



NCA

National Crime Agency

SARs Reporter Booklet

March 2020

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

Disclaimer

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Foreword

Welcome to the latest edition of the UKFIU's Reporter Booklet 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 2018-19 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.

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 March 2020; the 2019 SARs Annual Report is also available from the website.

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

SARs intelligence has led investigators to believe that a subject under investigation may be part of a wider organised crime group (OCG) acting to launder money through business accounts. Further development of the operation has also led to the identification of a potential professional enabler with several alias identities. SARs have successfully advanced the intelligence picture of the case and led to a number of further enquiries. The investigation is underway.

DAMLs were received in relation to funds held in a number of personal and business accounts held in the names of subjects. These accounts were identified as being significant to a large scale money laundering and drugs investigation. The DAMLs were refused to allow further investigation into the source of the funds. As a result a restraint for the full amount (over £120,000) was achieved. Enquiries are ongoing

An investigation commenced following receipt of a DAML SAR which noted high value cash credits going through an individual's account. The investigation has identified an informal value transfer scheme being used as a mechanism for laundering criminal proceeds. Forfeiture orders totalling around £100,000 have been obtained.

DAML SARs received by the UKFIU played an integral part in a large-scale fraud and money laundering investigation. A subject was receiving high-value transactions which raised suspicions as this was not in line with the customer's profile. Further investigation by law enforcement revealed the scale of the criminality by the subject and their co-conspirators who had systematically defrauded thousands of people of millions of pounds. As a result of the SARs intelligence the scheme was subsequently dismantled, a number of individuals involved received prison sentences and almost half of the criminal funds have been recovered.

A SAR instigated an enquiry by an LEA into the suspicious purchase of a property. Following a lengthy investigation, including numerous international enquiries, it was alleged that the property was purchased using the proceeds of crime. Consequently the property was sold for a substantial amount and the funds paid into a communities programme.

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

DAMLs were received in relation to funds held within a business bank account. This account was identified as a significant account linked to an ongoing large scale money laundering investigation. Consent was refused to allow further investigation into the source of the funds. The moratorium extension process was utilised which allowed officers to conduct a full investigation into the source and the director of the business. As a result a restraint was secured and some funds held within the account were repatriated to fraud victims. Enquiries are ongoing.

A DAML SAR led to a law enforcement investigation which saw a restraint of over £15,000 and a conviction and prison sentence for the subject. This significantly disrupted the individual's criminal activities and a significant portion of this money was subsequently confiscated.

Drugs

A reporter submitted a DAML request to pay away funds and end a client relationship as they were suspicious that the subject was cheating the revenue. The subject was known to the local LEA and was connected via intelligence to an OCG. The DAML request was refused enabling law enforcement to seek a confiscation uplift of over £30,000.

The UKFIU received a DAML request in relation to funds held within a subject's account on suspicions of being linked to money laundering. The subject had previous links to other offences and previous convictions. The DAML request was refused by the UKFIU to allow further investigation into the source of the funds. As a result a restraint on funds of over £100,000 was made. Enquiries are ongoing.

Fraud

A series of SARs were reviewed which made reference to suspected mortgage frauds. The investigating LEA identified similarities in the mortgage applications detailed in the SARs to those being looked at in the investigation into a subject. During the course of the investigation hundreds of fraudulent mortgages were identified. A number of individuals were convicted and received custodial sentences and confiscation orders for more than £250,000.

A boiler room fraud investigation was underway in which funds were being collected from investors utilising different methods, including the use of businesses that allowed their bank accounts to receive funds before passing them on to the organisers of the fraud. Analysis of the suspect's corporate bank accounts identified a large amount of funds that had been sent to a company account overseas. SARs analysis was conducted on this company and as a result contact has been made with overseas authorities regarding an arrest and extradition application. Enquiries are ongoing.

Other

An operation was underway relating to Class A drugs, potential firearms and associated money laundering. SARs have: assisted in the identification of crypto currencies; established financial relationships between family members; identified new contact details for one of the subjects; identified money laundering techniques; identified other subjects outside of the UK and identified payments made into one of the subject's accounts. Enquiries are ongoing.

As part of an investigation into organised immigration crime (OIC) SARs have identified the initial use of accounts by individuals who are not directly members of the OIC OCG, but who were making payments on their behalf. SARs have also shown how funds were being laundered, the cross overs on addresses used and how funds were being potentially transferred out of the UK. Enquiries are ongoing.

An investigation concerned an illegal money service business operated by illegal immigrants. Through SARs research an LEA was able to identify the upstream and downstream for the cash including an international company that was mentioned in a large number of SARs and a foreign national suspected of involvement in human trafficking. SARs were invaluable in understanding the criminality and flow of money. This case is ongoing.

A subject received a prison sentence for child sex offences following an investigation underpinned by intelligence analysis provided by a reporter. The reporter identified, via key word searching, intelligence relating to potential child exploitation and fast-tracked it to the UKFIU, whereupon it was sent for allocation to the local LEA for action, resulting in a successful prosecution. The intelligence indicated that the subject had been sending money using a contact number previously reported on as linked to child sexual exploitation overseas. Multiple countries and entities were identified as being involved in this international activity.

SARs showed that a personal account was being funded by large amounts of third party payments with no evidence of any payments to HMRC. The personal account was linked to a business account which showed transactions in line with third party payments, corroborating business funds going through the personal account; the investigation uncovered an undisclosed business. Over £200,000 was recovered as a result of the investigation.

A SAR was submitted reporting an Enduring Power of Attorney withdrawing over £100,000 without good reason. A sanitised intelligence document was shared and as a result the monies were returned to the victim's bank account, the Enduring Power of Attorney revoked and a solicitor appointed as a controller appointed for the financial affairs of the victim.

An account saw a high volume of faster payments to bank accounts held by subjects who are a part of an organised crime group involved in human trafficking and prostitution. Many of the accounts were opened just before the transfers took place. A DAML SAR was refused and over £50,000 in the initial account frozen. The subject was charged and enquiries are ongoing. This is a good example of disruption as a significant amount of money which was funding an OCG has been frozen.

SARs indicated that business funds were being used to pay an individual's personal credit card. An investigation highlighted that the subject had falsified business accounts over a number of years. Over £150,000 was subsequently recovered.

A SAR indicated that a trader had ignored their tax returns for years. The subsequent investigation led to the collection of over £150,000.

SAR glossary codes (as of November 2019)

Request for a defence under POCA/TACT (Terrorism Act)	
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
XXTBMLXX	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