

## Appendix 3. Risk Assessment Form

Name of Real Estate Firm : \_\_\_\_\_

The *Proceeds of Crime (Money Laundering and Anti-Terrorism Financing) Regulations* requires real estate brokers to conduct a risk assessment of your exposure to money laundering and terrorism financing and apply corresponding mitigation and controls. This checklist is meant to assist you in meeting these obligations. This form is presented as an example only. You may choose to conduct your risk assessment using a different approach.

*Instructions:* When you answer yes to one of the questions, this situation or customer is considered higher risk and a control measure to reduce the risk should be applied. A suggested control measure is proposed for each higher risk customer or situation. You can adapt the control measures to correspond to your business (see Annex A for list of control measures).

The results of this risk assessment should be communicated to all real estate agents and employees that deal with customers. The training should include a review of what is considered higher risk and the corresponding control measures. The date of the training should be documented. You should review your risk assessment every two years.

### Risk Assessment

Higher risk customers and situations	Yes Higher risk	No Low risk	Suggested Control Measures
<b>Customers</b>			
Are your customers foreigners?			<ul style="list-style-type: none"> <li>Determine if individuals are politically exposed persons.</li> <li>Obtain additional information on source of funds or source of wealth.</li> </ul>
Do you have customers who are politically exposed persons?			<ul style="list-style-type: none"> <li>Obtain broker approval to conduct the transaction.</li> <li>Obtain additional information on source of funds or source of wealth.</li> <li>Monitor any future real estate transactions.</li> </ul>
Is your customer an intermediate vehicle such as a company, trust,			<ul style="list-style-type: none"> <li>Obtain name of person(s) behind company, trust, foundation,</li> </ul>

foundation, partnership, LLC or other legal arrangement that makes it difficult to determine the beneficial owner?			<p>partnership, LLC or other legal arrangement.</p> <ul style="list-style-type: none"> <li>• Obtain additional information on organizational structure.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
Are your customers intermediaries (i.e. lawyers and accountants acting on behalf of customers)?			<ul style="list-style-type: none"> <li>• Obtain name of person(s) on whose behalf the transaction is being conducted.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
Has one of your customers been named in the media as being involved with criminal organizations?			<ul style="list-style-type: none"> <li>• File Suspicious Activity Report (SAR).</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
Do you have a customer that is purchasing a property that is not within his or her means based on his stated occupation or income?			<ul style="list-style-type: none"> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
Do you have customers that engage in activities that are consistent with the indicators identified for Suspicious Activities? (See Annex X for suspicious indicators specific to real estate).			<ul style="list-style-type: none"> <li>• Consider filing a Suspicious Activity Report (SAR).</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
<b>Geographic Risk</b>			
<p>Are any of your customers or the source funds originate from countries subject to sanctions, embargoes or similar measures issued by Bermuda or International Organizations such as the United Nations (“UN”)?</p> <p>Bermuda</p> <p>United Nations:  <a href="https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list">https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list</a></p>			<ul style="list-style-type: none"> <li>• Obtain broker approval to proceed with the transaction.</li> <li>• Ask for additional form of identification to confirm the identity.</li> <li>• Obtain additional information on source of funds or source of wealth or source of wealth.</li> </ul>
<p>Are any of your customers or the source funds originate from countries identified as financial secrecy havens or jurisdictions?</p> <p><a href="http://www.oecd.org/countries/monaco/listofunco-operativetaxhavens.htm">http://www.oecd.org/countries/monaco/listofunco-operativetaxhavens.htm</a>  <a href="http://www.imolin.org/imolin/finh">http://www.imolin.org/imolin/finh</a></p>			<ul style="list-style-type: none"> <li>• Obtain broker approval to proceed with the transaction.</li> <li>• Ask for an additional form of identification to confirm the identity.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>

aeng.html#Map.%20%20Major%20Financial%20Havens			
<ul style="list-style-type: none"> <li>• Are any of your customers or the source funds originate from countries identified by the Financial Action Task Force (FATF) as having strategic deficiencies in the fight against money laundering or subject to an FATF statement? FATF: <a href="http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&amp;b=0&amp;s=desc(fatf_releasedate)">http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&amp;b=0&amp;s=desc(fatf_releasedate)</a></li> </ul>			<ul style="list-style-type: none"> <li>• Obtain broker approval to proceed with the transaction.</li> <li>• Ask for an additional form of identification to confirm the identity.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
<ul style="list-style-type: none"> <li>• Are any of your customers or the source of funds originate from countries identified by credible sources as providing funding or support for terrorist activities?</li> </ul>			<ul style="list-style-type: none"> <li>• Obtain broker approval to proceed with the transaction.</li> <li>• Ask for an additional form of identification to confirm the identity.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
<ul style="list-style-type: none"> <li>• Are any of your customers or the source funds originate from countries identified by credible sources as having significant levels of corruption, or other criminal activity? <a href="http://www.transparency.org/news/feature/corruption_perceptions_index_2016">http://www.transparency.org/news/feature/corruption_perceptions_index_2016</a></li> </ul>			<ul style="list-style-type: none"> <li>• Obtain broker approval to proceed with the transaction.</li> <li>• Ask for an additional form of identification to confirm the identity.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
<b>Delivery channels and business practices</b>			
Do you accept cash?			<ul style="list-style-type: none"> <li>• Confirm source of funds</li> <li>• Set limits to cash transaction amounts.</li> <li>• Request bank drafts instead of accepting large amounts of cash.</li> </ul>
Do you conduct transactions where you do not meet the customer?			<ul style="list-style-type: none"> <li>• Deliver comprehensive AML/ATF training specifically focused on customer due diligence requirements</li> <li>• Ask for an additional form of identification to confirm the identity.</li> </ul>

			<ul style="list-style-type: none"> <li>• Conduct periodic review of records to ensure that customer due diligence requirements are adequately implemented</li> </ul>
Do you have customers that are referred to you by a third party?			<ul style="list-style-type: none"> <li>• Conduct customer due diligence measures directly.</li> <li>• Conduct periodic review of records to ensure that customer due diligence requirements are respected by third party.</li> </ul>
Do you have short-term or part-time agents?			<ul style="list-style-type: none"> <li>• Include ML/TF obligations in job descriptions and performance reviews.</li> <li>• Deliver comprehensive AML/ATF training for all new employees</li> </ul>
Do you undertake high value transactions (over \$5 million)?			<ul style="list-style-type: none"> <li>• Pay special attention for unusual transaction and ML/TF indicators.</li> <li>• Obtain additional information on source of funds or source of wealth.</li> </ul>
Other risk factors: (list any additional factors)			

Overall Business Risk Rating

LOW

MED

HIGH

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**Signature of the Broker**

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**Date**

**Date of employee training:** \_\_\_\_\_

## **2. Examples of Risk Control Measures:**

1. Obtain broker or compliance officer approval to proceed with the transaction.
2. Ask for an additional form of identification to confirm the identity.
3. Obtain name of person(s) behind corporation, trust, partnership, LLC, foundation or other legal arrangement.
4. Monitor if customer conducts additional real estate transactions.
5. Obtain information on source of funds or source of wealth of the customer.
6. Deliver more frequent employee training.
7. Monitor regulatory changes as per Superintendent of Real Estate industry notices or guidance.
8. Include ML/TF obligations in job descriptions and performance reviews.
9. Set limits to cash transaction amounts in certain situations.
10. Request bank drafts instead of accepting large amounts of cash.
11. Conduct transactions only in person.
12. Obtain appropriate additional information to understand the customer's business or circumstances.