



NCA

National Crime Agency

COVID-19

Suspicious Activity Reporting

This document aims to provide reporters with observations from the UKFIU on what is being seen in reporting around COVID-19 and SARs.

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This is a United Kingdom Financial Intelligence Unit (UKFIU) Guidance Note. It is produced in line with the National Crime Agency (NCA) commitment to share perspectives on the Suspicious Activity Reports (SARs) regime.

Fraud

Government Priority Schemes

There has been an increase in cases related to suspected fraudulent claims for various COVID-19 Government Priority Schemes. In most cases, the funds are withdrawn quickly, either as cash, or transferred to a third party, suggesting possible mule activity. A smaller number appear to be simply using the grants for personal expenditure, rather than the intended purpose of supporting a struggling business.

Among the examples of reported abuse of the Government Priority Schemes there have been reports detailing how companies have claimed for furloughed employees and have used the funds to pay the employee's salary, without informing them that this was the case. The employees have therefore been continuing to carry out their regular duties.

Personal Protective Equipment (PPE) Procurement

There continue to be cases of suspected fraud involving the supply of PPE, both in terms of large-scale procurement contracts and in online scams relating to sales direct to the public.

As well as cases where funds are known to have been transferred, there are others where the account holder claims that funds transferred into or out of their account are to source PPE for others, but there is no supporting evidence of any contracts with, or any funds paid out by, the UK government.

Whilst it is possible that such cases may genuinely be individuals sourcing PPE through their own contacts, it cannot be ruled out that they are claiming involvement in PPE provision to obscure their involvement in trade-based money laundering, as highlighted in previous UKFIU reporting.

High Risk Jurisdictions

A number of reports have outlined suspicions over the destination of funds, where they have been sent to jurisdictions deemed to be high risk. The activity in these reports varies, though often the overseas destination of funds is cited to support suspicions around the validity of PPE procurement contracts. This could be a result of companies diversifying their operating models in response to the pandemic (e.g. PPE supply) leading to them dealing with suppliers/businesses in jurisdictions that would previously have been unexpected.

Private Sector Fraud

SARs relating to frauds and scams against individuals, exploiting COVID-19 fears or business process changes, have decreased significantly since the first weeks of the pandemic.

Money laundering

There continue to be a large number of reports of cash deposits into accounts of businesses that would be expected to be closed under COVID-19 lockdown. However, these are not examples of COVID-19 related criminality; rather they are potentially pre-existing money laundering activities that are now more apparent as a result of the limitations on normal business under lockdown.