



RADLEY

Anti-Money Laundering Policy

March 2024

Introduction

Money laundering is the process by which the proceeds of criminal or illegally obtained money are processed or spent to create the appearance that they have come from a legal source.

Money laundering is a term designed to cover several offences. These offences relate to the improper handling of funds that are the proceeds of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Money Laundering is described as:

“a scheme in which criminals try to disguise the identity, original ownership, and destination of money that they have obtained through criminal conduct. The laundering is done with the intention of making it seem that the proceeds have come from a legitimate source”.

The College is potentially vulnerable to this threat to its reputation and should be vigilant to the possibility of money laundering, especially in relation to payments of fees, extras or donations, to cash payments, and other unusual payments, particularly where these involve complex banking and transfer arrangements. The College has a responsibility to ensure suspicions of money laundering be reported to the National Crime Agency through Suspicious Activity Reports (SARs). Equally, the College must not in any way “tip-off” anyone suspected of money laundering.

Money Laundering can take many forms, but in relation to the school it could involve, but will not be limited to:

- the donation of sums to projects for which an appeal is being run;
- the donation of sums for no obvious reason;
- the payment in advance of fees;
- the payment of fees;
- the payment of fees by third parties; and
- the requested return of a donation, deposit, fees paid in advance or sums paid in error.

In addition, these activities could also add to a second “laundering” activity where reputations are reviewed and refreshed with injections of illicit wealth into acquisitions (cars and homes particularly) which complement the reputation generated by a family by having their child or children in a prestigious private school.

To guard against this risk the College will use the Charity Commission advice to assess the risk of money laundering:

- **'identify'** know who the College is dealing with;
- **'verify'** - where reasonable and if the risks are high, verify identities;
- **'know what the organisation's or individual's business is'** and can be assured this is appropriate for the College to be involved with;
- **'know what their specific business is with the College'** and have confidence that they will deliver what you want them to; and
- **'watch out'** for unusual or suspicious activities, conducts or requests.

Red Flags

The appendix identifies potential “Red Flags” or warning signs. If any **one or more** of these present, this may merit further enquiry.

Screening

The College will routinely screen (currently on a termly basis) parents by use of a third party provider, currently Refinitiv World-Check, to check against sanctions lists and other criteria determined from time to time. In addition, through the Admissions system, and through the many prep schools the College has a relationship with, much is generally known about parents well in advance of their son joining Radley. The equivalent is true when identifying potential donors. However, consideration should be given to making additional enquires where any uncertainty is identified.

Payments by Cash

The College operates, so far as possible, a no cash policy on campus. It should be the exception that cash payments of more than £100 are accepted. It may be, very exceptionally, that a cash donation, or the payment of a term’s fees has to be accepted. If so, this would be classed as a large or unusual transaction and the College will need to ask the parent, guardian or benefactor for information on how the cash was obtained and why, and seek proof of this.

The Bursar, or Director of Finance, must consider the explanation and information provided by the parent and decide whether the College is able to accept the cash payment. In each case the Bursar, or Director of Finance, will make and retain a record of the decision made and the supporting evidence. Where the parent is not able to provide a satisfactory explanation, the College must not accept the cash payment. If the Bursar, or Director of Finance, is not satisfied the funds are clean, they must consider whether in the circumstances the College should make a Suspicious Activity Report (SAR) to the National Crime Agency (NCA) and make a Serious Incident Report (SIR) report to the Charity Commission.

All Other Payments

1. **Fees** The Parent Contract requires that school fees be paid by direct debit unless an alternative arrangement has been agreed. Fee payments made direct by a parent from a UK bank account should not ordinarily be considered suspicious. Where fees are paid from overseas or from a company or third party trust, consideration should be given to whether this constitutes a Red Flag. In most cases the payment will be legitimate – but each exception should be considered, and escalated as appropriate.
2. **Fees in Advance Payment** Fees in Advance compositions can be for a high value. Each composition is separately agreed with the Director of Finance, and subject to completion of additional paperwork. For each new composition, consideration – with reference to the Red Flags – should be given to whether it should be deemed suspicious.

3. **Donations** All Donations should be accepted in line with the requirements of the Radley Foundation's Donations Policy. It is accepted that where a donation is anticipated to be of a modest scale (under £25,000), the level of risk is low. It is also accepted that where funds are to be received from UK bank accounts, the level of risk is low, given the legal obligations already placed on UK financial institutions to assure themselves of the legality and provenance of funds. However, in all cases, if there are any Red Flags concerns should be escalated to the Bursar or the Director of Finance.

Request for Refunds

In all cases where a refund is due or repayment of an amount sent in error, it should be returned to the bank account from which it was received, if at all possible. Any requests for alternate treatment should only be actioned after making due enquiry and being satisfied with the response. If in doubt, concerns should be escalated to the Bursar or to the Director of Finance.

Suspicious Activity Reports

If the parent (or payer) or donor is not able to provide a satisfactory explanation or where there are other factors (for example adverse media publicity) that cause the Bursar, or Director of Finance, to have a reasonable suspicion or knowledge that the funds being used to make a payment may be illicit funds they must make a suspicious activity report (SAR) to the NCA and, where appropriate, request consent to proceed with the transaction.

The SAR should be made by the Bursar or Director of Finance to the National Crime Agency. www.nationalcrimeagency.gov.uk

A high-quality SAR can provide crucial intelligence for law enforcement and can help to prevent a wide range of serious and organised crime and terrorist activities. Investigations are often based on multiple SARs, and the report from Radley could be the missing piece of the puzzle.

Any individual who has any concerns about the possibility of money laundering should escalate them to the Bursar or Director of Finance who will review and assess the need for an SAR, and report accordingly. Additionally, the Bursar will report the fact of any SARs in arrears to the College's General Purposes Committee and also give consideration for other external reporting requirements (e.g. Serious Incident Reporting to the Charity Commission).

Third Party Support

Where there are concerns or questions about the source of funds, the College will make use of third party sources, such as Refinitiv, to seek reassurance. If reassurance cannot be gained, then a Suspicious Activity Report should be filed.

Child Safety

The practice of children carrying large sums of money puts these children at risk and should be actively discouraged. Schools should also note that anyone travelling to this country carrying in excess of £10,000 (or more than the equivalent amount in another currency), in notes, coins, bankers' drafts, travellers cheques or cheques (that are signed but not made out to a person or

organisation) must complete a cash declaration form on arrival. If the child does not complete the form, or completes it incorrectly, then the child may be subject to financial penalties. In addition, if HMRC has any suspicions about the source or purpose of the money then HMRC has the power to seize it upon arrival.

Training

The College will train its staff from time to time on how to limit the money laundering risks faced by the College, by enabling staff to spot potential 'red flags' and what steps they must take if a potential risk factor is identified.

If any member of staff has any concerns or would like further information on what they should do in the event of a concern about money laundering the member of staff should contact the Bursar or Director of Finance in the first instance.

Money Laundering Red Flags

These should not be considered in isolation i.e. one red flag does not indicate money laundering but should be considered as a whole to build a picture of the transaction.

The Departments most likely to pick up on suspicious activities are **Admissions, Accounts** and **Foundation**. Tutors, and others in contact with parents, may also pick up warning signs.

Staff should watch for the following warning signs, and should any of the following questions give a “yes” answer the Bursar or Director of Finance should be informed:

1. Transactions: are transactions unusual because of their size, frequency or the manner of their execution, in relation to the parent's known business type?
2. Is the payment being made from an account that is not in the same name as the payer? If the payment is from an account that is not the parent's account is the connection between the third-party making the payment and the pupil unclear?
3. Structures: do activities involve complex or illogical business structures that make it unclear who is conducting a transaction or purchase?
4. Assets: does it appear that a parent's (or guardian's) assets are inconsistent with their known legitimate income?
5. Resources: are a parent's funds made up of a disproportionate amount of private funding, bearer's cheques or cash, in relation to their socio-economic profile?
6. Identity: has the parent taken steps to hide their identity, or is the owner of the cash difficult to identify?
7. Is the parent (or guardian) unusually anxious to complete a transaction or are they unable to justify why they need completion to be undertaken quickly?
8. Is the parent (or guardian) engaged in unusual private business given they hold a prominent public title or function?
9. Are information or documents being withheld by the parent or guardian or their representative, or do they appear falsified?
10. Are there any adverse media articles about the payer suggesting an involvement in criminal activities?
11. Is the collateral provided, such as property, located in a high-risk country or are the clients or parties related to the transaction native to, or resident in, a high-risk country?
12. Have you, or other professionals involved been instructed at a distance, asked to act outside of your usual specialty, or offered an unusually high fee?

13. Erroneous Payments: Has the College been asked to reverse a payment made because the payment was made in error?
14. Has the College been asked to send a repayment to a person that is different to the original payer?
15. Country of residency: Is the parent resident in or have they recently relocated from, a high-risk country? The Bursar or Director of Finance can provide the current list of high risk countries.
16. PEPs (Politically Exposed Person – broadly an individual who is performing a prominent public function). Are either of the parents or the person paying the fees (where different) a PEP? If the parent is a PEP, is their business activity unusual given the public role they hold?