

Put it in writing

Can you, asks **Richard Simms**, provide sufficient evidence on demand that your firm is not playing a part in money laundering?



As a professional, are you sure you can prove your firm is not playing a part, even a very small part, in the often highly sophisticated money laundering process?

Is it worth risking a criminal record and up to 14 years in jail by not evidencing that you are performing your legal AML obligations? The crucial point is that you not only have to comply, but you must be able to prove you have complied on demand. This proof is not just for your supervisor; it could easily be needed and demanded by various law enforcement bodies carrying out potential criminal investigations.

Achieving this is simple and inexpensive, with the right system in place to guide you through the process and procedures. Often you have done most of the necessary thinking and work already but you can't prove that you have as you haven't documented it.

To clarify, when you advise a client you will ask questions and investigate to reach a point of full knowledge about that client's set-up and operations. This is your AML client risk assessment, but you must document it. Rushing around to create the necessary documents and evidence when you have an inspection pending is foolhardy and dangerous. You could easily miss warning signs, big or small, if you don't continually carry out and document ALL the necessary AML checks.

If you're of the view that the AML regulatory requirements are simply a tedious compliance process, then you're wrong. It would be very dangerous for a professional to ignore or not recognise the actual risks that their firm faces – however big or small that firm is. Do you want your firm to discover that it's assisting criminals to launder money? When that information

is discovered, do you expect your firm to be able to continue to trade? Even if the firm's regulator allows it to continue to trade, what do you think your clients will think? Investigations into these matters are likely to take a long time and consume a huge amount of time and financial resource. Your business may not survive the process.

All you must do to protect yourself, your firm, and your legitimate clients, is to perform the necessary AML steps and document each of these and every change you make. Insufficient proof makes the process worthless. If you unwittingly fall foul of an extremely sophisticated money laundering set-up and you have carried out all the necessary checks and assessments and can prove you have, by documenting them all, then your risk is minimal. If you get mixed up in such a situation but you have no proof that you have completed all your AML regulatory requirements then you could find yourself with a heavy fine, the inability to operate or even a lengthy jail sentence. Is it really worth the risk?

Many adverts will lead you to believe that running a digital ID check is all that's needed to comply with the AML regulations. Sign up with a supplier and buy as many checks as you think you'll need for a year, run the reports for each new client and that's it, right? Press a button and that's your AML obligations complete? Pause for a moment and ask yourself – can you prove your clients are not criminals? Does an online digital ID check do that for you? No, it does not.

What's your simplest way to achieve AML success with a minimal cost in financial outlay and time? The solution lies not by ignoring online digital ID checks but including them within the steps you take to both assess the risk of your firm being exposed to money laundering and being able to prove that



any risk has been assessed and is being mitigated.

AML regulatory compliance is a defence for your firm against a broad range of risks that could potentially lead to your firm suffering significant damage, either reputationally, or financially, or both. The biggest risk is if the AML defensive ring is not complete. The ring could either not have been fully completed in the first place or steps in the ring have been bypassed either for ease or inadvertently; let's ignore the on-purpose option but it's



possible and very alarming.

For those who don't know me, AML compliance is not my only field of expertise. Yes, I manage and develop the AMLCC online platform, but I am also Managing Director and MLRO of a business that is regulated for AML. As a licensed insolvency practitioner, my team of 20 must all comply with AML regulations, alongside all the other compliance and risk management obligations that we have. Why's this important? It is important because our firm uses the AMLCC online platform

for its AML compliance and so we have first-hand experience as users.

Pure software providers, that also offer AML compliance software, are just that – software providers. I am an AML expert, as well as having my own firm regulated for AML, and therefore I understand all the challenges first-hand. I have built the AMLCC online platform from this perspective and I am in the process of implementing several exciting changes and updates to the AMLCC platform to make your AML compliance quicker and more user friendly.

The biggest AML challenge for me is to find the balance between keeping AML compliance technical enough to keep the AML supervisors satisfied, while making AML risk management easily achievable for all businesses from a sole practitioner firm to a large multi-office firm.

How does your firm achieve AML regulatory success?

- Pick a senior member of the firm as the AML head
- Train the head of AML
- Train your team on AML
- Complete a firm wide risk assessment
- Complete a firm wide AML policy and procedures process
- Complete CDD and risk assessments for every client
- Ensure the policies and procedures and being adhered to
- Keep AML training, risk assessments and CDD up to date

The AMLCC platform provides the information and framework to achieve this within an easy-to-use cloud-based system.

I'm currently working on a new version of the AMLCC platform which speeds up the process of AML compliance success for a firm and allows them to more quickly identify and mitigate any risk areas, and of course, fully document those steps. I'm bringing my experience of delivering over 1,000 training sessions to UK professionals and what I've learnt from that, by way of the concerns and views of those professionals. I've had the chance to discuss our AML obligations, the interpretation of them and the challenges to comply, with many professionals. The updated version of the AMLCC platform will be the result.

This will be launched soon, along with the launch of a version tailored for the legal sector. There will still be the technical depth required by the AML supervisors, via the in-product guidance and mitigation steps, alongside practical, real-world steps to achieve the AML defence your firm needs.

- **Richard Simms** is Managing Director of the Anti Money Laundering Compliance Company (AMLCC). For further information go to see www.moneylaundering.co.uk