

# Anti-money laundering - what you need to know

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# Money laundering: Why do we care?



# What legislation applies to you?

- ss.327, 328 & 329 Proceeds of Crime Act 2002
  - conceals, disguises, converts, transfers, removes from the UK
  - **arranges the acquisition, retention, use or control of criminal property**
  - uses or possesses criminal property
- Placement/layering/integration: useful working definition of the process, but no legal basis

# Reporting suspicion

- Suspicious Activity Reports (SARs) by legal professionals up 4.29% last year
- Know the warning signs of money laundering – criminals are using solicitors to add a veneer of trust
- Appoint and train an MLRO
- Make sure staff know who to tell – make sure you have an internal suspicious activity report process

# How and when to submit a SAR

- If you are in the regulated sector, you must report suspicion of money laundering
- Submit a SAR as soon as practical
- Use the glossary codes
- Include: why you are suspicious, what the criminal property is, and the criminal act you want consent for (if applicable)

# Money laundering regulations

- Scope of the regulations:
  - Not all lawyers covered by the regulations
  - Focus is on activities that provide access to assets or markets
  - Three main categories:
    - trust or company services provider
    - independent legal professional
    - tax adviser

# New regulations

- Came into force 10 January 2020
- Definitions:
  - Tax adviser definition expanded
- Policies Controls and Procedures:
  - complex or unusually large transactions
  - assessment of new products practices
  - information sharing within a group

# What are your obligations?

- Know your risk – firm wide and individual client and matters
- Have robust policies controls and procedures
- Train your staff
- Identify and verify customers, their source of funds and wealth
- Monitor business relationships
- Report suspicious activity
- Screen staff
- Keep records

# Risk based approach – Reg 18

## ✓ What we **are** looking for

- Takes a considered and thoughtful approach to identifying and identifying risk
- Reflects who your client is
- Understands the risks from services
- Considers your firm's transactions and delivery channels
- Considers geographical risk
- Honest rating of high risk

## ✗ What isn't enough

- Not written down
- Not kept up-to-date
- Doesn't consider the national and the SRA's risk assessments
- Does not cover all the services or transactional work you provide

# Good and bad practice

## Good

- Fee earners have access to all CDD documents
- Clear matter risk assessment and ongoing monitoring processes
- Robust source of funds checks (origin not just that the money exists)

## Bad

- Tick box approach
- CDD evidence not documented or read
- Rating all matters as low risk

# Help is available



Risk Outlook, national and sectoral risk assessments



Warning notices



Risk assessment guidance and thematic review findings



Legal Sector Affinity Group guidance



Professional Ethics helpline and webchat

[sra.org.uk/staysharp](https://sra.org.uk/staysharp)