



Money Laundering and Terrorist Financing Risk Assessment for Right Homes

"Right homes" here on will be referred to as "The business".

Money Laundering and Terrorist Financing (MLTF): Terrorist financing involves providing funds or financial support to individuals or organizations engaged in terrorist activities. These funds can be used to carry out acts of terrorism, including planning, recruitment, training, and the execution of attacks. The financial networks supporting terrorism are often clandestine, and terrorists may use various methods to disguise the sources and destinations of funds, making it challenging for authorities to track and prevent these activities. It is important for the business to identify the risks and mitigation of each procedure when taking on potential clients.

Delivery Channels

Risks associated with delivery channels involve the processes and methods used for property transactions. Here are MLTF delivery channel risks and mitigation for the business:

Online Transactions:

Risk: Online platforms can be exploited for fraudulent activities, allowing criminals to conduct property transactions with a degree of anonymity.

Mitigation: Implement robust identity verification procedures for online clients. Regularly update and secure online platforms to prevent unauthorized access.

Cash Transactions:

Risk: Accepting large amounts of cash poses a higher risk of money laundering, as it provides an opportunity for individuals to introduce illicit funds into the real estate sector.

Mitigation: Set and enforce strict cash transaction limits. Conduct enhanced due diligence for transactions involving significant cash amounts.

Third-Party Payments:

Risk: Dependence on third-party payments can introduce additional layers that obscure the true source of funds, facilitating money laundering.

Mitigation: Verify the legitimacy of third-party payments and conduct due diligence on the involved parties. Document the purpose of third-party involvement in transactions.

Foreign Transactions:

Risk: International transactions may involve higher MLTF risks due to variations in regulatory environments and potential difficulty in verifying the legitimacy of foreign clients.

Mitigation: Implement enhanced due diligence for foreign clients. Stay informed about AML and CTF regulations in relevant jurisdictions. Verify the legitimacy of funds transferred across borders.

Complex Ownership Structures:

Risk: Transactions involving complex ownership structures or legal entities can be used to obscure the true beneficial owners, facilitating money laundering.

Mitigation: Implement procedures to identify and verify the ultimate beneficial owners of properties. Conduct enhanced due diligence for transactions involving complex ownership structures.

High-Value Transactions:

Risk: High-value transactions are attractive to money launderers seeking to legitimize large sums of illicit funds.

Mitigation: Establish clear procedures for identifying and monitoring high-value transactions. Conduct enhanced due diligence for transactions exceeding predetermined thresholds.

Lack of Face-to-Face Interaction:

Risk: Remote transactions without face-to-face interaction can make it challenging to verify the identity of clients, increasing the risk of fraudulent activity.

Mitigation: Implement robust remote identity verification processes, such as video calls, to ensure the legitimacy of clients.

Inadequate Transaction Monitoring:

Risk: Inadequate monitoring of property transactions may result in the failure to detect and report suspicious activities.

Mitigation: Implement a comprehensive transaction monitoring system. Train staff to recognize and report suspicious transactions promptly.

Use of Shell Companies:

Risk: Money launderers may use shell companies to hide the true owners of properties.

Mitigation: Conduct thorough due diligence on companies involved in property transactions. Verify the legitimacy of corporate entities and their beneficial owners.

Employee Training and Awareness:

Risk: Insufficient training and awareness among employees may result in the oversight of suspicious activities.

Mitigation: Provide regular training on MLTF risks and detection methods. Encourage a culture of vigilance and reporting within the organization.

Regulatory Compliance Risks:

Risk: Non-compliance with AML and CTF regulations poses legal and reputational risks to the business.

Mitigation: Stay updated on relevant regulations. Implement and adhere to robust AML and CTF policies. Conduct periodic internal audits to ensure compliance.

By identifying and addressing these MLTF risks associated with delivery channels, the business enhances its ability to prevent and detect potential money laundering and terrorist financing activities, contributing to a more secure and compliant operation.

Geographic Areas

(MLTF) risks associated with geographic areas, the business takes into considerations the specific characteristics of regions where they operate. Here are potential MLTF risks related to different geographic areas and corresponding mitigation measures:

High-Risk Jurisdictions:

Risk: Operating in countries or regions known for weak anti-money laundering controls and high levels of corruption increases the risk of facilitating illicit transactions. Here are the countries currently on the list as 'high risk third country' for AML purposes.

- Albania
- Barbados
- Burkina Faso
- Cayman Islands
- Democratic People's Republic of Korea (DPRK)*
- Democratic Republic of the Congo
- Gibraltar
- Haiti
- Iran*
- Jamaica
- Jordan
- Mali*
- Mozambique
- Myanmar*
- Panama
- Philippines
- Senegal
- South Sudan*
- Syria*
- Tanzania
- Turkey
- Uganda
- United Arab Emirates
- Yemen*

Mitigation: Conduct enhanced due diligence for transactions involving clients from high-risk jurisdictions. Align risk assessment procedures with global anti-money laundering standards.

Urban vs. Rural Areas:

Risk: Transactions in urban areas may involve a higher volume of complex transactions, while rural areas may face challenges in monitoring and reporting due to fewer resources.

Mitigation: Tailor risk mitigation measures based on the characteristics of the specific geographic area. Allocate resources appropriately to address the risks associated with the urban or rural nature of the transactions.

International Transactions:

Risk: Handling property transactions with international components increases the risk of exposure to different regulatory frameworks and potential challenges in verifying the legitimacy of funds.

Mitigation: Develop expertise in navigating international real estate transactions. Stay informed about AML and CTF regulations in both the home and target countries. Conduct enhanced due diligence for cross-border transactions.

Tourist Destinations:

Risk: Locations popular with tourists may attract individuals seeking to launder money through real estate transactions due to the transient nature of the population.

Mitigation: Implement robust customer due diligence processes, especially for clients involved in real estate transactions in tourist destinations. Monitor transactions in areas with high tourist activity.

Border Areas:

Risk: Regions near national borders may be vulnerable to illicit cross-border activities, including smuggling and money laundering.

Mitigation: Enhance due diligence for transactions in border areas. Collaborate with law enforcement agencies to stay informed about potential risks associated with border regions.

Economic Disparities:

Risk: Areas with significant economic disparities may be prone to exploitation for money laundering, as disparities may create opportunities for illicit financial activities.

Mitigation: Implement consistent due diligence procedures across all geographic areas. Pay attention to transactions involving significant financial disparities and conduct enhanced scrutiny.

Regulatory Differences:

Risk: Different regions may have varying levels of regulatory stringency, leading to challenges in maintaining consistent compliance.

Mitigation: Develop a comprehensive understanding of local and international regulations. Establish procedures to ensure compliance with the highest applicable standards, regardless of geographic location.

Political Stability:

Risk: Regions with political instability may pose higher MLTF risks, as criminal elements may exploit uncertain environments.

Mitigation: Stay informed about political conditions in the areas of operation. Implement additional due diligence for transactions in politically unstable regions.

Technology Infrastructure:

Risk: Geographic areas with limited technology infrastructure may face challenges in implementing and monitoring online transactions, potentially facilitating money laundering through alternative channels.

Mitigation: Adapt transaction monitoring systems to the available technology infrastructure. Strengthen in-person verification procedures in areas with limited online capabilities.

Cultural and Legal Differences:

Risk: Variances in cultural norms and legal systems may create challenges in identifying and reporting suspicious activities.

Mitigation: Invest in cultural awareness training for employees. Establish clear communication channels with legal experts to navigate the complexities of different legal systems.

By assessing and addressing MLTF risks associated with specific geographic areas, the business can develop tailored risk mitigation strategies that enhance their ability to prevent and detect potential money laundering and terrorist financing activities. Regular updates to risk assessments are essential to adapt to changes in geographic risk factors.

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