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PREPREČEVANJE PRANJA DENARJA V VELIKI BRITANIJI

Prevention of Money Laundering in the United Kingdom

Definition of Money Laundering

"Any activity by which the apparent source and ownership of money representing the proceeds of crime are changed so that the money appears to have been obtained legitimately".

Five basic Money Laundering Offences in UK

1. Assisting another to retain money from crime.
2. Acquisition, possession or use of money from crime.
3. Hiding money from crime.
4. Failing to disclose knowledge **or** suspicion of money-laundering if related to drug trafficking or terrorism.
5. Tipping off.

Maximum penalty in UK Law: **14 Years imprisonment.**

Approach to Money Laundering

UK audit/accountancy firms need to consider money laundering in 2 forms:

(a) Carried out by their clients either with or without the clients knowledge.

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(b) Carried out by their clients using the facilities (including bank accounts) provided by the audit/accountancy firm.

Obligations of all UK audit/accountancy firms

- Reporting suspicions
- Not tipping off
- Evaluating effect on audit

Tipping off

Disclosure of information to any person that might prejudice an investigation.

E.g. if the auditor suspects money laundering and discloses that he/she isabout to make a report because of the suspicions.

Additional responsibilities for UK audit/accountancy firms licensed to do investment business

1. Identification of potential customers
2. Keep records
3. Internal reporting to Money Laundering officer
4. Reporting to National Criminal Intelligence Service of **all** money laundering suspicions.

Evaluating effect of Money Laundering on the auditors report

- Audit planning to include possibility that money laundering exists (SAS 120) (ISA 250)
- Consideration of the entities involvement in Money Laundering on the audit report (SAS 600) (ISA 700)

Confidentiality

- Auditor normally has duty of confidentiality to client
- Requirement to report suspicions overrides duty of confidentiality
- Immunity from legal action granted **even if** suspicions were wrong

Clients using audit/accountancy firms to launder money

- Need to report suspicions
- Need to consider why client is asking firm to be involved in transactions

Responsibilities of Audit/Accountancy Firms (Comparison between UK and Slovenia)

	UK	Slovenia
Requirement to report if relates to drugs or terrorism	✓	✓
Requirement to report in other cases	Only if firm has investment licence	✓
Identification procedures	As Above	✓
Record keeping and training of staff	As Above	✓
Not tipping off	✓	✓
Requirement for Professional body to report	✓	✓
Consideration on audit report	✓	✓

More usual Money Laundering Indications

- Unnecessarily complex corporate structure
- Complex or unusual transactions
- Transactions with no commercial logic
- Transactions with parties in certain countries
- Cash transactions
- Formation of companies and trusts without genuine purpose
- Extensive and unnecessary foreign travel
- Defensive when questioned