Introduction

It is the policy of Torus Group (hereafter referred to as “Torus”) to comply with relevant money laundering legislation and Best Practice Guidance.

This policy is supported by Torus’ Anti-Money Laundering Procedures, which together form The Group’s Anti-Money Laundering Strategy. The principles of the policy underpin Torus’ commitment to comply with its obligations.

Reason for Policy

There have been significant changes to the legislation concerning money laundering, which have broadened its definition and increased the range of activities caught by the statutory framework. The implications of the changes in legislation, considered by professional bodies, has resulted in Best Practice Guidance being issued that requires registered providers to establish internal procedures to prevent the use of their services for money laundering.

The purpose of this policy is to enhance Torus’ compliance with money laundering legislation to assist law enforcement in combating illegal money laundering, and to minimise the risk of Group resources being used for improper purposes. Failure to comply with money laundering legislation could result in civil and criminal penalties to Group members and/or individual employees including agency staff.

Who needs to know about this Policy?

Board Members, staff, (including agency) contractors and consultants

Context

Money laundering is the process of concealing the existence, illegal source or application of income derived from criminal activity, and the subsequent disguising of the source of that income to make it appear legitimate.

To assist the government and law enforcement agencies in detecting, preventing and eradicating terrorist financing and terrorist and criminal activity, Torus will take the necessary steps to comply with money laundering legislation.

All funds received by Torus Group companies should be deposited in accordance with the relevant Financial Procedures. The Client Verification Procedure detailed within the Anti-Money Laundering Procedures should be followed where appropriate. Any concerns regarding transactions that appear to be suspicious or potential violations of this policy should be reported to the Money Laundering Reporting Officer, or if unavailable Group Financial Controller.
Contact

Money Laundering Reporting Officer
Greg Parkinson, Treasury and Debt Recovery Manager,
Helena Central
4 Corporation Street
St Helens
Merseyside
WA9 1LD
01744 417829

Group Financial Controller
Sarah Roberts
Helena Central
4 Corporation Street
St Helens
Merseyside
WA9 1LD
01744 417613

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# ANTI-MONEY LAUNDERING PROCEDURES

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ANTI-MONEY LAUNDERING PROCEDURES

1. Introduction

1.1 There have been significant changes to the legislation concerning money laundering (The Proceeds of Crime Act 2002, Money Laundering Regulations 2003/2007 and Serious Organised Crime and Police Act 2005), which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the new obligations now impact on areas of Torus’s business, and Best Practice Guidance issued requires companies to establish internal procedures to prevent the use of their services for money laundering.

1.2 In order to comply with its obligation, Torus Group (hereafter referred to as “Torus”) has produced an Anti-Money Laundering Policy, which is supported by this document. These documents together set out the procedures that must be followed to enable Torus to comply with its obligations related to money laundering.

1.3 References to Torus within this policy are deemed to include all subsidiaries within the Torus Group.

2. Scope

2.1 These procedures aim to maintain and improve upon the high standards of conduct that currently exist within Torus in ensuring Torus does not get used by third parties for the purposes of money laundering and to enable Torus to comply with its legal obligations. These procedures apply to all employees, agency staff, consultants, contractors and members of the Board.

2.2 Failure by an employee to comply with the procedures set out in this document may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with Torus' Disciplinary Policy and Procedures.

2.3 Directors and managers must ensure that all employees, consultants, contractors and members are aware of the policy and these procedures.

3. Purpose

3.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. These procedures have been written to enable Torus to meet the legal requirements in a way which is proportionate to the low risk to Torus of contravening the legislation.

3.2 Potentially any employee or board member could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. These procedures seek to prevent criminal activity through money laundering and set out how any concerns should be raised.
3.3 It is extremely important that all employees are familiar with their legal responsibilities: **serious criminal sanctions may be imposed for breaches of the legislation.**

4. **Definition**

4.1 Money laundering means:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK
- 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
- Acquiring, using or possessing criminal property
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

These are the primary money laundering offences and prohibited acts under the legislation.

5. **Torus’ Obligations**

5.1 Organisations conducting relevant business must:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity (their own or anyone else’s)
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain client identification procedures in certain circumstances
- Maintain record keeping procedures
- Provide training to relevant staff on the requirements of the legislation, including the identification of suspicious transactions, identity verification and reporting procedures

5.2 The areas where large sums of monies may be received by the Group include the sale of vehicles and sale of land & property. These are only examples, the safest way to ensure compliance with the law is to apply the procedures to all areas of work undertaken by Torus. **All staff and Board Members are therefore required to comply with the reporting procedure set out in section 11 below.**

6. **The Money Laundering Reporting Officer (MLRO)**

6.1 The Group has a named MLRO who should be contacted in the case of any concerns or suspicions about accepting cash payments.
6.2 General advice on money laundering may be obtained from the Legal Team.

7. Understanding Money Laundering – Indicators / Examples

7.1 Why people need to launder money

The great majority of all crimes are committed to generate money. Terrorists need money to fund their operations. Although criminals and terrorists have different objectives, they share the wish to hide and disguise their money movements. They do not want their money to lead to their detection and their arrest.

Having gained money by committing a crime, the criminal wants to be able to spend it without questions being asked about where the money came from, and without the fear that law enforcement agencies following the money trail will catch up with them. In order to disguise the fact that the money has come from crime, the criminal will attempt to break the link between the crime and the money it has generated – to cover the trail – and to establish a plausible explanation for his spending power.

The criminal starts out with money that bears the taint of criminality, and aims to remove the stain and so end up with apparently ‘clean money’ that can be used as if it was legitimately earned income.

7.2 Why money laundering is wrong

Money laundering is wrong because the original monies are the proceeds of crime, and therefore the proceeds of human misery. Every crime has victims, whether injured, traumatized, denied their freedom or deprived of their health or their property. Even so-called ‘victimless’ crimes like tax evasion or insurance fraud increase the costs that honest people have to bear.

Money laundering is a very serious offence; it is the crime that allows crime to continue.

7.3 Why criminals/terrorists would use Torus to launder money

Criminals/terrorists would potentially use any organisation that they could to launder money. A cheque received from Torus to be placed in their bank account is clean money.

7.4 Examples of how money could be laundered via Torus:

- A £200,000 property transaction is cancelled days before completion and a refund requested. Here the criminal has funded the transaction with ‘dirty money’ and will then be sent a refund cheque from Torus for £200,000. The Torus cheque will be clean money.

- Regular overpayments are made to rent accounts. Refund cheques are sent out and the Torus cheque / bank refund will be clean money
7.5 **Examples of money laundering indicators:**

- The other party is happy to enter into an apparently bad deal for them
- A person suddenly changes their pattern of activity i.e. if someone is usually in arrears and then they pay off the arrears and pay in advance
- A person enters into an arrangement beyond their apparent financial means e.g. if someone is very poorly dressed and has a lot of money to spend
- There is an unexplained and unusual geographic use of a solicitor in relation to a property's location
- Regular cash payments received
- Large overpayments of fees or money on account
- If the Client cancels transactions without good reason and requests a cheque for previously deposited funds

8. **Client Verification Procedures**

8.1 The starting point of any anti-money laundering regime is knowing who your clients are and the nature and purpose of the services they wish you to provide for them. Verification of identity is required by law and in essence requires you to check that the client is who he says he is.

8.2 **Verification of the client’s identity** must be performed prior to performing a transaction if any one of the following applies:

a) Torus is forming a business relationship with a client; or

b) Undertaking a one-off transaction involving payment by or to the client for £3,000 or more; or

c) Undertaking a series of linked one-off transactions involving total payment by or to the client(s) of £3,000 or more; or

d) It is known or suspected that a one-off transaction (or a series of them) involves money laundering.

This applies to existing clients, as well as new ones.

8.3 **Verification of identity checks** enable you to prove (to the best of your ability) that

a) An individual is: Who they say they are (i.e. their name), lives where they say they live (i.e. their address). The verification of name and address is the standard requirement, but if this cannot be done;
b) You have identified both the entity and the people who have effective control of a legal entity.

8.4 Evidence of identity should be obtained as follows:

Internal Clients (requests from employees)

8.4.1 Appropriate evidence of identity for Torus will be signed written instructions on Torus, Helena or Golden Gates’ headed paper or an email on the internal MS Outlook email system at the outset of a particular matter. Such correspondence should then be placed on the client file along with a prominent note explaining which correspondence constitutes evidence and where it is located.

External clients

8.4.2 For individuals, the most reliable documents for verifying a client’s name are government issued documents that contain the client’s name, and a photograph and/or his residential address; e.g. valid UK passport or driving licence. If you are able to obtain one of these photographic documents that also includes the client’s address, you are not required to get a second document to prove address. Proof of address can be by provision of a bank statements or utility bill. A UK passport and some other photographic forms of identity do not show the person’s address and in this case you will need to obtain a second document to verify the address. A non UK passport could be difficult to authenticate and thus additional documentation must always be obtained.

8.4.3 For listed companies you need to verify the company name, company number, address of registered office and the business address. All of these details should be verified by a search of the relevant company registry or a database or from a certified copy of the company’s Certificate of Incorporation. In addition, you will need to verify the company’s listing, including evidence of the approved status of the stock exchange – which is usually available via the stock exchange website and that the individual you are dealing with is properly authorised by the company. A suitable confirmation would be a letter or meeting minute received from a Director of the company.

8.4.4 For private companies you need to verify the company name, company number, address of registered office and business address. All these details should be verified from a search of the relevant company registry or from a certified copy of the company’s Certificate of Incorporation. In addition you need to verify the most recent published accounts, the Memorandum and Articles of Association, that the person you are dealing with is properly authorised by the company and that he is who he says he is, and the names of any individual or corporate beneficial owner(s) who have a shareholding of 25% or more.

8.4.5 Partnerships should be verified to standards similar to those applicable to private companies by using available information/documentation.

8.4.6 A staff member that is required to verify the identity of other types of legal entities or organisations should contact the Legal Team, who will detail the necessary requirements.
8.5 Document retention:

8.5.1 In all cases, the evidence should be retained for at least five years from the end of the business relationship or transaction(s).

8.5.2 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one-off transaction(s) cannot proceed any further. If there is an unjustified delay in the evidence of identity being obtained from the client or where the client is deliberately not providing the evidence, a disclosure will have to be made.

9. Customer Due Diligence /Supplementary Procedures

9.1 In proportion to the low risk to Torus of contravening the legislation, additional specific customer due diligence procedures will not be introduced. Instead Torus will establish additional procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering:

- Funds received for property purchases will only be accepted from a solicitor’s client account. In addition, the solicitor representing the purchaser will be asked to confirm that he has verified the purchaser’s identity. Refunds will be returned to the solicitor’s client account

- Overpayment refunds greater than £500 must be investigated for reasonableness and to determine if this is a regular occurrence. Any suspicion of money laundering activity must be reported to the MLRO as per section 11.

- Cash payments of over £7,000 will not be accepted in any area of Torus. It is recognised that there may be exceptional circumstances where a business need dictates accepting a sum of cash greater than this amount. In these instances, the staff member MUST perform the identity verification procedure and obtain written authorisation from a line manager prior to accepting the cash. Written notification of the exceptional event MUST be immediately provided to the Torus MLRO (see section 6) detailing the amount of cash accepted; reason why the cash was accepted, the specific identity verification check performed and the name of the line manager who authorised the transaction.

10. Record Keeping Procedures

10.1 When Torus conducts relevant business it must maintain records of:

- client identification evidence obtained
- details of all relevant business transactions carried out for clients

for at least five years as they may be used as evidence in any subsequent investigation by the authorities into money laundering.

10.2 The precise nature of the records are not prescribed by law, however, they must provide an audit trail during any subsequent investigation, e.g. distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In
practice, the business units of Torus will be routinely making records of work carried out for clients in the course of normal business and these should suffice.

11. Disclosure Procedure

Disclosure to the MLRO

11.1 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO. The disclosure should be within ‘hours’ of the information coming to your attention, not weeks or months later. **SHOULD YOU NOT DO SO, THEN YOU MAY BE LIABLE TO PROSECUTION.**

11.2 Your disclosure should be made using the disclosure forms attached in Appendix 1. The form must include as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers etc.
- Full details of the nature of your involvement:
  - If you are concerned that your involvement in the transaction would amount to a prohibited act your report must include all the relevant details. You will need consent from the National Crime Agency (NCA), via the MLRO, to take any further part in the transaction
  - You should make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline
- The types of money laundering activity involved
- The dates of such activities including:
  - Whether the transactions have happened, are ongoing or are imminent
  - Where they took place
  - How they were undertaken
  - The (likely) amount of money/assets involved
  - Why, exactly, you are suspicious – NCA will require full reasons

This information should be provided along with any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to NCA, where appropriate. You should also enclose copies of any relevant supporting documentation.

11.3 **At no time and under no circumstances should you voice any suspicions** to the person(s) whom you suspect of money laundering, even if NCA has given consent to a particular
transaction proceeding, otherwise you may commit a criminal offence of “tipping off”. Do not, therefore, make any reference to a report having been made to the MLRO on any document on a person's file.

**Consideration of the Disclosure by the Money Laundering Reporting Officer**

11.4 Upon receipt of a disclosure report, the MLRO will allocate a unique reference number and record it on the report log. He will then note the date of receipt on his section of the report and acknowledge receipt of it. *(Appendix 2)*

11.5 The MLRO will consider the report and any other available internal information he thinks relevant e.g.

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Any identification evidence held.

The MLRO will also undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

11.6 Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:

- There is actual or suspected money laundering taking place, or
- There are reasonable grounds to know or suspect that is the case, and
- Whether he needs to seek consent from NCA for a particular transaction to proceed.

11.7 Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to NCA in the prescribed manner, unless he has a reasonable excuse for non-disclosure to NCA (for example, a lawyer wishing to claim legal professional privilege for not disclosing the information).

11.8 Where the MLRO suspects money laundering but has reasonable cause for non-disclosure, then he must note the report accordingly (the MLRO must liaise with a legal adviser to decide whether there is a reasonable excuse for not reporting the matter to NCA), he can then immediately give his consent for any ongoing or imminent transactions to proceed. Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and evidence his consent for any ongoing or imminent transaction(s) to proceed by completing Appendix 2 and providing a copy to the relevant employee/Member.
11.9 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from NCA.

11.10 The MLRO will notify the person who prepared the report with written authority to proceed with the transaction. (Appendix 3)

11.11 All disclosure reports referred to the MLRO and reports made by him to NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

11.12 The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to NCA.
CONFIDENTIAL

To: Greg Parkinson, Money Laundering Reporting Officer

From .................................................................
(Insert name of employee)

Service ......................................................... Ext No: ........................................
(insert post title and service)

DETAILS OF SUSPECTED OFFENCE

Name(s) and address(es) of person(s) involved:
(if a company/public body please include details of nature of business)

Nature, value and timing of activity involved:
(Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary)
Nature of suspicions regarding such activity:
(please continue on a separate sheet if necessary)

Has any investigation been undertaken (as far as you are aware)? Yes / No
(Please tick the relevant box)

If yes, please include details below:
Have you discussed your suspicions with anyone else?  
Yes / No  
*(please tick the relevant box)*

If yes, please specify below, explaining why such discussion was necessary:

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Have you consulted any supervisory body guidance re money laundering? Yes / No  
e.g. the Law Society. *(Please tick the relevant box)*

If yes, please specify below:

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Do you feel you have a reasonable excuse for not disclosing the matter to NCA e.g. are you a lawyer and wish to claim legal professional privilege?  
Yes / No  
*(Please tick the relevant box)*

If yes, please set out full details below:

---
Are you involved in a transaction that might be a prohibited act under sections 327-329 of the Proceeds of Crime Act and which requires appropriate consent from NCA? (Please tick the relevant box)

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed:  
Dated:

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years imprisonment.

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS
THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received: 

Date receipt of report acknowledged: 

CONSIDERATION OF DISCLOSURE

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE

Are there reasonable grounds for suspecting money laundering activity?
If there are reasonable grounds for suspicion, will a report be made to NCA? Yes / No
(Please tick the relevant box)

If yes, please confirm the date of the report to NCA:
and complete the box below:

Details of liaison with NCA regarding the report:

Notice of Period: to
----------------------------
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Moratorium Period: to
----------------------------
----------------------------

Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? Yes / No
(Please tick the relevant box)

If yes, please confirm full details in the box below:
Date consent received from NCA: .................................................................

Date consent given by you to employee: ......................................................

Appendix 2 completed if necessary: ...........................................................

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to NCA please set out below the reason(s) for non-disclosure:

Date consent given by you to employee for any prohibited act transactions to proceed:

Other relevant information:

Signed: .......................................................... Dated: ...........................................

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS
Acknowledgment of receipt of report

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Dear ______________________

Thank you for your recent money laundering suspicion report. I have logged this in my file and allocated it the unique reference number ______

You must not continue with any further business or execute any transactions, on behalf of this client without my consent.

In the meantime, please remember not to discuss your report, or the fact that you have made a report, with anyone except me. In particular, do not indicate in any way to the client that a report has been made about him/her or record such information on the client file.

If I need any more information, I will get in touch with you. If you are concerned about the report or about dealing with the client in the future, please contact me to discuss it.

If other people within our organisation need to know about the report, I will let them know.

Yours sincerely

_______________________________________
Money Laundering Reporting Officer

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS
Money Laundering Consent to Proceed Form

CONFIDENTIAL

DETAILS OF MLRO

Name............................................................................................................
(Insert name of MLRO/Authorised Deputy)

Position................................................................................................. Ext/Tel No:........................................
(Insert post title)

DETAILS OF EMPLOYEE / MEMBER

Name............................................................................................................
(Insert name of employee / member)

Position/Section..................................................................................... Ext/Tel No:..............................
(Insert post title/directorate)

DETAILS OF REPORT

Report unique number ............................................................................

Date of report..........................................................................................

OUTCOME

I can confirm that the above transaction/query can proceed

Signed ................................................................. Date ........................................
(MLRO/Authorised Deputy)

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS