



**ARCHDIOCESE
OF MALTA**

**Policy for the prevention of
Money Laundering and the Financing of Terrorism**

Policy for the prevention of Money Laundering and the Financing of Terrorism

1. Purpose and scope of the Policy

This Policy provides guidance on the procedures to be applied by ecclesiastical entities within the Archdiocese of Malta (henceforth Archdiocese), to ensure compliance with the Prevention of Money Laundering Act and to align procedures as much as possible, with the requirements of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR). Although the Archdiocese is not a subject person under the PMLFTR, a commitment is being made for entities to comply with accepted best practices for the prevention of money laundering and financing of terrorism.

2. Voluntary Organisations (VOs)

In terms of the Voluntary Organisations Act, religious organisations do not have a legal obligation to enrol and are not treated as a VO for the purposes of the Act. However, other VOs that are not religious organisations but still fall within the responsibilities of the Archdiocese, may be required to enrol under the Voluntary Organisations Act. The latter have certain obligations under the Act that need to be adhered to. These obligations are listed in **Schedule 1**.

3. Definition of Money Laundering and Terrorist Financing

Money Laundering (ML) is the process through which criminals attempt to conceal the true origin of the proceeds of their criminal activities in order to provide a legitimate appearance to such funds or other assets. When criminal activity generates substantial funds or other assets, the individual or criminal group involved must find a way to use the funds or other assets without attracting attention to the underlying criminal activity. Criminals do this by disguising the criminal source of their funds or assets by changing their form for example, purchasing high value goods or property or making investments or moving funds through various financial transactions to a place where they are less likely to be identified as being of criminal origin. If undertaken successfully, this enables them to make legitimate economic use of the criminal proceeds.

Financing of Terrorism (FT) takes place when funds or assets, whether legitimate or otherwise, are used to support, even indirectly, terrorists, terrorist organisations or terrorist operations. The risk of terrorism financing is high in situations where funds are remitted to high terrorist-risk jurisdictions. Similarly, the risk of terrorism financing is also high where donations are collected to be used in missions in countries exposed to the risk of terrorist activity or where there is the presence of terrorist groups or organisations known to be sympathetic or to support terrorist groups or activity, including in other jurisdictions.

4. Volunteer work and charities

Some ecclesiastical entities provide voluntary services and remit funds to missions located in countries where anti-money laundering and combating financing of terrorism (AML/CFT) measures might not be sufficiently robust or where there is a higher risk of money laundering or financing of terrorism (ML/FT). In these scenarios, the threat of terrorism financing is high. Charities may be highly vulnerable to misuse by terrorists. They can be set up as sham organisations posing as legitimate ones or used to raise funds for a specific charitable cause with funds subsequently being diverted towards terrorist purposes. Ecclesiastical entities should therefore be vigilant and take reasonable steps to ensure that their premises, assets, staff, volunteers, funds or other resources cannot be used for activities that may, or appear to, support or condone terrorism or terrorist activities.

5. Appointment of the Money Laundering Reporting Officer (MLRO)

The MLRO is the person appointed to receive notifications of internal reports of knowledge or suspicion of money laundering or terrorist financing and any knowledge or suspicion that funds, regardless of the amount involved, are the proceeds of criminal activity. The Archdiocese MLRO is Ms Josette Calleja Mamo (email address: josette.calleja@maltadiocese.org; contact number: +356 79537191). Therefore, should any such knowledge or suspicion arise, this should be reported without delay to the MLRO.

6. Risk Assessment

The Archdiocese entities should undertake a macro-level assessment of how vulnerable their various activities are from a ML/FT perspective and should seek to take the necessary precautions and put in place appropriate measures to mitigate the risks of ML/FT. Some high-risk areas of activity the Archdiocese is exposed to include the following:

- Donations received by parishes and other ecclesiastical entities;
- Real estate transactions relating to the selling or renting of immovable property;
- Transfers of funds to and financial transactions carried out with or in foreign countries by individuals or entities providing voluntary services in those countries.

7. Risk-based due diligence and screening

The Archdiocese has introduced a risk-based approach in respect of financial transactions and donations that varies according to the value of the transaction or donation received.

For donations or transactions in excess of €10,000, authorisation is to be obtained from the Administrator of the entity before accepting this amount. For donations or transactions having a value in excess of €50,000 the Archdiocese recommends that these are made by

public deed. In addition to the above, the due diligence measures highlighted below, would also need to be conducted. Where there are ML/FT suspicions, the MLRO should be consulted. Archdiocese entities should adopt, in respect to their activities, due diligence measures that are commensurate with the ML/FT risks they are exposed to. Entities therefore, shall carry out due diligence on individuals or organisations to ensure that any donation received, whether in cash or in kind, is in line with the profile of the donor and is not suspected to be derived from or connected to any ML/FT activity. Ecclesiastical entities are not required to carry out the same level of due diligence in respect of all donations received. The following guidelines should be adhered to.

- Monetary donations up to €5,000, whether through a one-time donation or in a series of transactions over a period of one year, may be accepted in cash. Personal details of the donor shall be recorded but a 'Source of Funds Form' (see **Schedule 2**) need not be completed.
- Monetary donations exceeding €5,000 but not exceeding €10,000, whether through a one-time donation or in a series of transactions over a period of one year, may also be accepted in cash. Personal details of the donor shall be recorded, and a 'Source of Funds Form' (see **Schedule 2**) shall be completed and kept on record.
- Monetary donations exceeding €10,000 but not exceeding €50,000, whether through a one-time donation or in a series of transactions over a period of one year, shall only be accepted if made by means of bank transfer/s. Personal details of the donor shall be recorded, and a 'Source of Funds Form' (see **Schedule 2**) shall be completed and kept on record.
- Monetary donations exceeding €50,000, whether through a one-time donation or in a series of transactions over a period of one year, shall only be accepted if made by means of bank transfer/s. Personal details of the donor shall be recorded, and a 'Source of Funds Form' (see **Schedule 2**) shall be completed and kept on record. The Archdiocese recommends that donations of values exceeding €50,000 are covered by a public deed.
- All non-monetary donations having a value exceeding €5,000, whether through a one-time donation or in a series of donations over a period of one year, shall be made and recorded in writing under the signature of both the donor and a representative of the entity. Personal details of the donor shall be recorded, and a 'Source of Funds Form' (see **Schedule 2**) shall be completed and kept on record. Provided that where the value of a non-monetary donation exceeds €50,000, whether through a one-time donation or in a series of donations over a period of one year, the Archdiocese recommends that whenever possible such a donation should be covered by a public deed.

The recording of the personal details of the donor shall include the retention of a copy of the identification document. Where the donor is a legal entity such as a company or legal arrangement such as a trust, the identity of all the beneficial owners shall be obtained and recorded. The beneficial owner is the individual who ultimately owns or controls the legal entity or legal arrangement, and is to be determined in line with the PMLFTR and guidance provided by the Financial Intelligence Analysis Unit (FIAU). In the case of local companies, ecclesiastical entities can obtain information on beneficial owners from Curia UDA as the latter has access to the 'Beneficial Ownership Register' maintained by the Malta Business Register.

The above guidelines shall apply also to VOs which are enrolled under the Voluntary Organisations Act, to the extent that they do not conflict with any provisions of the said Act or any Regulations made thereunder, in which case the provisions of the Act or Regulations shall prevail.

The 'Source of Funds Form' (see **Schedule 2**), together with any supporting documentation, shall be inspected by the ecclesiastical entity prior accepting the donation. If any clarification or additional documentation is required, the entity shall liaise with the donor to gather the required information. If there are any concerns, or the donor is not willing to provide the required documentation, the MLRO shall be consulted on the way forward and the submission of an internal report to the MLRO might need to be considered. The ecclesiastical entity shall not accept a donation unless it is satisfied that the funds or assets being donated are of a legitimate origin.

In the case of sale or lease of immovable property or precious movables, due diligence is to be performed on the buyer/lessee. This process requires the collection of a copy of identification documents, namely the identity card or passport for individuals and a company registry extract in the case of businesses. Copies of Public Registry searches carried out by the notary should be obtained and retained on file by the entity concerned.

There are several situations where the donations collected by the Archdiocese entities are remitted to foreign bank accounts or through other channels to fund missions in foreign countries. Due diligence is to be performed in all circumstances on the recipient/s of these funds, whether these are natural or legal persons, also making sure that these funds are to be used for their intended purpose and requesting relevant documentary evidence accordingly.

The ecclesiastical entities shall carry out screening for those businesses or individuals on whom due diligence is carried out in terms of this Section. The purpose of the screening is to determine whether there is any negative media coverage on the persons or businesses concerned and to potentially get further information on the profile of the individual or business in question. The screening shall encompass a general open web search. No screening needs to be performed if the value of the transaction is less than €5,000 (both in the case of single transactions and a series of linked transactions). However, if there are any doubts or suspicion of ML/FT or the proceeds of crime, or the overseas country/area where funds are sent is known to harbour terrorists or terrorist activities, then screening is to be carried out

even if the value of the transaction is below €5,000. Results of the screening shall be kept on file and any material negative information found on the person or business in question shall be forwarded to the MLRO for consideration. The Archdiocese can consider introducing a centralised screening process covering PEPs, adverse media, and targeted financial sanctions (such as the UN Security Council or EU sanctions) via a subscription to a screening tool.

8. Reporting Procedures

Where an employee, official, member or volunteer of the Archdiocese entity knows or suspects that funds received could be proceeds of criminal activity or that the activities undertaken by the individual or business could be related to money laundering or the funding of terrorism, the member shall disclose these facts to the MLRO immediately in writing by filling in the 'Internal Report of Unusual Transactions and Activity' (see **Schedule 3**). All relevant information and documentation available should be attached. The MLRO shall as soon as possible and in no case by not later than five working days assess all relevant information held to determine whether there is a justifiable suspicion that the funds may be the proceeds of criminal activity. If, the MLRO considers that the situation does in fact warrant a report to the relevant authorities, a Suspicious Transaction Report (STR) is to be submitted to the FIAU via the FIAU's official web link.

9. Training and screening of staff members

The Archdiocese is committed to screen and provide training to all members, employees, officials and volunteers of the ecclesiastical entities. Ecclesiastical entities shall receive a copy of this Policy and shall be required to confirm to the MLRO that every officer, employee, member and volunteer involved with that entity has read and understood it within one month from when the Policy is provided to them. The MLRO shall maintain a record of the AML/CFT training conducted and shall be responsible to ensure that periodic refresher training is delivered to Archdiocese entities.

The Archdiocese is committed to ensure that all members, employees, officials and volunteers are screened for any material negative media coverage prior to recruitment by the Archdiocese and before conducting any work on behalf of any ecclesiastical entity.

10. Record Keeping and Ongoing Monitoring

The MLRO is responsible for maintaining all AML/CFT records and for ensuring that they are kept up to date.

Suspicious transactions and disclosures

The MLRO shall maintain a record of all internal suspicious transaction reports and whether they have been disclosed to the FIAU. The reasons why internal reports were or were not submitted to the FIAU, should also be recorded. Records of all suspicions identified and how

they were processed shall also be retained. The MLRO shall also maintain information in relation to any enquiries made by the authorities and any disclosures made to the authorities.

Due diligence records

All records of due diligence carried out, source of funds forms and supporting documentation, records of ongoing monitoring of transactions and any other relevant documents obtained to comply with this Policy shall also be duly retained.

Training records

Records related to the training provided to staff members should also be kept.

Retention period and ongoing monitoring

All records should be kept for a minimum period of five years, subject to data protection requirements. The MLRO shall review periodically the accounts and financial statements of the ecclesiastical entities together with detailed records of donations, so as to monitor whether there could be any unusual activity. On the basis of the value of the donation received, the MLRO shall periodically sample a number of donations and will confirm with the entity in question whether proper due diligence has been carried out and 'Source of Funds Form' completed and retained together with the supporting documentation required.

Schedule 1

Specific Duties of Administrators of VOs

- i. VOs that have an annual income of less than €5,000 are required to enlist under the Voluntary Organisations Act, whereas those that have an income of more than €5,000 are required to enrol;
- ii. Obtaining evidence of the identity of the persons who control the VO. Moreover, the administrators and any representatives resident in Malta are bound to submit an authenticated copy of any renewed identity card or passport within a reasonable time from the date of expiry of the document or within three months of receipt of any demand to that effect by the Commissioner for Voluntary Organisations;
- iii. VOs might be required by the Commissioner to appoint (within a stated period of time and at its own cost) a lawyer, notary, auditor or authorised corporate service provider that is independent from the VO to review the records of the VO for a stated period and to report to the Commissioner on the compliance or otherwise with the AML/CFT provisions of the Voluntary Organisations Act;
- iv. Moreover, the Financial Intelligence Analysis Unit (FIAU) may demand access to the register, information, documents relating to the operation of an enrolled VO and the list of non-enrolled VOs. It is therefore incumbent on the administrators of the VO to implement appropriate procedures for the prevention of ML/FT;
- v. Confirming the identity, credentials and good-standing of other VOs, as well as other persons with whom the administrators associate in carrying out activities to fulfil the purposes of their organisation;
- vi. Identifying significant donors of the VO and (while respecting donor confidentiality) obtaining evidence of the identity of the relevant individuals or the persons who control the entity that has made a donation;
- vii. Verifying that the assets of the VO are used lawfully and in a manner which is consistent with its purposes and objects;
- viii. Administrators must pay particular attention to the context of a transaction and the potential risk of ML/FT;
- ix. Where the administrators of the VO are not ordinarily resident in Malta, these duties are to be carried out by the local representative of the VO;

- x. Keeping adequate records of receipt and use of all funds (to prove legitimacy and consistency with the purpose of the VO);
- xi. Ensuring adequate financial control and financial management;
- xii. Ensuring appropriate internal procedures to encourage staff and volunteers to report any vulnerability of the VO to ML/FT risks to the administrators / local representative so that remedial action can be taken; and
- xiii. Providing adequate training to staff and volunteers to ensure that they are familiar with the VO's reporting procedures and financial controls, and know what actions to take in case of ML/FT suspicions.

Schedule 2

Source of Funds Form (English Version)

To be filled in by the receiving entity where the donation in cash or in kind is above €5,000

Name of donor or transferor: _____

Full details of the activity, event, business, occupation or employment which generated the funds used for this donation or transaction:

List of supporting documentation:

Examples of documentary evidence that may be collected to evidence source of funds

Sale of securities or other investment	<ul style="list-style-type: none"> • Investment/savings certificates, contract notes or statements; • Written confirmation from the relevant investment company on letter headed paper; • Bank statement showing receipt of funds from investment company name; or • Signed letter detailing funds from a warranted accountant on letter headed paper
Sale of property	<ul style="list-style-type: none"> • Signed letter from a lawyer or a notary on letter headed paper; or • Contract of sale
Maturing investments or policy claim	<ul style="list-style-type: none"> • Letter from previous investment company on letter headed paper notifying proceeds of claim; • Chargeable Event Certificate; or • Closing statement
Individual owns policy/ company pays premium	<ul style="list-style-type: none"> • A copy of trading details or an annual report from the company's website (if applicable); • Hard copy of the latest annual report; or • Copy of the company's certificate of incorporation (or equivalent); <p>AND</p> <ul style="list-style-type: none"> • Policy statement; or • Bank statement showing credit
Dividends or profits from private company	<ul style="list-style-type: none"> • Dividend contract note; • Letter showing dividend details signed by a warranted accountant on letter headed paper; • Set of company accounts showing the dividends details; or • Bank statement clearly showing receipt of funds and the name of the company paying dividend <p>AND</p> <ul style="list-style-type: none"> • A document providing proof of shareholding such as a copy of the Memorandum and Articles of the company, a certificate of incumbency or a dated print-out of a company registry search
Company sale	<ul style="list-style-type: none"> • Signed letter from a lawyer on letter headed paper; • Signed letter from a warranted accountant on letter headed paper; • Copy of contract of sale and bank statement showing credit to account consequent to the sale; or • Copies of media coverage (where applicable) as supporting evidence

Inheritance	<ul style="list-style-type: none"> • A copy of the will that must include the value of the estate; or • A lawyer or notary's letter on letter headed paper or a letter from the trustees of an estate that includes the type of asset and respective value
Maturity or redemption of a shareholder's loan	<ul style="list-style-type: none"> • Loan agreement; or • Recent loan statements
Gift	<ul style="list-style-type: none"> • Document (e.g. letter from the donor) showing who gave the gift, when, the relationship between the donor and donee and (if possible and applicable) why the donation was made, together with the verification of identity of the donor, and information about the source of the donor's wealth
Lottery/betting/casino win	<ul style="list-style-type: none"> • Letter from relevant organisation (Lottery headquarters/betting shop/casino); • A certificate of winnings issued by the relevant company or casino; • In the case of lottery winnings, a bank statement showing funds deposited by company name; or • Copies of media coverage (if applicable) as supporting evidence
Compensation payment (this could be a decision or award by a court, tribunal or arbiter or else an out-of-court settlement)	<ul style="list-style-type: none"> • A letter/court order from a compensating body clearly showing the amount of compensation; or • Lawyer's letter on letter headed paper clearly establishing the amount
Savings and investment	<ul style="list-style-type: none"> • Bank statement(s) demonstrating deposit / gifted monies; or • Documentation evidencing an inward transfer from portfolio
Insurance claims	<ul style="list-style-type: none"> • A letter from the insurance provider on letter headed paper
Divorce or separation settlement	<ul style="list-style-type: none"> • A copy of the court order or judicial separation agreement and verification that funds have originated from the account of the former spouse
Income from employment (including bonus)	<ul style="list-style-type: none"> • An original or certified copy of a recent pay slip; • Written confirmation of annual salary / bonus amounts signed by employer; or • Bank statement clearly showing receipt of most recent regular salary payments from named employer
Retirement income	<ul style="list-style-type: none"> • Pension statement; • Letter from a warranted accountant on letter headed paper; • Letter from annuity provider; or • Bank statement showing receipt of latest pension income and name of provider
Other monies	<ul style="list-style-type: none"> • Appropriate supporting documentation; or

	<ul style="list-style-type: none">• Signed letter detailing funds from warranted accountant / lawyer / entity licensed to provide investment services on letter headed paper
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Source of Funds Form (Maltese Version)

Timtela mill-entità meta tircievi donazzjoni fi flus kontanti jew b'valur ta' xogħol (*in kind*) meta l-ammont jaqbeż il-€5,000

Jiena hawn taht iffirnat _____ (isem u kunjom) u numru tal-karta tal-Identità _____ niddikjara li s-somma ta'

€ _____
(titnizzel iċ-ċifra kif ukoll fi kliem),

Li jiena qed ngħaddi lill-parroċċa/entità _____ huma flus legalment u leġittimament minni akkwistati l-għaliex dawn ġew għandi permezz ta' (immarka skont il-każ):

(a) Wirt mingħand _____ (ikteb l-isem u kif jiġi minnek);

(b) Likwidazzjoni ta' dividendi, policy jew investment ieħor (elenka t-titolu);

(c) Flus lura ta' flus li kont sellift lil terzi (niżżel l-isem, kunjom u l-ID tal-persuna li selliftilha l-flus) _____

(d) Rebħ ta' lotterija, lotto eċċ. _____ (niżżel id-data tar-rebħ);

(e) Mezzi oħra: _____ (niżżel id-dettalji).

Jien hawn taht iffirnat niddikjara li l-informazzjoni li tajt hija korretta. Nifhem is-serjetà tad-dikjarazzjoni tiegħi u b'mod partikulari qiegħed nassigura li l-flus mhux ġejjin minn ebda attività kriminali u/jew illeċita għall-fini tal-Kap 373 tal-Liġijiet ta' Malta, Att kontra l-Flus tal-Flus.

Firma tad-donatur/pagatur

Kappillan/Kap entità
(niddikjara li l-firma saret quddiem i imma
ma jfissirx li għandi x'naqsam mal-
kontenut tad-dikjarazzjoni).

Schedule 3

Internal Report of Unusual Transactions and Activity

Instructions

If you have any knowledge or suspicion that funds received could have derived from criminal activity or that the activities undertaken by the individual or entity in question could be related to money laundering or the funding of terrorism, this form should be completed. Under no circumstance should the donor or transferor be made aware that a report has been raised in relation to the donation or transaction undertaken.

Please complete all sections of this form and email it to the MLRO (email address: josette.calleja@maltadiocese.org)

Person submitting the report:

Name: _____

Entity: _____

Role within the Entity: _____

Email: _____

Phone: _____

Details of suspicion:

Name of donor or transferor: _____

Date of donation or transaction: _____

Detailed explanation / description of suspicious activity, donation or transaction:

Reasons why activity, behaviour or transaction is considered to be suspicious:
