



ST£RLING

An Economic Crime Strategy for London



**METROPOLITAN
POLICE**

MPA
Metropolitan Police Authority

Working together for a safer London

Foreword



As the Assistant Commissioner in charge of the Metropolitan Police Service's Specialist Crime Directorate I am pleased to be launching 'Sterling' the new economic crime strategy for London.

The main thrust of this strategy is to move forward together with partners in a more proactive interventionist approach to solve the problem of economic crime in London.

You may ask- "Why do we need an economic crime strategy?"

Well, put simply, London needs one now more than ever.

For some time now economic crime has been considered less of a priority than other types of 'more emotive' crime. This is nowhere more evident than where there are 'threat to life' issues involved in an aspect of police activity.

Yet, sustained growth in the economy has created increased public wealth and consumerism, with both investments and loans growing accordingly. Criminals are now operating widely in these sectors, offering the public either false investment opportunities or stealing their identities to obtain false credit from legitimate companies.

Recent developments in 'global commerce' and technological advances such as 'E-business' have led to a reduction in direct customer contact. Organised criminal gangs are now 'exploiting this 'new frontier' as businesses and members of the public struggle to identify a 'virtual business partner' from a 'virtual fraudster'.

It should be no surprise then, that the impact of economic crime on 21st century London is huge. A recent Robson-Rhodes survey published in the Times put the annual cost of economic crime as £40 billion. It is widely acknowledged that 70% of this takes place in London. This means that the annual cost to London is approximately £28 billion or £1,600 to every household.

I think it is also important to stress that it is not just the current volume of economic crime that makes it a problem:

Economic crime is not a 'victimless crime'. It strikes deep into the pocket of each and every one of us, either directly or indirectly. Consequently, we all lose together when companies

"The Metropolitan Police Authority's aim is to secure continuous improvement in the way London is policed and we fully support the Metropolitan Police's drive to combat economic crime in London.

" We welcome 'Sterling' as a ground breaking, effective strategy that will have a lasting impact on this type of crime which can effect everyone who lives and works in our capital."

- Reshard Auladin
Deputy Chair MPA

pass on their increased costs and when our public sector services are affected due to diminished funds. We also lose out as individuals when we are personally targeted as victims. I have frequently seen its impact in London, when good people have lost their jobs, savings, pensions and even their dreams to its perpetrators.

Research has also established that economic crime provides organised criminal networks with the funds to engage in other serious criminality, launder the profits from that criminality and buy the trappings of a lavish life-style.

Clearly all of this is unacceptable.

It follows that an effective strategy is needed to reduce the impact of economic crime and proactively target those engaged in it. 'Sterling' is that strategy.

I am confident that the approaches outlined in this booklet will have a positive impact on London's economy and communities.

Tarique Ghaffur, CBE, QPM
Assistant Commissioner

Introduction



“The CBI really welcomes the opportunity to work alongside ‘Sterling’ as we are pleased at the emphasis that is now being placed on fighting business crime.”

- Rod Armitage,
Director of
Company Affairs

after it occurs to a point of proactively reducing the chance of its success and attacking those who dare attempt it. In short, we will make London a less-hospitable place for the criminals involved in economic crime.

This cannot be achieved by the police alone. It can only happen if we work together in meaningful partnership.

To this end, many key stakeholders including the City of London Police, CBI, the British Bankers Association (BBA), the Financial Services Authority (FSA), the City of London Corporation, Government Office for London, the Department of Trade and Industry (DTI), the UK Fraud Prevention Scheme (CIFAS), the Audit Commission, the Charities Commission and the Association for Payment Clearing Services (APACS) have agreed to co-operate with us in the sharing of intelligence to enable us to better scope the extent and shape of economic

As the person in charge of SCD6, the Economic and Specialist Crime OCU, I will deliver ‘Sterling’ the Metropolitan Police Service’s economic crime strategy for London.

‘Sterling’ should not be viewed as a short-term solution to the challenges but an evolving long-term strategy based on Intelligence, Prevention and Enforcement. Its clear emphasis is on moving us from a position of mainly reacting to economic crime

crime in London. This will allow us to react earlier to emerging threats, more readily recognise the areas of weakness being exploited and identify the criminals to target.

We have also ensured that ‘Sterling’ has clear links to a number of other focused policing initiatives through the National Intelligence Model (NIM) to maximise its impact on wider criminality and the tackling of London’s dysfunctional role models.

Plans are already in hand to explore sponsorship and ‘match funding’ opportunities with business partners as a way of maximising our capability around ‘Sterling’ as similar approaches are already proving highly successful in other more established partnership initiatives such as the Dedicated Cheque and Plastic Card Unit (DCPCU) and the Vehicle Fraud Unit.

I believe ‘Sterling’ presents an unprecedented opportunity for us all to play our part in providing London’s economy and communities with the protection and reassurance they deserve.

“We fully support the concept of Sterling. In our view it is essential that key private and public sector regulators and stakeholders co-operate strategically if we are to mount an effective campaign against economic crime and corruption in the 21st century.”

- Derek Elliot
Audit Commission

Nigel Mawer
OCU Commander SCD6

'Sterling' Overview

Key Aim

Sterling's overall aim is to develop and sustain a more proactive, interventionist approach to combating economic crime in London. We will do this by:

1. Scoping the true extent of economic crime in London through exchange of partnership intelligence.
2. Identifying and exploiting prevention and disruption opportunities.
3. Identifying and exploiting reactive and proactive enforcement opportunities.

'Sterling' activity is co-ordinated under three key strands:

Intelligence

Prevention

Enforcement

'Sterling will piece together London's economic crime intelligence jigsaw'

Key Objectives

Each strand has been set bespoke key objectives to support us in achieving this aim. Whilst these will be elaborated upon later under their respective strands, taken together they are:

Intelligence strand:

- Establish a 'Partnership Intelligence Cell'.
- Evaluate and highlight the true cost of economic crime to London.
- Develop the proactive enforcement opportunities provided by Suspicious Activity Reporting (SARs) from the financial sector under Proceeds Of Crime Act (POCA) 2002.
- Develop problem profiles of trends to identify prevention and enforcement opportunities.

Prevention strand:

- Establish the 'London Fraud Forum'.
- Establish a 'Proactive Prevention Team'.
- Improve the 'Fraud Alert' website
- Develop focussed crime reduction projects in partnership with key stakeholders

Enforcement strand:

- Develop a proactive enforcement arm to maximise the opportunities provided by the Proceeds of Crime Act (POCA) 2002.
- Establish a new acceptance criteria for reactive investigations
- Professionalise Fraud Squad personnel

Intelligence Strand



‘None of us are as smart as all of us’
-Japanese proverb.

Police, government agencies, regulatory bodies and the business community have long recognised the importance of gathering effective intelligence on economic crime.

However, as London’s economic crime ‘intelligence community’ has grown the benefits from improved intelligence analysis have not reached their full potential because of a myriad of different databases, working practices and a lack of co-ordinated partnership dialogue. This is opposed to the criminals involved in economic crime who go about their activities without regard to boundaries, jurisdictions or business confidentialities.

The intelligence strand of ‘Sterling’ addresses this by:

- Establishing a pioneering ‘Partnership Intelligence Cell’ for London
- Turning the increased flow of partnership data into action through an economic crime focus desk.

The Partnership Intelligence Cell

The role of the Partnership Intelligence Cell is to:

- Evaluate the true extent of economic crime in London
- Listen to industry and establish their concerns
- Receive information and develop intelligence from partner organisations (both within and outside the regulated sector)
- Focus police resources to allow the optimum use of intelligence to dismantle criminal networks and recover criminal assets. (Enforcement)
- Identify new and current threats to create opportunities to design out crime. (Prevention)
- Maintain a two-way flow of intelligence with the private sector.

The Partnership Intelligence cell consists of a dedicated team of detectives experienced within the economic crime arena

supported by an analytical and research capability.

The benefits of this new approach are that:

- Threats, Enforcement and Prevention opportunities are identified.
- There is a capability to assess the true cost of Economic Crime on London.
- There is a clear conduit for intelligence exchange with London’s economic community.

The Economic and Specialist Crime Command’s Intelligence Unit

The role of the Intelligence Unit is to;

- Provide research and analytical resources to fully develop the potential of data.
- Gain unique access to local and national intelligence databases.
- Ensure intelligence is managed in accordance with the European Convention of Human Rights and National Intelligence Model.
- Provide a specialised financial intelligence development capability.
- Provide an expert team to prioritise and develop all Suspicious Activity Reports (SARs) relating to London.
- Provide officers trained to manage confidential sources of information and disseminate associated data in an appropriate format

New Suspicious Activity Reporting Regime for London

- Another useful provision of the Proceeds of Crime Act 2002 was the introduction of a legal requirement for the financial sector to notify police of any suspicious financial transaction (SARs). ‘Sterling’ has refined the notification process so that we will now receive these reports promptly, allowing timely proactive intervention by units such as the London Anti-Money Laundering Team.



Prevention Strand

‘An ounce of prevention is worth a pound of cure’

– Henry De Bracton

All of us can understand the basic principle that it is far better to prevent a crime occurring than subsequently catch the offender.

With this in mind, ‘Sterling’ places strong emphasis on ‘Prevention’.

The concept is to adopt a more proactive approach to prevention by identifying and taking ownership of economic crime problems that impact on London and instigating effective prevention strategies to reduce their impact.

The ‘Prevention strand’ has four key objectives:

- Prevention
- Reassurance
- Disruption
- Education

The main tools we will use to achieve these objectives are:

The ‘Proactive Prevention Team’

A ‘Proactive Prevention Team’ has been created to identify and tackle areas of weakness being exploited by organised criminal networks on a project basis. Staff work alongside the agency or company concerned to design a bespoke prevention plan to disrupt criminal activity and reduce the risk.

Some early successes of this new approach include:

- Partnership working with the financial sector to reduce the risk of employee theft.
- A media campaign to raise public awareness of a new and widespread ‘cheque overpayment’ scam.
- Partnership working with Companies House to reduce the possibility of dishonest amendments to the Companies

“In developing strong links with the Proactive Prevention Team we are making significant progress in preventing corporate identity fraud.”

– Tim Moss
Corporate Strategy Director
Companies House

Register as a pre-cursor to fraud

The London Fraud Forum

A ‘London Fraud Forum’ has been established with a wide membership drawn from The Metropolitan Police Service, City of London Police, business, government and regulatory bodies. This forum has effectively established a major ‘prevention’ network for the capital with members sharing best practice, disclosing emerging trends and co-operating in crime reduction strategies. In due course it will also become an influential body, lobbying for London.

This new partnership approach is seen as a vital development for the future of London.

‘Fraud Alert’ web-site

The existing ‘Fraud Alert’ web-site (www.met.police.uk/fraudalert) is being re-vitalised to have a clear focus on;

- Community reassurance
- Crime prevention
- Crime disruption
- Education

Advice and guidance will be available to the public and business on economic crime trends and ‘hot news’. As before, an extremely useful side product of this interactive site will be information from the public that will be passed to the ‘Intelligence strand’ for action.

Plans are in hand to obtain sponsorship for the site with a view to expanding its capability. Future developments are likely to include a multi-language format and an improved community focus.

Prevention Operations

Under ‘Sterling’ all intelligence on economic crime is assessed for ‘Prevention opportunities’.

“The Forum will provide an excellent way to bring together all relevant agencies to discuss fraud problems particular to London and the South East”

– Bridget Chase
Dept. Trade & Industry



Enforcement Strand

“The British Bankers Association welcomes the Metropolitan Police’s fresh approach to economic crime and we are fully committed to providing them with the utmost support”

– David Lennox

and re-focusing our enforcement resources towards two key objectives:

- Improving our effectiveness in proactively targeting the criminals involved in economic crime, disrupting their activities and seizing their assets.
- Improving our effectiveness in reactively investigating prevalent and serious economic crime, reassuring the public and bringing offenders to justice.

Furthermore, enforcement activity will primarily target ‘organised criminal networks’ in accordance with the current Metropolitan Police Service objectives. Academic research has shown that the removal of a group of criminal associates working in concert has a far greater impact on levels of crime than the removal of one or two individuals working in isolation.

Proactive Targeting

- We will create a new London Anti-Money Laundering Team that will proactively target and disrupt organised criminal networks benefiting from economic crime in London. This will be achieved by investigating the finances of anyone identified from intelligence as being active in economic crime for evidence of ‘Money Laundering’.

Where there is sufficient evidence to charge an individual with this offence we will do so, triggering significant powers to confiscate their assets under the Proceeds of Crime Act 2002. The advantage of using this piece of legislation is that police only need to satisfy the court that the person was living

The development stage of ‘Sterling’ provided us with the opportunity to undertake a review of existing economic crime enforcement activity and assess its impact on 21st Century criminality.

We found that whilst our established investigative practices still continued to provide a solid foundation for successful enforcement there were clear opportunities for fresh tactics and innovative thinking in our approach.

‘Sterling’ seeks to maximise our ability to damage the modern-day criminal by incorporating these methods

beyond their lawful means and that their wealth was illicit to have their assets removed, without the burden of having to prove their involvement in a particular crime.

Where there is insufficient evidence to support a charge of ‘Money Laundering’ but sufficient evidence to support action by other enforcement agencies, such as the Inland Revenue for tax evasion, the London Anti Money Laundering Team will pass the intelligence on and support their investigations.

The creation of this innovative team is designed to transfer a fear of loss back onto the criminal and proactively disrupt their activities through the removal of their funds and status.

- We have created a Payback Task Force-

The purpose of the ‘Payback Task Force’ is to work in partnership with Borough Policing Units to demonstrate the value of enforcing the Proceeds of Crime Act 2002 (POCA) at a community level.

Take the cash out of crime by directly targeting the assets of London’s dysfunctional role models.

Encourage the use of the provisions of the Proceeds of Crime Act 2002 and the charge of ‘Money Laundering’ as a main-stream enforcement tactic.

Encourage the targeting of criminal assets as a part of planned crime reduction campaigns.

Reactive Investigations

- A new acceptance criteria for investigations has been formulated in line with Home Office Guidelines which will be regularly reviewed against the Strategic Threat Assessments emanating from the Intelligence Strand. – By this method our enforcement resources can be focused, via a transparent process, against the economic crimes that are having the most impact on London’s communities.
- We will make best use of partnership working opportunities by cultivating our links to and then mounting joint-investigations with other law enforcement agencies and regulatory partners or by referring cases to those best placed to take meaningful action (for example the Serious Fraud Office or Charities Commission)
- We will professionalise our investigations. In this way we will be able to increase the amount of investigations undertaken without increasing staffing levels. Key to this will be the robust supervision of investigations, a reduction in the acceptable length of time spent on a case and the re-introduction of specialist fraud training for detectives.