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Message from the head of the UKFIU

Vince O'Brien, Deputy Director

Hello and welcome to the thirteenth edition of the UKFIU magazine.

In this issue we take a look at the illegal trade in wildlife, focusing on a specific piece of analysis of SARs data conducted by the UKFIU on this crime. We also hear from one of our key partners in this area, the National Wildlife Crime Unit, on the work that they do.

Partnership is an essential aspect of the UKFIU's work and we collaborate a lot with the National Economic Crime Centre. In this edition we hear from a number of the teams in the NECC on public-private partnership and efforts being made to tackle economic crime.

There's also a comprehensive update on the UKFIU's expansion, which is part of a broader Home Office-led SARs Reform Programme, a crucial part of the government's. The UKFIU Expansion is a significant priority within the SARs regime and it's been designed to increase the UKFIU's headcount, introduce new teams and ways of working, and improve collaboration with regime stakeholders.

Following the increased volume of SARs reporting from the cryptocurrency sector, we hear from the UKFIU's Reporter Engagement Team who have been proactive in helping to drive up knowledge on reporting in this sector, working to help improve SARs quality which, in turn, will help law enforcement in tackling criminality.

And there's further news on our podcasts, with these now also being made available in video format on the NCA's official YouTube channel.

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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 updates

IMPLO conference

The UKFIU presented at the Institute of Money Laundering Prevention Officers (IMLPO)'s 20th anniversary conference in Manchester in October. UKFIU senior manager Martin Cox briefed delegates on the importance of SARs in fighting crime and provided updates on the SARs Reform Programme (*see page 4*). The conference draws professionals from all parts of the regulated sector to keep up to date with evolving trends and themes aimed at tackling financial crime.



Photo credit - Philippa Askew Photography

New e-learning module

The UKFIU, in partnership with the National SARs Coordinator for the National Police Chiefs' Council, has launched an e-learning module to show how information from SARs can be safely sanitised and disseminated to other law enforcement bodies. This launch has been completed in tandem with the launch of the SAR Researcher role (*see previous issue*) to provide further support to officers who may be new to the role or require additional support or guidance for their current role.

UKFIU podcasts on YouTube

In a bid to make the UKFIU's digital products as accessible as possible, and to provide different formats of our output on different online platforms, our podcasts can now also be found on the NCA's YouTube channel in video format, with a written transcript.

The UKFIU podcasts can be found on:

- Spotify
- Audible
- Amazon Music
- Apple Podcasts
- Google Podcasts
- Anchor
- Podbean
- Overcast
- Breaker
- Castbox
- Pocket Casts
- RadioPublic
- Stitcher
- TuneIn
- Podbay

To date our podcasts have looked at: modern slavery/human trafficking; County Lines; virtual assets; online child sexual exploitation; fraud; better quality SARs and an interview with interim NCA Director General Graeme Biggar.

Upcoming topics include international working, law enforcement exploitation of SAR intelligence and digital banks.



UKFIU Expansion Project

Vince O'Brien
Head of the UKFIU

SARs Reform Programme

Introduction to the UKFIU Expansion

The UKFIU Expansion is part of a broader Home Office-led SARs Reform Programme, a crucial part of the government's plan to protect the security and prosperity of the UK by improving the way we detect, disrupt, and deter those involved in crime. As part of the wider SARs Reform Programme, the UKFIU Expansion is a significant priority within the SARs regime.

The creation of the partnership model between the UKFIU, reporters and partners will address current challenges such as SAR data quality, volumes of reports submitted and engagement. Through this partnership model, along with an enhanced understanding of threats and futureproofed technology, we will improve the quality and exploitation of SAR data and ultimately the disruption of crime.

What is the ambition for the UKFIU expansion?

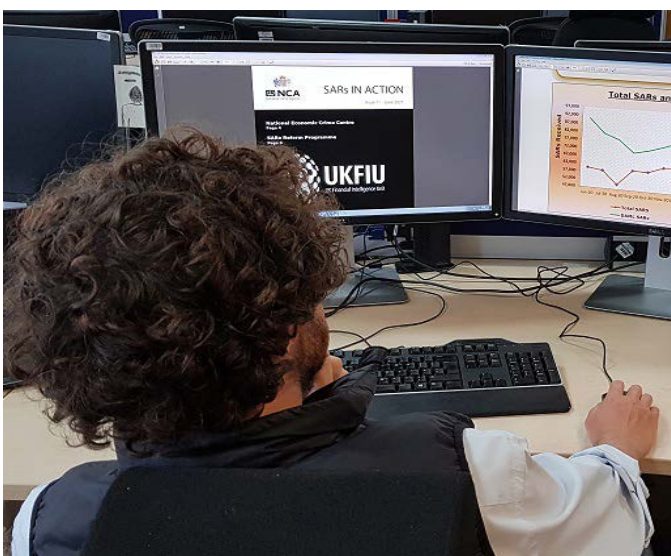
UKFIU Expansion has been established to increase the UKFIU headcount, introduce new teams and ways of working, and improve collaboration through a new target operating model.

The UKFIU aims to become more operationally flexible, strategic and collaborative, with a particular emphasis on increasing engagement with wider SARs regime stakeholders.

For external partners, the most noticeable change will be the increased emphasis on engagement across the regime, as well as an increase in overall headcount in the UKFIU. This significant uplift will help release capacity in the UKFIU and provide more resources to supporting external partners.

In line with Financial Action Task Force (FATF) recommendations, the UKFIU Expansion will establish a specific function to manage engagement, with individual teams dedicated to both reporters and law enforcement partners/ other government departments.

The overarching ambition is to improve SAR data quality, enriching our intelligence picture in order to enhance the UKFIU's response to serious and organised crime. Regular and more meaningful feedback, education, and outreach work will support this ambition.



How is the UKFIU achieving these ambitions?

To achieve ambitions for the UKFIU Expansion, activities can be broken down into three key areas:

- **Recruitment:** Recruitment occur across the unit and will be particularly significant within the Engagement Function to support external partners to enhance SAR quality. When recruitment is completed later next year, we expect a total headcount of 201 officers in the UKFIU; an uplift of 74 from the previous unit structure.
- **New teams/functions:** As part of the UKFIU Expansion, eight new, split or renamed teams will be launched. Two of these new teams include external engagement teams: Reporter Engagement Team (RET) and SARs Exploitation Team (SET). These teams will form a crucial part of the unit's strategic objectives, with a significant increase in reporter and law enforcement agency (LEA)/ other government departments (OGD) feedback, education and engagement. As part of the new Engagement Function, which will have an overall uplift of 31, RET and SET will support a significant increase in external engagement undertaken by the UKFIU to support partners and reporters.
- **Process changes and enhanced capabilities:** Through targeted training and upskilling, there will be increased operational agility and greater emphasis on strategic and proactive work. New ways of working will improve effectiveness and impact, as well as increased collaboration across UKFIU functional teams.

What has the UKFIU achieved so far?

To date, the UKFIU Expansion has designed and is delivering a new target operating model. Below, we outline the successes so far in each of the key areas.

- New recruits have been joining the UKFIU since September 2020, with a total of 36 new joiners having onboarded to date. This makes up 48% of the UKFIU's recruitment ambition of 74.
- Eight teams are planned to launch this financial year, with three before the end of December.
- The Engagement Function has been introduced, with resourcing into engagement teams prioritised in recruitment initiatives to further support reporters and partners.
- A Reporter Engagement survey was recently completed, with results being utilised to set future Engagement Function priorities. A similar survey is currently planned to assess the UKFIU's engagement with LEAs and OGD.



Where is the UKFIU going next?

In the next three months, the UKFIU Expansion will be prioritising activities across the themes mentioned, including but not limited to:

- team launches of new, split or renamed teams including RET and SET
- targeted recruitment including ongoing onboarding and vetting
- setting future strategic priorities.



Where can you find out more?

To find out more about the SARs Reform Programme, UKFIU Expansion and any further operational UKFIU matters, please access the following resources:

- UKFIU and NCA social media channels including LinkedIn, Twitter and YouTube (to access UKFIU podcasts)
- FAQ documents – to be shared over the winter period
- SARs Annual Report
- FATF Mutual Evaluation Report 2018

Thank you for reading about the UKFIU Expansion. We look forward to updating *SARs In Action*, as well as the above resources, over the coming months.

We will continue to keep you informed as progress is made across the SARs Reform Programme, for both the UKFIU Expansion and the SARs IT Transformation.

For more information on the SARs IT Transformation please contact the team at SARsITTransformation@nca.gov.uk

SAR case studies

The UKFIU received a SAR requesting a Defence Against Money Laundering (DAML) to pay away over £350,000 to a customer. Suspicions surrounded excessive levels of cash, faster payments and international transfer funding not in keeping with the customer profile, which indicated that the account was possibly being used as a mule account. The UKFIU refused the DAML request enabling an LEA to obtain an account freezing order (AFO) to allow investigations to take place.

The UKFIU received DAML requests to pay away funds to a subject due to concerns that their business account had received fraudulently obtained loans. The funds had then been dispersed to newly opened accounts held by various individuals and entities. The UKFIU undertook core checks and refused the requests, enabling the investigating LEA to secure AFOs for over £30,000. Enquiries are ongoing.

The UKFIU fast-tracked a vulnerable person SAR to an LEA after identifying a vulnerable teenager potentially being exploited and subjected to financial abuse. The teenager's account appeared to have been used to receive funds from third parties which were immediately withdrawn.

The LEA visited the teenager who confirmed they had been forced by others to use their account to launder funds. The teenager was given advice around this type of activity and encouraged to alert others.

The UKFIU identified a SAR relating to a suspected rogue trader believed to have been providing inflated quotes. The reporter had moved over £6,000 into a fraud ledger which victims may be able to claim back. The UKFIU fast-tracked the SAR to an LEA who confirmed they had arranged for visits to a number of the victims residing in their area and had also identified a further victim.

Additionally, another victim in another force area was also identified; the UKFIU subsequently disseminated this report to that force too to enable them to undertake safeguarding activity where required.

A sanitised case study, relating to a foreign national student whose bank account activity did not correlate with their customer profile, was published in the UKFIU's *SARs Reporter Booklet*. This case study subsequently provided valuable assistance to an LEA that was also investigating a similar case whereby a reporter had requested a DAML to pay away over £100,000 to its customer, also a foreign national student, due to suspicions over inconsistent transactions on their account.

Upon viewing the case in the *Reporter Booklet* the LEA requested further information from the UKFIU who provided the details, but also reviewed additional similar SARs being looked at by another force area. This enabled the LEAs to liaise together to share intelligence. The additional enquiries assisted the LEA in securing an account forfeiture order on all the funds in the account.

Illegal wildlife trading

Aiming to identify the red flags through SARs

National Wildlife Crime Unit

Alan Roberts Investigative Support Officer

The National Wildlife Crime Unit (NWCU) is a stand-alone police unit offering a tailored service to law enforcement agencies. We are a central resource for intelligence, analysis and investigative support. Our priority areas, decided on scientific and volume grounds, are diverse – badger persecution, bat persecution, bird of prey persecution, freshwater pearl mussels, poaching, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and recently cyber-enabled wildlife crime. Some of these, such as poaching, are clearly based on volume and the local police are more than capable of dealing with the majority of offences.

When it comes to CITES most officers understandably hit a wall and need help. Ironically this is the one priority area that has the most conservation impact on the global stage. An organised crime group (OCG) does not necessarily 'see' wildlife. They see a commodity and if that commodity happens to be rhino horn or European eels, and it makes them lots of money without the attention given to drugs and guns, then they will give it a go. The routes are often the same, the means of laundering the spoils are the same and often there is a convergence with specialists within OCGs transferring their skills.

However, although you won't find many SARs relating to wildlife in the UK, there are those out there making a lot of money from our resources. Everybody knows about elephant ivory being shipped by the ton out of Africa but how many would know about the profit margins being made on the illegal elver trade? Some might know that elvers are young eels but not many realise the extent of illegal trade going on in Europe, including the UK, and the multi-million dollar profits being made in China and the Far East. Next time you sit down to sushi just give a thought to the fact that you may be taking part in the illegal wildlife trade (IWT). That eel may have been sold as an American but it may be an illegally smuggled European, heading for extinction. Eels are one of our species but at the other end, we are a consumer nation. We have specialist collectors that will pay a lot of money for a particular specimen, be it a rare lizard or parrot or a gorilla skull fresh from Africa.

The one common theme across these is that they want the rarest, the most exclusive of whatever they collect, and that it inevitably comes from the other side of the world. Of course we also have people willing to buy from Africa and sell to China or America, very often under the radar via internet chat groups. So how does this fit into financial crime?

It is really only recently that we have started to look at the financial aspect of wildlife crime but of course once you open Pandora's box you start to realise the reality. Most criminality runs alongside a legal enterprise relying on the fact that checks will be limited and are likely to be done by non-specialists. Wild taken peregrines can be shipped to the Middle East alongside captive bred ones. Illegal products can be smuggled alongside legitimate ones in a container load of Chinese medicines. Even the organised persecution of birds of prey on shooting estates or illegal betting on hare coursing nets a lot of money for those involved.

Illegal wildlife trade and SARs analysis

UKFIU Analysis Team

FATF, under its Chinese presidency from 2019-20, listed illegal wildlife trafficking as a priority, due to its links with modern slavery, the arms trade and narcotics. The German presidency from 2020-22 also listed environmental crime as a priority. Environmental crime includes various activities, such as illegal logging, waste management and IWT.

IWT is a significant business, long reported as being the fourth largest crime in the world; it is thought to generate approximately GBP 15 billion a year. The past, present and increasing attention given to IWT by law enforcement partners and the media has only emphasised the impact this trade has.

By IWT's nature it is almost impossible to ascertain its true value and scale. Many methods of IWT are well known, such as the poaching of rhinos, elephants and tigers for their ivory and fur. However, many species are similarly overexploited, including sea turtles and birds. The significant issue is when wildlife crime leaves nature unable to replenish populations faster than humans can diminish them.

The majority of species affected by IWT are protected under the CITES, a global agreement to regulate and/or ban the international trade of species under threat and which has more than 37,000 species listed under its protection.

The fur and skin from endangered species, or goods made from these, including bags, belts and jewellery are banned for import into the UK without a valid permit. A permit or certificate must be applied for to import or export any species and their derivatives on the CITES list (including movements within the UK). Some products made from certain species can only be exported for particular reasons such as scientific research, if they are family heirlooms or artworks. There are certain circumstances where a certificate is not required.

Online sales platforms and social media sites have been mentioned in SAR data to sell species, enabling products to be traded under false names or narratives. Species listed online, from the SAR dataset analysed by the UKFIU, included animal skulls, ivory listed as ox bone, bird species, whale and dolphin bone and tiger/wild cat skins. Disguising the true nature of the product being sold seemed to be a common occurrence. Whilst not significantly present in SARs, there is open source reporting emphasising the issue.



Many species were listed in the SAR data. It is highly likely that the UK helps fuel the trade of endangered bird species by buying, selling and acting as a source and transit destination for many species. Varied species of birds were mentioned too, from parrots to goshawks to taxidermy birds. Animal skulls were also referenced in the data – skulls from tigers, jaguars, rhinos and primates. In 2021 police discovered 80 illegally imported alligator heads during a search in the West Midlands, England.

Other species, including sea turtles and their shells, tortoises, exotic, rare and tropical fish, including glass eels and their derivatives, also featured in the dataset.

The SAR dataset provided limited information/insight into wild cat species and their derivatives; however there is a realistic possibility that sellers create false documentation to deter the authorities. For example, if the goods being sold were made after March 1947, there is a realistic possibility that the seller will falsify the documentation to portray that they were made pre March 1947.¹ This is likely to bring in a higher profit for the seller.

SARs were submitted, for the majority of species, due to reporters' concerns of facilitating money laundering due to individuals having previous adverse media and/or having served jail time for these offences, rather than there being current, ongoing activity.

It is evident that IWT is present in SARs. Whilst red flags are useful, such as links to freight or courier services, international payments or references, these links alone are highly unlikely to be enough to implicate an individual in IWT and can account for multiple other activities. It is a realistic possibility that these payments could be from legitimate business by the subjects, rather than anything untoward, despite them having previous adverse media.

Criminals are likely to be aware of transferring large sums of money and the attention this may bring. Therefore, the funds are likely to be broken down into smaller and more frequent payments. In addition, some transactions may be made in cash, evading authorities altogether and concealing the true origins of the funds.

IWT is unknowingly fuelled by individuals who buy items, possibly unaware of the protection they hold. Individuals purchase items, for unknown reasons, seemingly completely unaware of the repercussions of their actions. The ability to misdescribe these items, on social media or online retail platforms, only aids IWT, making it hard to ascertain those correctly described.

It is likely that, with the increased attention and understanding of IWT, the trade will continue to grow, along with the level of SAR reporting on the trade.

¹ "There are specific circumstances where you do not need an Article 10 certificate. These include: ... worked specimens that you got in their finished state before 3 March 1947 only". GOV.UK: Commercial use of endangered species: check if you need a CITES certificate, accessed October 2021.

Cryptocurrency sector engagement

Taher Choudhury
UKFIU Reporter Engagement Team

Following the increased volume of SARs reporting from the cryptocurrency sector, the UKFIU's Reporter Engagement Team has been proactive in helping to drive up knowledge on reporting. We have been working closely with the sector to help improve SARs quality which, in turn, will help law enforcement in tackling criminality.

One of the main operational priorities within UKFIU engagement is to continue to engage with reporting sectors assessed as high or medium risk of being abused for money laundering. Cryptoassets, under the National Risk Assessment of Money Laundering and Terrorist Financing 2020, have increased to a medium risk area and criminals are increasingly using and incorporating them into money laundering methodologies.

One area that risk is likely to increase from is 'over the counter' (OTC) cryptocurrency exchanges. OTC trading is a service available to high volume traders that takes place away from digital currency exchanges. OTC trading is attractive because of better pricing, avoiding low trading limits (where a user is restricted on the number of trades/withdrawals they can make).

With increasing popularity, criminals may seek to take advantage of this and therefore the risk of money laundering is likely to increase. This is particularly important where the OTC exchanges connect buyers with sellers who want to trade large amounts of funds without listing on the open market. This added layer of anonymity is likely to be attractive to those seeking to launder the proceeds of crime.

The development of new payment cards also allows users to spend cryptoassets like fiat currency on an ordinary debit card. Criminals can exploit this by using laundered cash to purchase goods to realise their profits or to sell for fiat currency. The crypto market is growing, with the potential for an increasing variety of business models that use cryptoassets as a method of payment.



Compliance for the new age of finance



Ian Mynot
Global Financial Intelligence Unit
Manager
Kraken Digital Asset Exchange

Kraken Digital Asset Exchange is a cryptocurrency exchange that provides liquid fiat and crypto trading pairs.

The cryptocurrency space is dynamic and fast-moving. Products and services widely available in the industry today could not have existed a decade ago. As one of the largest exchanges, it's part of Kraken's responsibility to ensure investors continue to have access to a safe and secure platform in the next era of digital finance.

Of paramount importance to this objective is compliance, which continues to keep bad actors out of exchanges and trading platforms. Criminals are always on the lookout for any vulnerabilities they can exploit for illicit gain, and it's vital cryptocurrency firms continue to monitor activity and report anything suspicious that can be used as actionable intelligence by law enforcement agencies and FIUs.

In the UK these efforts have been enhanced with the NCA's Crypto Currency Working Group (CCWG), an industry body chaired by Kraken, which includes representatives from many of the major participants in the growing UK cryptocurrency sector and the NCA itself. Individual participants come from a range of backgrounds, including traditional financial services firms, regulators and law enforcement. They are united by the wish to contribute to and improve the UK's anti-money laundering regime.

The purpose of the CCWG is to provide members with a forum to discuss operational practices, new developments in the SARs regime, or emerging trends in money laundering and terrorist financing, with both industry partners and actors in the broader financial space. The CCWG also routinely invites guest speakers to give updates and provide insight. In a recent meeting the CCWG met with representatives from UK Finance, the financial sector's primary trade association, to discuss joint efforts on cryptocurrency related scam prevention, as well as developments in recovering stolen cryptocurrency with a specialist firm within the private sector.

As a group, the CCWG has made good progress in establishing connections and dialogues between industry participants and law enforcement, to the mutual benefit of both. For the remainder of the year and into next, the CCWG will continue to find ways to improve the UK anti-money laundering regime as it applies to the cryptocurrency sector, such as by identifying potential pain points and propose refinements in certain areas. Over time, this is something that will prove to be vital as the industry continues to grow in both size and market cap.

International working

Mike Manley

NCA International Liaison Officer

Mike is based out of the British Embassy in Washington DC and his main area of responsibility covers the USA and Canada.

Serious and organised crime, by its very nature, is often transnational. The threats that the NCA seeks to stop don't respect international boundaries and therefore working with key partners around the world is essential. The countries that the International Liaison Officer (ILO) network operates in are key strategic locations where both the UK and the host country have a shared desire to combat serious and organised crime, which impacts on our respective jurisdictions.

All ILOs have a background in law enforcement investigations and/or intelligence operation. I'm in Washington DC to provide guidance to US counterparts and vice versa to progress investigations, provide support to wider UK policing/Interpol wherever necessary and also work with colleagues in the British Embassy on issues of strategic importance to both countries.

The UKFIU is one of the most important UK teams that I work with on a regular basis, particularly their International Team. Their remit is to work with partners globally to share intelligence through the Egmont Group, Asset Recovery Office and Camden Asset Recovery Inter-Agency Network, and to exchange and build relationships in conjunction through the ILOs.

The UKFIU's counterpart in the US is the Financial Crimes Enforcement Network (FinCEN), which acts as the US FIU and regulator. The UKFIU and FinCEN exchange financial information in support of law enforcement investigations in both countries in both directions and that occurs strictly on an intelligence only basis.

I also work extremely closely with the UKFIU, NCA financial investigators and US counterparts with respect to exploiting financial intelligence derived from SARs. SARs intelligence is vital to investigations on both sides of the Atlantic and are particularly valuable when there are suspected proceeds of crime which are restrained in the UK and which might be relevant to a US investigation. In such a scenario it's paramount to quickly ascertain any US interest in the assets and, if so, whether the US seeks continued restraint and recovery.

To add a real world element to this – the money that we're talking about could be generated by fraudsters or drugs traffickers or any other predicate offence; they're trying to move it through the financial system and we have an opportunity to prevent them from getting these ill-gotten gains.

There is then a dialogue that follows subsequently with the UKFIU, financial investigators, US law enforcement plus the Department of Justice to work up those cases.

A timely and well written SAR is hugely valuable – and what might not appear valuable immediately when it's filed can prove to be of significant value later on for investigators. On countless investigations law enforcement run traces to identify what we know about an individual or entity and SARs consistently help to progress investigations.

It's worth reiterating that there are strict risk assessments and sanitisation processes adhered to prior to any sharing of SAR intelligence, as well as strict observance of handling conditions involved.

With respect to the development of existing investigations SARs generate previously unidentified financial details, communications information and other potentially linked criminal associates which otherwise we'd just never have known about. Those little pieces of information can: open up new lines of enquiry; prove or disprove an individual's involvement in criminality; help prioritise subjects of interest; and provide leads for international counterparts to energise their investigations.

Sharing intelligence internationally is essential and that's why I extend my gratitude to reporters who are submitting SARs to UKFIU. When you look at the transnational nature of crime, many criminals are not just disrespecting international boundaries but actually using them to their advantage. For example, in many bribery and corruption investigations, we see the use of multiple jurisdictions to hide and store value across financial systems, corporate entities and borders to deliberately obfuscate the work by global law enforcement to trace and recover assets.

I believe sharing intelligence internationally is also extremely important given recent world events. When we look at the pandemic it's generated new opportunities that criminals can exploit and new types of criminality and to counter that we have to work with our international partners and share intelligence widely. I think we've seen that, although freedom of movement can be curtailed to an extent because of the pandemic, it doesn't mean that commodities and value don't move – they do, and despite the circumstances, we've seen new modus operandi and criminal enterprises to get around some of the restrictions. Many of those have been international in nature and therefore we continue to rely on working with partners even during these strange times.



National Economic Crime Centre

A collaborative approach to tackling economic crime



NECC Fraud Threat Leadership

James Warren

Fraud Threat Lead Senior Officer

National Economic Crime Centre (NECC)

NECC Fraud Threat Leadership (FTL) is a multi-agency team responsible for leading improvements in the UK's response to fraud across law enforcement and a range of other public and private sectors. The SARs regime is integral to the following key areas of the FTL's current work:

- **Investment fraud** – the highest harm fraud type by value of reported losses. Enhanced analysis of SARs, combined with victim reporting data, has identified over 500 criminal networks. Intelligence packages have been developed from this analysis and disseminated to relevant partner agencies for consideration of further investigation.
- **Multi Agency Fraud Targeting and Insight Centre** – the FTL is working to establish a multi-agency analytical team, housed in the NCA, to undertake analysis of high harm fraud networks using SARs and other data sets.

Other key areas of focus for the FTL include:

- **Payment Diversion Fraud (PDF)** – The FTL is leading a campaign to coordinate and drive improvements in the UK's response to PDF. The campaign will work with private and public sector partners on ways to significantly reduce the threat from PDF as a result of industry-wide Protect/Prevent interventions, informed and supported by targeted Pursue activity.² You may have seen recent media coverage about the risk of conveyancing fraud, a form of PDF.
- **Bulk telephony fraud** – an FTL-led initiative to coordinate and drive improvements in the UK's response to bulk telephony impersonation scams through industry-wide Protect/Prevent interventions, informed and supported by targeted Pursue disruption.
- **Online Fraud Steering Group (OFSG)** – a public/private cross-sector group focused on reducing the threat from online/cyber enabled-fraud in the UK. This is the first time that technology and banking industries, government and law enforcement have come together to work collectively in a concerted way on fraud.

The FTL, UK Finance and techUK (a trade association of the UK's technology companies) set up and co-chair the OFSG and its delivery group. The OFSG is concentrating on four priority threats in its mission to tackle online/cyber-enabled fraud in the UK as a whole: investment scams; purchase scams; tech support scams; and money mules.

² The '4 Ps' approach is endorsed by the NCA and Home Office to tackle serious organised crime.

NECC public private partnerships

Claire Simpson

Manager

NECC Public Private Partnerships - Strategy

The NECC is a collaborative, multi-agency centre established to deliver a step change in the response to tackling economic crime.

The Economic Crime Plan tasks us to continue to develop the NECC as a genuine public private hub for combatting serious and organised economic crime. The plan defines economic crime as a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This definition is broader than terms such as serious and organised economic crime or illicit finance and will allow NECC public-private activity to respond to the highest harm threat and risks as they emerge.

Building on the success of the Joint Money Laundering Intelligence Taskforce (JMLIT) – a public private partnership (PPP) collaboration between law enforcement and the private sector – and the Economic Crime Plan commitments, the ambition for the NECC is to become a genuine public private hub for combatting economic crime.

Effective PPPs facilitate the sharing of resources, capabilities and knowledge allowing us to build a whole system approach to targeting economic crime. This enables us to proactively target, prevent and disrupt criminal activity which in turn helps protect businesses and the public.

A new NECC PPP operating model, JMLIT+ (the '+' added to reflect our broader remit), and governance structure has been created to bring greater coherence to public-private engagement and leverage capability from public and private partners to deliver on the ambition. The Public Private Operational Board provides strategic oversight and direction to NECC PPP activity.

The NECC PPP overall objective is to optimise the use of our collective capabilities to prevent, identify and disrupt economic crime.



JMLIT+ activity includes strategic activity through the Public Private Threat Groups (PPTG) and time-limited Cells and tactical work through our two operations groups, the Banking sector and the Insurance and Investment sector.

Members of the PPTGs and time-limited cells are from a variety of sectors. The PPTGs agree the priorities for the group, identify emerging issues and trends and deliver public private threat response activity.

The time-limited cells are smaller groups focused on addressing shared threat priorities, designed with specific and measurable objectives to address a specific economic crime threat. Performance metrics are agreed at the outset of a cell with cell activity overseen by one of the PPTGs.

The tactical operations groups are closed groups analysing tactical intelligence relating to serious and organised economic crime. These groups enable law enforcement to submit a single request to multiple institutions to develop the intelligence picture. They are available to all domestic and overseas law enforcement partners with a UK nexus. It also enables members to raise serious organised crime concerns to task into law enforcement.

The PPP engagement principles are that our partnerships will be:

- Threat led - partnership engagement efforts will be prioritised by what the threat picture tells us
- Collaborative – actively sharing information and conducting joint threat response activity
- Agile – needing to be flexible in our membership approach, increasing or decreasing involvement from sectors where necessary, depending on the threat
- Objective focused – partners need to focus PPP activity and engagement efforts towards a threat objective
- Assessing and improving the impact – measuring the impact of our activity and learning from our experience.



NECC Project PLUTUS

Jim Hammerton

**Deputy Threat Lead – PLUTUS
NECC**

Despite the rise of non-cash payment methods the value of GBP notes in circulation has tripled in 20 years to GBP 76 billion. Cash is widely used in the criminal economy as it is anonymous and commonly accepted. Whilst there is no official figure on the amount of criminal cash generated in the UK from illicit activity, we assess that it is highly likely to be in excess of GBP 12 billion per year. It is highly likely that the vast majority of illicit drugs, excise fraud, modern slavery and human trafficking (MSHT) and organised immigration crime (OIC) transactions in the UK are in cash.

This results in an accumulation of cash that criminals prefer not to stockpile due to the risk of discovery and seizure. We assess it is likely that the majority of OCGs use the services of money laundering networks with cash from different predicate offences pooled together.

Project PLUTUS is a NECC-run multi-agency project aiming to make it harder for organised criminals in the UK to launder money, putting friction and cost into the process of laundering criminal cash within and out of the country. The project brings together representatives from across UK law enforcement, regulatory and enforcement agencies and Her Majesty's Government to identify and develop opportunities to advance the response to the laundering of illicit cash.

We know that a significant sum of criminal cash is moved outbound across the UK border each year, through a variety of methods; large sums of cash are heavy and difficult to get rid of, so we assess that criminal groups also smuggle cash via 'Roll-On, Roll-Off' freight as it allows for the movement of large volumes which can be hidden within goods or in a concealment within the vehicle itself.

While having an important legitimate function, both as part of the UK economy and in facilitating remittances, Informal Value Transfer Systems (IVTS) features in numerous law enforcement investigations. It is almost certainly one of the most prevalent techniques to launder cash in the UK. IVTS is a legitimate business practice if registered with HM Revenue & Customs or the Financial Conduct Authority and is essential for the movement of money to certain jurisdictions. The use of crypto assets as a value transfer mechanism is now widespread in IVTS networks. Complicit 'over the counter' crypto asset brokers act as 'middlemen' between criminals and regulated crypto asset exchanges.

As a project, PLUTUS is considering opportunities to advance the operational response, to close or mitigate known vulnerabilities and to identify relevant potential changes in policy and legislation. Through the project we are tasking and contributing to the development of operational activity focused on high-harm OCGs and the professional launderers who facilitate their activity.

A day in the life of a UKFIU officer



Alice Boulton
SARs Enquiry & Action Team

I joined the UKFIU 18 months ago and have had the opportunity to work as part of two UKFIU teams: SARs Enquiry and Action and UKFIU International, both of which have presented a fascinating insight into the management of the SARs regime. It is a fast-paced environment and we have a large remit for engaging with both national and international law enforcement.

As a senior officer I have a broad range of responsibilities which can involve: advising law enforcement on how SARs data can be used to assist investigations; fast-tracking SARs to law enforcement which indicate vulnerable persons or links to current investigations; and engaging with key law enforcement partners and partner agencies.

As well as assisting with current investigations I am also called upon to conduct analytical work to better understand the threat of money laundering to the UK. In developing tactical intelligence opportunities the UKFIU contributes to the UK's response to emerging threats, helping to create an intelligence picture around serious organised crime and its key players.

This wide range of responsibilities is also reflected in the work of the International Team, where you can be responding to requests for information from international partners, proactively disseminating intelligence, and engaging with international law enforcement on live investigations. Money laundering is increasingly an international threat, with complex multi-faceted networks and therefore our collaboration with FIUs around the world is paramount.

Being a senior officer in the UKFIU means that I get to collaborate with colleagues from a range of law enforcement and partner agencies on both criminal and regulatory matters. The UKFIU is not mandated with investigatory powers; nevertheless, even though we are not directly involved in the development of investigations, making arrests or safeguarding vulnerable persons, we are often providing the missing jigsaw puzzle required to enable this activity.

It is hugely rewarding to know that we play a fundamental role in the multi-agency response to tackling serious organised crime in the UK.

National Data Exploitation Capability

Matthew Keenan

**Senior Engagement and Comms Officer
NDEC HQ**

The National Data Exploitation Capability (NDEC) is a multidisciplinary team including data scientists, intelligence officers and analysts working to enhance the capabilities of the NCA and wider UK law enforcement. By partnering with other agencies, combining new data sources and using advanced data science, NDEC exploits data to detect and disrupt serious and organised crime (SOC).

NDEC is positioned to enhance existing capabilities and, where needed, will develop bespoke solutions to combat the evolving SOC threat. NDEC looks to bring the power of data science, bulk data and strong intelligence skills to the everyday work undertaken by investigators and intelligence officers.

NDEC is made up of the following teams:

NDEC HQ

Provides the leadership, governance and administrative support required by NDEC. From prioritisation and triage of incoming tasks through to recruitment and relationship management, HQ are the support function for all other NDEC teams and partners.

NDEC Ops

Comprises intelligence analysts and intelligence officers who work closely together to exploit new and existing datasets to identify new tasked activity. Together with other departments within NDEC we look to support NCA and Her Majesty's Government priorities.

Data Acquisitions and Management

Responsible for senior engagement and developing partnerships for obtaining access to data. Also responsible for setting and overseeing data governance controls, processes, lifecycle management and data cataloguing within NDEC.

DataLab

Responsible for evolving and developing new data exploitation services from the initial concept through to the final product, including enhancements and problem solving. DataLab are able to provide bespoke solutions to a task that can then have wider applications.

Biometrics

Responsible for the collection and analysis of biological (voice, physical attributes both human and geographical, keystrokes or SMS language patterns) data in the form of noise, image, digital personality and geography.

NDEC and SARs

NDEC will always look to use SARs as part of the data exploitation process and find SARs to be a valuable enabler for attribution, data enrichment and thematic assessment. The assumption here could be that this application applies mostly to financial crime, but that isn't the case. The way in which NDEC exploits SARs makes them a valuable tool in developing intelligence to disrupt SOC across all threat areas. An example of this is that SARs have allowed for the identification of previously anonymous child sexual abuse and exploitation (CSAE) offenders.

SARs offer not only the ability to link anonymous offenders to real world identities but also enrichment of the intelligence picture. Staying within the CSAE threat an example of the enrichment SARs provide could be:

NDEC is aware of an individual that has recently shared several images of serious sexual abuse of a child - we have a username and email but no real world attribution. The SARs could potentially provide us with not only the real world identity of the individual through matching an email or phone number but evidence that the individual is also in receipt of child benefit, or is currently paying into a child trust fund. This would mean that there is now also potentially a child at risk and there is immediate safeguarding that needs to be considered. This can be achieved relatively quickly as we now have a real world identity to a previously unknown offender, an address and a link between the shared images and the SAR subject. With this enhanced intelligence picture NDEC will work with its partners to action safeguarding measures and obtain the arrest warrants needed.

In addition to this we will also use SARs as a way to enrich an existing intelligence picture by linking nominals across the SOC landscape through the attributions provided by SARs. This allows NDEC to build a more comprehensive picture, providing a more detailed assessment to partners. An example of this could be two or more anonymous nominals across different threat areas; all share attributions with a SAR that NDEC has analysed.

By analysing key information we have the ability to link the nominals involved to identify larger networks at play, disseminating a bigger threat to UK safety and to the public purse than was previously understood. The SAR will have provided NDEC with de-anonymisation, an enhanced picture of threat posed, and will have helped prove links across multiple threat areas.

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