



NCA

National Crime Agency

SARs Reporter Booklet

January 2021

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.



@NCA_UKFIU

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 570,000 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 LinkedIn and 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

Disclaimer

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Foreword

Welcome to the January 2021 edition of the UKFIU's Reporter Booklet aimed at all SAR submitters.

With this publication we aim 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 SAR that we receive (in the 2019-20 financial year we received over 570,000), I do 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.

These Reporter Booklets focus predominantly on sanitised case studies. News relating to the UKFIU/SARs regime now feature instead in the UKFIU magazine, *SARs In Action*, available via the NCA website – www.nationalcrimeagency.gov.uk. The most recent issue of the magazine was published in November 2020; the 2020 SARs Annual Report is also available from the website.

Debbie Price,
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 law enforcement agencies (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 defence against money laundering (DAML) SAR was received raising suspicions that the funds handled by different companies were not being used for the purpose expected by their clients. The nature of the businesses could not be identified and there was no online presence for them. Investigations showed that the suspect was involved in the laundering of funds received from victims of investment and recovery frauds. A further company was also identified which was also involved in the same money laundering scheme. The DAML request was refused, enabling law enforcement to successfully apply for an account freezing order (AFO) for over £300,000. Enquiries are ongoing.

The UKFIU received a DAML request from a reporter concerned about transactions on their customer's account which appeared inconsistent with the customer's profile. The customer had received cash deposits from multiple UK locations within a short period from unknown sources. The intelligence provided in the DAML SAR and its subsequent refusal led to an LEA unravelling a large-scale international money laundering operation in the UK and overseas which has now been dismantled and directly resulted in funds in excess of £100,000 being restrained. A subject was arrested and a number of other individuals involved identified. The original enquiries, based on the DAML intelligence, have now developed into a much larger investigation involving additional SARs research. This has resulted in the discovery of a potentially illegal money service business (MSB) being used to distribute/collect funds and a potentially illegal loan service. Enquiries are ongoing.

A reporter requested a DAML due to suspicions over a significant turnover in a customer's account, much of it made in cash deposits, which was felt to be inconsistent with the customer's financial profile. The account holder was a foreign national student with no legitimate source of income. The DAML request was refused enabling the investigating LEA to secure an account freezing order. It was believed that the customer had utilised the service of an Informal Value Transfer System to evade the controls of their home country and to transfer money to the UK (the use of such un-registered MSBs in the UK being a criminal offence). As a result of the investigation over £150,000 was forfeited.

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

A DAML SAR was received reporting suspicions of money laundering and tax evasion for a self-employed subject who had been receiving large amounts of cash deposits into their account. The UKFIU liaised with foreign authorities, refusing the DAML request and the funds were frozen in the UK. The SAR was instrumental in achieving this result as this helped secure a significant amount of monies for the foreign authorities. Enquiries are ongoing.

A DAML SAR was submitted due to suspicions of money laundering relating to funds held in a UK bank account believed to represent recoverable property stemming from crimes overseas. The SAR led to an LEA investigation, resulting in an AFO being granted to prevent dissipation of funds in the account. Enquiries are ongoing.

A reporter requested a DAML due to suspicions that a customer had been using their account to launder funds as the value of the transactions did not match the customer's profile. The DAML request was refused and the subject was charged with extortion. This was followed by a restraint order for over £60,000 being applied; other assets were also subsequently identified. Enquiries are ongoing.

Fraud

A SAR reported that a UK bank account was seeing large amounts of funds passing through it which were then dispersed to third parties; the activity did not match the account holder's profile. The SAR led to the UKFIU conducting research into undeclared properties owned by the subject. An LEA investigation followed, resulting in the retention of over £350,000. Enquiries are ongoing.

Information received in a SAR showed a high amount of funds being passed through a UK bank account. Large amounts of cash had been received and transferred out from a business account. The account also received funds from an unidentified property sale. The SAR led to the UKFIU discovering undeclared rental income by the subject. The SAR led to an LEA investigation into tax evasion with the potential for over £300,000 to be retrieved. Enquiries are ongoing.

A SAR was received with suspicions of a UK bank account being used as an intermediary bank for passing funds due to large amounts of cash funds being deposited into it. The account turnover was higher than expected for the customer's profile. The SAR led to an LEA investigation into tax evasion and resulted in £270,000 being returned to the authorities.

A SAR was received reporting large cash payments and electronic transfers passing through a bank account. The account turnover was more than expected for the subject's profile and had unusual overseas trading links with concerns over the validity of payments which had gone through the account. This SAR has led to an LEA investigation and enquiries are ongoing.

Drugs

Following a SAR received by the UKFIU, research identified a group of subjects involved in the movement of cash to and from overseas. The SAR assisted law enforcement as it led to the identification of a subject who had previous convictions for drug trafficking. This subject was subsequently convicted of drug offences and received a prison sentence. Enquiries are ongoing regarding the other subjects involved.

An investigation was underway into a subject involved in the supply of controlled drugs and suspicions of laundering criminal funds. A DAML SAR was instrumental in identifying the links to the criminalities as well as identifying personal details and bank accounts that assisted law enforcement with their investigation. The DAML request was refused and an AFO for over £10,000 was applied for. Enquiries are ongoing.

Vulnerable persons

A reporter submitted a SAR due to suspicions that an octogenarian customer was being used as an unwitting mule after cheques were lodged into their account and then withdrawn in cash. The victim was convinced that they had won a lottery and upfront fees were needed to be paid to claim their winnings. Payments totalling over £100,000 were made by the victim. Following the SAR an investigation was carried out by a local LEA and some funds were able to be returned to the victim. Safeguarding steps were carried out and the victim was made aware that they had been used as a mule for fraudulent funds.

A reporter submitted a SAR due to suspicions over a septuagenarian customer being used as an unwitting money mule, after becoming a victim of a romance scam. The victim was convinced by a suspect overseas that they needed funds to pay bills as money was held in an inheritance fund which could not yet be accessed. Transfers totalling more than £30,000 were made by the victim to an account belonging to an alleged lawyer working on behalf of the suspect. Following the SAR submission an investigation was carried out by a local LEA. Safeguarding steps were carried out and the victim was offered support after being made aware that they had been a victim of fraud.

A reporter requested a DAML due to suspicions that a customer had been a victim of a vishing scam. The perpetrator had claimed to be a bank official and had persuaded the victim to transfer funds into various accounts under the pretence of them being a victim of fraud. The DAML request was refused enabling the investigating LEA to make further enquiries. The customer was made aware that they had been targeted as a victim of fraud and was refunded over £20,000.

SAR glossary codes (as of November 2020)

Request for a defence under POCA/TACT	
XXS99XX	Request for a defence under POCA
XXGVTXX	Request for a defence under POCA for £3,000 or less
Tick 'Consent' and submit under TACT	Request for a defence under TACT
Money laundering	
XXPRFXX	Relates to person(s) providing professional services or specialist knowledge that wittingly or unwittingly facilitates money laundering
XXTBMXX	Trade-based money laundering
XXPROPXX	Relates to purchases and rental of real estate property
XXVAXX	Virtual assets
XXILTXX	Illegal lotteries – operating or facilitating illegal lotteries
Predicate offences - economic crimes	
XXTEOSXX	Tax evasion offshore
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 abuse and exploitation
Other predicate offences	
XXFIREXX	Firearms
XXOICXX	Organised immigration crime
XXMSHTXX	Modern slavery and human trafficking
XXDRUXX	Illegal supply of drugs
Projects/other	
XXPCPXX	Counter-proliferation
XXVICTXX	Where the purpose of the activity is to return money to a victim of crime
XXSATXX	Relating to suspected fraudulent use of the HMRC Self-Assessment Tax Refunds system
XXGPSXX	Relating to suspected fraudulent use of Government Priority Schemes established as a result of COVID-19
XXCVDXX	Relating to any suspicious activity connected to COVID-19