

# ALMET TRADING UK ANTI MONEY LAUNDERING POLICY (V.1)

## 1. Introduction to Money Laundering and Trade Based Money Laundering (TBML)?

- 1.1. Money laundering is where money obtained, as a result of a crime, is used to pay for services or goods. Although the term 'money laundering' is usually associated with organised criminal activities, it can include a suspicion that someone you know, or know of, is benefiting financially from dishonest activities, e.g. non-payment of income tax.
- 1.2. People involved in handling criminal property look for ways to secure and safeguard the proceeds of their criminal activities. Although other ways exist, cash is the mainstay of criminal transactions, being the most reliable and flexible, and having little or no audit trail.
- 1.3. While money launderers have long exploited the financial system and its various products to mask the origins of ill-gotten funds, the increased scrutiny around Trade Based Money Laundering (TBML) has only really escalated and come under fire in the past decade.
- 1.4. The Financial Action Task Force's (FATF) 2006 advisory report entitled "Trade Based Money Laundering" defined TBML as "the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illicit origins".
- 1.5. The United Kingdom's National Risk Assessment of Money Laundering and Terrorists Financing states "An increasing number of organised crimes groups have been identified by law enforcement agencies as being involved in large-scale criminality using trade-based money laundering involving high value goods, using unregistered business to bank cash in order to launder the proceeds of crime"

## 2. What are the main money laundering offences?

- 2.1. There are three main offences:
  - **Concealing:** knowing or suspecting a case of money laundering but concealing or disguising its existence.
  - **Arranging:** becoming involved in an arrangement to launder money or assisting in money laundering.
  - **Acquisition:** use or possession: benefiting from money laundering by acquiring, using or possessing the property concerned.
- 2.2. There is also a 'third party' offence – failure to disclose one of the three main offences detailed above.
- 2.3. None of these offences are committed if:
  - the persons involved did not know or suspect that they were dealing with the proceeds of crime; or

- a report of the suspicious activity is made promptly to the Money Laundering Reporting Officer (MLRO).

### 3. What are the penalties?

- 3.1.** Money laundering offences may be tried at a magistrate's court or in the Crown Court, depending on the severity of the suspected offence. Trials at a magistrate's court can attract fines of up to £5,000, up to 6 months in prison, or both.
- 3.2.** In a Crown Court, fines are unlimited and with possible prison sentences of between two to 14 years.

### 4. What is AT's policy on money laundering?

- 4.1.** To develop a robust and mature program to combat the risks of TBML, AT has implemented 3 key Control Framework:
- **Governance & Oversight**
    - Preparation of written Policy and Procedures along with management awareness driven by internal reporting
  - **KYC & CIP**
    - Building a robust customer identification process in order to understand the source of their funds, the nature and strategy of their business and jurisdiction in which they operate.
  - **Quality Assurance & Change Management**
    - To Maintain such a program, AT should have a strong focus on Financial Crime Intelligence. Employees and management must regularly review Policy and Procedure to make sure it is still fit for purpose and embed a robust quality assurance program to make sure those processes and controls are not only designed well but are being executed appropriately.

### 5. Employees

- 5.1.** It is each employee's responsibility to remain vigilant and report any suspicions to help us prevent and detect money laundering. Failure to report a suspicion of money laundering may lead to disciplinary action. Furthermore, Solicitors and Accountants have a professional duty to report any suspicions of money laundering.
- 5.2.** Employees are required to read and understand AML and TBML and how this could impact our business:
- **Combating Trade Based Money Laundering: Rethinking the Approach (August 2017):**  
[http://baft.org/docs/default-source/marketing-documents/baft17\\_tmbl\\_paper.pdf](http://baft.org/docs/default-source/marketing-documents/baft17_tmbl_paper.pdf)
  - **Tipping the Scale in the Fight Against TBML (Jeffrey J. Pedecine, CAMS-FCI)**  
<https://www.acams.org/aml-white-paper-on-creating-tbml-controls/>

### 6. What are my responsibilities?

**6.1.** Know Your Customer (KYC) Program during On Boarding Process. The KYC rules apply to all customers which whom we intend to do business. During the On-Boarding Process, clients are required to provide us with the following information:

- Company Name
- Contact Details
- Company Registration Number
- VAT Number
- EORI Number (if applicable)
- Bank Details
- Does the company adhere to ISO 2005
- Information on Shareholders/UBO (if applicable)
- Financial Accounts

### **6.2. Verifying information**

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know our clients. We will analyse the information to determine whether the information is sufficient to form a reasonable belief that we know the customer (e.g., whether the information is logical or contains inconsistencies).

### **6.3. Red Flags**

#### **Trade-Based Money Laundering Examples and Red Flags**

There are several red flags indicating potential TBML

- Payments to a vendor by unrelated third parties
- False reporting, such as commodity misclassification, commodity over- or under-valuation
- Repeated importation and exportation of the same high-value commodity, known as carousel transactions
- Commodities being traded that do not match the business involved
- Unusual shipping routes or transshipment points
- Packaging inconsistent with the commodity or shipping method
- Double-invoicing

#### **Responding to Red Flags and Suspicious Activity**

When an employee of the firm detects any red flag, or other activity that may be suspicious, he or she will notify Elvin Jamalli who will then decide how to further investigate the matter. This may include gathering additional information internally or from third-party sources, contacting the government and freezing the account.

## **APPENDIX A**

### **Examples of possible situations involving exposure to money laundering and the proceeds of crime:**

- Any transaction involving an unusually large amount of cash should cause concern and prompt questions to be asked about the source. This will particularly be the case where the value of cash paid exceeds the amount due to settle the transaction and the person(s) concerned ask for a non-cash refund of the excess.
- If the person(s) concerned use trusts or offshore funds for handling the proceeds or settlement of a transaction. The reasons for this should be questioned.
- Care should be exercised, and questions asked, where:
  - o A third-party intermediary becomes involved in a transaction;
  - o The identity of a party is difficult to establish, or is undisclosed;
  - o A company is used where the ultimate ownership of the company is concealed or difficult to verify; and/or
  - o A party is evasive about the source or destiny of funds.

Please remember that the money laundering regime adopts an 'all-crimes' approach. While the above examples are largely concerned with significant transactions, money laundering offences may apply to a very wide range of more everyday activities within an organisation. For example:

- being complicit in crimes involving the falsification of claims;
- benefiting from non-compliance with the conditions attached to a grant; or
- facilitating employment on which tax is not paid. All employees should be paid via the payroll. Advice about self-employed status should be obtained from HR prior to engagement.

## **Appendix B**

### **Summary of current legislation and regulations**

The legislation which embodies the UK anti-money laundering regime is contained in:

- The Proceeds of Crime Act 2002 (POCA), as amended by The Serious Organised Crime and Police Act 2005 (SOCPA). POCA provides for civil recovery of the proceeds from crime.
- The Terrorism Act 2000 (TA 2000) (as amended by the Anti-Terrorism Crime and Security Act 2001 and the Terrorism Act 2006). The TA relates to the proceeds of terrorism and terrorist financing.
- The Money Laundering Regulations 2007. These are concerned with measures to restrict the opportunities for money laundering.

POCA and TA 2000 contain offences which may be committed by individuals or entities, whereas the 2007 Regulations deal with the systems and controls which businesses are required to have and contain offences which may be committed by businesses as well as the key individuals within them.