



**DELTA CAPITAL**  
PROPERTY INVESTMENT

## 1. Introduction

Delta Capital Property Investment Limited (DCPI) is committed to preventing money laundering and complying with all relevant anti-money laundering (AML) legislation and regulations in England. We recognise that we have a legal and ethical obligation to ensure that our business is not used for money laundering activities.

DCPI provides estate agency and asset management work and is registered at HM Revenue and Customs (HMRC) for anti-money laundering supervision.

DCPI is required under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 to put in place appropriate policies, controls and procedures in order to prevent any of our services being used or potentially used for any money laundering activity, as well as any of our staff being exposed to money laundering and terrorist financing.

## 2. What is Money Laundering and Terrorist Financing?

Money laundering can be defined as the process to move illegally acquired cash through financial systems so that it appears to be from a legitimate source. In the property sector this may involve using criminal proceeds to purchase a property, and property can be purchased via anonymous companies and trusts, making it difficult to identify who the true owners are.

Terrorist financing is providing or collecting funds (legitimate or not) to be used to carry out an act of terrorism.

## 3. Money Laundering and Terrorist Financing Legislation

The principal pieces of UK legislation covering anti-money laundering and counter-financing of terrorism:

- Terrorism Act 2000
- Proceeds of Crime Act 2002

- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (‘the Money Laundering Regulations 2017’) as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019

### 3.1 Proceeds of Crime Act 2002

The Proceeds of Crime Act 2002 (POCA) consolidated, updated and reformed criminal law with regard to money laundering.

The Proceeds of Crime Act 2002 (‘POCA’) sets out the **primary offences** related to money laundering:

1. concealing, disguising, converting, transferring criminal property or removing it from the UK (Section 327 POCA);
2. entering into or becoming concerned in an arrangement which you know, or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328 POCA);
3. and acquiring, using or possessing criminal property (Section 329 POCA).

The primary offences carry a maximum penalty of 14 years’ imprisonment, unlimited fines or both.

The **secondary offences** related to money laundering are:

1. failing to disclose knowledge or suspicion of money laundering to the Money Laundering Reporting Officer (MLRO) (Section 330 POCA);
2. failure by the MLRO to disclose knowledge or suspicion of money laundering to the National Crime Agency (Section 331 POCA);
3. ‘tipping off’ whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation. Tipping-off can only be committed after a SAR (including an internal SAR to the MLRO) has been made (Section 333A POCA); and
4. prejudicing the investigation whereby a person interferes with relevant material (Section 342 POCA).

The secondary offences are punishable by up to five years' imprisonment, a fine or both.

You will only be guilty of an offence if you disclose that an SAR has been made or that an investigation is being carried out or contemplated.

### 3.2 The Terrorism Act 2000

The Terrorism Act 2000 sets out a similar pattern of offences to those contained in the POCA:

#### Primary offences

- Fundraising for the purposes of terrorism;
- Using or possessing money for the purposes of terrorism;
- Involvement in funding arrangements;
- Money laundering; facilitating the retention or control of money that is destined for, or is the proceeds of, terrorism.

#### Secondary offences

- Failure to disclose offences; and
- Tipping-off offences.

All offences carry heavy criminal penalties. Any member of staff could potentially be caught by the money laundering provisions, if they suspect money laundering and/or terrorist financing and either become involved with it in some way, and/or do nothing about it.

### 3.3 Money Laundering Regulations 2017

The Money Laundering Regulations 2017 as amended by The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 set out what agents must do to prevent their services being used for money laundering and terrorist financing by implementing a number of administrative requirements.

DCPI is required to:

- a. Carry out a risk-based approach towards anti-money laundering and conducting customer due diligence;
- b. Adopt a procedure to enable the reporting of suspicious activity;
- c. Maintain adequate records and carry out regular reviews;
- d. Ensure that all employees receive training of the money laundering risks and their duties under the legislation described above.

#### 4. **Scope of the Policy**

The broad definition of money laundering means that potentially anyone could commit a money laundering offence, this includes customers, employees of DCPI and temporary staff.

Whilst many agents may not handle customers' money, agents have knowledge of both parties to a transaction, if there are any intermediaries and how the purchase may be funded. DCPI therefore has an important role at the outset to identify any suspicious activity.

This policy aims to ensure that DCPI and all its employees understand and comply with the obligations set out in anti-money laundering legislation. All employees must follow the procedures set out below which have been developed by DCPI to mitigate and effectively manage the risks of money laundering and terrorist financing.

Any breach of this policy will be a serious matter, which may result in disciplinary action, and could result in an employee becoming personally liable to criminal prosecution. Substantial fines may also be incurred and untold damage to an employee or DCPI reputation.

#### 5. **Money Laundering Reporting Officer (MLRO)**

DCPI will appoint an MLRO to be responsible for anti-money laundering activity within DCPI. The officer nominated to do this is Daniel Capobasso.

The MLRO will ensure that:

1. appropriate training and awareness are provided to new and existing employees and that this is reviewed annually and updated as required;
2. they keep up to date with all anti-money laundering legislation and guidance from relevant bodies, such as HM Revenue & Customs;
3. appropriate anti-money laundering systems and processes are incorporated by DCPI and kept under review;

4. internal audits and regular reviews are carried out, and DCPI policies, systems and processes shall be updated when required;
5. disclosures shall be properly considered and investigated further if the MLRO and/or deputy MLRO suspect or should reasonably suspect that money laundering has taken place.

## 6. **Suspicious of Money Laundering**

There are a number of factors which may indicate, or which may cause you to suspect that money laundering is taking place. Below is an inexhaustive list of scenarios/points to consider which may indicate suspicious activity:

1. The customer is reluctant to meet face to face;
2. The customer is reluctant to provide details of their identity and source of funds;
3. One party to the transaction is established in a 'high-risk third country';
4. There is no apparent reason why the customer has chosen DCPI over another organisation that would have been better placed to act;
5. Complex company structures are in place which make it difficult to identify the true owner;
6. One or more individuals involved are in public positions and/or are from locations that carry a higher exposure to the possibility of corruption;
7. Monies have been paid by a third party who does not appear to be connected with the customer;
8. Funds are being sent abroad or to an unusual destination and/or to an unconnected third party;
9. There are late changes to the party in the transaction;
10. Customer asks to hold cash in DCPI our account for no apparent reason;
11. The customer requests to pay the full or a large payment in cash or cleared funds up front;
12. The transaction is unnecessarily complex for what the parties are hoping to achieve;
13. Funds are paid in part and/or using foreign currency;
14. Multiple payments are made from different bank accounts;

15. There are unusual sources of funds, for example, use of complex loans, mortgage from an unknown/overseas bank;

All employees must promptly report any knowledge of, or suspicion of (or where there are reasonable grounds to suspect) suspicious activity to the MLRO in the prescribed form as set out in this policy document. Failure to do so is an offence that could result in five years imprisonment.

Once the matter has been reported to the MLRO, the employee must follow the directions given to them and must NOT make any further enquiry into the matter or proceed further with the transaction until you have consent from the MLRO to do so.

The employee must NOT voice any suspicions to the person(s) whom they suspect of money laundering, as this may result in the commission of the offence of “tipping off”. They must NOT discuss the matter with others or note on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

## 7. **Consideration of the Disclosure by the MLRO**

Once the MLRO has received the report, it will be evaluated in a prompt manner in order to determine whether:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that this is the case; and
- Whether the MLRO needs to lodge a Suspicious Activity Report (SAR) with the National Crime Agency (the NCA).

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for any on-going or imminent transaction(s) to proceed.

Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has given specific consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

All reports referred to the MLRO and reports made to the NCA will be retained by the MLRO in a confidential file kept for that purpose, for a minimum of 6 years from the date on which the transaction occurs or the date the business relationship with the customer ends. No communication regarding suspicious activity, including reports referred to the MLRO, or reports made to the NCA should be placed on a customer file as the customer has the right to access a copy of their file.

[The MLRO must also consider whether additional notifications and reports to other relevant enforcement agencies should be made].

## 8. Firm Wide Risk Assessment

DCPI has assessed the risks of its exposure to money laundering and terrorist financing. DCPI Firm Wide Risk Assessment is available separately.

DCPI will keep the Firm Wide Risk Assessment under regular review and any changes will be recorded.

The procedures set out in this policy aim to manage and mitigate the risk of money laundering and terrorist financing. Where there is a higher risk of being exposed to money laundering, enhanced due diligence will need to be carried out.

## 9. Customer Identity Check and Risk Assessment Form

All employees must assess the money laundering risk for each transaction and customer, by completing a Customer Identity Check and Risk Assessment Form at the beginning of the transaction and before the transaction completes. This will enable you to choose the appropriate level of customer due diligence to be carried out. The form must also be updated if the details of the transaction recorded on the form change.

## 10. Due Diligence

The identity of all customers must be identified and verified, along with the contracting party and any beneficial owners. All employees should keep a clear written record of all the steps taken to identify the customers and any beneficial owners. The Customer Identification and Risk Assessments will be regularly reviewed and must be kept up to date.

As well as identifying and verifying customers, the contracting party and any beneficial owners, it is important that all employees also understand the customers business and/or circumstances and the intended purpose of the transaction. Due diligence is an ongoing obligation and should be monitored and reviewed throughout the transaction.

Customer Due Diligence (CDD)





Before establishing a business relationship with a new customer we will perform know your client (KYC) checks to verify the identity of the customer, their source of funds and the purpose of the transaction. We will also monitor ongoing transaction when sure that the information we hold out remains accurate and up to date.

### Enhanced due diligence

In certain circumstances we may carry out enhanced due diligence measures in addition to standard CDD procedures. This may include performing additional checks on the customer's identity source of funds of the purpose of the transaction.

If an individual or organisation is not from the UK and the documents required are in a foreign language, these should be translated and certified by a lawyer, bank manager, accountant or GP whose identity can be checked by reference to a professional directory as evidence of the seller or purchaser's identity.

If you cannot comply with the customer due diligence measures, for example the individual is not willing to prove their identity, you should immediately seek advice from the MLRO.

## 10.1 Seller

The identity of a seller must be obtained and verified before we can market their property. In order to 'identify' our customer, the seller must provide the following information at the outset of the transaction:

- Full name
- Date of Birth
- Residential Address

This information must be 'verified' by seeing an original of one document in List A and one from List B

### **List A – Identity Document**

- Current passport
- Current photo card driving licence
- National Identity card
- Firearms certificate
- Identity card issued by the Electoral Office for Northern Ireland

## **List B – Proof of Address**

*These documents must be dated within the past 3 months*

- Current photo card driving licence (if not used as the identity document)
- Current year's council tax bill
- Benefits Entitlement Letter
- Most recent mortgage statement
- Bank or building society statement
- Utility bill (not mobile) from the last three months

### 10.2 Purchasers

Purchasers must also be identified and verified before a business relationship is established. You must write to the purchaser and ask them either to bring in their identification documents (one from List A and one from List B) or a photocopy which has the original certification from an appropriate person (a solicitor, chartered accountant, a bank or a notary) and who must be independent from the purchaser. They must certify that the document is a true copy and the customer is who they say are.

### 10.3 Beneficial Owners

Due diligence must also be carried out on all beneficial owners who must be verified and identified. A beneficial owner could be a co-owner of the property who is not listed as a customer, or a seller or purchaser if a customer is the principal agent acting on their behalf. If the latter, you should also obtain evidence that the individual has the authority to act for them. You will also need to carry out customer due diligence on any person acting on behalf of the seller or purchaser.

In terms of corporate bodies, the beneficial interest of a company must also be identified.

Once the structure of the customer has been understood and the ultimate beneficial owner has been identified, the identity must be 'verified' by seeing a document from List A and one from List B.

10.4 If the customer is a listed company on a regulated market, a public authority or a financial institution that is authorised by the Financial Conduct Authority then these are deemed to be 'low risk' for money laundering if there are no other reasons to suspect money laundering activity. Simplified due diligence may be carried out in this instance where all that is required is a printout of the entry in the FCA register or copy of the dated page of the website of the relevant stock exchange, or evidence of the existence of the authority from an official government website. You should record the evidence on the customer file and keep this under review.

10.5 If the customer is a limited company, the following documents must be obtained:

- Name, registered number, registered office, and principal place of business
- Certificate of incorporation

- Articles of Association
- Memorandum of Association
- Names of all directors
- Verify the members of the management body, or if none, its equivalent and the name of the senior person responsible for the company
- Individual identity evidence (one from List A and one from List B) for all beneficial owners who own or control over 25% of the shares or voting rights in the company or otherwise exercises control over the management of the company (this may be an individual or other entity)

If the customer is a holding company and there are subsidiaries, you must repeat the above identification and verification process for each subsidiary company. This applies for both limited companies and offshore companies.

You must look through the ownership structure of any companies or trusts to establish the ultimate beneficial owners.

10.6 If the customer is an offshore company, the following documents must be obtained:

- Name, registered number, registered office, and principal place of business
- Names of the members of the management body, or if none, its equivalent and the name of the senior person responsible for the company
- The memorandum of association or similar documents
- Names of all directors
- Verify the members of the management body, or if none, its equivalent and the name of the senior person responsible for the company
- Certificate of Incumbency (if applicable)
- Nominee director declaration and/or general Power of Attorney (if applicable)
- Individual identity evidence (one from List A and one from List B) for all beneficial owners with 25% or more of the shares/or voting rights in the company or otherwise exercises ultimate control over the management or controls the corporate body (this may be an individual or other entity)

If the documents required are in a foreign language, these should be translated and certified by a lawyer, bank manager, accountant or GP whose identity can be checked by reference to a professional directory.

10.7 If the customer is acting on behalf of a trust, the following documents must be obtained:

- Trust deed
- List of trustees
- List of beneficiaries
- Name of the settlor

- Individual identity evidence (one from List A and one from List B) for the customer(s) (who may be a trustee, settlor, or beneficiary), the trustees, and

10.8 If the customer is acting as a representative of an estate, we will require the following documents:

- Grant of probate (if a will was left)
- Letter of administration (if no will was left)
- Individual identity evidence (one from List A and one from List B) for the personal representative, either executor or administrator

A copy of the identification documents must be kept on the customer file.

The original document must be seen unless you are given a photocopy which has the original certification from a third party who can provide this certification (a solicitor, chartered accountant, a bank or a notary) and who must be independent from the individual whose identity is being verified. The photocopy must certify that the document is a true copy, and the individual is who they say are.

## 11. Politically Exposed Persons ('PEP')

If an individual is a person entrusted with a prominent public function held in the UK or abroad, they are likely to be a Politically Exposed Person 'PEP'. This includes (but is not an exhaustive list) heads of estate, heads of government, ministers, members of parliament, members of the governing bodies of political parties and members of supreme courts. Enhanced due diligence (which is explained further below) will need to be carried out on the PEP and their family members and known close associates.

You should make brief enquiries to establish if a customer is or may be a PEP.

If you suspect they may be a PEP, you must also check if:

- they have been a PEP in the recent past (certainly in the last 12 months);
- they are immediate family members of a PEP;
- they are known close associates of a PEP.

You must get approval from the MLRO before accepting a PEP as a customer. If we agree to act for such a person, you will be required to take extra measures to establish the source of wealth and the source of funds which are involved. You must also conduct enhanced ongoing monitoring of the business relationship.

## 12. Enhanced Due Diligence



Enhanced due diligence is required to be carried out where there appears to be a greater risk of money laundering or terrorist financing, and the transaction appears to be 'high-risk' (which may include but is not limited to the following):

- [No face-to-face meeting takes place with the customer;
- Instructions from a seller or purchaser who is established in a high-risk third country;
- the transaction appears to be unusual or an unusual request for that customer;
- the transaction relates to a super prime property (usually within the top 5% of local market values;
- the transaction is highly complex or the payment arrangements are overly complex;
- if the customer is a corporate body, use of private banking;
- payment from third parties with no obvious association;
- the seller or purchaser or beneficial owner is a politically exposed person ('PEP'), an immediate family member or a close associate of a PEP;
- Instructions from a seller or purchaser or beneficial owner who is established in a sanctioned country or they are a sanctioned individual;

If you suspect the transaction is 'high-risk' you should speak to the MLRO before continuing to act for the customer who will need to approve the continuance of the business relationship. If enhanced due diligence is to be carried out, the MLRO must:

- [Obtain additional information on the customer and on the customer's beneficial owner;
- Obtain additional information on the intended nature of the business relationship;
- Obtain information on the source of funds and source of wealth of the customer and of the customer's beneficial owner;
- Obtain information on the reasons for the transaction;
- Conduct enhanced monitoring of the business relationship;

This may include but is not limited to the following:

- Checking the organisations website to confirm the identity of personnel, its business address and any other details;
- Attending the customer at their business address;
- Obtain additional information or evidence to establish the identity of the seller, purchaser or beneficial owner;
- In the case of a PEP seek the approval of the senior management and establish the source of wealth and source of funds;
- Ensure that the first payment is made to a bank account in the customer's name;

- Require that the identification documents are certified by a lawyer, bank manager, accountant or GP whose identity we can check by reference to a professional directory, or electronically verify the customer's identity;

### **13. Training**

It is a requirement of the Money Laundering Regulations 2017 that regular training for staff on anti-money laundering and counter terrorism financing is undertaken and that a written record of the training delivered is maintained.

Training is compulsory for new staff and all existing staff will be trained at regular two year intervals (or when a significant change happens). The training will cover DCPI policies, details of the relevant legislation and guidance on how to identify suspicious activity and when and how staff can report their suspicions to the MLRO.

DCPI will keep an up-to-date record of the training provided, which members of staff have received training and when it was received. Updated training schedules must also be kept.

### **14. Ongoing Monitoring**

All employees must review the transaction at regular intervals to ensure that the information held is not only accurate and up to date but that the transaction is consistent with the knowledge of the customer, and their business. All transactions will be regularly reviewed and audited by the MLRO also.

Further customer due diligence may be required to be carried out if new people become involved in the transaction, previous due diligence carried out on an existing customer is inadequate, or the client's identifying details have changed. The Customer Identity Check and Risk Assessment Form must also be updated if there are any changes to the transaction. A note of the review and any updated risk rating or any changes to the risk assessment should be kept on the file.

Any suspicious activity must be reported to the MLRO. Information that a suspicious activity is suspected and also a copy of a suspicious activity report should never be placed on a customer file.

### **15. Record Keeping**

The customer identification evidence and details of the relevant transaction(s) for that customer must be retained for at least five years from the end of our business relationship with that customer or five years from the date when that transaction was completed.

The MLRO will keep any disclosure reports and any associated relevant documents in a confidential file for a minimum of five years.

DCPI will also maintain a written record of the Firm Wide Risk Assessment

## 16. Data Protection

Customer details must be collected in accordance with the Data Protection Act 2018 and the UK GDPR (General Data Protection Regulations). This data can be “processed” as defined under the Data Protection Act 2018 to prevent money laundering and terrorist financing or where the use of the data is allowed by other legislation or after getting the consent of the data subject.

## 17. Conclusion

Delta capital property investment limited takes its obligations under AML legislation and regulations very seriously and will take appropriate steps to prevent money laundering activities. We will review and update this policy regularly to ensure that it remains effective and up to date.

## 18. Date of last review: 1<sup>st</sup> September 2023

**CONFIDENTIAL**

**Report to the Money Laundering Reporting Officer**

**Report of Money Laundering Activity**

To: **Money Laundering Reporting Officer**

From: \_\_\_\_\_

[Insert name of employee]

Title: \_\_\_\_\_

[Insert Title]

Tel No: \_\_\_\_\_

URGENT YES/NO

Date by which response needed: \_\_\_\_\_





**Details of suspected offence:**

**Name(s) and address(s) of person(s) involved:**

[If a company, please include details of nature of business]

**Nature, value and timing of activity involved:**

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

**Nature of suspicions regarding such activity**

[Please continue on a separate sheet if necessary]

[Please attach any supporting documentation that may be relevant]

**Has any investigation been undertaken (as far as you are aware)?**

Yes / No

**If yes, please include details below:**



[Delete as appropriate]

**Have you discussed your suspicions with anyone else?**

**If yes, please specify below, explaining why such discussion was necessary:**

YES/NO [Delete as appropriate]

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



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 off' offence, which carries a maximum penalty of 5 years' imprisonment.

THE FOLLOWING PART OF THIS FORM TO BE COMPLETED BY THE MLRO

Date report received: \_\_\_\_\_



**Date receipt of from acknowledged:** \_\_\_\_\_

CONSIDERATION OF DISCLOSURE:

**Action plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

**Are there reasonable grounds for suspecting money laundering activity?**

**If there are reasonable grounds for suspicion, will a report be made to the NCA?**

Yes/No [Delete as appropriate]

**If yes, please confirm date of report to the NCA: and complete the box below.**

**Details of liaison with the NCA regarding the report:**

**Notice Period: from: to:**

**Moratorium Period: from: to:**

**Is consent required from the NCA to any ongoing or imminent transactions, which would otherwise be prohibited acts?**

Yes/No

[Delete as appropriate]

**If yes, please confirm full details below:**

**Date consent received from the NCA:**

**Date consent given by you to employee:**

**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:**

[Please set out any reasonable excuse for non-disclosure]

**Date consent given by you to employee for any prohibited act transactions  
to proceed:**

**Other relevant information:**

**Signed: \_\_\_\_\_ Dated: \_\_\_\_\_**



**THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS**

The above document was given to ..... to familiarise him/herself with its contents and the actions required by him/her and the company should the need arise.

He/She has understood and been tested on the contents of the company's anti money laundering policy document and shows a thorough understanding of his/her responsibilities with regard to that document.

Signed..... – Director

Signed ..... - Employee

Date .....