

Appendix 1 - Money Laundering: Legal and Regulatory Framework

1. The Terrorism Act 2000

This Act applies in full, as it does not to all individuals and businesses in the UK. If in the course of business or employment, you become aware of information which provides knowledge, or gives reasonable grounds for a belief or suspicion that proceeds have come from, or are likely to be used for terrorism, it must be reported. This will prevent commission of the money laundering offence relating to being implicated in illegal activity.

2. The Proceeds of Crime Act 2002

This Act defines six principal money-laundering offences, only the first four of which are likely to apply to the Council:

- concealing, disguising, converting, transferring, or removing from the UK, any criminal property (Section 327)
- becoming concerned in an arrangement which you know or suspect, facilitates the acquisition, retention, use, or control of criminal property (Section 328)
- acquiring, using, or possessing criminal property (Section 329)
- doing something that might prejudice an investigation (for example, falsifying a document) (Section 342)
- failing to disclose known or suspected money laundering offences (Sections 330 – 332)
- “tipping off”, by giving information to someone suspected of money laundering in such a way as to reduce the likelihood of their being investigated, or prejudicing an investigation (Section 333A)
- The offences of failing to disclose and tipping off will not apply so long as the Council does not undertake activities which might be interpreted under POCA 2002, as failing within the regulated sector. The regulated sector refers to activities which should be regulated under the Financial Services and Markets Act 2000

3. The Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012 and 2015)

The Regulations are not legally binding on public authorities because they are neither ‘relevant persons’ (as defined in the MLR) nor part of the ‘regulated sector’ (as defined in POCA 2002). There is however, a distinct reputational risk for any authority that does not have adequate policies and procedures in place. Following CIPFA’s guidance, a ‘prudent and responsible’ council will adopt “appropriate and proportionate” policies and procedures designed to “detect and avoid involvement in the crimes described in the legislation and regulations”.