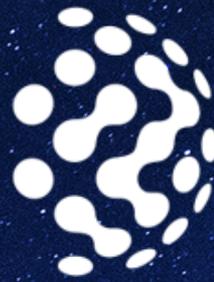


SIA

**SARs IN ACTION
MAGAZINE**



UKFIU
UK Financial Intelligence Unit

New SAR Portal: 200+ organisations onboarded

Read more on Page 3

UKFIU Recognised at Egmont Plenary

Read more on Page 5

POCA and Civil Recovery: A Resounding Success

Read more on Page 8



A United Kingdom Financial Intelligence Unit publication aimed at all stakeholders in the Suspicious Activity Reports regime



NCA
National Crime Agency

Message from the head of the UKFIU



Vince O'Brien Deputy Director

Hello and welcome to the 21st issue of the UKFIU's magazine *SARs in Action*.

We open the issue with news from the SARs Reform Programme that over 200 organisations are now successfully using the new SAR Portal, which is being launched publicly later this year.

We will take a look at the UAE FIU's visit to the UKFIU, focusing on the importance of cooperation between international partners in disrupting organised crime groups across borders. Following this, we look at UKFIU's participation in the 29th annual Plenary Meeting of the Egmont Group hosted by the UAE FIU, where we were recognised for our outstanding contribution to the work of the organisation.

Elsewhere in the issue, we look at the resounding success of the Proceeds of Crime Act 2002 (POCA) in enabling civil recovery proceedings. We also look at the importance of submitting quality SARs, with an article on the correct use of glossary codes, and the approach of the Institute of Financial Accountants (IFA), a regulator, in ensuring that its members submit quality SARs.

We will also take a detailed look at the role that 'Professional Enablers' play in facilitating illicit finance, with analysis from the National Economic Crime Centre (NECC). Later on, we look closely at the Joint Money Laundering Intelligence Taskforce (JMLIT) Amber Alert on the risks posed by Trust Company Service Providers (TCSPs) in enabling illicit finance.

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➔ Who is the magazine aimed at?

- All law enforcement; this includes senior investigating officers, front-line police officers and police staff
- Reporters
- Regulators
- Supervisors
- Trade bodies
- Government partners
- International partners

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➔ Opinions expressed in articles provided by partners are not necessarily the view of the UKFIU/NCA.

The UKFIU exercises the right to edit submitted articles.

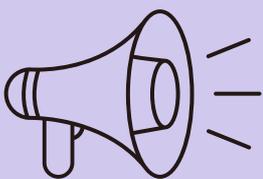
NEW SAR PORTAL

As part of the SARs Reform Programme, a new and enhanced SAR Portal has been developed for submitting suspicious activity reports. The first 30 reporting organisations were invited to use the new SAR Portal from April 2023, with initial user feedback indicating a largely positive user experience. Reporters commented on the usefulness of guidance materials and support provided by Programme.

From June onwards, the number of organisations that were invited to onboard to the new SAR Portal has gradually increased. The increase in organisations using the new Portal has allowed the programme to test system performance and demonstrate that the new Portal can successfully operate at larger volumes, ahead of being made available to the public. To date, over 200 organisations are successfully using the SAR Portal, with 88% reporting overall satisfaction with the Portal. Specifically, the new glossary codes section has been identified as “very beneficial”, as well as the overall structure and amount of capturable information the new SAR Portal offers.



The SARs Programme is now turning their attention towards preparing for the public launch of the new SAR Portal, planned for Autumn 2023. At this point, all organisations will be able to register and start using the new Portal to submit suspicious activity reports. Further details and confirmation of the date will be announced in the coming month.



All guidance materials on registering and using the new SAR portal, including user guides, FAQs and videos, can be found here: [New SAR Portal Guidance \(nationalcrimeagency.gov.uk\)](https://nationalcrimeagency.gov.uk). If you have any further questions, please get in touch via SARsITTransformation@nca.gov.uk.

UAE FIU DELEGATION VISITS UKFIU



Illicit finance is a world-wide challenge, requiring a coordinated and global response. During a recent visit to London, delegates from UAE FIU met with members of UKFIU to speak about the importance of international cooperation.

The UAE FIU's mission is to produce financial intelligence on Suspicious Transactions Reports (STRs) to fight money laundering, terrorist financing, and predicate offences such as trade-based money laundering and illicit finances garnered from sectors such as precious metals, drugs, real estate, and the continued rise of crypto.

One of the priorities of the NCA's five-year strategy is to disrupt organised crime groups, by countering the threat upstream, overseas and online. Working closely with international partners assists the Agency in tackling the threat at source and en route to the UK. Cooperation with priority partners such as UAE FIU enables UKFIU to understand current and emerging threats, support efforts to deny criminals the proceeds of their criminality, and to share information on those individuals and networks that are causing the greatest harm internationally.



Working with international partners also provides many learning opportunities. Jurisdictions may have enhanced capabilities, knowledge, or expertise in specific areas which the UK can learn from, and equally share best practice and understanding.

There are a number of ways in which UKFIU engages with international partners, one of which is Egmont, and this year UKFIU attended the 29th annual Plenary Meeting of the Egmont Group, hosted by our partner the UAE FIU. Read on further to find out more about this important event.

UKFIU RECOGNISED AT EGMONT GROUP PLENARY

A delegation, led by the Head of the UKFIU Vince O'Brien travelled to Abu Dhabi in July 2023 to attend the 29th annual Plenary Meeting of the Egmont Group.

The Egmont Group is a global organisation with a current membership of 170 Financial Intelligence Units (FIUs), which promotes and facilitates the reciprocal exchange of information, knowledge and cooperation between member FIUs. The Egmont Group also provides members with a secure platform for this exchange, to support international efforts to tackle the global threats of illicit finance and the financing of terrorism.



Whilst enjoying the beautiful weather and generous hospitality of the Hosts of the Plenary meetings, the UAE FIU, the week proved exceptionally busy and constructive for the UKFIU delegation. Of particular importance were project meetings focused on implementation of the updated Egmont Secure Website, critical discussions on protecting and extending the reach of international cooperation, and focused consideration of regional threats and priorities with our neighbouring counterparts. The delegation also benefited from participation in lively and thought provoking discussions on topics including Artificial Intelligence and on Modern Slavery.



Alongside the official Plenary sessions, one of the primary benefits of attendance is the chance to meet in person with the 533 attendees from FIUs around the world; to build cooperation, pursue operational opportunities and to resolve any blockages to effective information exchange. The UKFIU delegation met bilaterally with delegations from a number of FIUs who had travelled to Abu Dhabi including India, Singapore, Japan, Albania, the UAE, Germany and Austria. As always, it was hugely valuable to hold focused discussions face to face, and to share thoughts and experiences of international cooperation in tackling serious organised crime.

The week ended with success for the Indonesian FIU who won the prestigious Egmont Best Case Award, but also for UKFIU who were recognised by the Egmont Group for our outstanding contribution to the work of the organisation. UKFIU look forward to continuing the important discussions at the next meeting of the Egmont Group in Malta, January 2024.

The UKFIU were recognised by the Egmont Group for our outstanding contribution to the work of the organisation



UKFIU
UK Financial Intelligence Unit

The UKFIU delegation included officers from the UKFIU International team, part of the UKFIU's operational function, which is currently recruiting for Officer and Senior Officer roles. You can find out more about what it's like to work in the UKFIU on our social media pages and on the [NCA website](#). Applications are set to close on 21th August.

POTENTIAL INDICATORS OF PRIVATE SECTOR CORRUPTION

Beth Dale
Senior Officer
Reporter Engagement Team (RET)



We know organised crime groups (OCGs) often exploit and rely on those in high risk occupations to bring illicit commodities into the UK, exploit individuals, and launder the proceeds of crime. These include HGV drivers, baggage handlers, port planning operators, port security guards, ramp agent, gantry crane operators, pilots/airline crew, and airside port workers.

We also know OCGs rely on the knowledge and access of trusted insiders at ports and airports to bring in their illicit commodities. It is a threat we are alive to and treat as a priority.

Below are a number of red flag indicators which, in combination, may demonstrate a heightened risk of exploitation. The presence of a single indicator should not be interpreted as being indicative of exploitation; these indicators are not exhaustive and there may be others not highlighted.

- 🚩 Purchasing high value goods (from legitimate sources) inconsistent with legitimate income – vehicles, watches, multiple properties/holiday homes
- 🚩 Provides or has access to multiple mobile phone numbers or regularly changes phone number and contact details
- 🚩 High turnover inconsistent with role
- 🚩 Use of Money Services Businesses to transfer money overseas - primarily through high risk corridors – South America and Caribbean islands, India, Pakistan, China
- 🚩 Using large amounts of cash for purchases
- 🚩 Purchasing high value goods but registering in partner's / spouse's / parent's details
- 🚩 Visible indicators of wealth beyond and inconsistent with legitimate income – wearing high value jewellery, clothing, or driving high value vehicles
- 🚩 Lifestyle factors, such as a significant gambling habit, increasing their financial vulnerability.

THE PROCEEDS OF CRIME ACT (POCA) AND CIVIL RECOVERY: A RESOUNDING SUCCESS

Billy Beattie

Senior Manager Investigations – Asset Denial

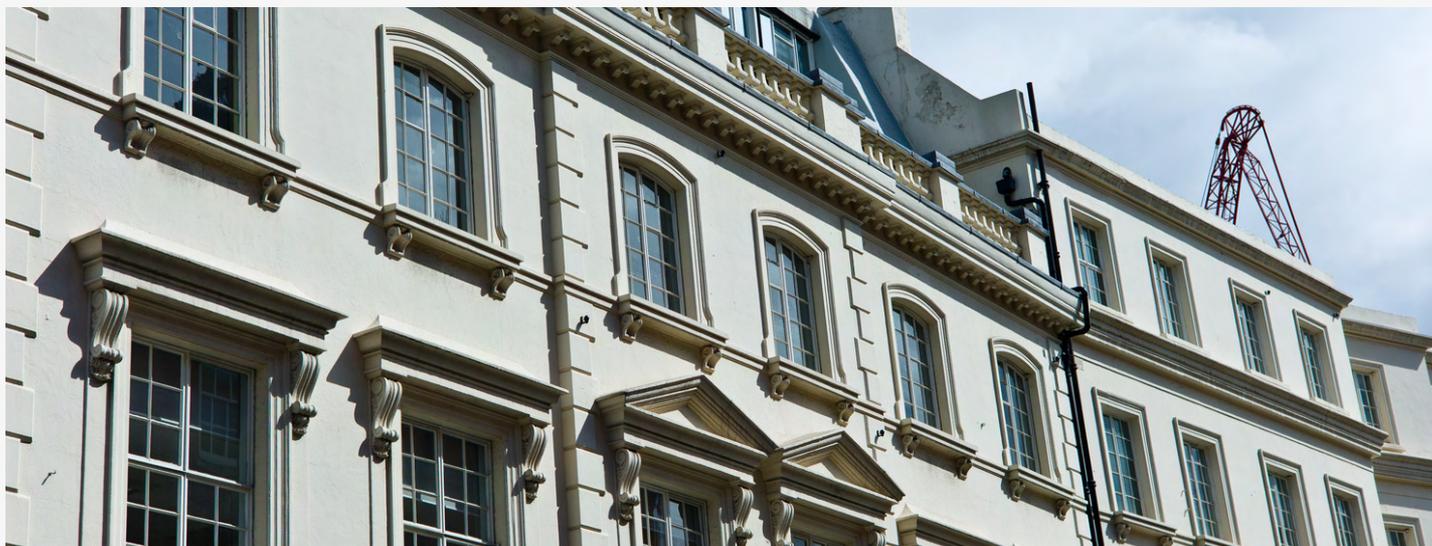
I was recently made aware that POCA celebrated its twentieth birthday this year, and I wondered – where has the time gone! Back in 2002, I recall applying for a job to do ‘civil recovery’ in a new Agency that was being set up under POCA – the Assets Recovery Agency.

There were only two teams comprising four financial investigators (FIs) in London and four FIs in Belfast. I was fortunate to be in from the start. And little did we know how this would become such a mainstream tool, with hundreds of FIs now using civil powers across the UK.



I remember getting my first production order, executing the first civil search warrant and ultimately recovering my first asset under civil powers – a house. Over the years we have recovered penthouses, helicopters, herds of cattle, artwork, jewellery and even an antique fishing tackle!

The breadth of assets taken from criminals under civil recovery is truly mind-boggling and I have loved every minute of it. Now, the focus for our teams has moved to Politically Exposed Persons (PEPs) and oligarchs with property portfolios in the tens of millions.



Civil cases involving cryptocurrency are becoming the norm. We are now freezing and recovering more assets under civil powers than ever before and thankfully, that is set to continue. So, who knows what the next twenty years will hold...

USING GLOSSARY CODES

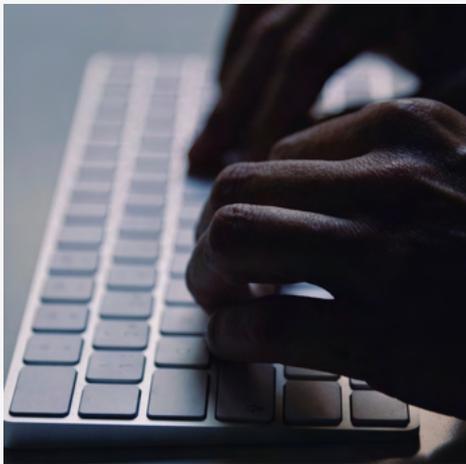
Emma-Jayne Turner
Manager
Reporter Engagement Team (RET)



Many reporters will be aware that the use of glossary codes in SARs is considered best practice as they allow the UKFIU and wider law enforcement to:

- **Conduct analysis to identify and monitor money laundering trends;**
- **Identify high risk cases for development; and**
- **Take immediate action, where necessary.**

A glossary code will always start and end with XX and have a series of letters and/or number in the middle (for example, XXV2XX is the glossary code to use if there is a risk to vulnerable adults). Our current guidance asks for glossary codes to be included in the 'reason for suspicion' text space in your SAR (this will change with the introduction of the new SAR Portal, see below). A SAR can contain multiple codes and, if in doubt as to whether a particular code applies, always work on the basis that it is better to include one than not.

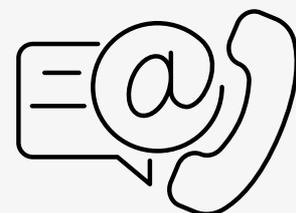


If you are including multiple glossary codes in your SAR, please ensure that you include a space between each code to allow the UKFIU and law enforcement search systems to differentiate between them (e.g. XXMSHTXX, XXV2XX etc.). The most up to date list of glossary codes was issued in April 2023, and is available on our [website](#).

The new SAR Portal currently being rolled out to reporters makes the inclusion of glossary codes in your SARs even easier, with check box options for reporters to select the relevant glossary codes that apply to the SAR. Information about the new SAR Portal is available from our [website](#).

The UKFIU's Reporter Engagement Team is available to support reporters to improve the quality of SARs submitted. We offer guidance and 1-2-1 feedback sessions for reporters where we can provide specific best practice feedback on a sample of SARs submitted by your organisation, including on the correct use of glossary codes.

If you would like to arrange a guidance or feedback session, or have a query about how the Reporter Engagement Team can support you, please contact us on: UKFIUEngagement@nca.gov.uk.



IFA APPROACH TO REVIEWING SARs

Tim Pinkney
Head of Practice Standards
Institute of Financial Accountants (IFA)

The Institute of Financial Accountants (IFA) is committed to playing its part in preventing, disrupting and deterring criminals by ensuring that the firms it supervises have effective policies, controls and procedures in place to mitigate firms' exposure to money laundering risk.



INSTITUTE OF
**FINANCIAL
ACCOUNTANTS®**

A MEMBER OF THE IPA GROUP

The IFA's supervisory and monitoring activity is designed to uphold effective compliance with the Money Laundering Regulations (MLRs), support IFA firms and members, and work collaboratively across the private and public sectors to strengthen the anti-money laundering regime.



The MLRs empower professional body supervisors, such as the IFA, to require its supervised populations to supply copies of any SARs submitted to the UKFIU as part of its Anti-Money Laundering (AML) review process.

This is done to assess the quality of SARs submitted and to provide appropriate guidance to enhance the quality of information to improve the effectiveness of SARs.

A common problem when requesting a copy of a SAR from a firm is that the firm did not print or otherwise save a copy of the SAR prior to submitting it to the UKFIU. As submitted SARs cannot be retrieved by the reporter, the focus would turn to understanding the circumstances surrounding why a report was submitted, what information was included, glossary codes used and any issues during and post submission.

Members and firms sometimes lack understanding of the difference between a SAR and a Defence Against Money Laundering (DAML) SAR and wrongly interpret a DAML as a request to continue the engagement with a client. Clearly, that is a decision that can only be made by the firm.

“Members and firms sometimes lack understanding of the difference between a SAR and a DAML SAR”

A common response when firms are asked why they have not submitted any SARs is that they would either work with the client to correct any issues, such as undeclared property rental income, or would disengage on discovery of such issues. Therefore, they fail to recognise the need to submit a SAR.



The IFA engages with firms to correct such misunderstandings and misconceptions and press home the importance of the intelligence that is used by the UKFIU, highlighting that where there are proceeds of crime there is always a victim.

In addition, firms are reminded of the additional money laundering offences which apply to the regulated sector relating to failure to disclose knowledge or suspicion of money laundering and 'tipping off' offences. We might draw a firm's attention to the [Crown Prosecution Service \(CPS\) guidance](#) that makes clear that it may prosecute an offence of failure to report regardless of whether an offence of money laundering has been substantiated.

Firms are encouraged to provide regular relevant AML training to their employees and to include references on how to spot red flag indicators as a basis for making SARs. Nominated officers are reminded that this is part of their responsibilities as well as completing training as the Money Laundering Reporting Officer. AML alerts provided by the Accountancy AML Supervisors Group should be reviewed. This can help develop a culture of compliance throughout the firm which IFA sees as a key factor in developing a reporting culture.



Firms should also consider reputational damage that could arise from failing to submit a SAR on a client that is subsequently thrust into the media spotlight charged with financial wrongdoing. This may, in turn, have a negative impact on client retention and the ability to attract new clients, not to mention the potential for legal and regulatory action for failing to submit a SAR.

The key message from the IFA to supervised firms is to always consider submitting a SAR when financial irregularities raise suspicions or might give grounds for suspicion. If a SAR is not submitted ensure the reasons are documented.

PROFESSIONAL ENABLERS

Professional Enablers pose a significant risk to the integrity of the UK's legitimate economy and reputation as a global centre for finance and investment. The NCA's National Assessment Centre (NAC) and partners have produced numerous assessments highlighting the role of Professional Enablers at the heart of serious and organised crime impacting the UK. Their specialist skills, knowledge and expertise are exploited by criminals to launder the proceeds of crime. They can also be used to facilitate all other forms of crime including corruption, modern slavery & human trafficking, organised immigration crime, drugs trafficking and child exploitation.

Definition

The NECC has consulted widely with the public and private sectors to establish a definition for Professional Enablers, which covers professional service providers who are criminally complicit in facilitating criminal activity (including money laundering), those who are improper and wilfully blind, and those who are negligent in complying with their obligations under the Money Laundering Regulations 2017. This definition has been published in the Economic Crime Plan 2, setting the foundation for the system response to tackle the threat.

A Professional Enabler is an individual or organisation that is providing professional services that enable criminality. Their behaviour is deliberate, reckless, improper, dishonest and/or negligent through a failure to meet their professional and regulatory obligations.

'Professional service' includes but is not limited to:

				
Legal professions	Accountants and bookkeepers	Bank officials (including relationship managers)	Investment advisors and wealth managers	Payment service providers
				
Estate agents and letting agents	Trust and company service providers	Family offices	Art and auction houses	Company services including nominee directors/shareholders

This list is not exhaustive but the term Professional Enabler does not include other types of enablers of crime, such as technological enablers (e.g. cryptocurrency) or logistical enablers (e.g. haulage companies).

How should the definition be interpreted?

A professional service provider can fall within the definition of a Professional Enabler if they provide services that facilitate criminal activity and they were intent or negligent in doing so.

The definition covers a spectrum of intent/negligence adopted by Professional Enablers. The sliding scale from criminal complicity to negligence illustrates the Professional Enablers observed across a number of law enforcement and regulatory operations:

Criminal complicity

The Professional Enabler is a part of a criminal network and has knowledge that they are facilitating criminal activity through the provision of their services.

Recklessness, improper and/or dishonest behaviour

The Professional Enabler fails to implement or adhere to proper controls and procedures to detect criminal activity such as money laundering. They are wilfully blind and take a “no questions asked” policy. Their behaviour does not meet the standard expected of someone in a position of trust.

Negligence in meeting professional and/or regulatory obligations

The Professional Enabler fails to meet their obligations under the Money Laundering Regulations 2017 and/or falls short of the standards set by their regulator/supervisor. This could include failures to conduct proper customer due diligence, failures to implement adequate controls and procedures to detect and deter money laundering, or non-compliance with the supervisor’s code of ethics.

Any individual or firm falling within the definition is vulnerable to both criminal prosecution and regulatory/supervisory enforcement action which will significantly hinder, and in some cases stop, the professional service provider’s ability to operate in the UK. It is vital that all professional service providers have an in-depth understanding of who their customers are, and for what purpose their services are being used, and that they take steps to prevent their services from being exploited in crime. A lack of knowledge around the exact criminal activity the Professional Enabler is facilitating does not mean a professional falls outside of the definition.



In contrast, the definition for a Professional Enabler does not include legitimate professional service providers who take a thorough risk-based approach, implement robust controls and procedures to detect and deter criminal activity, and do not accept businesses having identified that their services are being exploited to facilitate criminal activity.

Response

The National Crime Agency has made firm commitments under the NCA Strategy 2023-2028 to tackle Professional Enablers of serious and organised crime and will be using its unique capabilities to tackle the highest harm enablers and disrupt their activity. This is underpinned by work being conducted by the NECC and the wider system across this financial year and beyond.



"The NECC has implemented a refreshed Professional Enablers strategy to drive the law enforcement response to the threat. We will also be working with UK government, regulators, supervisors, and the private sectors over the coming months to establish and implement a cross-system strategy to tackle the threat. Our focus will be on collaborative working and increasing the effective flow of intelligence between law enforcement, regulators/supervisors and the private sectors, to drive up the response and prevent our professional service sectors from being exploited in serious and organised crime. The system must work collectively using the full range of powers available to achieve impact against the threat of Professional Enablers."

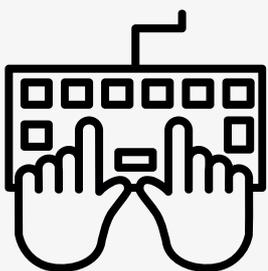
[Alice Boulton, NECC Money Laundering]

What can SARs reporters do?

SARs are a vital intelligence source and the SAR Enquiry and Action Team of the UKFIU are responsible for reviewing all SARs related to Professional Enablers that contain the XXPRFXX Glossary Code. It is really useful to the team, given the volume of SARs submitted, that the correct use of the Glossary Code is applied to the submission of SARs.



A review by the SAR Enquiry and Action Team of all XXPRFXX SARs submitted in 2022 has identified that 66% were populated with the Glossary Code incorrectly applied.



It would be useful to the UKFIU if the use of the XXPRFXX Glossary Code could be considered by Reporters to enable efficient use of resource to assess and highlight relevant SARs concerning Professional Enablers. This would also better equip law enforcement, supervisors and regulators to identify and respond to enabling activity, as well as enhancing the intelligence picture on how the threat of Professional Enablers is impacting the UK.

The SAR should state how a Professional Enabler was used along with an explanation of why a subject is considered a Professional Enabler. **As a basic guide, the SAR should include, wherever possible:**

- 1.** An explanation of why a subject is considered to be a Professional Enabler
- 2.** The services being provided (for example accountancy, insolvency, audit, company formation, property conveyance, legal services etc.)
- 3.** A description of the suspicion surrounding the services being provided, and whether the professional appears to be wittingly or unwittingly involved in facilitating criminal activity.
- 4.** Any indicators that suggest the professional is complicit in providing their services to facilitate criminal activity.
- 5.** Any indicators that suggest the professional is negligent in complying with their anti-money laundering obligations and/or complying with expected professional standards.
- 6.** If known, the professional service provider's respective regulator and/or supervisory body.

Indicators of Professional Enabler activity can include:

- 1.** Setting up trusts believed to be an attempt to conceal criminal proceeds.
- 2.** Solicitor using client accounts to launder suspected proceeds of crime.
- 3.** Accountant signing off company accounts believed to be false or do not reflect the activity observed on a bank account.
- 4.** Mortgage broker submitting applications having not conducted effective due diligence checks such as proof of identity/earnings.
- 5.** Provision of services to individuals/companies subject to adverse media reporting indicating involvement in criminal activity.
- 6.** Incorporation of large companies or investment management companies at residential addresses.

7. Prolific incorporation of companies over a short period of time where the company formation agent does not appear to have conducted proper customer due diligence checks.
8. Incorporation of what appear to be shelf companies.
9. Setting up complex corporate and/or trust structures that do not appear to have a sound economic or business rationale.

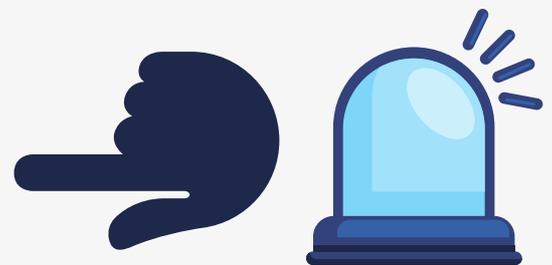
“The NECC and UKFIU will be working with SARs reporters to enhance the quality of intelligence reported in SARs and exploit this vital intelligence source as part of the system response to the threat. The UKFIU strives to assist in disrupting those responsible for enabling and laundering the proceeds of crime belonging to people committing a range of offences. The UKFIU will utilise its media platforms in the coming months to further highlight the importance of the SARs received concerning Professional Enablers and, importantly, why it is crucial to ensure that the correct glossary codes are applied. Partnership working with all of our stakeholders remains as important as ever as we continue to enhance the response to this threat.”

[Denise Napper, UKFIU]

What can law enforcement do?

Professional Enablers play a pivotal role in the criminal activities of all criminals operating in the UK. The NCA will tackle those enabling the activities of the highest harm Organised Crime Groups (OCGs), but local policing must also take a robust approach to the Professional Enablers operating in their area.

The NECC would like to know about the Professional Enablers operating across the UK as identified by local policing. There are a range of disruption opportunities available to law enforcement as well as regulators and supervisors which can bolster the UK's response. The NECC can offer advice and a crucial link into the regulatory/supervisory bodies to further Professional Enabler cases.



Please contact the NECC Money Laundering Threat Leadership team on:
NECC.MLB&C@nca.gov.uk.

High Risk Behaviours & Typologies Associated with the TCSP Sector



The NECC has recently published an alert which aims to highlight the high risk behaviours and typologies associated with the Trust and Company Service Provider (TCSP) sector. Working in conjunction with law enforcement and financial sector partners, the alert is the culmination of the High-Risk TCSP Cell, bringing together expertise to provide a baseline understanding of the money laundering threat associated with TCSPs.



The link between TCSPs and economic crime in the UK has been widely documented by investigative journalists in recent years, and has been a feature of high profile money laundering investigations as evidenced by numerous organisations. Furthermore, TCSPs were assessed as high risk for money laundering in the National Risk Assessment 2020.

The TCSP sector consists of a number of sub-sectors based on various business models including company formation agents, professional trustees and large franchise operations providing mail holding and forwarding services, accountants and solicitors. Despite the legitimate use of TCSP services, TCSPs are vulnerable to exploitation by criminals, with the TCSP's involvement sitting on a sliding scale between unwitting, negligent, wilfully blind, and criminally complicit. TCSPs offer services which enhance the attractiveness of companies to criminals, for example to increase anonymity.



The creation of English, Scottish, and Irish Limited Partnerships (LPs) and Limited Liability Partnerships (LLPs) by TCSPs over the last two decades, have been identified as shell companies involved in money laundering schemes such as the Troika, Russian, and Azerbaijani Laundromats (amongst others). These entities are commonly seen to be obscuring the true ownership of high-end properties, or are acting as fronts, transferring suspected illicit funds linked to serious organised crime to offshore destinations. The widespread abuse of LPs and LLP structures has been widely documented, with some reporting highlighting that one in ten LLPs incorporated in the UK have characteristics identical to those used in serious financial crimes such as bribery, embezzlement of public funds, and sanctions evasions, many of which have been set up with the involvement of a TCSP.

UK Regulatory Response

The UK Government are seeking to address gaps in corporate transparency laws with legislative reforms such as the introduction of the Persons of Significant Control (PSC) register in 2016, the Economic Crime (Transparency & Enforcement) Act in 2022, and the upcoming Economic Crime & Corporate Transparency Bill (ECCT) which is expected to receive royal assent in 2023.

The ECCT Bill aims to deliver a suite of wide-ranging reforms to tackle economic crime and improve transparency over corporate entities. The main aims of the legislation include delivering reforms to Companies House, equipping the Registrars with investigative and enforcement powers, enabling them to check, challenge and reject information; and allow Companies House to be a 'proactive gatekeeper'.

Risk Indicators

The TCSP Cell have established a set of risk indicators which have developed with the support of case studies provided by private sector participants. In isolation, the presence of a TCSP or a TCSP/brass plate address may not present a high-risk scenario, but in a given context and/or accumulation of the below indicators, may be indicative of suspicious activity.

Regulated businesses may wish to use the below list as indicators of suspicious activity when reviewing Know Your Customer (KYC) information or transactions as part of their day-to-day activity for risk mitigation, or as part of proactive reviews.

Indicators for Potentially Suspicious TCSPs themselves

Client profile/behaviours

- The TCSP appears to be unsupervised;
- Person/s with Significant Control (PSC) are unidentifiable in Companies House;
- The TCSP is offering shelf companies with similar names to well-known brands
- Presence of negative news or criminal convictions in relation to the company and/or Ultimate Beneficial Owners/directors;
- The TCSP has directors or PSCs in jurisdictions of high money laundering risk;
- The TCSP has directors or PSCs in secrecy jurisdictions, or small offshore jurisdictions;
- The TCSP appears to be located at a residential address;

Transactional behaviours

- A rapid change in transactional pattern or flurry of activity through a TCSP account;
- The TCSP is transacting/conducting business in/with a higher risk jurisdiction known for trade based money laundering;
- The TCSP is transacting to an extent higher than turnover declared in annual accounts provided to Companies House.
- The TCSP is transacting despite being dormant (Companies House SIC Code: 99999).
- Profit is transferred to opaque corporate entities, individuals and other companies, without a clear economic rationale for doing so;
- Vague or repetitive payment references;
- Amounts being transferred are either rounded or accumulative (e.g., on consecutive days).

Indicators for Potentially Suspicious Companies Formed by TCSPs

Client profile/behaviours

The company (client or counterparty) is located at a high risk TCSP/brass plate address

Unclear rationale as to why the client or counterparty is connected to this address

The company linked to a TCSP appears to have a complex or opaque ownership structure

The company linked to a TCSP appears to be connected to offshore locations/secretary jurisdictions

The company is a Limited Partnership (LP), Scottish Limited Partnership (SLP) or Northern Irish Limited Partnership (NILP), Limited Liability Partnership (LLP), or has these structures in its ownership structure, concealing the ultimate beneficial owner

The LLP has one or more of the eight features detailed in Transparency International's 'Partners in Crime' report ([Partners in Crime | Transparency International UK](#))

PSCs are unidentifiable in Companies House;

The company appears to have nominee directors, secretaries or shareholders who are linked to multiple other companies

Presence of negative news in relation to the company and/or Ultimate Beneficial Owners/directors

The company has directors or PSCs in jurisdictions of high money laundering risk, secrecy jurisdictions, or small offshore jurisdictions

The company PSC does not have a job role of sufficient standing to be a genuine shareholder, indicating they are likely a nominee shareholder

The company is unable to provide a legitimate explanation for why it is seeking UK incorporation, such as limited evidence of trading activity in the UK/EU on accounts or established European located buyers and suppliers

Client or counterparty appears to be located at a residential address

Transactional behaviours

A rapid change in transactional pattern or flurry of activity through an entity formed or associated to a TCSP

The company is transacting/conducting business in/with a higher risk jurisdiction known for trade-based money laundering

The company is transacting to an extent higher than turnover declared in annual accounts provided to Companies House.

The company is transacting despite being dormant (Companies House SIC Code: 99999).

The company is transacting despite being a non-trading company (Companies House SIC Code: 74990).

Profit is transferred to opaque corporate entities, individuals and other companies, without a clear economic rationale for doing so

Vague or repetitive payment references

Amounts being transferred are either rounded or accumulative (e.g., on consecutive days).

The company does not have a sufficient online presence to suggest it is legitimately trading

Upon review, the company's activity does not appear to be in line with the expected industry or sector as stated at on-boarding

Entity is formed with the assistance of a TCSP shortly prior to a flurry of activity and then is closed quickly after activity ceases.

Best Practice/Guidance to Financial Institutions

The below points are suggested guidance and proactive work regulated businesses may consider taking to mitigate and/or respond to the risks linked to the TCSP sector:

- 1.** If on-boarding a TCSP, assess whether there is any negative news associated with the entity itself or their owners/directors;
- 2.** Checking whether a TCSP is registered with a supervisory body;
- 3.** Consider undertaking proactive reviews into clients or transactional flows linked to high risk TCSP postcodes over a set time-period, utilising the risk indicators outlined in the section above;
- 4.** Consider undertaking proactive reviews into UK LPs or LLPs over a set period (clients and transactional flows), utilising risk indicators detailed above (e.g., flows to/from high risk or secrecy jurisdictions).
- 5.** Ensuring KYC data is maintained and up-to-date; checking whether directors or secretaries are linked to numerous other companies to assess whether they are nominees;
- 6.** Consider proactive reviews to assess direct or indirect exposure into prolific nominee directors and secretaries whose names have been associated with entities involved in numerous money laundering investigations;
- 7.** Cross-checking on-boarding documents with Companies House data;
- 8.** Perform ongoing monitoring of quantitative risk indicators such as trading volume and transactions to high-risk jurisdictions etc.;
- 9.** Provide regular training or awareness sessions on TCSP risk, shell companies, the abuse of LPs and LLPs to staff (financial crime, due diligence; transaction monitoring; and front office).

If you identify any activity which is akin to some of the methods outlined in this report, and your business falls within the regulated sector, you may wish to submit a Suspicious Activity Report (SAR). If you decided to submit a SAR you should adopt the usual mechanism for doing so, and include the glossary code XXJMLXX and the reference 0722-NECC within the text.

POCC CORNER

PoCC Regulator wins Keith Hughes lifetime achievement award In June

NCA Proceeds of Crime Centre (PoCC) Regulator John Rushton won the Keith Hughes lifetime achievement award, which recognised his significant contribution to asset recovery during his career in Financial Investigations – one that spanned 36 years before his retirement earlier this year.

John's most significant, and outstanding, contribution to asset recovery is his skill and excellence in the field of Confiscation. The Confiscation training he designed is the foundation on which every FI involved in this most complex area builds their skills and knowledge.

With his ability and patience to research legislation, statutory instruments, codes of practice, and a raft of associated commentary, he became the 'go to' person for confiscation guidance. His advice was often sought by officers from across law enforcement and His Majesty's Government both at strategic and tactical levels, and earned him the respect of many officers and officials.

In recent years John provided expert advice to the Law Commission Review of the Proceeds of Crime Act (PoCA) Part 2, working closely with David Allan, the Criminal Law Reform lawyer leading the work, and his team. His comprehensive response to the review was described by David as "the most technical submission bar none". John received an NCA Director General's Commendation for this significant piece of work.

John's contribution to the prevention and detection of financial crime, coupled with his work in asset recovery, training in PoCA and the monitoring of its use is unique.



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