

The American School in London

Anti Money-Laundering Policy

The current version of any policy, procedure, protocol or guideline is the version posted on the ASL website. It is the responsibility of all employees to ensure that they are following the most up-to-date version.

Responsible party	Director of Finance
Approved by	Board of Directors
Approval date	May 2023
Next review date	May 2024

The School could be used as a vehicle through which criminals seek to launder the proceeds of crime (Illicit Funds). Additionally, the School, or an employee, is at risk of committing a money-laundering offence if they accept Illicit Funds in circumstances in which they have knowledge or a reasonable suspicion that the payment is from Illicit Funds. The purpose of this policy is to:

- assist employees with identifying red flags that may be indicative of money-laundering activities;
- reduce the risk of the School being used as a vehicle through which criminals can launder Illicit Funds; and
- inform employees what they should do if they have a concern that the School is at risk of accepting Illicit Funds.

There are charity law requirements to ensure that reasonable skill and care are used when making decisions about procedures for the receipt and use of the School's funds.

What is money-laundering?

Criminals are using increasingly inventive methods to disguise the origins of their cash and employees should be alert to practices and payments that they consider to be suspicious, including payments made to the School via bank transfer.

Money-laundering is described as:

"A scheme in which criminals try to disguise the identity, original ownership, and destination of

money that they have obtained through criminal conduct. The laundering is done with the intention of making it seem that the proceeds have come from a legitimate source.”

Risks to the School

The School is potentially vulnerable to a criminal using Illicit Funds to pay fees or make a donation, make overpayments and requesting returns of payments made. Employees should remain alert to all payments and if a payment seems unusual, for example, where it involves complex banking and transfer arrangements or payments from seemingly unconnected third parties, employees should refer the payment to the Director of Finance. Employees must not turn a blind eye. Where there are factors or red flags that indicate a higher risk of potential money laundering activity, they must refer the concern to the Director of Finance, confidentially, who will consider what further steps or investigations are required before accepting the payment.

Cash payments

Cash payments of more than £100 are not permitted.

If the Director of Finance is not satisfied that the funds are clean, they must consider whether, in the circumstances, the School should:

- make a suspicious activity report (**SAR**) to the National Crime Agency (**NCA**); and
- make a report to the Charity Commission.

Donations

Donations are considered a particular area of potential risk faced by the School. To mitigate the risk the School should know, at least in broad terms, where the money it is being given comes from and should be able to identify and be assured of the provenance of substantial donations.

Where a donation is being made, the relevant employee should review what they know about the donor and the proposed payment using the checklist in the annex to this policy. If, when completing the checklist, the employee identifies any red flags, they must report the concern to the Director of Finance immediately.

Requests for repayments

The school's policy is that any refunds or repayments of sums paid to the School can only be remitted to the bank account that made the payment. If a parent/guardian or donor asks for a refund to be made to a different account, in particular one that belongs to someone other than the original payer, the request must be referred this to the Director of Finance promptly.

Charity Commission

When accepting payments or donations, the School needs to be confident that it knows both:

- who is making the payment or donation
- the source of funds that are being used to make the payment.

The School will also use the following Charity Commission advice to assess the risk of money laundering:

- identify who the School is dealing with
- verify where reasonable, and if the risks are high, verify identities
- know what the organization's or individual's business is and be assured this is appropriate for the School to be involved with
- know what their specific business is with the School and have confidence that they will deliver what the School wants them to
- watch out' for unusual or suspicious activities, conducts or requests.

What warning signs should employees look for?

The annex to this policy provides employees with a non-exhaustive checklist of potential red flags that may indicate a higher risk of potential money laundering. These questions form part of the school's risk assessment when accepting payments. They are potentially relevant to all transactions and payments accepted by the School.

The School is not expected to consider every payment in detail against the red-flag checklist and will consider payments on a risk basis. The Director of Finance has identified the payments listed below as being payments that may expose the School to a higher risk of money laundering. If a proposed payment is within one of the specified risk categories, employees must complete the red-flag checklist before the School can accept the payment:

- proposed cash payments over £100
- payments considered to be from high-risk countries [as identified by the Law Society](#)
- payments from Politically Exposed People (PEPs)

Where payments are within one of the risk categories listed above, employees must consider the payment against the red-flag checklist before the payment can be accepted by the School. Concerns must be reported promptly to the Director of Finance.

When making a report to the Director of Finance, employees must not discuss their concerns with any other person, including other employees, parents/guardians, students or donors, as this could result in the employee, or the School, committing a secondary offence of prejudicing an investigation.

What must the Director of Finance do where a payment seems suspicious?

Enquiries will depend on the circumstances, but could include:

- asking the payer to explain who is making the payment where this is not clear
- asking for an explanation of why the payment is being made in a particular way, for example, where payments are being made from a variety of sources or accounts
- asking the payer for proof of the source of the funds
- carrying out an internet search to establish that the payer is not involved in alleged criminal activities.

After having made appropriate enquiries, the Director of Finance will decide whether further information is needed, and if the payment can be accepted; the School should submit a SAR; and/or make a report to the Charity Commission.

Reporting to the National Crime Agency (NCA) and Charity Commission

If the payer or donor is not able to provide a satisfactory explanation or where there are other factors (for example adverse media publicity) that cause the Director of Finance to have a reasonable suspicion or knowledge that the funds being used to make the payment may be Illicit Funds the Director of Finance must make a suspicious activity report (SAR) to the NCA and, where appropriate, request consent to proceed with the transaction.

If the School has requested a defence against a money-laundering offence (DAML) in the SAR, the School should not accept, pay away, return or otherwise use the suspicious payment for any purpose until the time limit for the NCA to respond to the SAR has expired.

The Director of Finance will also consider whether the incident needs to be reported also to the Charity Commission.

Training

The School will train its employees from time to time on how to limit the money-laundering risks

faced by the School, by enabling employees to spot potential red flags and what steps they must take if a potential risk factor is identified.

If any employee has any concerns or would like further information on what they should do in the event of a concern about money laundering, the employee should contact the Director of Finance in the first instance.

Checklist for identifying potentially suspicious transactions

Employees must consider the following questions in relation to each high-risk payment. If the answer to any of these questions is 'yes,' employees must refer the payment to the Director of Finance for further consideration. This list is not exhaustive. Even if all answers are 'no,' if something seems unusual, the employee must raise their concern with the Director of Finance.

	Potential red flags	Ask:	Yes/no
1.	Transactions	<p>Are payments to the School unusual because of their size, frequency or the manner of their execution?</p> <p>For example: Is the parent/guardian unexpectedly or unusually making lots of small payments from several different accounts?</p> <p>Are the payments unexpectedly being paid from a different account?</p>	
2.	Bank account	Is the payment being made from an account that is not in the same name as the payer?	
3.	Arrangements	<p>Does the payment involve complex or illogical arrangements that make it unclear who is making the payment?</p> <p>For example: Is the payment coming from a variety of sources or payers?</p> <p>Is the payer seemingly unconnected to the student, parent/guardian or donor?</p>	
4.	Third-party payments	<p>If the payment is from an account that is not the parent/guardian's account, is the connection between the third party making the payment and the student unclear?</p> <p>For example: Is the payment from someone who is not the parent/guardian's employer or a known relative of the student?</p>	
5.	Internet search	Are there any adverse media articles about the payer suggesting an involvement in criminal activity?	

6.	Erroneous payments	<p>Has the School been asked to reverse a payment made because the payment was made in error?</p> <p>Has the School been asked to send a repayment to a person that is different to the original payer?</p>	
7.	Country of residency	<p>Is the parent/guardian or donor resident in or have they recently relocated from a high-risk country?</p> <p>Employees should ask the Director of Finance for the current list of high-risk countries.</p>	
8.	PEP (Politically Exposed Person: broadly an individual who is performing a prominent public function)	<p>Are either of the parents/guardians or the person paying the fees (where different) a PEP?</p> <p>If the parent/guardian is a PEP, is their business activity unusual given the public role they hold?</p>	
9.	Assets	Does it seem that a parent/guardian's assets are inconsistent with their known legitimate income?	
10.	Resources	Are the funds being used bearer's checks or cash?	
11.	Identity	Is the payer difficult to identify?	
12.	Early or quick payments	<p>Is the parent/guardian unusually anxious to make a payment?</p> <p>Is the parent/guardian unable to justify why they need to make the payment quickly or early?</p>	
13.	False documents	Do any documents appear to be falsified?	
14.	Representative	Have the employee or other professional involved been instructed at a distance, or asked to act outside of their usual specialty, or offered an unusually high fee?	