TANYANYIWA & ASSOCIATES, ATTORNEYS-AT-LAW ANTI-MONEY LAUDERING COMPLIANCE POLICY MANUAL

PREFACE

1. Money laundering is generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source.

2. The **Money Laundering and Proceeds of Crime Act [Cap 9:24]** (hereinafter referred to as "*the Act*") came into force on 28th June 2013 and it seeks to combat money-laundering and the financing of terrorist activities through professionals such as legal practitioners.

3. The Act Is binding on Tanyanyiwa & Associates (hereinafter referred to as "the Firm") and all its Partners and employees and creates a number of on-going compliance obligations for the entire Firm.

4. This Manual sets out and explains the Firm's Anti-Money Laundering Policies and Procedures in compliance with the requirement to develop and implement programmes for the prevention of money laundering including internal policies, procedures and controls.

5. Continuous reference to this Manual is compulsory for all members of the Firm. Failure to comply with the Firm's policies, as set out in this Manual:

    a. may be treated as misconduct which may result in disciplinary action by the Firm; and

    b. may result in criminal prosecution.

6. The Firm's Money Laundering Compliance Officer is the Managing Partner or any other Partner so designated by the Partners from time to time or the Firm's Accountant. All enquiries regarding compliance with this Manual should be referred to the Compliance Officer or any other Partner.

1. INTRODUCTION

1.1. Objective of Money Laundering and Proceeds of Crime Act

a. The Act is aimed at combating money-laundering which is defined as any activity which has or likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of money or proceeds from unlawful activities or any interest which anyone has in such money or proceeds.

b. Legal Practitioners, among other businesses and professionals have been identified as key gatekeepers in the fight against money-laundering and the financing of terrorism. As such the Firm intends to fully comply with the law and support the fight against money-laundering and terrorism financing.

c. The objective is to prevent criminals from being able to use our Firm to launder money, or to finance terrorism.

1.2. Scope of Money Laundering and Proceeds of Crime Act

It is the policy of the Firm that the procedures set out in this Manual should be applied to all clients and all matters.

1.3. The Firm's Obligations

The Act contains obligations upon the Firm of:

a. Carrying out "Know-Your-Client" due diligence to ensure that we know the true identity and intentions of our clients;

b. Identifying and reporting suspicious transactions which may result in the commission of an offence;

c. Record keeping for a specified period to ensure that past transactions can be traced; and 1.3.4 Employee Screening;

d. Training members of the Firm to ensure that they are aware of the law relating to money-laundering and are able to identify and deal with suspicious transactions when they arise; and

e. Appointing a compliance officer at management level to be responsible for the implementation and on-going compliance with this Act by the Firm.

1.4. Obligations of Individuals within the Firm

The main obligations of each member of the Firm are:

a. To avoid being involved in any money laundering activities.

b. To carry out client identification and verification.

c. To recognise and report suspicious transactions.

d. To avoid tipping off a suspect that a report has been made.

The remainder of this manual explains what you should do to comply with these obligations.

2. KNOW YOUR CLIENT /CUSTOMER DUE DILIGENCE

2.1. Elements of Client Due Diligence

The Act requires the Firm to carry out client due diligence and ongoing monitoring of the business relationship with the client or the beneficial owner of the property or the person in effective control of the entity in issue when we do our work. Client due diligence has several elements:

(i) Client identification;

(ii) Identifying any beneficial owners;

(iii) Obtaining information on the purpose and intended nature of the business relationship;

(iv) Risk assessment. Client due diligence and ongoing monitoring must be done on a risk-sensitive basis. The risk-based approach means that the Firm's focus is on the areas of greatest risk;

(v) Ongoing monitoring of the business relationship.

2.2. The Importance of Thorough Client Due Diligence

Our greatest asset is our reputation as a professional law firm. Carrying out thorough Client Due Diligence will not only ensure compliance with the law, but will deter undesirable clients from instructing this Firm.

Our failure to carry out thorough due diligence of clients will result in:

(i) Reputational Risk – the risk that negative publicity regarding our business practices and associations, whether accurate or not, will cause a loss of confidence in the integrity of the Firm;

(ii) Operational Risk – the risk that the Firm will suffer direct or indirect loss resulting from inadequate or failed internal processes, people and systems and any penalties from regulators;

(iii) Legal Risk – the possibility that lawsuits, adverse judgments or contracts turn out to be unenforceable and disrupt or adversely affect the operations of the Firm.

Our Standard Terms of Business contain clauses informing clients of our obligations under anti-money laundering legislation. Therefore, when taking instructions from new clients you must explain your obligation to do a thorough client due diligence, and the reason for that obligation.

The Firm has prepared a Know Your Client Identity Verification Form ("KYC Form") (attached to this Manual as Form 1) which must be completed by every client at the following times:

(i) when we take them on as a new client; and

(ii) if you suspect money laundering, or doubt the truth or accuracy of due diligence documents previously supplied by the client.

The completed KYC Form, along with evidence of identity, should be both retained on the file and scanned by the fee earner or their secretary. The scanned copy should be sent / deposited in the Firm's electronic document management system for central storage.

2.3. Client Acceptance

The acceptance of any person as a client of the Firm remains in the exclusive discretion of the Partners.

2.4. Client Identification and Verification

a. Identification of a client or a beneficial owner involves requesting the client for identity particulars including their

name, legal status, address and other contact details. This information is requested in the KYC Form.

b. Verification involves receiving the information from the client and obtaining evidence which supports this claim of identity such as copies of identity documents, certificates of incorporation, proof of residence and the like. The documents required for verification of a client's identity and other details is contained in the KYC Form and must where possible be certified copies of the originals.

c. If there is any inconsistency in the documents provided by the client or beneficial owner which has been explained, such explanation must be recorded on the KYC Form for future reference and to avoid suspicion.

d. The purpose of identifying beneficial owners is to understand which natural person who truly owns and controls the client, and in whose interests it is operating. Money launderers may seek to hide their identity behind nominees, or corporate or trusts. Accordingly, the Act requires you to identify any beneficial owner who is not the client, as if the beneficial owner is a client and take adequate measures, on a risk-sensitive basis, to verify his identity, so that you know who the beneficial owner is. That includes measures to understand the ownership and control structure of a company, trust or similar arrangement.

e. A beneficial owner is anyone who ultimately owns or exercises controls the rights to or benefits from property or who exercises effective control over a legal person or legal arrangement.

f. If it seems the client may be a mere nominee or front for another person, insist on full and strict verification of that other person's identity. In particular, if the client is a company which is owned and controlled by three people or fewer, verify their identity just as you would for a client.

2.5. Timing of Client Identification and Verification

a. Identification and verification of a client should be carried out before accepting instructions to act for the client or beneficial owner.

b. Verification, however, may be completed as soon as practicable after contact is first established provided that the circumstances (as may be prescribed) are such that the risk of

money laundering is effectively managed and a delay in verification is unavoidable in the interests of not interrupting the normal conduct of business.

c. You should not accept money on account until verification has been completed.

d. The Firm is obliged to vary out the identification and verification exercise in respect of existing clients since June 2013 on a risk-sensitive basis depending on the type and nature of the client, business relationship, transactions or as may otherwise be prescribed.

e. The Firm is obliged to take reasonable steps to ensure that it is informed or any changes in the identity or other particulars of the client or beneficial owner.

2.6. Proof of Client Identification

a. Where the client is not physically present, when you are acting for a new client, you must also obtain a certified or notarized copy of their national identity card or passport or driver's licence and any other adequate measures to compensate for the higher risk.

b. If it is not possible to meet your client, for example because he is not in the area, you should normally ensure that a trustworthy third party, such as a lawyer, accountant or embassy/consular official carries out the identification process on the Firm's behalf, and sends the Firm certified copies of the evidence of identity.

c. Reliance on client identification by Third Parties.

d. While the Act provides that instead of carrying out identification ourselves, we may sometimes rely on due diligence conducted by certain other regulated businesses such as financial institutions and other lawyers, the Firm is not relieved of responsibility to carry out its own client due diligence.

Therefore, the approval of a Partner of the Firm is required before you rely on any third-party identification.

2.7. Risk Assessment

Risk assessment is the process of considering the circumstances of a particular client, and of a particular matter, and identifying factors that make it high or low risk for money laundering. Your risk assessment will determine the approach you take to Client Due Diligence in general, and ongoing monitoring in particular:

a. Risk assessment should be done both formally and informally throughout a client relationship.

b. In terms of the Act, the Firm is charged with obtaining information on the intended purpose and nature of each business relationship. Obtaining such information is crucial to effective risk assessment and hence to proportionate due diligence. However the normal inquiries you make of any new client to understand their plans and objectives should be enough to meet your obligations in terms of the Act.

c. High risk clients and politically-exposed persons (PEPs).

    (i) You are obliged to identify clients whose activities may pose a high risk of money laundering and financing of terrorism and to exercise enhanced identification, verification and ongoing due diligence procedures in respect of such clients.

    (ii) The Act defines 'politically exposed persons' as any person who is or has been a public officer as defined in the Criminal Law Code or a senior executive or office bearer in a statutory corporation or state-controlled company or a senior office bearer in a political party in any country and includes immediate family members and close associates.

    (iii) In any matter involving a politically-exposed person, or high-profile person or foreign national, you must seek the approval of a Partner before accepting any instructions.

    (iv) If a client is a foreign national you should make enquiries to establish if s/he is a PEP. In addition to asking the client themselves, you can perform a search on the Internet. It is important to note you are obliged to pay special attention to business relations and transactions with persons from non-compliant or insufficiently compliant jurisdictions which as at October 2015 included Iran, North Korea, Algeria, Myanmar, Ecuador and Indonesia.

(v) If you act for a PEP, you are obliged to take adequate measures to establish the source of wealth and the source of funds which are involved. You must also conduct enhanced ongoing monitoring of the business relationship to ensure that the client's transactions are consistent with your knowledge of the client, the personal or business activities and risk profile.

NB: ***Non-compliance with Client Due Diligence requirements is a criminal offence punishable by a fine and imprisonment of up to three (3) years.***

3. ONGOING OBLIGATIONS – RECORD KEEPING, MONITORING, INTERNAL AML PROGRAMMES

3.1. Record-keeping

We are obliged to maintain all books and records with respect to our clients and transactions for a period of not less than five (5) years after the business relationship ends with a client or from the date of the transaction.

The books and records to be maintained include as a minimum account files, business correspondence and copies of documents evidencing the identities of clients and beneficial owners.

Copies of all suspicious transaction reports made in terms of the Act and any accompanying documentation shall be kept for at least five (5) years after the report was made. 3.2 Ongoing Monitoring .

The Act requires us to undertake ongoing monitoring of business relationships. This means scrutiny of transactions, including where necessary, the source of funds, to ensure they are consistent with our knowledge of the client, his business and risk profile. It also involves keeping our due diligence documents and data up to date.

Ongoing monitoring will:

(i) normally be conducted by fee earners handling the retainer, and involves staying alert to suspicious circumstances which may suggest money laundering, terrorist financing, or the provision of false Client Due Diligence material;

(ii) involve paying special attention to complex, unusually large transactions and all unusual patterns of transactions which have no apparent economic or visible lawful purpose; and

(iii) involve paying special attention to business relations and transactions with persons including legal persons in jurisdictions or countries that are deemed to be non-compliant according international Anti-Money Laundering authorities such as Financial Action Task Force which regularly publishes a list of "Non-Cooperative Countries or Territories" (NCCTs); i.e., countries which it perceived to be non-cooperative in the global fight against money laundering and terrorist financing.

For higher risk clients, including PEPs, you must conduct enhanced ongoing monitoring. What this involves will depend on the circumstances, but it may include paying strict attention to the source of funds applied during a transaction, and questioning your client closely about relevant issues as the matter proceeds. 3.3 Internal Programmes to combat money laundering 3.3.1 Our Firm is obliged to develop and implement programmes for the prevention of money laundering and financing of terrorism including:

(i) Internal policies and procedures for compliance with the Act – This Manual is part of this compliance. The Manual will continuously be developed and updated;

(ii) Adequate screening procedures to ensure high standards when hiring employees. In this regard, our Human Resources Manual contains the screening measures that the Firm undertakes; Money Laundering Compliance Manual; and

(iii) Ongoing training for all members of the Firm to make them aware of the Act and assist them to recognise suspicious transactions and deal with them appropriately and effectively. Training will be conducted regularly to keep all members of the Firm knowledgeable about the Firm's obligations.

Training requirements may cater for the different categories of staff:

(i) Account Opening Personnel (Finance and Back Office) - Those members of staff responsible for account opening and acceptance of new clients must receive training in respect of the need to verify a client's identity and on the internal opening and client verification procedures available in the institution. They should also be familiarized with the recognition and handling of suspicious transactions and internal suspicious transaction reporting procedures.

(ii) Front Line Staff (Fee Earners) - All front-line staff who are dealing directly with the public are the first point of contact with potential money launderers and terrorists or their agents. They have to be trained to know the true identity of the client and the need to, at the outset, know enough of the type of business activities the client is into. They should be alert to any change in the pattern of a client's transactions or circumstances that might constitute conduct. They should be provided with training on the recognition and handling of suspicious transactions and on the procedures to be adopted when a transaction is regarded as suspicious. The International Bar Association – A Lawyer's Guide to Detecting and Preventing Money Laundering is mandatory reading for all Fee Earners in the Firm during internal training.

(iii) New Employees - New employees must, as soon as may be reasonably practicable be given a broad appreciation of the general background to the combating of money laundering and the financing of terrorism, and the internal suspicious transactions reporting procedures. They should be made aware of the importance placed on the reporting of suspicious transactions by the organization, that there is a legal requirement to report and that there is a personal statutory obligation in this respect. They should also be provided with a copy of the written policies and procedures in place for the reporting of suspicious transactions.

(iv) Supervisors and Managers (Partners and Managers) - A higher level of instruction covering all aspects of money laundering procedures should be provided to those with the responsibility for supervising or managing staff. This will include the penalties arising under the Act for non-reporting, assisting money launderers and 'tipping off; internal reporting procedures; and the requirements for the verification of identity and retention of records.

The effectiveness of the Firm's internal programmes will be constantly monitored and where appropriate, audited to verify compliance with the Act.

The Firm is obliged to designate a compliance officer at management level to be responsible for the implementation of and ongoing compliance with the Act. The Firm's compliance officer shall be the Managing Partner or any other Partner so designated by the Partners from time to time.

NB: Non-compliance with ongoing obligations of record-keeping, monitoring and maintaining internal control programs is a criminal offence punishable by a fine and imprisonment of up to three (3) years.

4. REPORTING OBLIGATIONS

4.1. Obligation to Report Suspicious Transactions

You are obliged to report anything that should give you grounds to suspect that money laundering has taken place or is being attempted, to the firm's Accountant or any Partner of the Firm. Later in this Manual is set out how a suspicious transaction is defined and how you can detect one.

Should the Firm be engaged in a financial transaction on behalf of a client associated with the buying or selling of immovable property and the Firm suspects or has grounds to suspect that any property:

(i) is the proceeds of crime; or

(ii) is related or to be used for terrorism or by terrorist organisations or those who finance terrorism; and the suspicion is based on information which is not from the client under legally privileged circumstances, then we are obliged to submit a report within three (3) working days of forming the suspicion to the Bank Use and Suppression of Money Laundering Unit.

4.2. Legal Privilege

Information received from a client, or from the representative of a client, for the purposes of legal advice may be covered by legal advice privilege. If so, that may prevent you from making a disclosure.

The law on privilege is complex and if it may apply you should discuss the issue with the Compliance Officer or any Partner of the Firm.

4.3. Tipping Off

Where there is a suspicion of money laundering it is important that you should only report this to the appropriate persons within the Firm. You must not tip off the person being reported, even if it is a client. Otherwise, you may commit an offence under **sec. 31(2) of the Act** by making a disclosure likely to prejudice an investigation.

4.4. How to Report

a. If you need to report a suspicion of money laundering, approach the Compliance Officer for consideration by the Partners in the light of all the circumstances.

b. The Partners will take a decision about whether to report the matter to the Suppression of Money Laundering Unit in terms of the Act.

c. Care should be taken to guard against a report being submitted as a matter of routine without undertaking reasonable internal enquiries to determine that all available information has been taken into account.

   You need not fear that making an erroneous report will expose you to legal or professional sanctions. **Sec. 32 of the Act** protects the identity of the person making the report and **sec. 33** provides that a report of suspicions of money laundering made in good faith is not to be taken to breach any duty of confidentiality.

4.5. Duties of Suppression of Money Laundering Unit

a. Whenever the Unit has reasonable grounds to suspect that any property is proceeds of crime or is related to the financing of terrorism based on reports or other information received by it, the Unit is obliged to communicate its suspicion and relevant information to the Zimbabwe Republic Police for investigation.

b. The Unit is empowered by the Act to obtain from the Firm any information that the Unit deems necessary to carry out its functions. In this regard, the Unit is empowered to access and review on-site information which is in the custody of the Firm subject to any limitations imposed by legal privilege.

c. All requests for information received from the Unit should immediately be directed to the attention of the Compliance Officer or Managing Partner for appropriate action.

d. The Unit is entitled to share information with any foreign counterpart agency that is subject to similar secrecy obligations. The Unit may also make requests for information to local institutions including the Firm in relation to similar requests made by its foreign counterpart.

NB: Non-compliance with reporting obligations or making false or misleading reports or tipping off is a criminal offence punishable by a fine and imprisonment of up to three (3) years.

5. DETECTING MONEY LAUNDERING

5.1. Suspicion

a. A suspicious transaction is a transaction which gives rise to suspicion for any reason.

b. Where there is a business relationship, a suspicious transaction will often be one which is inconsistent with a client's known, legitimate business or personal activities. Therefore, the first key to recognition is knowing enough about the client and the client's business to recognize that a transaction, or series of transactions, are unusual.

c. For suspicion, a person would not be expected to know the exact criminal offence or that particular funds were definitely those arising from the crime. The "reasonable grounds for suspicion" test is objective. Generic or stereotypical views of which groups of people are more likely to be involved in criminal activity cannot be the basis of the "reasonable grounds".

d. Questions that you should consider when determining whether an established client's transaction might be suspicious are:

(i) Is the size of the transaction consistent with the normal activities of the client?

(ii) Is the transaction rational in the context of the client's business or personal activities?

(iii) Has the pattern of transactions conducted by the client changed.

(iv) Where the transaction is international in character, does the client have any obvious reason for conducting business with the other country involved?

e. Sound and well-documented due diligence procedures and ongoing monitoring will enable you to demonstrate that you took all reasonable steps to prevent money laundering.

5.2. Grounds for Suspicion — General

In any practice area any of the following factors may make you suspicious:

(i) Cash. Any party (whether our client or otherwise) proposes to pay significant sums in cash, or client who asks that the firm hold in client account a large sum of cash, pending further instructions for no purpose.

(ii) Rapid transfers of funds. Paying money into and out of our client account may be designed to conceal the true origin of the funds.

(iii) No commercial purpose. A transaction which has no apparent purpose and which makes no obvious economic sense is suspicious.

(iv) Unusual transaction. Where the transaction is, without reasonable explanation, out of the range of services normally requested by that client or outside the experience of the firm. A request to use a junior member of staff or one who lacks expertise in the relevant area may be suspicious. Criminals can believe that an inexperienced lawyer will be less likely to note or report unusual features.

(v) Lack of concern about costs. A client who wishes matters to be done in an unduly complex manner, or who otherwise does not seem concerned to control costs.

(vi) Secretive clients. The client refuses to provide requested information without reasonable explanation, including client identification information, The client who is not prepared to attend at the office with no good reason for not doing so.

(vii) Unusual sources of funds. The client provides funds other than from an account in his/her own name maintained with a recognised and reputable financial institution.

(viii) Unusual Payment methods - Any client who requires that payments to or from them be in cash, particularly in large commercial transactions or purchases of property, or The requirement that payment be by way of a third party cheque or some other form of money transfer.

(ix) Suspect jurisdictions. Particular care must be taken where the funds come from a jurisdiction with less rigorous anti-money laundering controls. Uzbekistan, Iran, Pakistan, Turkmenistan, Sao Tome and Principe and the northern part of Cyprus have been criticised by the Financial Action Task Force (FATF). Other countries not on that list may still be suspect, since not all countries can be effectively monitored by FATF.

(x) 'Safe jurisdictions' On the other hand all European Union states are subject to the money laundering directive, and can be assumed to be have similar money laundering systems to our own. The Reserve Bank of Zimbabwe in its Guidelines indicates that it considers the following FAFT member countries and territories to have legislation or status or procedures equivalent to the Zimbabwe legislation or procedures: 1. Australia 2. Bahamas 3. Bermuda 4. Belgium 5. Canada; 6. Cayman Islands; 7. Denmark 8. Finland; 9. France; 10. Germany; 11. Gibraltar; 12. Greece; 13. Guernsey; 14. Hong Kong; 15. Iceland; 16. India; 17. Ireland; 18. Isle of Man; 19. Italy; 20. Japan; 21. Jersey; 22. Luxembourg; 23. Malta; 24. Netherlands (Excluding Netherlands Antilles); 25. New Zealand; 26. Norway; 27. Portugal; 28. Singapore; 29. South Africa; 30. Spain; 31. Sweden; 32. Switzerland; 33. United Kingdom; 34. United States. There may be others. The list is not exhaustive.

(xi) High Profile/Politically Exposed Persons. Remember that you need approval to take on a client who is a PEP.

(xii) Terrorism. Particular care should be taken where the client or other party to a transaction is believed to have sympathies with a terrorist group. Fund raising for apparently benevolent objects, or payments to accounts in politically unstable areas may in some circumstances give rise to suspicion.

(xiii) The client who has no discernible reason for instructing the firm or a particular fee earner.

(xiv) Clients who for no apparent reason are not using their usual lawyer or law firm. (xv) Clients who request that a transaction be handled in a particular way without there being a good reason.

(xv) Clients from outside of the area

(xvi) The client who is using the firm for a type of work that the firm is not generally known to handle.

(xvii) Request to hold boxes, parcels, and sealed envelopes on behalf of client.

5.3. <u>Grounds for Suspicion-Property Real estate transactions</u>

The purchase and sale of property can be used to confuse an audit trail ("layering") or an investment in property may be the long-term goal of money laundering ("integration"). In addition to

the general risk factors listed above, factors particularly relevant in property transactions include the following:

(i) Transactions with no clear commercial motive;

(ii) Transactions where the source of the client's wealth is unclear;

(iii) Property purchased and sold rapidly, for no clear reason;

(iv) (Insistence that a matter be completed very urgently, since this may be a tactic to distract you from making proper checks;

(v) Cancelled transactions, particularly where the client requests that funds s/he has provided should be paid out to a fresh destination;

(vi) Properties owned by nominee companies, off shore companies or multiple owners, where there is no logical explanation;

(vii) Difficulties with identification of client or beneficial owners, including reluctance to attend for identification processes, which may suggest impersonation;

(viii) A third party providing the funding for a purchase, but the property being registered in somebody else's name. Of-course third parties often assist others with purchases, e.g. relatives of a first time buyer. However, if there is no family connection or other obvious reason why the third party is providing funding, further inquiries may be appropriate;

(ix) Large amounts of money provided by a client who appears to have a low income;

(x) Irregularities in valuation of the property, which may be evidence of mortgage fraud or attempts to defeat creditors;

(xi) Transactions where the value involved is unusually large;

(xii) A misleading apportionment of the purchase price, with the intention of avoiding Stamp Duty Land Tax. If a lawyer or law firm discovers such tax evasion after it has taken place this will normally trigger an obligation to report;

(xiii) Information about past tax evasion or welfare benefit fraud may also come to light in conveyancing matters, and may necessitate a report;

(xiv) Payment of deposit direct to vendor (particularly where the deposit paid is excessive);

(xv) Misrepresentation of purchase price;

(xvi) Individuals who claim to act for a large number of 'clients' all of whom suddenly decided to buy houses and most of whom can never find time to meet the lawyer or law firm; and

(xvii) Be particularly alert to signs of mortgage fraud. Any attempt to mislead lenders may indicate mortgage fraud, as may the use of shell companies or nominees, and the rapid re-sale of property.

5.4. Grounds for Suspicion — Corporate

Many of the issues that relate to property transactions may also be relevant to the buying and selling of businesses. Other issues may include the following:

(i) During due diligence it may become apparent that some or all of the assets owned by a business represent criminal property, due to tax evasion or other offences committed by the seller;

(ii) Requests for unusual structures, including offshore companies, trusts or structures in circumstances where the client's business needs do not support such requirements may be suspicious, in that they may suggest that the client is seeking to conceal the true ownership of assets;

(iii) Formation of subsidiaries in circumstances where there appears to be no commercial purpose or other purpose (particularly overseas subsidiaries);

(iv) Large payments for unspecified services to consultants, related parties, employees etc;

(v) Long delays over the production of company accounts;

(vi) Unauthorised transactions or improperly recorded transactions (particularly where company has poor / inadequate accounting systems);

(vii) Dubious businesses often use more than one set of professional advisers. Ask 'why me?'

5.5. Grounds for Suspicion - Private Client

Generally, wills and estate planning/administration work is relatively low risk for serious money laundering, because transferring wealth on death provides few opportunities for professional criminals to hide or enjoy criminal property. However, the need to make a report may arise in a variety of circumstances:

(i) A lawyer administering an estate may become aware that the deceased committed benefit fraud, for example because the estate includes assets that exceeded the relevant limits for benefits the deceased was claiming;

(ii) If the deceased was known to have committed acquisitive crimes (for example because the firm acted for him in criminal matters) it may be suspected that his estate includes criminal property;

(iii) A lawyer may suspect that a testator or beneficiaries have committed tax evasion;

(iv) If the estate includes assets in poorly regulated foreign jurisdictions. It may be appropriate to make further inquiries;

(v) Some trust work may be high risk, especially if the trust was set up *inter vivos* and there is inadequate information about the source of the wealth used to fund the trust. Discretionary trusts and offshore trusts can be particularly useful to conceal the ownership or origin of assets. Particular care may be appropriate if the trust has an unusual or unduly complex structure, the assets involved are high in value, or there is no logical explanation for their origin, or there is difficulty obtaining proper evidence of the identity of those involved.

5.6. Grounds for Suspicion — Litigation

(i) You need not report suspicions of money laundering based on information received when undertaking litigation work, since it is not regulated business.

(ii) In any litigation involving allegations of dishonesty, it may be that money held by a party could be the proceeds of that dishonesty;

(iii) Beware of "sham litigation". One example of sham litigation is where litigation or settlement negotiations are fabricated by the parties to launder the proceeds of an earlier crime. A more common example is where a dishonest claimant fabricates a claim or category of loss, against an innocent defendant. By acting in sham litigation we could be guilty of money

laundering under the Act, if criminal property has come into existence;

(iv) If you believe that a claimant may have fabricated their claim or a category of loss, consult the Accountant or Managing Partner.