



# NCA

National Crime Agency

## **SARs Reporter Booklet**

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This is a UK Financial Intelligence Unit (UKFIU) product for reporters of Suspicious Activity Reports (SARs), produced in line with the National Crime Agency's commitment to share perspectives on the SARs Regime.

# Overview

This document is produced by the United Kingdom Financial Intelligence Unit (UKFIU) which has national responsibility for receiving, analysing and disseminating financial intelligence submitted through the Suspicious Activity Reports (SARs) Regime. The UKFIU sits within the National Crime Agency (NCA) and receives over 380,000 SARs a year.

This booklet contains a sanitised summary of feedback from law enforcement agencies (LEAs) on their use of SARs and includes pertinent information and updates from the UKFIU.

The contents of this booklet are aimed at:

- sharing perspectives on the use of SARs with participants of the regime
- sharing and encouraging best practice among reporters
- providing a feedback mechanism to the UKFIU about the operation of the regime.

More information about the UKFIU, the SARs Regime and further Guidance Notes (including the SARs Regime Annual Report) can be found at the NCA website [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk). The UKFIU section can be found by navigating from the front page: About us/What we do/Economic Crime Command/UK Financial Intelligence Unit.

We would appreciate your feedback on the effectiveness and format of this document. Please email any comments to [ukfiufeedback@nca.x.gsi.gov.uk](mailto:ukfiufeedback@nca.x.gsi.gov.uk)

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# Contents

<b>Foreword</b>	<b>4</b>
<b>Case studies – use of SARs to tackle high priority threats</b>	<b>5</b>
Money laundering	5
Drugs	6
Fraud	7
Organised immigration crime	8
Child sexual exploitation online	8
Vulnerable persons	8
International	9
<b>SARs Regime and other updates</b>	<b>10</b>
SARs Annual Report	10
(Summary of pertinent stats from the recently published 2015 report)	
Civil recovery and tax	10
(How SARs may enable LEAs to bring civil proceedings in the High Court)	
Guidance on better quality SARs	13
(Comments from law enforcement and guidance from the UKFIU)	
SAR reference numbers	14
(Request for inclusion of historic SAR references to aid link analysis)	
Cifas and fraud-related SARs	15
(Reporting instances of account misuse to Cifas to help prevent fraud)	
NCA website	15
(The source of important documents and news)	
<b>UKFIU assistance</b>	<b>15</b>
<b>Annex A: Further case studies</b>	<b>16</b>
<b>Annex B: Useful definitions</b>	<b>18</b>

# Foreword

Welcome to the latest edition of the SARs Reporter Booklet. This document aims to provide updates on the SARs Regime and the UKFIU and, through the use of illustrative case studies, the various ways in which SAR intelligence is used by UK law enforcement to protect society and prevent crime.

The main update since the last booklet has been the publication of the SARs Annual Report (available from the NCA website), covering the reporting period of October 2014 to September 2015 inclusive.

As with previous years, the number of SARs continued to increase, with the UK reporting sector now submitting over 380,000 reports per year, the majority from the banking sector. The total figure of assets denied to criminals as a result of consent requests (refused and granted) during the reporting period was over £46million.

The amount of international work also continued to increase. The number of financial intelligence requests made by the UKFIU to partners increased by 32%.

The UKFIU has also continued to support the Home Office-led review of the SARs Regime.

The SARs Regime Committee agreed an action plan in September 2015 which agreed an initial focus on three priority sectors: accountancy, banking and legal. The Proceeds of Crime Operations Group, which is chaired by the NCA with secretariat provided by the British Bankers' Association, provides the main engagement point for discussions with the banking sector on the operation of the SARs Regime. To compliment this existing group, two new groups have been established to increase engagement with the accountancy and legal sectors.

Alan Hislop,  
Head of the UKFIU

# Case studies

A review of case studies provided by LEAs and other end users<sup>1</sup> of SARs demonstrates how they continue to be instrumental in instigating and supporting investigations to tackle a wide range of the highest priority threats identified by the National Strategic Assessment of Serious & Organised Crime (NSA).<sup>2</sup> Further case studies can be found in Annex A on page 16.

## Money laundering

A number of SARs were received from various sources suggesting the existence of an organised crime group (OCG) operating in a force area. It was established that a large number of associates had opened over 250 bank accounts, through which money totalling more than £1.5m was being layered before being sent overseas. A number of raids recovered large amounts of counterfeit goods and assets including properties in the UK and abroad. Enquiries are ongoing.

SARs played an essential part in an investigation relating to money laundering, false accounting, forgery, conspiracy to defraud, obtaining a money transfer by deception and fraud by false representation. SARs helped link individuals through financial transactions, gave an indication of the manner in which the unlawful conduct was being committed and also led to new lines of enquiry. A number of SARs provided information on applicants involved in mortgage fraud, while others proved useful in linking individuals and identifying entities owned by the main subject. SARs also helped identify previously unknown bank accounts, additional personal details, an alias name for a suspect and identified an attempted re-mortgage by an individual using false identification documents. A recovery order worth approximately £1m was acquired.

A money laundering investigation was started following SAR intelligence regarding funds being sent from a company in the UK to a company overseas. Initially consent was granted for the first payment to be made as timescales were too tight to develop the information and for a restraint to be sought. However, the intelligence was developed and it became apparent that the payments were suspicious; the directors associated to the companies had little or no assets or business acumen and yet were dealing with companies trading hundreds of thousands of pounds within months of being established. Over £750,000 has been restrained and a number of people have been arrested.

SARs led to an investigation which saw a number of individuals plead guilty to various offences of money laundering, cheating the public revenue and tax credits offences, with the main subject receiving a prison sentence. A loss of £250,000 was accepted by the prosecution for the purpose of sentencing.

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

<sup>2</sup> Public version issued June 2015; available on the NCA website.

Three suspects in a money laundering investigation were arrested on suspicion of conspiracy to steal. They subsequently received prison sentences and the total benefit figure for all those involved in the conspiracy was over £440,000. SAR intelligence highlighted that an associate of one of the defendants was passing significant funds through his/her account on the defendant's behalf. This individual was also convicted.

SAR intelligence resulted in a restraint order being obtained, followed by a money laundering investigation which concluded with a successful conviction, prison sentence and the granting of confiscation and compensation orders, enabling victims to recover some of their losses. The defendant had allowed accounts in his/her name to be used to receive funds from victims abroad who were being duped by online romance scams into parting with funds. Once the funds were received into the accounts, they were withdrawn as cash. The subject was not suspected of being the fraudster, just the money laundering enabler. The defendant was assessed to have benefited from his/her criminality by over £110,000.

The subject was a convicted drug dealer and money launderer with an outstanding confiscation order in excess of £180,000. SAR intelligence identified that he was lending money; as a result funds were restrained and he was ordered to pay a further amount from his order.

## **Drugs**

A reporter submitted a SAR as they were concerned about the unknown origin of funds received to a customer's account. The annual turnover for this account was over £300,000 while the estimated turnover was way below this amount. Checks revealed that the subject had previous convictions for drug dealing. The intelligence and proceeding enquiries were developed and enquiries are ongoing into the individual.

An LEA had an investigation into an OCG supplying drugs. Cash and drugs were seized during the investigation and the main subject subsequently received a prison sentence. Money.web<sup>3</sup> was used to research another individual within the same OCG who was believed to hold a controlling role in the distribution of drugs and collection of debts. A number of SARs were identified which detailed numerous and persistent cash credits and debits by the individual, as well as extravagant spending abroad. This information has given new lines of enquiry and has helped the LEA understand the money trails for this individual, which may prove invaluable in any subsequent confiscation investigation around 'lifestyle' indicators.

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<sup>3</sup> The online portal through which end users access the SARs database.

The continuing submission of SARs from financial institutions is assisting in an ongoing investigation into a company selling legal highs. The SARs have been extremely useful in showing, in detail, information relating to funds, turnover, countries, companies and individuals involved and show the clear transfer of ownership of the company. Enquiries are continuing.

## **Fraud**

A consent SAR resulted in a major ongoing fraud and money laundering investigation with a value of about £1.5m. Restraints have been obtained on several individuals. The investigation is ongoing.

SARs sought consent to close accounts and exit the relationship. The suspect and his/her company were selling high value items online; however, the suspect was withdrawing the monies from the online seller account and not delivering the items. A restraint for almost £1.4m was served on the accounts. Over 80 bank accounts belonging to the suspect were analysed which identified that the suspect was committing other offences online. The suspect has been arrested and enquiries are ongoing.

SAR intelligence detailed that large payments had been made into a suspect's bank account. A subsequent investigation revealed that the individual had removed approximately £1m from another person's account without their knowledge. Without the SAR this course of action would have continued indefinitely. Due to the SAR the suspect was identified and received a prison sentence.

A SAR seeking consent led to an investigation which culminated in the imprisonment of two people for fraud against elderly victims totalling £750,000. Confiscation proceedings are ongoing.

SARs divulged that large credits were being made to an individual's personal account. A Her Majesty's Revenue & Customs (HMRC) enquiry was opened and the investigator raised a total assessment of over £750,000. The SARs were crucial in identifying the initial risk, the source and the potential level of the deposits.

SARs linked an individual to an investigation into organised crime concerning the hijacking of over 1,200 identities. These identities were then used to make fraudulent claims for Department for Work and Pensions (DWP) benefits. A large number of suspects have been arrested and prosecution arrangements are ongoing.

## Organised immigration crime

During an investigation into an OCG suspected of exploitation and human trafficking, a potential victim was identified through SARs. The subject was able to provide investigators with extremely useful information which confirmed that he/she had been trafficked by the OCG. Arrests have been made and enquiries are ongoing.

An individual was suspected of being involved in the running of brothels and the trafficking of females to work within the sex industry. Interrogation of the SAR database provided corroborative information about the subject making suspect payments to hotels (which he/she was suspected of booking on behalf of clients) and receiving cash payments of unknown origin.

## Child sexual exploitation online

Intelligence contained within SARs has identified subjects suspected of being involved in viewing indecent footage of children online. Enquiries are ongoing.

## Vulnerable persons

While fulfilling anti-money laundering and terrorist financing obligations reporters sometimes identify those who are being exploited or who are potential victims of fraud. Glossary code XXV2XX is for reporters to use to increase the identification of SARs relevant to vulnerable persons.

Common types of fraud encountered include investment fraud (and variations including pension liberation fraud<sup>4</sup>), romance fraud<sup>5</sup> and individuals unwittingly engaged in money mule activity.<sup>6</sup> Relevant SARs are identified and fast-tracked by the UKFIU to police forces who will, in many cases, arrange visits by local officers – whilst maintaining the confidentiality aspect of SARs – to offer advice in order to prevent fraud or further losses.

SARs have assisted in an investigation of telephone frauds whereby vulnerable elderly victims are phoned by offenders purporting to be police or bank security staff. The offenders then encourage the victims to transfer their savings into 'safe' accounts which are, in fact, controlled by the offenders. Over 50 victims were identified in one force area with a total loss of over £1.1m. A number of defendants have pleaded guilty and enquiries are ongoing. SARs identified accounts and amounts of money deposited, as well as identifying suspects and victims. Victims were identified nationwide.

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<sup>4</sup> Fraud where members of the public are encouraged to access their pension before retirement, following false representations of anticipated levels of returns when investments are either non-existent or incapable of providing such a return.

<sup>5</sup> Dating or romance scam, when the 'perfect partner', usually online, gains the victim's trust and asks for money.

<sup>6</sup> A person who transfers money acquired illegally on behalf of others.



A reporter submitted a consent SAR around concerns they had that a customer was attempting to dishonestly transfer about £500,000 from a vulnerable victim's bank account. Following an investigation the suspect was charged with fraud and received a prison sentence.

A SAR identified a potential vulnerable person. Officers visited and discovered that the subject was engaged in transferring significant funds overseas as the result of a dating scam. Although the victim had already sent over £40,000, officers were able to alert a relative of the subject who discovered that the victim was about to liquidate approximately £100,000 from the equity in their house to send. As a result, the SAR and the actions of the local police meant this further potential loss was prevented.

SAR intelligence detailed that an individual was regularly sending funds overseas and could have been a potential fraud victim. Police intervention revealed the individual had sent over £100,000. The suspects had obtained the victim's credit card details and had used various techniques to prompt the victim to send funds. Police provided appropriate advice and matters were reported to Action Fraud.<sup>7</sup>

## **International**

An NCA International Liaison Officer (ILO) made a request to the UKFIU around a substantial payment from a UK bank that a bank overseas had reported to the authorities. It had been reported as an unauthorised payment and the foreign authorities had frozen the money. However, when the foreign authorities tried to seize the money at court, the judge had ruled against them on the basis that the money had not been reported as stolen/fraudulent. The UKFIU found a relevant SAR that reported the transaction. Intelligence on the fraudulent origins of the transaction was spontaneously disseminated to the ILO. This intelligence enabled the ILO to make a statement on the fraudulent nature of the original transaction that empowered the foreign authorities to control and return the money to the UK victim.

The International Team received an urgent enquiry to assist an overseas partner regarding individuals in custody. As UK SAR information existed on the subjects, intelligence reports were disseminated to assist in the investigation. The partners expressed a high level of satisfaction and thanks with the UKFIU response.

A request was received from an overseas FIU investigating an OCG involved in human trafficking, prostitution and money laundering. Over 40 SARs were identified on the subjects and the information redacted into intelligence reports. The reports were shared with partners to assist in the intelligence picture of the investigation.

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<sup>7</sup> The UK's national fraud and internet crime reporting centre.

The UKFIU received an overseas FIU request relating to bank enquiries as part of a fraud investigation. The International Team traced recent SAR reporting in relation to the account details provided and enquiries were undertaken with the reporter. The reporter confirmed the recent closure of the account due to suspected fraudulent funds and had transferred funds to a suspense account awaiting an envisaged indemnity claim. Information was provided to the requesting FIU to support an envisaged 'bank to bank' request for return of the funds.

## **SARs Regime and other updates**

### **SARs Annual Report**

The SARs Annual Report 2015 is now available from the NCA website ([www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)). This covers the reporting period of October 2014 to September 2015 inclusive.

The volume of SARs submitted to the UKFIU continued to rise, with the total number of SARs received increasing by 7.82% on the previous year from 354,186 in 2013/14 to 381,882 in 2014/15.

The largest submitter of SARs continued to be the banking sector, making up 83.39% of all SARs received (this is comparable with 82.18% for 2013/14). This figure – 318,445 – is more than the total number of all SARs across the sectors submitted just two years ago (316,527 in 2012/13). Building societies were the second largest submitter of SARs with 15,806, an increase on 12,834 in 2013/14.<sup>8</sup> The total figure of assets denied to criminals as a result of consent requests (refused and granted) during the reporting period is £46,375,449.

### **Civil recovery and tax**

SARs may enable specified LEAs (among others, the NCA and Serious Fraud Office) to bring civil proceedings in the High Court to claim property obtained through criminal conduct. Reporters should be aware that the UKFIU may refuse consent to allow for a property freezing order to be applied for (as set out in Home Office Circular 29/2008 on the consent regime) and reporters should also be mindful, when completing SAR submissions, that criminal investigations are one element of the response to money laundering. A guide on information requirements in civil recovery and taxation power investigations is set out in the paragraphs below.

### **Overview of Parts 5 and 6 Proceeds of Crime Act 2002 (POCA)**

The provisions under Part 5 (civil recovery) and Part 6 (revenue functions) of POCA provide LEAs with non-conviction based asset recovery powers. The proceedings adopt civil practice and procedure and, for the claim to succeed, the High Court

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<sup>8</sup> The UKFIU makes no comment as to the relative volume of reports from different sectors. It is for the sectors and their supervisors to assess if the volume of SARs submitted is proportionate to the risks their sectors face.

must be satisfied to the civil standard that the specified property represents the proceeds of crime.

Civil recovery proceedings under Part 5 may be brought regardless of whether there has been, or is likely to be, a prosecution in relation to the unlawful conduct and even if there has been an acquittal. Unlawful conduct means conduct constituting criminal conduct in the UK or overseas (as long as such conduct would also be criminal conduct in the UK).

The proceedings are against the property itself, rather than an individual or company; a person holding assets which are the subject of civil recovery may not be the person who carried out the unlawful conduct. It is not necessary to link the acquisition of the property to a specific crime, so long as it is shown that the property was acquired through or in return for conduct of one of a number of kinds, each of which would have been unlawful conduct. Property which represents, or can be traced to, property that was originally obtained through unlawful conduct can also be recovered, as can any accruing profits.

Taxation powers can be used to recover assets from criminals who have made a taxable profit or gain from their crimes. Part 6 provides a gateway for the NCA to access HMRC's tax functions and powers. These can be exercised to investigate UK individuals and companies where there is reasonable suspicion that at least part of their income derived from acquisitive criminality, irrespective of whether that criminality was perpetrated by them or a third party.

Where the qualifying condition of reasonable suspicion is satisfied, the NCA can raise tax assessments for the tax owing for a period of up to 20 years, with the application of interest and financial penalties significantly augmenting the tax debt. If unpaid, the NCA can then take enforcement proceedings and ultimately bankruptcy proceedings.

A non-declaration or under-declaration of tax to HMRC is found in the majority of Part 5 civil recovery cases. In view of this, hybrid working combining the powers of both the Part 5 civil recovery and Part 6 tax functionality is used by the NCA whenever possible. This approach increases disruption by significantly limiting the offender's options, therefore encouraging and expediting negotiated civil settlement. Hybrid investigations also increase the potential to strip offenders of all of their identified worldwide assets.

Civil recovery and taxation supplements the need to convict and sentence criminals with the need to separate criminals from their ill-gotten gains. This can happen when the criminal process has failed or cannot proceed, or a decision is made that the civil recovery or tax approach represents a better deployment of resources. Civil recovery and taxation powers are a major part of disrupting and deterring offenders engaged in acquisitive crime.

### **Circumstances in which civil recovery and tax are appropriate**

There are three sets of circumstances in which it may be appropriate to pursue civil recovery and tax investigations instead of a criminal investigation:

### Where it is not feasible to secure a conviction:

- A criminal investigation could not generate sufficient evidence to create a realistic prospect of conviction (to the criminal standard of “beyond reasonable doubt”) but there may be sufficient evidence for civil proceedings (to the civil standard of “balance of probabilities”).
- A criminal investigation has been conducted but the prosecuting authority considers that there is insufficient evidence to create a realistic prospect of conviction.
- A prosecution has been conducted but has not resulted in a conviction.
- The only known criminality is overseas and there is no extra-territorial jurisdiction to pursue a criminal case in the courts of England & Wales or Northern Ireland.
- There is no identifiable living suspect who is within the jurisdiction or realistically capable of being brought within the jurisdiction or a suspect has died or fled the jurisdiction.
- The proceeds of crime can be identified but cannot be linked to any individual suspect and/or offence.

### Where a conviction is obtained but a confiscation order is not made.

### Where a conviction may be feasible, but use of civil recovery powers may better serve the public interest:

- Using civil recovery powers better meets an urgent need to take action to prevent or stop offending which is causing immediate harm to the public.
- It is not practicable to investigate all individuals or entities with a peripheral involvement in the criminality and civil recovery powers could be used against those not facing criminal investigation or prosecution.
- Civil recovery and/or tax actions represent a better deployment of resources to target someone with significant property which cannot be explained by legitimate income.
- The offender is being prosecuted in another jurisdiction and is expected to receive a sentence that reflects the totality of the offending, so the public interest does not require prosecution in the UK.

### **Information requirements for civil recovery under POCA**

The requirements for a civil recovery referral are that:

- a person owns or holds assets which represent the proceeds of unlawful conduct. Evidence would be needed of:
  - the unlawful conduct (to a civil burden of proof)

- specific assets which are suspected to represent the proceeds of unlawful conduct
  - the link between the specific asset and the unlawful conduct. This may be evidence of when the assets were acquired plus evidence of unlawful conduct in the same time period(s)
  - reasonable grounds for suspecting that a person owns, or a person is in possession or control of, property originating from unlawful conduct.
- Assets were acquired within the last 20 years (where the original property was obtained on or after 25 January 1998) or within the last 12 years (where the original property was obtained before 25 January 1998) with the proceeds of unlawful conduct.
  - Assets are worth over £10,000 in value.

### **Information requirements for the use of taxation powers under POCA**

The qualifying condition for taxation powers to be exercised is that there are reasonable grounds to suspect that:

1. there has been chargeable income or a gain to a person or profit to a company, and
2. it arises or accrues as a result of that person or another's criminal conduct, whether wholly or partly, whether directly or indirectly.

To be classed as chargeable income or gain or profit, criminal conduct needs to be capable of being classified as a trade, profession or vocation. By way of example only, trafficking, smuggling, sale of counterfeit goods and the provision of services (such as commission for money laundering) would be classed as chargeable.

Criminal conduct can be that person or another person's criminal conduct and can take place in the UK or overseas. Only part of the income/gain/profit needs to be from criminal conduct.

### **Information in SARs**

We ask that reporters consider these information requirements when submitting SARs to ensure the greatest range of law enforcement opportunities are available, and so increasing the chances of SARs contributing to the prevention of money laundering.

### **Guidance on better quality SARs**

It is particularly important that fields relating to the reason for suspicion, forename, date of birth, company name, occupation, address and postcode are completed correctly. Missing information limits analysis opportunities and reduces the effectiveness of the SAR.

The explicit rationale behind the reason for suspicion and the context of why the SAR is being submitted should be clearly communicated in simple English. This can be improved with consideration to Who? What? Where? When? Why? and How? Missing information has a negative impact on identifying the subjects correctly, limits the analysis opportunities and limits the overall effectiveness of the SAR.

Providing details of the main subject's occupation assists with judgements about the origin of funds and whether the subject is using professional knowledge to facilitate money laundering, including identifying whether there are opportunities to engage with regulators and supervisors.

Reporters are encouraged to avoid the use of acronyms or jargon within SARs – there is the potential for them to be misunderstood by the recipient and be open to misinterpretation.

If describing a service provided or a technical aspect of their work, please provide a brief synopsis in the SAR to aid the UKFIU and financial investigators.

The UKFIU uses postcodes to allocate SARs to the appropriate police forces and other agencies. Such allocations offer opportunities to take action and/or build an intelligence picture. In addition, postcodes and international addresses are also for a crucial element in analysis of trends and in particular to identify hotspots of activity.

- As such the postcode and full address of the main subject of the SAR (normally the suspect) should always be included where known.
- Where the details of a victim are known, in particular a vulnerable person, the postcode and full address should also be included in the additional address field.
- In all international address cases, whether it be a suspect, associates of the subject and/or a victim, always ensure that at least the country field is populated and provide as much detailed information as possible.

Further information on how best to complete a SAR can be found in the UKFIU section of the NCA website ([www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)) and in the UKFIU guidance documents 'Submitting a SAR within the Regulated Sector' and 'Introduction to SARs' (also available on the website).

## **SAR reference numbers**

Reporters are reminded that if they are submitting a SAR, and in it make reference to a SAR that they have previously submitted, then they should use the SAR reference number they were provided with by the UKFIU. Please do not include any internal reference numbers which you may use yourselves. The absence of previously submitted SAR reference numbers risks the connection between SARs being missed.

## **Cifas and fraud-related SARs**

In instances where the SAR you are reporting involves a confirmed abuse of a bank account (e.g. to launder funds, receive scam payments) and you are a Cifas member, you will be faced with a parallel decision making process. Your organisation should consider recording the fraudulent misuse of the account/s to Cifas in order to help prevent further criminality being conducted through those bank accounts, and report the SAR in the normal way to the UKFIU.

The staff within your organisation responsible for recording fraudulent abuse of accounts to the Cifas National Fraud Database may currently be located within your fraud investigation team, but possibly not your anti-money laundering team. You may therefore wish to put the necessary arrangements in place for the abuse of account cases you identify to be fed into your fraud investigation team – or, alternatively, obtain access to the Cifas National Fraud Database for your team, to enable those frauds to be recorded to Cifas as 'Misuse of Facility' cases.

For further information and assistance please contact [Cifasreporting@cifas.org.uk](mailto:Cifasreporting@cifas.org.uk)

## **NCA website**

There is a large amount of information on the NCA website about the SARs Regime, the UKFIU, how to report SARs, the legal basis for reporting and requesting consent. These sections can be found by visiting [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk) and following the chain '**About us/What we do/Economic Crime Command/UK Financial Intelligence Unit**'. These pages include hyperlinks to various UKFIU guidance notes including the SARs Annual Report, links to related websites and legislation documents and also to SAR Online<sup>9</sup> (a link to SAR Online can also be found at the top right corner of every page of the NCA website – click on 'Reporting SARs').

## **UKFIU assistance**

For information or assistance with submitting SARs, SAR Online enquiries and consent, please visit [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk) or contact the UKFIU on 020 7238 8282:

Press '2' – General SAR enquiries

Press '3' – SAR Online helpdesk

Press '4' – Consent SAR enquiries

When contacting the UKFIU please have available your SAR reference number if applicable. If you wish to make a SAR by post you should address your SAR to UKFIU, PO Box 8000, London, SE11 5EN or by fax on 0207 283 8286. **NB:** Post and fax are slower than SAR Online and therefore it will take longer for your SAR to be processed. You will not receive an acknowledgement if you use post or fax.

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<sup>9</sup> The current portal allowing reporters to submit SARs via a web interface.

## Annex A: Further case studies

### Money laundering

The subject of a money laundering and fraud investigation was arrested for conspiracy to steal. SARs highlighted that the subject was passing significant funds through his/her accounts which were being transferred to subjects abroad. The subject was charged with a number of offences and enquiries are ongoing.

### Fraud

Arena<sup>10</sup> has been invaluable in the development of analysis around a criminal network. From just a handful of SARs relating to a single possible money mule account, it grew to include an online fraud and a potential money laundering network. This group consisted of over 50 individuals who managed to transfer over £200,000 out of the UK. Arena also enabled the identification of further SARs that may indicate additional frauds or criminal activities that are passing their proceeds through this network. Enquiries are ongoing.

SARs raised suspicions when an account received a large cheque from a third party; the money was withdrawn and the customer could not offer any explanation. Over a year, the account had had in excess of £100,000 from various individuals. Production orders were made, warrants executed and it was suspected that the subject was the beneficiary of 'romance fraud' funds. The suspect has been arrested and the investigation is ongoing.

SAR intelligence was received asking for permission to return funds to the subject. A preliminary investigation revealed potential illegal sales of counterfeit goods and consent was refused. A warrant was executed at the subject's property and counterfeit items with an approximate retail value in the hundreds of thousands were seized. The main subject received a suspended prison sentence. A considerable confiscation order was made. Without the SAR intelligence it is unlikely this case would have come to light.

### Vulnerable persons

An elderly couple had paid thousands of pounds out to an overseas firm in a bid to recoup lost funds on a time share. This was also a scam; the bank had refused to send any further funds on the couple's behalf. After a SAR was submitted, the SAR was fast-tracked to the local force who swiftly engaged with the couple's family members to ensure no further money was sent.

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<sup>10</sup> A search and analysis tool for law enforcement comprising the majority of the SAR dataset.



A SAR was received requesting consent to transfer funds from the subject's account into a third party account held overseas. The SAR highlighted the vulnerability of the subject and this was an unusual transaction compared to the normal activity of the account. Despite the funds not being criminal property the reporter agreed to hold the funds whilst police made enquiries to contact the subject to discuss the matter. The subject was spoken to and cancelled the transaction. The LEA noted that the reporter should be praised for highlighting the fact that the subject was vulnerable and for their quick action in reporting this matter. This prevented an elderly person becoming the victim of fraud.

A number of SARs related to an elderly person who had been sending large amounts of money overseas and around the UK. First indications were that this was possibly a romance fraud. The individual, who had been the victim of scams before, was visited by police; the individual's welfare was checked and advice given. It transpired the individual was living in a rented property having sold his/her house believing that he/she was in a real relationship. The matter was reported to Action Fraud and the individual was provided with support in ending the 'relationship' and ceasing contact. Ongoing checks are being made regarding the individual's welfare.

A SAR was fast-tracked to an LEA as it was believed the subject was a vulnerable person. The reporter had become aware of a customer who they believed was the victim of a lottery scam and had sent over £40,000 overseas. In branch the individual had stated they were helping a friend but would not go into detail. The individual was visited by a financial investigator (FI) and made aware that he/she had been the victim of a scam. Safeguarding has been put in place to prevent any further contact from the fraudster or others. The matter has been reported to Action Fraud.

SARs highlighted that an individual had made multiple payments overseas totalling £20,000. When visited by police he admitted that he had been sending money to his 'girlfriend', whom he had established contact with via a dating agency. The woman would telephone him asking for money and he had already taken out loans to assist with the transfers. He was strongly advised not to send any further funds and provided with Action Fraud contact details.

An LEA received information regarding an alleged fraudulent attempt to obtain a personal loan. An application for a loan had been made to a high street money lender; however, the establishment was concerned that the person making the application looked in fear and was being coerced by another person present. Details of the individual, perceived as vulnerable, were provided by the money lender to the NCA. The SAR was fast-tracked to the LEA, a warrant executed and a number of arrests made. Enquiries are ongoing and other vulnerable victims have been identified.

## **Asset denial**

A consent SAR was submitted requesting to pay away over £5,000 to the subject. Consent was refused on the basis that over £3,000 was owed on an outstanding confiscation order. The restraint was varied and the monies owed paid across to satisfy the order and the remainder returned to the subject by the reporter.

## **Other**

A financial institution submitted a number of SARs expressing concern over cash credits into an individual's account. Each SAR has assisted the FI in continuing to develop a financial picture of the person under investigation, which has led to production orders and account monitoring orders.

## **Annex B: Useful definitions**

### **Arena**

A search and analysis tool for end users of SARs.

### **Confiscation order**

An order made against a convicted defendant ordering them to pay the amount of their benefit from crime.

### **Consent regime**

The Proceeds of Crime Act 2002 (POCA) allows persons and businesses to avail themselves of a defence against money laundering charges by requesting the consent of the authorities (effectively via the UKFIU) to conduct a transaction or undertake other activity (a 'prohibited act') about which they have concerns. The decision to refuse or grant consent is made by the UKFIU in consultation with the appropriate law enforcement agency.

### **Direct access to SARs**

Using computer technology to afford direct access to ELMER e.g. via money.web and/or ARENA. Access is governed by strict criteria set by the UKFIU.

### **Economic Crime Command**

The purpose of the ECC in the NCA is to reduce the impact of economic crime (including the financing of serious and organised crime) on the society and economy of the UK.

### **Elmer database**

The existing SARs database in the NCA.

### **End user**

A current or potential user of SARs such as a law enforcement agency or relevant government body.

## **End user criteria**

A set of criteria which must be met by any organisation seeking direct access to SARs through the money.web or ARENA systems.

## **Financial reporting order**

An ancillary order available to courts at the point of sentence or when a person is otherwise dealt with by the court. It requires offenders convicted of a specified offence to make such reports of their income and assets as set out in the order. The court has to be satisfied that there is a sufficiently high risk of the defendant committing similar offences in the future.

## **Home Office Circular 022/2015**

This circular (full title: 'Money laundering: the confidentiality of sensitivity of Suspicious Activity Reports [SARs] and the identity of those who make them') covers the detailed procedures which law enforcement agencies and the NCA must follow to safeguard the confidentiality of the originator of a SAR.<sup>11</sup>

## **Home Office Circular 029/2008**

This circular (full title: 'Proceeds of Crime Act 2002: obligations to report money laundering – the consent regime') provides guidance on the operation of the consent regime and is used to ensure consistency of practice on the part of law enforcement in considering requests for consent under POCA.

## **Money Laundering Regulations 2007**

These place requirements on certain industry sectors (the 'regulated sector') to put in place internal policies and procedures to prevent and forestall money laundering and terrorist financing.

## **money.web**

The online portal through which end users access the SARs database.

## **Moratorium period**

If consent is refused within the notice period (seven working days), law enforcement has a further 31 calendar days (the 'moratorium period') – from the day of refusal – to further the investigation into the reported matter and take further action e.g. restrain or seize funds. The 31 days includes weekends and public holidays. The reporter runs the risk of committing a money laundering offence if they proceed during the moratorium period whilst consent is still refused.

## **National Strategic Assessment**

The NCA's National Strategic Assessment is the most comprehensive public-facing analysis to date of the serious and organised crime threats affecting the UK. The NSA, and the response to it, is owned by the whole of law enforcement, including police forces and other national agencies and is informed by material gathered from a wide range of organisations, including local government, industry partners, the third sector and international allies.

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<sup>11</sup> Issued in June 2015, this updates and replaces the previous Home Office Circular 53/2005.

**Nominal**

A person of interest to law enforcement.

**Notice period**

The law specifies consent decisions must be made within seven working days (the 'notice period') from the day after receipt of the consent request (excluding Bank Holidays and weekends). The purpose of the seven days is to allow the NCA and its law enforcement partners time to risk assess, analyse, research and undertake further enquiries relating to the disclosed information in order to determine the best response to the consent request. The reporter runs the risk of committing a money laundering offence if they proceed prior to receiving a decision from the NCA.

**Proceeds of Crime Act 2002 (POCA)**

Part 7 of the Act defines the primary money laundering offences and requirements around the reporting of suspicious activity.

**Production order**

These allow financial investigators to obtain information about the financial affairs of a person subject to a confiscation, money laundering or civil recovery investigation, most usually in relation to his or her bank accounts.

**Reporter**

An individual or organisation that submits a SAR (e.g. a bank, accountant, solicitor).

**Reporting sector**

Those organisations that report SARs or are expected to report SARs under POCA.

**Restraint order**

An order which has the effect of freezing the assets and bank accounts of the persons against whom it is directed, in consequence of a belief by the authorities that some crime has been committed from which a person has benefited financially.

**Suspicious Activity Report (SAR)**

A collection of structured and unstructured information describing a reporter's suspicion of money laundering activity. SARs may be submitted under a legal requirement applying to UK organisations or outside such a legal requirement.

**SAR glossary codes**

SAR glossary codes are used by reporters when submitting a SAR to quickly describe the reason they suspect money laundering. They are intended to enhance the capabilities of law enforcement to use the submissions and to reduce the effort expended by reporters in completing a SAR.

**SAR Online**

The current portal allowing reporters to submit SARs via a web interface.

**SARs Regime**

The end-to-end system by which industry spots suspicious activity related to money laundering or terrorist financing and reports this to the UKFIU in a SAR. The UKFIU

processes the SAR and stores it on the SARs database, and end users in law enforcement subsequently make use of it.

### **SARs Regime Committee**

The Committee brings together representatives from the regulator sector, supervisory organisations and law enforcement with the aim of improving the operation and effectiveness of the SARs Regime.

### **United Kingdom Financial Intelligence Unit (UKFIU)**

Receives and analyses SARs concerning suspected money laundering and terrorist financing and makes them available to law enforcement for appropriate action.