

**MONEY LAUNDERING ADVISORY COMMITTEE
PLENARY GROUP**

Meeting on 5 October 2005 – 15:00hrs

HM Treasury

Present

Home Office (HO), Director of Specialist Crime
Chairman

Association of Chief Police Officers (ACPO)

Institute of Chartered Accountants in England & Wales (IAEKW)

BCL Burton Copeland

Derbyshire Constabulary

Serious Organised Crime Agency (SOCA)

Legal & General

Gaming Board of Great Britain

Foreign & Commonwealth Office (FCO)

Lloyds TSB

HM Treasury (HMT)

Arbuthnot

Joint Money Laundering Steering Group (JMLSG)

Royal Institute of Chartered Surveyors (RICS)

Financial Services Authority (FSA)

Serious Organised Crime Agency (SOCA)

HM Revenue & Customs (HMRC)

National Criminal Intelligence Service (NCIS)

Metropolitan Police

Home Office (HO)

Hoodless Brennan

Secretariat

Home Office (HO)

HM Treasury (HMT)

1. Welcomes and apologies for absence

1.1 Chairman introduced himself and welcomed the new members of MLAC.

2. Update from the Reporting and Feedback Working Party (inaugural meeting held on 27th September at the Home Office)

- 2.1 HO presented a paper outlining issues discussed at the meeting of the Working Party on 27 September.
- 2.2 At the meeting Matt Fleming had provided a presentation on the key findings from his study on 'law enforcement's use and management of suspicious activity reports (SARs)'. To summarise those were that there should be:
- clearer ownership of the regime;
 - publication of a 'mission statement' for the regime;
 - greater use of the NCIS Elmer database by law enforcement; and
 - the establishment of agreed work standards.
- The report was published on 29 September and the FSA praised the Home Office for handling publication very well, but warned that there would still be press interest in the recommendations. ACPO said it had been a useful exercise to identify issues which could be taken forward to improve police performance in specific areas.
- 2.3 Also discussed at the working party:
- amendments to the Proceeds of Crime Act 2002 in the Serious Organised Crime & Police Act 2005
 - draft guidance on the 'Confidentiality & Sensitivity of SARs'. Members of the working party had undertaken to provide comments to the Home Office by 30th October.
- 2.4 The next meeting of the working party is scheduled for the 15 December 2005 at the Home Office.
- 2.5 SOCA then presented the work of their review team.
- 2.6 As SOCA had committed to take ownership of the SAR regime from 1 April 2006, the project would focus upon how to effectively apply the regime to the structures being implemented at SOCA.
- 2.7 The review team comprises off SOCA, HMRC and NCIS.
Action: The team have undertaken to present findings to the next meeting of Reporting & Feedback Working Party.

3. Update from the ID Working Party

- 3.1 The FSA informed MLAC that representatives of a number of (regulated) professions were going to be invited to a meeting to discuss issues related to identity.
Action: An update on findings will be circulated to MLAC members after the meeting.

4. Update from the Guidance Notes Working Party

- 4.1 HMT introduced a paper updating members on work taken forward by the working party in partnership with the Gaming Board and the Notaries sector. Discussion of various aspects of the consultation on the latest draft of the JMLSG guidance notes followed.
Action: The Gaming Board of Great Britain in HMT's letter to the GBGB of August.
- 4.2 The JMLSG thanked members for their responses on the consultation on the JMLSG guidance - the target date for the publication of the revised JMLSG Guidance Notes remained early 2006.
- 4.3 HMT alerted members that to enable MLAC to approve the guidance before publication the circulated date for the next meeting of MLAC might need to be changed.

6. Communications (HMT update)

- 6.1 HMT introduced a paper outlining the principles which would provide a framework for managing the delivery of messages and the development of core scripts.
- 6.2 A meeting of public sector stakeholders on 27 October has been arranged to discuss delivery of these principles so that a Communications Delivery Working Party, reporting to MLAC can be established.
- 6.3 Members agreed that further work would address the role of SOCA in the communications strategy and the development of some branding to attach to the strategy.

7. International Issues (HMT / FCO update)

- 7.1 HMT outlined what was happening internationally:
 - the 17th plenary meeting of FATF was scheduled to take place in the w/c 10 October in Paris. The focus for the UK delegation would be:
 - ensuring that the effectiveness of FATF would be enhanced through mutual evaluation work; and
 - developing dialogue with the private sector.
 - senior political commitment to the principles behind the AML and CTF regimes at the International Monetary and Financial Committee in September.
- 7.2 The FCO told members that internationally, government action internationally was directed by the principles of reducing harm and tackling the weakest points, through:
 - political engagement;
 - information exchange; and
 - capacity building through regional FATF-style bodies.Specifically the UK had focused effort particularly towards Pakistan and the UAE.
- 7.3 HMT confirmed that they were coordinating the UK response to the comitology process for the 3rd EC Money Laundering Directive.
Action: When pressed on whether the private sector would be involved, HMT agreed to consider the timescale and inform members of a deadline for submissions.

8. Intelligence Issues (NCIS update)

- 8.1 NCIS circulated an intelligence briefing to members, and spoke on key issues:
 - *publication of the UK Threat Assessment* – members are encouraged to read the whole document, rather than only the chapter on money laundering, in order to develop a broad understanding of the threat of organised crime.
 - *intelligence assessments* – five (unclassified) versions are due to be delivered to members of the Reporting & Feedback Working Party – further dissemination is encouraged.
 - *Elmer access* - 52 police forces and several national law enforcement agencies now had access to the database, and NCIS have trained 300 officers to use it. Plans to upgrade the functionality of the system (Phase II rollout) were on course to be delivered in December 2005.
 - * NCIS have since advised that the Phase II project timetable has required some revision and that new target dates will be set.”**Action:** NCIS to report revised dates to the next MLAC plenary meeting.
- 8.2 A statistics paper circulated to members was discussed. Members felt that the definitions of the banking sectors listed were confusing.
Action: The FSA and the JMLSG agreed to clarify definitions.

9. Any other business

- 9.1 The FSA told members that the response from the banking sector to law enforcement investigations following the London terrorist attacks in July had been very good, however the FSA were aware of one institution which had been unable to comply with the terms of production orders served upon them.

10. Next meeting

- 10.1 The date of the next meeting is Friday 10th February at the Home Office, 2 Marsham Street; however this may be subject to change to take account of the publication of the JMLSG Guidance Notes. Members will be informed of any change in due course.

**HM Treasury / Home Office
8 November 2005**