

SARs IN ACTION

Issue 10 - March 2021



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Message from the head of the UKFIU

Debbie Price, Deputy Director

Hello and welcome to the 10th edition of the UKFIU magazine. We have been creating these products for two years now and I'm very impressed with just how well they are being received, not just by SARs regime stakeholders but also by partners around the world. We're glad that you're finding them useful.

While this issue doesn't have a specific theme as such, it does cover a lot of important work being done around SARs - whether that be in the increased digital engagement the UKFIU is conducting with law enforcement agencies, reporters and supervisors, but also work conducted by external agencies and other NCA teams.

In this issue we hear from the Bribery & Corruption Intelligence Unit, who look at exploiting SARs to their fullest potential to assist in identifying new cases or assisting existing ones. We also look at the Modern Slavery and Human Trafficking Unit and the work they've been doing with law enforcement, reporters and the UKFIU to tackle this criminality, especially through suspicious reporting.

We also have articles from the Competition and Markets Authority on the work they do in investigating business cartels and their engagement with domestic and international agencies, and also from the Accountancy Sector Intelligence Sharing Expert Working Group, which aims to improve intelligence sharing between the accountancy sector and law enforcement agencies.

A final reminder to check out our podcasts - the latest, on County Lines, is available at ukfiu.podbean.com and most streaming sites.

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

Previous issues of this magazine are available on the NCA website.

Please send any feedback to ukfiufeedback@nca.gov.uk

Updates can also be found on Twitter at NCA_UKFIU and via our LinkedIn page.

Opinions expressed in articles provided by partners are not necessarily the view of the UKFIU/NCA. The UKFIU exercises the right to edit submitted articles.

UKFIU digital engagement

First interactive DAML workshop

In February the UKFIU hosted its first ever interactive Defence Against Money Laundering (DAML) workshop for 260 attendees from the reporting sectors. This was a 'train the trainer' event designed to share guidance and good practice on how best to educate anti-money laundering (AML) SAR-submitting teams to provide the best quality DAML reports. Discussions were held on what a good quality DAML could look like as well as case study scenarios for attendees to work through which focused on how best to structure DAMLs. The event was an opportunity for attendees to learn from shared good practice and input from UKFIU officers.

Chinese Underground Banking

In March the UKFIU hosted a webinar looking at Chinese Underground Banking - a form of informal value transfer system, commonplace within the Chinese community in the UK and many other countries. This event was hosted due to the fact that the vast majority of Council for Licensed Conveyancers regulated entities deal with residential conveyancing, and the question of funds from China is often raised with regulatory supervision managers. The presentation was attended by almost 280 attendees, the audience ranging from conveyancers, NCA and police officers and representatives from the banking sector.

Second cross-sector forum

In February the UKFIU hosted a national cross sector forum linking together all the AML groups in the UK – a key opportunity for sharing SARs good practice. Discussions were held on the UKFIU's SAR volumes forecast, SARs Reform progress, future UKFIU events and the proposed content of planned specialist workshops, including terrorist finance webinars.

Cryptocurrency webinar

The UKFIU contributed to a PayPal webinar in January which gave an overview of the various types of cryptocurrency and how they are used in the financial world, the different risks involved and links to financial crime. The UKFIU put forward its perspective, explaining submission trends and how the unit prioritises cryptocurrency daily key word searches. Examples of red flag indicators and how criminals conceal their identities when opening accounts were also discussed.

Accountancy sector webinar link

On 27 April the UKFIU and the Institute of Chartered Accountants in England and Wales are running a webinar around compliance with anti-money laundering rules and regulations. Click on this link to book a place.

Leaving a legacy of UKFIU data tools

In April Steve Coulstock retired from the UKFIU after 10 years with the unit. Over the years Steve has found ever innovative ways of interrogating the Elmer SARs database to inform the statistical returns in SARs Annual Reports. He has also had a central role in managing and leading how the UKFIU generates its work streams of high priority SARs which are extracted for daily assessment. Here we hear from Denise Napper, UKFIU Operations Manager, and Steve himself.

Denise Napper

Steve has had significant success in refining the keywords that the UKFIU uses to identify SARs relating to subjects such as child sexual abuse and exploitation, vulnerable persons, politically exposed persons, organised immigration crime and modern slavery and human trafficking.

Steve has also restructured much of the intelligence sharing functions on the UKFIU's International Team which have led to streamlined processes being adopted. He leaves us with a lasting legacy of management information reporting tools and statistical reporting packages.

Steve Coulstock

My UKFIU career has certainly been a game of two halves. In my early years I was often to be found in the background of SARs Regime Committee meetings, taking minutes or organising hospitality. These tried and trusted disciplines were of singular use when I played guide to the House of Lords Select Committee visit to the UKFIU.

The second half could not have been more of a contrast. UKFIU IT and processes have always held many curiosities for me and after much trial and error, I was trusted with producing some of the day-to-day analytical tools which hopefully have brought value to the UKFIU.

One of these was creating a historical repository for consolidated SARs Annual Report published data. As time passed I recognised the system's potential to plug UKFIU reporting gaps and I went on to build a suite of databases and analytics which serves most of the UKFIU's top end reporting requirements. The final phase of my plan was the consolidation of top end and team performance data, for management to view UKFIU performance as never seen before.

Another project related to data mining. By fusing together two of the systems that we used in the UKFIU I created a hybrid system which gave me the capability to quickly and efficiently build large, extremely prescriptive and targeted Elmer database search formulas. This system has not only improved the quality and consistency of UKFIU data production, but also regulated volumes of SARs generated for many of the team's core daily functions in the face of ever proliferating numbers of SARs.



Why quality in SAR reporting matters

Mike Hindes
UKFIU SARs Exploitation Team (SET)

One of the main roles of the SET is to improve the exploitation SAR information by law enforcement. The NCA provides law enforcement with access to Arena (a key software tool in the analysis of SARs). In addition to its search capability, the system has the ability to link entities in SARs (people, objects, locations and events) and create network charts and map addresses. As with any analytical system, however, it relies on ingesting good quality data in order to produce good quality results. Here's how keeping to two basic principles of the UKFIU's Guidance on Submitting Better Quality SARs document can really help law enforcement in their enquiries.

Putting information in the designated SAR fields helps our analytical system

The simple act of putting information in their designated fields in a SAR helps our analytical systems make clearer connections between entities. Sometimes SAR reporters choose to include everything in the reason for suspicion narrative of their SAR and leave crucial designated fields such as names and addresses blank. Although the analytical system will search through the free text fields of SARs, it makes it harder for it to identify the entities that the reporter has rightly highlighted for suspicions of money laundering or terrorist financing. Having a clear network chart allows law enforcement to quickly identify who is connected to who and what across multiple SARs. What used to be constructed by hand can now be done in seconds by our system. Your help in putting information in its relevant SAR field greatly helps.

Keeping the reason for suspicion field as clear and concise as possible

Given the number of sectors that form the SAR regulated sector, law enforcement officers that read SARs must have a wide understanding of different types of activities. Imagine if you had to read a SAR from the banking sector, followed by one from the accountancy sector, followed by another from the legal sector and another from a cryptocurrency exchange? You can understand how your head might be spinning! Please remember that a law enforcement officer may read your SAR and need to make a judgement on it. How you structure that SAR can help that officer make a quicker and more informed decision. You can help law enforcement by keeping to the following basic tenets when describing your suspicion/s:

- Keep the content clear concise and simple
- Structure your report in a logical format
- Briefly summarise your suspicion
- Avoid acronyms and jargon
- If describing something technical from your sector, please provide a brief synopsis to help the reader

Keeping to these basic principles will ensure that your SAR is better understood by the officers that read it and better integrated into the SAR database for the analytical system to exploit. Your SAR, or parts of it, may be the missing part of an investigative puzzle.

Bribery and corruption

Claire*

Bribery and Corruption Unit

The Bribery & Corruption Intelligence Unit (BCIU) works alongside the International Corruption Unit who provide an operational response to the intelligence we develop. Together we investigate money laundering in the UK resulting from corruption of high ranking officials overseas and bribery involving UK-based companies or nationals which have an international element.

We use SARs on a regular basis, looking to exploit them to their fullest, either to assist in the identification of potential new cases or to further existing cases by the identification of unknown bank accounts, companies, associates etc. The UKFIU proactively identify SARs on a daily basis which indicate bribery and corruption and disseminate to us for review. SARs are hugely beneficial to us as they provide us with a signpost of where to look for assets and potential evidence to support our cases. For instance a SAR may indicate money flows to a company/entity overseas whereupon we can then make international enquiries to try to evidence these transactions.

We work closely with international partners to progress investigations; sometimes these are led by us, sometimes they are led by overseas partners who are seeking assistance from the UK. Subject to what support they are seeking we may request that intelligence held within SARs is shared with the appropriate international partners to progress cases and this is assessed and approved by the NCA's UKFIU International team.

In addition to those individuals who are either paying or receiving a bribe, we are also interested in those individuals acting in a professional capacity to facilitate this criminality, so called professional enablers such as accountants, solicitors, trust and company services providers. They can act as gatekeepers between criminals and the legitimate economy and are a key threat in the laundering of criminally derived money through the financial sector.

So from our perspective it is always helpful to us if reporters can detail where they have found any additional information contained within the SAR i.e. open source research (what website), if the reporter has copies of contracts/paperwork provided by example the client. This additional information is really helpful to us as it assists in corroborating the sensitive information the UKFIU, reporters and law enforcement provide and helps us to build the case more quickly.

** Surname withheld at officer's request.*



Accountancy intelligence sharing

Wesley Walsh
Supervision Manager, AML
Association of Chartered Certified Accountants

The Accountancy Sector Intelligence Sharing Expert Working Group (ISEWG) was set up and had its first meeting in 2019. The aim of the ISEWG is the advancing and improving of intelligence and intelligence related information sharing between accountancy sector professional body supervisors (PBSs), AML statutory supervisors and law enforcement agencies (LEAs). The Accountancy Sector ISEWG exists to collectively promote and facilitate a strong working relationship between accountancy PBSs, statutory AML supervisors and LEAs through the Joint Money Laundering Intelligence Taskforce (JMLIT) improving trust, knowledge of how each organisation operates and establishing a greater common understanding of money laundering/terrorist financing threats in the accountancy sector.

The group meets quarterly with the standing participants at the meeting being representatives from the accountancy sector PBSs as well as representatives from teams within the UKFIU, the National Economic Crime Centre (NECC), HM Revenue & Customs (HMRC), the Office for Professional Body Anti-Money Laundering Supervision and the Financial Conduct Authority. A standing agenda item ensured that the group will engage in discussions around emerging trends being seen and the sharing of best practice. In addition, various guest presenters attend to present on various topical items in order to raise awareness and engage in discussions with the group.

Accountancy PBS' supervised population range in their size and complexity. Through each PBS's own AML supervision frameworks and other activities (such as qualifications or membership support activities) we may hold particular pieces of intelligence that law enforcement could find useful in their investigations.

In order to raise visibility and awareness of the intelligence we hold, the group created a crib sheet specifically for law enforcement that details examples of what an accountancy PBS can provide when requested through the appropriate channels. This has been circulated to various law enforcement groups via the NECC.

A sub-group of the ISEWG has also been formed with the specific aim of reviewing all issued JMLIT alerts and assessing their appropriateness for the accountancy sector with a view to issuing them to Money Laundering Reporting Officers. Once an alert is identified as relevant the sub-group will collaborate to re-draft and re-format the content to make it relevant and targeted for the accountancy sector. A schedule of alerts is agreed and then each is issued by each accountancy PBS to their members.



Modern slavery and human trafficking

Laura Simpson
Senior Officer
Modern Slavery & Human Trafficking Unit (MSHTU)
National Crime Agency

Whilst it is well-known that Modern Slavery and Human Trafficking (MSHT) offending is predominantly driven by money, with significant proceeds of crime made through the repeated exploitation of victims, there are a number of significant challenges which continue to frustrate UK law enforcement efforts to effectively tackle MSHT illicit finances. MSHT investigations are particularly complex and they often rely on both victim identification and testimony which requires specialist resource. Victims are regularly financially exploited in various ways such as via the control of bank accounts, claiming of benefits and taking out forms of credit in the victim's name, often without the victim being aware.

Investigating the financial aspects of MSHT is different to many other criminal threats. An MSHT financial profile tends to showcase low-value but high-volume transactions and can involve many individual accounts. This makes it difficult to identify and track patterns of behaviour which show clear indicators of potential MSHT in financial accounts.

It is vital that financial investigation is prioritised when tackling MSHT. This need for increased focus on illicit finances has led the Independent Anti-Slavery Commissioner to label it as one of the key MSHT priorities for UK law enforcement. The NCA MSHTU continue to highlight the opportunities that can arise from the increased use of financial intelligence, both to existing MSHT operations and new proactive intelligence developments.

In order to promote the tackling of MSHT illicit finances, the NCA MSHTU held the first Project AIDANT phase solely dedicated to this threat area in November 2020. First started in 2017, AIDANT is an NCA-led programme of focussed multi-agency activities dedicated to specific areas of the MSHT threat (such as sexual exploitation, labour exploitation and child trafficking) AIDANT provides UK policing, law enforcement agencies, government departments and the private sector with specific dates to focus on a wide range of responses to MSHT across the government 4P strategy. The illicit finances activity saw a number of arrests and potential victims of modern slavery identified.



The MSHTU also acts as a depository for MSHT keyword search terms in order to foster a standardised approach and to share best practice across UK law enforcement. The MSHTU has produced a keyword search document, in consultation with the UKFIU's SARs Exploitation Team, which can be utilised to assist with future proactive MSHT SARs projects.

Building on the success of a recent UKFIU podcast and webinars, in November 2020 the MSHTU conducted an awareness conference in collaboration with the UKFIU: 'MSHT Intelligence Development: The Value of SAR Interrogation and Collaboration with Financial Institutions', in support of Project AIDANT Illicit Finances.

The conference had over 200 attendees from over 40 different forces, Regional Organised Crime Units and other law enforcement agencies. It attracted a high level of engagement and feedback has suggested that a similar event would be welcomed. Should you wish to access it, a recording of the entire conference has been placed on the Financial Investigation Support System website for wider law enforcement access. Contact the UKFIU at ukfiufeedback@nca.gov.uk for the link. Due to positive feedback, the MSHTU intend for this conference to be the first in a series planned throughout 2021.

The policing community responded positively to this phase of Project AIDANT and welcomed the introduction of the webinar as a forum to share best practice and encourage learning and engagement opportunities. Due to the fact that this AIDANT phase has received lots of encouraging feedback, a second Project AIDANT illicit finances phase is planned for 2021.

UKFIU podcast on MSHT

The UKFIU podcast on how SARs reporters can help combat MSHT is available from streaming sites such as ukfiu.podbean.com, Apple Podcasts, iTunes, Amazon and Google Podcasts.

The podcast looks at the importance of SARs information in this area, with panellists from the UKFIU and the NCA's MSHTU discussing what assists law enforcement and helps to safeguard victims.

The UKFIU



Podcast

Targeting economic crime together



David Harper
Director
Intelligence and Head of
Investigator Profession
Competition and Markets Authority

The Competition and Markets Authority (CMA) is the UK's primary competition and consumer watchdog. You may be familiar with our predecessor – the Office of Fair Trading. We are an independent non-ministerial government department and our mission is to ensure markets are open, dynamic and work in the best interests of consumers and the wider economy.

Part of our remit means we investigate businesses that subvert competition for their own gain in what we term business cartels. Business cartels are a serious form of anti-competitive activity and cartels occur when rivals get together and collude rather than compete independently. Ultimately, they rip off customers and other businesses, depriving them of a fair deal or fair, level playing field.

Common cartel behaviours we enforce against include:

- Price fixing - agreeing with competitors what price you will charge, or what discount you will give, to avoid having to compete with each other.
- Bid rigging - agreeing with other businesses how much you will bid in a tender, and who will have the lowest bid so that they win the contract.
- Market sharing - agreeing not to go after a competitor's customers, or deciding which territories each business will 'take'.
- Information sharing - where rivals disclose commercially sensitive information – future pricing intentions for example, so they know where they stand with one another in the marketplace.

Those caught breaking the law can face big fines, director disqualification, reputational harm and in the most serious criminal cases, prison for up to five years.

Often one form of economic crime goes hand in hand with another – in some cases cartelists may also be involved in fraud, money laundering or serious organised crime for example. This is where working together with other intelligence agencies is important. By sharing intelligence and referring leads to one another we can get the full picture on a case to thoroughly interrogate and prosecute wrongdoing.

We regularly work with other agencies both domestically and internationally: for example, we work with the Serious Fraud Office who share joint responsibility for the cartel offence and with the City of London Police and HMRC among others. We also cooperate with other competition bodies throughout the world, including the Department of Justice in the States. It is our experience that sharing information with other agencies is an invaluable means to track and stop wrongdoing.

We have strong powers that allow us to take action where we have reasonable grounds to suspect cartel activity. We can search company offices and the home addresses of those suspected of involvement (known as 'dawn raids'); we can interview people, including on a compulsory basis, and compel companies or individuals to give us information or documents.

We also have powers under the Regulation of Investigatory Powers Act 2000 meaning that we are able to use surveillance, covert human intelligence sources and access communications data.

SARs are a confidential way for financial industries to notify law enforcement of suspicious activity on a bank account for example. In relation to business cartels, red flags to watch out for include unusual deposits and payments, including payments from one competitor to another which may indicate so called 'compensation payments' as part of a business cartel arrangement. For example, in a bid-rigging cartel in the construction sector where over 100 companies were found to have infringed competition law, we uncovered evidence where the winning contractor in a tender exercise paid sums of money to losing bidders in return for submitting inflated tender amounts.

If you suspect or see evidence of illegal cartel activity happening in a case you are investigating, please contact the CMA's cartels hotline on 020 3738 6888 or email the intelligence team at ccgintelligencedevelopment@cma.gov.uk



Missed an issue?

You can download previous copies of the SARs IN ACTION magazine from the National Crime Agency's website

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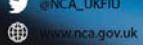
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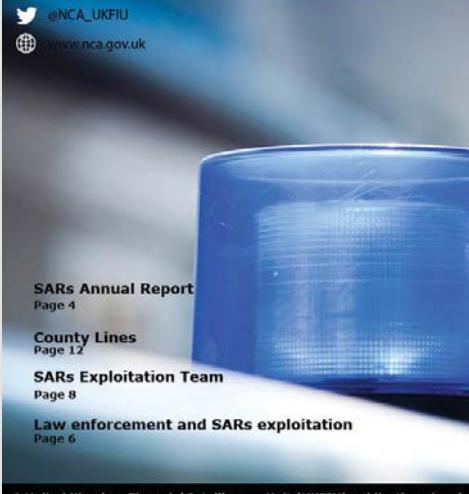
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