**ANTI-MONEY LAUNDERING POLICY AND PROCEDURES**

 **November 2020**

# INTRODUCTION

CDG Leisure is a specialist leisure property advisor and offers a portfolio of services including Agency, Rent Review, Investment, Bespoke Acquisition Service, Lease Restructuring and Mergers and Acquisitions.

CDG Leisure provides (i) estate agency services; and (ii) letting agency services where the rent, during at least part of the term, is or is equivalent to a monthly rent of EUR 10,000. Accordingly, it is subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“Regulations”).

The Regulations create a number of obligations for businesses like CDG Leisure. These include:

* Conducting risk assessments and controls;
* Conducting customer due diligence;
* Obtaining beneficial ownership information;
* Report Suspicious Activities to the National Crime Agency;
* Undertaking ongoing monitoring of transaction and business relationships; and
* Undertaking money laundering training.

Separately, the Proceeds of Crime Act 2002 (“**POCA**”) specifies the substantive money laundering offences applicable to all individuals throughout the UK. It also creates a disclosure regime, which makes it an offence not to disclose knowledge or suspicion of money laundering, but also permits persons to be given consent in certain circumstances to carry out activities which would otherwise constitute money laundering. Annex 1 contains a suspicious activity reporting form which is to be utilised to report suspicious activities to the National Crime Agency.

This Policy sets out the obligations and responsibilities that arise from POCA and the Regulations. Please take the time to read it: it will help you to appreciate the necessity for and purpose of CDG Leisure’s anti-money laundering procedures.

This Policy sets out the relevant applicable law in the UK with respect to money laundering and sets out the steps that you must take to ensure that:

* All clients are satisfactorily identified
* You are alerted to any suspicious circumstances which may be indicative of money laundering activity taking place;
* you report your suspicions to Morris Greenberg, the director responsible for receiving internal suspicious activity reports (the “**Nominated Officer**”); and
* records are maintained.

# FREQUENTLY ASKED QUESTIONS

This section gives short answers to a number of key questions on money laundering. This is intended as a helpful summary only, and the detailed guidance on CDG Leisure’s money laundering procedures should be read carefully.

**What is money laundering?**

It is a process used by criminals to try to hide the true origin and original ownership of the proceeds of their crimes – i.e. to give the impression that “dirty” money is from a legitimate source. The aim is to keep control of the money throughout the stages of laundering and ultimately to have control of the legitimate or “clean” money.

**How does it affect CDG Leisure?**

Money laundering is a global phenomenon. Banks and building societies are not the only institutions likely to be used to launder criminal proceeds. They are most likely to be in the front line for launderers, but a number of other organisations can be used in the various stages of a money laundering operation. In fact, any party that routinely accepts and/or transfers of large sums of money is at risk, **including us**.

**What has CDG Leisure done about it?**

In accordance with the requirements money laundering legislation, CDG Leisure has conducted a Risk Assessment which will be kept under review and updated as necessary to identify and mitigate any particular risks to our group of companies. CDG Leisure runs searches on all directors/ultimate beneficial owners of the clients and counterparties. CDG Leisure has also approved the designation of the Nominated Officer to receive all reports of suspicious activity and transactions and has implemented controls to prevent money laundering, in particular, client verification and transaction monitoring. See section 7 below. It is CDG Leisure Policy to follow the guidance recommended by the Joint Money Laundering Steering Group Guidance of the Bank of England for guidance on Customer Due Diligence measures.

**Who is the Nominated Officer?**

Mr Morris Gill Greenberg (details set out in section 5 below).

**What should I do if I suspect money laundering?**

If you **suspect** money laundering in relation to any transaction, you must complete the suspicion reporting form annexed to these procedures at Annex 1 and send it to the Nominated Officer.

**What happens after the suspicion has been reported internally to the Nominated Officer?**

The Nominated Officer may report the matter to the National Crime Agency (the “**NCA**”).

**Can I be personally liable?**

Yes. You should note that the offences listed in section 4(b) below can all be committed by individuals, including when they arise in the course of CDG Leisure’s business.

**How do I ensure that I have discharged my obligations?**

A person does not commit a money laundering offence if he/she makes an "authorised disclosure" and, has the "appropriate consent". In practical terms, your obligation is discharged by reporting any suspicions of money laundering to the Nominated Officer using the form at Annex 1, whilst also not informing the party of your suspicions of money laundering.

**What is an authorised disclosure?**

It is a disclosure to the NCA, via the Nominated Officer.

**What is appropriate consent?**

If CDG Leisure has made an authorised disclosure to the NCA, via the Nominated Officer, the NCA may give, via the Nominated Officer, consent for you to continue working on that transaction. See section 5 below.

# THE CONCEPT OF MONEY LAUNDERING

As noted above, money laundering is a process used by criminals to try to hide the origin and original ownership of the proceeds of their crimes. The aim is to keep control of the money throughout the stages of laundering and ultimately to have control of the legitimate or “clean” money.

**Money Laundering Process**

Money laundering can take many different forms, start from many different bases and can involve any number of intermediaries, sometimes without their knowledge. However, in general the initial proceeds of a crime will be held in cash by the would-be launderer. At this time, the three-stage procedure of laundering begins.

1. Once the crime has been committed, the criminal needs somehow to dispose of the proceeds of the crime. This stage, say the paying of the funds into a bank account, or their use to buy some form of property in cash, is known as **placement**.
2. The second stage of a typical money laundering transaction involves **layering**. Layering is the creation of a complex chain of transactions aimed at obscuring the origin and confusing the audit trail relating to the funds. This might include the separation of the illicit funds into several smaller accounts, each of which is then used for diverse purposes.
3. Finally, the launderer is ready for the third stage - **integration**. Once the funds have been sufficiently layered, they can be imported back into the financial system with every appearance of normal business funds.

The above provides a basic description of the laundering process. Every laundering operation is different. How (and indeed whether) each stage occurs, and whether in fact some funds are already integrated whilst others are still being layered, depends on the specific operation and the people behind it. In many cases, the money representing the proceeds of crime will pass through several financial centres and jurisdictions in an effort to cleanse it.

Over time, the laws of the major financial centres of the world have adapted in an attempt to increase vigilance on the part of those who may be used by launderers during the laundering process. Offences have been introduced into legislation, making it a crime to become involved in the laundering of the proceeds of crime. In many countries, including the UK, it is also an offence for certain institutions to fail to report to the investigating authorities a suspicion that they may have become unwittingly involved in a laundering scheme.

# WHAT UK LAW REQUIRES

## The Regulations

The Regulations require CGD Leisure to have in place adequate internal controls and procedures to combat money laundering having regard to the nature and scale of the business.

The procedures contained in this Policy encompass:

* + identification procedures;
	+ recognition and reporting of suspicious activities;
	+ ongoing monitoring (as to which please see client due diligence form);
	+ education and training; and
	+ record keeping.

Failure to comply with the Regulations may constitute a criminal offence which could result in CDG Leisure, and/or culpable individuals, being prosecuted, with the additional risk of reputational damage. The penalty for failing to comply with the requirements of the Regulations is a maximum of two years imprisonment, or a fine or both. This is irrespective of whether money laundering has actually taken place. There are also civil penalties which may be imposed under the Regulations.

## POCA 2002

Under POCA a person commits the criminal offence of money laundering if he:

* + conceals, disguises, converts, transfers or removes from the UK “criminal property”; or
	+ enters into or becomes concerned in an arrangement which he knows, or suspects facilitates the acquisition, retention, use or control of “criminal property”; or
	+ acquires, uses or has in his possession “criminal property”.

These offences are punishable by a maximum of 14 years imprisonment, a fine or both.

You will have a defence to an allegation of money laundering if you immediately report your knowledge or suspicion to the Nominated Officer (see section 5 below).

Please note that the definition of “criminal property” in POCA covers the proceeds of money from all crimes (no matter how small).

*Failure to Report*

Failing to report a knowledge or suspicion of money laundering promptly upon acquiring that knowledge or suspicion is a criminal offence. The test is an objective one: therefore failure to report knowledge or a suspicion of money laundering that you should, on reasonable grounds, have acquired is also a criminal offence. You must report your knowledge or suspicion as soon as it is reasonably practicable after the information comes to your attention.

Failure to report is punishable by a maximum of 5 years imprisonment, a fine or both.

If you acquire knowledge or a suspicion about potential money laundering, you must still report the knowledge or suspicion to the Nominated Officer, even if you decide not to enter into a business relationship with the relevant client or counterparty.

Please note that the definition of money laundering in POCA covers all crimes (no matter how small). If you know or suspect that another person is engaged in criminal conduct (for example fraud, theft, corruption and so on) then you should make a report to the Nominated Officer.

As noted above, it is a defence to an allegation of money laundering that the person concerned reported their knowledge or suspicion to the Nominated Officer in accordance with the procedures set out in this Policy.

*Tipping Off*

It is also an offence to inform a person who is the subject of a suspicion, or any third party, that a disclosure has been made to the Nominated Officer or the relevant authorities, or that the authorities are acting or are proposing to investigate. This offence is punishable by a maximum of 2 years imprisonment, a fine or both.

For this reason, it is important to avoid “tipping off” the subject of any report or doing anything that might prejudice an investigation into money laundering. Once you have made a report to the Nominated Officer, you should not discuss the report with anyone else internally or externally.

From an internal compliance perspective, any potential suspicion must be discussed with the Nominated Officer as soon as possible and guidance can then be given to employees as to how to deal with the relevant client or counterparty.

## Terrorism Act 2000

The Terrorism Act created a number of offences which are essentially the same as the offences under POCA, except that they concern money or property intended to be used for terrorist financing. The reporting obligations to which CDG Leisure are subject and the related offences are essentially the same as those relating to money laundering under POCA, as set out above.

# MAKING A REPORT TO THE NOMINATED OFFICER

Our Nominated Officer is Morris Greenberg. All suspicious activity reports should be made to him on the form annexed to this Policy at Annex 1.

The Nominated Officer can be reached at:

Email address: morris@cdgleisure.com

Direct Telephone No: 07956 120 853

Once you have made a report to the Nominated Officer, you have fulfilled all your legal obligations. However, you must NOT inform the person suspected or anyone else of the report or else you may be committing the offence of tipping off (see section 4(b) above).

Once you have reported the matter to the Nominated Officer you must follow any directions he may give you. You must NOT make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the Nominated Officer and ultimately, the NCA.

All employees are required to co-operate with the Nominated Officer and the authorities during any subsequent money laundering investigation.

Do not make any reference on records held to the fact that you have made a report to the Nominated Officer. If a client or counterparty exercises any right to see their records, any such note would obviously tip them off to the report having been made and may render you liable to prosecution. The Nominated Officer will keep the appropriate records in a confidential manner.

In all cases no further action must be taken in relation to the transaction(s) in question until either the Nominated Officer or the NCA (if applicable) has specifically given their written consent to proceed.

# REPORTING FLOWCHART



# IDENTIFICATION, RISK ASSESSMENT AND ON-GOING MONITORING OF CLIENTS

CDG Leisure has due diligence procedures in place to adequately undertake both initial background checks and on-going client monitoring. **These checks are required on both the tenant and the landlord.** A copy of the CDG Leisure’s template Client Due Diligence Form to be used for each party is attached at Annex 2. This form must be completed at the outset of any proposed business relationship. The relationship must not be established and solicitors instructed until the template form has been completely populated, all supporting information including the CDG Leisure due diligence deal template has been completed and all sign offs completed as indicated in the template form.

In summary, it is the responsibility of each of CDG Leisure employees to ensure that, in relation to letting agency transaction, the following steps are taken in relation to both the landlord and tenant:

1. risk-based and adequate measures are taken to verify the identity of the beneficial owner and beneficiaries (in the case any of trusts);
2. the identity of the of the party is verified on the basis of documents obtained from reliable and independent sources;
3. for entities registered in the UK, all corporate documents are obtained from Companies House or relevant solicitors where documents have not yet been filed;
4. where individuals' identities need to be verified, typically certified copies of valid passports and address verification documents will be provided by the individual’s solicitors. Valid documents for address verification include utility bills, bank statements dated within the last three months. Council tax bills are not acceptable for KYC purposes;
5. documents are requested for all corporate entities in the corporate structure and related individuals on a risk-sensitive basis;
6. the entity and individuals are cross-checked against the HMT and other Financial sanctions list using Credit Safe; and
7. upon receipt of all documents and checks, the checklist documents (annexed to this document) are completed for all corporate entities, private individuals and trusts.

# DETERMINING PROVENANCE OF PAYMENTS RECEIVED

To assist CDG Leisure in fulfilling its obligations under the Regulations and POCA, it has put in place procedures to check the provenance of monies received into its bank account where the payment triggers certain markers placed on the account by the bank in accordance with the instructions of CDG Leisure.

## Cash receipts

CDG Leisure will not under any circumstances accept cash receipts.

## Third party payments

CDG Leisure only receives payments from a third party where these are the from the client or counterparty’s solicitor.

# RECOGNITION OF SUSPICIOUS ACTIVITIES

A suspicious activity will often be one which is inconsistent with a client's known activities, in other words an unusual activity. Knowing your client will enable you to recognise that a transaction or series of transactions is unusual/suspicious.

To assist you in identifying transactions that may be suspicious for money laundering, CDG Leisure has identified a number of features of transactions that might seem out of the ordinary and potentially suspicious in the context of CDG Leisure's business. A non-exhaustive list of examples are set out below:

* 1. An amount being received by CDG Leisure is in excess of the amount expected;
	2. Surprise payments by way of third-party cheques;
	3. Money transfers where there is a variation between the account holder or the signatory;
	4. The deal does not fit CDG’s normal patterns of business;
	5. Instructions change without a reasonable explanation;
	6. Transaction events take an unusual turn;
	7. Proposal to utilise cash;
	8. Variation in the actual source of funds;
	9. Bankrupts who possess funds;
	10. Suspect overseas introductions;
	11. The people involved are previously unknown with no track record;

This list is intended as a guide only, and you should report any transaction that you think is suspicious for money laundering whether or not they exhibit these features to the Nominated Officer.

It should be noted that CDG Leisure has every right, indeed an obligation, to ask questions in relation to instructions or transactions deemed suspicious and unusual. This is not “Tipping Off”, unless we refer to money laundering concerns or suspicions in our questioning but is part of our normal client risk management / new business process.

# EDUCATION

All members of CDG Leisure are required to be aware of the policies and procedures for the prevention of money laundering contained in this document.

# ANNEX 1: SUSPICIOUS ACTIVITY REPORTING FORM

To be sent to the Nominated Officer where you have suspicions of money laundering

|  |  |
| --- | --- |
| Name of Client: | Transaction Ref: |
| Description of instructions: |  |
| Persons suspected: |  |
| Relationship to matter (*if not our client*): |  |
| Reason for suspicion: |  |
| Action taken (*e.g. questions asked to clarify situation, instructions refused/stalled, etc*): |  |
| If suspicion relates to payment made, details of payment (*account name/number, amount involved, etc*): |  |
| Date form submitted to Nominated Officer: |  |
| Signed: | Print name: |

# ANNEX 2: CLIENT DUE DILIGENCE AND RISK ASSESSMENT FORM

*To be inserted here*