



# AML - Doing the right thing in the best way

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# Outline

- Context for UK accountants
- The challenges of implementing MLR.07
  - Scope of regulations – who, what, where
  - How Supervisors can balance their roles
  - Issues and solutions
- What we've learnt
  - Cases and benchmarking
- New challenges and new threats
  - FATF and 4 MLD
  - Cyber crime and human trafficking

# AML – context for UK accountants

## Money Laundering Regulations 2007

- Handling the proceeds of crime (receiving, investing)
- Attempt, conspiracy, incitement, aiding abetting
- Crimes
  - Wide range - includes tax fiddles, theft, fraud, bribery
- Duties
  - Policies, MLRO, training,
  - CDD, Reporting suspicions, tipping off
  - UBOs (25%) and PEPs

# AML – challenges of implementing MLR.07: 1

## Scope issues

- Who?
  - “Accountancy Service Providers”
  - “Trust & Company Service Providers”
  - “Self-employed” and Sub-contractors
- What?
  - Suspicious activity reports – de-minimis & speculation
  - Confidentiality, Legal Privilege & Data Protection
  - CDD on all clients: risk & reliance
- Where?
  - UK focus with an eye on offshore activity...

# AML – challenges of implementing MLR.07: 2

## How Supervisors can balance their roles

- Guidance, templates, checklists
- Risk-based approach to monitoring
- AML as part of general QA monitoring
- Awareness, training, help and support
- Sanctions and disciplinary infrastructure
- Who supervises who (default supervisor)
- Realistic & proportionate regulatory response
- Service providers for identity & integrity checks
- Reporting to HM Treasury & meeting FATF criteria

# AML – challenges of implementing MLR.07: 3

## Common issues

- Awareness and understanding of regulations ‘patchy’
- Unrecorded or poor risk assessments (esp. old clients)
- Missing or poorly targeted staff training
- Poor/missing ‘on-going risk review’ and compliance checks

## Solutions

- Annual returns, presentations, new firm webinars
- Alerts, web-based updates, economia articles
- Pre-visit questionnaires & follow-up enquiries
- The threat of tougher sanctions?

# AML – what we've learnt...

- Visit statistics
  - Most firms are low risk and generally compliant
- Cases (from SARs)
  - Trust theft, mortgage fraud, tax fiddles, tipping off
  - Missing: gold, traders, wives, taxpayers and profits
- Benchmarking surveys
  - Too much CDD on low/medium risk clients!
  - Training lapses
  - Patchy on-going risk assessment & monitoring

# AML – New challenges and new threats

- New European Directive (4MLD)
  - Domestic PEPs, registering UBOs, simplified CDD
- New recommendations from FATF
  - “Effectiveness”, National Risk Assessment
- Cyber crime
  - Growth industry, invisible enemy, no frontiers!
- Human trafficking
  - One of the fastest growing international crimes, second only to drug trading



# Questions...





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