

# Anti-Money Laundering Policy

Metadata Training

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## 1. What is money laundering?

- I. Money laundering is where money obtained, as a result of a crime, is used to pay for services or goods. Although the term 'money laundering' is usually associated with organised criminal activities, it can include a suspicion that someone you know, or know of, is benefiting financially from dishonest activities, e.g. non-payment of income tax.
- II. People involved in handling criminal property look for ways to secure and safeguard the proceeds of their criminal activities. Although other ways exist, cash is the mainstay of criminal transactions, being the most reliable and flexible, and having little or no audit trail.
- III. Criminals often transport cash out of the UK using couriers, usually through airports, to pay into banks overseas. They use this money to purchase property abroad, or to pay to their families.
- IV. In the UK, the most popular method of money laundering is thought to be the purchase of property, followed by investment in front companies, or high cash turnover businesses (often legitimate businesses), or by funding a lifestyle. After property, the most significant assets bought by criminals are jewelry, artwork, antiques, cars and boats.
- V. Criminals invest cash in financial products with a view to selling them quickly (if necessary, at a loss). Criminals also use trusts to launder money because of their secretive nature and flexibility, often using front companies to hide identities. Gambling large amounts at relatively low odds is also used, since winnings are usually received in the form of cheque payments.
- VI. Criminals use 'layering' to confuse the audit trail. This involves passing transactions through several stages, often eventually banking the proceeds of business income and transferring the money overseas to a country whose regulatory regime is weaker.
- VII. Examples of money laundering can include:
  - large cash payments.
  - asking for cash refunds on credit card payments; or
  - overpaying bills, e.g. council tax or rates, then asking for cash refunds.
- VIII. Appendix A details examples of possible situations involving exposure to money laundering and the proceeds of crime. Appendix B lists the current Money Laundering legislation.

## 2. What are the main money laundering offences?

- I. There are three main offences:
  - i. **Concealing:** knowing or suspecting a case of money laundering but concealing or disguising its existence.
  - ii. **Arranging:** becoming involved in an arrangement to launder money or assisting in money laundering.
  - iii. **Acquisition use or possession:** benefiting from money laundering by acquiring, using or possessing the property concerned.
- II. There is also a 'third party' offence – failure to disclose one of the three main offences detailed above.
- III. None of these offences are committed if:
  - the persons involved did not know or suspect that they were dealing with the proceeds of crime; or
  - a report of the suspicious activity is made promptly to the Money Laundering Reporting Officer (MLRO).

## 3. What are the penalties?

- I. Money laundering offences may be tried at a magistrate's court or in the Crown Court, depending on the severity of the suspected offence. Trials at a magistrate's court can attract fines of up to £5,000, up to 6 months in prison, or both.
- II. In a Crown Court, fines are unlimited and with possible prison sentences of between two to 14 years.

## 4. What is Metadata's policy on money laundering?

1. All organisations, including Metadata LTD, must report any money laundering suspicions for cash transactions over £9,000. To help prevent money laundering, Metadata LTD has set a cash payment limit of £8,000. No cash payments above £8,000 will be accepted for any Metadata LTD service.
2. This is not designed to prevent customers making payments for Metadata LTD services but to minimise the risk to Metadata LTD of high value cash transactions.
3. Our policy is to:
  - prevent, where possible, Metadata LTD and its employees being exposed to money laundering.
  - identify the potential areas where money laundering may occur and provide staff with guidance and training to help prevent money laundering.

- report all suspicions to Metadata's LTD nominated Money Laundering Reporting Officer – contact details below.
- use the Proceeds of Crime Act to recover any monies lost to money laundering.

## 5. Roles and responsibilities

- Responsibility for identifying acts of money laundering is moving away from government agencies and more towards organisations and their employees. Metadata LTD has assigned the following responsibilities for anti-money laundering measures within Metadata LTD:

### 5.1 Money Laundering Reporting Officer (MLRO)

- The MLRO will review all reported money laundering allegations and decide whether the transaction / circumstances are suspicious. The MLRO will report suspicions to the National Criminal Intelligence Service (NCIS) and the Police, as appropriate.

### 5.2 Employees

- It is each employee's responsibility to remain vigilant and report any suspicions to help us prevent and detect money laundering. Failure to report a suspicion of money laundering may lead to disciplinary action. Furthermore, Solicitors and Accountants have a professional duty to report any suspicions of money laundering.

## 7. What should I do if I suspect a case of money laundering?

- If you suspect a case of money laundering:
  - a. Do not tell the customer about your suspicions.
  - b. Report your suspicions immediately to Metadata LTD Money Laundering Reporting Officer as follows:
    - i. **Mike Goodland** (Company Director)
    - ii. Telephone: 020 7272 3726
    - iii. Email: [Mike.Goodland@metadatatraining.co.uk](mailto:Mike.Goodland@metadatatraining.co.uk)
- II. Keep all records relating to the transaction(s). If you are unsure about what records or information to keep, please ask the MLRO.

## 8. APPENDIX A

### 1. Examples of possible situations involving exposure to money laundering and the proceeds of crime:

- I. Any transaction involving an unusually large amount of cash should cause concern and prompt questions to be asked about the source. This will particularly be the case where the value of cash paid exceeds the amount due to settle the transaction and the person(s) concerned ask for a non-cash refund of the excess.
- II. If the person(s) concerned use trusts or offshore funds for handling the proceeds or settlement of a transaction. The reasons for this should be questioned. - Care should be exercised, and questions asked, where:
  - A third-party intermediary becomes involved in a transaction.
  - The identity of a party is difficult to establish or is undisclosed.
  - A company is used where the ultimate ownership of the company is concealed or difficult to verify; and/or
  - A party is evasive about the source or destiny of funds.

### 2. Please remember that the money laundering regime adopts an 'all-crimes' approach.

- While the above examples are largely concerned with significant transactions, money laundering offences may apply to a very wide range of more everyday activities within an organisation. For example:
  - I. being complicit in crimes involving the falsification of claims.
  - II. benefiting from non-compliance with the conditions attached to a grant; or
  - III. facilitating employment on which tax is not paid. All employees should be paid via the payroll. Advice about self-employed status should be obtained from HR prior to engagement.

## 9. APPENDIX B

### Summary of current legislation and regulations

The legislation which embodies the UK anti-money laundering regime is contained in:

- I. The **Proceeds of Crime Act 2002 (POCA)**, as amended by The Serious Organised Crime and Police Act 2005 (SOCPA). POCA provides for civil recovery of the proceeds from crime.
- II. The **Terrorism Act 2000 (TA 2000)** (as amended by the Anti-Terrorism Crime and Security Act 2001 and the Terrorism Act 2006). The TA relates to the proceeds of terrorism and terrorist financing.
- III. The **Money Laundering Regulations 2007**. These are concerned with measures to restrict the opportunities for money laundering.
- IV. POCA and TA 2000 contain offences which may be committed by individuals or entities, whereas the 2007 Regulations deal with the systems and controls which businesses are required to have and contain offences which may be committed by businesses as well as the key individuals within them.