

ECONOMIC CRIME QUARTERLY

In a world constantly evolving, the fight against economic crime remains a critical challenge. This quarter's newsletter offers a comprehensive overview of recent developments, achievements, and perspectives shared by both public and private partners.

A word from Duncan Tessier and Giles Thompson

Welcome to the October edition of the Economic Crime Newsletter.

This year has already seen some significant achievements in the UK response to Economic Crime, we wanted to mention three areas in particular.

Firstly, the publication of both the Economic Crime Plan 2 (ECP2) and the Fraud Strategy are landmark documents which together are driving our collective efforts to cut fraud, reduce money laundering, recover more criminal assets and reduce kleptocracy and sanctions evasion. We have developed those strategies across Government departments, but also critically with the engagement and insight of colleagues from across the private sector.

Secondly on legislation, we have been taking forward the final stages of the Economic Crime and Corporate Transparency Bill towards Royal Assent. The changes and new powers this will provide will be transformative in our efforts to tackle economic crime.

And thirdly, we are making good progress developing the overarching outcomes framework for Economic Crime Plan 2, which will allow us to understand the impact we are having in the real world. We have published several consultations as a part of our work to deliver on our commitments in ECP2. This has included our consultation on proposed amendments to the supervisory regime and our targeted engagement on suspended funds, a scheme which if realised, could provide critical new investment to fund the fight against economic crime.

Thank you to partners from across the public and private sector for your efforts to protect the UK from the threat of economic crime.

Duncan Tessier is the Director of Economic Crime at the Home Office and Giles Thompson is the Director of Economic Crime at HM Treasury and Director for Office of Financial Sanctions Implementation.

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Fraud Strategy: delivery update

Three months ago, the Government's ambitious, cross-cutting Fraud Strategy was published. The Strategy sets out a plan to reduce fraud by 10% on 2019 levels. Since then, the Home Office Fraud Policy Unit have been working hard alongside stakeholders to deliver key milestones in the Strategy to reduce fraud and protect the public. These include:

1 National victim care coverage



The team worked closely with City of London Police to successfully roll out the Action Fraud National Economic Crime Victim Care Unit (NECVCU) to all 43 police forces in England and Wales. This means all victims whose cases are not investigated by the police will receive bespoke advice and support from specially trained NECVCU advocates to help them feel safer and more confident, helping them to recover from the crime. More information can be found [here](#).

2 Banning SIM farms

The Prime Minister and the Home Secretary committed in the Fraud Strategy to ban devices known as "SIM farms" which are used by criminals to send thousands of scam texts at once. The Government has consulted on proposals to ban possession and supply of SIM farms in the UK and sought views on any legal use cases to ensure we do not disrupt legitimate businesses. This is [available here](#) for further reading. The team is now considering the responses and rapidly developing legislation to prevent criminals getting hold of these devices and scamming the British public.

3 Consulting to ban cold calling for financial services and products.

A key pledge in the Fraud Strategy was to extend the existing ban on cold calling by pension providers to cover all consumer financial services and products. The ambition is that the public will know that cold calls about financial services and products are a scam and have the confidence to hang up should they receive one. Jas Rihal was seconded from the Home Office fraud team to HMT, where the team worked rapidly to publish the consultation in less than 3 months, with it launching on 2 August. More information can be found [here](#).

4 Reimbursement via the Financial services and Market Act

The Financial Services and Markets Act received Royal Assent on 29 June and enables the Payment Systems Regulator (PSR) to require payment service providers to reimburse victims of Authorised Push Payment (APP) fraud. This will reduce harm to victims and incentivise firms to undertake further prevention work. Alongside this, HMT have consulted and are working at pace to enable banks to hold suspicious payments longer than allowed under current rules. We are working to ensure that this legislation is in place for the same time that the PSR's reimbursement requirement takes effect. [These milestones are just the start of delivery on the Fraud Strategy, with more to come over the next year. Additional information can be found here.](#)



Anti-Fraud Champion

Anthony Browne MP

I am delighted to have been appointed by the Prime Minister as the first Anti-Fraud Champion. Fraud is the biggest crime in the UK and it is crucial we take action to reduce the financial and emotional harm being caused. I am committed to driving cross-sector efforts to tackle fraud and supporting the delivery of the Fraud Strategy.

The tech, telecommunication and financial sectors must take responsibility for protecting their users and blocking fraud reaching consumers. Since my appointment, I have engaged with senior leaders within industry to further incentivise collaboration and we have worked together to design out fraud. This includes engagement with the largest tech companies to progress an online fraud charter which will be published later in the year. I look forward to working with many of you in the coming months.

[Anthony Browne MP was appointed the Prime Minister's Anti-Fraud Champion on 3 May 2023, alongside the publication of the government's new Fraud Strategy. He has been the Member of Parliament for South Cambridgeshire since 2019.](#)

UK Finance : Vulnerable Victims Notifications

The Vulnerable Victims Notifications process, developed in collaboration between UK Finance and Sussex and Surrey Police and launched in 2021, is an initiative which enables Law Enforcement to notify financial service providers of customer vulnerabilities which may make them susceptible to fraud. Eighteen regional police forces and fourteen banking brands have now signed up to the process, with more scheduled to launch.

Since its launch, the service has helped over 500 vulnerable customers with 40% of the vulnerabilities alerted through the service previously unknown by the victims' banks and building societies.

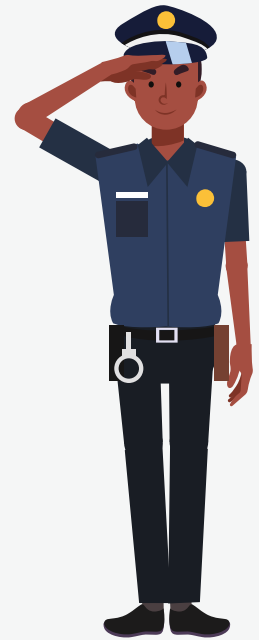
As a result of these referrals, financial institutions have been able to apply protective measures which may include vulnerability markers on victims' accounts, referrals to specialist vulnerability teams within the organisations, limits on online banking facilities, provide tailored education and awareness materials, and where relevant, reimburse the vulnerable victims in line with the Contingent Reimbursement Model Code.



The Vulnerable Victims Notifications process supports and encourages partnership working, strengthening relationships between financial institutions and Law Enforcement. This initiative, alongside the Banking Protocol and Banking Protocol Cross Channel, have enabled a direct route for concerns about (potential) victims of fraud to be better protected and educated about fraud and scams.

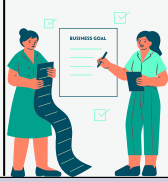
The process also offers lasting protection measures and reconsideration of liability decisions for victims who would otherwise be unable or unwilling to communicate with the bank about their vulnerabilities.

Overall, the Vulnerable Victims Notifications process has been hugely successful in protecting vulnerable people, safeguarding finance and preventing further financial loss.



AVOID BEING A VICTIM OF SCAMS

To read more about scammers tricks, and how to avoid being a victim, [click here.](#)



PSFA: Progresses & Milestones

The Public Sector Fraud Authority (PSFA) launched a year ago with fraud prevention at the heart of its response. As a committed, key delivery partner of the Economic Crime Plan 2, the PSFA is focused on supporting departments and public bodies to understand their fraud risks, design out fraud in scheme design and implement effective counter fraud strategies.

The PSFA is focused on building more upfront fraud prevention expertise to strengthen the public sector fraud defences. It will achieve this through the roll out of its Risk, Threat and Prevention (RTP) Service that supports departments and public bodies to better understand how fraudsters attack the public sector. The Service is working with departments to understand their fraud risks and to help build fraud controls into the design of government schemes and policies.

The RTP Service is also developing the Global Fraud Risk Assessment to track and analyse common fraud patterns across the public sector and the High Fraud Risk Portfolio, to identify public sector areas most at risk of fraud to then focus resources and expertise on it. The Service is a world first, with no other government currently providing such a cross-government resource or capability to identify and counter fraud in this way.



In addition to its new services, the PSFA is building counter fraud capability across government too. The Government Counter Fraud Profession (GCFP), operating from the PSFA, recently published the **Fraud Prevention Standard for Professionals**. Created in collaboration with counter fraud experts from the public sector, industry and international partners, the Standard provides a consistent cross-government approach to prevent opportunities for fraud against the public sector.

Professionals can use the Standard to increase their knowledge and understand fraud risks, recognise prevention opportunities and test schemes for vulnerabilities. The competency framework can be used to self-evaluate knowledge and identify skills gaps, building capability and enabling counter fraud measures to be built into scheme design.



Another key part of the PSFA's commitments in the Economic Crime Plan 2 is the use of data and analytics which are integral to a modern and effective fraud response. The PSFA is harnessing proven and powerful data and technology to find, prevent, stop and recover fraud. Its Data Analytics Service, working with Quantexa, is preventing and detecting potentially fraudulent payments by processing billions of data points at high speed to identify suspicious activity.

Integral to the PSFA are its values of collaboration and expertise. This is why the PSFA is delighted to be hosting a summit of international experts from the International Public Sector Fraud Forum in September and have launched a new strategic partnership Australian Commonwealth Prevention Centre, to share and build collective understanding of fraud.

The PSFA will take more, and better, action where fraud occurs to ensure fraudsters will face consequences. The PSFA is finalising the design and launch of an Enforcement Unit to take action to pursue fraudsters and strengthen government's counter fraud defences.

New identification doctrine & economic crime SLAPPs measures in ECCT Bill

In June, the Home Office introduced measures to the Economic Crime and Corporate Transparency Bill to modernise the identification doctrine for economic crimes, a legal principle which can hold corporations criminally liable for an offence.

Under the proposal, senior managers will be brought within scope of who can be considered the 'directing mind and will' of a business. This means if they commit an economic crime, the company can also be held criminally liable and fined for the offence.

In practice, a test will be applied to consider the decision-making power of the senior manager who has committed an economic crime, rather than just their job title. The corporation may then be liable in its own right. This will reduce the ability for corporations to use complex management structures to conceal who decision makers are and therefore level the playing field for businesses of all sizes. These reforms build on the Failure to Prevent Fraud offence added to the Bill in April and is another major development in the government's drive to reform corporate criminal liability.

Andrew Penhale, Chief Crown Prosecutor for the CPS, said:

"The scale of fraud in the UK – which now comprises over 40% of all criminal activity – is so widespread that extra measures to help prevent it and protect people and organisations from falling victim to this crime is a welcome step in tackling this type of offending. The reform of the identification doctrine for economic crime is another important measure to drive better corporate behaviours and will further enhance the tools available to prosecutors. We recognise and support the government's commitment to legislate for identification doctrine reform across all crime types in the future."

In addition, the Home Office alongside the Ministry of Justice introduced new measure to tackle Strategic Lawsuits Against Public Participation (SLAPPs) in relation to economic crime.

SLAPPs have been used prominently by Russian oligarchs to silence critics including investigative journalists, writers and campaigners to avoid scrutiny, often on bogus defamation and privacy grounds that prevent the publication of information in the public interest.

The measure will give judges greater powers to dismiss lawsuits designed purely to evade scrutiny and stifle freedom of speech. It will create a new early dismissal process within the court system which will allow SLAPPs about economic crime to be rapidly thrown out by judges. This will make SLAPPs far less effective as a tool with which to threaten journalists and give reporters greater confidence to stand up to the corrupt, knowing the law is firmly on their side.



The introduction of these key additional measures will greatly strengthen the Bill's aim to tackle fraud and abuse of our legal system. The Bill has completed its Commons and Lords stages, as well as its first round of Ping Pong on 4 September. Royal Assent is expected to take place in the coming months.

AML /CTF Supervision Reform Consultation

HM Treasury has published a consultation on reform of the anti-money laundering and counter-terrorism financing (AML/CTF) supervisory system, in line with a commitment in the Economic Crime Plan 2 2023-6.

Currently, the AML/CTF supervisory system is made up of three public body supervisors - the Financial Conduct Authority, the Gambling Commission and HMRC - and 22 professional body supervisors (PBSs) who supervise the legal and accountancy sectors. These supervisors ensure firms and individuals comply with the Money Laundering Regulations (MLRs). They take enforcement actions if the MLRs are breached and ensure only fit and competent individuals hold management roles in regulated businesses.



The 2022 Review of the UK's AML/CTF regulatory and supervisory regime concluded that while there had been continued improvement to the regime, some weaknesses in supervision may need to be addressed through structural reform. The Review set out four possible models for a future AML/CTF supervisory system. This consultation further develops these four models, assessing them against three consultation objectives. The consultation does not include a policy preference and invites respondents' views regarding the potential benefits and disbenefits of each potential reform model.

Over the last month, we have been collecting views on whether to expand requirements on supervisors and their regulated populations relating to sanctions compliance. This consultation has now closed, but HMT will respond to the consultation by the end of March 2024.

New SAR's Digital Service Portal Launch & Development Progress

Since our Spring update, significant progress has been made with the delivery of the new SARs Digital Service for reporting, collecting, analysing, and exploiting SAR data. Specifically, substantial progress has been made regarding the implementation of the two new reporting channels, the new SAR Portal, and Bulk API.

The new SAR Portal was launched to the public in September 2023 and all reporting organisations are now encouraged to register and start using the new Portal to submit SARs. The new Portal will become the sole reporting route for all organisations, as the legacy SAR Online System is planned for decommissioning later this year.

The new SAR Portal was opened to the public following a successful six months of gradually onboarding organisations and gathering user feedback. The first **30** reporting organisations used the new SAR Portal from April 2023 and following positive feedback, the number of organisations onboarded increased, allowing the Programme to test the resiliency and performance of the system at higher volumes.

By the end of August, over **250** organisations were successfully using the new SAR Portal, with **87%** reporting overall satisfaction. Specifically, the new glossary codes section was identified by reporters as very beneficial, as well as the overall structure and amount of capturable information the new SAR Portal offers.

Significant progress has also been made on implementing the new Bulk API reporting route, with **50%** of all Bulk Reporting organisations now successfully onboarded and submitting live SARs. These organisations consist of banks and financial institutions who submit high volumes of SARs. Feedback from the Bulk Reporting organisations has been extremely positive, with **100%** reporting overall satisfaction. Reporters have also commented on how the Bulk API has made the process of submitting SARs faster and more streamlined, successfully accommodating their higher reporting volumes.

Alongside the delivery of the new SAR reporting routes, the SARs Reform Programme has also commenced work on the second release of the new SARs Digital Service. This will enable the decommissioning of the legacy IT systems used by Law Enforcement Agencies, Government Departments and the UKFIU.

The new SARs IT will empower SAR users through the provision of an enhanced toolset to better search, analyse, share, and exploit SAR data. An initial Discovery phase was undertaken to engage with SARs user communities to understand their needs, current constraints, and improvement opportunities. Findings from the Discovery phase are now being used to shape the recommendations and design of the new SARs IT, which is being progressed and refined during the next phase of development through the creation of Prototypes and user feedback sessions.



ICAEW:

Improving Information Sharing

A key supervisory objective for 2022/23 was to improve information sharing, between the Institute of Chartered Accountants in England and Wales (ICAEW) and our firms on AML (Anti - Money laundering) risks, and to improve the flow of information from law enforcement to ICAEW to allow us to use our disciplinary frameworks to either disrupt or sanction and discipline.

The ICAEW AML Team delivered against its objective of improved information sharing with firms by issuing resources to support their AML compliance:

- AML bites – short videos to help money laundering reporting officers with different money laundering topics, including why trust and company service providers and politically exposed persons are considered high risk.
- Bounce back loans and sanctions thematic reviews.
- Live webinars on topics including client verification and cryptoassets, culminating in our highest ever attendance for a live webinar with 1,250 attendees for our webinar on risk in March 2023.
- AML risk bulletins to share risk alerts written in by the Accountancy AML Supervisory Group (AASG) in conjunction with the Joint Money Laundering Task Force (JMLIT).

Regulation 52 gateway is under the the Money Laundering Regulations that now allows for reciprocal sharing between relevant authorities (including law enforcement, Companies House and HM Treasury) and supervisory authorities (which includes statutory supervisors and PBSs).

We have also invested resources in raising our profile with law enforcement agencies to fully utilise the extended **Regulation 52 gateway**, and other organisations involved in the fight against economic crime. This allows us to use our disciplinary powers to either disrupt or sanction and discipline. We have a range of powers that can usefully disrupt activity or behaviours in cases where a legal case or criminal investigation has stalled. Utilising this gateway has meant that we have increased the number of referrals we have made to law enforcement from 1 in FY21/22 to 25 in FY 22/23.

In addition, the ICAEW AML team has worked with the UKFIU to deliver training to ICAEW supervised population on submitting good quality SARs. This has included the UKFIU supporting us on:

- webinars to eight ICAEW district societies on SARs quality
- an insolvency webinar on BBLs and COVID fraud
- attending our conference for our monitoring staff, so that ICAEW staff know how to spot a good (or poor) quality SAR.

ICAEW has an important role as the largest accountancy professional body supervisor in the UK, supervising around 11,000 firms. Our strategy is to provide robust anti-money laundering supervision through a risk-based regime, focussing our efforts on firms where the risk that they will be used to enable money laundering is highest.



A New Anti - Corruption Strategy to be launched

OCTOBER 2023

The Joint Anti-Corruption Unit (JACU) within the Home Office are currently developing a new UK Anti-Corruption Strategy with an expected publication this year. The new Strategy will build on the progress made by the UK Anti-Corruption Strategy 2017-2022 and is an opportunity to re-establish the UK's global standing in combatting corruption. We will be looking to turn the dial on corruption and reinvigorate the UK's reputation both domestically and internationally.

Corruption and illicit finance undermines national security and global stability, it impedes global prosperity and it erodes trust in institutions while harming its victims. The new Strategy is being developed to combat this threat. Tackling corruption is recognised as a high priority for the UK's national security, as reflected in the 2023 Integrated Review Refresh. The UK has robust safeguards to protect our institutions from corruption and we are determined to ensure transparency and accountability is embedded at all levels of government.



The upcoming Strategy will extend action to close down London as a centre for corrupt elites to launder money and enhance their reputations, as well as scaling up law enforcement capabilities to detect, investigate and prosecute corruption both domestically and internationally. The Strategy will detail medium-term efforts to strengthen the UK's institutional integrity, including building the capability of central government to assess the resilience of our democratic institutions to corruption and influence. The Strategy is being developed along a Theory of Change Model to create a logical framework which explains how we expect activities to have a positive impact on the problem at hand.

We will provide further updates on the Strategy in the next edition of the newsletter.

The Law Society: Supporting the profession on Russian Sanctions



Over the past two months, the Law Society of England and Wales has been working with an expert group of sanctions compliance experts in supporting the government's objective to limit Russia's economy from accessing the UK's world-leading professional services expertise.

In June, the government published its sanctions on Russia accessing UK legal expertise. Shortly after this was published, we met with a group of sanctions experts to discuss the workability of the legislation, including addressing the unintended consequences of the broad prohibition on legal advisory services.

The Law Society subsequently worked across government to make the new legislation feasible for our members in practice. As a result, the government has updated its guidance and published a General Licence on Russia sanctions.

The impact of this is two-fold. First, our members can provide advice to companies leaving Russia and international companies can continue to rely on the global expertise of UK lawyers, ensuring they're not infringing on sanctions and operating within the law. Second, we're supporting the government's objective to limit Russia's economy from accessing the UK's leading professional services expertise.

We fully support the government's ongoing aim of responding with strong and effective sanctions against Russia's illegal war on Ukraine, as well as stopping Russian services from economically benefitting from the UK's services and expertise.

OCTOBER. 2023

FORWARD LOOK

Conference Recess



Conference recess: **20 September 2023 - 15 October 2023**

Economic Crime and Corporate Transparency Bill



Consideration of Commons Amendments **18 October** ahead of Royal Ascent

Public Private Steering Group



PPSG to be held on **2 November 2023**

SocEX Economic Crime Conference



To take place **Tuesday 21 - Thursday 23 November**

Christmas Recess



Christmas recess : **20 December 2023 - 7 January 2024**

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