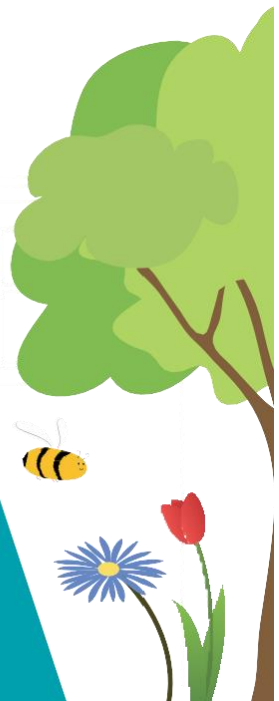
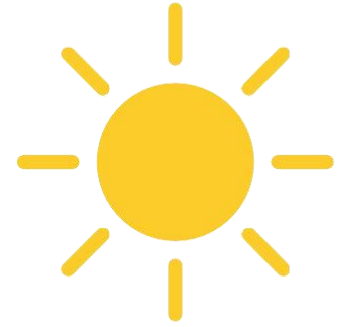


Plus Dane Housing

Anti-Money Laundering Policy

March 2023
GOV-POL-07-03



Contents

1 Policy Statement 3

2 Policy Aims..... 3

3 Links to Corporate Plan: 4

4 Definitions..... 4

4.1 Money Laundering 4

4.2 How money launderers may target Plus Dane..... 4

5 The Regulations and Plus Dane..... 5

6 How we reduce and control the risk of money laundering 5

6.1 Expectations of Plus Dane Colleagues 6

6.2 Colleagues should always be alert for anything suspicious: 6

7 How to report money laundering 7

1 Policy Statement

The purpose of this document is to assist the management and colleagues of Plus Dane to understand:

- Plus Dane's anti-money laundering approach.
- Plus Dane's anti-money laundering procedures.
- How to report possible money laundering.

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 colleagues, 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 act with integrity. Colleagues 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.

The organisation and all colleagues 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.

Failure to adhere to this policy will result in an investigation into what activities have taken place. This could lead to criminal civil and disciplinary proceedings.

2 Policy Aims

The aims of this policy are to minimise:

- The threat of money laundering. This is done by by setting out Plus Dane's approach to detecting and preventing money laundering and detailing responsibilities of key stakeholders.

- The risk of Plus Dane breaching the relevant legislation and regulations by outlining the key elements of these and Plus Dane's approach to compliance.

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 legislation and regulations.

3 Links to Corporate Plan:

This policy supports our objective of being ambitious with a keen focus on delivering excellent services to tenants and customers alongside ensuring that value for money and efficiency is pursued at all times.

4 Definitions

4.1 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.

4.2 How money launderers may target Plus Dane

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.

5 The Regulations and Plus Dane

Key regulations Plus Dane must comply with are:

- **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("The Regulations").**
- **The Proceeds of Crime Act 2002**
- **The Terrorism Act 2000 (as amended August 2008)**

Details of the regulations are in Appendix 1.

Plus Dane 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.

6 How we reduce and control the risk of money laundering

A key aspect of preventing money laundering is knowing 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 (circa £12,000) 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 Money Laundering Reporting Officer (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 2.
- Report any suspicious activity to the MLRO.

6.1 Expectations of Plus Dane Colleagues

All colleagues are expected to be aware of and follow the organisation's anti-money laundering policies and procedures. These policies and procedures are designed and written to comply with current Anti-Money Laundering (AML) legislation and aim to protect the organisation and its colleagues against any attack by money launderers.

6.2 Colleagues should always be alert for anything suspicious:

Key areas of risk where money laundering may occur across the business are:

- Property sales, including Right to Buy and Right to Acquire
- Development activities
- Arrears recovery
- Procurement activity

Colleagues must always ascertain where any funds being used have come 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.

Key money laundering risk factors specific to the Plus Dane's business are:

- 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 anti-social behaviour and danger to residents.

Fraud, whether perpetrated by colleagues 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 colleagues involved in such collusion;
- Gratuities or incentives to colleagues 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.

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.

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 MLRO.

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

Whilst training will outline the overview of the requirements of colleagues 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. Colleagues must remain vigilant and report any suspicious no matter how minor it seems.

7 How to report money laundering

In all cases of suspicious activity, a reasonable explanation should be sought as well as clarification of where any money is coming from. If a satisfactory explanation cannot be provided or there is still suspicion, the concerns must be reported to the MLRO.

- **The MLRO is the Head of Treasury**
- **The Deputy MLRO the Finance Officer.**

All questions in relation to money laundering issues should be addressed to 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.

8. Sanction and Redress

The sanctions and redress that can be applied against individuals should be read in conjunction with the organisation's Disciplinary Policy and procedure.

The types of sanction which may apply are:

- Civil – sanctions can be taken to recover money and/or assets which have been fraudulently obtained, including interest and costs.
- Criminal – Plus Dane will work in partnership with the Police and the Crown Prosecution Service to bring a case to court against an offender. Outcomes, if found guilty, can include fines, a community order or imprisonment and of course, a criminal record.
- Disciplinary – procedures will be initiated when a colleague is suspected of being involved in fraudulent or illegal activity.

Plus Dane Housing will seek financial redress whenever possible to recover losses due to money laundering. Redress can take the form of confiscation under the Proceeds of Crime Act 2002, Money Laundering Regulations, compensation orders, a civil order for repayment, or a local agreement between the Plus Dane and the offender. Funds recovered will be returned to the Plus Dane for use as originally intended.

9. 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.

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

A report will be provided to Audit & Assurance committee quarterly giving details of any cases of money laundering that have occurred in the quarter.

10. Equality Impact Assessment

An EIA has been completed, responses to the qualifying questions were 'no', therefore a full impact assessment was not required.

11. Modern Slavery & Human Trafficking

There are close links between those perpetrators of money laundering and modern slavery / human trafficking.

When applying this policy colleagues should review the wider scenario and assess whether there is any evidence of slavery or human trafficking.

If it appears that there is, or potentially is, colleagues should report their suspicion to the Director of Supported Housing as a safeguarding issue.

12. Links to Plus Dane Policies

- Financial Regulations
- Terms & Conditions of Employment
- Standing Orders
- Code of Conduct
- Data Protection Policy
- Anti-Fraud, Bribery and Corruption Policy
- Whistleblowing Policy
- Income Policy
- Right to Buy and Right to Acquire Policy

Appendix 1 - Legislation and regulations

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 Regulations 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:

- Consumer credit activities and other regulated lending activities. Plus Dane has a consumer Credit Licence in place.
- Lending including recoverable grant funding - This is not currently relevant to Plus Dane.
- Money service businesses (i.e. businesses that provide services transmitting or converting money) - This is not currently relevant to Plus Dane.
- Granting second charge mortgages - This is not currently relevant to Plus Dane.
- 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.
- 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 colleagues 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 colleague 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.

Appendix 2 - Documents which can be used to verify identity

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, colleagues 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.

Colleagues 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.