

Anti-Money laundering policy (Appendix 13)

First Step Statement

First Step is committed to ensuring that it has adequate controls to counter money laundering activities in line with the Money Laundering Regulations dated 26th June 2007.

What is the Risk?

Risk sensitive policies and procedures must be established by us in order to anticipate and prevent money laundering and/or terrorist financing.

A risk sensitive or risk-based approach is where businesses assess the risk of customers laundering money through our business. First Step may take the starting point that most customers will not launder money but will identify criteria that would indicate a higher risk of money laundering – e.g. where there is no face-to-face meeting to establish identity.

How do we manage the risk?

First Step are committed to ongoing staff training for the anti-money laundering legislation and this is also covered as a part of the Induction training courses held at Waterloo Farm, Arlesey. The group MLRO contact is David Taylor, however, in his absence, reports can be made to Jules Taylor or Jo Cable, both based at Waterloo Farm, Arlesey, who will forward reports to National Crime Agency as necessary.

Identification procedures

Adherence to our "Due Diligence" identification procedures on every occasion will significantly reduce the risk of our business being used to launder money.

All landlords, tenants, vendors and purchasers must be identified fully with two forms of ID, evidence of identity being photographic and evidence of residence e.g. a utility bill dated in the last three months. Should a face-to-face meeting not take place then enhanced due diligence procedures will need to be adopted by asking for additional information or evidence to establish the customer's identity and ensuring that the documents supplied are certified.

If the verification of the customer's identity is in the form of documents this should be based on a government issued document with the customer's full name and photo with either the customer's date of birth or residential address such as:

1. Valid passport
2. Valid photocard driving licence
3. National identity card
4. Firearms certificate

Smartsearch now provide us with the ability to carry out on-line verification checks using the above means or identification.



Alternatively, identification can be verified with a government issued document (without a photo) which includes the customer's full name and supported by secondary evidence:

Secondary evidence can include:

1. A utility bill (Gas, Electric, Water or Council Tax)
2. Bank or building society statement
3. Most recent mortgage statement from a recognised lender

All the above documents must be within 3 months of the issue date.

If the original copies of ID documents cannot be brought in, then they must be certified by one of the following professional people:

Solicitor

Post Office Staff

Bank Manager

Chartered Accountants

Source of Funds

In most circumstances, source/proof of funds is obtained via a Mortgage offer in Principal, and deposit proof in the form of a Bank/Building Society statement showing the funds. If monies are gifted, proof of funds will be required from the person gifting the money, along with their ID & POA. All information given must be in unredacted form.

In extenuating circumstances, and where large amounts of money are being used to make a purchase, we are obliged to carry out further due diligence. Smartsearch offers us the option to carry out a Source of funds check on an individual. Smartsearch will send a text or email to the client requesting access to their preferred bank account(s) in order to carry out the checks. The information is kept with Smartsearch for 30 days. This can be increased to a maximum of 90 days if there are any concerns over the validity of the monies. First Step will always notify clients prior to these checks being carried out and give them the information of the process.

For customers other than private individuals

For customers who are not private individuals, such as corporate customers and private companies, the business must obtain information that is relevant e.g. company registration number, registered address and evidence that the individuals have the authority to act for the company – a search at Companies House will reveal details of directors and company secretary. **Smartsearch verified process used.**

Full Company Name

The Company Registration Number

The Registered Address & Principle Place of Business

All documents and information held are kept completely confidential and secure and will not be shared with any other 3rd parties without the explicit written permission of the client in question.

Suspicious Activity Reporting

A report will be made if a member of staff or the nominated officer thinks that there is a possibility that a person is or has been engaged in money laundering or terrorist financing.

The report will be made to David Taylor the Group MLRO as soon as it is practical. It is his responsibility to send any 'Suspicious Activity Reports' (SARS) onto the **National Crime Agency** if appropriate.

What is Suspicious Activity?

The following lists suggestions of suspicious activity but it is by no means exhaustive.

New Customers:

- Reluctance to provide details of their identity
- Customer is trying to use intermediaries to hide their identity or involvement
- There appears to be no genuine reason for the customer using the business's services
- Unable or unwilling to disclose source of funds
- Documents have been redacted.

Regular/Existing Customers:

- Money is paid by a third party who does not appear to be connected with the customer
- The customer requests payment to a third party who has no apparent connection with the customer
- A cash transaction is unusually large, and the customer will not disclose the source of funds.
- A transaction is carried out for less than market value with an unconnected person
- Unable or unwilling to disclose source of funds

Should a report be made then it is important that this fact, and any information about the transaction in question, is kept confidential.

Record Keeping

The following records are required to be kept for 5 years:

- Copies of, or references to, the evidence obtained of a customer's identity for five years after the end of the customer relationship, or five years from the date when the transaction was completed.
- Supporting records relating to a customer relationship or occasional transaction for five years from the date when the transaction was completed.



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The purpose for keeping these records is to demonstrate the business's compliance with the regulations and to aid any resulting investigations. This information is kept completely confidential and will not be shared with any other third parties without explicit written permission of the client in question. First Step use Smartsearch as their Anti-Money Laundering platform. This system verifies clients, screens for sanctions and PEP's, runs anti-fraud checks, then both manages the results and monitors all these AML headings on an ongoing basis until the transaction is completed.

Signed for and on behalf of:
First Step Housing Partners/First Step Lettings

David Taylor