



NCA

National Crime Agency

SARs Reporter Booklet

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This is a UK Financial Intelligence Unit (UKFIU) product for reporters of Suspicious Activity Reports, produced in line with the National Crime Agency's commitment to share perspectives on the SARs regime.

Overview

This document is produced by the United Kingdom Financial Intelligence Unit (UKFIU) which has national responsibility for receiving, analysing and disseminating financial intelligence submitted through the Suspicious Activity Reports (SARs) regime. The UKFIU sits within the National Crime Agency (NCA) and receives over 470,000 SARs a year.

This booklet contains a sanitised summary of feedback from law enforcement agencies (LEAs) on their use of SARs and includes pertinent information and updates from the UKFIU.

The contents of this booklet are aimed at:

- sharing perspectives on the use of SARs with participants of the regime
- sharing and encouraging best practice among reporters
- providing a feedback mechanism to the UKFIU about the operation of the regime.

More information about the UKFIU, the SARs regime and further guidance notes can be found at the NCA website www.nationalcrimeagency.gov.uk.

Don't forget to also follow us on Twitter – NCA_UKFIU

We would appreciate your feedback on the effectiveness and format of this document. Please email any comments to ukfiufeedback@nca.gov.uk

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Foreword

Welcome to the latest edition of the SARs Reporter Booklet, created by the UKFIU and aimed at all SAR submitters.

The aim of this publication is to provide a snapshot of some of the excellent examples we receive highlighting the work of law enforcement agencies in utilising SAR intelligence to initiate investigations and informing existing ones. While it is impossible for us to provide feedback on every single SAR that we receive (in the last financial year we received over 470,000), I hope that that this booklet – as well as other UKFIU products – go some way in indicating the value of SARs.

SARs are a critical intelligence resource for law enforcement – they provide information like phone numbers, addresses, company details, investment activity, bank accounts and details of other assets. They have been instrumental in identifying sex offenders, fraud victims, murder suspects, missing persons, people traffickers, fugitives and terrorist financing.

Going forward, these Reporter Booklets will focus predominantly on sanitised case studies. UKFIU/SARs regime news now features instead in the UKFIU magazine, *SARs In Action*, available via the NCA website – www.nationalcrimeagency.gov.uk

Ian Mynot,
Head of the UKFIU

UKFIU assistance

For information or assistance with submitting SARs or SAR Online enquiries, please visit www.nationalcrimeagency.gov.uk or contact the UKFIU on 020 7238 8282:

Press '2' – General SAR enquiries
Press '3' – SAR Online helpdesk

When contacting the UKFIU please have available your SAR reference number if applicable. If you wish to make a SAR by post you should address your SAR to UKFIU, PO Box 8000, London, SE11 5EN or by fax on 0207 283 8286. **NB:** post and fax are slower than SAR Online and therefore it will take longer for your SAR to be processed. You will not receive an acknowledgement if you use post or fax.

General UKFIU matters may be emailed to ukfiusars@nca.gov.uk

All defence against money laundering (DAML) request queries are only dealt with via email. Should you have any queries email DAML@nca.gov.uk

Case studies

A review of case studies provided by LEAs and other end users¹ of SARs demonstrates how they continue to be instrumental in instigating and supporting investigations to tackle a wide range of the highest priority threats identified by the National Strategic Assessment of Serious and Organised Crime (NSA).

Money laundering

A reporter sought a defence against money laundering to release funds to its customer following information received from local police that he was due to be sentenced for drug trafficking offences. An examination of his financial activity identified unexplained deposits into the account. The request was refused allowing time for a restraint order to be served which formed part of a subsequent confiscation order.

A reporter sought a Defence Against Money Laundering (DAML) to refund funds after due diligence checks identified that the subject had been convicted for fraud and been served with a confiscation order in excess of £1m. The UKFIU identified that the confiscation was open and refused the DAML, enabling the LEA to apply for an uplift to the confiscation order at court.

SARs have instigated a money laundering investigation as there was a large number in which the main subject was named. One of the subjects has gambled in excess of £12m. There is a national and international angle to the investigation and enquiries are ongoing.

A subject had opened multiple current accounts in quick succession and was using these to launder funds on behalf of others. SARs identified the criminality and caused an investigation to commence. Subsequent enquiries have identified that the subject has used false instruments in order to open some of the accounts identified. Enquiries are ongoing.

SAR intelligence was the foundation of a money laundering charge and assisted in identifying the conduit of funds of a company owned by the subject to other accounts held by the subject which were then drawn in cash to the extent of approximately £2m. The main subject was convicted of numerous offences and received a prison sentence. Confiscation proceedings are underway.

¹ A current or potential user of SARs such as an LEA or relevant government body.

Drugs

Two people were convicted for conspiring to produce Class C drugs. A confiscation order was obtained for over £30,000; however, a SAR assisted in a revisit which culminated with an additional order for one of the subjects to pay a further amount of over £50,000. Details of properties owned showed up in the SAR.

A reporter sought a DAML to proceed with a property purchase. The reporter (acting on behalf of the buyers) was concerned that the property may have been purchased with the proceeds of crime, having identified that the seller had been convicted of drug offences. The UKFIU refused the DAML, enabling the investigating LEA to secure a restraint which was included in a confiscation order on the subject.

A subject had been convicted of conspiracy to import Class A drugs. The subject and an associate ran a business and SARs highlighted a reporter's concern with the amount of cash being deposited into the business accounts. The SAR intelligence provided the catalyst for the financial enquiries and a subsequent successful confiscation order for over £60,000.

A reporter sought a DAML to release funds to its customers after receiving intelligence from police confirming that the customers and a relative had been convicted of drug offences. A confiscation order had been made against the relative and suspicions were raised after the customers received a payment from this relative. The DAML was refused and a restraint order was obtained.

DAML SARs were received in relation to suspicious activity on a business bank account. The subject was already awaiting trial on drug trafficking charges (he would subsequently receive a prison sentence for these offences). A forfeiture of just below £100,000 was secured.

Fraud

A reporter sought a DAML to return over £50,000 to its customer. The funds were split between accounts held in trust. The reporter was suspicious following law enforcement intelligence that suggested the funds had originated from a third party to avoid settling a confiscation order. The UKFIU refused the DAML request following LEA confirmation that the source of the funds had been charged with drugs and money laundering offences; this refusal enabled the LEA to secure a restraint for the amount. The customer and the subject both received prison sentences and confiscation proceedings are underway.

SAR intelligence concerned suspicion that over £200,000 held in a business account was there as a result of unlawful conduct. Investigations found that the business director had used fraudulently obtained genuine documentation to set up the account and enquiries linked the director to other persons suspected of being involved in fraud. A restraint was secured and the money returned to the fraud victim.

A SAR indicated that an account had received a large international payment which did not match the profile of the customer who was unemployed and in receipt of benefits. A DAML was sought to pay the balance of over £75,000 to the customer upon closure of the account. Enquiries indicated that the subject was a recipient of funds from a CEO fraud and had unwittingly acted as an account mule.² The subject was interviewed and arrangements made with the reporting bank to return funds to the remitting account.

An individual was arrested on suspicion of stealing large sums of money. SARs informed that the subject had fraudulently taken out a credit card in another's name in order to secure funds. The defendant pleaded guilty and received a prison sentence.

A number of victims of fraud were located in the UK. These victims were originally defrauded by a fictitious company and had lost significant amounts of money. Attempts were made at a later date to contact these same victims by another company, offering to act on their behalf to recover their losses and charging an up-front fee for the service. This, however, was a 'recovery room' scam and the victims' names had been sold on.

An individual was arrested and during a search of their premises numerous financial and identity documents, bank cards and cash were seized. In light of SARs received the seized paperwork showed little evidence that the subject was running a legitimate business. Significant sums of money had been transferred overseas from their bank account to an account in another name.

The subject gave no explanation as to the legitimate derivation of the cash and it was felt that there was significant evidence to show that the money seized was connected to criminality. Forfeiture of the money was granted.

As a direct result of SAR intelligence an LEA was able to identify several frauds that had taken place and arrest an offender. The frauds related to the fraudulent use of a company credit card and independent wholesaler account. The subject received a suspended sentence.

² CEO fraud - also called Business Email Compromise.

A long running investigation into large scale mortgage fraud, run by an organised crime group (OCG) consisting of a number of professional enablers, was commenced as a direct result of SARs. A number of individuals received prison sentences. The OCG's enterprise involved supplying falsified employment details and proofs of income in relation to mortgage applications (without the knowledge of the mortgage applicants). This was a multi-million pound fraud spanning a lengthy period of time. The SARs flagged a pattern of falsified mortgage applications, identifying the use of similar entities as employers of applicants. Confiscation proceedings are ongoing.

Vulnerable persons

While fulfilling anti-money laundering and terrorist financing obligations reporters sometimes identify those who are being exploited or who are potential victims of fraud. Common types of fraud encountered include investment fraud (and variations including pension liberation fraud)³, romance fraud⁴ and individuals unwittingly engaged in money mule activity. Relevant SARs are identified and fast-tracked by the UKFIU to police forces who will, in many cases, arrange visits by local officers – whilst maintaining the confidentiality aspect of SARs – to offer advice in order to prevent fraud or further losses.

An investigation was underway into an individual suspected to be involved in the labour exploitation of foreign nationals brought into the UK. SAR intelligence linked the subject to the receipt of funds of unknown origin and a business which was the subject of previous adverse intelligence. The male was subsequently refused entry to the UK on public policy grounds. A safeguarding visit was conducted to another business linked to the subject and the workers offered safeguarding assistance.

As the result of a possible vulnerable person SAR fast-tracked by the UKFIU an enquiry was launched into possible human trafficking/sexual exploitation and funds being sent overseas for the benefit of a suspected convicted subject. The investigation is ongoing.

The UKFIU fast-tracked a SAR after it 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. The vulnerable person has been safeguarded to try and prevent any further incidents of this nature and to ensure she is not caused any unnecessary upset. An individual has been arrested and enquiries are ongoing.

³ Fraud where members of the public are encouraged to access their pension before retirement, following false representations of anticipated levels of returns when investments are either non-existent or incapable of providing such a return.

⁴ Dating or romance scam, when the 'perfect partner', usually online, gains the victim's trust and asks for money.

The UKFIU fast-tracked a SAR which indicated that an octogenarian had 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 support and the police have prevented the victim from losing any further funds.

The UKFIU fast-tracked a potential vulnerable person SAR to a local LEA after it raised concerns regarding a customer who was sending funds overseas. The reporter was concerned that the account was being used as a mule account. Officers visited and spoke to the subject who advised that he had been asked to send the money abroad by someone whom he knew only by a nickname. Because of the concerns regarding his mental health and living conditions, witnessed by the officer upon visiting his home address, a referral was made to Adult Social Care.

Other

A SAR raised concerns that the subject's personal account was being used for business purposes in order to evade tax. The SAR contained an email address for the subject, a bankrupt that was a named director of limited companies, who was living at an unknown address. The email address enabled contact to be made with him and action taken to have the companies struck off the Companies Register, thereby obtaining compliance from the subject and preventing offences being committed under the Company Directors Disqualification Act 1986.

A reporter submitted a SAR due to suspicion over the level of activity within an account with no proof of income provided. As there was an outstanding confiscation order the funds in the account were subsequently forfeited, seeing an uplift of over £10,000 to the confiscation.

A DAML SAR came about as a result of an individual's spouse selling a vehicle which was subject to a restraint order. The individual had been convicted of money laundering. As a result of the SAR and other intelligence the LEA was able to extend the restraint to cover the proceeds of the vehicle which had been unlawfully sold.

An investigation was underway into foreign nationals suspected of involvement in human trafficking for the purposes of sexual exploitation. The subjects had a business suspected to be used as a front for laundering the proceeds. SARs indicated that they had received funds of unknown origin, suspected to be the fees paid by sex workers in return for being brought to the UK. They were also linked to the setting up of 'pop-up brothels', payment of airline tickets used by sex workers and paying for online advertising on adult sites. An individual was charged with controlling prostitution and trafficking and received a prison sentence.

A proactive interrogation of Arena⁵ by an LEA identified SAR intelligence relating to an individual who appeared to be laundering funds by manipulating loans for vehicle leasing. Wider financial analysis revealed a network of individuals and it was identified that the group was making cash deposits and transfers to bank accounts at different locations around the country. The group had assets which exceeded their declared income and analysis identified addresses under their control. Law enforcement activity was carried out against the identified properties. High value property and cash was seized from the addresses, together with financial documentation relating to the purchase of a property. Enquiries are ongoing.

A large number of SARs have assisted in an organised immigration crime investigation. The intelligence from the SARs has identified subjects for further financial investigation, production orders and the disruption of bank accounts being used. The use of other means of funds transfers have been identified, as well as methodologies being used by the OCG, both in the UK and Europe. The SARs have also identified commonalities in how the accounts are used and businesses associated to the OCG subjects. The reporting on the SARs has also assisted with the reasons the subjects have provided to financial institutions for the reasons behind the patterns on their account, which when put alongside other intelligence, has helped to inform some of the methodologies that they may be using (some of the accounts have now been closed). Enquiries are ongoing.

⁵ Arena is a search and analysis tool for end users of SARs.

SAR glossary codes

The latest version of the SARs glossary codes (dated 16 January 2017) is available from the NCA website. The full title of the booklet is 'Suspicious Activity Report (SAR) Glossary Codes and Reporting Routes'. A summary of the latest codes is below. Please regularly check the NCA website for updated versions.

The use of glossary codes is considered good practice amongst reporters and allows the UKFIU and wider law enforcement to conduct analysis to identify money laundering trends, high risk cases for development and take immediate action where necessary.

Request for a defence under POCA/TACT	
XXS99XX	Request for a defence under POCA
Tick 'Consent' and submit under TACT	Request for a defence under TACT
High-end money laundering	
XXPRFXX	Relates to person(s) providing professional services or specialist knowledge that wittingly or unwittingly facilitates money laundering
XXTBMLXX	Trade-based money laundering
XXPROPXX	Relates to purchases or sales of real estate property
Predicate offences - economic crimes	
XXTEOSXX	Tax evasion overseas
XXTEUKXX	Tax evasion UK-based
XXF1XX	Proceeds from benefit fraud
XXF2XX	Excise evasion (duty on alcohol, tobacco, fuel etc.)
XXF3XX	Corporate tax evasion (tax evasion by businesses, corporations)
XXF4XX	Personal tax evasion (tax evasion by individuals e.g. income tax)
XXF5XX	VAT fraud e.g. carousel – Missing Trader Intra-Community (MTIC) fraud
XXF9XX	Frauds against private sector
XXD9XX	Bribery and corruption
Politically Exposed Persons (PEPs)	
XXD7XX	International PEPs
XXD8XX	Domestic PEPs
Money laundering/terrorist financing relating to vulnerable persons	
XXV2XX	Risk to vulnerable adults
XXV3XX	Risk to children – including sexual exploitation and abuse
Other predicate offences	
XXFIREXX	Firearms
XXOICXX	Organised immigration crime
XXDRUXX	Illegal supply of drugs
Projects/other	
XXPCPXX	Counter-proliferation