



PRFT ANTI – MONEY LAUNDERING POLICY

Money Laundering Definition –is the process of criminal proceeds to disguise their illegal origin in order to legitimize the ill – gotten gains of crime e.g. illegal sales of arms, smuggling and the activities of organised crime can generate huge amounts of proceeds. Embezzlement, bribery & computer fraud schemes can also produce large profits and create incentive to legitimize the ill – gotten gains through money laundering.

How is money Laundered?

In the initial or placement stages of money laundering, the launderer introduces his illegal profits into the financial system. This might be done by breaking up large amounts of cash into less conspicuous smaller sums that are deposited directly into a bank account, or by purchasing a series of monetary instruments e.g. money orders etc.

After the funds have entered the financial system, the second or layering stage takes place. In this phase the launderer engages in a series of conversions or movements of the funds to distance them from their source. The funds might be channelled through the purchase & sales of investment instruments, or the launderer might simply wire the funds through a series of accounts at various banks across the globe. In some instances the launderer might disguise the transfer as payment for goods & services, thus giving them a legitimate appearance.

Having successfully processed his criminal profits through the two phases of the money laundering process, the launderer then moves them to the third stage of integration where the funds re-enter the legitimate economy, The launderer might choose to donate an interest free loan into an non governmental organisation.

Generally, money launderers tend to seek out areas in which there is low risk of detection due to weak or in effective anti – money laundering programs. Because the objective of money laundering is to get the illegal funds back to the individual who generated them, launderers usually prefer to move funds through areas with stable financial systems.

Staff Obligations

Current criminal law places three obligations on all persons,

- ✓ Not to assist in the money laundering process through acquiring, concealing, disguising, retaining or using the proceeds of crime.
- ✓ Not to prejudice an investigation
- ✓ Not to contact any person who has been suspected of, reported for possible money laundering in such a way as to make them aware of the suspicion or report.

Risk Assessment

There are a number of specific areas where PRFT is potentially vulnerable to falling prey to money laundering:

- ✓ Interest free loans

- ✓ Using staff as couriers to carry cash / small items of value to persons or organisations overseas
- ✓ Field officers may receive request for unusual transactions such as to hold cash on behalf of a third party.

PRFT Policy

No member of staff, volunteer or trustee of PRFT may be involved in fraud related cases. For PRFT staff this will constitute gross misconduct, which may result in summary dismissal. Trustees will be reported to the board chairman who will then decide on further action to be taken.

When cases of fraud are reported, fraud & corruption register is designed to capture any instances of fraud or corruption that impacts on PRFT's operations.

The process will involve the Executive Director who has the overall responsibility for the register.