



Criminal Finances Bill

The Criminal Finances Bill

- The Criminal Finances Bill will significantly improve our ability to tackle money laundering, corruption, tax evasion and terrorist financing.
- The UK is one of the best places in the world to do business and we remain the largest centre for cross-border banking. A strong rule of law, with an independent judiciary and committed law enforcement, give businesses peace of mind that the UK is a clean and safe place to invest.
- Financial profit is at the heart of almost all forms of serious and organised crime – crimes which directly affect the most vulnerable in society. That is why Government is determined to make the UK a more hostile place for those seeking to move, hide or use the proceeds of crime and corruption.
- The Bill will create new powers to help both law enforcement agencies and the private sector investigate and tackle money laundering.
- The Bill will complement the wider package of measures set out in the April 2016 Action Plan to strengthen HMG's response to money laundering and terrorist financing and increasing the amount of criminal assets confiscated by the state – returning them to victims where possible.

Background

- The size of our financial and professional services sector, our open economy, and the attractiveness of the London property market to overseas investors makes the UK exposed to money laundering.
- This Government has done more than any other to tackle this threat, including the recovery of a record £255m from criminals in 2015/16; setting up the Panama Papers Taskforce; and hosting the London Anti-Corruption Summit in May 2016.
- In October 2015, the Government published the *National Risk Assessment for Money Laundering and Terrorist Financing* (NRA), identifying a number of risks and areas where these regimes could be strengthened.
- The *Action Plan for anti-money laundering and counter-terrorist finance*, published in April 2016 – just prior to the Anti-Corruption Summit in London – contained a range of measures to build on the UK's approach to addressing these areas.
- That is why the Government is introducing the Criminal Finances Bill, a key element of one of the most significant changes to our anti-money laundering and terrorist finance regime in over a decade. It will send a clear message: that we will not stand for money laundering or the funding of terrorism through the UK.

Key facts

- The Home Office estimates that Serious and organised crime costs the UK at least £24 billion annually.
- The NCA estimates that the amount of money laundered in the UK could be between £36 billion and £90 billion.
- A study by the Transcrime Institute estimates that illicit markets in the EU generate about €110 billion annually.
- Between October 2014 and September 2015 the NCA received 381,882 Suspicious Activity Reports.
- The British Bankers' Association (BBA) estimates that its members collectively spend at least £5 billion annually on core financial crime compliance, including enhance systems and controls and the recruitment of staff.

“Along with the 2010 Bribery Act, this is the most important anti-corruption legislation to be passed in the UK in the past 30 years, and is critical in bringing the UK's laws up to date so they can keep pace with modern criminals.”

Robert Barrington, Executive Director, Transparency International UK – from TI UK briefing on UWOs

“Criminals exploit financial transactions to serve their wicked ends. In an ever growing digital world they continually try to find new ways in which money can enter and leave the economy looking legitimate. Reforms are needed to protect individual victims and the economy. The Criminal Finances Bill provides an opportunity for the public and private sectors to get ahead of the criminals and clamp down further on money laundering and corruption.”

Anthony Browne, CEO, British Bankers Association



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What is in the Bill?

Measures to enhance our ability to investigate the proceeds of crime (Part 1 Chapter 1)

- The Bill will introduce Unexplained Wealth Orders, where individuals whose assets are disproportionate to their known income will need explain the origin of their wealth.
- Disclosure Orders will be extended to money laundering investigations and will provide an effective, efficient and flexible means of obtaining information.

Measures to strengthen the Suspicious Activity Report regime (Part 1 Chapter 2)

- The Bill will enable extensions of the moratorium period, in situations where the NCA has refused consent for a transaction to proceed. The current 31 day period is sometimes not enough, particularly when the law enforcement agency needs to obtain evidence, or to secure formal letters of request from overseas authorities.
- It will permit firms in the regulated sector to share information between themselves, to allow them to work together to build a clearer picture of how money launderers operate, and use that to inform the NCA and to protect themselves.
- It will allow the NCA to follow up on a suspicious activity report, where further information is needed to allow the NCA to conduct effective and informed analysis.

Measures to improve our capability to recover the proceeds of crime (Part 1 Chapter 3)

- Current legislation allows law enforcement agencies to take swift and effective action against criminal cash, but a gap in the law prevents them from being able to do so if criminals store the proceeds of crime in bank accounts or other means, such as precious metals and jewels. The Bill will create new civil powers to close this gap.

Measures to combat the financing of terrorism (Part 2)

- The Bill will make complementary changes to the legislation governing the law enforcement response to the threats from terrorist financing.
- The Government is committed to ensuring that the law enforcement capabilities in respect of terrorist finance are as strong as those for countering money laundering.

Measures to prevent the facilitation of tax evasion (Part 3)

- Whilst individual employees may face criminal charges for facilitating tax evasion, their employer often sits beyond the easy reach of the criminal law.
- These new offences of corporate failure to prevent the facilitation of tax evasion address this difficulty.

Are these proposals compatible with the European Convention on Human Rights? What safeguards have been included?

- Yes. We have ensured that our proposals meet the UK's international and domestic legal obligations.
- The Government consulted widely on these powers, and listened carefully to responses from the private sector, law enforcement agencies and civil society to ensure that the measures will only be used where necessary and proportionate to do so, subject to stringent safeguards.
- Those safeguards include extensive court oversight and the provision of codes of practice – which will be subject to Parliamentary oversight – to ensure these powers are used appropriately.

Won't this Bill increase the burden on businesses?

- The Government is committed to reducing the regulatory burden on business, which can distract or make it harder for companies to focus on real risks.
- These measures were developed in close partnership with both law enforcement agencies and firms in the regulated sector.