

## Question Bank

### Task 3.1 (page 9)

Unemployment is categorised as 'E' for economic. AAT categorise unemployment as a social factor.

### Task 6 (a)(ii) of BPP Practice Assessment 1 (page 88).

Identify TWO pieces of additional information which would be useful for the sales manager when appraising the sales representatives' performance. (2 marks)

The current answer relates to 'Continuing patterns' rather than the additional information requested in the question.

#### *Suggested answer*

Information about customer discounts offered to customers by each sales rep  
Information about the product sales for each sales rep

Other relevant answers will also gain marks, including:

Comparisons to same period in the previous year - sales are likely to be seasonal given the industry, rather than being the same each month, so the monthly increases might not be related to sales team performance, but simply the normal pattern of sales over the year.

The type of customer will be important as large building contractors and landscape gardeners may take the same amount of time to manage but order very different value of sales.

## Course Book

### Additional material

Chapter 5, Section 4.2 Money laundering offences

Prejudicing an investigation is omitted from the section. Point (c) should be amended and a new point (d) added as below

(c) **Tipping off** – it is an offence to make a disclosure likely to prejudice a money laundering investigation already being undertaken, or which may be undertaken, where that information came to the person in the course of business in the regulated sector, eg alerting your client to the fact they are under investigation for laundering.

(d) **Prejudicing an investigation** - is similar to tipping off, but applies to the non-regulated sector. It relates to any person who knows or suspects a money laundering investigation is underway or likely to occur, and either disclosing information which means the investigation is likely to be prejudiced or falsifying, hiding or destroying documents relevant to the investigation.

Section 4.3 Penalties for money laundering

Prejudicing an investigation is omitted from the section. Bullet point below should be added

- **Prejudicing an investigation** - the maximum penalty is five years in prison and/or a fine

### **Additional section**

#### **Suspicious activity report**

A person who knows or suspects money laundering is taking place must disclose this to a nominated officer within their organisation, or alternatively directly to the National Crime Agency (NCA) in the form of a Suspicious Activity Report (SAR). This can be submitted online through the NCA's SAR portal. This is not a criminal report and any criminal activities or anything relating to an immediate risk of harm should be reported to the police or relevant authorities.

The NCA has responsibility in the UK for collecting and disseminating information related to money laundering and related activities. The nominated officer in an organisation acts as a filter and also notifies NCA.

SARs are made by financial institutions and other professionals such as solicitors, accountants and estate agents. The SAR should include:

1. Identity - names and personal details of all parties involved (individuals and organisations)
2. Date(s) of the incident(s)
3. The glossary code(s) for the type of suspicious activity
4. Information about the financial institution used and contact details of the institution
5. Reasons for suspicion and details of suspicious transactions

#### **Money Laundering Customer Due diligence**

Businesses are required to perform customer due diligence before establishing the business relationship. They must also identify instances where factors relevant to the risk assessment change.

Customer due diligence work includes, for example, identifying and independently verifying customers, business organisations and their agents and monitoring the business relationship or transaction according to the level of risk of money laundering.

There are two levels of due diligence: simplified and enhanced.

**Simplified due diligence** is permitted where the risk assessment indicates that the business relationship or transaction presents a low risk of money laundering or terrorist financing. For example, where an organisation is in the public sector, an individual resides in a geographical area of lower risk, or is an organisation that is regulated or supervised (such as a bank). Customer due diligence should still be performed, but at a level that reflects the low-level of risk.

**Enhanced due diligence** measures are required to be applied in a number of circumstances. These include where a transaction is unusually large or complex, a transaction is part of an unusual pattern or has no apparent economic or legal purpose, the business relationship involves a person

established in a 'high risk third country', if the individual is, or if a family member is, a 'politically exposed person' or is a known associate of one, and any other situation that presents a higher risk of money laundering or terrorist financing.

Examples of enhanced due diligence measures include:

- Understanding the background and purpose of transactions
- Increased monitoring of the business relationship or transaction to determine whether there is any reason to be suspicious about them
- Obtaining additional independent, reliable verification of information provided by the customer
- Taking additional measures to obtain satisfaction that customer transactions are consistent with the purpose and nature of their business relationship
- Placing transactions under greater scrutiny and increased monitoring of the business relationship

#### **Reliance and record-keeping procedures**

Businesses should have policies, controls and procedures in place to prevent activities related to money laundering and terrorist financing. A written record of these procedures, as well as employee training on them must be maintained. Such procedures may include, for example, retaining copies of customer identity details such as passports. These procedures are important in proving compliance with the regulations. Copies of documents used to satisfy customer due diligence requirements must be kept for five years.

If the customer due diligence cannot be satisfactorily completed then the customer should not be accepted and consideration should be given to whether a suspicious activity report should be submitted.

#### **Monitoring and management of compliance**

Businesses should continuously monitor and manage compliance with the policies, controls and procedures that they have in place for existing customers as well as new customers. Employees should receive appropriate training concerning the law relating to money laundering and the business's policies and procedures in dealing with it.

Should a business fail to implement these measures a criminal offence, punishable with a maximum sentence of two years' imprisonment and/or an unlimited fine, is committed irrespective of whether money laundering has taken place.

#### **Fraud Act (2006)**

A person is guilty of fraud if they commit:

1. Fraud by false representation
  - A representation is a communication and can be express or implied. It is false if it is untrue or misleading and the person making it knows it is, or might be, untrue or misleading.
2. Fraud by failing to disclose information

- A person dishonestly fails to disclose information they are under a legal duty to disclose and by doing so they intend to make a gain for themselves or someone else, or cause loss or expose someone to the risk of loss.
3. Fraud by abuse of power
- A person who is in a position where they should safeguard, or not act against the financial interests of another person, but dishonestly abuses that position in order to make a gain for themselves or someone else, or cause loss or expose someone to the risk of loss. This could be by an act or by omission (failure to act).