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Message from the head of the UKFIU

Ian Mynot

Welcome everyone to the seventh edition of the UKFIU magazine. In this issue we discuss some of the many SAR reporter and supervisor/regulator groups that we engage with on a regular basis. UKFIU engagement activity seeks ways of continuously improving the quality of SARs, aiming to build the best intelligence picture possible to enable better law enforcement opportunities.

The SAR groups and anti-money laundering (AML) forums are great opportunities for all involved to share good practice and SAR guidance. In the last financial year a number of new SAR working groups were formed including: a challenger bank group; a cryptocurrency group, and a group for Payment Service Providers, E-money, Fincrim and Fintech Financial Services. The groups aim to assist the UKFIU in making the SARs regime as effective and as efficient as possible and encouraging the sharing of good AML practices.

As we publish this edition, there is lots of media coverage on the FINCEN files. The UKFIU takes the integrity of the system very seriously. This magazine shows how we work with reporters to enhance the operation of the regime. We will continue to assess our own security and procedures in light of any learning and will come back to this in future issues.

In the next issue of the magazine, due out before Christmas, we will be focusing on law enforcement agencies (LEAs) and their exploitation of financial intelligence from SARs. The 2020 SARs Annual Report will also be published shortly. Please keep an eye on our Twitter page for details of these and other events/publications.

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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**.

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 engagement

Egmont joint working

Around 130 FIUs from around the world took part in the annual Egmont Group (the coordinating body for the international group of FIUs) meetings in July. The UKFIU presented on combatting online child sexual abuse and exploitation (CSAE), a project on online streaming which the UKFIU has been leading on with the Philippines and Australian FIUs. There has also been engagement with the financial sector, led by the UKFIU, to consider what types of information exchange are most impactful. The public version of the CSAE report was issued in September 2020 on the Egmont website. Further meetings held included webinars on virtual assets, COVID-19 and the illegal wildlife trade as a financial crime.

First NCA AML group webinar

The UKFIU chaired and facilitated a cross sector virtual forum/webinar, the first NCA webinar linking together all the AML groups in the UK. Discussions were held on sharing SAR good practice across all the high priority SAR sectors, new trends and patterns which overlap across sectors plus the co-ordination of UKFIU feedback and guidance events. It was the first time all these groups have engaged in one place (albeit virtually) to discuss cross sector opportunities regarding SAR reporting.

UKFIU report on County Lines

The UKFIU has completed a report of the work undertaken in relation to County Lines activity since December 2018. Following the completion of this report the UKFIU identified seven linked SARs which helped identify a nationwide money-mule network.

The UKFIU agreed to disseminate the SARs and intelligence to the affected law enforcement agencies. The UKFIU received feedback from an agency on this intelligence as they initially had limited information on the subject; the additional information will be used to help with their investigation.

Bi-lateral engagement with USA

The UKFIU, HM Revenue and Customs and National Economic Crime Centre (NECC) representatives participated in a quarterly bilateral dial-in with the USA FIU Financial Crimes Enforcement Centre coordinated by the NCA's Washington International Liaison Officer.

Discussions were held on LEA engagement and approaches to the cryptocurrency industry, non-traditional banking, COVID-19, joint FIU engagements, adapting training opportunities and the potential creation of a new tri-lateral Terrorist Finance Forum. The meeting was a success with active engagement from all parties and demonstrated the benefits of partnership engagements.

Case studies

UKFIU fast-tracked SAR

The UKFIU identified a potential vulnerable person SAR and fast-tracked it to an LEA which provided key information to assist the LEA with their investigation. The victim had given their financial details to a trusted person who was suspected of defrauding them to a value in excess of £10,000. The victim was visited by the investigating LEA following an initial call from the reporter and the subject was subsequently arrested. Enquiries are ongoing.

AFO for £250,000

A Defence Against Money Laundering (DAML) SAR was received raising suspicions that a customer was creating a picture of daily spending to disguise the true source and nature of the funds in their account, activity more in line with layering and indicative that the funds were criminal property. The SAR successfully advanced the intelligence picture for law enforcement, highlighting that the activity was not in line with the customer's profile.

Although the subject had links to a number of businesses, no salary or credits from these nor Income Tax or National Insurance payments were evident, raising suspicions that the subject could be cheating the public revenue and that the account balances were in part or in full the benefit of criminal conduct. The DAML request was refused, which allowed law enforcement to further its investigation and successfully apply for an Account Freezing Order (AFO) to the tune of nearly £250,000.

Arrest following financial intel

SARs uncovered that a subject had failed to declare their true financial situation, identifying monies going into the subject's bank account where they also had benefit payments being made. SARs identified that the subject had also claimed benefits in other identities and that unexplained considerable sums (in excess of £100,000) were being moved through the account. SAR intelligence identified that the subject had created a company, advertised for employees and then used their details from job applications to make fraudulent claims to benefits. The subject was arrested and a number of ID items seized. Enquiries are ongoing.

SAR's essential part in enquiry

A DAML SAR played an integral part in an investigation by an LEA into a subject with substantial cryptocurrency holdings. Suspicions were raised as the subject had received a substantial amount of cryptocurrency from external addresses. The investigation revealed that the transaction patterns on the subject's account were unusual, and the evidence suggested international money laundering linked to Darkweb activity and cryptocurrency 'mixing' services used to obscure the trail back to the funds' original source. The DAML SAR directly assisted with furthering the investigation and preventing dissipation of the funds. As a result an AFO for over £200,000 was obtained and successful forfeiture subsequently achieved for the full amount.

UKFIU digital communications

The NCA's first official podcast was launched in July by the UKFIU, focusing on helping reporters submit good quality SARs to provide maximum benefit to law enforcement. Panellists from the reporting sector shared their perspectives and experiences of the SARs regime and discussed current UKFIU communications products. It is available at ukfiu.podbean.com and via iTunes, Google Podcasts, Pandora and TuneIn.

The podcast is part of the UKFIU's new digital communication and engagement with our stakeholders in line with the National Police Chief Council's Policing Vision 2025 relating to the changing risks and opportunities of the digital world, looking at how law enforcement responds and adapts to the digital environment. In addition to podcasts the UKFIU has also been conducting webinars on topics of relevance to SARs reporters, law enforcement agencies, international partners, regulators, supervisors and trade bodies.

To date we have done webinars on modern slavery and human trafficking (MSHT) and themes/trends identified in COVID-19 SARs, done in conjunction with the Australian FIU. All podcasts/webinars are purely educational and are not protectively marked.



We already have more podcasts in the pipeline looking at child sexual exploitation online and the law enforcement perspective on SARs. For the next one, we have worked with the Modern Slavery and Human Trafficking Unit to focus on red flag indicators in the reporting sector.

By building and maintaining its podcast/webinar capability the UKFIU will also be able to reach major reporters as well as the small, hard-to-reach firms, the 'one person businesses' etc., which physically, due to resources and location, are difficult to reach fully. These are likely to be the most vulnerable to money laundering. Digital engagement is also crucial in this new world impacted by COVID-19. Such technological capabilities will hopefully lead to improved UKFIU visibility, SAR awareness and sharing of knowledge and best practice, driving up the standard of the reports.

All digital events are promoted in advance on the UKFIU's Twitter account.

UK FINANCIAL INTELLIGENCE UNIT (UKFIU) WEBINAR



WEDNESDAY 26 AUGUST 2020

MODERN SLAVERY HUMAN TRAFFICKING

GUIDANCE FOR SAR REPORTERS,
REGULATORS AND SUPERVISORS

EMAIL UKFIUENGAGEMENT@NCA.GOV.UK
TO REQUEST AN INVITE

Anti-money laundering groups

The UKFIU engages with a number of AML groups from a range of industries and sectors. These groups were created to help build stronger relationships between the UKFIU and the varying sectors, helping to increase the awareness of what the UKFIU does and how it can help develop and address issues within each sector relating to SARs e.g. quality issues, supporting challenges faced by industries/sectors etc.

Prior to COVID-19 restrictions, the UKFIU would visit stakeholders to provide feedback on SARs as well as guidance on how to create good quality SARs. Stakeholders have also attended UKFIU offices to provide training and knowledge building for UKFIU officers.

The UKFIU has also presented at AML events across the country and contributed to various workshops. The UKFIU is currently working in partnership with SAR groups and supervisors to help build educational video packages for virtual SAR and DAML workshops which are planned for later this year.

New SAR working groups have also been formed including groups for challenger banks, cryptocurrency and payment service providers, E-money, fincrime and fintech financial services. These groups aim to assist the UKFIU in making the SARs regime as effective and as efficient as possible and encouraging the sharing of good AML practice.

Prior to lockdown a number of initiatives were in place focusing on the SARs that the UKFIU fast-tracks to LEAs. These fast-track SARs help protect the public and in particular the most vulnerable potential victims. These initiatives, fully supported by the UKFIU, have seen reporters adopting and streamlining their processes internally and in some cases introducing new ways of working. Some reporters have designed systems that now add additional information in order to clarify the current occupational status of SAR subjects and payroll identifiers, helping the UKFIU to triage and fast-track potential anti-corruption opportunities. Other reporters have invested in systems that identify the correct use of glossary codes which enables the UKFIU to swiftly triage SARs and enhances UKFIU analysis. The initial outcomes of these initiatives are that they helping the UKFIU in terms of efficiency and allowing the opportunity for SARs to have a greater impact on protecting the public.

Those collaborations have provided mutual benefits in terms of efficiency savings and effectiveness; this has been shown by reporters adjusting their practices and correctly using glossary codes in their SAR submissions that enable swift analysis and fast-tracking by the UKFIU and law enforcement.

The UKFIU has continued to engage with reporters during this current climate through SAR working groups and AML events hosted via conference calls. The UKFIU has also started conducting its own webinars and podcasts and will look to build on these new methods of engagement while COVID-19 restrictions remain in place.

The articles on the following pages include updates from just a few of the AML groups with which the UKFIU engages on a regular basis.

Paddington Group



Nick Robertson
Current Chair of the Paddington Group
Head of Financial Crime, Aviva

The Chair for the group is rotated between firms.

The Paddington Group is a benchmarking and information sharing group for the UK insurance sector, including representation from general insurers, life and pensions, and the Lloyds market. Current member firms include Aegon, Aviva, Axa, Curtis Banks, Direct Line, Legal & General, Lloyds of London, Phoenix, Prudential, Quilter and Scottish Widows and the group was set up in 2011 with a growth in members since.

Topics covered in group discussions include fraud, AML, sanctions, anti-bribery and corruption, and prevention of the facilitation of tax evasion. The group is not named after the famous bear but, much like the bear, it was named after the location of the office in London where the group met for the first time.

Sadly, this is a time when unscrupulous individuals will be looking to take advantage of consumer fears over their money. This has been a regular theme of discussion by the insurance sector during 2020 on how to better tackle fraud, working together across financial services and strengthening the partnerships between the private and public sectors. Scams usually begin with unsolicited contact (a phone call, text or email); consumers need to be extremely wary of unsolicited contact. If approached by anyone offering a great deal – be it lower life insurance premiums, the chance to unlock the cash in a pension or a fantastic investment opportunity with guaranteed returns – be cautious.

If a customer is contacted by anyone claiming to be from an insurance provider, financial services firm or a third party (broker, financial adviser, etc.) asking for their bank details they should always call their insurance provider/broker/adviser to check their identity, using a telephone number from previous correspondence. Unsolicited cold callers pretend they're calling from a genuine number. Even if call records show what appears to be a genuine number, it could have been cloned. We would advise that customers hang up on cold callers and don't reply to emails and texts, even if they feel under pressure to do so.

One of the most common pitches is for scammers to propose a way to improve investments' performance. If a customer wants investment advice and they are not a confident investor, we would advise that they make an appointment with a Financial Conduct Authority (FCA) regulated financial adviser.

Institute of Chartered Accountants in England and Wales (ICAEW)



Michelle Giddings
Head of AML and Operations,
Professional Standards

We are the largest AML supervisor in the UK, overseeing around 11,000 firms ranging from sole practitioners to the Big Four accounting firms: Deloitte, EY, KPMG and PwC. This supervision covers all accountancy services and firm-wide areas. Our strategy is to provide robust AML supervision through a risk-based regime. This means we focus our efforts on firms where the risk that they could be used to enable money laundering is highest.

Services and activities that increase a firm's risk include: insolvency services; the handling of client monies; payroll services; trust and company service provision and firms with a 'higher' risk client base such as clients in high risk jurisdictions, politically exposed persons and high net worth individuals. We also offer help and support to our firms. This includes: reports, helpsheets and guidance via our website; free webinars; regular AML risk and advisory bulletins and confidential help and advisory lines.

Our Intelligence Department gathers information from throughout the ICAEW and engages with external sources such as FIN-NET (a network of 60 national organisations from 27 countries responsible for settling consumers complaints in the area of financial services out of court) and the SIS (Shared Intelligence Service). This has significantly increased our ability to identify risks within our profession and share information with others.

We have been appreciative of the increased engagement of the UKFIU with the ICAEW. Examples of particularly useful collaboration include: the UKFIU presenting at our AML reviewer conference in January 2020 (our reviewers are responsible for assessing the quality of AML procedures at the firms we monitor); the UKFIU providing useful analysis on our highest SAR reporters (this has helped inform the strategy for our SARs thematic review) and the foundation of the SAR Accountancy Engagement Group which has provided the opportunity for information sharing and learning across the sector. We want to ensure that our firms have the ability, competence and resources to identify and report suspicious activity promptly. We are therefore increasing our guidance on how to improve the quality of SARs. Three in five SARs submitted by the accountancy sector in 2019 came from ICAEW firms.

Accountancy Sector SARs Engagement Group



Angela Foyle
Chair of the ICAEW Economic Crime
Sub-committee
Partner, BDO LLP

The Accountancy Sector SARs Engagement Group was set up to give a forum where SARs reporting and challenges in relation to reporting by the sector could be discussed. All parties were enthusiastic about the potential benefits of greater dialogue between the sector and the NCA. The group is made up of representatives of larger and mid-size firms as well as representative supervisors.

The accountancy sector is diverse. There are 14 professional body supervisors who supervise accountancy service providers, including tax advisers. Additionally, HMRC supervise accountants who are not members of a professional body. The supervised population ranges from large multi-national networks employing tens of thousands of staff in a range of locations through to sole practitioners. Accountancy services include anything from book-keeping and preparation of tax returns to advising on cross-border mergers and acquisitions, advising on the tax consequences of cross-border trade, auditing complex corporate groups or undertaking insolvency work. The risk profile/client base is diverse and covers all aspects of commercial life.

The first piece of work undertaken by the group was the development of a SARs template. This included information on glossary codes as well as setting out sections for the information required by law enforcement. The group also discussed the challenges faced by accountants in making SARs. It was also helpful to be able to discuss matters such as why we may not have additional information beyond what is included in a SAR. This can be because the information which forms the basis of the report has been given to us where our client is a victim of crime.

Since then, the group has worked on a paper which identifies possible red flags for the sector in respect of modern slavery and human trafficking. We are currently working on a paper which will discuss how accountants may come across and identify fraud. A number of the firms represented have presented training courses and 'lunch and learn' sessions for the UKFIU about certain aspects of accountancy work.

A major benefit is that each side has learned from the other and built a relationship which allows any concerns or challenges to be discussed and resolved which helps everyone in the fight against economic crime.

Accountancy AML Supervisors' Group



Anne Davis
Chair
Director of Professional Standards,
Institute of Financial Accountants

The AASG is a forum of accountancy sector professional body supervisors set up to achieve risk-based supervision and contribute, monitor and support the AML and counter terrorist framework (CTF) in the UK. The group consists of each professional body undertaking supervisory activity of auditors, insolvency practitioners, external accountants and tax advisers as listed in Schedule 1 of the Money Laundering Regulations 2017 and also HMRC. It contributes to a robust AML/CTF framework by:

- supporting risk-based supervision through sharing understanding, developing policies and best practice to enhance consistency
- contributing to developments in the AML/CTF framework, including regulations, guidance and the Economic Crime Plan
- providing co-ordinated input and making recommendations to consultations and revisions to the regulations, sector guidance, Office of Professional Body AML Supervision (OPBAS) Sourcebook of supervision and other AML/CTF developments
- collaborating with and participating in government initiatives such as the economic crime plan, national risk assessment and the Financial Action Task Force's Mutual Evaluation Report
- co-ordinating engagement with stakeholders such as OPBAS, HM Treasury, Home Office, NCA (including the UKFIU) and the NECC.

Over the last calendar year, key achievements of the Group have been:

- contributing to the development and actions identified in the Economic Crime Plan
- contributing to the development of the Accountancy Anti-Money Laundering Sector Guidance, adopted by all accountancy sector supervisors and their members
- participating in briefings/workshops on the National Risk Assessment, the Economic Crime Levy and SARs Reform
- playing a leading role in receiving Joint Money Laundering Intelligence Taskforce (JMLIT) alerts and distributing summarised AASG versions of the alerts to firms
- sharing relevant/proportionate information with other AML supervisors via secure emails and tactical information directly with law enforcement as part of the Accountancy Intelligence Expert Working Group.

Individual accountancy bodies also provide guidance, information, training and support to their members and firms to increase education and raise awareness.

Investment and Life Assurance Group



Dave Powers
Chair of the ILAG Financial Crime Practitioner Group
Head of Financial Crime Prevention, Phoenix Group

My position as Chair of the ILAG FCPG is voluntary and I am also the Head of Financial Crime Prevention and money laundering reporting officer (MLRO) for the Phoenix Group. ILAG is a trade body representing member firms in the life assurance and wealth management industries. Founded in 1972, its cross-spectrum membership aims to: engage and build relationships with regulatory, government and industry bodies; promote understanding of the regulatory, legislative and market environment in which it operates; provide a vehicle to exchange views and information; facilitate the development of best practice throughout the industries it supports.

The FCPG comprises senior financial crime prevention staff and MLROs from member companies. Its purpose is to consider all issues relating to financial crime, including money laundering, terrorist financing, fraud and emerging crime, as well as sanctions policies.

The group benefits from its wide-ranging core of practitioners who share their expertise at our regular meetings. As a specialist group we share best practice, provide responses to consultations and connect across the membership. This is especially true of the SAR reporting environment, which is common to the industries we represent.

Over the last two years our core discussion topics have been SAR reporting and intelligence sharing. Using the channels and material available from the UKFIU we educate members to improve SAR reporting. We also focus on how to manage intelligence effectively; making sure that reports of the best quality possible are submitted. As an MLRO I can use the guidance content provided by the UKFIU to keep my staff engaged with the important message of remaining vigilant for suspicious activity and how to complete good quality reports.

ILAG welcomes and appreciates the increased industry engagement from the UKFIU, and the contribution from the UKFIU's Reporter Engagement Team at our June seminar, which was attended by over 50 people, was extremely valuable to members. It provided the opportunity for members that do not have regular contact with UKFIU to hear about the importance of quality SAR reporting and ask how the industry can assist in the development of the wider criminal intelligence landscape.

Solicitors Regulation Authority



Colette Best
Director of Anti-Money Laundering
SRA

The SRA regulates solicitors and law firms in England and Wales, overseeing around 150,000 practising solicitors and 10,200 law firms. Around two thirds fall within the scope of the Money Laundering Regulations. Preventing money laundering is a key priority for us and we take our role as an AML supervisor seriously.

Our primary aim is to give firms the tools they need to comply with the regulations and to take robust regulatory action where firms don't engage or have significant compliance issues. We publish guidance, warning notices and toolkits to help firms comply. We also visit those we supervise to check that they have the proper procedures in place to comply with the regulations and to prevent their firms from being used by criminals. This incorporates visits, desk-based monitoring and thematic reviews. Where we have information that a firm may not be complying, or has been involved with a transaction bearing the hallmarks of money laundering, we investigate. If there is evidence of misconduct we sanction the firm where appropriate. Investigations can come about in different ways, including a report by the firm or a member of the public, information shared by the NCA, wider law enforcement or through the media.

We work very closely with other agencies as stakeholder engagement plays an important role for us. We receive and share information with a variety of agencies, including the NCA, other legal sector supervisors and beyond, and through the use of intelligence networks.

SARs are a vital tool in the fight against financial crime. Firms we supervise submit SARs where they have a suspicion of money laundering or terrorist financing and we keep an eye on the numbers submitted. When we go on AML visits (happening remotely in light of COVID-19 restrictions) one of the questions we ask is how many internal reports have been made to their MLRO and how many SARs were submitted to the NCA.

We also have our own MLRO who submits SARs to the NCA where we uncover potential money laundering/terrorist financing by firms/individuals we supervise. Our supervisory work shows that money laundering by solicitors is fairly rare, and the majority work hard to ensure their firms cannot be used by criminals. We, and the vast majority of firms we supervise, are committed to preventing money laundering.

Legal Sector Affinity Group



Ian Messer
Chair
Director of Financial Compliance
Law Society of Scotland

The LSAG brings together all of the UK's legal sector AML supervisors three times or more per year to discuss AML supervisory developments. LSAG's membership is very diverse consisting of the bodies responsible for the AML supervision of solicitors, barristers, licenced conveyancers and notaries. Additionally there are significant differences between member organisations in terms of the size and risk profile of their supervised populations, their geographic coverage (Northern Irish and Scottish bodies) and their structure (including purely supervisor bodies and bodies with both regulatory and representative functions).

Meeting agendas update on developments in legislation, guidance, sector risk profiles and areas of common supervisory interest including trends, methodologies, best practice and challenges. As such, LSAG is an important vehicle to enable communication with other key partners such as HM Treasury, HMRC and OPBAS. Away from the meetings a key benefit of the group is that the members have formed a strong network enabling quick effective communication and problem solving on AML supervisory matters.

Meetings are attended by UKFIU representatives who deliver valuable updates on AML risks, trends and initiatives to ensure that our supervised populations are fully aware of the requirements of the SARs regime and how to maximise the benefits arising from SARs by ensuring that submissions are of a high quality. Through the LSAG, the UKFIU is able to access legal sector supervisory knowledge contributing to their initiatives on topics such as modern slavery and human trafficking.

The LSAG also takes forward projects to benefit supervision and supervised populations across the sector. Recently we responded very promptly to the onset of COVID restrictions and the difficulties being experienced by the sector in completing due diligence when they were unable to physically meet their clients. LSAG members quickly developed and approved additional guidance to highlight how adequate standards of due diligence could be achieved despite the complications of lockdown.

As a longer term project members are now in the final stages of the major task of updating the LSAG AML guidance for the legal sector. Once approved by HMT this guidance becomes the key AML reference for all those in the sector.

FinTech FinCrime Exchange



John-Paul Eaton
Global Community Director
FINTRAIL/FinTech FinCrime Exchange

The FFE is a global community of FinTech anti-financial crime professionals united in the fight against financial crime. Our mission is to strengthen the sector's ability to detect and counter the global threat of financial crime. We collaborate on best practices in financial crime risk management and share information on criminal typologies.

The FFE was established in 2017 in partnership with FINTRAIL (consultants supporting the global FinTech community in the fight against financial crime) and the Royal United Services Institute. The FFE now serves the entire spectrum of the FinTech ecosystem and the community now spans the globe. Membership is free and open to FinCrime professionals working for Fintechs only. We also produce thought leadership pieces on valuable resource materials and industry insights, a podcast and host an annual one day conference open to the wider FinCrime community.

Most recently we hosted FinTech awareness for law enforcement training exclusively for LEAs. The session focussed on understanding the unique AML and counter terrorist financing challenges and opportunities in the FinTech sector. The response was phenomenal and training was delivered to over 100 agents worldwide.

FFE law enforcement engagement includes:

- NCA – the UKFIU offers regular SARs updates at FFE UK meet-ups.
- SO15 – we share Data Protection Act requests from SO15 to support their efforts to counter terrorism.
- JMLIT – we have participated in a couple of working group sessions and we receive JMLIT alerts to disseminate to our UK members
- Joint Fraud Taskforce.
- Europol – in 2019 we were invited to join the European Money Mule Action, a coordinated action between law enforcement authorities from 31 countries, to crack down on money mule schemes.
- Black Wallet – we supported the Finnish and Swedish Police in Project Black Wallet, an EU-funded initiative to identify the risks of terrorist financing and money laundering in the FinTech sector.

Crypto Sector SARs Working Group



Blair Halliday
Chair
Chief Compliance Officer (Europe),
Gemini

For many of us in financial crime roles there is always that point in your career where it transitioned from being just the current job to something you decide to spend your career pursuing. For most of us, the chance to identify money laundering rings, disturb fraud scams, help save customers from financial distress or uncover other types of nefarious behavior is why, after getting into this line of work, we stay in.

Although cryptocurrency may be a relatively new sector, those of us working in the financial crime functions share that same passion. In the team here at Gemini, we're working with technology use cases that can present unique financial crime challenges in comparison to some of those within traditional payment services.

At the heart of it all, Suspicious Activity Reporting is the tool that links our monitoring and investigations with the enforcement capability of UK law enforcement.

With this in mind we established the Crypto Sector SARs Working Group, with the group's first meeting in November 2019. The group enables private sector firms to come together with representatives from law enforcement and the public sector to share best practices and discuss emerging typologies and methodologies. We also gather first hand feedback on the type of information reported within SARs by the crypto industry which is found to be most effective in helping the UKFIU.

Groups such as ours help bring together SAR reporters and the UKFIU at an industry level - and that flow of information goes both ways. The work the UKFIU is doing in sharing law enforcement successes from SARs as sanitised case studies, to explaining how SARs have assisted investigations, and detailing where certain types of information more regularly reported within SARs helps them further, should encourage firms to recognise the importance of diligently creating SARs that support the UKFIU and law enforcement in their efforts.

I welcome the approach the UKFIU is taking as part of its digital engagement and communications, striving to improve SAR reporting standards and providing updates on the work it undertakes. Groups like the Crypto Sector Working Group will help continue to support that at a more focused industry level.

Challenger Bank SAR Group



Mark Savill
Chair
Head of Compliance and MLRO,
Starling Bank

It has always been the case that there is value in SARs. From my earliest days completing SARs I, like many colleagues, have taken care and pride in investigating and making submissions in the hope that it will, in some small way, make things a little safer by providing useful and actionable intelligence.

Challenger banks are smaller, recently licenced and often compete with a greater digital offering than many existing banks. Recognising this, the UKFIU set up the Challenger Bank SAR Group in 2019 which meets on a quarterly basis.

Each of the group members have been invited to attend as the UKFIU identified them as operating in the challenger bank space. There is no clear definition of a 'challenger' so there is a diverse representation and the focus is on attendees being practitioners, as the objective is to share best practice and we all want to understand new and emerging typologies. Members are all vocal in sharing concerns and we all benefit from hearing directly what the current focuses of UK law enforcement are. This may be either directly from the UKFIU, members of the NECC groups, officers who are dealing with issues every day or from representatives of other bodies who have different perspectives on the prevention of financial crime.

The building of stronger relationships that enable feedback to be provided on SAR quality and better sharing of what useful information looks like to continuously improve submissions is a key objective of the UKFIU and underpins the group. On the occasions where feedback is shared, it certainly helps spur us on to keep delivering useful SARs. Essentially, what unites us is our shared goal of gaining a greater understanding about what it is we can be looking for, raising awareness within our organisations to identify matters of concern and ensuring that the salient points being made are not lost in the 'noise' of a complex SAR submission. Only then can it get to the right place quickly and deliver on ensuring the right outcomes.

The top three key takeaways I have from being fortunate enough to be part of this group and which would benefit any submitter of SARs are: keep it relevant and succinct; be logical, clear, use timelines and avoid jargon; and always use the glossary code (put it at the top and use more than one if appropriate) - or, if there is no relevant code, explain that there isn't.

Gambling Anti-Money Laundering Group



Keith Bristow
Independent chair
Formerly the first Director General of
the NCA from 2011-16

I was asked to set up the GAMLG by the Association of British Bookmakers (ABB) and Remote Gambling Association (RGA) in 2016 with the remit of reducing money laundering risks in the gambling sector and to encourage best practice amongst operators. In 2019 the ABB and RGA merged with the National Casino Forum to create the Betting and Gaming Council, which represents over 90% of the gambling sector, including licenced betting offices, remote (online) gambling and land-based casinos.

The sector is unique in that it includes regulated and non-regulated entities for money laundering purposes. Both land-based and remote (online) casinos are subject to Money Laundering Regulations whereas the rest of the industry sits outside them. All sectors within the industry must comply with the Proceeds of Crime Act 2002 and with requirements set out by the industry regulator, the Gambling Commission, in its Licencing Conditions and Codes of Practice (LCCP) and specific AML guidance.

The Group has focussed activity in those areas identified as being of higher risk for money laundering or criminal lifestyle spend. These workstreams are guided by a cross-sector risk assessment which considers and identifies risks posed by customers, payment types, geography, product type and employees. It is a varied industry ranging from retail outlets on the high-street to high-end casinos, as well as a large online offering and the risks reflect this.

A particular area of focus for GAMLG has been the challenge of sharing data amongst operators. Under the Criminal Finances Act 2017, those within the regulated sector are able to share data on suspicious activity and individuals. The same is not true for the rest of the sector. The inability of operators to share data about individuals of concern (e.g. those who have triggered a behavioural or technological concern) was an area of risk identified in that customers are simply able to move around the industry until they hit a threshold or other trigger, often resulting in the submission of a SAR and the ending of business with that customer. We are looking to other sectors to share best practice and ideas on how this challenge might be met, resulting in the earlier identification of individuals who see the sector as a means by which to spend or clean funds.

We are a more professional and proactive sector than we were five years ago, but there is more to be done. Close working with the UKFIU is central to this, building on successful work to improve the number and quality of SARs submitted by the sector. But so too is a willingness to learn from other sectors and experts if we are to ensure that the risk rating of the gambling sector remains low and unattractive for those wishing to spend their ill-gotten gains.

Law Society of Northern Ireland

Brian Carson
Chair
Monitoring officer

The Law Society of Northern Ireland is the professional body for solicitors in Northern Ireland and the statutory regulator of the solicitors' branch of the legal profession in this jurisdiction. Under the Solicitors (Northern Ireland) Order 1976 as amended, the Society acts as the regulatory authority governing the education, accounts, discipline and professional conduct of solicitors in order to maintain the independence, ethical standards, professional competence and quality of services offered to the public. The Society has power to make regulations, which have the force of law, with the concurrence of the Lord Chief Justice. The Society regulates to protect the public, to ensure solicitors meet high standards and are professionally competent.

The Order and Regulations made thereunder, with the Money Laundering Regulations (and others), provide the statutory framework within which the Society regulates. Its powers include conducting inspections, investigating potential misconduct and to taking appropriate enforcement action. The Society exercises a range of supervisory tools such as desk-based reviews, questionnaires, information request and returns (including details of levels of SARs reporting) and file reviews.

The Society's sector includes over 2,900 solicitors holding current practising certificates working in approximately 500 firms (comprising sole principals, partnerships and bodies corporate), based in 65 geographical locations throughout Northern Ireland; in the public sector and in business.

The Society collaborates with the UKFIU, other professional body supervisors, statutory supervisors and LEAs in the UK regulated sector through forums such as the AML Supervisors' Forum and on projects such as developing the UKFIU document 'Indicators of Modern Slavery and Human Trafficking in the Legal Sector.'

The Society engages directly with the UKFIU/NCA through the SARs regime and matters arising therefrom. It has also collaborated with the UKFIU on discrete projects such as providing a series of Continuing Professional Development events across the jurisdiction on the topic of why quality SARs matter; these events provided an invaluable insight into the SARs regime and were well received across the sector.

The Society continues to provide information and guidance to its sector on the SARs regime through regular sharing of UKFIU resources such as the SARs Regime Good Practice FAQs and SARs Reporter Booklets. The Society also maintains awareness in its sector of the proper use of the SAR Glossary Codes and Reporting Routes. The Society looks forward to ongoing collaboration with the UKFIU and relevant parties in the regulated sector in the important work of reporting through the SARs regime.

Payment Services, E-Money, Fin-Tech & Other Financial Services

Mike Venn
Chair
Head of Risk & Compliance
Modulr Finance

A key priority for Government is ensuring that the UK operates at the cutting-edge of financial services, while building capability in a safe and sustainable way. It's also important to have a diverse set of organisations focused on driving payments innovation and greater choice in the marketplace. With this in mind, the PEFF Working Group held its first meeting in January 2020. There are also discussions about expanding representation to include other businesses.

The Working Group has been a welcome addition to the industry, providing a new platform for engagement, information sharing and problem solving. The open environment has brought clarity to the end-to-end SARs process, de-mystifying previously held perceptions. It's ensured a shared focus on achieving the right outcomes in terms of the detection and prevention of financial crime and other offences.

The group has held three meetings this year. While COVID-19 has presented new challenges, the NCA and its members have quickly adapted. Early discussions have focused on establishing the group and building key relationships. Critically, members need to take control and drive the agenda.

One positive early initiative has been our work reviewing and contributing to educational materials produced by the NCA, with the goal of improving SARs quality. Some practical points have also been flagged, such as how legislation and regulations apply to businesses, when in many instances it was designed to cover large banks.

Future meetings will continue to build momentum and look at practical opportunities to drive performance and awareness. Members continue to play an active role in this. This is an important opportunity for us to focus on a critical issue, develop a Proof of Concept for our approach and access the expertise within the NCA.

Getting closely aligned with the UKFIU and the other SAR working groups will also help us to leverage relevant knowledge and experience, and work to mitigate the risks of displacement across industries and sectors. Recognising the role of the SARs regime in reporting financial crime and ensuring this can be used to broaden our intelligence picture will be key.

Upcoming digital engagements

UK FINANCIAL INTELLIGENCE UNIT (UKFIU) WEBINAR



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SAR GLOSSARY CODES

WHAT ARE THEY?

WHY ARE THEY SO IMPORTANT?

WHEN SHOULD YOU USE THEM?

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