

## MONEY LAUNDERING AND FICA ALERT

You may have noticed a recent newspaper report on the arrest in Cape Town of 8 Nigerian syndicate members for money laundering. The arrest was made in a joint operation between the USA law enforcement authorities and the Hawks.

One of the accused bought a property for cash 3 months ago. How do we know this? Because we did the transfer! Fortunately, our FICA was completely in order. The source of funds was indicated as being from "savings"; the purchaser described himself as a self-employed businessman and, importantly, the UN Security Search did not reflect his name as a suspected money launderer, so he appeared squeaky clean.

The question at hand is this: At what point does one become suspicious about a transaction when answers like these are given? Just how far must one "dig" to allay any possible suspicion?

If a buyer says he inherited money, does one demand the executor's details as well as a copy of the liquidation and distribution account to check? If a buyer says he has accumulated the funds by saving, does one demand to see bank statements for the last 5 years to check up?

The answer is simply this – the new FIC law requires of us to have a risk-based approach. It does not require us all to become Scotland Yard investigators, it merely requires reasonable steps to be taken depending on the risks that are apparent.

You need to decide whether the answer looks suspicious. This can be determined from several factors such as, for example, the buyers age. If a 21 year-old tells you he has saved up R2 000 000 to buy a house, of course you need to wonder! If, however, he is 40, then maybe not. If he claims the money to be from an inheritance, no harm will be done to ask him to provide some proof. If he then starts to stutter, you need to wonder. If he cannot provide such proof, ask why not, and depending on the answer, you may want to report it as a suspicious transaction. Remember that by doing this you do not risk your sale or transfer in any way or form. You are simply doing what is required in terms of the FIC Act.

The real answer is probably this: Should you have the slightest doubt, report it to the FIC.