



St Marylebone
Parish Church

The Ecclesiastical Parish of St Marylebone with Holy Trinity, St Marylebone

Money Laundering Policy

Note: Where the words **St Marylebone Parish Church** are used this is understood as St Marylebone Parish Church and those who are its employees and volunteers.

St Marylebone Parish Church is required under the Money Laundering Regulations 2017 to put in place appropriate systems and controls to forestall money laundering and terrorist financing. This policy contains the procedures that we have developed in order to comply with these obligations.

The Money Laundering Regulations require that an organisation has a Nominated Officer to ensure that there is up-to-date knowledge of issues relating to Anti-Money Laundering and Counter-Terrorist Financing throughout the organisation, implement appropriate policies and procedures and receive reports of suspicious activity. The Nominated Officer (Money Laundering Reporting Officer) for **St Marylebone Parish Church** is **Beth Kostick, Treasurer**.

What is money laundering and terrorist financing?

Money laundering is the process through which proceeds of crime and their true origin and ownership are changed so that the proceeds appear legitimate. Terrorist financing is providing or collecting funds, from legitimate or illegitimate sources, to be used to carry out an act of terrorism.

Why is anti-money laundering and counter-terrorist financing important to St Marylebone Parish Church?

Lawyers facilitate significant transactions and are gatekeepers to the legal system. The anti-money laundering (AML) and counter-terrorist financing (CTF) regime is designed to prevent our services being used by criminals. **St Marylebone Parish Church** has obligations under the AML/CTF regime to spot and report money laundering and terrorist financing. Failure to meet these obligations can lead to criminal penalties, substantial fines and untold damage to the reputation of **St Marylebone Parish Church**.

How does money get laundered?

Typically money laundering involves three stages:

Placement:

The process of placing criminal property into the financial system. This might be done by breaking up large sums of cash into smaller amounts or by using a series of financial instruments (such as cheques or money orders) which are deposited at different locations.

Layering:

The process of moving money that has been placed in the financial system in order to obscure its criminal origin. This is usually achieved through multiple complex transactions often involving complicated offshore company structures and trusts.

Integration:

Once the origin of the money is disguised it ultimately must reappear in the financial system as legitimate funds. This process involves investing the money in legitimate businesses and other investments such as property purchases or setting up trusts.

We are most likely to become involved in the layering stage but potentially could be involved in any stage.

How do I know if we are aiding money laundering or terrorist financing?

St Marylebone Parish Church has to remain alert to the warning signs of money laundering and terrorist financing and make the sort of enquiries that a reasonable person would make.

Typical signs of money laundering and terrorist financing are:

- Obstructive or secretive clients
- Instructions outside our usual range of expertise, i.e. why is the client using **St Marylebone Parish Church**?
- Clients based a long way from **St Marylebone Parish Church** with no apparent reason for using us
- Cases or instructions that change unexpectedly or for no logical reason, especially where:
 - The client has deposited funds with **St Marylebone Parish Church**
 - The source of funds changes at the last moment
 - **St Marylebone Parish Church** is asked to return funds or send funds to a third party
- Loss-making transactions where the loss is avoidable
- Complex or unusually large transactions
- Transactions with no apparent logical, economic or legal purpose
- Large amounts of cash being used
- Money transfers where there is a variation between the account holder and signatory

- Payments to or from third parties where there is no logical connection to the client
- Movement of funds between accounts, institutions or jurisdictions without reason
- Retainers involving high risk jurisdictions (e.g. Iran, Uzbekistan, Nigeria, Turkmenistan, Pakistan, Sao Tome and Northern Cyprus)
- Large payment on account of fees with instructions terminated shortly after and the client requesting the funds are returned

Criminals are always developing new techniques so this list can never be exhaustive.

What is suspicious activity?

Any client activity outside the normal or expected activity of **St Marylebone Parish Church** should be considered unusual and must be investigated. Understanding the business or client profile is crucial. Unusual activity or transactions outside the established profile should be considered as a potential indicator of suspicious activity. Investigations should establish the reasons for the unusual activity or transaction. This may either remove or confirm our suspicions. If it is confirmed, **St Marylebone Parish Church** must report it to the MLRO. Failure to do so is an offence that could result in five years imprisonment.

What to do if a suspicious transaction is spotted?

Any suspicious transactions must be immediately reported to our MLRO, **Beth Kostick, Treasurer**. Transactions must not be carried out unless there is consent from the MLRO. The MLRO will review the suspicion and, if required, submit a Suspicious Activity Report (SAR) to the National Crime Agency (NCA). Only the MLRO may submit an SAR to the NCA. Once the suspicious transaction has been reported to the MLRO, the MLRO will send **St Marylebone Parish Church** an acknowledgement within 24 hours. If more information is required, the MLRO will request it.

If the MLRO gives consent to proceed with a transaction, then that consent only applies to that specific transaction. If the client requests further activities or transactions, further consent is always required from the MLRO.

SAR

This is a suspicious activity report which financial institutions must make if they suspect something in a transaction is illegal. Law enforcement will make a decision after a SAR has been submitted. If no response has been received seven working days after the SAR was submitted, then the transaction can proceed. It may be a tipping off offence to reveal to the customer that a SAR has been submitted. A SAR should be submitted within 48 hours of a suspicion being formed.

Information that a SAR has been made should never be placed on a client file.

Tipping off

In most jurisdictions it is an offence for someone to tip off (inform) a person suspected of money laundering that a Suspicious Activity Report (SAR) has been made or there is a money laundering investigation taking place. There are a number of defences and exceptions that apply, but in general a tipping off offence would occur when the action is likely to prejudice an investigation that's taking place.

A tipping off offence cannot be committed if a report has not been submitted and St Marylebone Parish Church has liaised with clients or colleagues as part of its enquiries into an unusual activity. However, St Marylebone Parish Church cannot mention the word suspicious.

Money Laundering Offences

The Proceeds of Crime Act 2002 (POCA 2002) establishes a number of money laundering offences:

- The principal offences
- Failure to disclose offences
- The offences of tipping-off and prejudicing an investigation

Each offence is explained below. All money laundering offences relate to criminal property, which is property that constitutes or represents a person's benefit:

- In whole or in part
- From criminal conduct
- Whether directly or indirectly

This definition covers the proceeds of all crimes. There is no minimum limit on what is considered to be criminal property.

Criminal conduct is all conduct that constitutes an offence in any part of the UK or overseas.

The Principal Offences

St Marylebone Parish Church will commit a principal money laundering offence if it:

- Conceals, disguises, converts, transfers or removes criminal property from the UK (s327)
- Enters into or becomes concerned in an arrangement which facilitates the acquisition, retention, use or control of criminal property for or on behalf of another (s328), or
- Acquires, uses or has possession of criminal property (s 329)

Concealing (s327)

St Marylebone Parish Church will commit an offence if it:

- Conceals
- Disguises
- Converts
- Transfers
- Removes from the UK

This includes concealing or disguising its:

- Nature
- Source
- Location
- Disposition
- Movement
- Ownership

St Marylebone Parish Church must know or suspect that the criminal property represents a benefit from criminal conduct.

Acquisition (s329)

St Marylebone Parish Church will commit an offence if it:

- Acquires
- Uses
- Has possession of

Possession means having physical custody of the criminal property. The principal money laundering offences carry a maximum penalty of 14 years' imprisonment, a fine or both. St Marylebone Parish Church will have a defence to a principal money laundering offence if it submits a Suspicious Activity Report (SAR) to **Beth Kostick, Treasurer**.

Failure to report

Making an SAR to the Nominated Officer can be a defence to a principal money laundering offence.

Failing to make a SAR to the Nominated Officer where St Marylebone Parish Church knows or suspect money laundering is an offence in itself which is punishable by up to five years' imprisonment, a fine or both.

See further Reporting suspicions below.

Tipping-off and prejudicing an investigation

St Marylebone Parish Church will commit the tipping-off offence if it is disclosed to the person to whom the disclosure relates that St Marylebone Parish Church:

- Has made an SAR to the Nominated Officer (or NCA)
- Of information which came to St Marylebone Parish Church in the course of business
- That disclosure is likely to prejudice any investigation that might be conducted following the SAR

St Marylebone Parish Church will commit the prejudicing an investigation offence if it discloses that an investigation is being contemplated or carried out and that disclosure is likely to prejudice that investigation. Further, St Marylebone Parish Church will commit an offence if it knows or suspects that an investigation is being or is about to be conducted and it interferes with documents which are relevant to the investigation. Tipping-off can only be committed after an SAR (including an internal SAR) to **Beth Kostick, Treasurer** has been made. St Marylebone Parish Church will not commit tipping-off by discussing concerns with or submitting a SAR to **Beth Kostick, Treasurer**.

All these offences are punishable by up to five years' imprisonment, a fine or both. The existence of these offences does not prevent St Marylebone Parish Church from making normal enquiries about any clients' instructions. St Marylebone Parish Church is able to make enquiries in order to:

- Obtain further information to help decide whether a suspicion is justified, and/or
- Remove any concerns that St Marylebone Parish Church has

St Marylebone Parish Church's enquiries will only constitute an offence if it discloses that an SAR has been made or that an investigation is being carried out or contemplated. It is also not tipping-off to warn clients of St Marylebone Parish Church's duties under the AML/CTF regime by providing them with its terms of business or our standard client care letter.

Terrorist Financing Offences

Terrorists need funds to plan and carry out attacks. The Terrorism Act 2000 (TA 2000) criminalises both participation in terrorist activities and terrorist financing.

In general terms, terrorist financing is:

- The provision or collection of funds
- From legitimate or illegitimate sources
- With the intention or in the knowledge
- That they should be used in order to carry out any act of terrorism
- Whether or not those funds are in fact used for that purpose

The TA 2000 establishes a similar pattern of offences to those contained in POCA 2002, i.e.:

- Principal terrorism offences of:
 - Fundraising

- Use or possession
- Arrangements
- Money laundering
- Failure to disclose offences
- Tipping-off offences

All offences carry heavy criminal penalties. While the terrorist financing and money laundering regimes are different, they share similar aims and structures and run together in UK legislation. Many of the provisions of POCA 2002 and TA 2000 mirror one another and the definitions are deliberately matched.

Both POCA 2002 and TA 2000 run parallel to the Money Laundering Regulations 2007 (Amended 2012), which are explained below.

The Money Laundering Regulations 2017

The Money Laundering Regulations 2017 set administrative requirements which require St Marylebone Parish Church to have systems and controls to forestall money laundering and terrorist financing. They implement the standards of the Fourth European Anti-Money Laundering Directive into UK law.

Client Due Diligence (CDD)

Client Due Diligence is:

- Identifying and verifying the client's identity
- Identifying the beneficial owner where this is not the client
- Obtaining details of the purpose and intended nature of the business relationship
- Conducting ongoing monitoring of the business relationship

When does St Marylebone Parish Church conduct CDD?

St Marylebone Parish Church must carry out CDD:

- Before we establish a business relationship with a client
- Before it carries out a one-off transaction for a client including company formation
- Where there is reason to believe that CDD carried out on an existing client is inadequate
- Where the client's identifying details (e.g. name and address) have changed
- Where the client has not been in regular contact with St Marylebone Parish Church
- Where someone is purporting to act on behalf of a client
- Where St Marylebone Parish Church suspects money laundering or terrorist financing

St Marylebone Parish Church must also identify the beneficial owner and verify them, but not solely based on Companies House register of beneficial ownership. St Marylebone Parish Church must obtain and verify the names of the body corporate, its registration number, registered address and principal place of

business. Reasonable measures must also be taken to determine and verify the law to which it is subject, its constitution and the names of its board of directors and senior management.

How does St Marylebone Parish Church conduct CDD?

St Marylebone Parish Church must start with assessing the risk of money laundering or terrorist financing posed by the client and complete a risk assessment. Once this is complete, St Marylebone Parish Church must decide what level of CDD is necessary. This will then inform its next steps.

Source of funds

Understanding St Marylebone Parish Church's source of funds is an important step in the CDD process.

When is St Marylebone Parish Church required to look into the source of funds in a transaction?

St Marylebone Parish Church is not required to interrogate all clients about their entire financial history but St Marylebone Parish Church is required to take additional steps to ensure that the transaction is consistent with its knowledge of the client. This is part of the ongoing monitoring exercise which St Marylebone Parish Church must conduct on all matters; see further Ongoing Monitoring below.

St Marylebone Parish Church is required to establish the source of funds and source of wealth in every matter where St Marylebone Parish Church might be acting for a Politically Exposed Person (PEP).

What steps should St Marylebone Parish Church take?

Scrutinising the source of funds is more than asking for the money to come from a bank account in the clients' name. St Marylebone Parish Church's focus should be on understanding how the client can legitimately fund the transaction.

For transactions involving PEPs St Marylebone Parish Church should consider whether there:

- Are any warning signs of corruption
- Is any evidence that government or state funds are being used inappropriately

Where a third party is providing funding to St Marylebone Parish Church it may need to establish the source of funds. See "When can St Marylebone Parish Church accept funds from a third party?" below. St Marylebone Parish Church must document its investigations into the source of funds, including any questions asked, responses received and supporting evidence provided.

If St Marylebone Parish Church has any concerns about the source of funds it must consider whether it needs to submit an SAR to the Nominated Officer, **Beth Kostick, Treasurer**.

CDD on beneficial owners

CDD on beneficial owners is different from CDD on clients. St Marylebone Parish Church must:

- Identify any beneficial owners, and then
- Validate their identity on a risk sensitive basis

What is a beneficial owner?

Where St Marylebone Parish Church is instructed by an agent or representative of an individual, the beneficial owner is the underlying individual on whose behalf the agent or representative is instructing it. Where St Marylebone Parish Church is instructed by a company, partnership or other body, the beneficial owner is as follows:

Body Corporate (including LLP)	<p>Any individual who:</p> <ul style="list-style-type: none"> <input type="checkbox"/> (For non-listed bodies) ultimately owns or controls more than 25% of the shares or voting rights of the body, or <input type="checkbox"/> Otherwise exercises control over the management of the body
Partnership (not LLP)	<p>Any individual who:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ultimately is entitled to or controls more than a 25% share of the capital or profits of or more than 25% of the voting rights in the partnership, or <input type="checkbox"/> Otherwise exercises control over the management of the partnership
Trust	<ul style="list-style-type: none"> <input type="checkbox"/> Any individual who is entitled to a specified interest in at least 25% of the capital of the trust property <input type="checkbox"/> The class of persons in whose main interest the trust is set up or operates (the class itself and not every member of the class), or <input type="checkbox"/> Any individual who has control over the trust
Other legal entity or arrangement	<ul style="list-style-type: none"> <input type="checkbox"/> Any individual who benefits from at least 25% of the property of the entity or arrangement <input type="checkbox"/> The class of persons in whose main interest the entity or arrangement is set up or operates (the class itself and not every member of the class), or <input type="checkbox"/> Any individual who exercises control over at least 25% of the property of the entity or arrangement
Estate of a deceased person in the course of administration	The executor or administrator

Any other case	The individual who ultimately owns or controls the client or on whose behalf a transaction is being conducted
----------------	---

How does St Marylebone Parish Church conduct CDD on beneficial owners?

St Marylebone Parish Church must first identify the beneficial owners. St Marylebone Parish Church can do this through a reliable public source (e.g. Companies House) or by asking the client. Unless there is any reason to doubt the information given to St Marylebone Parish Church it can rely on the client's word. St Marylebone Parish Church must then consider the client's risk profile, the structure of the business and the nature of the transaction. This will help St Marylebone Parish Church to decide what steps it needs to take to verify the beneficial owner's identity. In assessing the risk, St Marylebone Parish Church should consider:

- Why the client is acting on behalf of someone else
- How well St Marylebone Parish Church knows the client
- The type of business structure and its location
- The nature and risk profile of the matter

The key is to understand the ownership and control of the client.

The level of verification required will depend on our assessment of any client's risk profile. When verifying the beneficial owner St Marylebone Parish Church can:

- Look at organisation charts from the website, annual reports or the client
- Review the trust deed or partnership agreement
- Discuss beneficial ownership with the client and record the results of discussions

If the beneficial owner of a client is a company, St Marylebone Parish Church will need to establish the individual at the top of the corporate tree.

What happens if St Marylebone Parish Church cannot conclude the CDD exercise?

Where St Marylebone Parish Church is unable to apply CDD measures, the general rule is that St Marylebone Parish Church must:

- Not carry out a transaction for the client
- Not establish a business relationship with a client
- Not accept funds from or transfer funds to a client or third party (see below: Receiving funds)
- Terminate any existing business relationship with the client
- Consider whether a SAR is required.

There are very limited circumstances in which this may not apply, e.g. St Marylebone Parish Church may be able to verify the client's identity during the establishment of a business relationship if this is necessary to avoid interrupting the normal course of business and there is little risk of money laundering - this is on condition that the verification is completed as soon as practicable after contact is first established.

St Marylebone Parish Church must never unilaterally decide that it is acceptable to delay completion of CDD. If St Marylebone Parish Church is unable to apply or complete CDD on any matter, St Marylebone Parish Church should immediately seek advice from the Nominated Officer, **Beth Kostick, Treasurer**.

Purpose and intended nature of the business relationship

St Marylebone Parish Church must understand the purpose and intended nature of any business relationship. This is a key part of the CDD process. It will enable St Marylebone Parish Church to perform a risk assessment of the client and retainer and help St Marylebone Parish Church to determine appropriate CDD measures.

Knowing more about the client and their normal activities will help St Marylebone Parish Church to spot something unusual.

A transaction which appears to serve no purpose could be a money laundering or terrorist financing warning flag.

Ongoing monitoring

What is ongoing monitoring?

Ongoing monitoring is an intrinsic part of the CDD process. It must be performed on all matters, regardless of their individual risk rating, in order to detect unusual or suspicious transactions.

How does St Marylebone Parish Church conduct ongoing monitoring?

St Marylebone Parish Church must:

- Scrutinise transactions undertaken (including, where necessary, the source of funds) to ensure that the transactions are consistent with its knowledge of the client, their business and risk profile
- Stay alert to changes in the client's risk profile and anything that gives rise to suspicion
- Keep documents, data and information used for CDD purposes up to date

Training

Who will receive training?

All relevant staff and volunteers will receive training.

What does the training involve?

Training is provided through online courses.

Training covers:

- The law relating to money laundering and terrorist financing
- Policy and procedures
- Guidance on detecting money laundering and terrorist financing

Is completion of training compulsory?

Completion of training is compulsory.

How often will training be provided?

All new members of the finance team will receive training as part of the induction process. Further training will be provided as required.

Beth Kostick, Treasurer will continually monitor training needs but it is felt that anyone requires further training on any aspect of the relevant law or this AML/CTF policy and procedures, they must contact **Beth Kostick, Treasurer**.

Policy compliance and review

How will compliance with this policy be monitored?

Compliance will be continually monitored through any or all of the following methods:

- File audits
- Review of records maintained by the Nominated Officer, **Beth Kostick, Treasurer**
- Reports or feedback from staff
- Any other method

What are the consequences for failing to comply?

Failure to comply puts both St Marylebone Parish Church at risk. St Marylebone Parish Church might commit a criminal offence if it fails to comply with this policy. The AML and CTF regimes carry heavy criminal penalties ranging from two years' imprisonment for failing to apply appropriate CDD measures to 14 years' imprisonment for committing a principal money laundering or terrorist financing offence. St Marylebone Parish Church takes compliance with this policy very seriously. Because of the importance of this policy, failure to comply with any requirement may lead to disciplinary action under the parish church's procedures, which may result in dismissal.

When will this policy be reviewed?

St Marylebone Parish Church will review this policy at least annually as part of our overall risk management process. St Marylebone Parish Church will also review this policy if:

- There are any major changes in the law or practice
- St Marylebone Parish Church identifies or is alerted to a weakness in the policy
- There are changes in the nature of the business of St Marylebone Parish Church, its clients or other changes which impact on this policy

Where can St Marylebone Parish Church get further advice on AML/CTF matters?

St Marylebone Parish Church can get further advice and guidance from the Nominated Officer, **Beth Kostick, Treasurer**, or, in the NO's absence the Rector.

Policy Drafted

6th February 2019

Review Date

6th February 2020

Policy Author

The Rector of St Marylebone

Responsible Person/MLRO/Nominated Officer

Beth Kostick, Treasurer

Amendments

10th February 2019

Change of Responsible Person/MLRO/Nominated Officer