

FINANCIAL INTELLIGENCE UNIT BULLETIN

FOA390N

Protecting the Elderly and Vulnerable Through the Suspicious Activity Reports (SARs) Regime

This is a United Kingdom Financial Intelligence Unit (UKFIU) communications product, produced in line with the Serious Organised Crime Agency's (SOCA's) commitment to share perspectives on the Suspicious Activity Reports (SARs) Regime.



SOCA is a Home Office Non-Departmental Governmental Body

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Protecting the Elderly and Vulnerable Through the Suspicious Activity Reports (SARs) Regime

Overview

This is a United Kingdom Financial Intelligence Unit (UKFIU) communication product, produced in line with SOCA's commitment to share perspectives on the Suspicious Activity Reports (SARs) Regime. Communication products of this nature are intended to raise awareness, increase knowledge, develop understanding, support training and underpin joint working programmes.

What we would like you to do

This UKFIU Bulletin is produced in conjunction with Operation Liberal which targeted doorstep crime, including rogue traders, bogus callers and distraction burglary. The nature of this criminality demands a national collaborative approach from police forces and partner agencies, both in sharing information and investigation.

Reporting institutions within the SARs Regime can play a pivotal role in protecting the elderly and vulnerable¹. Frauds such as rogue trading, advance fee schemes, lottery schemes and share sales are motivated by monetary gain and are often carried out by highly organised, ruthless criminals who target some of society's most vulnerable individuals. This document is provided for general information and, if you should choose, for inclusion within your training programmes.



In order to assist the UKFIU in improving this service, we welcome any feedback you may have on both the communication product itself and the information provided. Please email the UKFIU at ukfiusars@soca.x.gsi.gov.uk.

¹ A vulnerable person is defined as an individual who may be in need of community care services by reason of age, illness, or other disability and who may be unable to protect themselves against significant harm or exploitation.

Background

Everybody can be targeted by conmen. Unfortunately many older and vulnerable members of society do fall victim to scams, rogue trading or plausible sales people who demand large amounts of cash. As reporting institutions, you can play an invaluable role in protecting older and vulnerable adults from these criminals.

Typical frauds and scams to look out for are:

Rogue traders/bogus callers call uninvited at people's homes under the guise of legitimate business or trade. They are often members of mobile and highly organised crime groups and travel the country seeking areas with a high population of older residents or mixed communities. They are known to share information about suitable areas for criminal exploitation with other criminals.

They deliberately overcharge for unsatisfactory/unnecessary work, damaging property purposely to obtain the work, leaving work unfinished, and using aggressive and intimidating behaviour to extort money. Rogue traders place extreme pressure on vulnerable people to obtain money, sometimes accompanying them to financial institutions to withdraw cash, and often extort money from the victim over a protracted period.

The average age of victims of this type of criminality is 81 years and 77% of victims are female, with 74% of those living alone².

Many older people become increasingly isolated following the loss of a partner and their garden and exterior house maintenance may indicate their vulnerability, making them more susceptible to exploitation by criminals.

In an **advance fee scheme** the victim pays money to a fraudster in anticipation of receiving something of greater value e.g. a loan, contract, investment, gift etc. They then receive little or nothing in return. This scheme also involves such things as the sale of products or services, holidays, prizes, investment offers and lottery winnings.

² Statistics obtained from Bogus Caller Crime; Help the Aged Survey 2003.

Lottery schemes involve victims receiving emails or letters promising huge winnings, invariably from an overseas lottery that claims the victim has been allocated winning numbers. The victim is asked to contact the organisers and send money to cover the administration costs to release the winnings - which do not exist.

Share sale (or 'boiler room') fraud sees the victim receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. The 'brokers' can be very persistent and extremely persuasive.

Further information on these and other different types of fraud can be obtained from Trading Standards at www.tradingstandards.gov.uk and the British Bankers' Association at www.bba.org.uk.

The importance of being vigilant

Research indicates there are significant levels of under-reporting to the police or other authorities by victims of these types of crime. Some reasons suggested for this include:

- ⇒ fear of intimidation
- ⇒ lack of awareness of being victimised
- ⇒ feeling foolish about having been conned
- ⇒ belief that reporting such crime is futile.

For these reasons it is imperative that reporting institutions remain vigilant. Banking and financial sectors can play an invaluable role in protecting victims through SAR reporting. Such institutions should actively encourage frontline staff to be aware of:

- ⇒ individuals who may attempt to launder the proceeds of such frauds, and should report their suspicions through the SARs Regime
- ⇒ vulnerable customers who may be exploited by such fraudsters for financial gain.

³ Statistical data supplied by Consumer Direct.

When an older or vulnerable customer wishes to make a withdrawal, which is outside of their normal routine (e.g. unusually large), institutions are requested to:

- ⇒ be aware if the customer is accompanied by a third party who is either attempting to distance themselves from the customer, or appears to be forcibly probing the customer
- ⇒ tactfully enquire why the cash is needed
- ⇒ take notice if the elderly or vulnerable person is unsure of the specific repairs or works that they are withdrawing the cash for
- ⇒ ask the customer to come into a private office, if it is suspected that the customer is being intimidated by another person
- ⇒ point out the dangers of carrying large amounts of cash
- ⇒ discourage them from withdrawing cash or a banker's draft - point out other ways to make payment
- ⇒ obtain their authority to notify the police if it transpires that the customer is a victim
- ⇒ submit a SAR where there is '**knowledge**' or '**suspicion**' of money laundering.

This will provide significant assistance to law enforcement in bringing offenders to justice and in preventing offences being committed against the elderly and vulnerable.

Reporting Suspicious Activity

If you know or suspect that there has been money laundering or terrorist financing activity (including as a result of information provided to you by SOCA) and your business falls within the regulated sector, then you are reminded of the obligations to make reports to SOCA under Part 7 Proceeds of Crime Act 2002 and the Terrorism Act 2000. If you decide to make a report in this way you should adopt the usual mechanism for doing so and it will help our analysis, if you would include the reference **FF390FF** within the text. This reference is specific to the Alerts process; where appropriate, we would ask that this is used *in addition* to the ongoing use of the Glossary of Terms. Guidance on making suspicious activity reports is available at www.soca.gov.uk. If you have a specific enquiry contact ukfiusars@socax.gsi.gov.uk.

Feedback

The Alerts process is the way in which SOCA provides information to the private sector. To help us to improve this service, we would welcome any feedback you have on both the Alert itself and the information provided to you. Please email all feedback to alerts@soca.x.gsi.gov.uk and include the reference **AA376AA** in the subject line.

Case studies

The following two case studies illustrate how the timely submission of a SAR has helped to protect a vulnerable person from financial exploitation and assisted law enforcement in combating the activities of prolific rogue traders:

Case Study 1

A consent request was submitted by a bank identifying an elderly person who they considered was being exploited. Several attempts had been made to obtain a number of drafts valued over £31,000 from their customer. The concerns prompted action by the bank who submitted a Suspicious Activity Report (SAR) on the matter.

The case was forwarded to the appropriate law enforcement agencies (LEAs) who formed the opinion that, due to the customer's vulnerable condition, he was being financially exploited.

The bank's prompt action prevented a vulnerable person being subjected to further financial exploitation and also protected their savings, in this case £31,000. The SAR was critical to the case, as the LEA would have been otherwise unaware and unable to take the necessary action to protect this vulnerable person from being exploited.

Case Study 2

A SAR from a building society was made in relation to an individual who was the carer for an elderly person. The SAR was made when the elderly person attended one their branches with the individual and made several withdrawals.

An investigation revealed cheques, in excess of £2,000, from the elderly customer to the individual. In addition there were multiple ATM withdrawals. In one week alone withdrawals exceeded £1,500. As part of the investigation, a bank, suspecting that the signatures on cheques may have been fraudulent put a stop on further ATM withdrawals and cheques.

As a result of the concerns raised by the building society and the bank, a trusted third party was appointed as signatory on the bank account.

Although no action was taken against the carer, the SAR was instrumental in highlighting the situation, preventing further excessive withdrawals and protecting the elderly person from financial exploitation.

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UKFIU Dialogue and Special Projects Team

The aim of the Dialogue and Special Projects Team is to drive the UK Financial Intelligence Unit (UKFIU) agenda on interfacing with stakeholders on Suspicious Activity Reports (SARs) activity. The team strives to improve communication and understanding between the SARs Regime participants, to increase the value extracted from the SARs Regime, to provide, facilitate and contribute to various for and to share perspectives on the operation of the regime as a whole. In essence the Dialogue and Special Projects Team seeks to improve the quality of SARs intelligence, and promote the value and greater use of this intelligence in mainstream law enforcement activity.

For further information, email ukfiusars@soca.x.gsi.gov.uk or telephone 0207 238 8282. For more information about the Serious Organised Crime Agency go to www.soca.gov.uk.

Reducing harm – Providing information back to SOCA

We would like to remind you of the provisions contained in Section 34 Serious Organised Crime and Police Act 2005. These provisions say that any information provided by you to SOCA, in order to assist SOCA to discharge its functions which include the prevention and detection of crime, will not breach any obligation of confidence which you may owe to any third party or any other restriction on the disclosure of information. S34 requires that disclosures of personal information about living individuals by you to SOCA must still comply with the provisions of the Data Protection Act 1998 (DPA), but you may be satisfied that disclosure by you of such personal information to SOCA in order to assist SOCA to prevent and detect crime is permitted by the DPA. Please, therefore, submit all S34 information to ukfiusars@soca.x.gsi.gov.uk.