

LAWS & FIENNES ANTI MONEY LAUNDERING POLICY

Laws & Fiennes LLP is a Limited Liability Partnership trading as Laws & Fiennes. We are registered in England and Wales under Partnership No OC426916

Law & Fiennes provides estate agency work (within the meaning of section 1 of the Estate Agents Act 1979 (as amended) and is registered at HM Revenue and Customs (HMRC) for anti-money laundering supervision.

Law & Fiennes is required under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 to put in place appropriate policies, controls and procedures in order to prevent any of its services being used or potentially used for any money laundering activity, as well as any of its staff being exposed to money laundering and terrorist financing.

Laws & Fiennes is regulated by the RICS and our Anti Money Laundering policy complies with RICS professional standards and guidance, global countering bribery and corruption, money laundering and terrorist financing 1st edition, February 2019.

1. What are Money Laundering and Terrorist Financing?

- 1.1. Money laundering can be defined as the process of moving illegally acquired cash through financial systems so that it appears to be from a legitimate source. In the property sector this may involve using criminal proceeds to purchase a property, and property can be purchased via anonymous companies and trusts, making it difficult to identify who the true owners are.
- 1.2. Terrorist financing is providing or collecting funds (legitimate or not) to be used to carry out an act of terrorism.

2. Scope of the Policy

- 2.1. The broad definition of money laundering means that potentially anyone could commit a money laundering offence, this includes customers, employees of Laws & Fiennes and temporary staff.
- 2.2. Whilst many agents may not handle customers' money, agents have knowledge of both parties to a transaction, if there are any intermediaries and how the purchase may be funded. Laws & Fiennes therefore has an important role at the outset to identify any suspicious activity.
- 2.3. This policy aims to ensure that Laws & Fiennes and all its employees and temporary staff understand and comply with the obligations set out in anti-money laundering legislation. All employees and temporary staff must follow the procedures set out

below which have been developed by Laws & Fiennes to mitigate and effectively manage the risks of money laundering and terrorist financing.

- 2.4. Any breach of this policy will be a serious matter, which may result in disciplinary action, and could result in an employee or temporary staff member becoming personally liable to criminal prosecution. Substantial fines may also be incurred and untold damage to an employee's or Laws & Fiennes' reputation.

3. Money Laundering Reporting Officer (MLRO)

- 3.1. Laws & Fiennes will appoint an MLRO to be responsible for anti-money laundering activity within Laws & Fiennes. The officer nominated to do this is Helen Gibbs.

- 3.2. Laws & Fiennes will also appoint a deputy MLRO who will be responsible in the absence of the nominated officer. The deputy MLRO is Hywel Morse.

- 3.3. The MLRO and deputy MLRO will ensure that:

- 3.3.1. appropriate training and awareness are provided to new and existing employees and temporary staff and that this is reviewed annually and updated as required;
- 3.3.2. they keep up to date with all anti-money laundering legislation and guidance from relevant bodies, such as HM Revenue & Customs;
- 3.3.3. appropriate anti-money laundering systems and processes are incorporated by Laws & Fiennes and kept under review;
- 3.3.4. internal audits and regular reviews are carried out, and Laws & Fiennes' policies, controls and procedures shall be updated when required; and
- 3.3.5. disclosures shall be properly considered and investigated further if the MLRO and/or deputy MLRO suspect or should reasonably suspect that money laundering has taken place.

4. Suspicions of Money Laundering

- 4.1. There are a number of factors which may indicate, or which may cause you to suspect that money laundering is taking place. Below is an inexhaustive list of scenarios/points to consider which may indicate suspicious activity:

- 4.1.1. The customer is reluctant to provide details of identity and source of funds;
- 4.1.2. One party to the transaction is established in a 'high-risk third country';
- 4.1.3. There is no apparent reason why the customer has chosen Laws & Fiennes over another organisation that would have been better placed to act;

- 4.1.4. Complex company structures are in place which make it difficult to identify the true owner;
 - 4.1.5. One or more individuals involved are in public positions and/or are from locations that carry a higher exposure to the possibility of corruption;
 - 4.1.6. Monies have been or will be paid by a third party who does not appear to be connected with the customer;
 - 4.1.7. Funds are being sent abroad or to an unusual destination and/or to an unconnected third party;
 - 4.1.8. There are late changes to a party in the transaction;
 - 4.1.9. The customer asks to hold cash in Laws & Fiennes' account for no apparent reason;
 - 4.1.10. The customer requests to pay the full or a large payment in cash or cleared funds up front; and
 - 4.1.11. The transaction is unnecessarily complex for what the parties are hoping to achieve;
 - 4.1.12. Funds are paid in part and/or using foreign currency;
 - 4.1.13. Multiple payments are made from different bank accounts; and
 - 4.1.14. There are unusual sources of funds, for example, use of complex loans, mortgage from an unknown/overseas bank.
5. All employees and temporary staff must immediately report any knowledge of, or suspicion of (or where there are reasonable grounds to suspect) suspicious activity to the MLRO in the prescribed form as set out in this policy document. Failure to do so is an offence that could result in five years imprisonment.
 6. Once the matter has been reported to the MLRO, the employee or temporary staff member must follow the directions given by the MLRO and must NOT make any further enquiry into the matter or proceed further with the transaction the MLRO has given consent to do so.
 7. The employee or temporary staff member must NOT:
 - 7.1. voice any suspicions to the person(s) who is suspected of money laundering, as this may result in the commission of the offence of "tipping off"; or

7.2. discuss the matter with others or note on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

8. Consideration of the Disclosure by the MLRO

8.1. Once the MLRO has received the report, it will be evaluated in a timely manner in order to determine whether:

8.1.1. There is actual or suspected money laundering taking place; or

8.1.2. There are reasonable grounds to know or suspect that this is the case; and

8.1.3. Whether the MLRO needs to lodge a Suspicious Activity Report (SAR) with the National Crime Agency (the NCA).

8.2. Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for any on-going or imminent transaction(s) to proceed.

8.3. Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has **given specific consent**, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

8.4. All reports referred to the MLRO and reports made to the NCA will be retained by the MLRO in a confidential file kept for that purpose, for a minimum of six years from the date on which the transaction occurs or the date the business relationship with the customer ends. **No communication regarding suspicious activity, including reports referred to the MLRO, or reports made to the NCA should be placed on a customer file as the customer has the right to access a copy of that file.**

8.5. The MLRO must also consider whether additional notifications and reports to other relevant enforcement agencies should be made.

9. Firm Wide Risk Assessment

9.1. Laws & Fiennes has assessed the risks of its exposure to money laundering and terrorist financing. Laws & Fiennes' Firm Wide Risk Assessment is available separately.

9.2. Laws & Fiennes will keep the Firm Wide Risk Assessment under regular review and any changes will be recorded.

10. Customer Identity Check and Risk Assessment Forms

All employees and temporary staff must assess the money laundering risk for each transaction and customer, by completing a Customer Identity Check and Risk Assessment

Form at the beginning of the transaction and before the transaction completes. This will enable you to choose the appropriate level of customer due diligence to be carried out.

11. Customer Due Diligence (CDD)

- 11.1. The identity of all customers must be verified, along with the contracting party and any beneficial owners. All employees and temporary staff should keep a clear written record of all the steps taken to identify customers and any beneficial owners. The Customer Identity Check and Risk Assessment Form must be regularly reviewed and updated as necessary, for example if the details of the transaction change.
- 11.2. As well as identifying and verifying customers, the contracting party and any beneficial owners, it is important that all employees and temporary staff also understand the customer's business and/or circumstances and the intended purpose of the transaction. Due diligence is an ongoing obligation and should be monitored and reviewed throughout the transaction.
- 11.3. Listed in paragraphs 12 to 18 below are Laws & Fiennes' due diligence requirements in order to identify and verify individual sellers, purchasers, beneficial owners, listed companies, limited companies, offshore companies, trusts, and personal representatives
- 11.4. If an individual or organisation is not from the UK and the documents required are in a foreign language, these should be translated and certified by a lawyer, bank manager, accountant or GP whose identity can be checked by reference to a professional directory. as evidence of the seller or purchaser's identity.
- 11.5. Please note that in certain circumstances enhanced due diligence may be require (see paragraph 16.4) or simplified due diligence (see paragraph 18) may be appropriate.
- 11.6. If you cannot comply with the CDD measures, for example an individual is not willing to provide proof of identity or an individual or company is on a sanctions list (see paragraph 12), you should immediately seek advice from the MLRO.

12. Sanctions

As part of the CDD procedure, all employees and temporary staff should check the details of an individual and/or organisation against the following sanctions lists:

- 12.1. Financial Sanctions List;
- 12.2. List of terrorist groups or organisations banned under UK law;

- 12.3. List of countries categorised as 'high-risk third countries';
- 12.4. List of third countries with weak anti-money laundering and terrorist financing regimes.

13. Customers (individuals)

13.1. Seller

13.1.1. The identity of a seller must be obtained and verified before we can market the seller's property. In order to 'identify' our customer, the seller must provide the following information at the outset of the transaction:

- 13.1.1.1. Full name;
- 13.1.1.2. Date of birth; and
- 13.1.1.3. Residential address

13.1.2. The information set out in paragraph 13.1.1 must be 'verified' by seeing an original or a certified copy (see paragraph 14.1) of one document in List A and one from List B and one from List C.

13.1.3. List A – Identity Document

- 13.1.3.1. Current passport; or
- 13.1.3.2. Current photo card driving licence; or
- 13.1.3.3. National Identity card; or
- 13.1.3.4. Identity card issued by the Electoral Office for Northern Ireland.

13.1.4. List B – Proof of Address: These documents must be dated within the past three months

- 13.1.4.1. Current photo card driving licence (if not used as the identity document); or
- 13.1.4.2. Current year's council tax bill; or
- 13.1.4.3. Most recent mortgage statement; or
- 13.1.4.4. Bank or building society statement; or
- 13.1.4.5. Utility bill (not mobile) from the last three months

13.1.5. List C – Proof of Ownership

- 13.1.5.1. Most recent mortgage statement; or
- 13.1.5.2. Solicitor's letter confirming house purchase/deeds/land registration

13.2. Purchasers

Purchasers must also be identified and verified before a business relationship is established. You must write to the purchaser and ask them either to bring in the originals

of their identification documents (one from List A and one from List B) or to send certified copies of those documents to you (see paragraph 14.1) documents (one from List A and one from List B).

14. Customers (other entities)

14.1. Limited companies and other incorporated entities

14.1.1. If the customer is a limited company or other incorporated entity, the following documents must be obtained:

14.1.1.1. Certificate of incorporation;

14.1.1.2. Memorandum and Articles of Association or equivalent constitutional documents for overseas companies (if applicable);

14.1.1.3. Names of all directors or (for overseas companies) names of all equivalent officers;

14.1.1.4. Names of all designated members of a limited liability partnership (LLP) (if applicable); and

14.1.1.5. Individual identity evidence (one from List A and one from List B) for all directors or equivalent officers, all designated members of an LLP and any person(s) with significant control of the incorporated entity (PSC(s)). A PSC is any individual who directly or indirectly owns or controls over 25% of the shares or voting rights in the incorporated entity or otherwise exercises control over the management of the incorporated entity .

14.1.2. If the customer is a holding company and there are subsidiaries, you must repeat the above identification and verification process for each subsidiary company. This applies for both UK companies and overseas companies.

14.1.3. In addition to the above, for UK companies and LLPs you should also search for PSCs at Companies House.

14.1.4. If the customer is an overseas company, the following documents must also be obtained:

14.1.4.1. Certificate of Incumbency or Good Standing (if applicable); and

14.1.4.2. Nominee director declaration and/or general Power of Attorney (if applicable).

14.1.5. Complex company structures and overseas companies should be referred to the MLRO before you proceed with the transaction.

14.2. Trusts

If the customer is acting on behalf of a trust, the following documents must be obtained:

- 14.2.1. Trust deed;
- 14.2.2. List of trustees;
- 14.2.3. List of beneficiaries;
- 14.2.4. Name of the settlor; and
- 14.2.5. Individual identity evidence (one from List A and one from List B) for the customer(s) (who may be a trustee, settlor, or beneficiary), the trustees, and the settlor, beneficiaries and any individuals who exercise control over the trust.

14.3. **Estates**

If the customer is acting as a representative of an estate, we will require the following documents:

- 14.4. Grant of probate (if a will was left);
- 14.5. Letter of administration (if no will was left); and
- 14.6. Individual identity evidence (one from List A and one from List B) for the personal representative, either executor or administrator.

15. **Original and Certified Copy Documents**

- 15.1. A copy of the identification documents must be kept on the customer file.
- 15.2. The original document must be seen unless you are given a photocopy which has the original certification from a third party who can provide this certification (a solicitor, chartered accountant, a bank or a notary) and who must be independent from the individual whose identity is being verified. The photocopy must certify that the document is a true copy of the original, and additionally in the case of photographic identification, that it is a true likeness of the individual.

16. **Politically Exposed Persons (PEP)**

- 16.1. If an individual is a person entrusted with a prominent public function held in the UK or abroad, they are likely to be a PEP. This includes (but is not an exhaustive list) heads of state, heads of government, ministers, members of parliament, members of the governing bodies of political parties and members of supreme courts. Enhanced due diligence (which is explained further below) will need to be carried out on the PEP and their family members and known close associates.
- 16.2. You should make brief enquiries to establish if a customer is or may be a PEP. You can make these enquiries by searching the internet and government and parliament website.
- 16.3. If you suspect the person may be a PEP, you must also check if:
 - 16.3.1. they have been a PEP in the recent past (certainly in the last 12 months);
 - 16.3.2. they are immediate family members of a PEP; and

16.3.3. they are known close associates of a PEP.

16.4. You must get approval from the MLRO before accepting a PEP as a customer. If we agree to act for such a person, you will be required to take extra measures to establish the source of wealth and the source of funds which are involved. You must also conduct enhanced ongoing monitoring of the business relationship.

17. Enhanced Due Diligence (EDD)

17.1. EDD must be carried out where there appears to be a greater risk of money laundering or terrorist financing, and the transaction appears to be 'high-risk' (which may include but is not limited to the following):

17.1.1. instructions from a seller or purchaser who is established in a high-risk third country;

17.1.2. the transaction appears to be unusual or an unusual request for that customer;

17.1.3. the transaction relates to a super prime property (usually within the top 5% of local market values);

17.1.4. the transaction is highly complex or the payment arrangements are overly complex;

17.1.5. if the customer is a corporate body, use of private banking;

17.1.6. payment from third parties with no obvious association;

17.1.7. the seller or purchaser or beneficial owner is a PEP or an immediate family member or a close associate of a PEP; and

17.1.8. instructions from a seller or purchaser or beneficial owner who is established in a sanctioned country or who is a sanctioned individual.

17.2. If you suspect the transaction is 'high-risk' you should speak to the MLRO immediately. The MLRO will need to approve the continuance of the business relationship and if EDD is to be carried out, the MLRO or a member of Laws & Fiennes on the MLRO's instructions must:

17.2.1. Obtain additional information on the customer and on the customer's beneficial owner;

17.2.2. Obtain additional information on the intended nature of the business relationship;

17.2.3. Obtain information on the source of funds and source of wealth of the customer and of the customer's beneficial owner;

17.2.4. Obtain information on the reasons for the transaction; and

17.2.5. Conduct enhanced monitoring of the business relationship.

This may include but is not limited to the following:

17.2.6. Checking a customer's website to confirm the identity of its personnel, its business address and any other details;

17.2.7. Attending the customer at their business address;

17.2.8. Obtain additional information or evidence to establish the identity of the seller, purchaser or beneficial owner;

17.2.9. In the case of a PEP, seek the approval of the senior management and establish the source of wealth and source of funds;

17.2.10. Ensure that the first payment is made to a bank account in the customer's name; and

17.2.11. Require that the identification documents are certified by a lawyer, bank manager, accountant or GP whose identity we can check by reference to a professional directory, or electronically verify the customer's identity.

17.3. If the MLRO approves the continuance of the business relationship, then, following the approval, the transaction may only be dealt with by a member of Law & Fiennes.

18. Simplified Due Diligence (SDD)

18.1. SDD is where the business relationship or transaction is considered low risk in terms of money laundering or terrorist financing. You will still need to risk assess the customer to establish that they are low risk and document that assessment with supporting evidence. When doing so you must take into account all the risk factors set out in the Firm Wide Risk Assessment. All of the information you have on a customer must indicate a low risk.

18.2. You must still identify and verify customers' identity, and take reasonable measures to verify the identity of any beneficial owners.

18.3. You will also need to conduct ongoing monitoring in line with your risk assessment.

18.4. Type of customers that may indicate lower risk include:

18.4.1. a public authority or publicly owned body in the UK;

18.4.2. a financial institution that is itself subject to anti-money laundering supervision in the UK or equivalent regulation in another country;

18.4.3. a company whose securities are listed on a regulated market;

- 18.4.4. beneficial owners of pooled accounts held by a notary or independent legal professional, provided information on the identity of the beneficial owners is available upon request;
 - 18.4.5. a European Union institution; and
 - 18.4.6. a pension scheme that does not allow assignment of interests.
- 18.5. Geographical factors that may indicate a lower risk include:
- 18.5.1. resident or established in an EEA state;
 - 18.5.2. situated outside the EEA in a country:
 - 18.5.2.1. subject to equivalent anti-money laundering measures; and/or
 - 18.5.2.2. with a low level of corruption or terrorism; and/or
 - 18.5.2.3. which has been assessed by organisations such as FATF and the FATF-style Regional Bodies as having in place effective anti-money laundering measures.
- 18.6. A business or person who has strong links to the community, is well established with a clear history, is credible and open, does not have a complex company structure, where the source of funds is transparent and where there are no other indicators of higher risk may be suitable, subject to your risk assessment, for simplified due diligence.
- 18.7. You must not use or continue with SDD if:
- 18.7.1. you suspect money laundering or terrorist financing; or
 - 18.7.2. you are in doubt whether documents obtained for identification are genuine;
or
 - 18.7.3. you doubt whether the person is the one demonstrated by the documentation;
or
 - 18.7.4. you suspect that the documents obtained for identification may be lost, stolen or otherwise fraudulently acquired; or
 - 18.7.5. the customer's circumstances change and your risk assessment no longer considers the customer, transactions or location as low risk; or
 - 18.7.6. any of the circumstances means that EDD must apply.

19. Training

- 19.1. It is a requirement of the Money Laundering Regulations 2017 that regular training for staff on anti-money laundering and counter terrorism financing is undertaken and that a written record of the training delivered is maintained.
- 19.2. Training is compulsory for new staff and all relevant existing staff will be trained at regular two year intervals (or when a significant change happens). The training will

cover Laws & Fiennes' policies, details of the relevant legislation and guidance on how to identify suspicious activity and when and how staff can report their suspicions to the MLRO.

- 19.3. Laws & Fiennes will keep an up-to-date record of the training provided, which members of staff have received training and when it was received. Updated training schedules must also be kept.

20. Ongoing Monitoring

- 20.1. All employees and temporary staff must review the transaction at regular intervals to ensure that the information held is not only accurate and up to date but that the transaction is consistent with the knowledge of the customer, and their business. All transactions will be regularly reviewed and audited by the MLRO also.
- 20.2. Further CDD may be required to be carried out if new people become involved in the transaction, previous CDD carried out on an existing customer is inadequate, or the client's identifying details have changed. The Customer Identity Check and Risk Assessment Form must also be updated if there are any changes to the transaction. A note of the review and any updated risk rating or any changes to the risk assessment should be kept on the file.
- 20.3. Any suspicious activity must be reported to the MLRO. Information that a suspicious activity is suspected and also a copy of a suspicious activity report should never be placed on a customer file.

21. Record Keeping

- 21.1. The customer identification evidence and details of the relevant transaction(s) for that customer must be retained for at least six years from the end of our business relationship with that customer or six years from the date when that transaction was completed.
- 21.2. The MLRO will keep any disclosure reports and any associated relevant documents in a confidential file for a minimum of six years.
- 21.3. Laws & Fiennes will also maintain a written record of the:
- 21.3.1. Firm Wide Risk Assessment;
 - 21.3.2. Policies, controls and procedures;
 - 21.3.3. Internal audits; and
 - 21.3.4. Written record of the training programme and staff awareness of money laundering and terrorist financing legislation and related data protection requirements.

22. Data Protection

Customer details must be collected in accordance with the Data Protection Act 2018 and the UK GDPR (General Data Protection Regulations). This data can be “processed” as defined under the Data Protection Act 2018 to prevent money laundering and terrorist financing or where the use of the data is allowed by other legislation or after getting the consent of the data subject.

23. Review

Laws & Fiennes’ policies, controls and procedures will be reviewed annually.

24. Further Information

For further information, please contact Helen Gibbs at landagent@lflfp.co.uk