

# Suspicious Activity Reports (SARs) Tackling Illicit Finance

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# What we're talking about today

- Reporting AML concerns
- The role of the UKFIU
- The value of SARs
- What a good quality SAR looks like
- Features the National Crime Agency (NCA) are looking for
- SAR success stories

# Reporting concerns

## For breaches of our Standards and Regulations...

- Any facts or matters that you reasonably believe are capable of amounting to a serious breach of regulatory arrangements
- See Paragraph 7.7, Code for Individuals, Paragraph 3.9, Code for Firms

## What could this be for AML?

- Repeated or intentional breaches of legal requirements in relation to applicable anti-money laundering legislation or regulation
- Systemic breaches associated with a failure of AML-related policies, controls or procedures (including training)
- Facilitation of business activities which bear the hallmarks of money laundering activity

# Reporting concerns

Report - [report@sra.org.uk](mailto:report@sra.org.uk)

Red alert line - 0345 850 0999

Tell us if you wish to disclose confidentially.

Suspicion of money laundering or terrorist financing?

Report through SARs online - [nationalcrimeagency.gov.uk](https://nationalcrimeagency.gov.uk)

# SARs – from the legal sector

- Quality of SARs is improving
- 8% rise in SAR submissions from the legal sector 2019 to 2020
- Total volume for the period 573,085

# The cost of money laundering

It is estimated **£37billion** of criminal proceeds are laundered through the UK each year\*

\*National Risk Assessment 2020



# What is the role of the UKFIU?

- The UKFIU Financial Intelligence Unit is responsible for **receiving, analysing** and **disseminating** financial intelligence gathered from SARs
- SARs are a critical **intelligence resource** for tackling money laundering, terrorism, serious organised crime, corruption and fraud
- The UKFIU is focused on tackling illicit finances derived from criminal activity both at **home and abroad**

# The value of SARs

- SARs intelligence has been instrumental in:
  - locating sex offenders
  - locating murder suspects
  - showing the movement of young women being trafficked into the UK to work in the sex industry
- Some SARs provide immediate opportunities to:
  - stop crime and arrest offenders
  - help uncover potential criminality that needs to be investigated or retained for intelligence development

# The value of SARs

- Information from SARs is vital in **enhancing** new or existing investigations or operations
- Multiple SARs on the same subject or company can identify new targets for operational activity
- SARs can also help establish a geographical picture or can be used in the analysis of suspicious activity before and after the specific event such as a **terrorist incident**

## **Required SAR**

SARs are made by financial institutions and other professionals such as solicitors, accountants and estate agents and are a vital source of intelligence

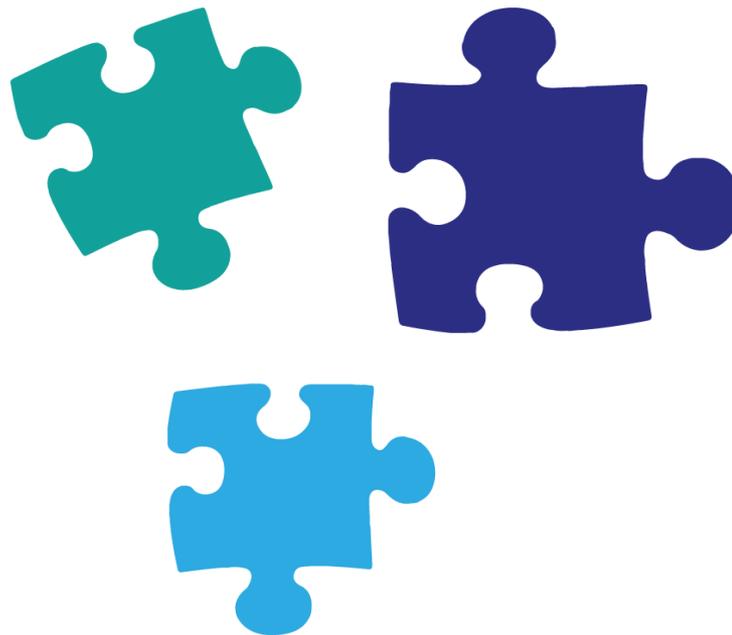
## **DAMLs**

A Defence Against Money Laundering can be requested from the NCA where a reporter has a suspicion that property, they intend to deal with is in some way criminal

## **DATF**

A Defence Against Terrorist Financing can be requested from the NCA where a reporter suspects or believes that something is terrorist property

Your SAR may be a  
vital piece of a  
**bigger** puzzle



# Best practice for submitting a SAR



Solicitors  
Regulation  
Authority

- Include as much detail as possible - individuals, addresses, companies, accounts etc
- Subject's full name, date of birth and addresses (including postcode)
- Subject details (eg driving licence, passport number, phone numbers, email addresses etc)
- Subject's occupation/employer

# Best practice for submitting a SAR



Solicitors  
Regulation  
Authority

- Details of any associated subjects (including full details of professionals involved in the activities)
- Company details including:
  - full legal name
  - registration number and tax reference/VAT numbers
  - country of incorporation
  - details on beneficial ownership where held)
- If relevant to your business, the subject's financial details (account numbers) and details of associates

# Details required

- Complete all info fields or put 'unknown'
- Include previous SAR references, as required
- Include glossary codes - several if needed
- Describe professional services provided

# How to submit a SAR

## **Completing all SAR information fields**

You should complete as fully as possible all the information known from your due diligence into the other SAR fields

## **Do not send attachments with your SAR – all the relevant information should be within the SAR**

If further information is available which you are willing to share with a Law Enforcement Agency, then refer to this – your contact details may be recorded in the SAR

# How to submit a SAR narrative

**Step 1** – start with a SAR glossary code

**Step 2** – initially provide a brief summary to highlight the key element of your suspicions for example:

‘XXPROPXX I am submitting this SAR as the client is purchasing a property and I have concerns relating to the origin of the funds coming from overseas relations. The circumstances of my money laundering suspicions are that ...’

**Step 3** – consider if there is any other useful information to add.

**Step 4** – the ‘reason for suspicion’ should conclude with the intended action eg exiting relationship, monitoring the customer, continuing the relationship etc

# Key parts of narrative

- Describe fully the reasons for suspicion in relation to money laundering
- Identify clearly the suspected benefit from criminal conduct (the ‘criminal property’)
- Identify the reason(s) for suspecting that property is criminal property

# Key parts of narrative

- Identify the proposed prohibited act/s you seek to undertake involving the criminal property (DAML)
- Identify the other party/parties involved in dealing with the criminal property
- Include any information that can assist in identifying the subjects and their whereabouts

# Narrative tips

- Write the suspicion rationale in simple, concise English
- No acronyms or jargon
- Enter a chronological sequence of events
- Break up text into lines or paragraphs
- Don't use all capitals (UKFIU analysis tools cant read)
- Use punctuation

# Bad example narrative

\*\*\*\*START\*\*\*\*

“WE ARE SUSPICIOUS OF THE SOURCE OF THE MONIES BECAUSE THE BUYER, JOHN DOE, HAS INSTRUCTED HIS OWN SOLICITORS IN THE TRANSACTION AND THE PURPOSE OF SENDING THE MONIES TO OUR ACCOUNT DIRECT MAYBE TO AVOID ANTI- MONEY LAUNDERING PROCEDURES REQUIRED BY HIS OWN SOLICITORS, IF THE BUYER WAS UNABLE TO PROVIDE LEGITIMATE SOURCE OF FUNDS EVIDENCE IF THE MONIES ARE DERIVED FROM BENEFIT FRAUD OR TAX EVASION.WE DO NOT HAVE AN ADDRESS FOR THE BUYER AS THIS HAS NOT BEEN DISCLOSED TO US AT THIS STAGE OF THE TRANSACTION. THE MONIES REMAIN IN OUR CLIENT ACCOUNT.WE SEEK A DEFENCE TO THE PROHIBITED ACTS OF TRANSFERRING, RETAINING AND POSSESSING CRIMINAL PROPERTY UNDER SECTIONS 327-329 POCA 2002. ....”

\*\*\*\*END\*\*\*\*

# Good example narrative

\*\*\*START\*\*\*

GLOSSARY CODE XXPROPXX

This DAML is relating to the purchase of property which I, as the MLRO of John Doe (International) LLP ("JDI"), suspect may be funded by the proceeds of crime. It is an authorised disclosure under s.338 of the Proceeds of Crime Act 2002 (POCA).

JDI is acting on the sale of four properties ("the Properties") on behalf of our client Stockwell Bank. The Properties were sold at auction on 28 January 2021. One of the Properties is 34 Baker Street, Barton-upon-Humber ("the Property"). This was sold for £89,000. On 10 February 2021, JDI received the sum of £5,906 ("the Deposit Monies") from the auctioneer, Sugar Auctions Limited ("SAL"). This payment represents the deposit less SALs fees. The buyer is Mr Sugar Muffin (SM) and his wife Mrs Jane Muffin ("the Buyer").

JDI undertook due diligence on the Buyer. This revealed that SM is a disqualified director. He was convicted of an indictable offence. He was given a five-year prison sentence after undercover journalists linked to uncovered criminal activity related to English language tests.

# Good example narrative

Non-EU citizens obtained student visas after fake 'sitters' took the tests on their behalf. SM was found guilty of immigration offences in May 2016 and was jailed for five years. SM provided documentation evidencing the transfer of SM's deposit monies. This included:

(a) a Barclays bank statement dated 17 February 2021 from the joint account of SM and his wife. This shows that they transferred £9,974 to SAL on 29th January; and

(b) a letter from Barclays dated 10 December 2020 confirming that SM and his wife's re-mortgage application had been successful.

I have formed a suspicion that the Deposit Monies may constitute criminal property due to SM's past criminal conduct. Completing the sale, holding and/or transferring the Deposit Monies may therefore constitute an offence under s.327, 328 and/or 329 of POCA.

# Good example narrative

I am therefore making a disclosure under s.338 of POCA and seeking consent to:

- a) accept the deposit monies (£5,906.00) which are currently in a ring-fenced account;
- b) receive the completion monies from SM's solicitors up to but not exceeding £81,031.99 (this figure is based on a completion statement when completion was to take place on 25 February 2021. Revised completion date is 31 January 2021. We will complete no later than 15 February 2021.
- c) deduct JDI's fees from the completion monies (which are covered by the adequate consideration defence of s329 but nonetheless included for completeness), totalling £2,250 plus vat; and
- d) pay the balance to our client, Stockwell Bank. The completion statement will need to be amended before we can confirm the total amount.

Please note that this SAR relates to the payments in respect of the Property only.

\*\*\*\*END\*\*\*\*

# Outcomes from SARs – example 1

- UKFIU received a DAML seeking to return monies to the subject. Monies made up of a mixture of virtual assets, USD and Euros totalling £17,035,130
- The subject is linked to illegal sale of cannabis and synthetic drugs through outlets in Poland and Czech Republic
- The DAML identified no current overseas investigation and monies are onshore in UK. Monies are suspected proceeds of crime
- UKFIU refused consent and subsequently arrested offenders, achieving a restraint order in the process

# Outcomes from SARs- example 2

- Received a DAML where reporter was seeking to exit and pay away £695,921.38 to the subject
- Following financial intelligence checks, UKFIU identified that Guernsey FIU had an interest in the subject. Confirmed Guernsey Police were investigating the subject for money laundering via cryptocurrency and a number of UK bank accounts had been identified
- UKFIU, wider law enforcement community coordinated a response leading to asset freezing orders for eight UK bank accounts in the subject's name valued at £2.6 million

# UKFIU – Engagement Survey

The UKFIU invites all members of the **regulated sector** to respond to their reporter engagement survey, to help the unit understand how well they are currently supporting our reporters. The more the team find out about our interactions, the more they can do to better support you in future.

Scan the QR code on your smartphone or access the following link;

<https://www.homeofficesurveys.homeoffice.gov.uk/s/C1VY0M>

