



## **ANTI-MONEY LAUNDERING POLICY**

### **The Law**

1. Money laundering is the process by which the proceeds of criminal or illegally obtained money are processed or spent to create the appearance that they have come from a legal source. The term “**money laundering**” covers several offences relating to the improper handling of funds that are the proceed of criminal acts, or terrorist acts. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as tax evasion or receiving stolen goods.
2. The four main offences that may be committed under money laundering legislation are: (a) concealing, disguising, converting, transferring, or removing criminal property from anywhere within the UK; (b) entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; (c) acquiring, using or possessing criminal property; and (d) doing something that might, prejudice an investigation - for example, falsifying or destroying a document.
3. There are also two 'third party' offences: (a) failing to disclose information relating to any of the above money laundering offences; and (b) tipping off (informing) someone who is, or who is suspected of being involved in money laundering activities in such a way as to reduce the likelihood of them being investigated or prejudicing an investigation. These offences may be committed by an organisation or by individuals working for an organisation.

### **Charity Commission Guidance**

4. The Charity Commission advises that in order to ensure that they are fulfilling their duty to manage their charity's funds properly, a charity's trustees need to know where the funds come from and take reasonable steps to ensure they:
  - **'identify'** - know who they are dealing with;
  - **'verify'** - where reasonable and the risks are high, verify identities;
  - **'know what the organisation's or individual's business is'** and can be assured this is appropriate for the charity to be involved with;
  - **'know what their specific business is with the charity'** and have confidence they will deliver what the charity wants them to; and
  - **'watch out'** for unusual or suspicious activities, conduct or requests.

### Independent Schools

5. In the context of independent schools, the two key areas where money laundering activities may occur are:
- Payment of school fees (including (a) using the proceeds of crime to pay school fees and (b) requests for the return of fees paid in advance); and
  - Donations (including (a) large, unexpected donations from unknown individuals, organisations or other sources; and (b) unexpected or unexplained requests for the repayment of all or part of a donation).

### College Policy Statement

6. Dulwich College is fully committed to compliance with the applicable provisions of the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and all amending legislation.
7. If the College suspects that money laundering may be taking place, it will submit a Suspicious Activity Report (SAR) to the National Crime Agency. The College recognises that:
- a SAR can provide crucial intelligence for law enforcement and can help to prevent a wide range of serious and organised crime and terrorist activities.
  - Investigations are often based on multiple SARs, and a report from a school could be the missing piece of the puzzle.

### MRLO Responsibilities

8. The Chief Financial Officer (**Byron Hoo**) is the College's money-laundering reporting officer ("**MLRO**"). The MLRO receives disclosures from anyone involved in the management of the College of any suspected money-laundering activities and is responsible for:
- receiving reports of suspicious activity from staff;
  - considering all reports and evaluating whether there is - or seems to be - any evidence of money laundering or terrorist financing;
  - reporting any suspicious activity or transaction to the National Crime Agency (**NCA**) by completing and submitting a SAR;

- ensuring the Fees Administrator and Development Team subscribe to receive the updated lists of sanctioned individuals published by the Office of Financial Sanctions Implementation (OFSI)<sup>1</sup>; and
- ensuring that proper records are maintained on all the relevant activities.

The Partnerships Officer (**Mr Chris Parsons**) will act as temporary MLRO if the Director of Finance is not available. Both of their contact details are shown at the end of this document.

### Schools Fees

9. The College is vigilant as to the source of funds that are paid to the school and alert to unusual patterns of behaviour or activities. The list below sets out circumstances considered as potential “red flags”. Whilst not conclusive evidence of money laundering, they will prompt the College to question whether additional due diligence is required to satisfy itself as to the legitimacy of the funds.
- **Cash Deposits:** Cash deposits paid directly into the College’s Fees Account thereby obscuring the source or into accounts funding outgoing payments to the Fees Account.
  - **Transactions:** Transactions unusual because of their size, frequency, timing (e.g. unexpected) or the manner of their execution, in relation to the parent's known business type or source of income
  - **Structures:** Payments involving complex or illogical arrangements that make it unclear who is making the payment.
  - **Third parties:** Payment of school fees by companies, trusts, off-shore entities, custody accounts etc.
  - **Assets:** A parent’s assets seeming inconsistent with their known legitimate income.
  - **Resources:** The payer’s funds being made up of a disproportionate amount of private funding, bearer cheques or cash, in relation to their socio-economic profile.
  - **Identity:** The parent has taken steps to hide their identity or is difficult to identify. This may be particularly true where there has been an entirely non-face-to- face- relationship.
  - **Behaviour:** The parent seems unusually anxious to complete a transaction or is unable to justify why they need to make a payment quickly.
  - **Staff:** Unexpected interest in specific pupil applications from a member of College staff.

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<sup>1</sup> <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>

- **Political/PEPs:** The parent is engaged in unusual private business given that they hold a prominent public title or function. A politically exposed person (PEP) is someone who has been appointed usually by an international body or state to a high-profile position which may be used to launder money/assets stripped from their country of origin.
- **Introducers:** A third party used to identify new students may accept facilitation (beyond contractual commission) or bribery payments to progress an application and may even provide suitable candidates to act as guardians (and pay fees to them).
- **Donations:** bribery may be used to gain access to places at high-profile independent schools (known as “reputation laundering”)
- **Documents:** Information or documentation is withheld by the parent or their representative or appears falsified.
- **Geographical Area:** (i) The parent is native to, or resident in, a high risk jurisdiction; or (ii) funds are not coming from either a UK account or from the same jurisdiction as the pupil’s nationality

10. **Payment in advance scheme:** Transaction unusual due to its size. For anti-money laundering reasons, the College’s standard terms and conditions state that payment of school fees in cash is not acceptable. There may, however, be exceptional circumstances where cash is accepted, for example: if a boy arrives with cash and to not accept it may put the boy at risk or if the amount is not material.

### Development / Fundraising

11. The College carries out procedures that help it identify donors before accepting or entering into a relationship or transaction with them. The College will, where applicable:
- Identify the donor and verify their identity;
  - take adequate measures where some donors need or want their privacy intact;
  - accept that in some cases, the identity of the donor may not be easy to verify, in which case other measures need to be developed;
  - continuously monitor the situation; and
  - maintain proper records of all checks made.
12. The list below sets out circumstances considered to be “red flags” in the context of development/fundraising. Whilst not conclusive evidence of money laundering, they will prompt the College to question whether additional due diligence is required to satisfy itself as to the legitimacy of the funds.

- **Cash Deposits:** Cash deposits paid directly into the College's Development Account thereby obscuring the source or into accounts funding outgoing payments to the Fees Account.
- **Transactions:** Transactions unusual because of their size, frequency, timing (e.g. unexpected) or the manner of their execution, in relation to the donor's known business type or source of income
- **Structures:** Payments involving complex or illogical arrangements that make it unclear who is making the payment.
- **Third parties:** Payment by companies, trusts, off-shore entities, custody accounts etc associated with a donor
- **Identity:** The donor has taken steps to hide their identity or is difficult to identify. This may be particularly true where there is an entirely non-face-to-face relationship.
- **Behaviour:** The donor seems unusually anxious to complete a transaction or is unable to justify why they need to make a payment quickly.
- **Staff:** Unexpected interest in specific donors from a member of College staff.
- **Political/PEPs:** The donor is engaged in unusual private business given that they hold a prominent public title or function. A politically exposed person (PEP) is someone who has been appointed usually by an international body or state to a high-profile position which may be used to launder money/assets stripped from their country of origin.
- **Donations:** bribery may be used to gain access to places at high-profile independent schools (known as "reputation laundering").
- **Documents:** Information or documentation is withheld by the donor or their representative or appears falsified.
- **Geographical Area:** (i) The donor is native to, or resident in, a high risk jurisdiction; or (ii) funds are not coming from either a UK account or from the same jurisdiction as the donor's nationality.
- **Repayment:** unexpected or unexplained requests for the repayment of all or part of a donation.

### Dulwich College International

13. The College's commercial activities are operated through its wholly owned subsidiaries, Dulwich College Enterprises Ltd and Dulwich College Enterprises Overseas Ltd (DCEO). DCEO manages the College's overseas commercial interests. DCEO licenses the College's name and intellectual property to Dulwich College Management International (DCMI), which operates schools in China, South Korea, Singapore and Myanmar.

14. DCMI pays DCEO royalty fees based on a share of the schools' fee income and a fixed annual fee for each school. The arrangements are governed by a World Charter signed in August 2014. The College recognises that there is an AML compliance risk where international schools are established in countries where corruption may be prolific and that it is important that the College can have confidence in DCMI's systems and controls, in order to have comfort around the source of these funds, and consequently the protection of the College's brand. The World Charter:
- requires DCMI to ensure that DCMI itself and its subsidiaries adhere to and comply with all applicable legal and regulatory requirements (including anti-bribery legislation); and
  - established an Audit Committee (one of whose members is appointed by DCEO), whose remit includes governance (including compliance).

### **Training**

15. Anti-Money Laundering training will be provided to staff working in relevant parts of the College (particularly the Finance Department and the Development Team).

### **Reporting**

16. If anyone at the College knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing, they must report such matters to the MLRO immediately, including the following information:
- Details of the people involved;
  - type of transaction;
  - the relevant dates;
  - why there is suspicion;
  - when and how activity is undertaken; and
  - likely amounts, etc.
17. Once the MLRO has evaluated the disclosure or other information, they will determine if there are reasonable grounds for suspecting money laundering and whether any further investigations need to take place.
18. If the MLRO concludes that there are reasonable grounds to suspect money laundering is taking place, the College will make a SAR to the NCA.

## Record keeping

19. All internal reports to the MLRO and all SARs made by the MLRO to the NCA will be retained for a minimum of five years.

### MLRO Contact Details

#### **Mr Byron Hoo**

Chief Financial Officer, Dulwich College

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or in his absence:

#### **Mr Chris Parsons**

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