



28 November 2007

### **Good Progress in the Regime to Tackle Criminal and Terrorist Finance**

The first Annual Report on the Suspicious Activity Reports (SARs) regime, published today, highlights substantial progress since Sir Stephen Lander's review of the regime of March 2006.

The regime is a central plank in the UK's efforts against money laundering and terrorist financing. The publication of an annual report to Ministers on its operation was a recommendation of Sir Stephen's review.

Highlights of the report include that:

- the regime participants – the UK Financial Intelligence Unit (UKFIU), end users, and reporters - have addressed all 24 recommendations contained in the review;
- the UKFIU is performing well, both in regards to its bureau functions such as processing international requests and consent and terrorism SARs, and in regards to dialogue and intelligence activities;
- the quality of SARs submitted by reporters has improved;
- the number of breaches of the confidentiality of SARs by law enforcement has been reassuringly low; and
- there are some examples of good and systematic use of SARs by law enforcement.

The benefits of SARs-derived information to law enforcement can be significant. SARs can make a contribution to a range of outcomes in relation to not just anti-money laundering and counter-terrorist financing, or even serious organised crime - but all crime. Such outcomes include the building of intelligence on criminals and terrorists, asset recovery, harm reduction, and criminal convictions. The report includes a number of examples of such outcomes including:

- as a direct result of a number of SARs submitted from sectors such as banking and payment service providers, a joint investigation between a UK Police Force and Trading Standards was initiated. The investigation led to the arrest of an individual who had been selling counterfeit goods as genuine via the internet. The subject was subsequently convicted of a number of related offences and received over 12 month's imprisonment. The individual concerned also became subject to a confiscation order of over £100,000;
- operation OVERT was a long term operation which culminated in the arrest of 24 persons for suspected terrorist offences on 10 August 2006. The UKFIU provided operational support for the National Terrorist Finance Investigation Unit (NTFIU) and counter-terrorism agencies. In total, 153 SARs were linked to the investigation and passed to NTFIU; and
- a SAR on a relatively minor financial transaction earlier this year led to the arrest of an individual for money laundering and drug trafficking. An investigation into the subject of the SAR identified a property portfolio which was inconsistent with the subject's status. The subject was subsequently arrested and searches revealed suspected criminal property valued in excess of £1.5 million and several hundred thousand pounds worth of controlled drugs.

Home Office Minister Vernon Coaker said;

“The Annual Report is very encouraging, demonstrating huge steps have been taken in the use of SARs in a short amount of time. It is notable that all the recommendations in Sir Stephen Lander’s Review have been addressed and that the quality of SARs submitted has increased dramatically - I know a lot of this is down to hard work and effort of SOCA officers, other law enforcement agencies and the financial sector.”

Paul Evans, SOCA Executive Director & Chairman of the SARs Regime Committee, commented:

“This has been a significant year with much progress for the regime. Targeting the money is vital in the fight against both criminal and terrorist activity. By following the movements of illegal finance we build knowledge of criminal organisations and hit them where it hurts”

The Annual Report sets out some next steps to help drive further progress.

The key planned mechanism for delivering future improvements in the regime will be the SARs Transformation Project. This will bring significant change to the technology underlying SARs and the surrounding business processes in the medium term, through IT enabled business change. This will result in benefits for all participants.

The overall goal is a SARs regime which provides the best possible balance between:

- the costs to reporters and to other regime participants;
- addressing the threats to the UK from crime and terrorism; and
- the reward that the regime potentially offers through the reduction of harm and the recovery of the proceeds of crime.

### **Notes to editors**

SARs are reports of the suspicion of money laundering or terrorist financing submitted by firms under the Proceeds of Crime Act 2002 or the Terrorism Act 2000 as amended by the Anti-terrorism, Crime and Security Act 2001. They are sent to the UK Financial Intelligence Unit (UKFIU) in SOCA. The UKFIU processes the reports so that they can be of use to a range of end users including law enforcement agencies.

SOCA took over responsibility for operating the UKFIU from the National Criminal Intelligence Service, when it came into being on 1 April 2006.

Sir Stephen's Lander's Review of the SARs regime was published in March 2006, and was commissioned by the then Chancellor and Home Secretary. It made 24 Recommendations for the improvement of the Regime.

Membership of the SARs Regime Committee consists of:

- SOCA Director of Intervention (Chair)
- Association of Chief Police Officers
- British Bankers' Association
- Financial Services Authority
- Home Office
- HM Revenue and Customs
- HM Treasury
- Institute of Chartered Accountants for England and Wales
- Law Society of England and Wales
- Metropolitan Police Service
- SOCA Deputy Director (Proceeds of Crime)
- SOCA Deputy Director (Prevention and Alerts)
- SOCA Head of Business Strategy (Proceeds of Crime)
- SOCA Head of the UKFIU (Proceeds of Crime)
- SOCA Legal
- SOCA Non-Executive Director

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