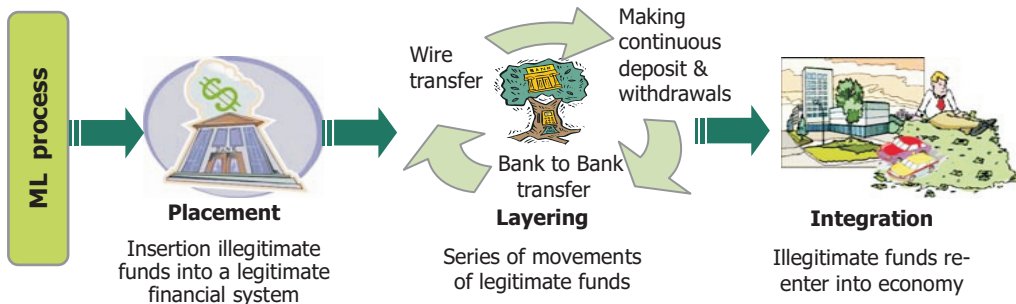


Intro: this Study Guide is important as it deals with the accountant's duties with reference to money laundering (ML).

Define 'money laundering' (ML)

ML is the process by which criminals attempt to conceal the true origin and ownership of the proceeds from their criminal activity, allowing them to maintain control over the proceeds and, ultimately, providing a legitimate cover for their source of income.



International efforts seek to combat money laundering**ML legislation in UK**

The Proceeds of Crime Act 2002

The Terrorism Act 2000

The Money Laundering Regulations 2003 & 2007

ML legislation in America

The Bank Secrecy Act, 1970

The USA PATRIOT Act 2001

**Financial Action Task Force (FATF)
Recommendations (4 parts)**

Scope of criminal offences of money laundering

Preventive measures

Institutional and other measures necessary in systems

International co-operation

Need for ethical guidance on MLNeed for Ethical
guidance

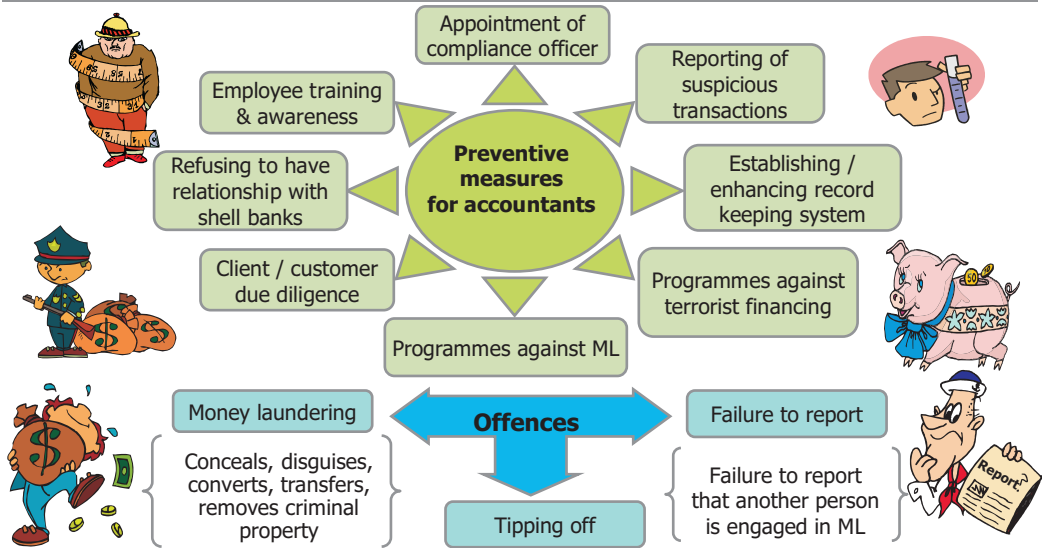
To protect accountants / members from liability arising from ML

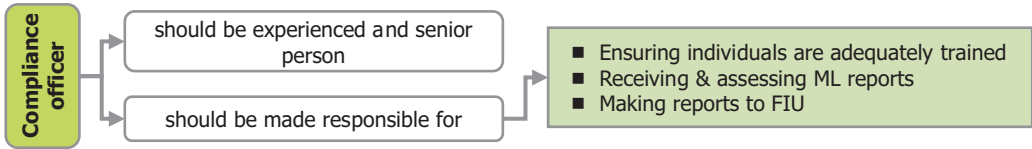
To protect against criminal action in respect of accountants' confidentiality requirements

To clarify reporting responsibility in case of ML

To prevent accountants / members from (un) intentionally getting involved in ML

Scope of criminal offences of ML & professional accountants may be protected from criminal & civil liability





To make employees aware about ML risks & related legal responsibilities



To make employees aware about relevant ML legislation, ethical guidance etc.

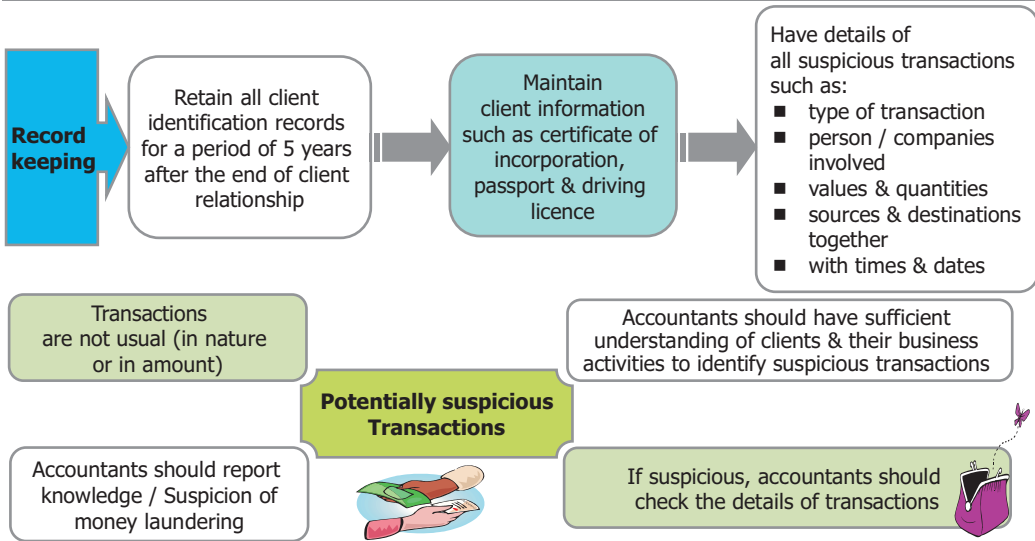


To communicate consequences of failure to comply ML legislation

To ensure that staff complies with all the ML legislation



Prevention & detection of money laundering by accountants through meeting obligations, recognition & accession of suspicious transactions



Importance of customer due diligence (CDD)

Existing clients

- accountant is not required to verify their identity
- identity should be verified in the following cases:
 - ✓ there has been little or no contact with client in the preceding three-year period
 - ✓ during the course of client relationship, accountant begins to have doubts about the client's identity



Clients identification procedure

Establish the identity of the entity & its business activity

Consider whether the commercial activity makes business sense

Establish the identity of the principal shareholder, promoters & the director of the company



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- ✓ Easy to understand and written in simple language

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