



Anti-Money Laundering Policy

Approval Date: 30th April 2024

Review Date: 30th April 2027

Policy Summary

This policy aims to maintain the high standards of conduct which already exists within the organisation by preventing criminal activity through money laundering in all its forms. This policy sets out the organisation's approach to prevent money laundering, as well as detailing the procedures which must be followed to enable the organisation to comply with its legal obligations.

Equalities

This policy fully complies with Lintel Trust's Equality, Diversity and Inclusion Policy and Equalities legislation.

Privacy

This policy fully complies with Lintel Trust's Data Protection Policy and Data Protection legislation.

Policy Owner

Lintel Trust's Business Manager

Review Manager

Lintel Trust's Business Manager

Approved by

Lintel Trust Board

1. INTRODUCTION

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:

- 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.

2. POLICY STATEMENT AND SCOPE

- 2.1 This policy aims to maintain the high standards of conduct which already exists within the organisation by preventing criminal activity through money laundering in all its forms. The policy sets out the organisation's approach to prevent money laundering, as well as detailing the procedures which must be followed to enable the organisation to comply with its legal obligations.
- 2.2 This Policy applies to all employees of the Lintel Trust, staff are required to have sufficient knowledge to ensure they can identify instances of money laundering and to prevent themselves becoming involved in such an offence.
- 2.3 No organisation is safe from the threat of money laundering particularly where it is receiving funds from sources where the identity of the payer is unknown. It is, therefore, possible that Lintel Trust will be targeted by criminals wishing to launder the proceeds of crime.
- 2.4 All staff dealing with the receipt of funds or having contact with the public must therefore be aware of Lintel Trust's Anti-Money Laundering Policy.
- 2.5 Where cash payments are made in excess of £2,000, the person receiving the cash should enquire if the customer is aware of the source of that money and what the source is, prior to accepting it. Any single cash transaction of £2,000 or more should be reported to the most senior member of staff will report to the LHC Finance Department as soon as possible. If the cash payment is accepted, the customer should be requested to complete and sign a short statement confirming the source of funds.

- 2.6 In order to prevent money laundering the Association will not normally accept cash payments totalling more than £5,000.

3. RISK ASSESSMENT

3.1 The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 ('the Regulations') came into force on 26 June 2017 and lists certain business activities, including some types of business undertaken by Lintel Trust which, in turn, makes company service providers 'relevant persons' to whom the Regulations apply. The Regulations also apply to:

- Credit institutions
- Financial institutions
- Auditors, external accountants
- Independent legal professionals
- Housing Associations
- Estate Agents and others

3.2 The Regulations appoint supervisors for various sectors and include the Financial Conduct Authority (FCA), HMRC and The Law Society.

3.3 As part of the risk assessment, Lintel Trust's activities have been considered and an assessment made on whether any of them fall into one of the categories covered by the Regulations. Lintel Trust carries out the following activities:

- delivery of charitable fund management service to SPA- low risk
- delivery of charitable fund management service to unknown other - medium risk
- partnerships with other charitable organisations - low risk
- fundraising activities - low risk
- donations from business supporters - low risk

3.4 Low Risk Activity

The provision of a charitable fund management service to SPA; strategic partnerships with other charities; small scale fundraising and donations from business supporters are low risk activities. As Lintel Trust carried out due diligence prior to the partnership with SPA, Lintel Trust is fully aware of where the funds are generated. As part of the London Housing Consortium (LHC) Group, Lintel Trust is further protected by LHCPG Finance policies. Likewise, Lintel Trust's business supporters are now organisations with housing sectors and donations are not more than £2,000 per year.

3.5 Medium Risk Activity

In the event of Lintel Trust working with another organisation to deliver charitable funds, there may be a medium risk attached. It is incumbent on Lintel Trust to carry out due diligence on the organisation involved and to ensure they have their own robust anti-money laundering checks in place.

3.6 Risk assessment

Lintel Trust has carried out a money laundering risk assessment attached as Appendix 4 to this policy.

4. OFFENCES

Lintel Trust Complaints Procedure

Stage One	Complaint is received, recorded, and resolved by front line staff, or the person receiving the complaint.
Stage Two	If the matter is not resolved, it will be escalated to the Business Manager, who will send an acknowledgment within 5 working days of receipt. An investigation will take place and a response will be provided within 20 working days. In the event that the Business Manager was the first point of contact, the complaint will be moved to Stage Three.
Stage Three	In a more complex case, if still unresolved, the matter will be taken to the SPA Director for further investigation. A full response will be provided within 20 working days. At this stage the Lintel Trust Board will be notified of the complaint and action taken.
Stage Four	The complainant may escalate their complaint to the Scottish Charity Regulator (OSCR).

4.1 Proceeds of Crime Act 2002 (POCA)

Under the Proceeds of Crime Act 2002 Lintel Trust may be guilty of an offence if it helps an individual to launder funds from a criminal source. If Lintel Trust knows or suspects that the funds may be from a criminal source it must make the appropriate disclosure or it may receive a fine and/or imprisonment for up to 14 years.

4.2 Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017

The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 contains rules for how various businesses and professionals must operate. Failure to adhere to these rules could result in a fine and/or

imprisonment for up to 2 years for each breach of the rules even where there has been no instance of money laundering.

4.3. Implementing the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017

The Regulations require organisations to ensure that:

- They have systems and procedures in place to prevent money laundering and report suspicious activity;
- Staff are made aware of the procedures and systems;
- Staff are trained in how to recognise and deal with transactions which may be related to money laundering;
- All third parties dealing with the organisation who fall within certain criteria are properly identified.
- Identification and transaction records are maintained; and
- A Money Laundering Reporting Officer (MLRO) is appointed.
- There are staff screening measures for appointed officers and those working within the regulated part of the organisation.
- Organisation-wide risk assessments are carried out

4.4 Terrorism Act 2000

The Act requires regulated businesses to report knowledge or suspicion of offences related to terrorist financing:

- Fundraising for the purposes of terrorism;
- Using or possessing money or other property for the purposes of terrorism;
- Involvement in funding arrangements;
- Money laundering-facilitating the retention or control of property (including money) which is destined for, or is the proceeds of terrorism. Failure to disclose carries a maximum of 5 years imprisonment.

4.5 The Criminal Finances Act

The Criminal Finances Act 2017 introduced new corporate criminal offences relating to the failure to prevent facilitation of tax evasion (in the UK or abroad). The Act provides for a defence to the new offences where organisations have put in place “reasonable prevention procedures”.

5. STAFF RESPONSIBILITIES

5.1 Criminal Offences

Potentially any employee could commit a criminal offence if they suspect money laundering and either become involved with it in some way and / or do nothing about it.

The principle offences of money laundering under the legislation are:

- Concealing, disguising, converting, transferring or removing criminal property (Section 327)
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328)
- Acquiring, using or possessing criminal property (Section 329)

However, there are also two further 'third party' offences that relate to the suspicion or knowledge that money laundering is taking place, and these are the ones that members of staff are more likely to commit:

- Failure to disclose one of the principal offences
- Tipping Off – where someone informs a person who is, or suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated, or prejudicing an investigation.

Extreme caution is required regarding 'Tipping off' procedures, **Reference must not be made on any file that a report has been made to the MLRO**, whether a staff member filed such a report or not. If a customer exercises their right to see the file under General Data Protection Regulations (GDPR), such a note will be classed as 'tipping them off'. In addition staff should refrain from discussing the matter with anyone other than the MLRO who will keep the appropriate records in a confidential manner. To comply with the legislation all members of staff are required to follow the reporting procedure set out in this policy if they have knowledge of or suspicion of money laundering taking place.

5.2 Recognising Money Laundering

At all times staff should:

- be wary of unusually large cash transactions;
- be wary of the absence of an obvious legitimate source of funds
- be alert to the possibility of money laundering by a client or a prospective client;

Possible money laundering transactions are set out in **Appendix 1**.

6. CONTROLS

6.1 Proof of Funds/Due Diligence

Lintel Trust's responsibility in this area is to ensure that any large donations are recorded, proof of identity is produced and background checks made on donations larger than £2,000. Financial records include all donations and records will be kept for a minimum of 5 years from the end of the business relationship with the donor.

7. PROCEDURES

7.1. Staff Training and Screening

7.1.1 All relevant staff will receive training about how to spot and prevent money laundering. They must also sign a declaration to state that they have read this Anti-Money Laundering Policy and understand its requirements and their responsibilities. A copy of the declaration is attached at **Appendix 2**.

7.1.2 When relevant front-line staff join the organization, they will be provided with a copy of the Anti-Money Laundering Policy as part of their induction procedure. They will also be given the opportunity to discuss any concerns or queries with the MLRO prior to signing the declaration of compliance.

7.1.3 All internal disclosures of suspected money laundering shall be reported to, and considered and recorded by, Business Manager who will fulfil the role of MLRO. In the absence of the Business Manager, the LHC Finance Manager will fulfil the role of MLRO. The MLRO shall be responsible for making suspicious activity reports (SAR) to the National Crime Agency (NCA) in the event that this action is required. The MLRO may decide to report the matter to the Serious Organised Crime Agency (SOCA) using the SOCA online reporting system.

7.1.4 Staff carrying out anti-money laundering functions will be screened, both when they are taken on and during the course of their employment, and records maintained. Screening means an assessment of:

- The skills, knowledge and expertise of the individual to carry out their functions effectively
- The conduct and integrity of the individual

7.1.5 The organisation must also consider, with regard to the nature and size of the business, whether it is appropriate to appoint one individual as the officer responsible for compliance with the regulations.

7.2 General

It is the duty of all members of staff entering into an arrangement with a customer, supplier or potential customer or supplier to ensure that:

- The customer, supplier or potential customer or supplier is bona fide;
- The arrangement is legitimate; and
- The arrangement is not being entered into for money laundering purposes.

7.3 Identification Issues

As a small charity, Lintel Trust is currently able to identify and assess all the organisations with whom it has business dealings. We are also able to identify all individuals that make large donations, where there may be a risk of receiving the proceeds of crime.

7.3.1 For individual's appropriate identification documents would be:

- Passport;
- Photo Driving Licence; and
- Correspondence showing individual's name and address

7.3.4 For companies it is useful to obtain a Companies House Search to identify who the Directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company.

Lintel Trust should also identify the names and addresses of all-natural persons who are the ultimate "beneficial owners" of a company, other body corporate or a trust.

In this policy, the term "beneficial owner" means:

- (a) any individual who exercises ultimate control over the management of the company, other body corporate or trust;
- (b) any individual who ultimately owns or controls (in each case whether directly or indirectly) 25% or more of the shares or voting rights in the company, other body corporate or trust; or
- (c) an individual who controls the company, other body corporate or trust.

7.3.5 The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 define certain persons as "politically exposed persons" or "PEPs", which means an individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official.

It is not considered necessary for Lintel Trust to routinely "screen" donors, business partners or other stakeholders for PEP status. However, in the event that it becomes apparent to Lintel Trust that an existing customer is or has become a PEP, then the relevant member of staff responsible should bring it to the attention of their line manager. They should record a file note explaining the source of funds, and then advise the MLRO. Depending on the nature of

the transaction, and on the information known about the source of funds, the MLRO will advise if further due diligence is required. If the transaction includes regulated work and/or there are red flag indicators, then the MLRO may choose to escalate to the LHC Group Strategy Team for a decision on whether Lintel Trust will continue in a business relationship with the customer in question.

7.3.6 For any other type of organisation, for example a sole trader or partnership, personal identification should be obtained for the individual.

7.3.7 Where it has not been possible to carry out satisfactory checks in order to identify the customer, Lintel Trust must cease all business/transactions with such individual(s) and consider making a suspicious activity report to the National Crime Agency (NCA).

7.3.8 Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary.

7.4 **Records**

- (i) The organisation will maintain its records in respect of potential cases of money laundering for **five years from the end of the business relationship with the customer.**
- (ii) The records will contain the following information:
 - The identity of all parties to a transaction;
 - The name and address of the customer or supplier;
 - The name and address of any other party to a transaction;
 - Details of the transaction;
 - The form of instruction or authority;
 - Details of any payments made by or to the organisation
- (iii) There is an obligation on all staff to report suspicions of money laundering to the MLRO. This is to be done by way of e-mail or internal reporting form (see **Appendix 3**) containing the information in paragraph (ii) above. **Once a member of staff has reported a suspicion of money laundering in this manner, they have fully satisfied their statutory obligations.**
- (iv) On receiving a report of a suspicion of money laundering, the MLRO will initially seek to validate that suspicion. In this they will have access to such records as they feel necessary.
- (v) The MLRO will record in the Money Laundering Register (see Appendix 3) the details of any suspicion of money laundering brought to their attention, the actions taken to validate that suspicion and the results of that validation. The MLRO will normally bring the matter to the attention of, and

consult with, the Chief Executive at this stage. The MLRO in conjunction with the Chief Executive will bring the matter to the attention of the LHC Group Strategy Team.

- (vi) If the Money Laundering Reporting Officer concludes that the suspicion is valid, they will report the matter fully, in writing, to the NCA. There is an obligation on the Money Laundering Reporting Officer to ensure that all such reports are acknowledged in writing by the NCA. Notwithstanding this, the MLRO remains responsible for ensuring a SAR is submitted to the NCA promptly. The MLRO will thereafter act as the point of contact with the NCA as necessary, and ensure it has all the information it requires for any subsequent investigation. The MLRO will ensure the Chief Executive and Group Audit & Risk Committee Chair are kept informed of any developments in this regard.
- (vii) The responsibility for ensuring that the organisation complies with the requirements of the POCA and the Regulations rests with the Money Laundering Reporting Officer. If he/she fails to carry out his/her duty correctly he/she may face a fine and/or imprisonment for up to 14 years.

7.5 Independent Audit

Lintel Trust is subject to an annual independent audit, which serves as a further safeguard against money laundering activity and as evidence of compliance with the Charities and Trustee Investment (Scotland) Act 2005 and the Scottish Charity Regulator.

8. SUMMARY

- 8.1 All incidents should be reported to the MLRO who will then decide whether or not to make a report. If any member of staff should ever become aware that a transaction may involve the proceeds of crime, then the MLRO should be advised as soon as possible. If a member of staff has any suspicions, then provided they make the MLRO aware of their suspicions then their personal obligation to report has been met.
- 8.2 On receiving a report of a suspicion of money laundering the MLRO will initially seek to validate that suspicion.
- 8.3 The MLRO will record in the Money Laundering Register, the details of any suspicion of money laundering brought to their attention, the actions taken to validate that suspicion and the results of that validation.
- 8.4 If the MLRO concludes that the suspicion is valid they will report the matter on a suspicious activity report to the National Crime Agency (NCA).

- 8.5 All members of staff will be made aware of these procedures and the reasons for them. Any amendments to the Regulations concerning money laundering will be brought to the attention of all staff immediately.
- 8.6 Any entries made in the Money Laundering Register will be brought to the attention of the Group Audit & Risk Committee at the next meeting following the event being recorded.
- 8.7 The Money Laundering Register will be kept by the Company Secretary and will be available for inspection by any Board Member or Regulatory Body.

Privacy Impact Assessment Screening Questions

Carrying out a Privacy Impact Assessment [PIA] will be useful to any project – large or small – that:

- Involves personal or sensitive data about individuals
- May affect our customers' reasonable expectations relating to privacy
- Involves information that may be used to identify or target individuals

Please tick the applicable statement(s) below. Will your project involve:

1. A substantial change to an existing policy, process or system that involves personal information Yes No
2. A new collection of personal information Yes No
3. A new way of collecting personal information (for example collecting it online) Yes No
4. A change in the way personal information is stored or secured Yes No
5. A change to how sensitive information is managed Yes No
6. Transferring personal information outside the EEA or using a third-party contractor Yes No
7. A decision to keep personal information for longer than you have previously Yes No
8. A new use or disclosure of personal information you already hold Yes No
9. A change of policy that results in people having less access to information you hold about them Yes No

10. Surveillance, tracking or monitoring of movements, behaviour or communications Yes No

11. Changes to your premises involving private spaces where clients or customers may disclose their personal information (reception areas, for example) Yes No

If you have answered 'Yes' to any of these points, please complete a full Privacy Impact Assessment. If you have answered 'No', you need take no further action in completing a Privacy Impact Assessment.

Equality Impact Assessment Screening Questions

Will the implementation of this policy have an impact on any of the following protected characteristics?

1. Age Yes No

2. Disability Yes No

3. Gender reassignment Yes No

4. Marriage and Civil Partnership Yes No

5. Pregnancy and Maternity Yes No

6. Race Yes No

7. Religion or belief Yes No

8. Sex Yes No

9. Sexual orientation Yes No

If you have answered 'Yes' to any of these points, please complete a full Equality Impact Assessment. If you have answered 'No', you need take no further action in completing an Equality Impact Assessment.

APPENDIX 1

Possible signs of money laundering

It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report to the Money Laundering Reporting Officer (MLRO). The following are types of risk factors that may, either alone or cumulatively may suggest the possibility of money laundering activity:

General Issues:

- Checking a new customer's identity is difficult;
- A secretive customer/client e.g., refused to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity or location of a customer or client;
- A customer who puts pressure on the association to accept business before carrying out the necessary checks;
- Illogical third party transactions, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (£2,000 or more);
- Significant overpayments by a client and the subsequent requests for refunds;
- Absence of an obvious legitimate source of the funds;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations-an example of this could be a customer on housing benefit suddenly has the funds for a deposit to fund a house purchase;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Refunds following the cancellation or reversal of an earlier transaction;
- Previous transaction for the same client that has been, or should have been, reported to the MLRO;
- Funds received for e.g., stair casing from an unexpected source.
- A customer makes an approach to purchase a property then backs off on realising his or her identity will be checked for anti-money laundering purposes.

APPENDIX 2

LINTEL TRUST

DECLARATION OF COMPLIANCE WITH ANTI-MONEY LAUNDERING POLICY

I confirm that I have read Lintel Trust’s Anti- Money Laundering Policy and have understood the requirements of this Policy and my responsibility in relation to this document.

I understand that if I am party to any breach of this guidance it could be regarded as gross misconduct and that this may result in disciplinary action.

Signed:

Name:

Position:

Date:

APPENDIX 3

CONFIDENTIAL

THIS REPORT MUST BE KEPT FOR AT LEAST FIVE YEARS

Report to MONEY LAUNDERING REPORTING OFFICER

Re: MONEY LAUNDERING ACTIVITY

To: MONEY LAUNDERING REPORTING OFFICER

From: *[Insert name of employee]*

Position:

Ext/Tel. No:

DETAILS OF SUSPECTED OFFENCE:

1. Name(s) and address (es) of person(s) involved:

[If a company/public body please include details of nature of business]

2. Nature, value and timing of activity involved:

[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

3. Nature of suspicions regarding such activity: *[Please continue on a separate sheet if necessary]*

4. Has any investigation been undertaken (as far as you are aware)? Yes/No If yes, please include details below:

5. Have you discussed your suspicions with anyone else? Yes/No

6. If yes, please specify below why the discussion was needed and with whom:

7. Please set out below any other information you feel is relevant:

8. Signed:.....Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping of offence, which carries a maximum penalty of 5 years imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER

9. Date report received:

10. Date receipt of report acknowledged:

11. CONSIDERATION OF DISCLOSURE:

Action plan:

12. OUTCOME OF CONSIDERATION OF DISCLOSURE:

12.1 Are there reasonable grounds for suspecting money laundering activity? Yes/No

12.2 If there are reasonable grounds for suspicion, will a report be made to the NCA? Yes/No

12.3 If yes, please confirm date of report to NCA:

12.4 Details of liaison with the NCA regarding the report:

12.5 Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? Yes/ No

12.6 If yes, please confirm full details below: Date consent received from NCA:

12.7 If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

12.8 Other relevant information:

Signed:.....Dated:.....

APPENDIX 4

MONEY LAUNDERING RISK ASSESSMENT

CUSTOMER PROFILE	HOW THE RISK FACTOR APPLIES	PROCEDURE IN PLACE TO MANAGE AND MITIGATE RISKS
New customer	Checking a new customers identity is difficult	Establish reasons for problem and refer to MLRO if necessary. Obtain verification from other sources e.g. HMRC
New customer	There is a reluctance from the new customer to provide details of their identity	Establish reasons for reluctance. Do not conduct business with customer and submit internal suspicious activity report to MLRO.
Existing customer	The size of the transaction is not consistent with previous activity e.g. customer on housing benefit suddenly has the deposit for house purchase.	Enquiries as to source of funds, establish who is financing the transaction. Obtain bank statements as proof of source of funding for transaction. Ensure all payments made through customer's bank account.
Existing customer	The financial circumstances of an existing customer have changed e.g. customer wishes to accelerate purchase of interest in a shared ownership property.	As above.
New or existing customer	Money is paid by a third party who has no obvious Lintel Trust with the transaction.	Establish nature of relationship between customer and third party. Confirm reason for third party involvement in transaction. Ensure payment from 3rd party is made through bank account.

New or existing customer	The customer wants to pay a large sum in cash (high risk).	Inform customer of cash limit. Enquire as to reason for wishing to pay cash and source of funds. Report to MLRO in order to obtain consent to proceed with transaction.
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CUSTOMER PROFILE	HOW THE RISK FACTOR APPLIES	PROCEDURE IN PLACE TO MANAGE AND MITIGATE RISKS
New or existing customer	A customer makes an approach to purchase a property then decides not to proceed on realising that his/her identity will be checked for AML purposes.	Report to MLRO. Do not undertake business for customer.
Existing customer shared ownership purchase	Property purchase (medium risk).	Purchaser's solicitor will carry out the necessary anti-money laundering checks, which will be brought up to date where appropriate.
New customer/shared ownership purchase	Property purchase (high risk).	Purchaser's solicitor will carry out the necessary anti-money laundering checks, which will be brought up to date where appropriate.
New customer/new property purchase	Property purchase (high risk).	Purchaser's solicitor will carry out the necessary anti-money laundering checks, which will be brought up to date where appropriate.
New customer/new non-UK national/new property purchase	Property purchase (high risk).	Purchaser's solicitor will carry out the necessary anti-money laundering checks, which will be brought up to date where appropriate.