



# Criminal Finances Bill

## Seizure powers

- Criminals need to be able to transfer value to launder the proceeds of their crimes or carry on further criminal activity. They are resourceful in using any mechanism to hold and move illicit funds, and we need to ensure that we are able to respond to this threat.
- The Bill will give law enforcement agencies new powers to:
  - seize and forfeit precious metals, precious stones, watches, artistic works, face-value gift vouchers and postage stamps, where they have grounds to suspect that they are the proceeds of crime, or are being used to commit further offences; and
  - freeze and forfeit the proceeds of crime held in bank accounts.
  - We also plan to amend the existing cash seizure provisions to allow seizure gambling chips and ticket-in-ticket-out vouchers.
- These new powers will strengthen law enforcement agencies' ability to disrupt criminal funding, and allow the recovery of criminal property.

## Background

- The Proceeds of Crime Act 2002 already allows the seizure and forfeiture of cash where there are reasonable grounds to suspect that the cash is the proceeds of crime or will be used to fund crime.
- While criminals continue to use cash in significant amounts, we need to be able to take action against criminals transferring value through other means.

## Mobile stores of value

- The Bill will allow law enforcement agencies to seize and forfeit precious metals, precious stones, watches, artistic works, face-value gift vouchers and postage stamps where they have grounds to suspect they are the proceeds of crime.
- The list can be amended by Parliament in the future to react to changes in the modus operandi of criminals.
- The process for mobile stores of value will have judicial oversight of both the seizure and the forfeiture of the property.
- The property must have a minimum value of £1,000 to allow it to be seized.
- We also plan to amend the existing cash seizure provisions to allow the seizure and forfeiture of gambling chips and ticket-in-ticket-out vouchers.

## Bank account seizures and forfeiture

- There will be judicial oversight for the freezing of accounts and if funds are subsequently forfeited.
- Where accounts become frozen, the court will be able to make exclusions to allow for living expenses or legal costs.
- There must be a minimum amount of £1,000 in the account to allow it to be seized.

## Key facts

- Over the past 15 years, banks have frozen thousands of accounts because of suspicions they are linked to criminality. In total it is estimated that **these accounts currently hold between £30 and £50 million.**
- Based on historical evidence, it is likely that **the stock of suspended accounts would continue to grow by £2.5m per annum.** This amount represents a withdrawal of funds from the productive economy, with some monetised costs for the banks associated with maintaining these accounts.

*"The UK has a responsibility to ensure that any stolen wealth flowing into the country is stopped, frozen and ultimately returned to the people from whom it was stolen".*

**Robert Barrington, Transparency International**

*"In an ever growing digital world [criminals] continually try to find new ways in which money can enter and leave the economy looking legitimate."*

**British Bankers' Association**



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## Why is new legislation needed?

- There is a gap in our ability to prevent criminals laundering the proceeds of crime.
- This power allows law enforcement agencies to act quickly to:
  - seize mobile stores of value where there are reasonable grounds to suspect that it is the proceeds of crime or is intended for use in unlawful conduct; and
  - seize and forfeit funds in bank accounts where there are reasonable grounds for suspecting that those funds are the proceeds of crime. This provision also addresses concerns raised by banks that they cannot transfer funds they suspect of being illicit to law enforcement agencies.

## Bank account seizures

### Won't this power seriously affect an innocent person whose account is frozen?

- The law enforcement agency will have to demonstrate to the court that they have reasonable grounds to suspect that the funds are illicit, and an account cannot be frozen until the court agrees.
- The legislation allows a court to permit a person to meet reasonable living expenses from their account, or to carry on a legitimate trade or business.
- The court will also be able to vary the funds available to the person if circumstances change.

### Why would you not use civil recovery powers?

- Civil recovery powers are only available where the amount is over £10,000. This will target accounts of any value over £1,000.
- Civil recovery powers are only available to the NCA, CPS and SFO. We need to provide a power to wider law enforcement agencies to ensure that they are able to target illicit funds as part of their investigations.

### What are the safeguards on the freezing and forfeiture of the account?

- The law enforcement agency will have to prove to the court that there are reasonable grounds for the freezing of the account.
- The court will oversee the freezing of the account, and will also determine whether an order should be granted for forfeiture of the funds.
- The owner of the funds in question can appeal against both the freezing of the account and against the forfeiture of the funds.

### Will this be used alongside the SARs regime?

- The SARs regime is used to identify potential money laundering transactions. Where appropriate, this power could be used to seize illicit funds identified through a SAR and should make it easier for law enforcement agencies to take action as result of SARs.

## Mobile stores of value

### Can any property be seized?

- No. The Bill specifies a list of items (see previous page) that can be used to transfer value. It is only items on this list that can be seized and forfeited.
- The law enforcement agency will have to demonstrate to the court that they have reasonable grounds to suspect that the property is the proceeds of crime or is being used for unlawful conduct.

### What are the safeguards on the seizure and forfeiture of the property?

- The law enforcement agency will have to prove to the court that there are reasonable grounds for the seizure of the property.
- The court will oversee the seizure of the property, and will also determine whether an order should be granted for forfeiture of the property.
- The person can appeal against both the seizure of the property and against the forfeiture of the property.

### Will the list be updated?

- Parliament will be able to update the list as necessary. The Government will seek the views of law enforcement agencies to ensure that any new trends identified, as a result of their investigations, can be reflected in future updates to the list.