

The OFT Anti-Money Laundering Compliance Regime

February 2009

Money Laundering Regulations 2007

- The 2007 Money Laundering Regulations give the OFT new powers
- The OFT is the Supervisory Authority for:
 - Estate Agents: approx. 15,000 firms
 - CCFIs: approx 5,000-20,000

Aims of the AML Regime

- Combat money laundering and terrorist financing
- Reduce businesses vulnerability to money laundering activity
- Risk based approach to compliance and enforcement focusing on high risk areas.

Businesses are required to:

- Confirm customer identity
- Keep records
- Appoint a money laundering reporting officer (MLRO)
- Risk based compliance policies and procedures
- Train staff
- Make Suspicious Activity Reports (SARs)
- Register with the OFT

Why do Estate Agents have to comply with the Regulations?

- Recognised by FATF as an area of high risk
- Estate Agents are a central party to property transactions as they meet both sides - normally face to face
- Property being sold now may have been previously bought with the proceeds of crime
- Estate Agents are best placed to see trends in certain areas

How do I recognise suspicious activity?

- **Cash transactions**
 - Cash deposit customers
- **Overseas clients**
 - Are your clients in tax havens or abroad?
- **Beneficial owner**
 - Do you deal with solicitors or companies acting on behalf of a client
- **Mortgage Valuation (under valuing the property)**
 - Is the property being sold below market value

How do I recognise suspicious activity?

- **Quick Turnaround sales**
 - Do your clients buy and sell properties in quick succession with little or no profit
- **Investment vehicles**
 - Are your clients buying/selling properties without viewing them or disputing the purchase or sale price.
- **Dubious clients**
 - No one knows what he does or where his money comes from

Why do Estate Agents have to make SARs?

- Estate Agents are required by the 2007 Regulations to report suspicious activity to SOCA
- It is an offence under the Proceeds of Crime Act 2002 for failing to report if you have knowledge or suspicion of money laundering and or terrorist financing
- SARs help SOCA fill the intelligence gap in investigations

Tipping off/Confidentiality

- Once you make a SAR to SOCA it must remain confidential
- Tipping off an individual about a SAR made about them is a crime under the Proceeds of Crime Act 2002 (POCA)

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- OFT's interim supervision regime
- Enforcement powers
- Sanctions
- OFT registration for supervised businesses

Where can you find more information?

- OFT has produced guidance for traders (OFT 954)
- Enforcement Principles (to be published)
- Further information is also available on the OFT website: <http://www.offt.gov.uk/mlr>

Making a Complaint to the OFT

Email: amld3@oft.gsi.gov.uk

Write in: Office of Fair Trading
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

Phone: 08457 22 44 99