



ANTI-MONEY LAUNDERING

POLICIES, CONTROLS & PROCEDURES

Company Name	DBSL Holdings Ltd
Trading name	Concentric Sales & Lettings
Registered Office	7 Newton Court, Westrand, Pendeford, Wolverhampton, WV9 5HB
Trading Address 1	Suite 20, Floor 2, St Hughs House, Liverpool, L20 3QQ
HMRC Registration Number	
Directors	Sally Lawson & Dawn Bennett
AML Reporting Officer	Ali Durrant
Deputy AML Reporting Officer	Dawn Bennett
Policy date	5 th March 2024
Policy review date	5 th March 2025

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1. ANTI-MONEY LAUNDERING POLICY

- We are a regulated business under the terms of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- We comply with our obligations under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any amendments to the Regulations and all associated legislation.
- We ensure that the required officers within the business have obtained HMRC approval to hold such positions.
- We 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 NCA.
- We conduct an anti-money laundering business risk assessment annually.
- We will take all appropriate steps to ensure the business is not exploited in any way by persons wishing to launder money or finance terrorism.
- We have 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.
- We 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.
- We train our employees on an annual basis through an online course 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: Ali Durrant
Title: Director
Contact Address/Branch: 40 Chapel Ash, Wolverhampton, WV3 0TT
Telephone Number: 01902 421405
Email Address: ali@concentricproperty.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: Dawn Bennett
Title: Operations Director
Contact Address/Branch: 7 Newton Court, Westrand, Wolverhampton, WV9 5HB
Telephone Number: 01902 420770
Email Address: dawn@concentricproperty.co.uk

Nominated Officer's responsibility

- Handle situations where the customer does not provide appropriate ID, when required and consider whether a Suspicious Activity Report 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 customer is a politically exposed person
- Ensure the business acts appropriately where a potential customer 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. STAFF TRAINING

All Directors, management and staff that encounter 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.

This training is provided online by a training organisation that specialises in providing estate agents with compliance training on Money Laundering and as well as all other compliance matters affecting agents. Additionally, we utilise online training courses via ARLA Propertymark annually.

The course contains all the information required and outlined within our policy. A testing process is incorporated within the course which requires employees to attain an 80% pass mark.

We require all staff to attain that pass mark.

Records of training are retained for all employees that undertake the training.

This training is reviewed and updated on an annual basis.

4. 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 through the MoveButler AML Compliance Platform.

Where the land is not registered we will attempt to confirm ownership in other ways, for example, a solicitor may confirm ownership, or a client may hold title deeds for the property.

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

5. **RISK ASSESSMENTS & CUSTOMER DUE DILIGENCE - SELLERS**

We will conduct a risk assessment on our clients prior to being appointed or at the point we are appointed. We will use the MoveButler AML Compliance Platform risk assessment process to do this and a record of the assessment and result will be stored on the Platform.

This assessment will provide us with 3 potential results, which will require an appropriate level of customer due diligence to take place.

- LOW RISK - Simplified Due Diligence
- NORMAL/MEDIUM RISK - Normal Due Diligence
- HIGH RISK - Enhanced Due Diligence

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 will be verified before, or at the point of accepting instructions from a client. Very occasionally, in low-risk situations CDD may be conducted up to a week after instructions are taken if the person is not available.

The Practical Steps Taken

1. When discussing instructions with a potential client the need for ID verification is outlined.
2. The online risk assessment form is completed for each client.
3. The correct route for verifying the client's identity is then be followed.
4. Where obtaining ID from a UK resident client/s is difficult for any reason the client is 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.
5. The client is also advised that we will not be able to begin marketing or marketing will have to stop and our instructions cancelled if it is not provided.

Where any problem in obtaining or confirming ID gives any reason to suspect there might be a problem with the client's identification or give suspicions of money laundering the NOMINATED OFFICER is advised.

As a matter of policy – marketing of the property should not be started unless and until ID has been confirmed

6. RISK ASSESSMENTS & CUSTOMER DUE DILIGENCE - BUYERS

We will conduct a risk assessment on potential purchasers at an appropriate time after their offer to purchase a property is informally accepted, but before exchange of contracts. We will use one a standard customer risk assessment forms to do this.

This assessment will provide us with 3 potential results, which will require an appropriate level of customer due diligence to take place.

- LOW RISK - Simplified Due Diligence
- NORMAL/MEDIUM RISK - Normal Due Diligence
- HIGH RISK - Enhanced Due Diligence

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

There are no exceptions to this requirement.

The Practical Steps to Take

1. Any person making an offer is advised that they will need to provide ID if their offer is accepted.
2. The buyer is verbally advised of the seller's acceptance of their offer and at the same point the buyer is 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 is also confirmed.
4. The buyer is advised that the memorandum of sale will be delayed where ID is not provided and verified.
5. Follow up calls and correspondence may be made.
6. Where obtaining ID from a buyer is difficult for any reason the buyer is advised that we have a legal requirement to obtain proof of ID and that failure to co-operate may affect the purchase.
7. Where a sale has been agreed and the memorandum of sale is issued, but the buyer has not provided their ID within a reasonable timescale the NOMINATED OFFICER is informed. Advice is given on the action to take.

Where any problem in obtaining or confirming 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 is advised.

7. CUSTOMER DUE DILIGENCE

The Customer Risk Assessment will indicate the customer due diligence routes available. The appropriate route is taken. Where any doubt exists, or any problems are encountered the Nominated Officer is consulted.

THIRD PARTY AML CUSTOMER DUE DILIGENCE PARTNER

We have an account with MoveButler who provide us with an online service to assist with compliance. We use this service to assist with –

- The purchase of title documents;
- The conducting of customer risk assessments;
- The conducting customer due diligence;
- The confirmation of PEP status;
- The confirmation of whether any UK Government financial sanctions apply;
- The storage and retention of records.

We may also require the customer to provide us with original identification documents to confirm their identity. This may mean following the CDD routes outlined later within this section.

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.

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

- ✓ Are prepared to do this; &
- ✓ Will conduct the appropriate customer due diligence; &
- ✓ 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

ON GOING MONITORING OF THE CUSTOMER'S RISK PROFILE

It is the responsibility of all employees to be diligent when dealing with customers and where they become aware of any changes to a customer's circumstances that may influence the relationship they have with us or increase the money laundering risk profile the matter should be discussed with the branch manager or a senior member of management. Things that should be considered are listed below but this list is not exhaustive and other issues may also give rise for concern –

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

UPDATING DOCUMENTS

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

CUSTOMER DUE DILIGENCE ROUTES

We follow one of the routes outlined below depending on the risk. We may do more than the minimum, if it is appropriate.

LOW RISK – Simplified Due Diligence

- A. Full Electronic Confirmation (including PEP and Sanctions Check)**
- B. PEP & Sanctions Check + Photo ID (or authenticated version)**
- C. PEP & Sanctions Check + 2 x Non-Photo ID (where the individual does not have Photo ID)**
- D. Online Biometric Identity verification**

MEDIUM RISK – Normal Due Diligence

- A. Full Electronic Confirmation (including PEP and Sanctions Check) + Photo ID (or authenticated version)**
- B. PEP & Sanctions Check + Photo ID + Proof of address (or authenticated versions)**
- C. PEP & Sanctions Check + 2 x Non-Photo ID (where the individual does not have Photo ID)**
- D. Online Biometric Identity Verification**

HIGH RISK - Enhanced Due Diligence

The nominated Money Laundering Reporting Officer is notified automatically of High-Risk customers.

- A. Full Electronic Confirmation + Photo ID + Proof of Address (or authenticated version)**
- B. Online Biometric Identity verification**

8. ACCEPTABLE PROOF OF ID AND RESIDENCY FOR INDIVIDUALS

Where traditional methods of confirming identity are used we examine original documents and take and retain copies, either internally within the business or on the MoveButler AML Compliance Platform.

The acceptable documents we will require are -

PHOTOGRAPHIC IDENTIFICATION

The following documents may be used as evidence of personal identity:

- Current signed passport
- EU member state identity card
- Current photo card driving licence (Full or Provisional)
- Armed Forces ID card
- Firearms or shotgun certificate
- An identity card issued by the Electoral Office for Northern Ireland

ADDRESS CONFIRMATION

The following documents may be used as evidence of address:

- Most recent utility bill/statement or a certificate from a utilities supplier confirming an arrangement to pay for services on pre-payment terms. (Mobile phone bills are not acceptable)
- Most recent original bank, building society or credit union statement, or passbook containing current address.
- Local council or housing association rent card or tenancy
- Most recent original mortgage statement from a recognised lender
- HMRC issued document concerning tax matters such as - Self Assessment, Tax Demand, PAYE Coding, Tax Credit. (not P60 or P45 as this is employer produced)
- Current UK / EU Photo Drivers Licence. (Cannot be used for both personal and address ID)
- Current UK / EU Drivers Licence (Paper version)
- State Pension or Benefits Book/Notification Letter

Copied or emailed documents are not accepted - original documents are examined to confirm authenticity. A Guidance Booklet that will help in identifying fake documents is found [here](#).

POWER OF ATTORNEY

- 1 We obtain a copy of the power of attorney document from the client to confirm their authority.
- 2 We conduct normal customer due diligence on that person.

EXECUTOR/S OF A WILL

- 1 We obtain a copy of the deceased persons death certificate.
- 2 We obtain a copy of the will appointing the executor.
- 3 Conduct normal customer due diligence steps on the executors.

SOLE TRADER OR PARTNERSHIP.

- 1 We conduct normal customer due diligence on the sole trader/partners of the business.

UK LIMITED COMPANY OR LIMITED LIABILITY PARTNERSHIP (LLP)

- 1 We ensure the person instructing us has authority to instruct us on behalf of the company;
- 2 We may conduct normal customer due diligence on the person instructing us.
- 3 We conduct check of the company to obtain -

- ★ 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.

AGENTS ACTING ON BEHALF OF THE PROPERTY OWNERS

- 1 We conduct customer due diligence on the agent who is our client
- 2 We conduct customer due diligence on the owners of the property by either –
 - ★ Examining original documents; or
 - ★ Relying on the instructing agent’s due diligence if we have an arrangement to do so; or
 - ★ Using the online methods

TRUSTS

Beneficial owners of Trusts are any individuals who are 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 for any individual who has control over the trust (a trust controller or trustee).

We take the following steps –

- 1 Our nominated Money Laundering Reporting Officer gives approval for establishing a business relationship.
- 2 We confirm the details of trustees and settlors (sometimes known as "trustors," or "grantors").
- 3 We confirm the details of either beneficiaries with more than 25% interest, or the classes of beneficiary.
- 4 For collective investment funds or other similar arrangements, we confirm the details of the general partner and/or investment manager, together with details of any person with more than 25% interest.
- 5 We verify the identity and home address of the relevant individuals.

POLITICALLY EXPOSED PERSONS (see later section for more info)

We carry out an online check to establish whether a customer is a PEP. Where the report indicates there is a possibility of the customer being a PEP we take appropriate steps to confirm the status.

Once it is confirmed or we have good reasons to suspect the customer is a PEP we take the following steps -

- 1 The Nominated Officer gives approval for establishing a business relationship.
- 2 Where they are making a purchase we take appropriate steps to establish the source of wealth and funds that are involved in the proposed property purchase.
- 3 We treat them as high-risk and conduct the enhanced customer due diligence.
- 4 The Nominated Officer will personally monitor the business relationship as it progresses.

- 5 The Nominated Officer will continue to apply enhanced due diligence for 12 months from the date the person ceases to hold the office.
- 6 For family members and close associates, the personal monitoring will cease as soon as the politically exposed person no longer holds the office.

GOVERNMENT FINANCIAL SANCTIONS CONSOLIDATED LIST OF TARGETS (see later section for more info)

We carry out an online check to establish whether a customer is on the Government's list. Where the report indicates there is a possibility of the customer being on the list we take appropriate steps to confirm the status.

Once it is confirmed or we have good reasons to suspect the customer is on the Governments list we take the following steps -

- 1 We contact the Asset Freezing Unit for advice and any additional information that may be available.
- 2 Once confirmed it is company policy to cancel any instructions and/or not to engage with the individual or carry out any activity in relation to the customer/transaction under any circumstances.
- 3 The Treasury's Compliance Reporting Form is completed and emailed to ofsi@hmtreasury.gov.uk with "SUSPECTED DESIGNATED PERSON" in the subject line.
- 4 In the unlikely event we have been provided with any assets by the customer we will not return them without the approval of the Asset Freezing Unit.

RESIDENTS OF HIGH-RISK THIRD COUNTRIES

Enhanced Due Diligence must be also completed on sellers or buyers who are **resident** in one of the countries assessed as "high risk third countries".

- | | | |
|-------------------|---------------|---------------|
| 1. Albania | 8. Ghana | 15. Pakistan |
| 2. Barbados | 9. Iran | 16. Panama |
| 3. Botswana | 10. Jamaica | 17. Senegal |
| 4. Burkina Faso | 11. Mauritius | 18. Syria |
| 5. Cambodia | 12. Morocco | 19. Uganda |
| 6. Cayman Islands | 13. Myanmar | 20. Yemen |
| 7. DPR Korea | 14. Nicaragua | 21. Zimbabwe. |

9. POLITICALLY EXPOSED PERSON (PEPS)

WHO IS 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

10. GOVERNMENT FINANCIAL SANCTIONS CONSOLIDATED LIST OF TARGETS

Her Majesty's Treasury - Office of Financial Sanction Implementation 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 due to an online report being provided to them they should inform the Nominated Officer of the situation.

If we are instructed to act for any person who is on this list or a buyer is on the list, we must suspend activity in relation to the person/activity and complete the Treasury Reporting Form. The form should then be emailed to ofsi@hmtreasury.gov.uk and include any associated documents, The words "SUSPECTED DESIGNATED PERSON", "FROZEN ASSETS", or "SUSPECTED BREACH" as applicable should be noted in the subject line.

Alternatively, completed forms can be posted to:

Office of Financial Sanction Implementation
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Further advice can be found here - <https://www.gov.uk/government/publications/financial-sanctions-fags>

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

11. 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 employee of this business 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 roles in the company are usually recognised as having more responsibilities than others in relation to this legislation. Those responsible for taking instructions from a client to market a property, must verify the identity of the customers they are dealing with, as must those responsible for dealing with offers from potential buyers.

12. 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:

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

13. KEY RISK INDICATORS

Key risk indicator	Notes
There is HIGH RISK in super-prime property.	What a business identifies as super prime would be reflective of factors such as the region and the competitiveness of the market, usually within the top 5% of the local market values. Super-prime property is a commonly identified feature within current investigations into corruption and money laundering being conducted by the National Crime Agency's International Corruption Unit. A significant amount of intelligence about possible proceeds of corruption is generated by transactions relating to the acquisition or sale of such super-prime property.
Residential property poses a GREATER RISK than commercial property	Client turnover is higher, the property is easier to sell on, and it can be lived in using criminal funds. However, the commercial sector also poses risks. Complex, opaque company structures are less likely to raise suspicions in the commercial sector than in the residential market. Commercial property may be purchased by criminals as premises for cash intensive businesses involved in money laundering or other crimes such as human trafficking.
Individuals and/or businesses who should be registered for MLR supervision but are not, either because they are unaware of the rules, or they will not engage with the rules.	Some individuals and/or businesses may be conducting activities for which the MLRs require them to be supervised but they do not know they should do so, or they refuse to do so. There is an increased money laundering risk for a registered business dealing with unregistered EABs or LABs, which are unlikely to have sufficient anti money laundering measures in place. If a business discovers an unregistered EAB or LAB, they should alert HMRC immediately.
No apparent reason for using the specific firm, for example, the scale of the transaction or location of the property suggests that another firm would have been better placed to act.	This may indicate efforts to lower the risk of detection of, or effectiveness of due diligence on, the transaction. It may also indicate collusion between agents and the beneficial owner(s) of the property.
The structure or nature of the entity or relationship makes it difficult to identify the true owner.	Through Land Registry, an estate agency is able to identify the owners of the land and, therefore, should be able to identify beneficial owners.
Part or full settlements in cash, cleared funds or foreign currency, with weak reasons.	This could indicate laundering of cash proceeds of crime, tax evasion, or to avoid insolvency or an order to recover property.
Request that the agent or auctioneer hold large sums of money in their client account for no apparent reason, which may then be refunded.	While more common for letting agency businesses, it is usually unnecessary for estate agency businesses to handle funds. Where this does happen, all client monies (from any contract or pre-contract deposits) must be paid into a separate client account. This requirement only applies to property being sold in the UK. Agents can minimise the risk of money laundering by only holding monies that directly relate to property transactions they are handling, and not providing a banking service.
Client or counterparty declines services or facilities that they should find attractive without a clear justification. Reluctance to employ a solicitor for conveyancing.	This may indicate a bogus transaction between complicit parties in order to launder proceeds of crime and maximise financial gain.

Clients and counterparties are unable or reluctant to provide information about the source of funds/wealth when this is requested. Significant and unexpected improvement in financial position, for example, buyers are unable to give any proper explanation for their increased funds. The client's source of wealth may be inconsistent with their circumstances.

Although this is not a compulsory requirement for all transactions, in higher risk situations (such as when a politically exposed person (PEP) is involved) or as part of ongoing monitoring of a business relationship, property professionals may wish to seek information on the source of funds. It could be that fraud, bribery or corruption are involved.

Use of intermediaries without any justification and in order to hide involvement. Ownership of property through a series of complex legal structures or complex corporate structures are being employed for no apparent reason.

Agents will need to carefully consider why a client may choose these options. A clear understanding of beneficial owners is required in order to meet their MLR obligations.

Request that the asking price/letting price be unreasonably higher than valuation suggests. Sales/lets at prices which are significantly above or below market price, or a transaction which appears uneconomic or inefficient.

Such transactions present a higher risk – for example a purchaser/tenant may have organised to pay above the odds for the property. The funds intended to be used for the transaction are in fact the property owner's proceeds of crime: the transaction provides an apparent legitimate source for those funds. The agent must clearly understand the reasons for their client requesting unusual sale/let prices in order to alleviate suspicions.

Multiple payments of smaller amounts, possibly through different accounts.

This could be used to avoid thresholds put in place by overseas authorities and is an indication of potential money laundering.

Full or large payment of a long let is made in cash or cleared funds up front and this request is made by a client and not the letting agency business.

This is an indicator of potential money laundering. It is therefore important that the business must understand the reasons the client is doing this and their source of funds.

Pattern of the transaction inexplicably changes, for example, transaction progresses at an unusual speed, introduction of unknown parties at a late stage of transactions, and/or there are unexplained changes in financial arrangements.

Requests for unusually or unnecessarily expedited transactions present a high risk of money laundering or terrorist financing activity.

Successive sale transactions, especially of the same property, in a short period of time with unexplained changes in value.

This may indicate the repeated use of a single property to launder large sums of money through successive transactions, and/or efforts to obscure the identity of beneficial owners through repeated changes of ownership arrangements.

Property/let value is not within the lifestyle profile of the client.

This may indicate money laundering or tax evasion/hidden economy activity.

Unusual sources of funds, for example, use of complex loans,

This could indicate that criminal funds are being used.

mortgage from an unknown/overseas bank, or other obscure means of finance

Owner/landlord/builder is not fully complying with their legal obligations.

If other legal obligations are breached, it demonstrates that the owner/landlord/builder is open to potential corruption and/or bribery. This also means that there is a higher risk of money laundering.

Transaction is being conducted using virtual currencies

The risks associated with digital currencies were assessed in the National Risk Assessment as low for both money laundering and terrorist financing. However, the link between digital currencies and cyber-enabled crime means that this risk is likely to increase.

Not meeting the client or counterparty are during the transaction.

This increases the risk of not being able to fully identify the person involved.

The use of intermediaries who are not subject to adequate money laundering and terrorist financing regulation.

There is a much higher risk of money laundering or terrorist financing when an intermediary fails to comply with the MLRs.

Client has multiple properties for sale and uses multiple lawyers or financial institutions.

Where multiple intermediaries are involved for the same client(s) activity or transaction, there is an increased money laundering and terrorist financing risk.

The counterparty is known to the client/beneficial owner.

A criminal may use an agency to legitimise the transaction.

Client has not viewed the property or has only seen it on the internet.

This could be for legitimate reasons but it is important for the agent to understand the reasons a client does not wish to view the property.

A third party, apparently unconnected with the client 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. Unusual involvement of third parties, cash gifts, or large payments from private funds, particularly where the buyer appears to have a low income. Proceeds of a sale or rental sent to a high-risk jurisdiction or unknown third party.

The use of unknown third parties to facilitate transactions, particularly with high-risk countries, increases the money laundering and terrorist financing risk.

Individuals in public positions and/or locations that carry a higher exposure to the possibility of corruption, including PEPs.

The buying and selling of property by PEPs also heightens money laundering/terrorist financing risk due to their potential exposure to fraud, bribery and corruption. Likewise, high net worth customers from overseas pose a higher risk due to the larger amounts they have available to invest and the ease of fund movement through UK property.

Overseas clients, especially from a high risk third country identified by the [EU](#), [FATF](#) and [HM Treasury \(HMT\)](#).

The EU, FATF and HMT have reviewed jurisdictions across the world and created lists of those that are identified as high risk for money laundering and terrorist financing or subject to financial restrictions/sanctions. Businesses who have clients from these countries should consider them HIGH RISK.

Searches on a party to a transaction or associate show, for example, adverse media attention, disqualification as a director, convictions for dishonesty or association with bribery in relation to contract procurement.

This indicates that the client may be acting dishonestly in this transaction. Businesses should make every effort to satisfy themselves that this is not the case.

A group of purchasers with similar profiles purchase new builds or off-plan.

This could be indicative of organised mortgage fraud which may be linked to money laundering or terrorist financing.

Multiple lets are being taken up for no apparent reason. A client is immediately sub-letting the property/land and this would be considered unusual.

This is an indicator of potential money laundering. It is therefore important that the business must understand the reasons the client is doing this.

14. 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 customer 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 ali@concentricproperty.co.uk with the Subject field stating, 'ML Suspicion'. The Nominated Officer 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.

15. 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 every day, 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 property 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 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 customer or it arises during our marketing period we must seek consent from the NCA to accept the instructions, proceed with the marketing 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 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 below 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



16. COMPANY AUDIT PROCEDURE

As part of our commitment to ensuring compliance with our legal customer due diligence obligations we will audit all new files weekly.

A full audit will be conducted at least annually, but it may take place more often where non-compliances have previously been identified.

Records created over the preceding period will be examined to ensure that the procedures laid down in this manual have been complied with and the appropriate records are held. This will include checking that we hold appropriate records for 5 years, including –

- Evidence of ownership;
- Seller and buyer risk assessments;
- Customer due diligence records.

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.

17. RECORD KEEPING

The vast majority of records are stored on the MoveButler AML Compliance Platform.

Where any records are not stored on this platform we will store them on our CRM. Any actual documents provided to us as evidence of ID and copied documents will be scanned and stored electronically with the hard copies either shredded or returned.

Where photography is used to copy the ID, each photograph is emailed to a company email address and then immediately deleted from the mobile device.

No person within the business retains any copies, photos or other personal information on a customer on any mobile device.

All documents are retained for 5 years from the date the business relationship was terminated or the property sale completed.

The evidence of an actual buyer's identity is retained for 5 years.

In all other cases where we take identification from prospective buyers and the sale falls through the identity evidence held for the abortive buyer is destroyed within a reasonable period.