

Short Notes on:

ANTI-MONEY LAUNDERING MECHANISMS TO PROTECT YOUR BUSINESS

Introduction

The pandemic has reshaped South African society. As a result, how we do business and everyday transactions have entirely changed. Along with remote work and schooling, most financial transactions have moved online. Thus, money launderers, cybercriminals and fraudsters have focussed their attention on exploiting the new influx of digital transactions. This heightens the need for companies to have proper compliance and anti-money laundering procedures in place.

Anti-Money Laundering

Anti-money laundering and compliance procedures are systems put in place by businesses, enabling them to assess and monitor their financial transactions for any suspicious transactions and report them. The following regulations guide these procedures:

- The Financial Intelligence Centre Act 38 of 2001 (hereinafter 'FICA'); and
- Prevention of Organized Crime Act 121 of 1998 (hereinafter 'POCA')

FICA's purpose is to provide assistance with identifying proceeds of unlawful activities and help combat money laundering. The fundamental purpose of POCA is to prevent money laundering and organized crime.

To comply with these regulations, you will be required to identify those with whom you are transacting, tracking, and reporting any suspicious transactions. Once reported, the transaction would be investigated further. This means that you are not required to conduct a conclusive investigation; you are only required to report suspicious transactions. As referred to in *Powell NO and others v Van der Merwe NO and Others 2005 (5) South Africa 62 (SCA)*, suspicion is 'something I suspect but cannot prove.'¹

Your business, your clients and your various stakeholders could be exposed to potential harm from illegal financial transactions, and your business can face serious financial penalties for not complying with the AML regulations.

¹ *Powell NO and others v Van der Merwe NO and Others 2005 (5) South Africa 62 (SCA)*

Conclusion

Therefore, it is of the utmost importance to ensure that your business complies with the Anti-Money Laundering regulations and that the relevant procedures are in place to protect your business and its various stakeholders from being impacted negatively. To ensure that your business is compliant, consult with a legal professional for the attention to detail required to ensure that the correct and relevant procedures are in place to provide the best protection and compliment your business.

Contact an attorney at SchoemanLaw your legal needs.

