

Anti-Money Laundering Update for Real Estate Firms

From the 1st of January 2019 Real Estate Agents will have serious compliance obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act.

REINZ have selected AML Solutions, New Zealand's leading AML specialist to create the necessary AML documents and provide a cloud-based solution AMLHub for our members.

It is important that Real Estate Agents begin preparation well in advance of the January 1st deadline as there is several weeks of work required before going live.

AML Solutions will provide firms with a proposal containing further information and pricing. This should enable firms to make a decision about subscribing the AMLHUB and creation of the required documentation for compliance. Whether a small independent office or part of a larger brand please register your interest.

While the new compliance regime imposes an extra duty of care and obligations on real estate agents we feel a streamlined solution will greatly assist members comply with the legislation as outlined below.

AML/CFT Act refresh and background

In August 2017, the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) amendment bill was passed meaning that lawyers, accountants, real estate agents, the NZ Racing Board and high value dealers will now need to comply with the AML/CFT Act. Real Estate firms will need to be compliant from 1 January 2019.

REINZ has been actively involved in discussions and feedback on the Phase 2 AML/CFT reforms and how these will impact Real Estate firms. This has included submissions on the draft amendment bill, from the initial consultation paper released in August 2016 to submissions to the Select Committee.

AML Solutions, a specialist AML/CFT firm, has been working with REINZ and explains what this means for the Real Estate industry.

Real Estate capture under New Zealand legislation

Real Estate firms are captured as a 'designated non-financial business or profession' as they provide real estate agency work (within the meaning of section 4(1) of the Real Estate Agents Act 2008).

The Real Estate sector will be supervised by the Department of Internal Affairs (DIA) and captured firms are considered to be 'reporting entities' under the legislation. These firms will have obligations to meet from 1 January 2019.

What obligations will apply to Real Estate firms?

Real Estate firms will be subject to the same obligations as existing reporting entities. These include:

- appointment of an AML/CFT Compliance Officer;
- preparation and maintenance of an AML/CFT written Risk Assessment;
- preparation and maintenance of an AML/CFT written Compliance Programme;
- training and vetting of staff;
- conducting customer due diligence (CDD);
- monitoring transactions for unusual behaviour and reporting any suspicious activity to the Police Financial Intelligence Unit (FIU);
- filing prescribed transaction reports (in relation to domestic cash transactions over \$10,000) to the FIU;
- filing an annual report with the DIA; and
- arranging an independent audit of AML/CFT documents and procedures every two years.

Appointment of AML/CFT Compliance Officer

A reporting entity must appoint an AML/CFT compliance officer to administer and maintain the AML/CFT programme. This must be an employee who is, or reports to, a senior manager of the reporting entity.

Risk Assessment

The first step in establishing an AML/CFT compliance regime is the preparation of a written risk assessment. The risk assessment must identify and assess the risks that the business reasonably expects to face from money laundering and financing of terrorism (ML/FT) across a number of specific business areas.

Compliance Programme

The Compliance Programme must set out internal policies, procedures and controls necessary to detect money laundering and to manage and mitigate the risk of it occurring. This is written document that addresses each applicable obligation under the AML/CFT Act with commentary on how, practically, that obligation is satisfied by the reporting entity.

Training and vetting

Real Estate firms must ensure that senior managers, the AML/CFT Compliance Officer and all agents engaged in AML/CFT related duties are vetted and undertake AML/CFT training.

CDD

The Act requires all reporting entities to conduct CDD on its clients – if the agent is acting for the vendor, then the agent will be required to collect and verify identity information on the vendor. This will include those individuals who own or control the customer (in the case of companies and trusts for example).

Reporting of Suspicious Activities

Real Estate firms will be required to report suspicious activity to the FIU, that is, activity which the reporting entity suspects may be related to criminal offending including money laundering and financing of terrorism.

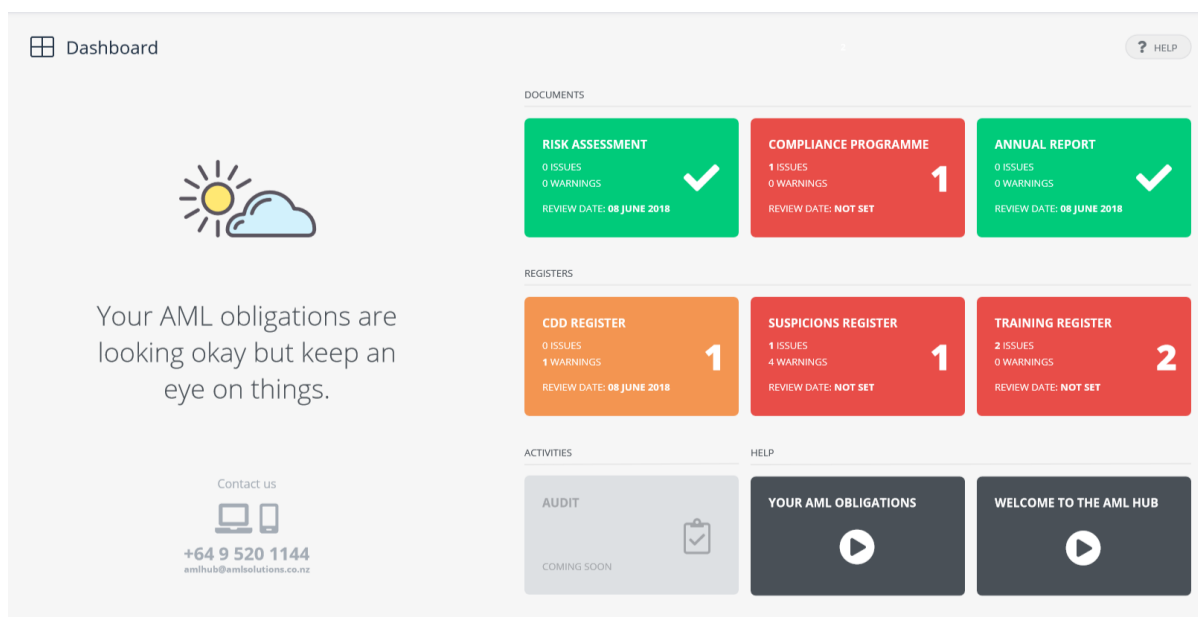
The AMLHUB:

AML Solutions have designed and built an industry best practice solution enabling AML compliance for the Real Estate Industry. The AMLHub is a cloud-based solution (SaaS) much as Xero is for accountancy.

The solution is designed to reduce the administrative and record keeping burden of compliance allowing agencies to focus on their core business. The AMLHub is designed to provide a complete solution to each Real Estate Office and their Compliance Officer. It focusses on the management, training, and simplification of AML compliance.

The AMLHub includes extensive functionality, for example things like electronic identity verification checks, management of all staff training and suspicious activity report management.

The AMLHub Functionality:



The screenshot shows a dashboard with the following sections:

- Dashboard:** Includes a grid icon, the text "Dashboard", and a "? HELP" button.
- DOCUMENTS:**
 - RISK ASSESSMENT:** 0 ISSUES, 0 WARNINGS, REVIEW DATE: 08 JUNE 2018. Status: Green with a checkmark.
 - COMPLIANCE PROGRAMME:** 1 ISSUES, 0 WARNINGS, REVIEW DATE: NOT SET. Status: Red with a '1'.
 - ANNUAL REPORT:** 0 ISSUES, 0 WARNINGS, REVIEW DATE: 08 JUNE 2018. Status: Green with a checkmark.
- REGISTERS:**
 - CDD REGISTER:** 0 ISSUES, 1 WARNINGS, REVIEW DATE: 08 JUNE 2018. Status: Orange with a '1'.
 - SUSPICIONS REGISTER:** 1 ISSUES, 4 WARNINGS, REVIEW DATE: NOT SET. Status: Red with a '1'.
 - TRAINING REGISTER:** 2 ISSUES, 0 WARNINGS, REVIEW DATE: NOT SET. Status: Red with a '2'.
- ACTIVITIES:**
 - AUDIT:** COMING SOON. Status: Grey with a clipboard icon.
- HELP:**
 - YOUR AML OBLIGATIONS:** Video icon.
 - WELCOME TO THE AML HUB:** Video icon.

On the left side of the dashboard, there is a sun and cloud icon, the text "Your AML obligations are looking okay but keep an eye on things.", and contact information: "Contact us", "+64 9 520 1144", and "amlhub@amlsolutions.co.nz".

Benefits:

- The AML Hub is an end to end solution that streamlines your compliance processes and procedures
- Reduced Auditor time and substantial savings for the Real Estate industry.
- The AMLHub provides centralised oversight and regional management
- Any market intelligence relevant to AML and Real Estate including any regulatory or guideline updates will be notified via the AMLHub.

- In built instructions and training modules.
- Common sense data entry.
- Alerts and reminders. Issue identification and warnings to ensure important obligations are met and not overlooked.
- Reduce the time and cost of complying
- Avoid missing critical obligations
- Reduce the risk and serious consequences of non compliance
- Provide confidence to the supervisor (Department of Internal Affairs)
- Continuity in the event of staff turnover
- Industry standard solution tailored to each agencies activities and client base
- Peace of mind knowing working with an industry solution
- Having full visibility of your AML compliance

AML Information Seminars

REINZ is also holding a number of seminars to help agencies understand the nature of and obligations under the new regime in Auckland on the following dates (all seminars run from 11am-12pm) :

AML Introduction:

- AML Introduction - Friday 28 September
- AML Introduction - Wednesday 24 October

AML Compliance Officers trainings:

- Introduction for AML Compliance Officers - Thursday 18 October
- Introduction for AML Compliance Officers - Wednesday 21 November

Enquires on the AML Solution can also be directed to:

Andrew Freeman-Greene, AML Solutions (andrew@amlsolutions.co.nz) 09 520 1144