

Money Laundering Policy and Procedures

1. Introduction:

We are required by law to follow procedures to prevent criminals from being able to use our services to launder money, or to finance terrorism.

This policy sets out the measures to be taken by the Firm and all employees to comply with legislation.

If you are unsure how to apply this policy consult the MLRO.

2. Money Laundering officer (MLRO)

Our **MLRO is Neil Landau** who has ultimate responsibility for ensuring that Village Estates complies with its obligations. Neil should be consulted in the case of queries or difficulties. We are too small to have a deputy MLRO, however in an emergency and if Neil cannot be contacted we have an arrangement with our local firm of solicitors whereby you can consult **Ruth Boulton of Debenhams Ottaway LLP**.

3. Legislation

The legislation is complex but the main ones for our purposes are **The Money Laundering Regulations 2007** and **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017**.

Other relevant legislation includes:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Terrorist Asset-Freezing Act 2010
- Anti-terrorism, Crime and Security Act 2001
- Counter terrorism Act 2008, Schedule 7

This policy will not distinguish between each individual piece of legislation but will use the terms 'money laundering' or 'legislation' as a general umbrella term for all prevention of crime and its applicable legislation.

Failure to comply with legislation is a criminal offence and will also result in disciplinary proceedings at work.

4. Risk Assessment

The property industry is a high-risk area for money laundering purposes. Although estate agents do not generally handle large amounts of money, we can unwittingly facilitate money laundering, and therefore must always be on our guard. Specific risks for our business include:

Corporate and trust structures:

Criminals may seek to utilise corporate or trust structures designed to hide the true ownership of criminal property

Opaque ownership vehicles:

The firm may be instructed by companies and trusts with opaque ownership structures designed to facilitate tax evasion and money laundering

Trusts and estates:

The firm may be asked to handle transactions for and on behalf of trust and estate whose assets may include criminal property.

Politically exposed persons (PEPs):

The firm may be instructed by PEPs (or family members or close associates) who are engaged in transactions with corruptly obtained funds.

Geography risks:

The firm is occasionally instructed by individuals and businesses with connections to high-risk countries or regions. Any transaction involving such places is likely to be high-risk for money laundering.

Personnel risks:

A dishonest member of staff or partner may use the name, bank account and reputation of the firm deliberately to carry out money laundering or fraud.

Property Sales:

Property sales instructions may be taken from an individual who produces false documentation as to identity or title to the property. Other warning signs include a client resident abroad, speed of transaction, high-value of the property, cash sale with no onward transaction

Property purchase:

Criminals may acquire property using criminal funds. Buyers may be mere nominees for criminals who are funding the purchase.

Mortgage fraud and other property frauds:

Property transactions also often involve a risk of mortgage fraud, or other property-related fraud.

5. Procedures

5.1 Customer due Diligence ("CDD")

We are required to check that our clients are who they claim. That is because criminals often try to buy and sell property using false names, third party attorneys, companies or trusts to hide their ownership. At all times throughout the matter you must keep

Sellers: We need to verify all sellers *before accepting instructions to market their property*. We will not put a property on the market before doing the relevant checks. In probate cases we must verify the identity of all executors (if more than one).

We must 'identify' our clients (asking them their name and address) and also to "verify" that information (requiring them to prove it). We also must run similar checks on the "beneficial owners" of companies or other entities who instruct us and anyone who is acting on behalf of someone else.

We use Credas (<https://www.credas.co.uk>) to conduct identity and verification searches. Until the Credas report has been returned we cannot act on instructions or market a property.

You should be aware that money launderers try to hide their identity behind third parties, or corporate or trust structures. When we are instructed on behalf of any company, partnership, or trust we must also check the identity the person instructing us and satisfy yourself that they are authorised to act. For a company client you must understand the ownership and control of the client.

You MUST refer any nominees or corporate or trust structures to the MLRO.

Buyers: We also need to verify all buyers. Again, you should carry out your Credas checks on buyers once an offer has been accepted by a Seller and before sending out the Memorandum of Sale.

5.2 **Matter Risk Assessment**

For purchasers you must make enquiries about the source of funds and the purpose and nature of the transaction so you can make an initial assessment of the money laundering risk. These are the normal enquiries you make of any new purchaser.

You are required to make a written risk assessment by completing the CDD form (attached).

You must continue to assess risk throughout a client relationship.

5.2.1 **Enhanced Due Diligence - High Risk Matters and Clients**

We must undertake "enhanced due diligence" in any case where there is a high risk of money laundering. This would include the following:-

- Non face to face clients
- We are dealing with a person who lives in a high-risk country.
- The client is a "politically exposed person" (known as a "PEP"), or a family member or known close associate of a PEP. A PEP is someone A PEP is a person who has a prominent public functions, whether in the UK or abroad. In view of the geographic area in which we operate it is not unlikely that we would be asked to act for a PEP.
- We become aware that the client has provided false or stolen information.
- The transaction is complex and unusually large
- There is an unusual pattern of transactions, or the transaction have no apparent economic or legal purpose.
- Funds are coming from a high-risk country.
- Funds being provided by someone other than the mortgage lender or the buyer (or their close family).

- A property is being rapidly re-sold, in circumstances which may suggest mortgage fraud.
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Any high risk matters or matters involving a PEP must be referred to the MLRO.

5.2.2 Ongoing risk assessment monitoring

The regulations also require us to continually monitor all transactions, including where necessary, the source of funds, to ensure they are consistent with our knowledge of the client, his business and risk profile. This means staying alert, and reporting any suspicious circumstances to your MLRO.

It may also mean updating client verification, for example if new people become involved in a transaction.

5.2.3 Cash

We do not accept cash from clients under any circumstances.

6. Reporting Suspicious circumstances

If in Doubt, Report

You must report ***any suspicious circumstances*** that makes you think money laundering or a criminal offence has taken place or is being attempted. ***Reports should be made in the first instance to the MLRO.*** If you do not do report to the MLRO you may commit a serious criminal offence.

Avoid Tipping Off

If you suspect money laundering or a criminal offence you must only report this to the MLRO. You must not tell the person you suspect may be committing a crime, otherwise you may commit the offence of 'tipping off' under s333A or s342 Proceeds of Crime Act 2002.

Examples of circumstances that might be suspicious or that should put you on extra enquiry. Examples are set out in the schedule to this report. However also be aware that any of these circumstances may have entirely innocent explanations.

7. Records

The firm is required to maintain records **for at least five years** from the end of our business relationship with a client.

Please note that any personal data received from clients is protected by data protection law and after the end of the client relationship must only be used or processed only for the purposes of preventing money laundering.

8. Training

The firm must ensure that you receive training on money laundering and this policy, and how to recognise and deal with suspect transactions. You must attend such training, and read this policy.

This policy will be reviewed annually by the MLRO

Last Updated - **24 April 2019**

Schedule

Examples of Potentially Suspicious Circumstances

- Any party (whether our client or otherwise) proposes to pay significant sums in cash.
- Unexplained transfers of funds. Paying money into our bank account and then asking for it to be paid out to another account. This may be designed to make it harder for others to trace the funds.
- Money being paid direct between the parties, and not via solicitors.
- A transaction being completed by the parties without the involvement of solicitors.
- A transaction which has no apparent purpose and which makes no obvious economic sense.
- Where the transaction is, without reasonable explanation, out of the range of services one would expect to provide to that client or outside the experience of the firm.
- The client refuses to provide requested information without reasonable explanation, including refusing to go through our client identification procedure.
- Transactions where the source of the wealth is unclear. Large amounts of money provided by a buyer who appears to have a low income.
- Insistence that a matter be completed very urgently, for no good reason.
- Properties owned by nominee companies, off shore companies or multiple owners, where there is no logical explanation.
- The seller is known to have committed acquisitive crimes (such as drugs dealing, theft or tax evasion).
- Difficulties with identification of client or beneficial owners, including reluctance to attend for identification processes, which may suggest impersonation.
- The property being bought in somebody else's name other than that of the person providing the money or making the decisions. Of course people often assist relatives with purchases. However if there is no family connection or other obvious reason why the third party is providing funding, report the matter.
- A misleading apportionment of the purchase price, with the intention of avoiding Stamp Duty Land Tax. If you discover such tax evasion after it has taken place you should make a report. Information about past tax evasion or welfare benefit fraud may also come to light, and may need to be reported.
- Breach of health and safety regulations or other laws by a seller, developer or landlord may amount to a criminal offence, which may need to be reported.
- Mortgage Fraud: Any of the following factors may be suspicious:
 - Any attempt to mislead lenders e.g. about the income of the borrower, or the value of the property.
 - The use of shell companies or nominees to own property may indicate mortgage fraud.
 - The rapid re-sale of property at a markedly higher price.
 - Urgency. A client wants a transaction completed as a matter of urgency, for no apparent reason, or does not seem concerned to control costs.
 - The buyer and seller appear to be associated (may be part of an organised gang).
 - Offer of a bribe or other inducement to complete paperwork incorrectly or to over-value property.
 - Buyer has not viewed the property.

Risk Assessment

1. Property	Address: Freehold /leasehold: Empty / tenanted: yes* / no
2. Seller: NB: if corporate or trust owner complete this section for each <i>beneficial</i> owner.	Name: Registered owner met in person: yes / no* Conducted through third party: yes / no* Registered owner: yes / no* Corporate structure: yes/no (if yes complete 2 below) PEP: yes* / no Foreign national: yes* /no Lives in property: yes / no* Property mortgaged: yes / no* Quick sale required: yes / no* Other significant features / concerns: yes* / no Credas passed: yes / no*
3. Company Owner:	Beneficial ownership:
4. Buyer:	Name: Registered owner met in person: yes / no* Conducted through third party: yes / no* Corporate structure: yes/no (if yes complete 6 below) PEP: yes*/no Lives in country: yes*/no Quick sale required: yes / no* Credas passed: yes / no*

