



**NCA**

National Crime Agency

# **SARs IN ACTION**

**Safeguarding the vulnerable**

**Exploiting SARs intelligence to protect those most at risk**

**Key questions for law enforcement and reporters**

**Case studies**

**UKFIU news**

**Issue 1**

**March 2019**

[www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)  
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**A United Kingdom Financial Intelligence Unit (UKFIU) publication aimed at all stakeholders in the Suspicious Activity Reports (SARs) regime**

## Message from the head of the UKFIU

### Ian Mynot

Welcome to the very first edition of SARs In Action, the new magazine from the UKFIU for all SARs regime stakeholders. Each publication will focus on a specific issue relevant to the exploitation of financial intelligence to assist in preventing and detecting crime. For our inaugural publication we are looking at SARs which identify vulnerable people.

Although the SARs regime is for reporting knowledge or suspicions of money laundering/terrorist financing, one of the consequences of closer partnership working across agencies has been the identification of members of the public who are vulnerable or likely to become vulnerable to financial crime.

We'll be lifting the lid on how the UKFIU identifies vulnerable members of the public and how we fast-track such SARs to law enforcement for them to take action.

Case studies illustrate the value of such SARs, which frequently prevent crime occurring or thwarting further losses.

There will also be key issues pertinent to reporters on submitting better quality SARs, as well as tips for law enforcement to ensure SARs data is exploited to its fullest potential.

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### Who is this magazine aimed at?

- **All law enforcement; this includes senior investigating officers, front-line police officers and police staff**
- **Reporters**
- **Regulators**
- **Supervisors**
- **Trade bodies**
- **Government partners**
- **International partners**

We hope that you find this magazine useful.

Please do send us your feedback at **[ukfiufeedback@nca.gov.uk](mailto:ukfiufeedback@nca.gov.uk)**

We'd love to hear what you think of the publication, what topics you'd like us to consider in the future and we're always open for possible articles/collaborations.

**Don't forget to follow us on Twitter at @NCA\_UKFIU or visit us at [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)**

# NEWS ROUNDUP

## Frequently Asked Questions (FAQ)

The highest number of queries received by the UKFIU relate to seeking a defence against money laundering under the Proceeds of Crime Act (POCA), now known as a DAML. An FAQ document is now available on the NCA website. It draws together good practice and interpretations provided by experienced Money Laundering Reporting Officers. The aim of the answers is to help a large cross section of the SAR reporting community and improve the quality of DAML submissions.

### SARs Annual Report

The 2018 SARs Annual Report has been published on the NCA website. The UKFIU performed strongly in the 2017-18 financial year, receiving and processing a record number of SARs (463,938).

The UKFIU identified and fast-tracked 3,615 SARs containing information on potential financial crimes targeting vulnerable people – an increase of 38% on the previous year. This included over 2,700 vulnerable people and over 650 human trafficking.

### Terrorist attacks analysis

The UKFIU recently disseminated a new analytical report on the 2017 UK terrorist attacks from a SARs perspective. The report was sent to law enforcement partners and overseas FIUs. A sanitised version aimed at reporters was also released.

### SARs Reform Programme

The SARs Reform Programme has funded the police and the NCA to deliver pilot training courses for law enforcement and develop a new e-learning package to support and encourage law enforcement agencies to further use and exploit SARs in their investigations across all crime types. This package is being rolled out over the coming months.

### Video boxset for gambling sector

The UKFIU has worked with the Gambling Commission in creating short educational videos. The 'video boxset' signposts existing UKFIU and Gambling Commission guidance, answers key questions and promotes future events. They are available on the Gambling Commission's website.

## Criminal Finances Act

As part of the moratorium extension provisions set out in the Criminal Finances Act 2017, law enforcement agencies are reminded that the decision to maintain a refusal throughout the initial moratorium period or any extension to it remains with the NCA. Similarly, throughout the initial moratorium period and any extension, the investigating agency must liaise with the UKFIU to provide meaningful updates on the progress of the investigation to demonstrate the ongoing activity. When we raise questions back we are doing so because we need to make sure that we are making the right decisions under POCA, as the final decision is based on your recommendations.

## STAKEHOLDER COMMENTS



**Mick Beattie**

Mick represents the financial crime portfolio for UK national policing

There is a general misconception that financial intelligence is only relevant for financial investigations but that couldn't be further from the truth. The information can be used in almost any investigation; for instance it can provide details of a subject's lifestyle, movements and personal details. The SARs regime is probably the most significant intelligence available and SARs contain substantial information that is unavailable anywhere else. SARs enable law enforcement to identify patterns and trends and, in some cases, pro-active intelligence which can put us on the front foot before offences even occur.

Fast-tracked SARs are hugely important in real time investigations. You could have a murder enquiry with a suspect that's at large; you may have human trafficking cases where victims need to be identified immediately; or you may have vulnerable victims where there is the potential for them to suffer significant or continued losses. By fast-tracking the relevant SARs, the UKFIU provides investigators with information that can prevent further criminality or lead to the immediate apprehension of someone at large or of someone who is in the process of committing a crime. These SARs have enabled UK law enforcement to prevent losses to vulnerable victims within hours and it is the only method of getting that kind of intelligence so quickly.

Recently a proactive interrogation of bulk SARs data identified an individual who appeared to be laundering funds. This individual was not under investigation but wider financial analysis revealed a network of connected individuals and linked the organised crime group to cash-rich businesses across the UK. This group had assets that significantly exceeded their declared income. Following investigation and subsequent enforcement activity a number of vulnerable individuals were identified; some were juveniles who had been sexually assaulted after being trafficked into the UK. Significant high value property and cash was also recovered from the property.

SARs are also a key source of information in recovering the money obtained by criminals which, in appropriate cases, can be returned to the victims.

## **Richard Lowe** **Nominated officer for Santander**

We get increasing numbers of reports from across the bank that lead to the identification of the potential abuse of vulnerable customers. The main sources are from transaction monitoring (where unusual levels of activity trigger an investigation) or direct reports from our branches or customer contact teams. We also receive a significant number of reports from our fraud teams who have identified suspected fraud but spoken with the customer and have concerns that they are being exploited, even when they authorise the transaction.

Some victims will plausibly justify suspect payments and are very reluctant to consider or recognise that they are a victim, even to the extent of making further suspect payments. We often get reports from branches where requests for unusual payments or cash withdrawals lead to conversations where the branch is concerned about the purpose of the transactions. Our staff sometimes form suspicions on the role of relatives and third parties; in these cases they will try to speak to the customer alone to explore whether they may be subject to undue influence.

Where a colleague is suspicious over a transaction or relationship, or a review of an alert raises genuine suspicion, the case will be referred to our SARs Unit as a priority. We also triage all internal reports coming into the unit and will prioritise those where we believe there may be real time risks. Sadly the number of vulnerable

elderly customers seems to be rising, but the same processes and priorities are applied to other vulnerable customers such as victims of investment fraud or romance scams. There are times when the people exploiting our customers are clever enough to manage the abuse in a way that the first we hear of it is from a complaint from the victim or relative. We will seek a defence for particular transactions where we suspect fraud and will on occasion continue to decline transactions even when we have received a DAML.

We have specific teams to manage vulnerable customer accounts, appointment of legal power of attorney and deputies and to manage complaints, but the customer contact and decisions on blocking accounts or withholding access to funds sits with me and the SARs Unit. We also have legal teams who help with decisions and complaints. It is part of our commitment to protect our customers, but we can also face criticism in the courts or from the Ombudsman if we get this wrong.

We have had some cases where over a period of months the suspected abuser has visited branches daily and been verbally abusive to staff. We have found the bank protocol very helpful in cases where the customer is in the bank but we see other cases where we suspect the abusers use ATM access or faster payments to avoid intervention. All the SARs Unit staff are trained in prioritising and reporting vulnerable cases using the glossary code allowing the NCA to pick up the report quickly.

## STAKEHOLDER COMMENTS



### **Guy Wilkes**

Guy is a partner at law firm Mishcon de Reya, having previously worked as a senior lawyer at the Financial Conduct Authority

Working within the Unauthorised Business Division of the FCA we often dealt with vulnerable victims of crime. Sadly the targets of boiler room scams and Ponzi schemes are frequently elderly and vulnerable and may have a lifetime's worth of savings or pension to invest. Relevant SARs which identify vulnerable victims can be fast-tracked by the UKFIU.

As well as facilitating investigation (in common with other types of SARs) in many cases local police forces will arrange visits by local officers to offer advice in order to prevent fraud or further losses. In one fast-tracked SAR case I was involved in, we were able to contact a potential victim on the verge of transferring around £50,000 to an overseas boiler room and provide advice on how to avoid this scam.

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### **Michael Venn** **Nominated officer for HSBC**

We focus on this specific issue by: supporting customers to ensure they are not exploited in any way; engage across different areas of expertise from those dealing directly with customers to specialist investigations functions; and develop a response that helps to meet the customers' needs and provide police and others with information to support their actions.

The challenge is that victims often doesn't recognise that they are being exploited, even after discussions with staff, law enforcement and other government agencies. Similarly, how do we best protect the funds when the customer is adamant they want to make the payment balancing our legal obligations?

There can be areas of uncertainty around the level of suspicion or knowledge that meet the judgement required; this makes it even more difficult to answer the above question.

# OUTREACH

## Partnership working through sector webinars

The UKFIU has taken part in a number of webinars aimed at promoting private sector activities to enhance SAR quality. Joint ones have been conducted with the Law Society, the Gambling Commission and Her Majesty's Revenue & Customs (HMRC). The webinars signposted UKFIU guidance documents on the NCA website and key questions were explored including the threshold required to form suspicion prior to submission of a SAR and the correct reporting routes if reporters suspect that serious harm may happen to an individual - for example a threat to life event. SAR submission is also not the correct avenue to report a crime.

HMRC's Jonathan Chapman said: "These webinars offer so many benefits for both our organisations and our businesses, as well as showing others how closely we work together. HMRC and the NCA have worked in partnership for many years and the webinars add another string to our bow in terms of promoting best practice and guidance. There are also benefits for HMRC as a law enforcement agency and supervisor of the Money Laundering Regulations in terms of improving the quality of SARs. HMRC is a major user of SAR information and intelligence so anything to improve quality is always welcome. Both our organisations frequently receive requests from businesses for help, clarification and guidance, so the webinars are another good way of meeting this need. We take care not to miss out those that can't make it to a live session, as we record all our webinars and offer them as "on demand" viewing via GOV.UK at a time that suits them. This service is all provided at no additional cost to the businesses."

The Law Society's webinar can be accessed at <https://www.lawsociety.org.uk/support-services/advice/articles/suspicious-activity-reporting/> while HMRC's is at <https://www.gov.uk/guidance/help-and-support-for-anti-money-laundering> . The Gambling Commission's is at <http://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/General-compliance/AML/Anti-money-laundering.aspx>



**HMRC officers Drew Henderson and Jonathan Chapman with UKFIU officer Tony Fitzpatrick during their webinar**

# UKFIU SARs Enquiry and Action Team

Inside the world of fast-tracked vulnerable person SARs



As part of the 'Protect' strand of the Government's Serious and Organised Crime Strategy's '4 Ps' framework – increasing protection against serious and organised crime – the UKFIU's SARs Enquiry and Action Team (SEA), through daily key word searching and analysis of SAR glossary codes, is able to identify new SARs containing information on potential financial crimes that target vulnerable members of society.

These SARs are brought to the attention of local law enforcement agencies ahead of the general release of SARs data to the law enforcement community, thereby assisting in providing quick time opportunities for intervention (generally SARs are not made available to law enforcement until after the notice period for the DAML regime to allow the UKFIU to discharge its statutory functions). Often these SARs relate to the exploitation of vulnerable individuals for financial gain; this may be through age (young or elderly), a form of physical or mental disability, or subject to harm by a controlling, aggressive third party. This threat area also includes suspicions relating to child sexual exploitation, modern day slavery and human trafficking activity. The SEA Team reads and analyses around 7,000 SARs each month as a part of this process and aims to identify these SARs within 24 hours of receipt. The team considers urgency, threat and vulnerability when reviewing.

It is important to recognise that not all SARs identified as of potential concern for a vulnerable person will be fast-tracked. It remains essential for law enforcement officers to continue to search for any vulnerable person SARs within their post code jurisdiction on moneyweb (the online portal through which end users access the SARs database), Arena (a search and analysis tool for SAR end users) or Discover (a web-based portal that enables NCA officers to exploit the NCA's information more fully and with greater effect). Often, small amounts of information that might prompt fast-track disseminations are missing, such as why a reporting institution believes a subject to be vulnerable. The UKFIU is looking to facilitate an immediate intervention, so if the SAR details concerns over historic account activity and includes the XXV2XX code for example – but does not detail any reason as to why the subject may be vulnerable – then there is no justification for us to send an urgent fast-track SAR to law enforcement. The UKFIU cannot second guess or make assumptions based on the contents of the SAR.

We are aware of the banking protocol and the positive impact it is having in protecting those most vulnerable to these types of crimes. It assists us greatly when SAR reporters reference in their SAR if the protocol has been invoked and whether the customer has been spoken to. We are then aware if local police already know of an individual's specific circumstances and we can factor this into the fast-track decision.

## UKFIU fast-tracked SAR case studies



A SAR expressed concerns for a potentially vulnerable person withdrawing large sums of money. The report led to joint working between a number of agencies who held multi-agency meetings to safeguard the subject. An investigation is ongoing regarding rogue trader offences which led to the subject being defrauded of over £30,000. Attempts have been made to safeguard the vulnerable person and prevent further incidents of this nature. An individual was arrested; enquiries are ongoing.

A SAR indicated that an octogenarian made a number of money transfers totalling £12,000 to receivers in various countries. Officers visited the subject; he had fallen victim to an overseas scam after communicating with an individual online. The subject was given suitable advice and relevant support and the police prevented the victim from losing any further funds.

A vulnerable person SAR highlighted that the subject had sent a number of money transfers totalling more than £10,000 to receivers overseas in just a few months. He had also received a money transfer. The subject was visited by local fraud officers and disclosed that he had believed the money he was sending was to meet administration fees in relation to a Payment Protection Insurance (PPI) claim.

He said that he had received an initial cold call followed by a number of calls asking him to top up the fees. He realised he had been a victim of a scam and stated he had stopped sending money. He was advised by officers to change his phone number and his bank account number so that the fraudsters could no longer ring him or deposit funds into his account. His family is now aware of the situation and will look out for him in the future.

## Key questions for law enforcement

- Are you remembering to search law enforcement agency databases relating to high harm offenders against private sector information?
- Are you maximising Arena to create searches relating to risk – or to geographically plot SARs by crime type, region, area and to analyse trends?
- Are you using relevant key words to build queries to search on Arena e.g. vulnerable, elderly, carer, disabled, ill, power of attorney etc.?
- Are you thinking literally and laterally about the Arena search terms you use to find the terms that reporters may use e.g. “alzheimer’s” as well as “vulnerable”?
- Have you fully considered providing feedback that you believe the SAR isn’t linked to criminality? We routinely search for this feedback to ensure that the UKFIU is compliant with the Information Commissioner’s Office guidelines and that we don’t retain SAR material where it has been identified that there is no link to criminality.



## Key questions for reporters

- Are you utilising the UKFIU document *Guidance on Reporting Routes relating to Vulnerable Persons*, available via the NCA website?
- Does the money laundering/terrorist financing relate to a vulnerable person at risk of immediate harm?
- Does the money laundering/terrorist financing relate to a child at immediate risk of harm, including sexual exploitation and abuse?
- Do you suspect modern slavery/human trafficking?
- Does the scenario involve the abuse, or potential abuse, of power of attorney?
- Answers on what to do in the above scenarios can be found in *Guidance on Reporting Routes relating to Vulnerable Persons*. Remember – the SARs regime is not a route to report crime or matters relating to immediate risk to others.

# The law enforcement response



**How Thames Valley Police safeguard their communities using SARs**

## How do financial investigators and detectives within TVP's Economic Crime Unit respond to vulnerable person SARs?

Thames Valley Police are pro-active in protecting vulnerable adults and put measures in place to safeguard members of our community to prevent fraud through intelligence-led disclosures received as a result of the SARs regime. The wide range of intelligence received tends to indicate scams, abuse of position and possible victims of human trafficking so we work to identify and assess the risk. Money mules are also identified and an open mind is kept to determine if they are victims or suspects.

Our accredited financial investigators review DAML and vulnerable persons SARs fast-tracked to them by the UKFIU. It is usually possible to identify what type of criminality is occurring e.g. romance and investment scams; using local and national databases available to law enforcement and open/closed source searches, the information is gathered and assessed to build a picture of the possible fraud. All our actions are documented and an adult protection record is created for the neighbourhood policing team who have an understanding of the crime types in their area and are able to provide support and serve the public. The adult protection report contains a redacted version of the SAR ensuring the protection of the source, whilst also providing enough information for officers to be able to ask the subject questions.

If a victim discloses that they have fallen victim to a scam, it is usual for them or the police to make an Action Fraud report. The attending officer will gain as much information as they can about the fraudster's modus operandi and try to follow the money or identify a lead. Some victims do not believe that they have been defrauded and therefore it takes time for the police to continue to work with them to prevent any further losses and to put safeguarding measures in place.

There can be some resistance from victims who are embarrassed about being scammed or want to keep their finances private; however, the police do ask for their consent to share their personal information with social services, their GP or to discuss it with their family who may be able to offer further support and assistance. If there is reason to believe that the victim does not have this capacity the police can take further steps by making a referral to their GP or to Social Services under the Care Act 2014. Thames Valley Police work with other agencies including Trading Standards and Age Concern where victims are also referred to.

The intelligence we receive through SARs is incredibly useful as we find most subjects are not usually known by police and therefore our officers are able to work with the community, particularly with those who may be socially isolated, or have an over trusting nature, to prevent further financial abuse. We have had many positive results in safeguarding and protecting vulnerable people and we provide fraud prevention advice to individuals who may not necessarily be classed as vulnerable but who have fallen victim to a fraud and are vulnerable through isolation, bereavement and naivety.

Quick tips for submitting better quality

# Suspicious Activity Reports

## Occupation:

UNKNOWN



Use names, surnames and dates of birth. If information is not known, use **UNKNOWN**, which may negate the need to contact the reporter to ascertain whether the information exists.

**Include a postcode** so that the SAR can be quickly allocated and allow law enforcement to take local action.

## Postcode:

SA1 1RS



## Reason for disclosure:

**XXPROPXX** This SAR involves the purchase/sale of a property. The property address is...



Clearly outline the reason for suspicion. **Including SAR glossary codes** can assist analysis. Try to answer: Who? What? Where? When? Why? How?

**For further guidance on providing better quality SARs visit:**

[www.nationalcrimeagency.gov.uk/about-us/what-we-do/economiccrime/ukfiu](http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economiccrime/ukfiu)



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