

ECONOMIC CRIME QUARTERLY

May 2023

Introduction

Welcome to May's edition of Economic Crime Quarterly. The aim of this newsletter - which goes out to both public and private partners – is to provide updates, share successes, and messages from across Economic Crime.

This edition will cover the following topics:

- **New economic crime strategies published**
- **UK Finance host Economic Crime Congress**
- **Operation Henhouse: Hundreds of arrests and millions in assets seized in month tackling fraud**
- **New corporate fraud offence in Parliament**
- **techUK members tackle fraudulent financial ads**
- **New SARs digital service goes live**
- **The Law Society and UKFIU SARs Roundtable Programme launched for 2023**
- **How HMRC is leading the fight against illegal money changers**
- **Introduction to OFSI**

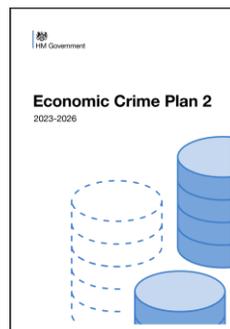
If you wish to discuss this newsletter in more detail or contribute to the next issue, please contact us at:

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New economic crime strategies published

We were pleased to publish the [second Economic Crime Plan](#) on 30 March and the [Fraud Strategy](#) on 3 May. Together, the plans set out how different activity across the system works together to reduce money laundering and seize more criminal assets, combat kleptocracy and drive down sanctions evasion, and cut fraud.



The Economic Crime Plan 2 builds on the foundations of its predecessor, with new actions to improve the system-wide response to economic crime through enhanced cooperation between government, law enforcement, supervisory agencies and the private sector.

Our ambitious Fraud Strategy, which sits under the umbrella of the Economic Crime Plan, sets out over 50 actions that lay our blueprint to cut fraud in the UK. Together, the new measures will stop scams reaching people in the first place, ensure more fraudsters are brought to justice, and empower people to better protect themselves.

These new strategies are the result of close collaboration across government departments, law enforcement and with the private sector, and we look forward to continuing to work with you all as we turn to delivery.

To increase our law enforcement capacity, we've announced 875 more investigators that will be spread across economic crime, covering intelligence, enforcement and asset recovery.

Key fraud reforms include:



The launch of a **new National Fraud Squad**, led by the National Crime Agency and the City of London Police.



The appointment of a **new Anti-Fraud Champion**, Anthony Browne MP.



Closing the routes that scammers use to target victims, including by banning cold calls on all financial products and working with Ofcom to use new technology to further clamp down on number 'spoofing', so fraudsters cannot impersonate legitimate UK phone numbers.



Banning other devices or methods commonly harnessed by scammers, such as so-called 'SIM farms' and reviewing the use of mass texting services to keep these technologies out of the hands of criminals.



A new system to replace the current Action Fraud service will be up and running within a year. Backed by a £30 million investment, it will provide a simpler route for reporting fraud online, with reduced

waiting times and an online portal to allow victims to get timely updated on their case.



The ability for **banks to delay payments from being processed for longer to allow for suspicious payments to be investigated** and stopping people from falling victim to fraudsters.

Key economic crime reforms include:



The **creation of a new Crypto Cell**, combining law enforcement agencies and regulators to pool expertise and enforcement tools.



An **expansion of the Combatting Kleptocracy Cell**, using the National Crime Agency's expertise to target corrupt elites, their money and their enablers.



An **investment of £100 million in new state-of-the-art technology**, using tools such as advanced data analysis to stay ahead of criminals and give law enforcement agencies the intelligence they need. Over £20 million will be invested to fund the creation of two new intelligence teams in Companies House and the Insolvency Service with a focus on money laundering through UK corporate entities.



A **new approach to public-private prioritisation**, including joint priorities to maximise public and private resources to prevent, detect and disrupt economic crime.



Ambitious reform of the UK's supervisory regime and encouraging greater information and intelligence sharing to better identify and target criminality.

Underpinning the Economic Crime Plan is the funding provided by the Economic Crime (Anti-Money Laundering) Levy. We continue to be grateful for the private sector's contribution which enables this, providing new investment and allowing us to dedicate the resources we need to tackle the threat from economic crime.

Next steps

Work is now underway to progress delivery of these ambitious plans. This includes on Action 43 of the Economic Crime Plan to assess the progress and impact of the Plan. The team are developing the Theory of Change, outcomes framework and performance dashboards and welcome input into this work. We will be in touch with invitations to participate in the different stages of the work over the coming months.

By Lynsey Lauer and Jemima Murray
Deputy Director, Economic Crime Reform and Delivery, Home Office and Deputy Director, Fraud Policy Unit, Home Office

UK Finance host Economic Crime Congress

The UK Finance Economic Crime Congress, in association with LexisNexis Risk Solutions, was held on 30 March. It featured over 70 speakers from across the public and private sectors, including the Financial Conduct Authority, National Crime Agency, Home Office, HM Treasury, Foreign, Commonwealth and Development Office, Payment Systems Regulator, and City of London Police who joined 600 delegates from across the private sector.

The theme for this year's Congress was how we can all work collectively to achieve the paradigm shift needed to tackle economic crime.



The Home Secretary Suella Braverman MP provided a keynote speech launching the second Economic Crime Plan.

The Congress explored some of the pressing issues facing the economic crime landscape, as seen in the round by government, regulators, law enforcement and industry.

Panels discussed key themes stemming from new economic crime legislation, including new information sharing provisions, the current state of effectiveness and what outcomes we need to truly affect change for the private sector. Law enforcement representatives joined Victim Support and academia to discuss whether the law enforcement response is commensurate with the threat, and a particularly lively discussion considered the real cost of economic crime discussing issues such as the illegal wildlife trade and modern-day slavery and exploitation.

By Nick Van Benschoten
Director, International Illicit Finance, UK Finance

Operation Henhouse: Hundreds of arrests and millions in assets seized in month tackling fraud

In February 2023 the National Economic Crime Centre (NECC) directed their latest period of intensification of Fraud Pursue activity across law enforcement. Over £470,000 was spent by partners across UK law enforcement. The City of London Police's Lead Force Operating Room had a key role in coordinating the response across UK policing.

Under the banner of HENHOUSE II, this followed on from the first fraud intensification in March 2022. The objective was to increase the impact against the fraud threat, with the added benefit of providing successful outcomes against fraudsters which could be publicised. Those pursue activities included arrests (or voluntary interviews under caution), seizing the proceeds of fraud and repatriating money to victims. Forty three police forces, nine Regional Organised Crime Units and two National Crime Agency Investigation teams received funding for this activity. This represented a significant increase on engagement with last year's activity, drawing in contributions from the Metropolitan Police Service, Police Service of Northern Ireland and Police Scotland to achieve full national coverage.

This period of intensification resulted in **464** suspects being interviewed for offences, either under arrest or as voluntary attendees, **370** offenders being issued with cease and desist notices, and **£6.3 million** in cash restrained. Other items such as jewellery, a gold bar and vehicles were also seized. There were **138** other disruptions such as web site takedowns and visits to Money Service Bureaus.



Intensifications such as these support and highlight some of the excellent collaboration going on across the system. Among the examples of forces and partners working collaboratively was an operation lead by South Yorkshire Police. The operation focussed on an organised crime group involved in online auction fraud and due to the national scope of the offenders National Crime Agency officers assisted South Yorkshire Police. As a result of the operation 13 suspects were arrested and £225,000 of assets seized during the period. During the execution of warrants two adults were arrested for child neglect and four children were taken in to Police Protection and safeguarded.

By NECC Fraud Threat Leadership

New corporate fraud offence in Parliament

In April, the Home Office introduced a new failure to prevent fraud offence in Parliament, as part of the Economic Crime and Corporate Transparency Bill. The new offence will make it easier to hold businesses and other organisations accountable if they defraud consumers.

Under the new offence, an organisation will be liable to prosecution if a specified fraud offence is committed by an employee, for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place. It does not need to be demonstrated that company bosses ordered or knew about the fraud.

Employees of companies and other organisations can commit fraud in a wide variety of ways – for example, by dishonest sales practices, hiding important information from consumers or investors, or dishonest practices in financial markets. Individuals, other businesses, or the taxpayer may end up defrauded and out of pocket as a result.



The new offence will help to protect victims and cut crime by:

- driving a culture change towards improved fraud prevention procedures in organisations.
- holding organisations to account through

prosecutions (and an unlimited fine) if they profit from the fraudulent actions of their employees.

Lisa Osofsky, Director of the Serious Fraud Office, said:

This new offence would be a game changer for law enforcement – bringing the law on fraud in line with bribery.

As the UK's top economic crime prosecutors, this would help us crack down on fraudulent enterprises, compensate their victims and ultimately protect the integrity of our economy.

The Economic Crime and Corporate Transparency Bill is expected to be approved by Parliament (Royal Assent) later this year. The Government will then produce guidance on reasonable prevention procedures – once that is published, the new offence will come into force. You can read more about the new offence [here](#).

By Rebecca Taylor
Fraud Policy Unit, Home Office

techUK members tackle fraudulent financial ads

The tech industry continues to take a wide range of active measures to prevent fraud and economic crime, in collaboration with law enforcement and the financial services sectors. Under the directive of the Home Office and Joint Fraud Taskforce, techUK currently chairs the Online Fraud Group (OFG), alongside UK Finance and the National Economic Crime Centre, working to tackle a range of online fraud.

As part of the OFG, techUK members Meta, Twitter and Microsoft previously committed that they would introduce a revised advertising onboarding process that requires UK regulated financial services advertisers to be authorised by the FCA prior to serving financial services adverts on their sites. They joined members Google, TikTok and Amazon, who had already implemented policies for financial services advertisers. This commitment was and remains part of ongoing efforts from the tech sector to combat financial fraud and scam adverts.

As of spring 2023, all of the platforms have implemented versions of the FCA authorised advertisers scheme, in addition to other anti-fraud measures. This includes verification checks and advertising policies. This has led to a significant reduction in fraudulent financial ads, with some members seeing scam ads all but eliminated on their platforms.



The tech industry also remains at the forefront of innovating action against economic crime. As a result of the FCA authorisation process measures, the OFG identified changes in fraudulent behaviour, with fraudsters shifting away from scam ads and pivoting to hijacking legitimate business accounts. There has been good cross sector cooperation between the tech industry, financial services and law enforcement through the OFG to identify and continuing to respond to this issue.

The tech industry has fed into recommendations on how preventing

financial ads can be further improved, through digitising the list of authorised advertisers and monitoring current trends in financial fraud related to ad content.

As noted in the Fraud Strategy, techUK look forward to continuing close work with Government on financial promotions and creating a successful Tech Sector Online Fraud Charter.

By Javahir Askari
Policy Manager, Digital Regulation, techUK

New SARs digital service goes live

As part of the SARs Reform Programme, we are excited to announce that the new SAR Portal and Bulk API service for submitting suspicious activity reports (SARs) are now live and are being used by the reporting community. To date, 25 organisations have successfully begun using the new SAR portal and have made 500+ live SAR submissions. Moreover, three organisations have started to use the new Bulk API technology and submitted 1300+ live SARs.

The new SAR Portal and Bulk API service will transform and strengthen the SAR regime and ultimately deliver benefits in the form of enhanced SAR structure and utility due to the addition of approximately 200 new structured and standardised data fields, which allows reporters to provide data in a more structured format. In turn, this will help prevent and disrupt all types of crime and keep the public safe.

The SARs Reform Programme is being delivered through an iterative approach. This allows the programme to continually engage with different user groups, monitor system performance and gather feedback

to ensure a best practice approach at every stage. Whilst the first organisations have gone-live, further organisations are expected to go-live in the near future, before the SAR Portal is opened to all reporting organisations. Once the new reporting channels have been delivered, further releases will follow to enable the decommissioning of the SARs IT used by the UKFIU, Law Enforcement and other Government Departments.

Further information regarding the new SAR Portal and support materials, including user guides, videos and FAQs, can be found on the NCA website: [Suspicious Activity Reports - National Crime Agency](#)



By Henna Lyytinen
Strategy & Consulting Senior Manager, Accenture

The Law Society and UKFIU SARs Roundtable Programme launched for 2023

On 18th April, the Law Society and the UKFIU jointly hosted an online roundtable as part of their Suspicious Activity Reporting (SARs) engagement programme.

First launched in 2021, the roundtables are held under Chatham House Rules and look to provide a safe haven platform for a discussion around sharing knowledge, promoting discussion and mutual understanding around compliance. As well as discussing examples of best practice in SARs/DAMLs and the unique challenges

faced by the legal sector, the UKFIU provided an update on legal sector reporting and case studies on common trends and red flags. Not focusing on individual cases, the roundtables instead looked to harness the collective experience of member firms in order to discuss common concerns and identify tools that can help to address these issues.

With some twenty attendees from across the legal sector from small to large law firms, this roundtable was chaired by Amy Bell from the Law Society's Money Laundering Taskforce, with UKFIU representatives Martin Cox, Taher Choudhury and Emma-Jayne Turner, the new team leader for the UKFIU Report Engagement Team (RET).

Along with an update on the new SARs portal covering latest developments and what firms need to do to register, UKFIU provided a brief overview of the analysis they have been doing on the legal sector.

The discussion centred around the importance of SARs in providing unique intelligence to help disrupt serious and organised crime, as they provide a unique dataset for the UK's response to money laundering, terrorist finance and other serious and organised crime. As the touchpoints to criminal activity and the red flags differ between sectors, all sectors have their piece of the overall jigsaw. SARs are a vital source of intelligence in supporting law enforcement, providing information that would otherwise not be visible.

Of particular note during the discussion were the proposed amendments to POCA under section 171 of the Economic Crime and Corporate Transparency Bill.

These amendments address the issue of fungibility of funds and property and should go some way to eliminating what are often held to be administrative DAMLs. Further guidance on this is to be released. To also support UKFIU in understanding the unique and often complex issue the legal profession face and how law firms work, the Law Society members are happy to provide follow-up training to UKFIU across a number of session as needed.

By Rick Kent

Anti-money Laundering & Economic Crime (Policy) Lead, The Law Society

How HMRC is leading the fight against illegal money changers

As a tax, law enforcement and anti-money laundering supervisor, HMRC is uniquely placed to lead the government's mission to stamp out money laundering and terrorist financing in the Money Business (MSBs) sector.

While MSBs do play an important role in our [society and financial system](#), the sector continues to be recognised as high risk in the [UK's National Risk Assessment 2020](#), with criminals seeking to exploit vulnerabilities to launder dirty money.

To tackle this threat, the government established a cross-government strategy to reduce money laundering through MSBs, particularly focussing on un-registered activity.

HMRC has played a key role in delivering this action plan, working through the [Joint Money Laundering Intelligence Taskforce](#) to educate private sector partners about risks within the sector. Our efforts have led to more than 1,000 [Suspicious Activity Reports](#) being filed, with the intelligence supporting more than 200 criminal and civil

investigations into unregistered MSBs, who are suspected of moving more than £1 billion.

The majority of these cases involve negligent or suspected complicit and corrupt individuals and businesses using Informal Value Transfer System mechanisms, such as hawala, to facilitate transactions to countries with limited banking facilities or foreign exchange controls.

HMRC has responded robustly to these risks with increased supervision of the sector and the removal of suspected 'bad actors' across the industry. That, along with a range of other factors, has led to the population of Principal MSBs reducing by 30%, while the MSB Agent population has fallen by 15%.



We've also used criminal prosecutions to send a strong deterrent message to these businesses – for example, our prosecution of an [MSB owner](#) who was ordered to pay back more than £1 million after trading while unregistered.

While our approach has made significant progress, we know we can't be complacent. The sector remains high risk and we continue to work with our partners to educate business and combat the threat posed by serious organised crime.

By Nick Sharp

Deputy Director of Economic Crime, HMRC

Introduction to OFSI

The Office of Financial Sanctions Implementation (OFSI), which sits within HM Treasury, was established in 2016 to ensure financial sanctions make the fullest possible contribution to the UK's foreign policy and national security goals, and maintain the integrity of, and confidence in, the UK financial services sector. OFSI is the UK's competent authority for the implementation and civil enforcement of Financial Sanctions.

Sanctions are a highly targeted foreign policy tool and OFSI plays its part by implementing and enforcing against 34 financial sanctions regimes, deriving from UN and UK designations.

Since Putin's illegal invasion of Russia, OFSI has driven forward an increasingly complex and impactful set of sanctions. The UK has sanctioned over 1,500 individuals and entities, freezing over £18 billion of assets in the UK, including 24 banks with global assets of over £940 billion, and over 120 oligarchs with a combined net worth of over £140 billion. To support this, OFSI have scaled up to over 100 full-time employees.

OFSI has maintained its strong presence on the international stage, sharing best practice and expertise with our partners. A prime example of this collaboration is the creation and implementation of the Oil Price Cap – a novel sanction regime targeting Russia's greatest revenue stream – devised and enforced in partnership with the G7 and Australia.

The Oil Price Cap bans the provision of UK and coalition services that facilitate the transportation of Russian oil and oil products, unless the oil and oil products are purchased at or below the price set by the coalition. This includes shipping and associated services provided by a range of industries including oil, shipping, insurance, and financial services. The price cap on crude oil and oil products came into effect on 5th December 2022 and 5th February 2023 respectively, and is implemented and enforced by OFSI.

Over the course of the last year, OFSI has increased its work and enhanced its partnership with the private sector, with the purpose of ensuring sanctions regulations are clear, fair and effective, enabling business to implement financial sanctions as effectively as possible. We hold regular standing meetings with specific industries on a monthly or quarterly basis, and routinely attend and answer questions at trade association panels for particular industries. We are looking to increase our engagement with industries we have not typically interacted with as much, whilst maintaining existing links with industries we work more closely with, such as the financial services and legal sectors.

Going forward, OFSI is focused on continuing to deliver in challenging circumstances, responding robustly and resolutely to the Russian government's unprovoked and premeditated war against Ukraine, and the continuing attacks on human rights and fundamental freedoms in numerous nations.

To learn more about OFSI, keep an eye on the following:

- OFSI publishes an annual review of its work every Autumn; outlining work undertaken in the past year, published [here](#).
- Our gov.uk page sets out the latest work we are doing, including guidance on sanctions and who is subject to UK sanctions - link [here](#).

Forward look

Date	Event
Est. mid June (TBC based on Parliamentary scheduling)	Lords Report Stage of the Economic Crime and Corporate Transparency Bill
14-15 June	Counter Fraud, Cybercrime and Forensic Accounting Conference run by the University of Portsmouth Centre for Cybercrime and Economic Crime
10 July	Public Private Steering Group
3-10 September	The Cambridge International Symposium on Economic Crime
September (TBC)	Economic Crime Delivery Board
2 November	Public Private Steering Group

Contact

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