Risk update: Tackling money laundering

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Money Laundering: Why do we care?
Why do we care?

So, do you STILL have family money stashed in a secret offshore tax haven, Prime Minister? (and no, it isn’t a ‘private matter’)

A GLOBAL INVESTIGATION

THE PANAMA PAPERS
It’s not about compliance

It is about …

• Stopping terrorism
• Preventing drug trafficking, illegal arms dealing, child exploitation and other crimes from being profitable
• Maintaining the integrity of the profession
• Keeping your firm and staff safe
Where’s the risk?

- Product and services
- Clients
- Transactions
- Delivery channel
- Geographical
Some things we have seen

- Fraudulent property investment schemes
- Funds and clients from high risk jurisdictions
- Funds paid into client accounts from unknown third parties
- No underlying legal service or purpose for transaction
- False and misleading information recorded in client files
- Facilitating fraud
- Tax evasion
What are your obligations?

- Know your risk
- Have a plan
- Train your staff
- Identify customers, their source of funds and wealth
- Monitor business relationships
- Report suspicious activity
- Keep records
Are we nearly there yet?
How are firms getting on?

Intelligence from:
- Thematic reviews
- Surveys
- Enforcement action
- External agencies

Concerns
- Levels of compliance with regulations
- Submitting suspicious activity reports (SARs)
- Risk assessment
Example: Firm’s risk assessment

✅ 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

❌ What isn’t enough

- Not written down
- Not kept up-to-date
- Doesn’t consider the national and the SRA’s risk assessment
SRA focus for 2019

- Remains a high priority
- Focus on firms’ risk assessments and suspicious activity reports
- Warning notice coming soon
- AML thematic reviews
- Investigating AML-related cases
What’s next?

• Implementation of the 5th Money Laundering Directive
• Possible changes from the Financial Action Taskforce Review
• An increased government focus on sanctions and preventing economic crime
• A new suspicious activity reporting regime
Help is available

- Risk Outlook, national risk assessment, sectoral risk assessment
- Warning notices
- Thematic review findings
- Legal sector guidance
- Professional ethics helpline and webchat
More information

www.sra.org.uk/antimoneylaundering