

Immigration crime and the small boats threat



Message from the head of the UKFIU

Vince O'Brien, Deputy Director

Hello and welcome to the 14th edition of the UKFIU magazine.

In this issue we look at some of the important changes that have been taking place recently in the UKFIU - for instance, the creation of four new teams. An important part of the UKFIU Expansion Project (a strand of the SARs Reform Programme) is the unit's new structure, aimed at helping our teams carry out their day-to-day activities effectively, enable colleagues to support each other through collaboration within and across teams, and streamline tasking, resourcing and prioritisation across teams.

We are also able to share the results of our recent Reporter Engagement Survey; so thank you to everyone who took part in this. The results will help us understand how we are doing in terms of communication and engagement with the regulated sectors and also help us to identify areas where we can do more.

You will all be aware of the regular media reporting around the perilous crossing of the English channel by many migrants seeking to enter the UK. We examine how organised crime groups choose their boats and provide advice and indicators which might assist reporters in identifying suspicious activity.

Elsewhere in the magazine we look at how the UKFIU's Defence Against Money Laundering (DAML) Team has been supporting the NCA Director General's tasking to improve the outcome of fraud related DAMLs. The team undertakes significant 'in-house' decision making and filters those cases where the NCA leads on the decision making process.

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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. Our podcasts can be found on Spotify, Audible, Amazon Music and most streaming sites.

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.

SAR case studies

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 a law enforcement agency (LEA) that was also investigating a similar case whereby a reporter had requested a DAML to pay away over £100,000 to its customer, 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 share intelligence. The additional enquiries assisted the initial LEA in securing an account forfeiture order on all the funds in the account.

The UKFIU received an international request for the release of data after a number of SARs were identified as being of interest and matched against an overseas operation into potential fraud and money laundering activities, by a subject using multiple aliases to defraud companies. The UKFIU identified that the individual was the subject of a Serious Crime Prevention Order in the UK and drafted an intelligence pack which was disseminated to partners.

This case is an example of the value of cross-border reporting, assisting European Union member states and a strong working relationship between the UKFIU and UK law enforcement.

A vulnerable elderly person was safeguarded when the UKFIU swiftly identified and fast-tracked a SAR to an LEA. The reporter suspected that the subject was impersonating the octogenarian victim and had repeatedly attempted to unlawfully access their funds, using identity details the victim had entered on a cloned website when making what they believed to be a genuine investment.

The LEA undertook a home visit to the victim and was subsequently able to quickly contact the reporter to confirm the correct banking details so that the funds could be returned. This fraud in action was prevented and the victim protected from a substantial loss in excess of £80,000.

Arena (a search and analysis tool for law enforcement) proved useful in relation to a Threats to Life (TTL) case, whereby the victim, according to all standard intelligence systems, was not connected to criminality in any significant form, querying the motive behind the threat. Through an Arena search, a relevant SAR was identified that indicated that the victim was operating in financial circles above their declared legitimate means.

Paralleling the intelligence online, this was corroborated and it was identified that the victim was living a cash rich lifestyle, with clear indicative links to criminality, providing a motive for the TTL. Without the SAR this link would not necessarily have been identified, and the risk management around the TTL would not have subsequently been as well informed.

New UKFIU teams launched



Vince O'Brien
Deputy Director, Head of UKFIU

"The launch of these new teams is a significant milestone in the transformation of the UKFIU to become more operationally focussed (tactically and strategically), flexible, and collaborative, improving our ability to protect the public"

The UKFIU is launching eight new teams as a key part of the SARs Reform Programme. The teams will play a significant role in helping to improve the SARs regime by introducing new behaviours and ways of working, such as enhanced threat analysis and increased engagement with external partners. This, in turn, will enable improved intelligence outcomes that contribute to a reduction in money laundering and terrorist financing within the UK.

I am excited to announce the official launch of the first four new teams within the UKFIU: Strategic & Statistical Analysis; Co-ordination & Procedure; Policy, Risk Management & Compliance; and Disclosure.

Benefit and impact of the new teams

The introduction of the four new teams will introduce a range of benefits:

- **Enhanced SAR analysis and improved intelligence outcomes** – through the introduction of the Strategic & Statistical Analysis Team that will analyse SAR data to provide insights into trends and produce quarterly sector reviews. These will enhance knowledge of SARs within individual reporting sectors through analysis and will identify sector specific issues as well as reviewing SAR quality.
- **Improved resilience of the UKFIU** – through the introduction of a dedicated team (Policy, Risk Management & Compliance), responsible for dealing with risk associated to the UKFIU's work and ensuring that the UKFIU is compliant with all Home Office policies. The new Disclosure Team will also ensure that all disclosure requests and regulator referrals are dealt with swiftly.
- **Improved operational efficiency** – through the introduction of the Co-ordination & Procedure Team that will support leadership in setting the strategic direction of the UKFIU. They will establish a central tasking process to ensure that the UKFIU is prioritising work in line with its strategic objectives.

How the new UKFIU teams will impact ways of working

The introduction of the new teams will streamline how all organisations interact with the UKFIU. If you are submitting any disclosure requests to the UKFIU, please now send these to UKFIU.disclosureteam@nca.gov.uk. The regulated sector and law enforcement should continue to interact with their normal contacts in our engagement teams.

If you have any new requests for UKFIU support e.g. collaboration on a specific project, please contact UKFIU.coordination@nca.gov.uk.



UKFIU supports wider law enforcement

The UKFIU's Defence Against Money Laundering (DAML) Team has supported the NCA Director General's tasking to improve the outcome of fraud-related DAMLs.

Fraud pervades the DAML landscape but the predicate offence is often not clearly articulated by the reporter. The DAML Team assesses all DAMLs received in date order, undertaking significant 'in-house' decision making and filtering those cases where the NCA leads on the decision making process.

Common challenges found within fraud-related DAMLs include the inability to identify the source of funds, the use of false identification and the use of fraudulent documentation by perpetrators.

The DAML Team routinely identifies fraud-related DAMLs on day one of the initial seven day notice period and disseminates to law enforcement as soon as is practicable. Between October 2021 and December 2021 the refusal rate for DAML cases referred to law enforcement agencies was 13.67% and total funds forfeited was £6,027,686.

The DAML Team continues to work closely with the National Economic Crime Centre (NECC) Asset Denial, NECC Operational Procedure Coordination and Delivery, and NECC Fraud Threat Leadership teams to improve the overall response to, and uptake of, DAMLs by law enforcement.

UKFIU Reporter Engagement Survey



Martin Cox
Head of Engagement, Communications
and Risk Management, UKFIU

SARs Reform Programme

What is the Reporter Engagement Survey?

As communicated in the November edition of *SARs In Action*, the UKFIU is currently implementing a new operating model as part of the wider SARs Reform Programme. A new Engagement Function has been established in the unit, dedicated to supporting and working with reporters, law enforcement agencies and government departments.

To help set strategic priorities for the UKFIU Engagement Function, get feedback on recent engagement, and to understand what has worked well, the UKFIU conducted an anonymous Reporter Engagement Survey. The survey was open to all members of the regulated sector and was published via a previous *SARs in Action* magazine, social media channels and emailed to regulator sector chairs to share onwards. This is the first time the UKFIU has published an engagement survey open to the regulated sector.

"A big thank you to those of you that recently participated in our Reporter Engagement Survey. We appreciate the time taken by over 800 reporters to respond and will use the insight from the survey to further improve the way we engage with the regulated sector. This will include the engagement channels we use and the type of engagements we prioritise."

Survey results

The survey was completed by a range of different roles across different reporting sectors

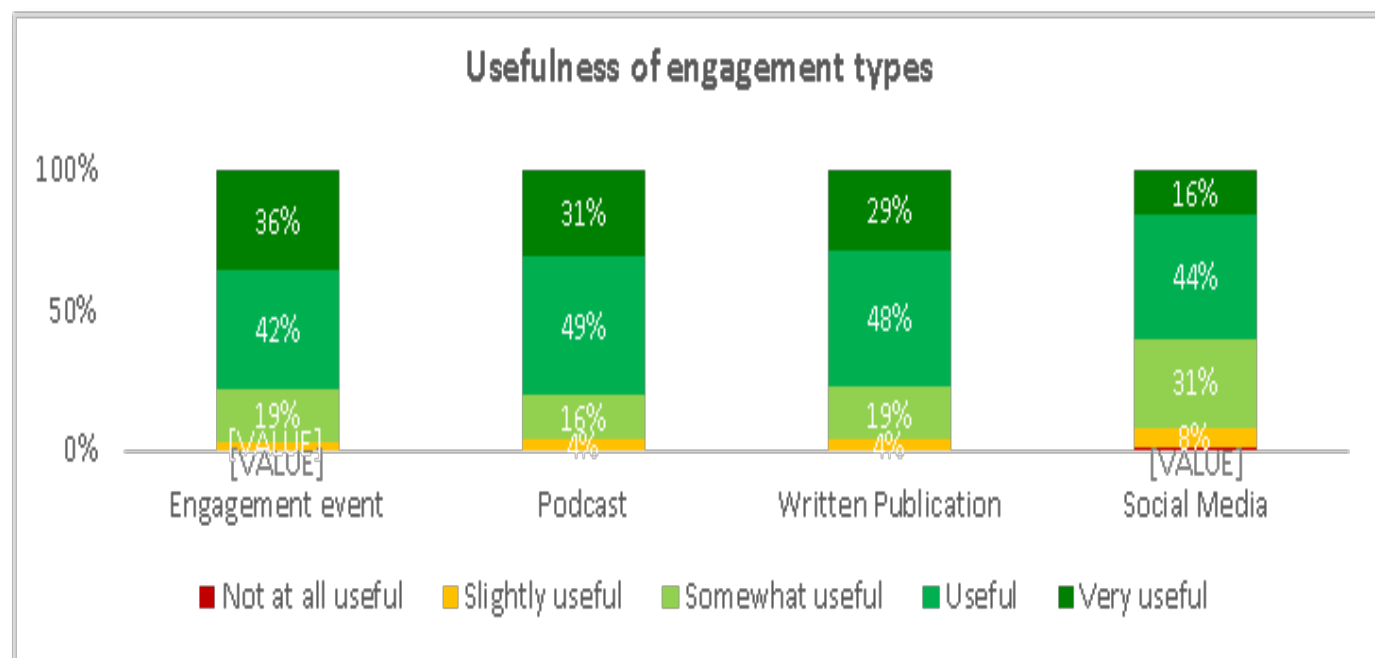
- Responses were received from 7+ different roles across 16+ different reporting sectors.
- The survey was completed by SAR Online reporters (51%), bulk reporters (2%), and organisations within the regulated sector that don't regularly submit SARs (47%).

There are varying levels of engagement with the UKFIU – however, respondents seemed to engage with the UKFIU most via the NCA website and engagement events

- Banks, credit institutions and fintech were most engaged with the UKFIU.
- Engagement levels were significantly higher with bulk reporters, who submit ~84% of all SARs. 95% of bulk reporters had read recent publications and used the NCA website to search for information.
- Over the past six months, members of the regulated sector engaged with the UKFIU most via the NCA website (39% of respondents had used it), written publications (30% of respondents had read a recent publication) and engagement events (14% of respondents had attended).

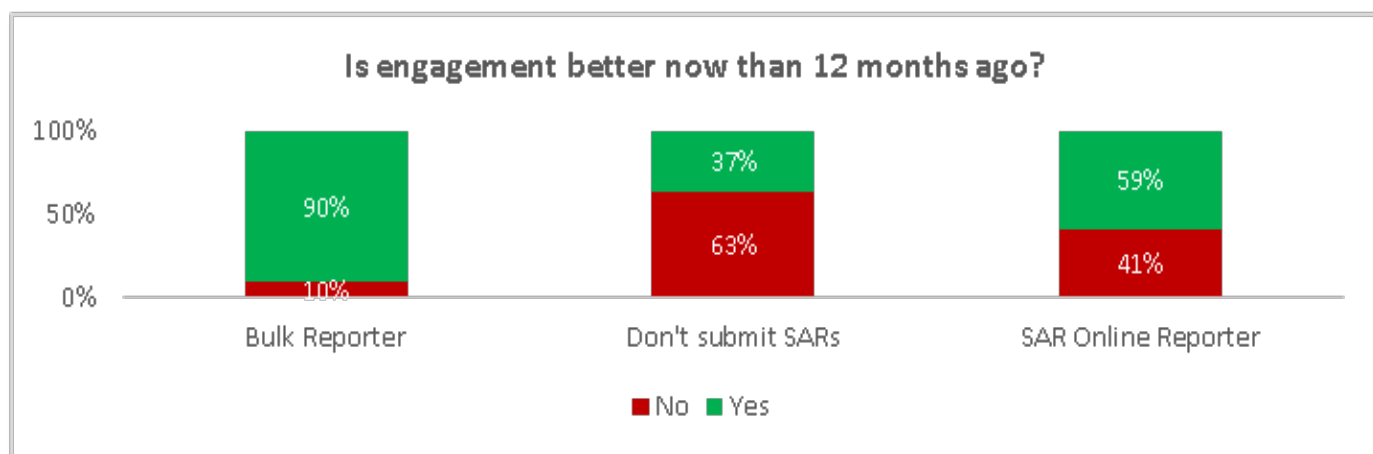
Where respondents had engaged with the UKFIU via events, podcasts, publications and social media, overall engagements were perceived as useful

- On average, 95% of all responses said engagements were 'very useful', 'useful', or 'somewhat useful'.
- Engagement events and podcasts were deemed as most useful.



Most respondents find engagement better now than 12 months ago

- Out of respondents that report SARs, 90% of bulk reporters and 59% of SAR Online reporters find engagement better now than 12 months ago.
- Out of respondents that do not submit SARs, 37% indicated that engagement has improved over the past 12 months.
- Due to current staffing numbers, the UKFIU Engagement Function currently targets reporters that are making disclosures and present an active opportunity for disruption. As staffing expands, the UKFIU will have more resource to focus on reporters that currently do not submit SARs.



The NCA website, podcasts and social media represent the biggest areas of opportunity for future engagement

- The NCA website was deemed the most used engagement channel (39% of all respondents had visited in the past six months to search for information); however, 52% of users rated it 'quite difficult' or 'very difficult' to navigate. Respondents also suggested the way UKFIU content and information is stored on the NCA site could be improved.
- Only 4% of all respondents had interacted with the UKFIU via social media over the past six months, yet 91% of those that had found posts useful. Respondents also said they would like to see more frequent social media posts.

The results are a positive reflection of the collaborative working within the UKFIU and across the regulated sector. Increasing the quality of SARs enhances opportunities for law enforcement intervention in disrupting crime that ultimately threatens our national prosperity. While we are pleased with the results, we recognise there is work still to be done to increase the value of SAR intelligence and hope to build on these results further. If your institution requires support in submitting SARs or understanding how the regime operates, please reach out to our engagement team at: ukfiuengagement@nca.gov.uk

Next steps for UKFIU reporter engagement

The results from the Reporter Engagement Survey are used to help set strategic priorities and identify next steps for the UKFIU Engagement Function. As staffing levels within the UKFIU increase over the coming months, the Engagement Function will seek to implement the following steps to enhance guidance and feedback within the regulated sector:

- **Social media:** invest in social media and digital media tools and training to improve frequency and relevancy of posts across all channels.
- **Website:** improve the UKFIU section of the NCA website or establish a UKFIU branded co-website as a critical engagement channel.
- **Events:** hold targeted events for under-engaged sectors whilst continuing events for larger sectors.
- **Products:** create new products targeted at specific threats to further support and engage members of the regulated sector.
- **Podcasts:** publicise UKFIU podcasts to grow their audience.



UK FINANCIAL
INTELLIGENCE
UNIT (UKFIU)
PODCAST

Cash declaration data

Denise Napper
UKFIU Operations Manager

Alice Boulton
UKFIU Senior Officer

The European Parliament Directive 1889/2005 (known as the Cash Controls Regulation) was introduced to define controls on the movement of cash. This Directive was aimed at the movement of cash entering and leaving the European Union (EU). This EU Directive places the onus on travellers to declare cash over 10,000 Euros entering or leaving the EU. Cash carried by any natural person (in law, a human being is called a natural person) entering or leaving the EU should be subject to the principle of obligatory declaration.

The obligation to declare applies to the natural person carrying the cash, regardless of whether that person is the owner. The UK adopted the directive in June 2007 under 'The Control of Cash (Penalties) Regulations 2007 (Statutory Instrument 2007/1509)'.

Recommendation 32 of the 40 Financial Action Task Force recommendations makes it clear that all information obtained through the cash declaration/disclosure process should be available to the UKFIU either:

- through a system whereby the FIU is notified about suspicious cross-border transportation incidents, or
- by making the declaration/disclosure information directly available to the FIU in some other way.

In the UK, individuals that are travelling to or arriving from a country outside of the EU, and are carrying more than

cash declaration form and present that to customs, inbound in the red channel, or outbound in the customs post box provided. Form C9011 requires the individual to declare details of the:

- declarant, including full name, date and place of birth and nationality
- owner of the cash
- intended recipient of the cash
- amount and nature of the cash
- provenance and intended use of the cash
- transport route
- means of transport.

From 2019, passengers have also been able to submit cash declarations online up to three days ahead of intended travel. 99% of cash declarations are now completed this way.



On a monthly basis HM Revenue & Customs (HMRC) provides all of the cash declaration entries that have been made to the UKFIU's SARs Enquiry and Action Team. The team matches the entries against Elmer (the existing SARs database in the NCA) to ascertain if any SARs are attributable to the cash movements that have been declared.

The cash declarations are matched against SARs data to identify any suspected criminality that can be associated with the cash. For example, the Elmer database could return SARs that detail cash deposits/withdrawals and these SARs may also offer an underlying criminality that can be potentially linked to the cash being declared.

After the data matches have been made, the UKFIU works to develop the intelligence whilst determining who the recipient of the intelligence package will be.

The UKFIU processes cash declaration data as it is made available by HMRC and runs initial searches against the Elmer database to identify hits against intelligence already held. Any cash declaration data that has not matched with information disclosed in SARs will be deleted from NCA records.

The UKFIU will only retain cash declaration data and complete further research where hits have been identified in initial SARs searches. Consequently further research is carried out with the aim of providing tactical Intelligence Development Referrals for dissemination to an appropriate UK law enforcement agency.

An analysis of the cash declarations where cash has arrived in the UK shows that a total of 314 declarations have been made (that matched with SARs data) and has originated from 75

different countries. Where cash has been declared upon arrival in the UK, nearly 30% has arrived from countries in the Middle East.

In the cash declaration data received by the UKFIU, only 29 declarations matched with SARs where the UK was noted as the transit country. 83% of the cash declarations where a currency has been stated have disclosed cash in pounds sterling (GBP). Minimal cash declarations provide disclosure for cash in alternative currencies indicating that a significant volume of cash in pound sterling crosses the UK border every year.

The cash declaration data that has matched with SARs held by the UKFIU demonstrates a total of GBP 7,595,984 being moved by travellers. This total covers the time period between March 2018 and April 2021.



Immigration crime and the small boats threat



Preventing the supply of small boats to criminals

SARs and the small boats threat

Caryl Evans
Senior Officer
UKFIU SARs Enquiry & Action Team

You will all be aware of the regular media reporting around the perilous crossing of the English channel by many migrants seeking to enter the UK. Latest figures indicate that during 2021 over 28,000 migrants crossed the English channel in small boats. This is almost three times 2020's figures. The sheer danger and risk that migrants are prepared to take was very clearly highlighted in the tragic event of 24 November 2021 where 27 migrants lost their lives attempting to cross the English channel in a small boat. This callous exploitation of people's desire to reach the UK for a better life has made organised immigration crime (OIC) a priority for the UK Government, the NCA and law enforcement across the country.

Organised crime groups (OCGs) choose their boats with two main aims: maximising profits and avoiding law enforcement detection. This is best achieved using large inflatable boats that have a larger capacity, are low cost, easily accessible and are easy and quick to launch. The vessels are mainly obtained online via electronic money transfer companies in the UK, Poland, France, Germany and the Netherlands as well as in shops, other online adverts, theft or through an intermediary.

So, what does this mean for SARs?

It has been notoriously difficult to identify transactions linked to purchases of small boats and OIC within SARs given the low costs of the vessels and engines, relatively low costs of the 'service' provided and use of Informal Value Transfer System (IVTS) (in particular Hawala networks). Law enforcement is building its intelligence and understanding of this area of criminality, but there is more that the reporting sector can do to help. OIC is thought to be worth between £3-£6 billion to OCGs each year, and while a lot of that remains in the migrant home countries for laundering there is some movement of funds and activity to be aware of in the UK.



It's worth noting that by themselves the following indicators do not necessarily indicate criminal activity; however, several indicators together are likely to be more suspicious. These include:

- transactions or patterns relating to the purchase of small boats (potentially in bulk), engines and other nautical equipment (potentially in bulk e.g. life jackets), in the UK or on the continent (France, Belgium, Holland, Germany, Spain).
- transactions sent from the UK by nationals of migrant source countries to European nationals in France along the Channel coast; amounts likely would be or total £1,000 or more. This is often, but not exclusive, to Calais and Dunkirk.
- payments from ethnic groups to and from countries of origin and Europe. Transfers from the account will be to persons from ethnic diaspora where IVTS has traditionally operated.
- small value transactions, typically £150 - £3000 (electronic transfers or cash deposits), in repeated patterns or sporadic patterns where incoming or outgoing payments are made in two or more instalments of partial payments over time, indicating an up-front or initial fee followed by the remaining amount.
- seasonal transaction trends (more migrants facilitated in summer than winter).
- electronic payment is often required for any online purchases; it is highly likely facilitators needing an online service will leave traces of payment at some point.
- incoming or outgoing cross-border payment references mention 'passports/visas', 'family help' or similar. In particular, payments from ethnic groups to, and from, countries of origin and Europe. Transfers from the account will be to persons from ethnic diaspora where IVTS has traditionally operated.
- transactions sent from migrant source countries (or from Turkey or Greece) to European nationals or nationals of migrant source countries in France along the channel coast; amounts likely would total £1,000 or more, and the counterparties from migrant source countries would demonstrate different surnames and/or otherwise appear unrelated.



Reporting OIC related money laundering

If you know or suspect that there has been money laundering or terrorist financing activity (including as a result of information provided to you by the NCA), and your business falls within the regulated sector, then you are reminded of the obligations to make reports to the NCA under Part 7 of the Proceeds of Crime Act 2002 and the Terrorism Act 2000. If you have suspicions of money laundering associated to OIC or purchase of small boats and equipment then please include the XXOICXX SAR glossary code within the reason for suspicion.

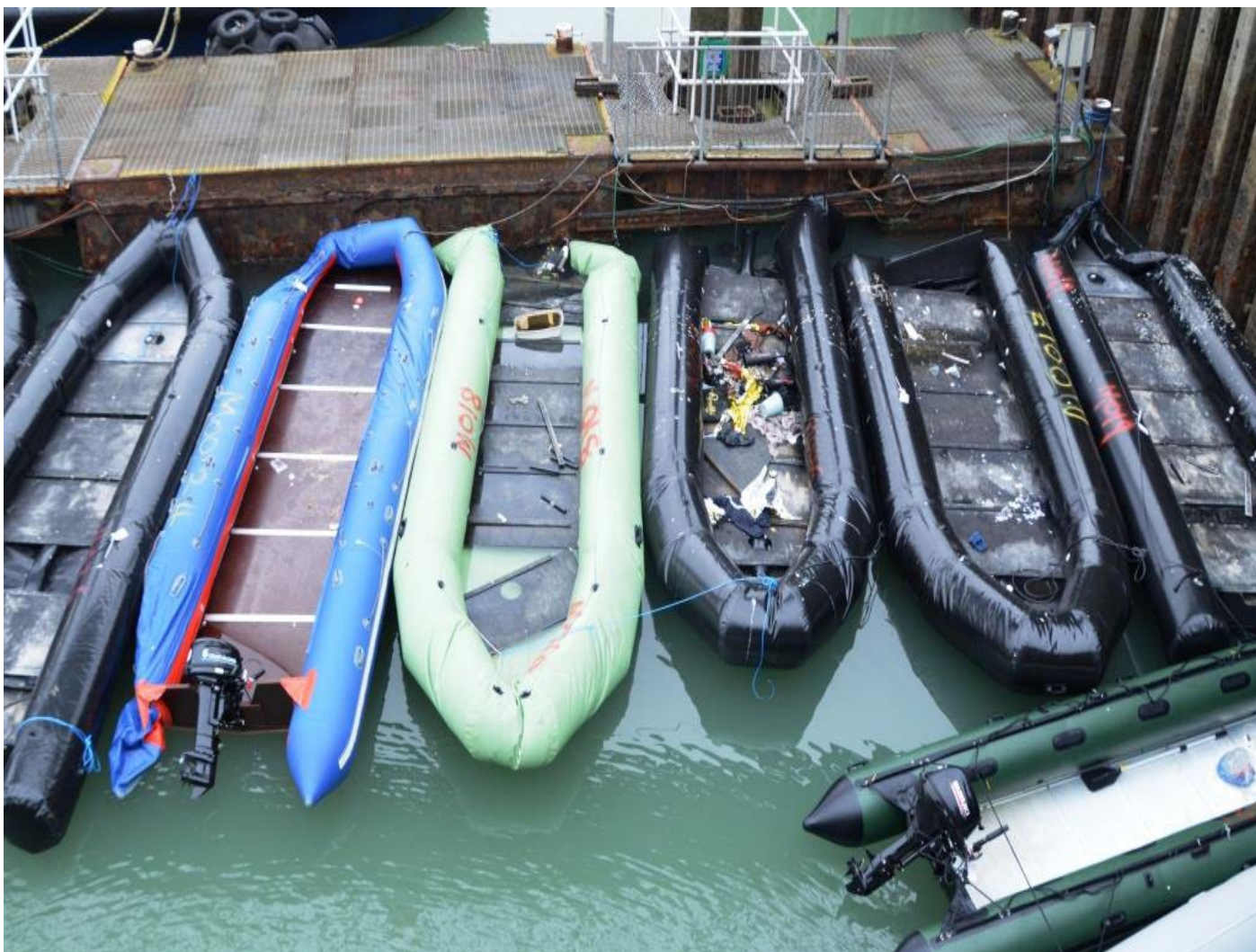
The difference between MSHT and smuggling

Modern slavery/human trafficking

(MSHT) can be across international borders or within one country. It can include being moved within and between cities, towns and rural location by force, coercion or deception. A victim can be exploited during the journey and/or at the final destination.

Smuggling

is a mutually agreed service, usually involving transportation and/or fraudulent documents to enter a foreign country illegally. The person being smuggled is consenting to the movement. Once this exchange is complete the person is free to make other choices.



International working

John O’Sullivan **UKFIU International Team Manager**

British law enforcement agencies – including operational teams in the NCA – frequently seek intelligence about finances and assets held outside the UK by people and companies under investigation. The UKFIU acts as the point of contact for these requests and also receives a high volume of similar enquiries from overseas jurisdictions wanting to identify or trace assets held in the UK.

One of our core functions in the International Team is the service of requests on behalf of domestic LEAs and partners in the UK alongside our foreign partners and counterparts overseas.

The requests are in support of our core function to combat money laundering and terrorist financing and will typically relate to active criminal investigations or those at an intelligence development stage seeking to understand the methodologies and flow of illicit funds.

Domestically we achieve this by providing a standardised template to UK LEAs/ partners which enables them to enter specific case details whilst articulating data protection and human rights considerations. This in turn enables the UKFIU International Team to assess requests and provide quality assurance and further advice if needed, prior to redrafting and directing the request to the appropriate international network.

The UKFIU is a Financial Intelligence Unit first and foremost but we also serve as the UK Camden Asset Recovery Inter-agency Network (CARIN) office and Asset Recovery Office (ARO) alongside our partners in Scotland who hold their own asset tracing offices. This has the advantage of being a central contact point for both financial intelligence and asset tracing activities internationally, enabling us to de-conflict activity and identify opportunities and links between jurisdictions.

When we issue requests via these networks our colleagues and partners overseas will assess it in line with their own legislation before conducting enquires to obtain the requested information. Any response will then get sent back to the UKFIU International Team to manage and return to the requesting party.

In a similar fashion the UKFIU performs the same function in respects to requests for information received from international partners, alongside the exchange of spontaneous disseminations of intelligence involving the provision of intelligence between international partners where a link or interest is identified to law enforcement within the jurisdiction.

An in-depth look at UKFIU international working features in episode 9 of the UKFIU podcast, available on Spotify, Amazon Music, Google Podcasts and numerous other streaming sites.

Money mules in the banking sector



Nicola Hannan
Nominated Officer
NatWest Group

The banking industry definition for a money mule account is one which wittingly or unwittingly receives the confirmed proceeds of fraud and/or financial crime and may then transfer or withdraw those funds using a variety of methods, often on behalf of or at the direction of another.

Money mules are a key enabler for fraud and scams which represent a significant problem for the banking industry. These accounts can be hard to detect as organised criminals deliberately recruit individuals who have no adverse credit history and who have an existing accounts with no reported issues. Customers may face the consequences of having their accounts frozen and/or closed in response to their engagement in money laundering activity.

Banks use multi layered strategic approaches to tackle this problem. These often include application fraud screening designed to prevent accounts from being opened for mules and customer outreach through education and awareness campaigns designed to prevent the activity from occurring at source. Detection may be undertaken in a number of ways including inbound and outbound payment profiling, screening of industry intelligence feeds, data analytics to identify mule rings and profiling of mule activity.

Where mule accounts are identified the response can lead to account freezing, repatriation of funds to victims, SAR reporting and exiting of accounts. In terms of scale, it should be noted that the vast majority of scam activity and other types of fraud committed in the UK are laundered via money mules.



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