



## **MONEY LAUNDERING - WHAT YOU *NEED* TO KNOW!!** **Sue Bury Interviews Tad Zurlinden**

**Q.** What has prompted recent action regarding money laundering, and how did the ARP get involved?

**Tad:** Registration with the OFT applies to everybody defined as an Estate Agent under the 1979 Estate Agency Act, which states that an estate agent is somebody who is involved in the purchase or sale of property. Under this act, relocation companies are classified as estate agents as they carry out estate agency work, albeit only as a minimal part of what they do.



Three years ago, at a meeting with a group seeking to create a register of estate agents, it was suggested that relocation companies would be affected by this legislation, so the ARP investigated the matter further with the OFT. Jonathan Haward (of the County Homesearch Company Ltd) and I tried to argue that relocation companies are not estate agents, but the OFT were adamant that under the terms of the above act, they effectively are. You cannot argue with the legislation, even though it may be somewhat out of date.

As a result, I met with Liz Richards the National Federation of Property Professionals (NFOPP) solicitor, who was creating some guidance for estate agents, relating to money laundering, which led to my working on a committee with her, an RICS representative and others, which was subsequently approved by the OFT and then by the Treasury. The money laundering guidance on the ARP website is officially sanctioned.

**Q.** Do all ARP members need to register with the OFT?

**Tad:** Anyone who is involved in estate agency work, as defined in the 1979 Estate Agency Act. An anomaly of the Act is that Letting Agents are not covered by it, even though they are more likely to handle cash!

One good thing to come out of this was that the ARP's profile was raised and it was being recognised by all these bodies, including the co-members of the NFOPP, which include the National Association of Estate Agents (NAEA), ARLA, ARMA (Association of Residential Managing Agents) and ICBA (the Institute of Commercial and Business Agents).

**Q.** How much does registration cost and how do you go about it?

**Tad:** The fee for registration is £74 per year per premises and this is capped at 20 premises. Registration can be done online on the OFT's website:  
<http://www.of.gov.uk/OFTwork/aml/guidance>

The OFT are fully aware of the ARP and its membership and can see members' public websites, so there is no hiding place! So, anyone who has not registered, and is required to by law, should do so. Effectively, it is also a requirement of ARP membership as the Rules of Conduct state that members must not conduct business by improper or illegal means.

**Q.** What is the role of the MLRO (Money Laundering Reporting Officer), and how do members make an SAR (Suspicious Activity Report) to SOCA (Serious Organised Crime Agency)?



**Tad:** Full instructions are found in the guidance notes on the ARP website. Sole Traders will by default become the MLRO.

**Q. How often are members inspected, and by whom?**

**Tad:** Ad hoc inspections have started and the OFT are visiting members who have registered, and will shortly also be visiting those who have not registered. So, you need to be sure that, if you say you do not need to be registered, you do not get involved in purchase. For Private Acquisition companies, it is clear that they are acting for a purchaser.

**Q. Do members need to have documented policies and procedures in place to show due diligence?**

**Tad:** As I understand it, most members who have been or are affected by money laundering legislation, keep records. The OFT will comment whether these are kept correctly or incorrectly during their visit. You need to have documentary evidence, such as photocopies of passports and utility bills to prove identity - that is extremely important. This is a legal requirement and we have to abide by it, so there can be no objection. The problem comes, which we will take forward to the Treasury, where you have RMC, working for an overseas company, who then subcontracts to a larger DSP, who then subcontracts again to a smaller DSP – where does the responsibility lie? At the moment, the way it works, with everyone.

According to the OFT, there may be some dispensation that relates to major quoted companies that are known globally, who can guarantee their own employees. This legislation is being driven from Brussels, not London, and will affect people throughout Europe, especially when they extend it to people involved in lettings.

**Q. Will there be penalties for non-registration?**

**Tad:** Almost certainly.

**Q. Will the ARP be offering any training on this issue?**

**Tad:** The guidance notes on the ARP website are comprehensive and we have to thank the NFOPP for their help as we would not have had the resources to prepare them ourselves.

**Q. What has been members' experience to date?**

**Tad:** Feedback about inspections has been quite good. However, should anyone have a bad experience or any general comments, I am very happy to go back to the OFT with any anonymous evidential feedback.

FINALLY, if members have not yet registered with the OFT and they are required to do so, THEY SHOULD DO SO IMMEDIATELY, AND also register with the Property Ombudsman (BUT THERE IS NO NEED TO JOIN ANY OF THE SCHEMES OR ANY OTHER REGISTER). The cost of Registration with the Property Ombudsman is £228 including VAT, per office.

For further information, please visit <http://www.tpos.co.uk/join-tpo.php>