

NCIS Intelligence Update
for the Money Laundering Advisory Committee (MLAC)

The UK Threat Assessment 2004/5 – 2005/6

The Unclassified version is due to be published in July 2005 on the Home Office website. The Assessment details a wide range of key criminal activities, most relate to acquisitive crime and so will inform the regulated and reporting sectors of the current threats in relation to money laundering.

Although all chapters are essential reading in order to understand better the criminal environment, this paper draws attention to the following:

Chapter 2 – the role of those persons who are criminal ‘specialists’, supporting criminal activities by arranging services such as obtaining and providing false identities and documentation, by laundering proceeds, by infiltrating and corrupting others, by providing ostensibly legitimate business cover.

Chapter 5 – covers the broad subject of fraud, both fiscal and private sector.

Chapter 6 – describes the key money laundering threats, namely: the role and extent of cash; the misuse of money transmission agents; the use of professionals as specialist money launderers; alternative remittance services; the misuse of legitimate businesses; the vulnerabilities of banks and financial institutions; and the vulnerability of the gaming industry.

Chapter 8 – covers Hi-Tech crime including ‘phishing’ to obtain identity and credit card details, and on-line fraud.

Chapter 10 – deals with other threats such as counterfeit currencies and cash-in-transit robberies.

National Intelligence Requirement 2005/2006 (NIR)

In order to improve the intelligence picture NCIS has produced the National Intelligence Requirement 2005/2006 (NIR) on behalf of the Organised Crime Strategy Group, chaired by the Home Office.

It is intended to be read alongside the UK Threat Assessment and offers a systematic approach to improving the level of knowledge of serious organised crime, plus a means of measuring that improvement year-on-year.

The intelligence sought to achieve this is underpinned by six basic questions – Who?, What?, Where?, When?, How?, and Why?

A particular improvement here is the added emphasis on answers to the How? and Why? as these will provide deeper understanding and open up imaginative and comprehensive ways of tackling the problems beyond the more traditional enforcement options.

The NIR avoids the risk of creating a long list of questions about a wide range of criminal activities by aligning itself to the UK Threat Assessment headings. In this way incoming information can be grouped logically, minimising repetition.

The NIR is produced at the Restricted level of security and so can not be revealed in full to MLAC members. NCIS does intend to make available a version for appropriate readership within the regulated sectors.

A few examples may help members understand the thrust of the NIR 2005/2006:

- In relation to the effectiveness of the Proceeds of Crime Act, intelligence is sought on the hard impact (notably the value of recovered assets and successful prosecution of money launderers) but also on the criminals' perceptions of its effectiveness (and the changes to their behaviour, degrees of risks taken) etc;
- In relation to the criminal misuse of legitimate businesses, intelligence is sought on how businesses are controlled, influenced, coerced and deceived; the methods beyond cash placement, such as false invoicing allowing criminal money both in to and out of the business; business 'loans' to criminals etc;
- In relation to specialist money launderers, intelligence is sought on particular gatekeeper sectors; the degrees of witting, unwitting, or coerced involvement; KYC and SAR compliance etc.

NCIS Intelligence Assessments 2004/05

The following are the titles of strategic intelligence assessments produced by NCIS (marked Restricted under the Government Protective Marking Scheme) relating to money laundering and financial crime. The first nine were commissioned by the Concerted Inter-agency Criminal Finances Action Group (CICFA).

The titles of assessments marked at Confidential or Secret level are not included.

1. The Vulnerability of the UK Insurance Sector to Money Launderers
2. The Vulnerability of Private Banking to Money Launderers
3. The Use of Accountants for Money Laundering in the UK
4. The Use of Legal Practitioners in Money Laundering in the UK
5. Specialist Money Launderers
6. The Vulnerability of Company Formation Agents to Money Launderers
7. The Use of Independent Financial Advisors for Money Laundering and Financial Crime in the UK
8. The Vulnerability of Spread Betting Firms and Betting Exchanges to Money laundering and other Financial Crime
9. The Vulnerability of Casinos and Bookmakers to Money Laundering
10. Diamonds as a Commodity to Transfer Value and Launder the Proceeds of Crime
11. Financial Products and Services Vulnerable to Use by Terrorist Organisations

The readership of the above products includes Government Departments (HM Treasury, Home Office, Foreign and Commonwealth Office), all police forces, National Crime Squad, HM Customs, Inland Revenue, Financial Services Authority, and other agencies according to their requirements.

To date, only two strategic assessments have been produced at an Unclassified level for dissemination to the private sector - the Vulnerability of the UK Insurance Sector (disseminated to the Association of British Insurers and to Lloyds of London); and Financial Products and Services Vulnerable to Use by Terrorist Organisations (widely disseminated to regulated sector). NCIS has disseminated other unclassified products (Current Intelligence Assessments) to the regulated sectors describing criminal financial profiling.

It is NCIS' intention to review the classification of the remaining assessments and to produce Unclassified versions for wider release to the private sector.