

IMPERIAL COLLEGE LONDON

ANTI-MONEY LAUNDERING POLICY

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Anti-Money Laundering Policy

Introduction

The Proceeds of Crime Act 2002 (**POCA**), the Terrorism Act 2002 (**TACT**) and the Financial Conduct Authority Handbook of Rules and Guidance (each as amended from time to time) impose obligations on the College in respect of money laundering and associated activities.

The College is regulated by the Financial Conduct Authority (**FCA**) for certain consumer credit activities including entering into regulated credit agreements as lender. However, the College does not consider that it is within scope of the Money Laundering, Terrorist Financing and Transfer of Fund (Information on the Payer) Regulations 2017 (**MLRs**) as the College does not come within the MLRs definition of a “financial institution”. The College has reached this conclusion on the basis that it is excluded from the definition of “financial institution under Regulation 10 MLRs on the basis that where the College enters into regulated credit agreements these agreements are:

- borrower-lender-supplier agreements (the College is the lender providing credit to students to pay for the educational services the College provides as supplier);
- for a fixed sum (College fees); and
- provide for financial accommodation by way of deferred payment or payment by instalments over a period not exceeding 12 months (the College’s credit agreements with students provide for the fees to be paid in 2 instalments within the academic year, so within 12 months of the date of the agreement).

The College will keep its activities under review to ensure that its credit activities do not extend beyond this limited scope such that the College would come within scope of the regulated sector under the MLRs.

Separate to the MLRs the FCA requires the College to take reasonable care to establish and maintain effective systems and controls for countering the risk that the College might be used to further financial crime. The College will ensure that these systems and controls:

- enable the College to identify, monitor and manage money laundering risk; and
- are comprehensive and proportionate to the nature, scale and complexity of its activities.

Money laundering risk is the risk that the College may be used to further money laundering. If the College fails to manage this risk effectively there is a risk to society of crime and terrorism.

The College has assessed its money laundering risk and has implemented this policy in accordance with the College’s assessment of that risk. The College will review the adequacy of this policy and the College’s procedures from time to time to ensure that the systems and controls continue to manage the College’s money laundering risk.

College Obligations

To minimise the risk of money laundering the College:

- Has appointed a Money Laundering Reporting Officer (**MLRO**) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees;
- Has implemented a procedure to enable the reporting of suspicious activity;

- Maintains customer identification and due diligence procedures; and
- Maintains adequate records of transactions.

What is money laundering and why is it relevant to the College?

Money laundering is the means by which the proceeds of crime (**criminal property**), however small, and the true ownership of that criminal property are changed so that the criminal property appears to come from a legitimate source. It also includes money, however come by, which is used to fund terrorism.

The primary money laundering offences are set out in POCA and are acts which constitute:

- Concealing, disguising, converting, transferring or removing criminal property from the United Kingdom;
- Entering into or becoming concerned in an arrangement which the person knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person; and
- Acquiring, using or having possession of criminal property.

There are also offences in relation to terrorist financing under TACT including entering into or becoming concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property.

The definition of criminal property is very wide and captures a person's benefit from criminal conduct in the UK or anywhere in the world if the activity would have been an offence if carried out in the UK. There is no de minimis so all sums, however small, can bring an activity within scope of the money laundering offences. As such the parameters of money laundering offences under POCA and TACT are wide and all companies and institutions, including the College, are subject to the legislation. Non-compliance with this legislation carries financial penalties and reputational consequences for both the College and its employees (including possible individual staff criminal prosecution that could result in up to 14 years imprisonment or a large fine).

Any member of staff could be potentially committing an offence if he or she suspects money laundering, becomes involved in some way, or does nothing about it. Disciplinary action under the College's procedures may be taken against any member of staff who fails to comply with this policy.

The purpose of this policy is to ensure that the College and its staff (in addition to members of the Council when acting on College business) comply with the legislation and are aware of their respective obligations. The policy sets out the procedures that must be followed if an employee suspects that someone may be attempting to launder money.

It is particularly important that employees who are responsible for dealing with the receipt or outlay of funds whether in the form of cash, cheque or bank transfer are familiar with this policy and that they act without delay (as explained in the policy) if they suspect that money laundering is taking place.

What types of transactions should you be alert to – a risk based approach?

The money laundering offences can take place in relation to all cash and monetary transactions and could arise when dealing with students, donors, agents or other third parties in relation to dealings with property, equipment, cheques, cash or bank transfers.

In the context of the College, activities such as the payment of fees by students, gifts and donations, or agreements and contracts with commercial organisations may risk an incidence of money laundering within the legislation.

In line with the College's risk based approach it may be appropriate to carry out additional due diligence checks where the circumstances of the transaction indicate a higher level of risk. In assessing the level of risk the following types of risks, either alone or collectively, could indicate the possibility of money laundering (especially, but not exclusively where the College deals with students from high-risk countries or with new customers, business partners, donors or sponsors):

- Payments in cash in excess of 15,000 Euros (approximately £12,000) where the payer fails to provide proper evidence to confirm their identity and address;
- A secretive person or business who refuses to or delays in giving requested information - examples may include invoices that exclude VAT, fail to quote a VAT number or invoices issued by a limited company that lack the company's registered office and number;
- Concerns about the honesty, integrity, identity or location of individuals or businesses;
- Are you aware of negative press or information in respect of the student or third party, which gives you cause for concern in relation to money laundering compliance?
- Involvement of an unconnected party in a transaction for no obvious reason;
- Are there concerns about the source of funds or wealth or are payments being made by unconnected third parties or payments in cash?
- Agents who do not fit in with normal procedures relating to deposits and tuition fees;
- Is the student or the person paying their fees a PEP or linked to a PEP? See below for "Who is a PEP?"
- Is the student or third party within a high-risk category or based in a high-risk jurisdiction? The Financial Action Task Force (FATF) (www.fatf-gafi.org) and the European Union (<https://ec.europa.eu/commission>) provide lists of countries considered to be at greater risk of money laundering and you should check these.
- Applications from high risk countries. A list of high risk and non-cooperative jurisdictions can be found on a list published by the EU from time to time at https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-supervision-and-risk-management/anti-money-laundering-and-counter-terrorist-financing/eu-policy-high-risk-third-countries_en or through other sources such as the Financial Action Task Force (FATF) website; <http://www.fatf-gafi.org/> – the Transparency International Corruption Perceptions Index at <https://www.transparency.org/en/cpi> Additionally, a consolidated list of targets of financial sanctions is published by HM Treasury on <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets> ;
- Request for cancellation or reversal of funds or requests for refunds (particularly to a different account or individual to the payer) i.e. "circular transactions", where a payment to the College is followed by an attempt to obtain a refund from the College;
- Unusual or unexpected large payments or overpayments;

- Does a donor or sponsor want to transfer funds to the College very early on after the College starts discussions with them without legitimate reason?
- Are we dealing with a donor or sponsor directly or are they acting through intermediaries?
- A potential supplier submits a very low quotation or tender (the risk being that the supplier business may be subsidised by the proceeds of crime with the aim of seeking payment from the College in “clean” money);
- Identity fraud - are you satisfied that the material you have obtained to identify and verify the student or the third party is reliable and allows you to identify them and to verify their identity?
- Requests for account details outside the normal course of business; and
- Poor business records, controls or inconsistent dealings.

The list above is not exhaustive and there may be other instances where something does not seem quite right. Equally, just because a scenario fits one of the fact patterns above does not mean that there is an incidence of money laundering. However, **where there are factors present that indicate that there might be an increased risk of money laundering you must consider whether it is appropriate in the circumstances to investigate further as set out in this policy.**

If you are unable to satisfy yourself sufficiently you should raise your concerns with your line-manager and obtain their guidance on next steps. There is no definitive guide and you must remain vigilant at all times - if something does not seem quite right you should be prepared to question and challenge the circumstances. **If you have knowledge or a suspicion that the payment or transaction is being made from the proceeds of crime you must disclose this immediately to the MLRO as described below.**

Customer Due Diligence

The College must take steps to ensure that it knows the identity of third-parties it deals with. This part of the policy sets out the information that must be obtained so that the College is able to identify and verify the identity of its customers and counter-parties and confirm the legitimacy of the funds being used for payments to the College.

‘Know your customer’

It is important that steps are taken by the College to identify and verify the identity of students and third parties (including donors, customers and other businesses that the College deals with). This may include conducting appropriate due diligence and screening against applicable financial sanctions target lists prior to entering into agreements with a third party including checking whether such third party is on the HM Treasury consolidated sanctions list (<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>) and/or on the Office of Foreign Assets Control List (<https://sdnsearch.ofac.treas.gov>). Satisfactory evidence of identity must be obtained, such as:

For students

- Passport and/or Visa
- Birth Certificate
- Correspondence with student at their home address

For third parties (including those paying student fees, corporate donors and other customers and businesses)

- Letters or documents proving name, address and relationship with student
- If an organisation (for example, a sponsor or donor) is not known to the College:
 - ✓ Check for letterhead documents
 - ✓ Check that invoices show a registered office and VAT number
 - ✓ Check with Companies House (where appropriate)
 - ✓ Meet or contact key sponsors, donors or directors

For individual donors

- ✓ Passport or driving licence

Where you look at documentary evidence such as a passport or driving licence you should:

- Take a copy of the document and note on the document your name, that you saw the original and the date; and
- Obtain the person's consent to keep a copy of the passport or driving licence. The consent should be noted on the copy and signed by the person.

The copy evidence will form part of the College's records and should be stored safely within the relevant College administration system for safe-keeping and should be accessible to the MLRO.

If the student or third party is based overseas you can ask them to provide a copy of their passport certified by:

- An embassy, consulate or high commission of the country of issue; or
- A qualified lawyer or notary (whose details you should verify by checking the relevant professional directory and these details should be kept with the evidence).

The College will comply with applicable data protection laws when processing personal data of any sort and students or third parties should be directed to the College's privacy notice in relation to how the College collects and uses personal data.

Source of wealth and funds

Source of wealth relates to the origin of the other party's wealth and how they came to have the funds in question. Source of wealth is fundamental to money laundering risk assessments. If you are clear about the legitimacy of the source of wealth the risk of money laundering is significantly reduced. Considering the source of wealth is likely to be particularly relevant in the context of donations but you should also consider source of wealth in relation to other transactions.

Source of funds relates to the origin of the particular funds or assets involved in the payment or transaction. You should be comfortable that the funds being used, for example to pay the fees or donation, are consistent with what you know about the other party's overall wealth and activities. You should consider whether the source of funds is consistent with the risk profile of the student or third party and, where relevant their business. For lower risk students and third parties, you may minimise the amount of information that you collect and use public sources where possible.

Where a student (or a family member) or third party is a PEP (see below for further details on 'who is a PEP?') or where there are factors present that indicate there is a higher risk of money laundering or terrorist financing you should take additional measures to understand better the

background, ownership and financial situation of the student or third party. Such steps might include you asking for supporting evidence, possibly in the form of:

- Bank statements (however a bank statement showing a large cash deposit does not provide you with information about where the cash came from in the first place);
- Recently filed business accounts (for UK companies these are available at Companies House); or
- Documents confirming the source, such as a sale of a house, sale of shares, receipt of a personal injuries award, a bequest under an estate or a win from gambling activities.

Where you obtain supporting evidence you must look at that evidence to see if it is actually consistent with the student or third party's explanation or whether it raises more questions.

Where cash is involved it becomes more challenging, as a bank statement showing a large withdrawal does not mean that the cash the student or third party is now in possession of was actually the money withdrawn.

Keep asking yourself the following questions:

- Is this consistent with what I know about the other party?
- Do I have information which makes me suspicious that there is criminal property involved?
- Valid identity documents do not mean that a person is not laundering criminal proceeds.

When must the due diligence and risk assessments be carried out?

The due diligence checks on the customer's identity and their source of wealth and funds (where required) must be carried out:

- Before the College establishes a new relationship with a business;
- Before the College accepts a donation;
- Where the College suspects money laundering or terrorist financing; and
- Where the College doubts the veracity or adequacy of documents, data or information previously obtained for the purpose of identification or verification.

Due diligence records must be stored safely within the relevant College administration system for safe-keeping where they will be retained for a period of five years from the end of the transaction or business relationship with the relevant student, customer or third party and must be accessible to the MLRO.

Who is a PEP?

A PEP is a politically exposed person and includes:

- Heads of state, heads of government, ministers and deputy or assistant ministers;
- Members of parliament,
- Members of supreme courts, constitutional courts or other high-level judicial bodies whose decisions are not generally subject to further appeal, except in exceptional circumstances;

- Members of courts of auditors or of the boards of central banks;
- Ambassadors, charges d'affairs and high-ranking officers in the armed forces; and
- Members of the administrative, management or supervisory bodies of state-owned enterprises.

Middle ranking and junior officials are not PEPs.

In addition to the primary PEPs listed above, a PEP also includes:

- Family members of a PEP – spouse, partner, children and their spouses or partners, and parents; and
- Known close associates of a PEP – persons with whom joint beneficial ownership of a legal entity or legal arrangement is held, with whom there are close business relationships, or who is a sole beneficial owner of a legal entity or arrangement set up by the primary PEP.

PEPs can be surprisingly broad and cover persons appointed by governments in the UK and abroad. As well as political figures, the definition includes state-run enterprises and international organisations. For example, the following are PEPs:

- The business partner of a member of the board of Network Rail, Channel 4 or the BBC;
- The children of certain Church of England bishops; and
- Senior office holders of international bodies such as the Red Cross or Amnesty International.

Refunds

Refunds

Refunds will be returned to the bank account from which the original payment was made and using the same payment method (apart from cash as outlined below). Imperial College does not store this information, and therefore may request proof of the original transaction showing the originating account number and payment made from the bank account. Where this is not possible, for example due to the bank account being closed, further evidence may be requested such as proof of the closure.

Tuition or Accommodation Overpayments

If a sponsor or third party ('paying party') sends money in excess of requested tuition or accommodation fees, the excess can either be repaid to the paying party using the same bank details or, with the permission in writing of the paying party, be used against other debts owed to College by the student. The excess cannot be transferred to the student or to any other third party.

Issuing refunds

- Where payment is taken by credit or debit card, any refunds should only be made to the same card on which the payment was made. Where a card is no longer valid, it may be possible to refund to a bank account in the payer's name, provided the original payment came from a card which was also in the payer's name. Proof the card is no longer valid may be required.
- Where payment of tuition fees or any other charges has been split between more than one payee, any refund due will be made in proportion to the original split.
- In cases where a bank account has been closed, it may be possible to make direct payment to an alternative bank account in the payer's name provided the original fee payment came from a bank account which was also in the payer's name. Proof of the account closure may be required.

- Refunds will not be made in cash. In cases where the original fee was paid in cash, the refund will be made to a valid bank account in the name of the payer or in certain circumstances by cheque payable to the payer with the exception of one-off refunds of up to £20 for prepaid library cards (and irrespective of how the cards have been originally charged/topped up) which may, at our discretion be made in cash.

Disclosure procedure to be followed by employees

If you know or suspect that money laundering activity is taking place, you must report it to your line manager. **If, in consultation with your manager, it is agreed that there is reasonable suspicion that money laundering may be taking place, a report should be made without delay to the MLRO or in the absence of the MLRO his/her deputy or in the absence of the MLRO deputy via email or the online [Suspected Money Laundering Report Form](#), to the person designated at the end of this section of the policy. If you suspect that your line manager is, or may be, implicated in the money laundering activity, you should instead report it without delay to the MLRO under these procedures, or to the College Secretary under the College's Fraud procedures (Ordinance C2), or its Public Interest Disclosure procedures (Ordinance D18). If you do not report the matter you may be personally liable for prosecution.**

Your report should provide as much details as possible, including:

- Full details of all of the parties involved (including you and any other members of staff);
- Details of the transaction and how each person is involved with it;
- The reason that you are suspicious;
- Details of the transaction including the date, type of transaction and the amount of money or type of asset involved; and
- Any other information which may assist the MLRO decide whether the matter should be reported to the National Crime Agency.

You may choose to use the Suspected Money Laundering Report Form [available here](#) to make a report.

Once you have sent your report to the MLRO you must follow any instructions that they give you. **You should not make any further enquiries unless you are instructed to do so and should not voice your suspicions to anyone who you suspect of money laundering or discuss the matter with colleagues. If you were to do so, you may be committing a criminal offence, the penalty for which is up to 5 years imprisonment or an unlimited fine.**

Any breach of this policy is considered to be a serious matter and is likely to result in disciplinary action.

The Money Laundering and Proceeds of Crime Reporting Officer (MLRO)

The College will ensure that the MLRO has access to adequate resources and information that allow the MLRO to carry out the responsibilities associated with that role of MLRO.

The MLRO for the College is John Whitlow, Director of Financial Services and Procurement, (email: j.whitlow@imperial.ac.uk). The MLRO is responsible for:

- oversight of the College's systems and controls against money laundering;
- monitoring the College's day-to-day operation of this policy;

- reporting to senior management on the money laundering risk and terrorist financing risk to the College and the effectiveness of the College's systems and controls to combat the same;
- addressing any deficiencies in the policy promptly;
- responding to enquiries from the FCA or law enforcement; and
- reporting suspicions of money laundering to the National Crime Agency (**NCA**).

When a report of money laundering is received, the MLRO will:

- Record receipt of the report and acknowledge it;
- Assess the information received and advise the individuals concerned when a report can be expected;
- Consider the report, make any further necessary enquiries and decide whether a report should be made to the NCA; and
- Consider whether consent is required from the NCA before the transaction can proceed.

The MLRO may use the form set out in Appendix 1 to this policy (or a substantially similar form) for internal record keeping.

Where the MLRO decides that the case should be reported to the NCA, it should be done in a timely manner in the prescribed manner on a standard form provided by the NCA; and if the MLRO considers that a defence should be sought from the NCA before the transaction can proceed this should be expressly stated on the form.

The MLRO should refer to the NCA website for guidance on making a report: <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports>

To ensure cover in the event of the MLRO being absent for any reason, all reports made via the online [Suspected Money Laundering Report Form](#) will be shared with the Deputy MLRO - Gavin Jones, Head of Income (email: gavin.jones@imperial.ac.uk) and Roy Ortiz, Team Leader, Credit Control (email: r.ortiz@imperial.ac.uk).

Training

The College will ensure that relevant members of staff are provided with regular training on the money laundering procedures that the College has implemented so that they understand their legal and regulatory responsibilities and their role in minimising the risk of the College being used to further money laundering.

Record keeping requirements

A record must be kept of all customer due diligence measures that have been carried out, including copies of the customer identification documents that have been obtained. If you have obtained copy documents as part of the due diligence process you must ensure that these are stored safely within the relevant College administration system for safe-keeping and that they are accessible to the MLRO. Keeping comprehensive records enables the College to show that it has complied with its money laundering obligations. This is crucial if there is an investigation into a suspicious transaction.

The types of record which should be kept may include:

- daily records of transactions;

- receipts;
- cheques;
- paying-in books; and
- customer correspondence.

The formats that records may be kept in are:

- originals;
- scanned; and
- computerised or electronic.

Records must be kept for five years beginning from:

- the date a business relationship ends; and
- the date a transaction is completed.

Other relevant policies

The following other relevant policies are available on the College's website:-

- [Financial Regulations](#);
- [Policy and Response Plan for the treatment of Fraud, Corruption and Irregularities \(Ordinance C2\)](#);
- [Ethics Code](#);
- [Relationship Review Policy](#); and
- [Investigation of Public Interest Disclosures \(Ordinance D18\)](#).

Last revised: 31 March 2023

Appendix 1

MLRO Report

(to be completed by the MLRO and kept on record together with the corresponding suspicious activity report)

Date report received _____

Date receipt of the report acknowledged _____

Consideration of Disclosure

Further action required:

Are there any reasonable grounds for suspicion requiring a report to be made to National Crime Agency (NCA):

If yes – confirm date of report to NCA _____

- Details how to report can be found here:
<https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports>
- Any further details:
- Is a defence required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? _____
- If yes – confirm details and instructions:
 - Date defence received: _____
 - Date defence given to staff: _____

If no – confirm reason(s) for non-disclosure to the NCA:

Date consent given to staff for any ongoing or imminent transactions to proceed _____

Signed _____ Date _____