

WATFORD BOROUGH and THREE RIVERS DISTRICT COUNCIL ANTI-MONEY LAUNDERING PROCEDURE and GUIDANCE NOTES

1. Introduction

- 1.1 Money Laundering is generally defined as the process by which the proceeds of crime and the true ownership of those proceeds are changed so that the proceeds appear to come from a legitimate source.
- 1.2 The Council is committed to the prevention of money laundering and to working with the appropriate authorities to apprehend those who commit offences under the anti-money laundering regulations. These procedures are to be followed to ensure compliance with the Terrorism Act 2000, the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. Although Local Authorities are not regulated by the Financial Services Authority (FSA), they must follow the Money Laundering Regulations
- 1.3 Council employees who fail to follow these procedures could find themselves be in breach of the legislation and liable to prosecution for a range of offences which carry potential fines and/or custodial sentences.
- 1.4 There is no definitive list of Council activities which might be affected by money laundering but those considered to be at the highest risk are:
 - Property management – sales, leases, commercial development
 - Benefit fraud
 - Licences
 - Contracts
 - Waste charges
 - Payment of Council Tax and NNDR

2 What are the Money Laundering Offences?

- 2.1 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. The following constitute the principal acts of money laundering:
 - Concealing, disguising, converting, transferring or removing criminal property
 - Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
 - Acquiring, using or possessing criminal property
 - Failing to disclose information where there are reasonable grounds for knowledge or suspicion that another person is engaged in money laundering
 - Tipping Off another person either that a report of the activity has been made or that an investigation is being contemplated or carried out.

“Criminal property” is defined very widely in the law relating to money laundering. It includes not only the proceeds of crime committed by somebody else but also possession of the proceeds of an individual’s own crime, for example the retention of monies from non-payment of income tax. It does not matter how small the amount is, and it also includes the proceeds of crimes that take place abroad. Property can take the form of not only cash but financial investments, property, antiques, jewellery, cars etc.

3 Training

- 3.1 The Council trains all current employees who may come into contact with persons engaged in money laundering via the Councils E-learning tool, so that they are aware of the provisions of the relevant sections of the Terrorism Act 2000, the Proceeds of Crime Act 2002 and the

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Money Laundering Regulations 2007. All new staff will be given an overview of the key elements of anti money laundering as part of the induction training.

- 3.1.1 The E-learning tool can be found on the intranet under the Learning and Development section.

4 What to look out for

- 4.1 It is difficult to specify what activities might arouse suspicions of money laundering and the concept of suspicion is not defined in the legislation or regulations. For a transaction to be suspicious it is not necessary to have knowledge of the exact nature of the criminal offence. All staff and members must be vigilant and use common sense. Possible suspicious activities include:

- Use of cash, particularly if to pay a business debt, or in a property transaction where other means of payment are normal
- Substantial cash payments when payer is known or suspected to be in receipt of benefits
- Unusual transactions or ways of doing business
- Unwillingness to answer questions/secretly generally
- Payment of deposits which are requested back
- Substantial payments in advance.

5 What to do

- 5.1 In the following circumstances the Council MUST take appropriate steps to verify the identity of a person(s)/body who is (or who is applying to) do business with the Council:-
- where an officer involved in the transaction knows or suspects that the transaction involves money laundering or
 - where an activity involves either a single or a series of linked transactions above £10,000 unless it is an exceptional circumstance.
 - Cash payments below £10,000 can be accepted. However if staff are suspicious of the transaction or the circumstances in which payment is made, it must be reported.
- 5.2 In the case of an individual seek identification in the form of two of the following:
- A passport
 - A photo driving licence
 - A driving licence
 - A birth certificate
 - A marriage certificate

And seek evidence of current address in the form of two of:

- A bank statement (preferred choice)
- A credit card statement
- Mortgage or insurance arrangements
- A utility bill
- A benefit book
- Residency permit

Only original documents should be accepted.

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- 5.3 Where an individual is unable to attend for identification in person greater consideration should be given to the possibility of money laundering.
- 5.4 In the case of businesses and bodies corporate it is necessary to ensure that:
- The business exists
 - It exists for a legitimate purpose
 - The nature of business
 - The name(s) of the business
 - The address(es) of the business
 - The VAT number.

WHERE SATISFACTORY EVIDENCE OF IDENTITY IS NOT AVAILABLE THE BUSINESS ARRANGEMENT OR ONE-OFF TRANSACTION MUST NOT PROCEED FURTHER UNTIL A REPORT HAS BEEN MADE TO THE MONEY LAUNDERING REPORTING OFFICER (MLRO) AND AUTHORITY GIVEN TO PROCEED

6. Making a Report to the Money Laundering Reporting Officer (MLRO)

6.1 If you know or suspect that a money laundering activity is taking or has taken place, or are concerned about your involvement in a matter you must disclose this as soon as practicable to the MLRO. This means that your disclosure should be as soon as the information comes to your attention. **Failure to disclose** is an offence (see above) and may leave you liable to prosecution.

6.1 Under no circumstances should you voice your suspicions to the person(s) whom you suspect of money laundering or anyone other than the MLRO or his deputy. Voicing a suspicion could constitute the offence of **tipping off** (see above).

6.3 **Three Rivers District Council** has nominated the Director of Corporate Resources, David Gardner, as its Money Laundering Reporting Officer (MLRO). Contact by telephone ext. 7200 email david.gardner@threerivers.gov.uk. In the absence of the MLRO the deputies are James Baldwin, Principal Solicitor, (ext.7207) email james.baldwin@threerivers.gov.uk or Nigel Pollard, Finance Manager, (ext. 7198) email nigel.pollard@threerivers.gov.uk

Watford Borough Council has nominated the Head of Strategic Finance, Bernard Clarke, as its Money Laundering Reporting Officer (MLRO). Contact by telephone ext. 8189 email bernard.clarke@watford.gov.uk. In the absence of the MLRO the deputy is the Head of Legal and Property Services, Carol Chen, Contact (ext.8350) email carol.chen@watford.gov.uk

6.4 Should neither the MLRO nor the deputies be available, you should contact the Serious Organised Crime Agency (SOCA) on 0370 496 7622 or www.soca.gov.uk

6.5 **YOUR DISCLOSURE MAY IN THE FIRST INSTANCE BE MADE VERBALLY TO THE MLRO BUT THIS MUST BE FOLLOWED UP USING THE PROFORMA REPORT ATTACHED AT APPENDIX A. YOUR REPORT MUST INCLUDE AS MUCH DETAIL AS POSSIBLE:**

6.6 Once the matter has been reported to the MLRO, you must follow any directions he gives you. Under no circumstances must you make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the SOCA to whom the matter will be referred by the MLRO. You will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

7. Record Keeping

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- 7.1 The following records must be kept by the Council where evidence of identification has been obtained. The records are:
- A copy of the identification produced should be placed on the transaction file.
 - Information as to where a copy of that identification may be obtained or re-obtained if it is not practical to get or keep a copy
 - In all cases the Council must also keep a record containing details relating to all transactions carried out by the Council in the course of relevant business.

- 7.2 Records must be kept for at least 5 years after the end of the business relationship or the last transaction.

8. The Role of the Money Laundering Reporting Officer

- 8.1 The MLRO will consider the report and any other relevant internal information available including cross checking other systems i.e. Housing Benefits etc...

- 8.2 The MLRO may undertake such inquiries they think is appropriate in order to ensure that all available information is taken into account in deciding whether a report to the SOCA is required. The MLRO may also need to discuss the report with you.

- 8.3 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- to seek consent from the SOCA for a particular transaction to proceed.

- 8.4 Where the MLRO concludes that actual or suspected money laundering is taking place, unless there are grounds for non-disclosure, they will disclose the matter as soon as practicable to the SOCA.

- 8.5 Where the MLRO either suspects money laundering but has reasonable grounds for non-disclosure; or concludes that there are no reasonable grounds to suspect or confirm money laundering, they must annotate the disclosure report accordingly. They will record all information known to the Council at that time and list the reasons why they decided that the information obtained did not give rise to knowledge or suspicion of money laundering. They can then give consent for any ongoing or imminent transactions to proceed.

- 8.6 Where consent is required from the SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the SOCA has either:

- a) Specifically given consent; or
- b) There is deemed consent through the expiration of the relevant time limits without objection from the SOCA.

- 8.7 The MLRO will act as the link between the SOCA and the relevant Council officers to ensure that the appropriate action is taken in these circumstances.

9. Conclusion

- 9.1 These Procedure and Guidance Notes have been written to help you understand your role and responsibilities and the role and responsibilities of the MLRO in situations where you know or suspect that money laundering is taking place.

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- 9.2 Should you have any concern whatsoever regarding a transaction or situation, then you should contact the MLRO, as detailed above who will provide you with advice on how to proceed.

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APPENDIX A

CONFIDENTIAL

Disclosure Report to the Money Laundering Reporting Officer

FOR COMPLETION BY THE OFFICER REPORTING THE SUSPECTED OFFENCE

To: The Money Laundering Reporting Officer

From:

Service: **Tel**

DETAILS OF SUSPECTED OFFENCE:

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

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

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Nature of suspicions regarding such activity:

(Please continue on a separate sheet if necessary)

Has any investigation been undertaken (as far as you are aware)?

Yes

No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

Yes

No

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

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Please detail below any other information you feel is relevant:

Signed:.....

Dated:.....

Do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity or any person other than the MLRO.

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FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money-laundering activity?

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

Yes

No

If yes, please confirm date of report to SOCA:

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

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

Other relevant information:

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

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS