# **SGF POLICIES**

**Money Laundering**

**Introduction**

The Scottish Grocers’ Federation will do all it can to prevent the organisation and its staff being

exposed to money laundering, to identify the potential areas where it may occur, and to comply

with all legal and regulatory requirements, especially with regards to the reporting of actual or

suspected cases.

The Money Laundering, Terrorist Financing and Transfer of Funds Regulation 2017, which transposed the EU Money Laundering Directive into UK Law, commenced on the 26th June

2017. Guidance provided from financial professions, indicates that we should comply with the underlying spirit of the legislation and regulations and have in place internal procedures to prevent the use of their services for money laundering.

Money Laundering Regulations apply to cash transactions in excess of 10,000 Euros (approximately £8,750). However, Proceeds of Crime Act 2002 (POCA) applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

SGF is committed to the prevention, detection and reporting of money laundering.

* All employees must be vigilant for the signs of money laundering.
* Any employee who suspects' money laundering activity must report this promptly to the Chief Executive.
* All payments to SGF accepted in cash of £5,000 and over should be reported to the Chief Executive.

This Policy applies to all employees and aims to maintain the high standards of conduct, which currently exist within the Federation by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example reporting of suspicions of money laundering activity) to enable the Federation and staff to comply with their legal obligations.

This Policy sits alongside the Federation’s Anti-Bribery and Corruption Policy.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them and may also lead to a conviction under POCA and Money Laundering Regulations 2017. Any disciplinary action will be dealt with in accordance with the Federation’s Disciplinary Policy.

**What is Money Laundering?**

Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following acts constitute the act of money laundering:-

* Concealing, disguising, converting, transferring criminal property or removing it from the UK (section .327 of the proceeds of Crime Act 2002 )
* 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); or
* Acquiring, using or possessing criminal property (section .329).

These are the primary money laundering offences, and are thus prohibited acts under the legislation. There are two secondary offences:

* Failure to disclose any of these primary offences.
* Tipping off

Tipping Off is where someone informs a person or people 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. A person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum five years) a fine or both under the legislation. In addition a new criminal offence was created whereby, any individual who recklessly makes a statement in the context of money laundering which is false or misleading commits an offence punishable by a fine and or up to two years imprisonment.

Any member of staff could potentially be caught by the money laundering provisions as noted above, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy therefore sets out how any concerns should be raised.

While the risk to the Federation of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation. The key requirement of employees is to promptly report any suspected money laundering activity to the Chief Executive.

**Obligations of the Federation**

When complying with the obligations the Federation is required to:

* Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity.
* Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, monitoring and management of compliance, along with the communication of policies and processes.

**Nominated Officer**

The officer nominated to receive such reports from staff within the Federation is the Chief Executive, Pete Cheema. He can be contacted as follows: 07860 400585, pete@sgfscot.co.uk

**Reporting Arrangements**

* Cash payments to the Federation exceeding £5000 must be reported immediately to the Chief Executive regardless of whether you suspect money laundering activities or not.
* You must follow any subsequent directions of the Chief Executive and must not yourself make any further enquiries into the matter. You must not disclose or otherwise indicate your suspicions to the person suspected of the money laundering. In addition you must not discuss the matter with others i.e. colleagues or note on the file that a report has been made to the Chief Executive in case this results in the suspect becoming aware of the situation.
* The Chief Executive must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency via the UK Financial intelligence Unit by means of a Suspicious Activity Report (SAR).
* The Chief Executive or any member of staff will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the National Crime Agency.

**Customer Due Diligence**

Customer due diligence means that the Federation must know its clients and understand their businesses. This is so that the Federation is in a position to know if there is suspicious activity that should be reported.

The 2017 Regulations require that the council identifies its customers and verifies the identity on

the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Federation must identify that person and verify

the identity and where the beneficial owner is a trust or similar then the Federation must understand the nature of the control structure of that trust. Finally the Federation must obtain information on the purpose and intended nature of the business relationship.

If, at any time, you suspect that a client or customer for whom you are currently, or are planning to carry out a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then you must report this to the Chief Executive.

**Record Keeping**

Where 'relevant business' is carried out then the customer due diligence records and details of the relevant transaction(s) for that client must be retained for at least five years after the business relationship.

An electronic copy of every customer due diligence record must be sent to the Chief Executive to meet requirements of the Regulations and in case of inspection by the relevant supervising body.

**Guidance and Training**

In support of the policy and procedure, the Federation will:

* Endeavour to make all staff aware of the requirement and obligation placed on the Federation and on themselves as individuals by the anti-money laundering legislation; and
* Provide targeted training where it has been identified staff are most likely to encounter money laundering.

PETE CHEEMA

Chief Executive

***Policy Reviewed, Updated and Agreed 14th November 2023***