

Counter-Money Laundering Guidance

Counter Money Laundering Guidance 2017

VERSION CONTROL SHEET

Title:	Counter-Money Laundering Guidance
Purpose:	To advise council workers and suppliers on what money laundering is, how to identify and report it.
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May 2017	Inclusion of 4 th Money Laundering Directive	Sean Clark, Director of Finance & IT

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Supproting Statement

CEO statement.....

Lyn Carpenter

Chief Executive

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1. Introduction

- 1.1 An overriding responsibility of public sector organisations is the provision of effective and efficient services to our residents in a manner that seeks to ensure the best possible protection of the public purse in our delivery arrangements.
- 1.2 This policy sets out the action we will take to mitigate the risk that money could be laundered through our systems.
- 1.3 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. Whilst the risk to the Council of contravening the legislation is relatively low, it is extremely important that all Council and schools workers are familiar with their legal responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation, including imprisonment.
- 1.4 As a responsible public body we expect all of our suppliers and contractors to follow to our strong stance and not tolerate any criminality attempting to affect our services or staff.

2. What is Money Laundering?

- 2.1 Money laundering is the process where 'criminal property' (i.e. a person's benefit from criminal conduct) is given the appearance of having originated from a legitimate source.
- 2.2 Criminal conduct is anything that is a criminal offence in the United Kingdom. It could be fraud, theft, drug dealing, prostitution, terrorism and includes offences such as breaching building planning law and trade mark offences
- 2.3 Criminal property is defined as anything which is a person's benefit from their criminal conduct. That could be money, real and personal property (houses, buildings, boats, cars, horses, watches etc), 'things in action' and other intangible or incorporeal property (i.e. debts, intellectual property such as copyright, designs and patents etc)

3. What are the Money Laundering criminal offences?

Proceeds of Crime Offences

- 3.1 The criminal offences of money laundering are contained in the Proceeds of Crime Act 2002. They are committed when 'criminal property' is transferred, concealed,

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disguised, converted or removed by a person from England, Wales, Scotland & Northern Ireland.

- 3.2 A person also commits the offence of 'money laundering' if they enter into or becomes concerned in an arrangement which they know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- 3.3 A person commits a criminal offence when they do something that might prejudice 'a money laundering investigation', for example, falsifying or concealing a document or 'tipping off' ("telling") a person who is suspected of being involved in money laundering.

Terrorist Financing Offences

- 3.4 The Terrorism Act 2000 also creates money laundering offences where a person enters in to or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property ("money");
- by concealment
 - by removal from the United Kingdom
 - by transfer to nominees, or
 - in any other way
- 3.5 It should be understood that 'terrorist property' covers not only the money stolen in, say, a terrorist robbery, but also any money paid in connection with the commission of terrorist acts. Any resources of a proscribed organisation are also covered: not only the resources they use for bomb-making, arms purchase etc but also money they have set aside for non-violent purposes such as paying their rent.
- 3.6 A proscribed organisation is defined under Schedule 2 of the Terrorism Act 2000. The Counter Fraud & Investigation Department is responsible for monitoring these organisations and responding appropriately.
- 3.7 A person also commits a criminal offence if they fail to disclose to a constable that they believe a person has committed a terrorism money laundering offence.

Criminal Law Defences

- 3.8 A person does not commit a criminal offence where they can demonstrate that ***"his employer has established a procedure for the making of disclosures of the matters specified"*** and they follow that procedure.

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4. How to identify suspected Money Laundering

4.1 All council workers should be alert to the possibility of someone trying to launder criminal proceeds through the Council. Some indications of suspicious activity are:

- △ Large cash payments (e.g. paying business rates in cash)
- △ Overpayments by a person/ company in any way
- △ Duplicate payments by a person/ company in any way
- △ Regular requests for refunds of payments
- △ Regular 'chargebacks' for card payments
- △ Someone paying on behalf of a third party
- △ Cash buyers purchasing land or property (e.g. Right to Buy properties)

4.2 Any council workers with concerns about money laundering should contact a member of the Counter Fraud & Investigation Department (CFID) on **03000 999111** for advice.

4.3 CFID regularly provides training to council services on identifying and reporting suspected money laundering.

5. How to report suspected Money Laundering?

5.1 The Counter Fraud & Investigation Department (CFID) is responsible for managing any cases of suspected money laundering.

5.2 It is the responsibility of every council worker to look for and report any possible money laundering taking place. You **do not** have to speak to a manager before reporting your suspicions.

5.3 If you see any of the suspicious activity linked to money laundering you should:

- △ Do not tell the person that you have any suspicions about them
- △ Take all the records (and any cash) from the person to a secure location
- △ Telephone a member of the CFID team right away on **03000 999111 (24/7)**
- △ Follow the instructions given by the CFID team.

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- 5.4 **Remember:** Failure to report your suspicions to CFID could expose *you* to criminal prosecution.

6. What does the council do about money laundering?

- 6.1 The Criminal Finances Unit in the Counter Fraud & Investigation Department is accredited by the National Crime Agency to conduct money laundering investigations. The Accredited Financial Investigators in the team can obtain court Production Orders to access a person's bank accounts, seize any cash and restrain a person's assets, worldwide, who they suspect of money laundering.
- 6.2 In cases where money laundering is proven the council will prosecute those offenders and use the Proceeds of Crime Act 2002 to take their ill-gotten gains. Any money confiscated is paid back in to the council to fight crime.

7. Monitoring Delivery

- 7.1 The Counter Fraud & Investigation Department leads the council's fight against fraud and economic crime, including money laundering. The team reports quarterly to the council's Audit Committee on its work to tackle the problem.
- 7.2 The service also reports regularly on its performance to the council's Corporate Management Team.

8. Relevant Legislation

- 8.1 The Terrorism Act 2000 as amended by the Anti-Terrorist Crime and Security Act 2001
- 8.2 The Proceeds of Crime Act 2002 (POCA)
- 8.3 Serious Organised Crime and Police Act 2005
- 8.4 The Money Laundering Regulations 2007
- 8.5 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (*known as the EU 4th Money Laundering Directive*)



MONEY LAUNDERING

Could you spot the signs?

- Cash payments over £1,500
- A person regularly receiving account refunds
- One person paying the debts for several individuals

If you suspect it, report it.

Call in confidence on **03000 999 111** or
visit **thurrock.gov.uk/fraud**

