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MONEY LAUNDERING
REPORTING OFFICER
(MLRO)

REQUIREMENTS TO HAVE AN MLRO

- INTERNATIONAL REQUIREMENT
- DOMESTIC LEGISLATION
- RULE BOOK
- AML/CFT HANDBOOK

FATF RECOMMENDATIONS

- R 13. If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it should be required, directly by law or regulation, to report promptly its suspicions to the financial intelligence unit (FIU).

FATF RECOMMENDATIONS

- R 14. Financial institutions, their directors, officers and employees should be:
 - a) Protected by legal provisions from criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FIU, even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred.

FATF RECOMMENDATIONS

- R 14 Cont.
 - b) Prohibited by law from disclosing the fact that a suspicious transaction report (STR*) or related information is being reported to the FIU.

* USA use term Suspicious Activity Report (SAR)

DOMESTIC LEGISLATION

- CRIMINAL JUSTICE (MONEY LAUNDERING) CODE 2007
- DRUG TRAFFICKING ACT 1996
- CRIMINAL JUSTICE ACT 1990
- CRIMINAL JUSTICE ACT 2001
- ANTI-TERRORISM & CRIME ACT 2003

DOMESTIC LEGISLATION

CRIMINAL JUSTICE (MONEY LAUNDERING) CODE 2007

S 14. Requires institutions to set up reporting procedures, appoint an MLRO, keep a record of STRs made etc

S 16. Requires staff to be trained

RULE BOOK

- No reference in Part 9 (AML/CFT Part)
- Rule 8.18 Requires appointment of MLRO & Deputy MLRO

DOMESTIC LEGISLATION

- DTA 1996, CJA 1990, CJA 2001 & ATCA 2003

- Contain offences for failing to make disclosure of suspicions or knowledge & tipping-off. Penalty 5 years or fine or both.

PROCEEDS OF CRIME ACT 2008

- Will amalgamate the DTA & CJ Acts and provisions for money laundering.

AML/CFT HANDBOOK

- S 2.2 & 2.3 Appointment & role
- S 5.4 – “Recognising & Evaluating Suspicious Transactions & Activity”
- S 6 - “Reporting Suspicious Transactions and Activity”
- S 7.3.7 Training for MLRO

YOUR OBLIGATIONS

- If suspicious contact your MLRO
- Send a written report to your MLRO detailing why suspicious and providing any evidence that you have
- Continue to report to your MLRO any further evidence or suspicions
- Avoid tipping-off

YOUR OBLIGATIONS

REMEMBER

**YOUR OBLIGATION IS TO
REPORT YOUR SUSPICIONS
TO THE MLRO AND NOT YOUR
LINE-MANAGER**

WHAT IS SUSPICION

- “...a degree of satisfaction not necessarily amounting to belief but at least extending beyond speculation as to whether an event has occurred or not.”

and

- “...although the creation of suspicion requires a lesser factual basis than the creation of belief, it must nonetheless be built upon some foundation.”

BADEN DELVAUX v SOCIETY GENERAL 1992

- Wilfully shutting one's mind to the obvious
- Wilfully and recklessly failing to make such enquiries as a reasonable and honest person would make
- Knowledge of the circumstances which would indicate facts to an honest and reasonable man
- Knowledge of the circumstances which would put an honest and reasonable person on enquiry

INFORMATION REQUIRED

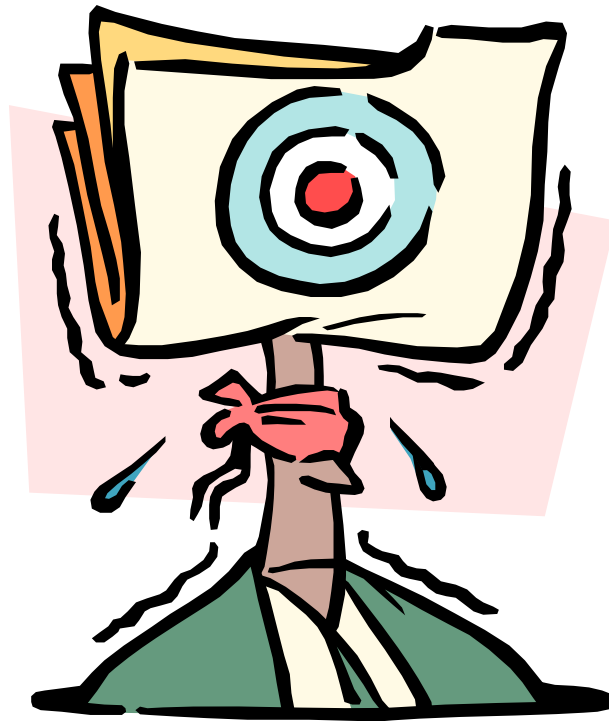
- Explain the norm
- Explain why the suspicious actions are not the norm
- Full transaction details if applicable
- Any explanations given by subject or third party
- Detail the checks you have made

MLRO's ROLE

- Evaluate/investigate the internal suspicion report
- Make a STR/SAR to the FCU if appropriate
- Maintain a record of disclosures & non-disclosures
- Make further disclosures if required

MLRO's ROLE

THE BUCK STOPS WITH THE MLRO.



FIU'S ACTIONS

- Record/check on intelligence databases
- Acknowledge and assess
- Copy to FSC Enforcement Division for database checks
- Investigation if IOM resident
- Sanitised if sent out of IOM

FIU'S ACTIONS

- Disseminate to SOCA and /or another FIU
- Copy to UK Police Force if required
- Collate statistics
- Provide feedback if possible

TIPPING-OFF

- A person is guilty of an offence if-
 - a) he knows that a constable is acting in connection with an investigation into money laundering
 - b) he discloses information which prejudices that investigation.

Max. Penalty 5 Years and/or fine

TIPPING-OFF

- Can ask questions
- Can say asking because required to under money laundering legislation
- Can say that if appropriate that you are required to make an STR/SAR
- Tipping-off can only occur **after** a STR/SAR made by MLRO or you know an investigation underway

DEPUTY MLRO

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