

Prevention of Financial Crime

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CIRCULAR

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The prevention of financial crime (including the prevention of bribery and corruption, money laundering and tax evasion) remain a priority for many regulatory authorities around the world. Members should continue to review their anticorruption compliance programmes to ensure they remain effective.

Useful information on dealing with corruption in the maritime industry can be found here:

<http://www.maritime-acn.org/>

<https://www.ukchamberofshipping.com/latest/bribery-act-2010-practical-guidance-shipping-industry/>

More general information concerning money laundering and its impact on the global economy is available from the UK's National Crime Agency:

<https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-terrorist-financing>

P&I Clubs, like other financial institutions such as brokers and banks, are required to have effective systems and controls in place to detect, prevent and deter financial crime. As an example, UK based Clubs are subject to the UK Bribery Act 2010. This is possibly the most extensive piece of anti-bribery legislation in the world and is designed to promote a zero-tolerance approach in relation to bribery and corruption. Similar to other financial institutions, Clubs are also subject to a number of stringent reporting obligations (such as those detailed in the Proceeds of Crime Act 2002 for UK based Clubs) which mean that even circumstances which make us suspect that financial crimes have taken place may have to be reported to the relevant authorities. In addition to its UK law obligations, from 20 February 2019, North is also obliged to comply with corresponding obligations under Irish law.

Clubs may have to report the nature of the incident or suspicious circumstances and the person or persons who they believe are or may be recipients of any bribe or corrupt payment (i.e. the proceeds of crime). We cannot predict what the authorities may do with this information or to which other authorities (either in the country where the payment was made or the country where the Member is located) the information might be passed for further investigation. It is conceivable that this may, for example, result in Members being asked whether Members' own anti-bribery or anticorruption policies are being followed.

As part of the continued fight against economic crime, new corporate criminal offences were introduced in the UK by the Criminal Finances Act 2017. The failure to prevent the facilitation of UK tax evasion and the failure to prevent the facilitation of foreign tax evasion are both criminal offences. Members are reminded that Clubs are required to have prevention procedures in place to ensure these offences are not committed. This means Clubs may be required to seek additional information from Members before payments may be received from or paid to Members (or, their relevant group company).

We encourage Members to review their compliance programmes to ensure they meet relevant regulatory requirements designed to prevent financial crime. If Members would like to discuss matters further, they should contact the undersigned.

LEE WILLIAMSON
CHIEF RISK OFFICER

The North of England P&I Association Limited / North of England P&I DAC