

# MONEY LAUNDERING REGULATIONS

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## The Regulations

The Money Laundering Regulations 2003 came into force on the 1<sup>st</sup> of March 2004. These regulations require a relevant business (including Solicitors Practices) to set up certain systems to prevent money laundering. These systems are :

- Having anti-money laundering procedures and providing training to staff in those procedures and in identifying suspicious transactions.
- Identification procedures – unless a client's identity can be established we must not continue to act.
- Record keeping procedures to ensure that all records are retained for a period of six years from the end of the transaction.
- Internal reporting procedures – these require us to have a Money Laundering Reporting Officer (MLRO) and to ensure that internal reports are made where there is a suspicion of money laundering.

## Questions to the client

In order to comply with the regulations we have to show that "we know our clients" – we need to ask the client to confirm their job and salary. We may also have to ask further questions as the transaction progresses, such as how the transactions is being funded if the client has to make a large payment to us, or where the client is remortgaging a property that does not have a mortgage on it – how the property was purchased.

These questions are not because we are nosy, but because we are making sure that the transaction is not unusual for this particular client. There may be some circumstances when we have to make a suspicious activity report to the National Criminal Intelligence Service. If we do this we cannot tell you or the client, if we do so we risk committing the offence of "tipping off" under the Proceeds of Crime Act.

Please be aware that we will not accept cash payments of more than £1,000.00.

Why must we comply ? Failure to comply with the regulations and the Proceeds of Crime Act exposes this firm and its staff to the possibility of criminal penalties.

## ACCEPTABLE ID

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### Identification

It is this part of the regulations that will most affect you and your clients. We have to be sure that a client is who they say are and if we cannot satisfy ourselves as to a client's identity the regulations say that we must stop acting. Identity is made up of a person's name and address.

### What identification can we accept

To establish identity we ideally need a current passport or a current driving licence. If neither of these are available, please let us know and we can discuss what else would be acceptable.

To establish address we need a utility bill (gas, electricity, land line phone bill, council tax bill etc) but it must be a recent bill within the last three months. A bank statement or credit card bill with the card relating to the account.

We need your help to get these items – the regulations say if we cannot, within a reasonable period, establish identity we must stop acting. If ID can be sent at the same time as the instructions

form that would be extremely helpful – if not, then it must be produced as early as possible in the transaction. In a Conveyancing transaction we will not proceed to exchange of contracts without it, and in a remortgage case we will not set up a completion date. Please help us to make sure that the transactions proceeds smoothly for the client by getting the issue of ID resolved as soon as possible.

### Copies or Originals

We can only accept copies of identifications, but only if you certify them in the following way, with :

1. The name of the organisation.
2. The name of the person certifying it – clearly printed as well as a signature.
3. A statement that it is a true likeness of the person for photographic ID.
4. Your MCCB number.
5. We need the certified copy sent to us through the post and any photographic identity must be legible.

To assist with the above we would ask that you complete the attached form and submit this to us with the certified copies.

We are not only checking identity because we must under the regulations, but we may also be doing this on behalf of the lender under our instructions in the mortgage offer. This means that we may be to ask for additional pieces of identity to satisfy the lenders requirements. It is therefore helpful if you can tell the clients this and prepare them for producing ID for two reasons. If we are not satisfied with the copies we may have to ask to see the original documents.