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Anti-Money Laundering Policy and Procedural Manual: Version 1

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1: Introduction

The content of this document contains the details of the policies and procedures that **W. A Barnes LLP**, (hereinafter referred to as ‘we’, ‘us’ or ‘our’), has put in place to ensure our compliance with the HM Revenue and Customs (HMRC) Money laundering supervision for estate agency businesses, who are the supervisor of estate agency businesses under the **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017**, which came into force on 23 May 2018, and with **The Money Laundering and Terrorist Financing (Amendment) (EU) Exit Regulation 2020**, and **The Money Laundering and Terrorist Financing (Amendment)(High-Risk Countries) Regulations 2021**, which came into force on the 26 March 2021. **In terms of the latter, it should be noted that the specific changes that have been made to the rules on money laundering relates to the following:**

1) additions to those persons from countries that should not be accepted for engaging in business with W A Barnes now include:

- Democratic Republic of The Congo
- Mozambique
- Tanzania
- Myanmar

2) Two countries have been removed from the list in the appendix, which are:

- Nicaragua
- Pakistan

(See page 15 for full list)

It is also important to particularly remember that any Russian person endeavouring to do business with the company, or indeed any funds coming from Russian sources, or indeed any monies sourced from the countries listed, should be refused and reported.

Important: It should also be noted that following the implementation of **The Money Laundering and Terrorist Financing (Amendment) (High-Risk Countries) Regulation 2021**, third countries included in our compliance duties include all those countries remaining in the EU and identified within this act

Warning:

Failure to comply with the firm's policies and procedures, as explained in this manual, may result in disciplinary action and put you at risk of prosecution under the aforementioned act.

Therefore, it is critically important that our firm, and our employees, comply with the letter and the underlying principles of this legislative policy, as failing to do so would be a criminal offence, which could carry severe penalties including a prison sentence.

2: Understanding the Money Laundering Regulations

The Money Laundering Regulations referred to are designed to ensure that businesses such as ours, which is at risk of being used for the purpose of money laundering by criminals or terrorists, have the appropriate controls and procedures in place to minimise this risk from happening.

2.1: The Acts' relevance to Estate Agents, Auctioneers & High Value businesses

A high value dealer is a business (firm or sole trader), who or whose employees deal in goods or services and makes or accepts cash payments over the value of £10,000 (or its equivalent in another currency), whether that takes the form of a single payment or a series of payments. This includes payments made using other forms of cash transactions, such as by cheque, bank to bank transfer, by credit card or by other online payment process.

The sales and lettings sectors, property auctioneers and high value dealers within these sectors are all attractive targets. Organisations and employees working within this sector open to abuse from criminal operators as they act on behalf of sellers, buyers and bidders. In particular, due to the volume of customers within an auction room, or taking part in online auctions, this makes the task of completing additional checks of customers arguably more difficult than in other areas.

3: Forms of Money Laundering and Parties

3.1: Varied forms of money laundering

Money Laundering is a term that relates to the processes that criminals use to change money and other assets into clean money or assets that have no apparent connection to their criminal origins. The forms of Money Laundering can include:

- Tax evasion
- Using the proceeds of crime

- Mortgage fraud
- Impersonation
- Criminal activity
- Terrorist financing

3.2: *Parties to this policy document:*

- HMRC (The supervisor)
- The estate agency business (us)
- The customer, vendors, purchasers, and all other parties involved in transactions, which have a one-off value that exceeds £10,000 or a series of payments that exceed this amount

4: Enforcement

As previously noted, it is critically important that our firm, and our employees, comply with the letter and the underlying principles of this policy, as failing to do so would be a criminal offence, which could carry severe penalties including a prison sentence.

5: The Policy

W A Barnes LLP is required to “establish such procedures of internal control and communication as may be appropriate for the purposes of forestalling and preventing money laundering”. Under the regulations, W A Barnes has appointed Tom Smith as a money laundering reporting officer or (MLRO). He is responsible for overseeing the implementation of the firm’s money laundering procedures, and also communicating to our employees the information related to any type of work or services we will not accept. If any employee has concerns over this policy and the procedures, they should immediately contact the MLRO for clarification and/or advice.

Due to the nature of the Estate Agency market in which we operate, we have chosen to assess our risk or susceptibility to money laundering as HIGH on all matters. For this reason, we operate an Enhanced Due Diligence process for all Vendors, Purchasers, High Value Landlords and Tenants.

We will communicate to our employees’ details of any type of business, which we will not accept.

Registration

We have completed and submitted form MLR100 to:

HMRC Anti Money Laundering Supervision

Alexander House

21 Victoria Avenue

Southend on Sea SS99 1AG

Our registration was submitted in line with the notes provided by HMRC at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/889077/UTF-8_Guidance-for-Money-Service-Businesses-HM-Treasury-approved.docx_.pdf

and

<https://www.gov.uk/government/publications/money-laundering-regulations-2007-supervision-of-estate-agency-businesses/estate-agency-guidance-for-money-laundering-supervision>

A copy of our registration certificate is displayed in each of our Estate Agency branches' front office. Our original certificate is stored with this Procedures Document and forms part of our Anti Money Laundering Policy and Procedures Document.

5.1: W A Barnes LLP regulated services

The following services provided by W A Barnes LLP are regulated activities requiring identification checks to be performed and recorded:

- Agency work for commercial / residential acquisitions and disposals
- Property management
- Property Auctions

5.2: W A Barnes LLP services not regulated

The following services are not regulated, and therefore there is no need to obtain identification for the clients receiving only these services:

- Schedule of Dilapidation/Condition
- Rent reviews
- Property valuations
- Lease renewals between existing parties

If a client who has previously only used these non-regulated services subsequently asks for one of the regulated services then identification will be needed at that stage.

Our procedures must cover:

- Staff training
- Update training on a regular basis
- Client identification checks
- Record keeping and
- Reporting of suspicious transactions

6: Our procedures in detail

6.1: Training

In accordance with the legislation requirements, we will provide relevant money laundering training, which will be compulsory for all our employees, including surveyors and administrative staff, and which will take the following format:

Surveyors:

- RICS/NAVA CPD – training programmes
- Auction Seminars/Forums - attendance

Administrative Staff:

- Practical training
- Regular meetings
- Discussion and clarification of procedures prior to and on the day of the Auction

External Auditors

- Regulated by RICS & ISVA
- Reviewed by the firms Accountants (signed off at the end of each year)

6.2: Identification checks

6.2.1: Identification - general points

- In the light of the requirements contained in the Money Laundering Regulations 2018, 2020 and 2021 it is the business policy to verify the identity of all new clients and all existing clients at the start of a new matter (in any of the services outlined in section 5.1 above) unless they have been identified already within the past 2 years.
- Documentary evidence must be obtained in accordance with the procedure set out below. It is important that the original of any document is examined and copied.

- The identification procedures must be carried out as soon as reasonably practicable after first contact is made between the practice and the client. It is not necessary for the practice to wait until the verification process is complete before commencing work for the client. However, if it proves impossible to satisfactorily complete the process we must cease to act for the client.
- Client identification should be completed and kept on a secure file.

The copy of evidence taken to confirm a client's identity must be kept for a period of five years after we have finished acting for the client.

6.2.2: What identification is required?

You will need to obtain confirmation that the clients are indeed who they say they are, and that their address details are correct.

6.2.3: At what stage should the identification checks be performed?

Identification checks should be performed as soon as we are in receipt of instructions to act for a client. With respect to the client in a non-retained agency transaction and the purchaser in any agency transaction, identification checks should be performed before the Heads of Terms are agreed and signed.

6.2.4: Obtaining Identification

The method for identifying clients will depend upon the type of client. The procedure below and the documentary evidence referred to are not to be taken as an exhaustive list of requirements. A judgement must be made as to whether alternative or additional information should be sought. If in doubt, you should seek advice from the nominated MLRO officer.

Individuals - the following information should be obtained for individuals:

- Full name
- Previous names (if applicable)
- Current permanent address (including postcode)
- Date of birth

At least one document from each of the following lists should be produced:

List A – photographic ID (evidence of name and date of birth):

- Valid photo card driving licence (not provisional)
- Valid full passport
- EU member state identity card

List B (evidence of address):

- Utility bill (issued in the last 3 months)
- Mortgage Statement
- Bank / Building society statement
- Valid UK driving licence (if not used for ID in list A)
- State pension benefits book / statement
- Home or motor insurance certificate
- Current local authority council tax bill / Tenancy agreement
- Solicitors letter confirming house purchase / land registration check
- National insurance number
- Record of any home visit

Where joint instructions are received, identification procedures should be applied to each client. If joint clients have the same name and address (e.g. spouses), the verification of the address for one client only is sufficient.

Clients where there is no face-to-face contact

Where contact with the client is not face-to face but by post or telephone, it is still necessary to obtain evidence of identity in accordance with the above procedures. Such evidence can be produced by way of an original document or by way of a certified copy provided that the copy is certified by a reputable institution, such as a bank or firm of solicitors, who should verify the name used, the current permanent address and the client's signature. The name and address of the institution providing the certification should be noted and checked by reference to a professional directory. The MLRO officer must contact the client and verify full details and nature of service required.

Non-UK clients

Non-UK individual clients *should produce passports or national identity cards* together with separate evidence of the client's permanent address obtained from the best source available. PO Box numbers are not sufficient evidence of an address. Non-UK corporate clients should produce equivalent information to that obtained by making a UK company search.

If you are unable to obtain satisfactory evidence of identity in accordance with the above procedures you must contact the business's nominated MLRO officer who will advise on any alternative steps which may be taken or consider whether instructions must be terminated.

Companies – UK, Scottish & NI limited Company / Limited liability Partnerships

Companies are the most likely vehicles for money laundering. This is particularly true where legitimate trading companies appear to front the operation. In the case of a corporate client, we need to be satisfied that the company exists and that we are dealing with that company. The existence of the company can be determined by making a Company House UK, Scotland and NI or a search of the UK, Scottish and NI Partnership Registers, which will reveal the following information:

- Name and registered address
- Registered number
- Identity of director(s)
- Nature of the company's business
- Certificate of incorporation
- If a subsidiary, the name of the holding company
- If offshore, nominee director declaration and a general power of attorney

Unincorporated Business or Partnership

- Full name(s) of proprietor / Partners
- Individual identity evidence for all individuals / entities with 25% or more of shares and voting rights in the business

Trusts

- Trust deed
- List of trustees
- List of beneficiaries
- Individual identity evidence for all individuals / entities with 25% or more of shares and voting rights in the business

6.3: Record Keeping Procedures

6.3.1: Identification

Copies of identification should be retained on the file relating to the original activity that generated the need for identification.

You do not need to perform identity checks for each regulated activity that the firm undertakes for a client. If the firm is carrying out a new regulated activity for a client who has already provided satisfactory evidence of identity, simply file a copy of those identity checks on the current file.

You must retain identity checks for 5 years from the end of any business relationship or the date of the last transaction.

6.3.2: Transaction Files

The legislation requires W A Barnes LLP to retain files for regulated activities for 5 years from the end of the transaction or activity.

6.4: Reporting Procedures

6.4.1: Reporting knowledge or suspicion of money laundering

If you know or suspect that someone (whether a client or not) is involved in money laundering activities you must report this to the firm's MLRO using the form in Appendix 1. Failure to do so is a criminal offence.

6.4.2 Avoiding 'Tipping off'

If you know or suspect that a report has been made and you make a disclosure to anyone who is likely to prejudice any investigation that might be conducted, you could be guilty of the **Offence of tipping off**. There is also a separate offence of prejudicing investigation, whether or not a report has been made.

Note: It is a criminal offence to "tip off"

In practical terms, you should not discuss any knowledge or suspicions with anyone outside the office, and keep any discussions within the office to an absolute minimum. Such

discussions must not take place in the public area of the office if other members of the public are present.

6.4.3: Personal duty to report

Whilst the legislation places an obligation on the firm, it also places a legal duty on all staff working within the firm and other external agents and representatives who perform duties for the firm. Any employee, agent or representative who, in the course of business, comes to know or suspect that another person is involved in money laundering must report this fact to the MLRO. Failure to do so is a criminal offence, carrying a maximum penalty of 5 years in jail, an unlimited fine or both.

You must report **ANY** knowledge or suspicion to the MLRO, irrespective of what business activity you were undertaking when you obtained it.

6.4.4: Identifying suspicious activity

Once you have suspicion or knowledge; or reasonable ground to suspect that money laundering is taking place by a customer; or a transaction or relationship that the client is concerned with, the MLRO must be informed immediately through a written internal report (see internal reporting form).

The MLRO will then conduct their own investigations into the information provided. The MLRO will not disclose this to the other parties, which would represent tipping off. This will include verification of the Customer Due Diligence already provided as well as any further internal enquiries that will assist the decision-making process and whether to refer the matter to the National Crime Agency (NCA).

Examples of when you may consider submitting a suspicious activity report (SAR):

- Checking the seller or buyers' identity is difficult and they are reluctant to provide details.
- Their lifestyle does not appear to be consistent with your knowledge of their income.
- Their income is not from a legitimate source.
- Part or full settlement in cash or foreign currency.
- You are unable to identify whether there are any beneficial owners.

- For regular and existing customers, the transaction is different from their normal business or the customer cannot explain a significant change in their financial circumstances.

6.4.5: Protected reporting

Provided any report is based on your knowledge or suspicion of money laundering obtained in the course of the firm's business (or you had reasonable grounds to know or suspect) then you have fulfilled your obligations under the regulations.

Note: The money laundering regulations totally override our normal duty of confidentiality

Money laundering is real and it will affect us. If you have any concerns regarding the practice's policy or your responsibilities contact the MLRO – **Tom Smith**.

7.0: Minimising liability risks

We have a legal responsibility to undertake Customer Due Diligence on the buyer, as well as the seller, before the establishing of a business relationship or the carrying out of a transaction. The level of due diligence will depend on your risk assessment of each customer.

We must be able to prove the identity of both parties (and any beneficial owner of the customer) to the sale. The beneficial owner is the person who is behind the customer and who owns or controls the customer. It may also be the person on whose behalf a transaction or activity is carried out.

The level of due diligence is down to the individual employee to decide. However, if you are in any doubt you must discuss the matter with the MLRO. If you have doubts about a customer's identity, you must cease activities with them until doubts are resolved.

To minimise the risks of liability, you must take the following actions:

- **Verify the identity and bona fides of your client:** Meet the client or clients where possible and get to know them.
- **Collection of verification information:** Check that the information collected is original or a readable copy of the original and that the documents have not been altered or damaged in any way.

- **Question unusual instructions:** Make sure that you discuss them fully with your client.
- **Check that the true price is shown in all documentation:** Check that the actual price agreed is stated in the heads of terms.
- **Do not witness pre-signed documentation:** No documents should be witnessed by a staff member unless the person signing does so in your presence.
- **Verify signatures:** Consider whether signatures on all documents connected with a transaction should be examined and compared with signatures on any other documentation.
- **Countries of concern** – pay particular attention to checking the information of customers from the countries listed on the following page.

Countries of concern

High-Risk Third Countries

1. Albania
2. Barbados
3. Botswana
4. Burkina Faso
5. Cambodia
6. Cayman Islands
7. Democratic People's Republic of Korea
8. Democratic Republic of the Congo
9. Ghana
10. Iran
11. Jamaica
12. Mauritius
13. Morocco
14. Myanmar
15. Panama
16. Senegal
17. Syria
18. Tanzania
19. Uganda
20. Yemen
21. Zimbabwe

Appendices

Appendix 1: Vendor AML

W A Barnes LLP – Vendor AML* risk assessment (Stage 1)

Full name (include middle name(s)).....

Date of birth.....

Property address.....

Home address (if different).....

Length of time at address.....

Risk Assessment: Score each criteria (1, 2, or 3)

Risk score	Low – 1	Medium - 2	High - 3	Score
Have you met the individual?	In the home	In the office	No: Enhanced due diligence MUST be completed if you do not meet the individual	
Where is the individual resident?	UK National in UK	Foreign national in UK / UK National outside the UK	Foreign national outside the UK	
Is the transaction unusually large (e.g. £1m +)?	No	N/A	Yes	
Is the transaction being conducted through a third party?	No	N/A	Yes	
Have you verified property ownership?	Owner(s) verified via Land Registry Check	Satisfied with visual inspection/owned by third party	No	
Are there any other concerns/complications in the transaction?	No	Some concern	Further investigation required	
			Total Score	

Add up TOTAL score and apply the following

Normal risk (Recommended score 1-8)	Next step: Using data collected in terms of compliance confirm 'normal' as client risk
High Risk (Recommended score 8+)	Next Steps: In addition to collected data, request additional identification documents, check with all other data held and confirm as 'high' client risk

*AML stands for Anti Money Laundering

Initials of signatory

Additional information required for high risk check (choose 1)

Passport

- Country code
- Expiry date.....
- Passport number – 2nd line of machine readable zone.....

Driving licence number.....

National insurance number.....

W A Barnes LLP AML result analysis

	Pass	Refer/fail
AML results	<input type="checkbox"/>	<input type="checkbox"/>
PEP & Sanction check	<input type="checkbox"/>	<input type="checkbox"/>
Deceased check	<input type="checkbox"/>	<input type="checkbox"/>
Passport verification	<input type="checkbox"/>	<input type="checkbox"/>
Driving licence number verification	<input type="checkbox"/>	<input type="checkbox"/>
National insurance number verification	<input type="checkbox"/>	<input type="checkbox"/>

If any of the above as a refer/fail, move on to enhanced due diligence

Enhanced due diligence (EDD) (Stage 2)

Where EDD is required, the following may apply (Choose 2)

- If you have not already requested and retained photo identification:
 - You must see originals and not accept photocopies
 - If you do not see originals, you must obtain certified documents for client verification
- Where foreign documentation is produced consider:
 - Requesting certified documentation, or
 - Using electronic checks to verify the legitimacy of the documentation
- In probate cases request a copy of the will to verify executor
- Where a person is acting for someone incapacitated, a copy of power of attorney
- Ask questions and retain answers regarding the reasons behind the transaction
- Obtain documentation relating to company structure to establish beneficial ownership

This is an indicative, rather than an exhaustive guidance on what steps you could take to apply EDD. For further information, please contact the firm MLRO

Initials of signatory

W A Barnes LLP – Vendor AML* risk assessment summary

Compliance summary				
Risk level	Yes / No	Signed by (initials)	Name of signatory	Date
Normal client risk				
High client risk				

Important notes

The following actions are important. Failure to comply with these will invalidate the AML:

- This Vendor AML risk assessment will not be acceptable unless all 3 pages have been completed, with pages 1 and 2 appropriately initialled by the person completing the form
- This Vendor AML risk assessment will not be acceptable unless all 3 pages are attached
- All documentation relevant to the AML risk assessment must be attached to this document.

Warning

Failure to comply with the instructions contained may result in the responsible person being subjected to civil and/or criminal prosecution.

Appendix 2: Purchaser AML

W A Barnes LLP – Purchaser AML* risk assessment (Stage 1)

Full name (include middle name(s)).....

Date of birth.....

Property address.....

Home address (if different).....

Length of time at address.....

Risk Assessment: Score each criteria (1, 2, or 3)

Risk score	Low – 1	Medium - 2	High - 3	Score
Have you met the individual?	In the home	In the office	No: Enhanced due diligence MUST be completed if you do not meet the individual	
Where is the individual resident?	UK National in UK	Foreign national in UK / UK National outside the UK	Foreign national outside the UK	
Is the transaction unusually large (e.g. £1m +)?	No	N/A	Yes	
Is the transaction being conducted through a third party?	No	N/A	Yes	
How is the purchase being funded?	Sale of existing property / FTB	Another source of funds (inheritance etc)	Unknown	
Are there any other concerns/complications in the transaction?	No	Some concern	Further investigation required	
			Total Score	

Add up TOTAL score and apply the following

Normal risk (Recommended score 1-8)	Next step: Using data collected in terms of compliance confirm 'normal' as client risk
High Risk (Recommended score 8+)	Next Steps: In addition to collected data, request addition identification documents, check with all other data held and confirm as 'high' client risk

*AML stands for Anti Money Laundering

Initials of signatory

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Additional information required for high risk check (choose 1)

Passport

- Country code
- Expiry date.....
- Passport number – 2nd line of machine readable zone.....

Driving licence number.....

National insurance number.....

W A Barnes LLP result analysis

	Pass	Refer/fail
AML results	<input type="checkbox"/>	<input type="checkbox"/>
PEP & Sanction check	<input type="checkbox"/>	<input type="checkbox"/>
Deceased check	<input type="checkbox"/>	<input type="checkbox"/>
Passport verification	<input type="checkbox"/>	<input type="checkbox"/>
Driving licence number verification	<input type="checkbox"/>	<input type="checkbox"/>
National insurance number verification	<input type="checkbox"/>	<input type="checkbox"/>

If any of the above as a refer/fail, move on to enhanced due diligence

Enhanced due diligence (EDD) (Stage 2)

Where EDD is required, the following may apply (Choose 2)

- If you have not already requested and retained photo identification:
 - You must see originals and not accept photocopies
 - If you do not see originals, you must obtain certified documents for client verification
- Where foreign documentation is produced consider:
 - Requesting certified documentation, or
 - Using electronic checks to verify the legitimacy of the documentation
- In probate cases request a copy of the will to verify executor
- Ask questions and retain answers regarding the reasons behind the transaction
- Obtain documentation relating to company structure to establish beneficial ownership

This is an indicative, rather than an exhaustive guidance on what steps you could take to apply EDD. For further information, please contact the firm MLRO

Initials of signatory

W A Barnes LLP – Vendor AML* risk assessment summary

Compliance summary				
Risk level	Yes / No	Signed by (initials)	Name of signatory	Date
Normal client risk				
High client risk				

Important notes

The following actions are important. Failure to comply with these will invalidate the AML:

- This Vendor AML risk assessment will not be acceptable unless all 3 pages have been completed, with pages 1 and 2 appropriately initialled by the person completing the form
- This Vendor AML risk assessment will not be acceptable unless all 3 pages are attached
- All documentation relevant to the AML risk assessment must be attached to this document.

Warning

Failure to comply with the instructions contained may result in the responsible person being subjected to civil and/or criminal prosecution