of avoiding Stamp Duty Land Tax. If you discover such tax evasion after it has taken place you should make a report. Information about past tax evasion or welfare benefit fraud may also come to light, and may need to be reported.

1.16. Breach of health and safety regulations or other laws by a seller, developer or landlord may amount to a criminal offence, which may need to be reported.

2. Mortgage Fraud

2.1. Any attempt to mislead lenders e.g. about the income of the borrower, or the value of the property.

2.2. The use of shell companies or nominees to own property may indicate mortgage fraud.

2.3. The rapid re-sale of property at a markedly higher price.

2.4. Urgency. A client wants a transaction completed as a matter of urgency, for no apparent reason, or does not seem concerned to control costs.

2.5. The buyer and seller appear to be associated (may be part of an organised gang).

2.6. Offer of a bribe or other inducement to complete paperwork incorrectly or to over-value property.

2.7. Buyer has not viewed the property.

3. International Transactions

Take particular care where the funds come from a jurisdiction with less rigorous anti-money laundering controls, or payment is being made in foreign currency for no good reason.

3.1. If the client or a beneficial owner is resident in or has a substantial connection to a high-risk country, you should report that fact to the firm's MLRO who will decide what additional precautions may be appropriate.

3.2. You should assume any country to be high-risk EXCEPT Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Israel, Japan, Republic of Ireland, Italy, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, UK and the USA.

4. Politically Exposed Persons

As mentioned above, you need approval to take on a client who is a PEP. Thereafter you must take adequate measures to establish their source of wealth and the source of funds involved in the transaction, and must conduct enhanced ongoing monitoring.

5. Terrorism

Particular care should be taken where any party to a transaction is believed to have sympathies with a terrorist group.

Prepared by: Sarah Dyche

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Approved by: Sarah Dyche

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