

SAMPLE AML Risk Assessment Record¹

[PLEASE NOTE: the drafted paragraphs herein are EXAMPLES only. Firms should use it as a guide only, but need to consider their own risks regarding their own practice]

As required by regulation 18(1) of the Money Laundering Regulations 2017 this firm has taken “appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject.”

STEPS TAKEN

The risk assessment was carried out by the firm’s MLRO, namely

Name

On dates

The steps taken in conducting the risk assessment included the following:

checking the history of money laundering issues and compliance at the firm, including considering the results of file reviews over the previous two years, the firm’s record of regulatory failures maintained by me as officer responsible so far as they relate to AML issues and the history of reports of suspicious activity from staff,

considering the risk factors identified by the regulator and in guidance issued to our professional sector

reflecting on my personal experience of the services, clients, systems and personnel of the firm,

completing a “Firm-Wide Risk Assessment Questionnaire”

leading a discussion of money laundering and financial crime risks at a partners’ meeting on [date] [alternatively consulting heads of offices and heads of teams about money laundering risks, including arrangements for the management of any funds held by us].²

leading a discussion of money laundering and financial crime risks at a staff meeting on [date], Staff were asked to furnish details of their concerns confidentially to me at any time.

1. Your firm is required to keep an “up-to-date record in writing of all steps it has taken” to carry out the risk assessment (Regulation 18(4)). You can be required to provide to the regulator on demand a copy of your risk assessment, and all steps taken to carry it out (Regulation 18(6)).

2. Keep your records of such meetings or consultations. Note that you must also have your firm’s AML policy approved by senior management (Regulation 19). However that should come after the risk assessment.

SAMPLE AML Risk Assessment Record¹

THE RISKS TO WHICH THIS FIRM IS SUBJECT

Overview

Overall this firm is considered to be risk, particularly compared to most other similar estate agency firms.³

Departments / Practice Areas

The risk profile of the firm's practice areas are assessed as follows (in declining order of assessed risk):⁴

Residential Property: leasehold and freehold

high (particularly when acting for sellers, who may be fraudulent; ML may also be a risk as we form a business relationship with the buyer too)

Commercial property: leasehold and freehold

high (particularly when acting for buyers / investors and non institutional lenders; lower when dealing with the grant or assignment of] business leases at market rent)

[other]

3. Any estate agency firm that undertakes residential property sales or lettings work is likely to be significant to high risk.

4. Edit and expand this list as appropriate to reflect the practice areas and risks in your firm. These suggestions are based on the sorts of work typically done under these headings
Your firm may be different.

SAMPLE AML Risk Assessment Record¹

Specific Risks⁵

Property Sales:

Property sales instructions may be taken from an individual who produces false documentation as to identity or title to the property. Other warning signs include a client resident abroad, speed of transaction, high-value of the property, cash sale with no onward transaction

Property lettings:

Lettings where the initial rent is paid up front and amounts to a single (or linked) payment amounting to €15,000 or more will be caught by the MLTFR 2017

Property purchase:

Criminals may acquire property using criminal funds. Buyers may be mere nominees for criminals who are funding the purchase.

Mortgage fraud and other property frauds:

Property transactions also often involve a risk of mortgage fraud, or other property-related fraud.

Cash handled by the firm:

The firm occasionally accepts payments in cash up to a limit of [...]. This is open to abuse by clients who use us to bank criminal cash.

Cash handled by clients:

The firm sometimes acts for clients whose business arrangements involve them handling and banking cash (e.g. retailers, self-employed tradesmen). There is a heightened risk that the assets of such clients, used in transactions which we handle, may involve criminal property including the fruits of tax evasion, given the attractions of transactions in cash to criminals.

Corporate and trust structures:

Criminals may seek to utilise corporate or trust structures designed to hide the true ownership of criminal property

Opaque ownership vehicles:

The firm may be instructed by companies and trusts with opaque ownership structures designed to facilitate tax evasion and money laundering

Trusts and estates:

The firm may be asked to handle transactions for and on behalf of trust and estate whose assets may include criminal property.

Politically exposed persons (PEPs):

The firm may be instructed by PEPs (or family members or close associates) who are engaged in transactions with corruptly obtained funds.

Geography risks:

The firm is occasionally instructed by individuals and businesses with connections to high-risk countries or regions. Any transaction involving such places is likely to be high-risk for money laundering.

Personnel risks:

A dishonest member of staff or partner may use the name, bank account and reputation of the firm deliberately to carry out money laundering or fraud.

5. Edit as appropriate. The items here are no more than possibilities, and care must be taken to reflect the actual risks in your firm. After each item consider adding a note to explain the magnitude of the risk. For example "The client base and work done by the firm is such that this risk is judged to be [relatively low / significant / high]."

SAMPLE AML Risk Assessment Record¹

Review and Updating

This record reflects the firm's current risks. It will be reviewed annually or sooner in the event of major changes which are likely to affect the firm's AML risks.

[Identify any reasons why the firm's AML risks may have increased or reduced or are likely to do so in the foreseeable future. This may include such things as the firm opening or closing higher risk new practice areas, the recruitment of new staff, merger, changes in the profile of clients instructing the firm etc.]

MITIGATION

The firm's Anti Money Laundering Policy & Procedure Document sets out how the firm seeks to mitigate these risks.

Signature

Today's Date

D	D	M	M	Y	Y
---	---	---	---	---	---