

Plus Dane Housing

Anti-Money Laundering Policy

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1 Policy Statement

The purpose of this document is to assist the management and staff of Plus Dane Housing Limited (Plus Dane) to understand –

- Plus Dane’s anti-money laundering policy;
- Plus Dane’s anti-money laundering procedures;
- How to report possible money laundering.

At Plus Dane ‘money laundering’ is defined as the process by which criminally obtained money or assets are exchanged into something else to ‘clean’ them in a way that stops the money or asset being obviously connected with the crime from which they were generated. The ‘clean’ money is then fed back into the financial system so its original source is hidden.

All Plus Dane employees, Board and Committee members must be aware of the actions being taken to prevent criminal activity through money laundering or similar impropriety and ensure all suspected cases are reported.

The Policy sets out the requirements that must be followed to ensure Plus Dane complies with its legal requirements in respect of anti-money laundering, which is amplified in the 2018 legislation and remains consistent with the

guidance issued by the National Housing Federation which emphasises the impact on the sector.

Within Plus Dane, money laundering and other criminal activities will not be tolerated. Everyone within the organisation has a role in ensuring that they and the organisation as a whole acts with integrity. Staff and Board Members must ensure that any incidents are responded to professionally and quickly. Failure to comply with this Policy may lead to disciplinary and/or criminal action being taken.

2 Policy Aims

It is our policy that UK legal and regulatory anti-money laundering obligations will be met in full, these include those set out in the following legislation:

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("The Regulations"). The Regulations apply to a wide range of credit and financial services carried out by Plus Dane. It includes large cash transactions worth at least €15,000 (approx. £12,000 depending on the exchange rate) or more as a single transaction, or set of associated transactions.

Whilst not all areas of the Regulation apply to Plus Dane, there are a number of activities carried out by the organisation that would mean the regulations do apply. A summary of this is as follows:

1. Consumer credit activities and other regulated lending activities. Plus Dane has a consumer Credit Licence in place.
2. Lending including recoverable grant funding - This is not currently relevant to Plus Dane.
3. Money service businesses (i.e. businesses that provide services transmitting or converting money) - This is not currently relevant to Plus Dane.
4. Granting second charge mortgages - This is not currently relevant to Plus Dane.
5. Acting on behalf of the occupier who is the co-owner – this would be relevant to Plus Dane in the context of its shared ownership portfolio in a resale context. In these circumstances, we would be acting pursuant to instructions from another and this would fall within the definition of estate agency work for the purposes of the Regulations, and the regulator would be HMRC.
6. Instructing a third party, such as an estate agent, to sell property on our behalf - those may also fall into the description of estate agency work where there is shared equity with the resident.

Due to the in scope activities described above, Plus Dane is required to maintain risk sensitive policies covering its activities. This includes:

- Putting in place checks, controls and procedures to anticipate and prevent money laundering or terrorist financing.
- Training for employees in those procedures and in the law relating to money laundering and terrorist financing.
- Appointment of a nominated Money Laundering Reporting Officer (MLRO) to receive/consider internal disclosures and make Suspicious Activity Reports to the National Crime Agency. The MLRO for Plus Dane is the Head of Treasury.
- Establishing staff screening measures for appointed officers and those working within regulated activities.
- Putting in place procedures to identify customers and verify their identities before entering into a business relationship or transaction, to obtain information on the purpose or nature of the business relationship and to conduct ongoing monitoring of the business relationship as appropriate.
- Keeping records obtained in establishing customers' identity and of business relationships for five years.
- Organisation-wide risk assessments.
- Procedures for reporting suspicious activity.

The Proceeds of Crime Act 2002

The Proceeds of Crime Act 2002 applies to all individuals within the UK, and offences under this Act carry severe penalties including imprisonment for up to 14 years.

The primary offences relating to money laundering under this Act are:

- Concealing, disguising, converting, transferring or removing criminal property from the UK
- Entering into or becoming involved in an arrangement which facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- The acquisition, use and/or possession of criminal property regardless of value. An offence is committed even if the proceeds of crime are used in a transaction between Plus Dane and a customer. Proceeds can result from offences which seem trivial, such as a customer benefits by not pointing out an administrative error made by someone else. The crime could be committed by Plus Dane's customer in relation to their

tenancy (e.g. tenancy fraud), or the proceeds of crime being used to pay Plus Dane for its services or transactions.

There are also two third party offences:

- Failure to disclose knowledge or suspicion of money laundering to the nominated MLRO or, in the case of an MLRO, their failure to report to the National Crime Agency as appropriate
- Tipping off any person that a disclosure has been made.

The Terrorism Act 2000 (as amended August 2008)

The primary offences relating to terrorist funding are set out in this Act as follows:

- Fundraising for the purpose of terrorism
- Using or possessing money or other property for the purposes of terrorism
- Involvement in funding arrangements
- Money laundering – facilitating retention or control of property (including money) which is destined for, or is the proceeds of, terrorism
- Involvement in arrangements to conceal, remove from the jurisdiction, transfer to nominees or any other retention or control of terrorist property may also be considered as money laundering under this Act.
- Commercial considerations never override the need to comply with Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("The Regulations");
- Positive management action will be exercised in order to minimise the risk of our services being abused for the purposes of laundering funds including the allocation of sufficient resources to the development, documentation and training necessary to ensure compliance;
- Transactions with individuals or businesses whose conduct gives rise to suspicion of involvement with illegal activities will be reported to the National Crime Agency (NCA) and will not proceed without consent from NCA.

3 Scope

What is Money Laundering?

Money laundering is the process by which funds derived from criminal activity are given the appearance of being legitimate by being exchanged for clean money. That means that the proceeds of any acquisitive crime are 'cleaned up' by various means and then fed back into the financial system after a transaction or series of transactions designed to disguise the original source of the funds. It also covers money, however come by, which is used to fund terrorism.

Money laundering can take a number of forms that include but are not restricted to:

- Handling the proceeds of crime;
- Being directly involved with criminal or terrorist property;
- Entering into arrangements to facilitate laundering of criminal or terrorist property;
- Investing the proceeds of crime into other financial products, property purchase or other assets.

The Role of Plus Dane

The organisation and its staff have a significant role to play in tackling the problems caused by crime. Effective use of systems as detailed in this policy and procedure, in conjunction with Core Guidance will assist with the recognition of both how money laundering occurs and how it affects the organisation. This will have benefits for the organisation's communities not only in the disruption of criminal activity, but may also help reduce anti-social behaviour.

How money launderers may target the Organisation

Many criminals use property purchase as a means of laundering the proceeds of their crimes. Criminals will also use properties for illegal activities such as drug dealing, prostitution and cultivating cannabis.

By definition, money laundering involves the proceeds of crime. Allowing criminals to launder money allows them to profit from their crimes.

As a result, Plus Dane suffers in a number of ways from the activities of money launderers, who misuse properties, often causing serious damage and illegally sub-letting or occupying properties thereby reducing available housing stock.

Why Plus Dane must comply with The Regulations

The Group is supervised by the HMRC for compliance with the Regulations. The following are examples of the types of business where Plus Dane is supervised by HMRC for compliance with the Regulations:

- Where Plus Dane requires a Category 'A' Consumer Credit Licence(CCL) for aspects of its business, such as the granting of second charge shared equity mortgages (shared ownership schemes);
- Where Plus Dane act on behalf of another organisation in the sale of a property or in respect of the sale of a property on behalf of the occupier who is the co-owner. In these circumstances Plus Dane would be acting pursuant to instructions from another and this would fall within the definition of estate agency work;

- Where Plus Dane instructs a third party, such as an estate agent, to sell property on its behalf those actions may also fall into the description of estate agency work where there is shared equity with the resident. Our Approach

Expectations of Plus Dane Staff

All staff are expected to be aware of and follow the organisation's anti-money laundering policies and procedures. These policies and procedures were refreshed in quarter four 2018/19 to ensure they are designed and written to comply with current Anti-Money Laundering (AML) legislation and aim to protect the organisation and its staff against any attack by money launderers.

The main areas for staff to be aware of are:

1. Be alert for anything suspicious:

Examples of suspicious circumstances

Whilst there can never be a definitive list of suspicious activities, the following examples should raise suspicion of potential money laundering:

- Checking a new customer's identity is difficult (e.g. there is reluctance to provide details of their identity)
- The size of a transaction is not consistent with previous activity, or the financial circumstances of an existing customer have changed dramatically (e.g. a customer on Housing Benefit suddenly has the funds to buy a house)
- Money is paid by a third party who has no obvious link with the transaction
- The customer wants to pay a large sum in cash
- A customer makes an approach to purchase a property then pulls out when asked for identification
- An individual, organisation or third party offers to fund a specific project or initiative for no apparent reason.

In all cases of suspicious activity, a reasonable explanation should be sought as well as clarification of where any money is coming from. Plus Dane must only accept original, hard-copy bank statements for the source account which clearly shows the accumulation of the funds. If a satisfactory explanation cannot be provided or there is still suspicion, the concerns must be reported to the MLRO.

Further examples of suspicious transactions which could indicate money laundering will be described during anti-money laundering training sessions and in updates sent out by the Money Laundering Reporting Officer (MLRO).

The organisation requires that staff 'think risk' and pay particular attention to customers and transactions which raise suspicion.

2. Know who we are dealing with

Obtaining proof of identity is a minimum requirement before we transact on any level with any individual or organisation. It is essential that proof of identity is obtained:

- When Plus Dane becomes involved in a new business relationship.
- When an occasional transaction is carried out to a value of €15,000 or above.
- For all new customers upon first contact with them. If unable to meet in person with a new customer face-to-face, the MLRO should be contacted for advice on how to proceed.

An individual's identity is ascertained by viewing:

- One original document providing proof of name.
- One original document providing proof of address.

The Government's approved list of acceptable forms of identification can be found in Appendix 3.

3. Report any suspicious activity to the Money Laundering Reporting Officer (MLRO)

Whilst training will outline the overview of the requirements of staff in respect of money laundering, it should be noted that new money laundering schemes are being devised all the time, many of which are predicated on digital interventions. Staff must remain vigilant and report any suspicious no matter how minor it seems.

- The MLRO is Scott Owen, the Head of Treasury
- The Deputy MLRO is Mark Aston, the Finance Officer.

All questions in relation to money laundering issues should be addressed to Scott Owen, the Head of Treasury in the first instance who can be contacted on 0151 708 4692 or via the internal email address moneylaunderingqueries@plusdane.co.uk.

4 Assurance

As set out below, Plus Dane will facilitate adequate internal control to ensure compliance with the Regulations. All necessary policies and procedures will be in place and regularly reviewed to ensure they remain fit for purpose.

Risk factors specific to the organisation's business

- Illegal substances can often be farmed in residential properties and used as a means to launder money. This can present a danger to other residents due to an increased fire risk;
- Human trafficking and exploitation of women and children is a fast growing area of criminality and properties can be used as accommodation for the victims of trafficking;
- Tenancy fraud and sub-letting;
- Drug trafficking and illicit laboratories with the related problems of antisocial behaviour and danger to residents;
- Fraud, whether perpetrated by staff or from another source, creates the proceeds of crime which are then laundered. Housing Associations are susceptible to the same risks as any business. Some examples are:
 - Collusion fraud by contractors or suppliers to corrupt the tendering process or employees involved in such collusion;
 - Gratuities or incentives to employees as an incentive to award contracts;
 - Criminals setting up front companies or shell companies to defraud associations.

The Regulations require that Plus Dane puts a number of risk sensitive policies and procedures in place to mitigate the risk of its services being targeted by criminals to launder the proceeds of crime.

The following policies and procedures must be adhered to by all management and staff and any problems should be referred to the MLRO or Deputy MLRO.

5 Policies and Procedures

Cash Acceptance

Plus Dane will not accept cash or other payment in excess of £1,000 from any tenant or client. This will apply in every case unless the MLRO gives permission to vary the sum accepted.

Knowing our tenants & customers

Plus Dane will obtain identification for all new tenants and customers in areas of the business in which it is regulated. This evidence will be obtained before engaging with a new tenant or client and information held on existing tenants or customers will be updated so that it is current and accurate.

In all cases where the evidence is not available the matter will be referred to the MLRO. No relationship will be entered into until the MLRO has confirmed what action should be taken.

In certain circumstances, it may be necessary to undertake enhanced due diligence, for example where we have not met the tenant or customer, or where there is a perceived increased the risk of money laundering. The definition of such persons is broad and includes individuals who have or have had a high political profile, hold or have held public office, or their families and associates. Staff should consult with the MLRO initially in any case where tenant identification is an issue, but if a tenant or prospective customer is identified as a possible Politically Exposed Person (PEP), then senior management approval from the Executive Director of Finance, as the executive responsible for this policy, must be sought prior to forming a business relationship.

HM Treasury maintains the Financial Sanctions List and it is necessary to ensure that a new or existing client does not appear on that list. The identity checks on all new clients as detailed below will ensure that we do not conduct business with an individual or entity on the list. In addition, following risk assessment, our policy of on-going monitoring of existing clients provides further mitigation of the risk. Other sources of credible information such as NCA, Financial Action Task Force and published court proceedings will also be monitored.

Disposals

Plus Dane will ensure rigorous checks are carried out on any potential purchasers when disposing of properties and land. In line with those check set out above in '**Knowing our tenants and customers**'.

Individual Customers

Prior to conducting business, due diligence will be undertaken on all clients. This exercise will involve undertaking appropriate identification checks.

No business should be undertaken prior to completion of the client identification check and risk assessment. To complete this check, the documents detailed in Appendix 3 should be utilised.

Corporate relationships

The form at appendix 2 should be completed together with a risk assessment form and information obtained in relation to the name, registered number; registered office and business address which is in line with the requirements of The Regulations.

In addition, Plus Dane also needs (for private or unlisted companies) the names and private addresses of all directors and any beneficial owners holding over 25% of the shares. All new suppliers require a credit check, which would also provide information on the directors. This should be completed as part of the procurement process.

There is also an obligation to conduct on-going monitoring of existing clients and ensure that the information we hold is accurate and current. No business should be carried out until the client identification process has been completed.

Responsibility and reporting suspicious activity

The Executive Director of Corporate Resources (also the Company Secretary) is responsible for this policy and the procedures that underpin it.

The Audit & Risk Committee (ARC) is responsible for monitoring all reports of actual or suspected money laundering through the quarterly fraud report, and for commissioning special investigations into matters of concern relating to internal controls.

The Head of Treasury, as Plus Dane's MLRO, makes assessments to establish the risk of actual or suspected money laundering taking place. If there is sufficient evidence available to support the allegation, the MLRO is responsible for submitting a Suspicious Activity Report to the National Crime Agency after seeking legal advice or guidance if necessary. If the MLRO identifies failings in any policy, procedure or process when reviewing cases of actual or suspected money laundering, these will be reported to the relevant service areas and the Audit & Risk Committee to ensure any emerging risks are managed.

Everyone within Plus Dane has a general responsibility to immediately report any reasonable suspicion or actual money laundering attempt. The process for raising concerns is outlined separately in Appendix 1.

The Board will receive updates from the Audit & Risk Committee on the adequacy and effectiveness of all internal controls.

The Regulator of Social Housing (The Regulator) may be notified of cases of significant money laundering, depending on the severity and under the following circumstances:

- Any financial loss to Plus Dane is greater than £5,000
- The allegations relate to a Board/Committee member or Executive Officer
- The allegations relate to the fundamental governance or viability of Plus Dane
- The allegations relate to a breakdown in effective risk management and internal controls
- The allegations could bring Plus Dane or the sector into disrepute
- The allegations warrant external investigation.

The Chair of Audit & Risk Committee will be informed before the MLRO or Chief Executive report to The Regulator.

Plus Dane will report all suspicious activity to the National Crime Agency (NCA), where required.

If a member of staff has suspicions, the law requires that this suspicion is reported. This is done by making a referral to the MLRO using the internal report form (Appendix 1). The report will not be discussed with anyone other than the MLRO or deputy, and at no stage must the client be given any details or in any way alerted to the fact that suspicion has arisen.

Any suspicions should be raised with the MLRO in the first instance. The MLRO will consider the details of the report and decide whether the matter should be reported externally to NCA. Systems are in place to protect the identity of any colleague making a report.

If the MLRO decides to make a report to NCA, the name of the reporting colleague will be removed from the report.

The MLRO will then inform the member of staff if any further action that needs to be taken pending the receipt of consent from NCA to proceed.

Record Keeping

Plus Dane will maintain records of identification and consideration of money laundering issues for five years following the end of the business relationship with an individual or business. Records of reports to NCA will be retained indefinitely at the discretion of the MLRO.

The due diligence process will be undertaken for all new clients. The results of this process will be retained electronically in the client's file.

Internal Control

Plus Dane will facilitate adequate internal control to ensure compliance with the Regulations.

The MLRO will ensure implementation of Plus Dane's procedures to ensure compliance. The Deputy MLRO will assist the MLRO in the implementation of all aspects of the policy and procedures. The responsibility to ensure the effectiveness of all aspects of the organisation's anti money laundering regime rests with the MLRO.

All staff will be required to make internal reports when necessary using the appropriate form (Appendix 1).

Risk Management

Plus Dane will undertake a live risk assessment for all tenants and customers on an on-going basis as part of our day to day dealings. Any changes in circumstances will trigger a risk assessment based on this policy and the underpinning processes as the need arises.

New tenants and customers will be assessed prior to the commencement of a new tenancy by completion of the required due diligence checks. A checklist for risk assessment is at Appendix 4 and all staff need to ensure that the information held is current and accurate.

The organisation requires that all staff are aware of these risks and report any changes in order that the regulatory requirements of on-going monitoring can be met.

Compliance Management

Plus Dane will undertake regular reviews to ensure on-going compliance with the Regulations.

The MLRO, assisted by the Deputy MLRO, will undertake an annual compliance review. This review will include a review of a sample of files to ensure that the due diligence and risk assessment process has been completed and/or updated as necessary. The review will also include consideration of the adequacy of the training given to all staff.

Communication

The anti-money laundering arrangements will be:

- Publicised on the Plus Dane Intranet
- Made available to all employees at their induction and through annual mandatory training
- Promoted through targeted training for managers and employees in high risk business areas.

Plus Dane will ensure that all staff have access to adequate training to ensure that they have the necessary knowledge of the money laundering regulations and the organisation's policies and procedures.

All appropriate staff will be required to undertake training in the requirements of the law relating to money laundering and how to recognise and report suspicious activity.

All appropriate staff will be given updated training on a regular basis and will receive updates on changes in legislation and money laundering typologies.

All appropriate staff will be required to confirm their understanding of and compliance with the regulations and the Plus Dane's policies and procedures after receiving training.

5.1 APPENDIX 1

MONEY LAUNDERING REGULATIONS – SUSPICIOUS ACTIVITY REPORT ("SAR")

Date :	
Name of member of staff making report :	
Suspected person(s) : Name / address / business : Telephone number (s) : Name of client if different :	
Nature of suspicious activity. Give full details of suspicion and date suspicion first aroused. Continue overleaf if necessary. Include details of transactions and identity checks. Attach any relevant documents.	
Names of all other colleagues who have been involved with this clients affairs	
TO BE COMPLETED BY MLRO Refer to NCA Do not refer to NCA	
Reason for decision	
Signature Date referred to NCA	

5.2 APPENDIX 2

MONEY LAUNDERING REGULATIONS - VERIFICATION OF IDENTITY
(Individual/UK Company)

Part A should be completed for individual clients and also for the principal in relation to corporate clients.

Part A

Personal details

Title

Full name

Date of birth .../.../.....

Home address and postcode

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.....

Telephone

Mobile

Email address

Previous address (within last 3 years)

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.....

Occupation/Position held

Part B

Clients other than individuals.

This form should be completed together with a risk assessment form and information obtained in relation to the name, registered number, registered office and business address in line with the requirements of the Money Laundering Regulations 2007. We need to identify the corporate and verify the information we have obtained by confirming a listing on a regulated market or by a search of the relevant company registry or by obtaining a copy of the company's Certificate of Incorporation. We also need to be reasonably satisfied that the person we are dealing with is properly authorised by the client.

Date of search

Company Name

Registered number

Registered office address

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.....

Business address

.....

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In addition, for unquoted companies, the identity of all of the directors and major shareholders (i.e. beneficial owners with more than 25%) must be obtained.

Name and home addresses are as follows:

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.....

.....

Signed

Date.....

Documents which can be used to verify identity

5.3 Appendix 3

The following documents are acceptable for identifying a customer in a face to face transaction.

Government issued document which incorporates:

The customer's full name and photograph, and either his residential address or his date of birth – e.g. valid passport, valid photo card driving licence (full or provisional) - bearing in date photograph, national identity card (for non UK nationals), firearms certificate or shotgun licence, identity card issued by the Electoral Office for Northern Ireland.

Or a government issued document (without a photograph) which incorporates:

The customer's full name, supported by a second document, either government issued, or issued by a judicial authority, a public sector body or authority, a regulated utility company, or another Financial Conduct Authority (FCA) regulated firm in the UK financial services sector, or in a comparable jurisdiction, which incorporates the customer's full name and either his residential address or his date of birth.

Government issued documents without a photograph could include a valid (old style) full UK driving licence, recent evidence of entitlement to a state or local authority funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or other grant.

Other acceptable documents could include instrument of a court appointment (such as liquidator, or grant of probate), current council tax demand letter or statement, current bank statements or credit/debit card statements issued by a regulated financial sector firm in the UK, EU or comparable jurisdiction (but not ones printed off the internet), utility bills (but not ones printed off the internet).

If you have visited a customer at his home address, a record of that visit will suffice as evidence that the individual lives at that address (i.e. as a second document).

For face to face transactions, staff should take a copy of the documents used to identify the customer and those copies should be retained with the customer's file.

Non-UK individuals

Identification of non-UK individuals may be undertaken using national identity cards, official correspondence from a government department or photo card driving licence.

Staff should also be aware that many fraudulent documents are in circulation and they should be carefully checked to ensure that they are genuine.

Refer to the MLRO for guidance on how to carry out identification checks on other entities. Basic risk assessment template

5.4 Appendix 4

Customer profile	Explain how the risk factor applies	Procedures in place to manage and mitigate the risks
New customer	Checking a new customer's identity is difficult	Establish reasons for problem and refer to MLRO if necessary. Obtain verification from other source such as the Department for Work and Pensions, HMRC etc.
New customer	There is reluctance from a new customer to provide details of their identity	Establish reasons for reluctance. Do not conduct business with customer and submit internal suspicious activity report to MLRO
Existing customer	The size of the transaction is not consistent with previous activity, for example, a customer on housing benefit suddenly has the funds for a deposit to fund a house purchase	Enquiries as to source of funds, establish who is financing the transaction. Obtain bank statements as proof of source of funding for transaction. Ensure all payments made through customer's bank account
Existing customer	The financial circumstances of an existing customer has changed, for example, the customer wishes to accelerate the purchase of ABC Housing Association's interest in a shared ownership property	As above
New or existing customer	Money is paid by a third party who has no obvious link with the transaction	Establish nature of relationship between customer and third party. Confirm reason for third party involvement in transaction. Ensure payment from third party is made through bank account
New or existing customer	The customer wants to pay a large sum in cash	Inform customer of limit of Maximum £1,000 of cash or other payment. Enquire as to reason for wishing to pay in cash and source of funds. Consider reporting to MLRO in order to obtain consent to proceed with transaction

New or existing customer	A customer makes an approach to purchase a property then decides not to proceed on realising his or her identity will be checked for anti- money laundering purposes	Report to MLRO. Do not undertake any business for customer
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