

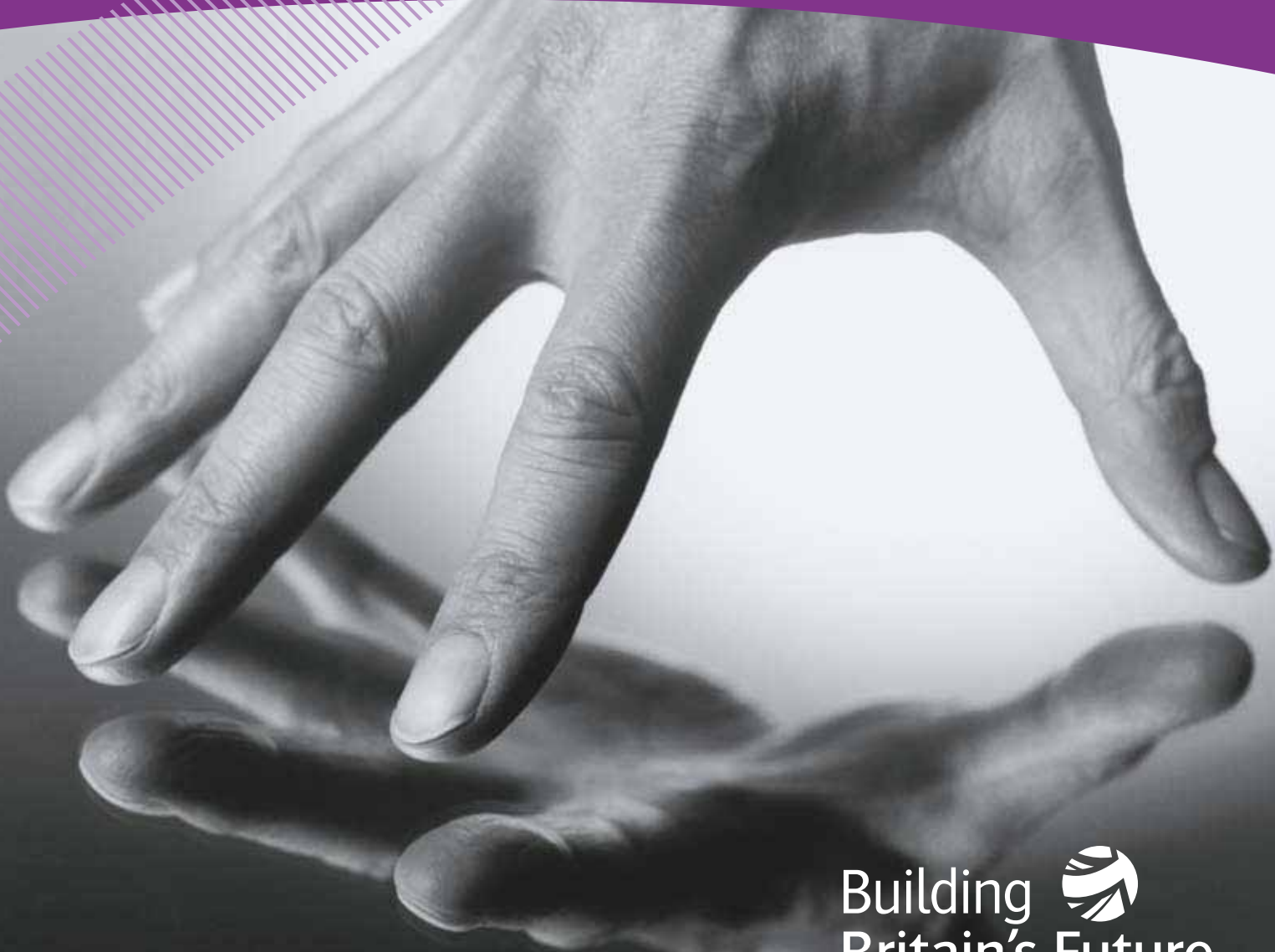


**CabinetOffice**  
The Strategy Unit



**Home Office**

# **EXTENDING OUR REACH: A COMPREHENSIVE APPROACH TO TACKLING SERIOUS ORGANISED CRIME**



Building   
Britain's Future



# **Extending Our Reach: A Comprehensive Approach to Tackling Serious Organised Crime**

Presented to Parliament by the Secretary of State  
for the Home Department  
by Command of Her Majesty  
July 2009

This paper outlines the action that the UK Government is taking to improve our response to serious organised crime and the harm it causes to the UK.

Some of the work outlined applies across the UK, in those policy areas where Government's responsibilities extend across England, Northern Ireland, Scotland and Wales.

Aspects of policy highlighted in the document are devolved, in differing settlements, to the administrations in Northern Ireland, Scotland and Wales. Scotland published *Letting our Communities Flourish*, its strategy for tackling serious organised crime in Scotland, in June 2009. It is the benefit of devolution that the Devolved Administrations can tailor their policies and thus deliver public services to meet the specific needs of the countries.

Government and the Devolved Administrations will continue to work closely together to build a more prosperous, stronger, fairer UK, whilst recognising their particular and varying responsibilities.

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# Foreword

**Rt Hon Alan Johnson MP**  
**Home Secretary**



Organised crime has become so synonymous with the ‘gangster’ stereotypes of popular culture that the subject can seem unreal and far removed from the lives of ordinary citizens.

The truth is that organised crime affects us in ways that many people don’t necessarily see. If it is allowed to take root in our communities, organised crime can create a vicious downward spiral of fear, intimidation and economic decline. The most vulnerable members of our society are all too often the victims – from young people sucked into the world of drugs to the elderly who provide easy prey for organised fraudsters.

We have an excellent record of achievement against organised crime. Over the past four years we have created three new and successful national agencies to coordinate and strengthen our response – Her Majesty’s Revenue and Customs in 2005, the Serious Organised Crime Agency in 2006 and the UK Border Agency in 2008. With the Police, they are leading our operational effort against this threat to our society.

Despite these successes, we cannot afford to rest on our laurels. The threat from organised crime is constantly evolving – with new opportunities to commit ‘old’ crimes in different ways, as well as high-tech crimes that didn’t exist five years ago. Now is the right time to update and strengthen our response.

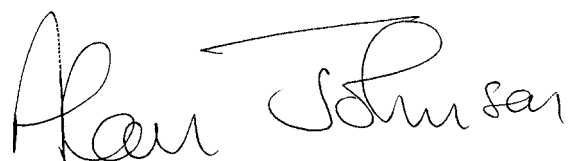
I am committed to meet this challenge head on and will set up a new strategic centre within the Home Office to ensure that we have a firm grip on the problem now and in the future.

Our new strategy sets out the key steps that will keep us on the front foot in the fight against organised crime. At the heart of our approach is a commitment not only to go after the criminals themselves and the proceeds of their ill gotten gains, but also to attack the space in which they operate, suffocating organised criminals’ ability to carry out their illegal activities.

We will go further than ever before against organised crime, including: rolling out regional asset recovery teams across the country; taking a new approach to conduct tax investigations against criminals who have up to now evaded the system; unveiling a new strategy against organised criminals in prison; and making greater use of administrative and civil powers to disrupt the activities of organised criminals including shutting down their ‘front’ businesses.

We will also do more to improve public awareness of organised crime: what it looks like, who is doing it and what the public can do to protect themselves and their communities.

These and other measures will allow us to take action against all organised criminals from the ‘Mr Bigs’ at the top end right through to the long tail of organised criminality that exists underneath. Serious organised crime threatens our safety, damages our communities and subverts our economy. The scope and sophistication of organised crime in the 21<sup>st</sup> century demands an equally sophisticated and ambitious strategy to tackle it.

A handwritten signature in black ink that reads "Alan Johnson". The signature is written in a cursive, flowing style.

**Alan Johnson**  
**Home Secretary**

# Foreword

**Rt Hon Gordon Brown MP**  
**Prime Minister**



Our National Security Strategy, updated in June, identified serious organised crime as one of the major threats we face – and one that is growing across the world. Where once they were confined to a single neighbourhood, today's

criminal networks span the globe – from Asia, Africa or South America, to the streets of our towns and cities. Their activities – drugs, weapons, people trafficking, fraud, counterfeiting and financial crime – ruin lives and damage communities, cost taxpayers and legitimate businesses billions in lost revenue, and cause misery across the world, undermining fragile states and perpetuating poverty and conflict.

Our approach to serious organised crime leads the world – in 2006 we set up the Serious Organised Crime Agency which works with the Police, the new UK Border Agency, Revenue & Customs and other agencies to target criminal networks. We have invested in new crime fighting technology and brought in new powers to target the criminals and recover their assets.

But the threat does not stand still and we must respond. As we set out in 'Building Britain's Future', now is the right time – three years on from the launch of SOCA, with organised crime growing across the world, and the potential for new opportunities arising from the global downturn – to build on what we have achieved with a new organised crime strategy.

This strategy will improve the ability of all the agencies who deal with organised crime to work together, to target the worst criminal networks, going after them and their assets but also the environments in which they operate, closing down their opportunities to do business. It is a strategy which combines action at home with action abroad – reflecting the chains of criminal activity from distant countries to the streets of our communities. And above all it reflects our determination. Just as we are working hard to make people more secure in their jobs and in their homes, so we must also do everything we can to make our streets and communities safe from crime.

A handwritten signature of Gordon Brown in black ink, written in a cursive, slightly slanted style.

**Gordon Brown**  
**Prime Minister**

# Introduction

## Extending our Reach

The government's first responsibility is to protect its citizens, ensuring that they are safe and feel safe in their homes and in their communities. Overall crime has fallen significantly under this government, and we are determined to continue to bear down on crime. But we must also recognise that the nature of crime and the causes of crime are changing. Serious organised crime is one area which continues to evolve rapidly. Today, five years on from the 2004 White Paper, *One Step Ahead*, and the creation of the Serious Organised Crime Agency (SOCA), is the right moment to assess where we can build on that progress and ensure we are best placed to tackle the challenges of the future.

Organised crime is increasingly a multi-billion pound global business: trafficking in drugs and people, fraud and financial crime cost the UK Exchequer alone in the region of £30 billion a year<sup>1</sup>. As laid out in our National Security Strategy, the global reach of serious organised crime can undermine and corrupt economies, societies and governments and can cause or exacerbate state failure, in some cases leading to civil war and violent conflict. Compared with the 'family businesses' of days gone by, today's organised crime networks are more agile and inventive, quick to embrace new technologies and seek out new markets and supply routes. They are run like sophisticated and modern multi-national businesses.

But despite its global reach, the impact of organised crime is not remote: its victims range from those whose lives are ruined by drug addiction to women who are trafficked for sexual exploitation. We know that if it is allowed to take root, organised crime can create a

vicious downward spiral of fear, intimidation and economic decline, which tends to harm the most vulnerable or deprived communities. As well as being a question of national security, organised crime is also a question of social justice.

### Why we need to refresh our approach

The government is proud of what has been achieved in the fight against serious organised crime since *One Step Ahead*. We have created three new national agencies – SOCA in 2006, Her Majesty's Revenue and Customs (HMRC) in 2005, and the new UK Border Agency (UKBA) in 2008. Together with the Police, they have significantly strengthened our response to organised crime. We have introduced new powers and regulations, from asset recovery to Serious Crime Prevention Orders (SCPOs), which are being used successfully. This is a strong foundation for moving to the next stage.

Five years ago, our understanding of the nature and scale of the problem was limited. Responsibilities for tackling organised crime were fragmented across a number of different agencies and organised criminals were able to exploit our legal safeguards for their own ends. *One Step Ahead* led to a step change in our ability to combat organised crime, by:

- **committing law enforcement agencies to work together to improve our understanding of the problem** – The UK Threat Assessment now provides one of the most comprehensive intelligence pictures of organised criminality in the world, while Police Regional Intelligence Units are transforming our ability to identify and respond to threats across the UK.
- **introducing innovative new powers to disrupt criminal activity, in particular by seizing criminals assets** – These powers are the envy of our international partners, enabling law enforcement to go further in pursuing the assets of and prosecuting the most harmful organised criminals.
- **establishing the powerful new Serious Organised Crime Agency to lead in the fight against organised crime, which in its first three years has:**
  - secured the arrest of 5014 criminals, with a 94 per cent conviction rate<sup>2</sup>
  - mainstreamed the use of asset recovery powers, denying £460 million to organised criminals<sup>3</sup>
  - interdicted more than 266 tonnes of Class A drugs and 83 tonnes of cannabis<sup>4</sup>
  - pioneered the use of new tools, including Serious Crime Prevention Orders and Financial Reporting Orders

But although the UK's approach to organised crime is amongst the most sophisticated and ambitious in the world, the threat is constantly evolving. The types of crimes and the methodologies used are ever-changing.

Our greatest strength is that as the threats change, we have the capacity and willingness to evolve to meet them.

As was set out in the government's National Security Strategy<sup>5</sup>, global trends which overall are positive for the UK and its citizens – including changes in technology and communications, and increased movement of goods, people and ideas – also present risks, including new opportunities for organised criminals that didn't exist five years ago:

**The economic downturn:** Over the last year, these risks have been compounded by the global downturn. The recent update to the National Security Strategy concluded that the current slowdown has not, at this point, fundamentally altered the global security landscape<sup>6</sup>. But it is likely to affect both the incentives for committing organised crime and on the opportunities for doing so. Past experience suggests the risk of crimes associated with serious organised criminals – such as loan-sharking, counterfeit goods and corruption – increases during an economic downturn<sup>7</sup>. Organised criminals are agile at taking advantage of such illegal opportunities.

**New and emerging technologies:** New technology in communications is increasingly being exploited by organised criminals. The internet enables them to commit traditional crimes – theft or fraud, for example – in new and sophisticated ways. But it also creates space for new crimes. There was a 250 per cent increase in 2008 alone in the number of malicious computer programs<sup>8</sup> – used by organised criminals to attack the IT systems of individual citizens, small businesses, governments and commercial organisations.

**A growing nexus between weak and failing states and organised crime:** Growth in global communications, travel and trade have made it easier for criminals to operate from a safe distance across international boundaries. Organised criminals are increasingly basing themselves in countries with weak state authority, where it is easier for them to operate



without detection or disruption, and where they contribute to instability and corruption, potentially leading to further problems including conflict and terrorist activity<sup>9</sup>.

## How we will act

As the threat evolves, so too must our ability to respond. We have capabilities for law enforcement that didn't exist five years ago. A more sophisticated and ambitious approach to intelligence gathering – combining intelligence from all of the key law enforcement agencies – has enabled us to build up a much richer picture of the nature and scale of the threat within the UK than ever before. We are now able to track criminals and criminal groups better across different areas and over time. This allows us to act against not just the most harmful criminals at the top of the chain, but also against the long tail of organised criminality – the 25,000 to 30,000 criminals whose activities cause misery to our communities up and down the country<sup>10</sup>. We now have within our sights the 'lifetime' criminals who form the durable core of organised crime groups and loose criminal networks, through to the clusters of subordinates, specialists and others at the lower end of organised criminality.

Our success in tracking and freezing terrorist finances across countries provides us with a model for tracking down the finances of organised criminals. The introduction of the European Arrest Warrant makes it harder for organised criminals to escape justice abroad. The establishment of our new UK Border Agency, and stronger checks at our border, help us stop more organised crime before it reaches the UK. And the government's Cyber Security Strategy<sup>11</sup> outlines the roles of the government, organisations across all sectors, the public and international partners – weaving together our work to make cyber space a safe and resilient place.

Most importantly, five years on from *One Step Ahead* we know more about how to combat serious organised crime – what works well and

what doesn't. We have seen what can be achieved through a collaborative approach that employs a range of both criminal and civil tools to disrupt the activities of organised crime networks. Now is the time to embed these lessons by making the necessary strategic and operational reforms to take our response to the next level. And this is the starting point for our strategy to strengthen the response to organised crime – **a strategy that seeks to extend our reach against all organised criminals from whatever angle works best.**

**Chapter 1**, 'Serious Organised Crime: an Overview of the Problem', sets out the context for reform. The total cost of economic and social harm caused to the UK by organised crime is estimated at between £20 billion and £40 billion each year<sup>12</sup>. The nature of the threat is evolving – organised crime groups are becoming more sophisticated, switching between criminal markets to take advantage of global trends. Our approach is hard-headed, recognising the nature of the challenge, particularly abroad, but refusing simply to accept that serious organised crime is an inevitable feature of the modern world.

**Chapter 2**, 'Principles Guiding our Response', sets out the guiding principles behind our approach, building on the vision in *One Step Ahead*:

- We will take action against all known organised criminals – the 'hard to reach' at the top end, and the 'long tail' at the lower end
- We will use whichever tools will have maximum impact – criminal, administrative, regulatory, or tax
- We will work together across government, with all law enforcement bodies but also with others in the public sector
- We will work better with our partners – international partners abroad, and businesses and the public at home.

Since 2004, we have come a long way in building an effective, collaborative approach to organised crime but we need to go further. We are now proposing to overhaul the way the government organises itself to respond to the threat of organised crime. To ensure that our operational response is as effective as possible, we will bring together the full range of government departments and agencies (including those outside of traditional law enforcement), putting in place clear processes that enable us to prioritise those criminals and threats that pose the greatest harm to the UK. We set out the improvements we will make in **Chapter 3**, 'Enhancing our Systems' including:

- a new strategic centre within the Home Office with a remit to drive strategy, scrutinise operational performance and take a strong lead on serious organised crime across government
- an integrated system across government for assessing the harm caused by serious organised crime and prioritising interventions accordingly.

Organised crime is an international problem and tackling it at source, cutting off the harm it causes at the roots, is often the most effective and efficient way of dealing with it. This is recognised in the UK's National Security Strategy, in which serious organised crime is a critical strand. In **Chapter 4**, 'Responding to the Roots of the Problem Overseas', we explain how we will increase our ability to act early to reduce the harm caused by serious organised crime to the UK, and to limit its potential to perpetuate poverty and conflict abroad. Central to our new approach will be:

- a more integrated and more targeted approach to international organised crime; a stronger focus on capacity building with a new pooled budget; and greater co-ordination in our overseas activity, starting with a review by DFID, the FCO and partners to identify opportunities for closer collaboration against organised crime in weak and failing states

Law enforcement agencies form the backbone of the UK's domestic operational response to serious organised crime. **Chapter 5**, 'Equipping Law Enforcement to Succeed', describes how we will strengthen the capabilities of all our key law enforcement agencies, enabling them to use all the tools at their disposal (whether criminal, civil or administrative), in any order, to enable us to attack organised crime at every stage of activity and throughout the life of organised criminals and groups. This will include:

- a manual and training programme for all law enforcement agencies to help them to use the full range of powers
- regional police capabilities to combat serious organised crime in every region of the country by the end of 2009
- a new strategy for tackling organised crime in prisons

In **Chapter 6**, 'Creating a Hostile Environment for Serious Organised Criminals', we set out how we will suffocate organised crime by targeting the environment in which these criminals operate and shutting off opportunities for them to exploit, including:

- aggressively closing down the 'front' businesses of organised criminals, such as saunas and massage parlours
- undertaking tax investigations against more serious organised criminals.

One of the best ways of creating a hostile environment for serious organised criminals is to target their finances. We already have some powerful ways of doing this, and **Chapter 7**, 'Making Serious Organised Criminals Pay', explains how we will maximise their effectiveness, including:

- rebalancing the burden of proof in civil asset recovery cases (which determines how organised criminals have to account for their houses, cars and other ill-gotten gains), and aiming to recover assets from every organised criminal

- national roll out of Regional Asset Recovery Teams
- a package of measures to aggressively target the UK-based assets of overseas criminals

Further improving the government's response to serious organised crime is critical, and the measures set out in this strategy will achieve that. But the size and nature of the threat mean that the government cannot defeat it alone. In the same way that the National Security Strategy sets out a vision of collective responsibility being taken for collective problems<sup>13</sup>, in **Chapter 8**, 'Creating a New Partnership with Business and the Public', we set out how the government will engage with the public and businesses to make our response to serious organised crime more effective. Key developments will be:

- a Crimestoppers campaign and a range of easily accessible ways for the public to report serious organised crime to the authorities
- a new compact between the government and businesses for fighting organised crime, plus the introduction of dedicated police advisers for business on serious organised crime
- a new approach to e-crime, with private sector partners working in tandem with the Home Office and the newly established Office for Cyber-Security.

As our National Security Strategy makes clear, serious organised crime is one of the major threats to the UK. It threatens our safety, damages our communities and subverts our economy. It involves established crimes, like the trade in illegal drugs, and new crimes, like e-crime, and it continues to evolve. We have made significant progress since 2004, but we need to go further. The scale, scope, sophistication and constant evolution of serious organised crime in the 21st century demands an equally sophisticated and ambitious strategy to tackle it, involving the whole of Government, as well as the community it serves.



# Chapter 1

## Serious Organised Crime: an Overview of the Problem

Organised crime brings fear and violence to our communities. The economic and social costs it causes to the UK are estimated at between £20 billion and £40 billion each year<sup>14</sup>.

This is a problem felt by the public – in a recent poll, 84 per cent of respondents<sup>15</sup> said that serious organised crime was a fairly or very big problem in the UK. And as is too often the case, the effects of serious organised crime are felt hardest in our most deprived communities.

Serious organised crime groups are becoming increasingly sophisticated. The threat they pose is evolving, driven by current global trends:

- the economic downturn is impacting on incentives and opportunities for people to engage in serious organised crime
- organised crime groups are exploiting new and emerging technologies both to commit 'old' crimes differently and to commit new crimes
- there is a growing nexus between organised crime and weak and failing states

Since the publication of the *One Step Ahead*, in 2004, work by SOCA and the Police has allowed us to build a far more sophisticated understanding of the nature and size of the threat posed by organised crime.

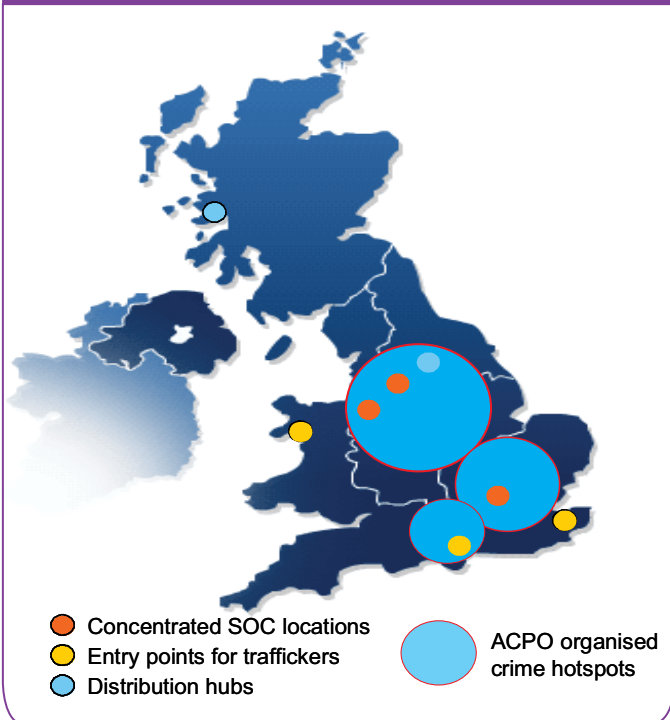
### Nature of serious organised crime

Organised criminal groups<sup>16</sup> can take many different forms. Some groups are hierarchical and tightly knit organisations based around a durable core of key individuals. But many, particularly in the UK, are loose networks of criminals who come together for the duration of a particular criminal activity<sup>17</sup>.

In England, the major hubs for organised crime are in London and the South East, the North West and the West Midlands, where there are more groups, engaging in more serious crime<sup>18</sup>. These areas attract organised criminals from elsewhere in the UK, looking to take advantage of criminal opportunities<sup>19</sup>. Moreover, criminal gangs from these areas have an impact throughout the UK, as suppliers of drugs and other commodities. It is a complex picture, but the diagram below, based on figures from the Association of Chief Police Officers (ACPO), shows broadly where in the UK serious organised crime is concentrated.

## Geographical Concentration of Serious Organised Crime in the UK

Source: APCO organised Crime Group Mapping 2009



In some areas, there are links between the serious violence perpetuated by delinquent youth gangs, and the existence of more organised criminal groups. Although overall violent crime has fallen, gun crime and the number of young people joining gangs remain real causes for concern<sup>20</sup>. Children are sometimes exploited as drug runners and dealers<sup>21</sup>, or used as ‘gun minders’ to reduce the risk of arrest and prosecution. The gang culture associated with markets in certain Class A drugs (especially crack cocaine) has, over time, led to an increase in the use of firearms in the UK<sup>22</sup>. And gang members have been increasingly quick to use guns to settle disputes, as we have seen in the recent rise in revenge shootings<sup>23</sup>.

Organised criminals are also increasingly sophisticated, both in terms of their ability to avoid detection and in how they protect their finances. They often move criminal cash out of the UK to a foreign jurisdiction for placement in the legitimate financial system. Many of them

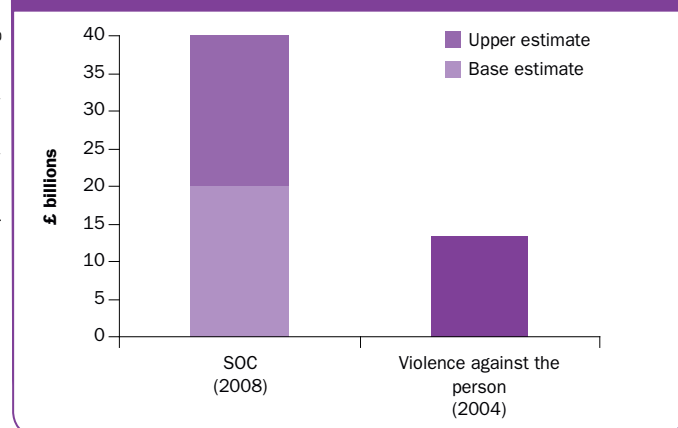
make use of financial and legal professionals to handle their affairs, which often involves using property purchases and legitimate ‘front’ businesses to launder criminal proceeds<sup>24</sup>.

## Why serious organised crime matters – the scale and the impact

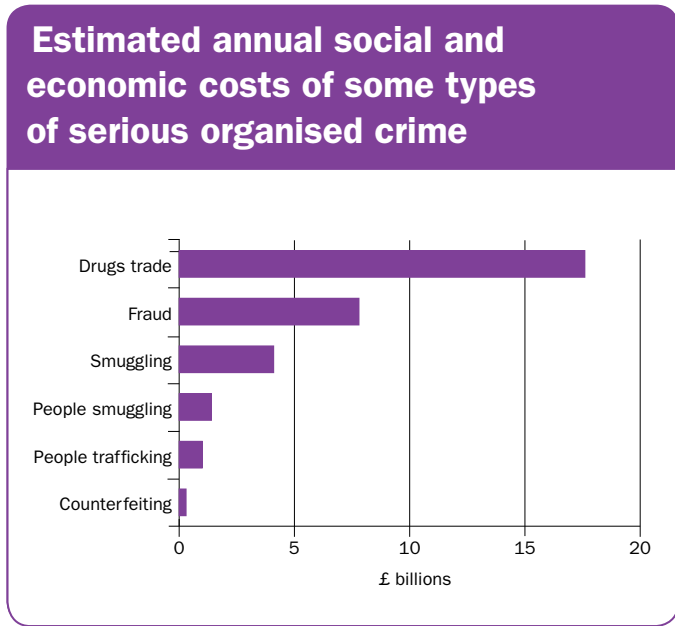
A large element of all crime in the UK is caused either directly or indirectly by serious organised criminal activity<sup>25</sup>. From the most harmful criminals at the top of the chain through to the long tail of organised criminality, there are between 25,000 and 30,000 criminals engaging in organised crime and causing misery to our communities<sup>26</sup>. Therefore while serious organised crime is a global problem, its effects are felt in communities across the country, from significant social and personal harm, through to financial costs to the taxpayer, businesses and the government. Though it is impossible to put a precise cash value on the harm and damage caused by organised crime, we estimate that the economic and social costs in the UK are at least £20 billion and potentially as high as £40 billion per year<sup>27</sup>. As an indicative comparison, the chart below demonstrates how the costs of serious organised crime compare to the costs of violence against the person<sup>28</sup>.

## Estimated annual social and economic costs of serious organised crime and violence against the person

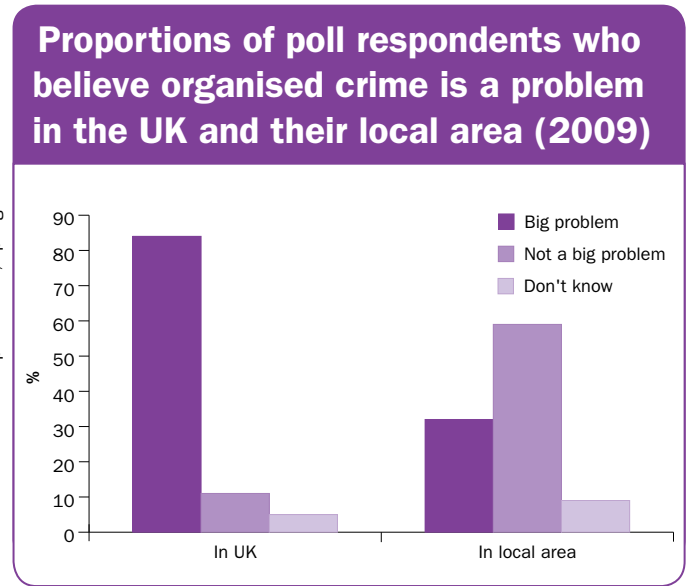
Source: One Step Ahead, 2004; Duborg & Hamed, 2005



The estimated costs of different types of serious organised crime are shown in the graph below. The sources and dates of these estimates and the uncertainties associated with them are included at Annex 2.



The public recognises that serious organised crime is a significant problem – in a recent Home Office poll, 84 per cent of respondents said that it was a very or fairly big problem in the UK, with one in three thinking it was a problem where they live<sup>29</sup>.



The costs of serious organised crime, outlined in the table below, translate into harms to society, individuals and businesses:

Societal harms	Harms to individuals	Business harms
<ul style="list-style-type: none"> <li>The impact of fear and distrust caused by organised crime</li> <li>Losses to taxpayers from smuggling and fraud</li> <li>The costs of dealing with organised crime and its effects</li> </ul>	<ul style="list-style-type: none"> <li>Losses to individuals from organised frauds</li> <li>Victimisation by drug-related crimes, including gun crime</li> <li>Harm caused by drug abuse</li> <li>Exploitation of trafficked persons.</li> </ul>	<ul style="list-style-type: none"> <li>Losses to businesses through fraud and the costs of preventing it</li> <li>Victimisation by drug-related thefts</li> <li>Loss of revenue to legitimate businesses from counterfeiting or piracy</li> </ul>

We know that the harm caused by organised crime, as for many offences, is concentrated in our most deprived communities. This is reflected in perceptions of serious organised crime. As the graph below shows, almost one in two respondents in social groups D (semi or unskilled manual workers) and E (unemployed), feel serious organised crime is a problem in their local area<sup>30</sup>.

### Proportions of respondents who believe that serious organised crime is a problem in their area, by social class (2009)

Source: Ipsos MORI, spring 2009



### How the threat is changing

Serious organised crime is flexible and responsive, which means that our response to it must be too. Current global trends have significantly altered both the nature and the scale of the threat. These drivers create new opportunities for serious organised criminals to exploit – and we must respond.

**The economic downturn:** While the overall pattern is complex, there is a risk that the economic downturn may create new opportunities for organised criminals. There is a possibility that it will increase the incentive to obtain money illegally as well as opportunities for organised criminals to exploit. Moreover, losses to organised criminals may be more keenly felt as budgets tighten<sup>31</sup>. The current downturn brings a risk of increased loan-sharking and trading in counterfeit goods<sup>32</sup>. Violence, too, may increase as illicit markets become more contested and organised criminal groups battle for market share.

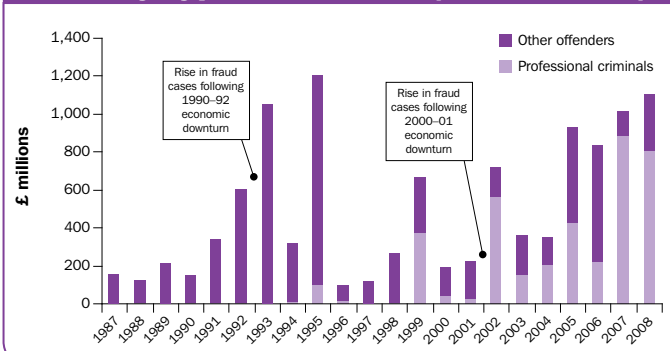
Criminals dealing in counterfeit goods face similar problems to legitimate retail businesses during a recession – people have less disposable income to spend on non-essential items. However, this illegal market – ‘the shadow economy’ – offers customers a way of getting goods cheaply. Despite the harm this market supports, that prospect could become more appealing to more people when finances are tight.

The recent loss of trust in private banks, together with low interest rates, may have made the public potentially more susceptible to frauds that offer high returns on investments. Organised fraudsters are also taking advantage of the confusion caused by the economic crisis and bank mergers, devising ‘phishing’ scams to dupe members of the public into parting with valuable personal information<sup>33</sup>. Illegitimate access to victims’ bank accounts has been another key growth area of the economic downturn – CIFAS<sup>34</sup> reported a 75 per cent increase in account takeovers in the first quarter of 2009. However, other types of fraud (such as fraudulent loan applications) may decline, partly as a result of stronger enforcement.

The graph below (which covers all frauds that come to court, not just those attributed to organised crime) shows the historic trend for more fraud cases to come to light following economic downturns. It also reveals the increasing proportion of frauds committed by professional criminals.

### Losses in fraud cases coming to court by type of offender (1987–2008)

Source: KPMG Fraud Barometer, 1987–2008





**New and emerging technologies:** Organised criminals are increasingly exploiting modern technology to evade traditional forms of surveillance, to access criminal markets and to commit fraud – including identity theft, a serious crime in its own right, but also a key enabler of other types of organised crime.

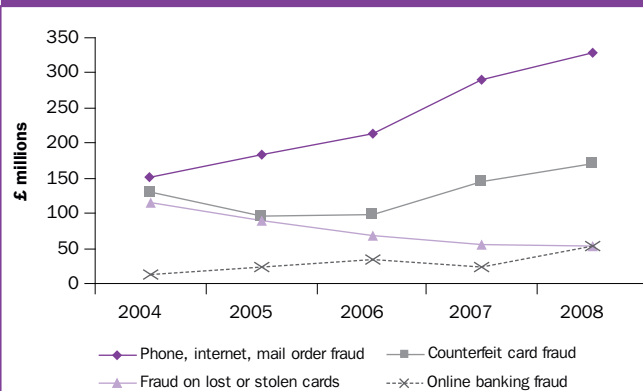
A powerful example of this is cyber crime, with the internet increasingly being used as a vehicle by organised criminals to attack the IT systems of individual citizens, small businesses, government and commercial organisations. The number of malicious programs (Malware) increased by 250 per cent in 2008<sup>35</sup>. There is also increased evidence of these criminal gangs being sponsored by states to undertake cyber attacks, bringing yet further implications for cybersecurity<sup>36</sup>. The government's recent Cyber Security Strategy<sup>37</sup> sets out how government will work with all sections of society, as well as international partners, to address these challenges.

Online payment mechanisms are particularly vulnerable to fraud, a significant proportion of which is organised. According to APACS<sup>38</sup>, the value of phone, internet and mail order fraud grew by 117 per cent from 2004 to 2008, and online banking fraud by 330 per cent<sup>39</sup>. Online banking fraud grew to over £52 million in 2008<sup>40</sup>. The cost to the UK's small businesses of online crime and fraud is approximately £800 each a year<sup>41</sup>.

But technology facilitates solutions as well as problems. The chart below shows how fraud on lost and stolen cards fell with the introduction of chip and PIN systems.

### Losses to card and banking fraud (2004–2008)

Source: UK Cards Association, 2004–2008



### A growing nexus between weak and failing states and organised crime:

Organised crime has never been constrained by geographical and political borders. The revolution in global communications and the increased movement of people, goods and ideas have enabled criminals to operate from a safe distance to minimise risk. To compound this, organised criminals are increasingly basing themselves in countries where state authority is weak or susceptible to corruption<sup>42</sup>. This helps them to evade detection and disruption. Once established, they can stimulate vicious circles of crime and instability, perpetuating corruption and poverty and undermining already weak or fragile states.

In Somalia, for example, there are large expanses of ungoverned space providing safe havens for pirate groups. Similarly, the shift in cocaine smuggling routes to minimise detection, from South America through West Africa to Europe, has increased corruption in some West African states and has undermined development aid<sup>43</sup>. Moreover, in a number of fragile states there are clear links between drug traffickers and terrorist groups. For example, in Afghanistan some traffickers provide financial or logistical support to the Taliban<sup>44</sup>.

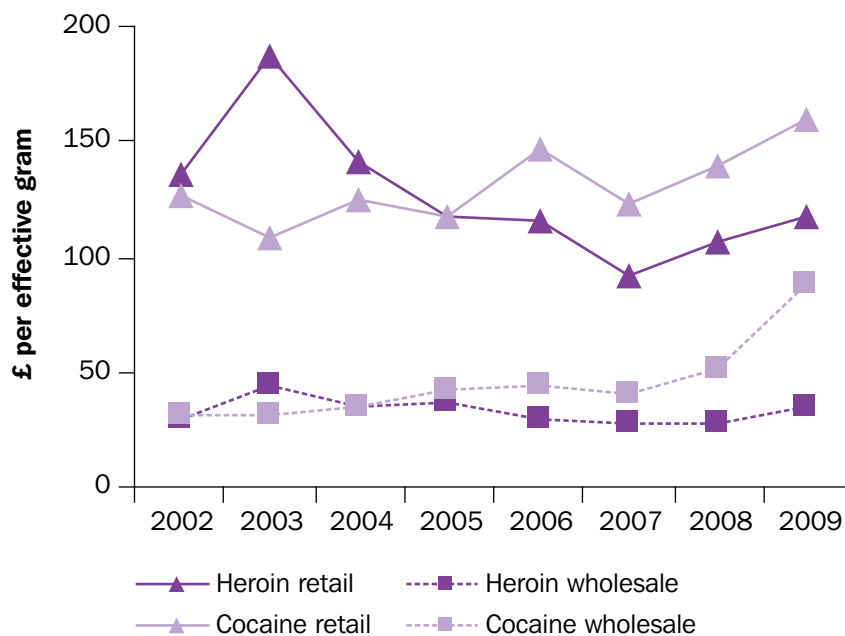
The upward pressures on the drivers of serious organised crime, together with the questions of social justice discussed earlier in this chapter, show the very real importance of gripping the problem. The next chapter summarises how we will do just that.

# Crime types and costs associated with serious organised crime<sup>45</sup>

Organised criminal groups engage in a wide range of criminal activities, not just those that have traditionally been associated with serious organised crime, such as drugs and firearms. The crimes they commit are becoming increasingly interconnected as these groups diversify their activities to mitigate risk and increase their power and profits.

**Drug trafficking** – More than half of all known organised criminal groups have some involvement with the illegal drugs trade<sup>46</sup>. The work of SOCA, the Police and others has been successful in restricting the availability of drugs. At the same time, the graph below shows that purity-adjusted prices of both cocaine and heroin have been increasing at retail and wholesale levels<sup>47</sup>.

**Purity-adjusted prices of cocaine and heroin (2002–2009)**



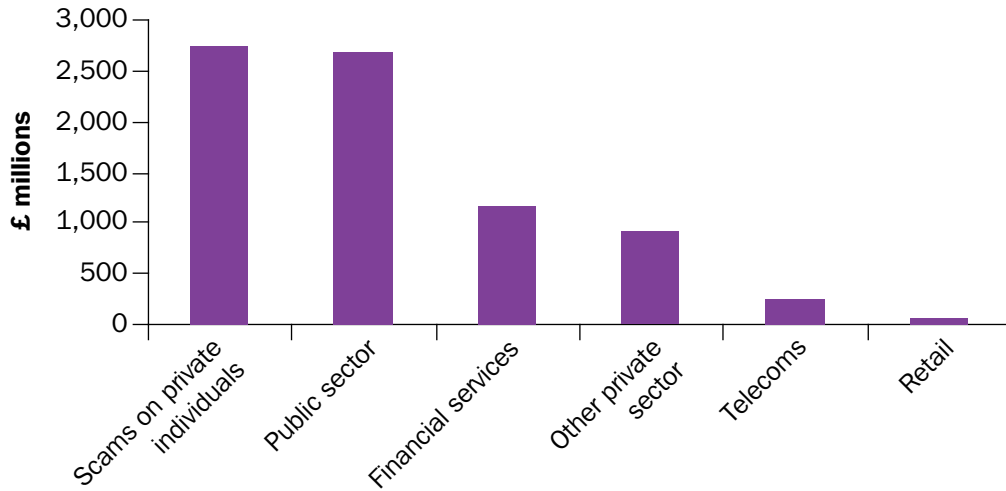
Source: SOCA and Forensic Science Service 2002–2009

**Human trafficking and people smuggling** – Though it is very difficult to estimate, in 2003/4 the cost of people smuggling in the UK was believed to be £1.4 billion<sup>48</sup>. The costs of people trafficking for sexual exploitation are even harder to calculate, but can be conservatively estimated at £1 billion<sup>49</sup> per year.

**Firearms** – Control of firearms trafficking is crucial in the fight against insecurity and criminality, especially organised crime<sup>50</sup>, with almost one in five known organised criminal gangs is involved in the import, modification or supply of illegal firearms<sup>51</sup>.

**Fraud** – Based on academic research, we calculate that the cost of fraud carried out by organised criminals amounts to around £8 billion per year, excluding tax and EU fraud (see Annex 2). This is greater than the estimated costs of burglaries and thefts against households and individuals in 2003/4<sup>52</sup>

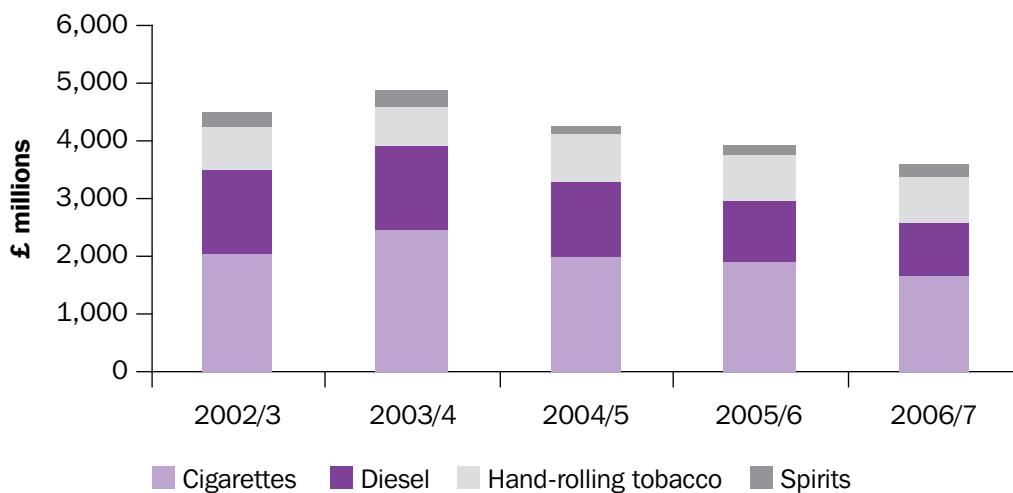
### Estimates of fraud attributed to serious organised criminals by type (2007)



Source: Calculated from estimates given by Levi et al 2007 and Dubourg & Prichard (unpublished)

**Counterfeiting and smuggling** – Smuggling contributed to losses of tax revenue on spirits, tobacco and diesel of around £3.6 billion in 2006/7<sup>53</sup>. Intellectual property theft (counterfeit software, DVDs, CDs, branded goods) cost British businesses in the region of £300 million in 2003/4<sup>54</sup>. There will be upward pressures on these crime types in the economic downturn.

### Losses of indirect tax revenue on cigarettes, diesel, hand-rolling tobacco and spirits (2002/3 – 2006/7 – mid-point estimates)



Source: HMRC



# Chapter 2

## Principles Guiding our Response

Our vision is to make the UK a hostile environment for serious organised criminals. In ten years' time, less harm will be inflicted on the UK by organised criminals, thanks to a high-performing system of prevention, disruption and enforcement operating across organisational and geographical boundaries. We will seek to reassure the public that the harm caused by serious organised crime is being reduced and that the government has a strong grip on the problem, as part of our overarching aim set out in the National Security Strategy – of protecting the UK and its interests and enabling its people to go about their daily lives freely and with confidence.

The government has set out its commitment to providing real help for citizens and communities through the economic downturn. It will do this based on principles including: a commitment to social justice, fair rules and a fair society, and the understanding that only the whole public sector, business, communities and citizens working together can solve the most difficult challenges facing our country<sup>55</sup>. Serious organised crime is one of those challenges.

The three key pillars of the vision set out in the government's 2004 White Paper on serious organised crime, '*One Step Ahead*', remain valid five years on:

- to reduce the profit incentive – limiting the opportunities for organised criminals to make money
- to disrupt activities – using all means at our disposal to disrupt criminal enterprises
- to increase the risk – targeting the major players in organised crime with more successful prosecutions.

Building on the approach of *One Step Ahead*, our focus will continue to be on reducing the overall harm caused to the country by organised

crime. But this strategy also sets out how we will go further in taking the fight to organised criminals, engaging a broader approach to achieve a greater impact:

- **All organised criminals within reach** – Using new techniques to create a radically improved intelligence picture, we will take action against all organised criminals – from the traditionally 'hard to touch' at the top end, through to the long tail operating at the lower end of organised crime.
- **All approaches considered** – We will use whichever tools are available to have maximum impact on the harm caused by a particular individual or organised crime group. We have a wide range of tools at our disposal and we will make full and co-ordinated use of all of them. Whenever we can we will prosecute. But we will also go further in using non-criminal proceedings – administrative, regulatory or tax approaches – to disrupt the activities of those involved in serious organised crime.

- **All of government playing its part** – We will work across government to combat organised crime together. We will strengthen the law enforcement approach by raising the capabilities of and improving collaboration between the Police, SOCA, HMRC, the National Offender Management Service (NOMS), the Crown Prosecution Service (CPS) and other prosecutors and UKBA. But we will also bring to bear the powers of agencies working outside of law enforcement – such as local authorities or bodies like the DVLA, the Health and Safety Executive, or local housing offices – to disrupt the lives and activities of organised criminals.
- **All partners engaged, at home and abroad** – We will maximise our collective efforts overseas – from capacity building activity in weak or failing states, through to strengthening multilateral institutions such as the Financial Action Task Force (FATF). We will work with international partners – the US, EU and others – to ensure the greatest possible collective impact on organised crime abroad. Similarly, we will work more closely with our domestic partners. For instance, we will join with the private sector to prevent e-crime, which not only makes it easier for criminals to commit some traditional crimes, like fraud, at lower personal risk, but has also opened up opportunities for completely new crimes such as ‘phishing’ for personal data.

This is the most comprehensive and innovative strategy against organised crime the UK has ever seen. Our vision will not be easy to achieve: there are no quick fixes to this complex issue. But we have a strong platform on which to build and, over the next six chapters, we set out a series of reforms that will make an immediate difference and, over time, will enable us to achieve our objectives. The first and most vital reform is to our strategic capability to respond to the problem, which is the subject of Chapter 3.







# Chapter 3

## Enhancing our systems

Serious organised crime is a complex problem. To combat it successfully, a wide range of bodies across government and beyond need to be involved. Working across this number of partners needs a strong governance system to ensure efforts are co-ordinated and effective.

To create a system that will tackle organised crime more effectively, this chapter sets out reforms to strengthen governance arrangements from the strategic to operational level, including:

- increasing ministerial oversight of serious organised crime through regular Cabinet level discussion
- creating a new strategic centre for organised crime within the Home Office, with a remit to drive overall strategy and provide leadership, co-ordination and performance assessment across all the departments and agencies involved
- establishing an integrated operational response with clearer processes for prioritising, tasking and measuring performance
- ensuring greater clarity of roles and responsibilities in relation to investigation and prosecution of fraud cases

### The importance of taking action

Serious organised crime is complex. Criminals operate across wide geographical areas and in a variety of criminal markets. Their operations are diverse and they have specialised capabilities to support these. For instance, a group might be selling cocaine in Manchester, which they purchased from a 'wholesaler' in London who has smuggled the drugs through the South Coast, having purchased them from dealers in continental Europe who have sourced them from South America via West Africa. The profits of this illegal enterprise may then be laundered through a specialised money launderer, here or overseas. The enterprise may also be engaged in tax fraud.

To tackle such a complex threat, the government's approach must bring together a wide range of departments and agencies, each with specialist skills and powers. The response to the group outlined above, for example, would potentially include the UKBA tackling smuggling at the border, police forces in London and Manchester, as well as SOCA targeting drug supply overseas and HMRC investigating tax fraud. To have the greatest possible impact on organised crime, these agencies must work closely together.

Since *One Step Ahead* in 2004, law enforcement agencies have considerably improved their knowledge and understanding of organised criminals. As a result, we have a much better idea of the individuals and groups causing harm

in local communities, from the traditionally 'hard to touch' at the top end, through to the long tail operating at the lower end of organised crime. We now know that this full spectrum includes between 25,000 and 30,000 individuals<sup>56</sup>. This makes prioritisation even more critical: we have to ensure we are hitting the most harmful serious organised criminals as hard as we can, while extending our reach to ensure that as much of the long tail as possible is being targeted in some way.

Serious organised criminals operate flexibly across various crime types. We need to be equally agile in our response. Unless our governance and tasking arrangements are strong and flexible, there is a risk that organised criminals and groups will go unaddressed as they fall into the tasking gaps between the various agencies.

The full range of activities needed to turn the UK into a hostile environment for organised criminals goes beyond traditional law enforcement agencies. We explain this further in Chapter 6. We need to act in the regulatory sphere to protect consumers and make it harder for organised criminals to commit frauds against businesses and individuals. This means that our approach needs to draw in non-law enforcement agencies, such as local authorities, as well as a broader range of government departments, such as the Department for Business, Innovation and Skills.

### **A strong record of success**

There has been considerable progress since *One Step Ahead*, both in the creation of new organisations and capabilities, and a stronger multi-agency approach.

The formation of SOCA in 2006 brought together specialised capabilities from the National Crime Squad, the National Criminal Intelligence Service, and relevant staff from Customs and Excise and the Immigration Service. SOCA has subsequently absorbed the Assets Recovery Agency, enabling it to take a

more holistic approach to the finances of organised criminals. Likewise, the formation of the UK Border Agency in 2008 brought together 25,000 immigration and customs staff with the full range of powers to strengthen the UK's border and make it harder to smuggle goods, people and cash into and out of the UK.

But just as important have been developments in multi-agency responses to organised crime, and in particular the creation of the Organised Crime Control Strategy (OCCS). Through the OCCS, agencies and departments jointly work on thematic programme boards addressing, for example, drugs, fraud and organised immigration crime, as well as targeting the operating environment of organised crime and the cross-cutting enablers, such as technology and criminal finances.<sup>57</sup> There have been notable successes, with agencies working together to achieve a greater impact than they could have done individually.

### **The Organised Crime Control Strategy – multi-agency working to curb the use of cocaine-cutting agents**

Under the OCCS, Project Kitley identified the individuals involved in the procurement, importation and distribution of cutting agents used principally to bulk up cocaine.

Led by SOCA, Project Kitley brought together police forces, HMRC, UKBA and others. They arrested and charged numerous dealers, seized large quantities of cutting agents and drugs and developed new guidance for police forces to target cutting agents.

Alongside the OCCS, the Organised Crime Partnership Board (OCPB) has also achieved great progress in multi-agency working. Set up in 2008, this body has brought together agencies including SOCA, the Police, UKBA, HMRC and prosecutors.

It is important for us to build on this progress and seize opportunities to go further. In particular, the arrangements for co-ordinating operational activity against individuals and groups could be clearer, to ensure best use of resources and specialist skills against all those involved in organised crime. Similarly, there is scope to improve the clarity between the various agencies responsible for investigating and prosecuting fraud.

The recommendations set out below will sharpen the government's focus on organised crime from the strategic down to the operational level, through:

- stronger ministerial oversight to drive more co-ordinated action
- a strategic centre to determine priorities, and scrutinise performance
- clearer roles and responsibilities to prevent gaps and overlaps
- stronger systems and processes for co-ordinating activities.

## Reforms

### 1. Ensuring stronger ministerial oversight of serious organised crime

The response required to tackle organised crime, from prevention to enforcement, requires action from a number of government departments, not just the Home Office. The government's policy must be consistent and coherent across departments, and there must be the opportunity for cross-departmental action to be debated, agreed and scrutinised at ministerial level. We also need a clear route for ministers to drive progress, help address any blockages across government, ensure accountability, and check that our response to organised crime adequately reflects public concerns.

## What we'll do

**Serious organised crime will become a regular item for discussion at the National Security and International Development (NSID) Cabinet committee, where ministers and heads of agencies will be able to discuss and agree action when barriers to progress emerge. This will also be a forum for scrutinising performance of the key law enforcement agencies: SOCA, the Police, UKBA and HMRC.<sup>58</sup>**

### 2. Creating a new Home Office body to provide strategic oversight

We can go further in our response to serious organised crime by bringing greater co-ordination to assessing the threat, developing a stronger strategic policy response, and building greater scrutiny into the system. All three will be enabled by the creation of a new strategic centre to combat serious organised crime, to be based within the Home Office.

A similar role is played by the Office for Security and Counter Terrorism (OSCT) for the government's counter-terrorism response.

## Learning the lessons from CONTEST

In 2003, the government introduced CONTEST, a comprehensive strategy to counter the threat to this country and our overseas interests from international terrorism.

The strategy is periodically reviewed and an updated version was published in March 2009. It sets out our planning assumptions over the next three years and comprehensive programmes of action in the UK and overseas.

Delivery of CONTEST requires close co-operation between a wide range of actors including government departments, local authorities, the Police, security and intelligence agencies, the Armed Forces and international partners, as well as communities, business and the voluntary sector.

CONTEST is overseen at ministerial level by NSID, and at official level by a multi-agency board which is chaired by the Director General of the Office for Security and Counter Terrorism (OSCT), with representatives from key departments and agencies. Each workstream has a detailed delivery plan, identifying responsibility for programmes, projected timescales, benefits and costs.

CONTEST and OSCT have considerably strengthened the UK's approach to counter-terrorism, by enabling us to define the problem more clearly, to co-ordinate the wide range of government and non-governmental bodies who are able to bring their skills to bear, and to oversee programme delivery. The parallels with organised crime are not exact, and the level of resources and extent and urgency of cross-government co-operation may be different, but clearly there are important lessons from this model which can be applied to our approach to serious organised crime.

## Assessing the threat

In order to understand how organised crime impacts on all of us, and what we can do to tackle it, we need to be clear about the nature and extent of the problem. To this end, relevant agencies and departments already work together to produce the annual United Kingdom Threat Assessment (UKTA), which aims to reflect the best collective understanding of the various threats from organised crime.

Meanwhile other assessments are produced by individual agencies, some of which cover particular aspects of organised crime. We need to ensure that all relevant information is shared and that the UKTA fully represents the single agreed intelligence picture on which all can rely, including the new strategic centre.

## Developing a more strategic policy response

The new strategic centre will have the responsibility for overseeing the full range of activity, including areas where non-traditional partners, outside of law enforcement, have a role to play. This new approach is likely to bring to light instances where policy and legislative changes could have benefits in the fight against serious organised crime. For example, this might include changes to the regulation of certain financial products to make frauds committed by organised criminals more difficult; issues relating to mobile phone use by organised criminals; or the links between organised crime and development.

## Bringing greater oversight to the response

Delivery agencies currently undertake performance assessment and dissemination of best practice. There are good examples of where best practice from joint operations has been effectively shared. For example, SOCA's 'Project Kitley', involving joint working with the Police and others, described above, led to the creation of best practice guidance. However, it is possible to do this in a more systematic way. As the sponsor department for three of the major law enforcement players against organised crime – the Police, SOCA and UKBA – the Home Office is best placed to play this role.

## **What we'll do**

**In order to achieve these goals we will create a new strategic centre for organised crime within the Home Office. The strategic centre will have a wide-ranging remit to improve the response to serious organised crime at both at the strategic and operational levels.**

**The new centre will act as a problem-solver to look at the enabling environment for serious organised crime and identify legislative and regulatory solutions. This might include, for example, the role of state or nationwide bodies in tackling the enablers of organised crime (e.g. the Post Office, mobile phone operators etc.) Where policy changes are needed in departments other than the Home Office, the centre will act as a Whitehall broker in negotiations.**

**The strategic centre will help apply ministerial leverage to motivate closer co-ordination amongst delivery agencies. The strategic centre will agree and co-ordinate the overall shape of the single, shared national Threat Assessment and the Control Strategy which sets out how the threat will be tackled. In doing so, it will work closely with the agencies conducting existing assessments and with the Control Strategy programmes of activity.**

**Finally, the centre will have a role in scrutinising the performance of delivery agencies. It will co-ordinate a self-improving system, in which good practice is systematically identified and shared between agencies.**

### **3. Clarifying responsibilities for those involved in fighting organised fraud**

Like drug trafficking or organised immigration crime, fraud is another crime associated with organised criminals. And like other types of serious organised crime, clear roles and strong governance are essential to maximise the impact of prevention and enforcement action against organised fraud.

There are a wide range of skilled organisations involved in the fight against fraud, including regulators and professional bodies, prosecutors and law enforcement agencies. But some of these have blurred or overlapping remits and activities. And the more complex the fraud case, the greater the risk of it falling between the gaps.

This has contributed to a perception that, while people found guilty of benefit fraud are frequently sentenced to prison, 'white collar fraudsters' engaging in large-scale, serious and organised frauds tend to get away with relatively light punishment, if any at all. We are determined to put an end to this perceived unfairness.

As recommended by the Fraud Review in 2006<sup>59</sup>, the government has brought in new powers to address fraud and has set up a new strategic agency – the National Fraud Authority (NFA) – which is working with public and private sector bodies to deliver a joined up response to fraud. It reports to a cross-government inter-ministerial group.

The next step is to strengthen these governance arrangements for serious organised fraud, and to integrate them. This will enable the Home Office to drive this agenda forwards and to achieve more effective co-ordination between the agencies responsible for investigating organised fraud, so as to avoid cases falling between the gaps.

## **What we'll do**

**By the end of 2009, we will ensure that organised fraud is firmly on the Home Office's agenda and manage all organised fraud cases through the new integrated operational framework (outlined below) – overseen by the new Home Office strategic centre – to ensure the most harmful cases are prioritised.**

**We will keep these arrangements under review – if by summer 2010 the Home Secretary and Attorney General are not satisfied that the investigation and prosecution of fraud are sufficiently robust, a joint review will be initiated to look at ways to strengthen the system further.**

**Finally, we will integrate into these arrangements the work of the National Fraud Authority, under the supervision of the Inter-Ministerial Group on Fraud. This work is focused on making the UK a more hostile environment for fraudsters, realigning responsibilities, and enhancing and coordinating prevention and deterrence across the UK's wider counter-fraud community.**

#### **4. Implementing an integrated operational response for serious organised crime**

It goes without saying that the government's limited resources should be focused on addressing the most serious problems in the most effective way. For organised crime, this means a consolidated picture of those causing harm to the UK, a common basis for prioritising interventions across agencies, and also an assurance that, collectively, we are doing something about every organised criminal that we know about. We also need to be sure that, across the board, we are learning from existing practice, delivering continuous improvement, and – most importantly – that our activities are reducing the harm caused by organised crime to the UK.

Significant progress has been made in terms of assessing harm and making it a priority for government action. Harm reduction, rather than quantities of drugs seized or individuals convicted, is a more useful way of prioritising activities to improve the lives of citizens in the UK. Harm reduction was specifically written into SOCA's objectives and now, through the OCPB, all law enforcement agencies are developing metrics to assess the different types of harm caused by organised crime.

This is a vital activity. The increasing diversification of serious organised criminals into different markets, e.g. fraud, drug smuggling, firearm supply, makes it even more important to draw together all known activities of organised criminals into a single picture to inform prioritisation. For instance, one group may be involved in a number of criminal

enterprises (drugs, guns, fraud), but none of them individually makes the group a top priority. Piecing together all the knowledge we have makes sure the group is targeted appropriately.

Finally, there is room to go further in developing a systematic process for agreeing which agencies will take forward action against which individuals and groups.

#### **What we'll do**

**We will introduce an integrated operational response for serious organised crime to ensure that targets are effectively identified and prioritised, that performance is scrutinised and that best practice is systematically shared.**

**The integrated response will include common metrics for assessing harm so that all agencies prioritise individuals and groups consistently, as well as developing a common picture of harm by drawing together individual agencies' knowledge of groups and individuals to create a comprehensive overview of the overall threat they pose.**

**The implementation of this new system will be taken forward by the multi-agency Organised Crime Partnership Board, which was set up in 2008 to improve collaboration on serious organised crime, and will operate through the existing cross-agency Control Strategy programmes put in place from 2006.**

The new integrated operating model is summarised overleaf.

Strengthened systems are a vital first step in gripping serious organised crime. In the following chapters we set out how we will do this, beginning in the next chapter with how we will enhance our approach to stopping the problem at source.

# A new, more integrated operational response

The purpose of the integrated operating model is to ensure we can co-ordinate the deployment of scarce law enforcement resources, so that they are directed where they have the greatest harm reduction impact on organised crime.

1. **Harm assessment according to a common framework** – Using their professional judgement, operational agencies (SOCA, the Police, HMRC and UKBA) will assess each organised crime group and individual known to them against a common harm framework.
2. **Shared picture of harm caused by groups and individuals** – The agencies will work together to agree exactly who matters in an organised crime context and, using a straightforward scoring mechanism, agree what priority should be attached to addressing known organised criminal individuals and groups.
3. **Prioritisation against the highest threats** – Those assessed as priorities for action will be referred to the relevant Control Strategy multi-agency programme board and the programme boards will assign lead responsibility for action on individuals and groups to the best placed agency. The programme boards will also consider action to reduce the associated enablers of organised crime.
4. **Handling the rest of the problem** – The names of those not assessed as highest priority for action will be recorded on SOCA's High Volume Operating Model<sup>60</sup> and shared with OCPB partners and Regional Intelligence Units. This will enable a collective watching brief to be maintained on all organised criminals, new intelligence to be captured, and individuals and groups to be reassessed for action as resources become available. In this way we will ensure that all organised criminals who harm this country remain in our collective sight and that opportunities are taken to intervene in their criminal activities when they arise.
5. **Decisions on lead management role and delivery of interventions** – The lead delivery agency will be responsible for managing the assigned individuals or groups and co-ordinating action on opportunities for intervention. Programme boards will maintain an oversight of progress and will take steps to draw in other agencies or reallocate lead management where necessary.





# Chapter 4

## Responding to the Roots of the Problem Overseas

The harm caused by organised crime is felt in our local communities and on our streets. But nearly all organised crime originates abroad: both ‘old’ crimes, such as drug trafficking and immigration crime, and newer threats, such as e-crime. Organised crime also affects our wider interests in global stability and security.

We need to act wherever we can have the greatest impact on reducing harm to the UK and its citizens. In many cases this is at home, but often it is overseas – acting internationally, with foreign partners, to tackle organised crime at source and prevent it and the harm at it causes from reaching our shores.

To ensure that our strategy and spending overseas link seamlessly to our domestic goals on serious organised crime, we will:

- take a more targeted approach to international action on organised crime
- better prioritise and co-ordinate overseas spending
- work even closer with international partners

### The importance of taking action

Serious organised crime is a truly international threat. Organised criminals operate across national borders and in a variety of criminal markets and every country is affected. The profits generated by organised crime are vast, and so are the costs to the global economy – the UN estimates the cost of international serious organised crime to business to be roughly £1 trillion per year<sup>61</sup>. Organised crime overseas also affects our wider interests in global stability and security, as is recognised in the UK’s National Security Strategy<sup>62</sup>.

The same factors that make the UK an attractive location for business – our prosperity and our status as a global hub – also make our country a target for organised crime groups. And while globalisation has delivered many

benefits for the UK economy, it has also created opportunities for serious organised criminals – both in ‘old’ crimes, such as drugs trafficking, and ‘new’ crimes, such as cyber crime.

There are compelling reasons why we must act overseas to prevent organised crime:

- most organised crime activities which affect UK communities, such as drug trafficking or organised immigration crime, start overseas but end up impacting UK communities.
- as our world becomes more inter-connected, organised crime in developing countries increasingly creates harm felt in the UK.

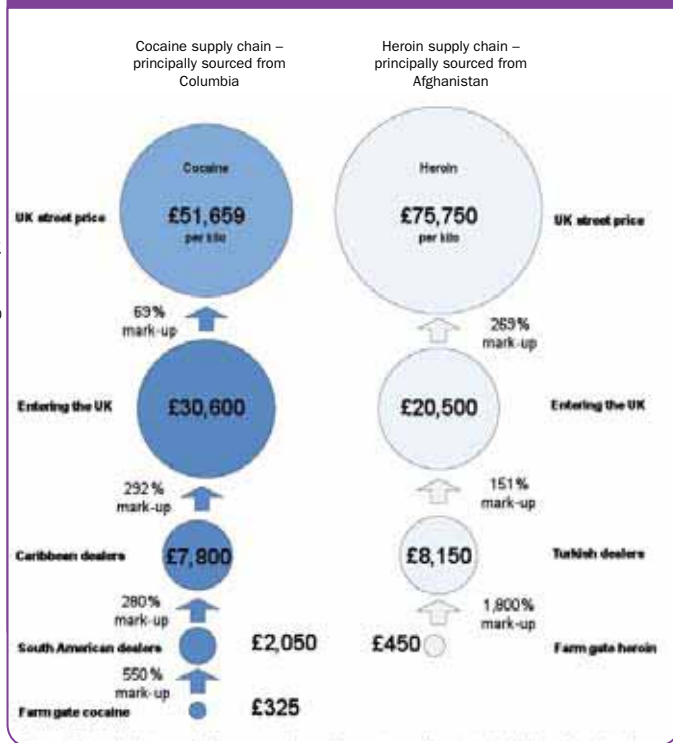
From an international perspective, the UK is part of long chains of organised crime activity, where illegal products, such as drugs or trafficked

persons, are often transported from countries of production, through countries of distribution to countries of consumption. For example cocaine is produced in Colombia, distributed via a number of transit countries in Latin America and West Africa and ‘consumed’ by the illegal drugs market in the UK. Across each step, the mark-up increases (see diagram below). Tackling the drugs trade and addressing the demand for illegal products at home is vital, but will only ever be part of the answer. We must also seize the best opportunities to target organised crime activity at every step in the international chain.

instability, perpetuating corruption and undermining already weak and fragile governments<sup>63</sup>.

One particularly vivid illustration of where the failure of the rule of law in one country can have profound implications for the UK and beyond is Somalia. State failure and lawlessness in Somalia, much of it linked to endemic organised crime<sup>64</sup>, mean that currently over 3 million adults and children are dependent on humanitarian relief. It also threatens global trade, on which the UK critically depends, through the increase in piracy witnessed over the past year. Somalia is also a concern because of the growing number of terrorist suspects who travel to the country for training.<sup>65</sup>

### Supply chains and subsequent mark-ups for cocaine and heroin in the UK



Source: based on data from Reuter and Greenfield, 2001 and Matrix Knowledge Group, 2007

At the same time, the world is growing increasingly interdependent. Organised crime groups based in Eastern Europe and some parts of Asia see Western Europe as an attractive market for their illegal goods. And harm that used to be confined to the developing world now has the potential to impact the UK. For example, organised criminals are increasingly exploiting countries in West Africa where state authority is weak or susceptible to corruption. Once established, they create cycles of crime and

Our response to the terrorist threat changed dramatically when the links between terrorist organisations including Al Qaeda and failing states such as Afghanistan began to emerge. We need to anticipate any equally important shifts in organised crime – especially the tipping point when criminal corruption pushes a weak state towards total failure. A strong capacity building response is needed to address the increasingly interconnected harm caused by global conflict, terrorism and organised crime.

### A strong record of success

The UK leads the world in its response to serious organised crime and since 2004, great progress has been made in our efforts to combat the overseas roots of organised crime. Through the overseas activities of SOCA we have increased our understanding of the methods and routes of international criminals. SOCA and other enforcement agencies<sup>66</sup> have built excellent links with overseas partners the US, the EU and others – to combat shared threats, and worked with foreign governments to improve their capacity to respond to organised crime.

Our response goes further than law enforcement. For example, the CPS and other prosecutors have undertaken capacity building

to develop the criminal justice systems in countries with weak governance to enable them to play a stronger part in the fight against serious organised crime. Through these relationships we have extended our reach to disrupt criminal operations across the globe, and have supported our international partners to do the same.

### **Extradition – bringing overseas organised criminals to justice**

Our preferred response is to build capacity and encourage foreign governments to prosecute in their own countries criminals who are harming the UK. However it is our aim that no serious criminals that harm the UK go unpunished, and we will extradite where necessary.

Earlier this year, for the first time ever, a Colombian national was extradited from his home country to face trial in the UK. He was charged at Heathrow with eleven offences of money laundering linked to drug supply in the UK. This success followed close working between SOCA, the Colombian authorities and the CPS, which prepared and submitted the extradition documentation.

We continue to work with our European partners to strengthen EUROPOL<sup>67</sup> and EUROJUST<sup>68</sup>, for example, taking measures to ensure more effective sharing of data. The introduction of the European Arrest Warrant (EAW) in 2004 greatly helped our efforts against organised criminals operating from other EU countries.

### **Protecting UK citizens from exploitation abroad**

In 2008 the UK Human Trafficking Centre (UKHTC) became aware that vulnerable UK males were being trafficked from the UK to Scandinavia by a British organised crime group. They were offered paid work, free travel, food and accommodation. However, once there, the victims were paid as little as £20 per week and were subject to coercion and exploitation.

In the UK, the UKHTC, police forces, the Department for Work and Pensions, HMRC and SOCA all worked together to support the Norwegian investigation. This resulted in the rescue and protection of two British victims and the arrest of a British citizen. The offender was sentenced to prison by a Norwegian court and had their financial assets seized.

## Intervening to tackle drug trafficking abroad

The Maritime Analysis and Operations Centre – Narcotics (MAOC-N) is an international agency set up in 2006 to co-ordinate anti-drug trafficking operations. The agency brings together the UK, Portugal, Spain, France, Ireland, Italy and the Netherlands.

Since its inception MAOC-N has had considerable success. For example, in November 2008, SOCA intelligence connecting a yacht leaving Trinidad with a UK organised crime group led to the interception of the boat as it neared the Irish coastline. The yacht was carrying 1.5 tonnes of cocaine worth £365 million. The crew members, two Britons and an Irish national were convicted and each sentenced to ten years imprisonment.

Separately in Afghanistan the UK has focused on building the capability of Afghan law enforcement institutions and helping them to target the top end of the drugs trade, especially those supporting the insurgency. The UK has also provided targeted assistance to catalyse and sustain economic and rural development in those provinces which have the potential to remain “poppy-free”.

Helmand has been at the heart of Afghan poppy cultivation since the mid 1990s. The UK’s comprehensive counter-narcotics strategy for Helmand has focussed on support for alternative livelihoods; targeted eradication of poppy; and interdiction of narco-networks, through a combination of mentoring the Afghan counter-narcotics police, and military operations against key players linked to the insurgents.

Our overseas activities have had a direct impact in reducing harm to the UK from serious organised crime:

- **Keeping drugs off our streets** – More than 85 tonnes of cocaine were interdicted by SOCA in 2008/9<sup>69</sup>, and new forensic evidence shows a drop in the purity of cocaine on our streets<sup>70</sup>
- **Preventing organised immigration crime** – Since the UK Border Agency commenced the implementation of checks against the Interpol Stolen and Lost Transport Documents database in October 2008, there have been 4932 hits and 2127 documents seized.<sup>71</sup> Checks against the database are undertaken pre-entry (visa applications), on-entry (at the border) and in-country (applications for extensions of stay and residency).

With a threat as dynamic as that posed by international organised crime, it is essential that the government’s response is flexible and agile. We have a strong platform from which to make further progress, but there is a pressing need for reform in three key areas:

- **Better coordinated international policy against organised crime** – To ensure efforts overseas are effective and coordinated, and to tackle growing threats such as e-crime, we need to have a clearer cross-government strategy on international serious organised crime
- **More prioritised and co-ordinated overseas spend** – UK government bodies operating abroad devote significant resources to combating the international enablers of organised crime. These resources need to achieve the greatest possible impact. The increase in harm to the UK originating in weak and failing states has increased the urgency to act
- **Working closer with international partners** – Serious organised crime is a global problem and therefore requires a global response. We need to work more closely with our international partners in order to tackle it as effectively as possible.

## Successful working with our Spanish partners

Collaboration with Spanish authorities has led to the arrest of 101 subjects who had fled from UK justice to Spain. Among these there have been 25 drug traffickers, 12 individuals wanted for murder, eight money launderers, six child sex offenders, and individuals wanted for people trafficking and firearms offences.

## Intervening overseas – a new route disrupted

Drug traffickers are constantly seeking new routes to traffic cocaine into Europe. A successful SOCA operation with the authorities in Sierra Leone led to the extended disruption of cocaine flights from South America to West Africa.

In 2008, SOCA intelligence led to the seizure by a SOCA-trained Sierra Leone Police unit of over 600 kilos of cocaine from a light aircraft at the country's main international airport. The crew of the aircraft, together with members of a Colombian organised crime group were detained attempting to flee over the border.

A team of SOCA officers helped the Sierra Leone Police with the prosecution of these offenders. Fifteen people were charged in December 2008 and are now facing prison sentences. CPS have since agreed to place a law reform adviser in Sierra Leone to build their capacity to deal with these types of cases.

## Reforms

### 5. Taking a more targeted approach to international strategy

There are a number of government departments and bodies operating overseas to protect the UK's interests. Many have distinct but connected objectives and are often involved in the same countries or regions for different reasons. For example, there is a connected interest in some West African states that are, at the same time, impoverished, transit countries for serious organised crime and, in some instances, homes for terrorist threats.

Establishing clear priorities and aligned strategies for our efforts against organised crime overseas will maximise the impact we can have on the roots of organised crime. Our international strategies will be better tied to domestic efforts and make better use of the range of capabilities available to Embassies, Missions and law enforcement overseas.

### What we'll do

**We will strengthen the cross-government forum on international crime, known as the International Group. This will coordinate UK activity overseas, drawing on information from the Control Strategy programmes, and report to the new strategic centre for organised crime within the Home Office.**

**Through this forum, departments and agencies will together identify where best to intervene overseas to reduce harm to the UK. Decisions on how and where to act will be based on understanding and consideration of both the country and the type of crime.**

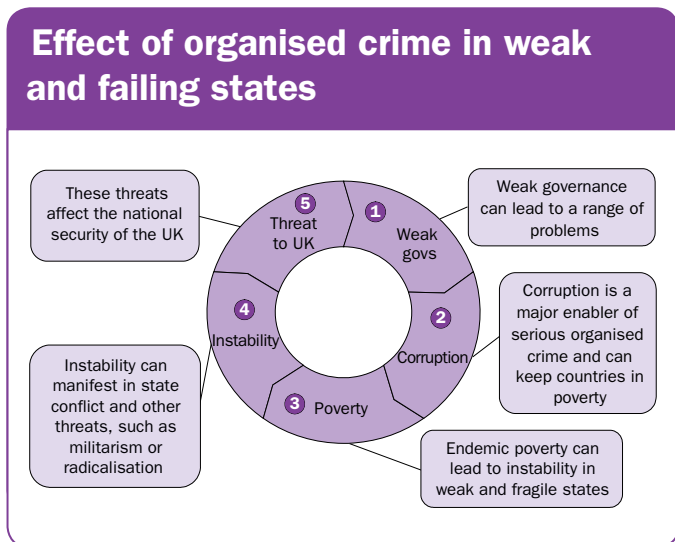
**To strengthen the International Group, the FCO and Home Office will bid jointly in the next review of government spending for a pooled programme budget for capacity building against organised crime overseas to support**

**governments in failing states by funding advisers on combating organised crime, or targeted educational and advertising campaigns.**

## **6. More prioritised and co-ordinated overseas spend**

Given the growing concern about the reach of international organised crime, the government needs to ensure we are achieving maximum impact from all the resources devoted to combating the problem. We must make sure we are spending the right amount of money overseas, that we are targeting our resources in the right places and achieving best value for money.

The UK takes a leading international role in contributing to development, good governance and poverty reduction overseas. In their recent White Paper<sup>72</sup> the Department for International Development (DFID) recognised the negative role played by organised crime in perpetuating poverty, weak governance and conflict. We need to make sure that our development and capacity building spend abroad is not being undermined by growth in organised crime.



## **What we'll do**

**Working with the strengthened International Group, DFID and the FCO will undertake a review to identify opportunities for closer collaboration against organised crime in weak and failing states. This will build upon recent efforts to improve co-ordination between**

**departments and, in particular, seek to maximise the synergies between DFID and FCO development and diplomatic efforts in high priority organised crime areas abroad.**

**In addition, Home Office and SOCA will explore the extent to which SOCA could move more of its resources overseas to ensure we are doing all we can to attack organised crime at source.**

## **7. Working closer with international partners**

Given the global nature of organised crime, we must act together with overseas governments and international institutions to combat the threat most effectively. Strengthened international architectures will reinforce the global response to organised crime. And seizing opportunities to act through ad hoc coalitions, will help us to stay on the front foot. The UK leads the world in its response to organised crime and it can help to improve the capability and direction of other international partners.

### **Working with the US to prevent fraud and counter e-crime**

SOCA led the UK end of a long-term FBI undercover operation against criminals using DarkMarket – a website used by criminals to buy and sell credit card details and bank log-ins, including the details of tens of thousands of Britons. SOCA worked closely with the FBI and the Police on the operation, which led to 12 people being arrested in the UK. The coordinated international operations saved \$70 million in potential losses.

As part of our new Cyber Security Strategy we will seek to increase the number of such joint operations with US law enforcement and national security partners.

## **What we'll do**

**We will work with European partners to give Europol a strengthened role, with a view to establishing it as an intelligence hub for all EU-level enforcement agencies. This will lead to a marked improvement in Europe's ability to respond to organised crime.**

**We will also lobby to reform the Financial Action Task Force<sup>73</sup> to strengthen its capability as an international anti-money laundering body and increase its focus on preventing the harm caused by organised crime. We will introduce monitoring to gauge its effectiveness and push for a more activist approach against problematic territories.**

**Through the strengthened International Group we will also systematically seize opportunities to work with international partners – the US, the EU and others – on issue-specific taskforces. Through these, we will join forces against common threats in order to increase our impact. The Maritime Analysis and Operations Centre – Narcotics, mentioned above, is an example of one such opportunity.**

These actions will substantially improve our preventative efforts to keep all organised crime out of the UK. The next chapter sets out the measures we will take to bolster law enforcement efforts to limit the harm caused by serious organised crime within the UK.





# Chapter 5

## Equipping Law Enforcement to Succeed

Right along the pathway from prevention to punishment, law enforcement officers in the UK have strong powers to combat organised crime. We are not currently using these powers to their full potential across all agencies and departments.

By improving the capabilities of frontline agencies engaged in preventing, investigating, disrupting, prosecuting and punishing serious organised crime, and by helping them to work better together, we will amplify the impact of the powers at their disposal.

To achieve these goals we will:

- make fuller use of existing powers and skills across all law enforcement agencies
- stiffen security at the border against organised crime
- ensure all police regions have regional capability to combat serious organised crime
- engage early with prosecutors to take the most effective approach in each serious organised crime case
- develop a new strategy for tackling organised crime in prisons, targeting the highest priority organised criminal prisoners

### The importance of taking action

Law enforcement agencies form the backbone of the UK's operational response to organised crime. Where prevention is not possible, the criminal justice route is the first approach we consider in dealing with organised criminals: these people cause serious harm to individuals and communities – particularly the most vulnerable – and whenever possible they should be punished behind bars and have their ill-gotten gains removed (in the next chapter we set out a bold new approach to seizing the assets of organised criminals).

The UK's law enforcement response to serious organised crime is strong. We have more advanced powers than most European Union countries and SOCA and our Police are seen as being at the forefront of the fight against

serious organised crime. Each of our law enforcement agencies brings particular specialist knowledge and skills to bear in combating the threat.

But as we set out in Chapter 1, organised criminals are becoming increasingly sophisticated. They operate across a growing range of criminal markets, diversifying their activities in order to mitigate risk. They have taken advantage of technological developments and now engage in high-tech crimes that didn't exist five years ago. And they use financial and legal professionals to handle their affairs and help them avoid detection.

It is essential that our law enforcement agencies keep up. As we discuss below, *One Step Ahead* paved the way for significant

improvements to our law enforcement efforts against serious organised crime. But as serious organised criminals step up their efforts and refresh their methods, so must we.

In order to maximise the impact our law enforcement agencies can have, we need to ensure each plays its role – collectively and individually – to the full. There is scope to strengthen the collective efforts of the agencies by improving understanding of each one’s role and by helping them to work together. And there is scope to build the capability of individual law enforcement agencies, by developing skills, awareness, structures and strategies to ensure they make best use of the tools and skills at their disposal.

### **A strong record of success**

*One Step Ahead* radically improved our response to serious organised crime. It announced the creation of SOCA, which brought greater focus and clarity to our approach. It also led to legislation introducing a comprehensive range of powers to help law enforcement agencies tackle serious organised crime. UK law enforcement investigators and prosecutors are now able to:

- freeze the financial assets or cash of an individual or government linked to terrorism or likely to harm the UK
- freeze a suspect’s assets at the start of an investigation, and seize them if the suspect is found guilty
- make extensive use of covert surveillance<sup>74</sup>, with proper safeguards
- enter into statutory agreements with defendants to encourage them to give evidence against others<sup>75</sup>
- use Serious Crime Prevention Orders and Financial Reporting Orders to place wide ranging restrictions on the movement or activities of those involved in organised crime
- easily extradite suspects from fellow European Union Member States using European Arrest Warrants

### **Serious Crime Prevention Orders – a powerful tool to prevent organised crime**

Serious Crime Prevention Orders (SCPOs) allow wide-ranging restrictions to be placed on people involved in serious organised crime.

In a recent SOCA case, the Revenue and Customs Prosecutions Office (RCPO), now merged into the CPS, successfully applied for an SCPO preventing an organised criminal gang member convicted of drug trafficking from owning a list of chemicals that could be used to cut cocaine.

The SCPO also imposed other restrictions including:

- prohibiting possession of more than £1000 in cash without informing SOCA
- banning ownership of more than one mobile phone
- restricting travel overseas without permission

This powerful set of restrictions will last for five years from when the subject is released from prison. Breaching just a single one of the restrictions could mean another five year sentence and an unlimited fine.

We have already helped frontline officers to use the powerful tools at their disposal by training them in the necessary skills. However, there is more to be done. Not all law enforcement officers are aware of the wide range of interventions available to tackle organised crime, or of the contributions that their partner agencies can make. To make the most of the strong set of powers available, we need to ensure that they are being systematically considered and used across all relevant agencies and departments. More widely, we must also ensure that there is greater awareness of the impact the powers can have.

There is scope to bolster our approach by building in the following areas:

- making fuller use of existing powers and skills across all law enforcement agencies
- maximising the impact of law enforcement on organised criminals at each stage of the ‘offender pathway’ from prevention to punishment.

## Reforms

### **8. Make fuller use of existing powers and skills across law enforcement agencies**

We have a strong set of powers and some experienced, highly skilled law enforcement officers to deploy in our fight against serious organised crime. There are many examples of good practice and use of innovative techniques to target organised criminals.

#### **Innovative interventions against human trafficking**

In 2008, SOCA and CPS supported Lithuanian police in a joint operation to investigate a group involved in trafficking women to the UK from Lithuania for sexual exploitation. As part of the operation, the CPS entered into an agreement with a serving prisoner under new powers set out in the Serious Organised Crime and Police Act. The prisoner – an Albanian national – agreed to travel to Lithuania to give evidence in the trials of two individuals responsible for supplying the women to traffickers.

This intervention led to six trafficking groups being identified in the UK and the rescue of 16 additional victims. 18 individuals were arrested and convicted, receiving a total of 145 years’ imprisonment. Extensive press interest in Lithuania provided a warning to those young women at risk from traffickers, so much so that the Lithuanian police reported a huge reduction in the number of cases of women being trafficked to the UK from Lithuania.

However, this good practice needs to be shared more widely. The take up of existing powers and non-traditional approaches to tackle organised crime must be increased across all relevant departments and agencies. Crimes such as homicide are easy to define and lend themselves to specialist training for investigators or prosecutors. By contrast, there is a wide range of crime types associated with serious organised crime, as well as a broad spectrum of law enforcement agencies with a role to play in combating it. This can make it difficult for some law enforcement agencies – particularly those with a remit for work other than serious organised crime – to provide specialist training in the use of powers and techniques for fighting serious organised crime. We need to mainstream use of existing legislation to fight serious organised crime, and encourage prosecutors and investigators to consider wider techniques.

But it is not just a question of training. Although the impact of these powers is great, they can be resource intensive to use. We therefore need to ensure that we are using them in a targeted, prioritised way, against the groups or individuals causing most harm to the UK.

#### **What we’ll do**

**We will introduce a number of measures to ensure that staff across law enforcement agencies are equipped with the right skills and knowledge to combat serious organised crime. These include:**

- **a manual of serious organised crime interventions: Building on work done by SOCA and underway in ACPO, we will produce a manual of interventions to use against organised criminals. The manual will be for staff of all law enforcement agencies. A similar manual for prosecutors is currently being finalised.**

- **a shared serious organised crime training programme: We will improve coordination in training across law enforcement agencies, to ensure gaps and overlaps in existing training are addressed. The training arms of each law enforcement agency will work together to develop this.**

**We will use the new integrated operational response, set out in Chapter 3, to identify the priority groups and individuals against whom these powers should be used. This will support a better co-ordinated attack on serious organised crime by all law enforcement partners.**

### **Maximise the impact of law enforcement across the ‘offender pathway’**

There is more that can be done across the offender pathway: from prevention of organised crime, through enforcement and prosecution, to punishment and rehabilitation of organised criminals. Each law enforcement agency has a key role to play. On prevention, UKBA and SOCA can do more overseas and at the border, and SOCA and the Police can go further within the UK. All the agencies engaged can do more on enforcement, while the prosecutors have a vital part to play in securing the right impact on criminals from prosecutions. Finally, the National Offender Management Service (NOMS) can do more on punishment and rehabilitation. These opportunities are described in detail below.

### **9. Stiffen security against organised crime at the border**

The new UK Border Agency plays a key role in delivering the government’s commitment to protect the public from organised crime. It has both a local presence and a global reach, and is dedicated to strengthening the border and to controlling migration. With 25,000 staff, approximately 9000 of whom are warranted customs and immigration officers, UKBA protects the border from overseas, in 135 countries around the world, at the UK border and in communities up and down the country.

### **Security at the border – preventing organised immigration crime**

In 2008, a Malaysian national was convicted of facilitating the illegal entry into the UK of Chinese Malaysians to work in the Chinese restaurant industry. Working together, SOCA and UKBA secured a Deportation Order for him and ensured he was removed from the UK, sent back to Malaysia, and prevented from re-entering the UK. This action undermined a sizeable illegal immigration scam.

UKBA provides early defence against serious organised crime, protecting our border from people attempting to move goods, people or assets into or out of the UK illegally. This is one of the most efficient ways of minimising the harm organised crime can cause and limiting its damage to communities within the UK. Although serious organised crime is part of the Agency’s core business, there is room to strengthen its contribution by improving skills and capabilities across its functions.

### **What we’ll do**

**We will ensure UKBA can play the fullest part against serious organised crime by continuing efforts to increase skills and raise awareness across the Agency. We will also ensure that UKBA contributes to the new joint intelligence picture of serious organised crime.**

**This will require UKBA to invest in activity to disrupt serious organised crime at an early stage, for instance through seizing drugs before they are brought into the country, or preventing suspects from boarding flights to the UK. We will engage more with overseas law enforcement agencies to ensure that these activities are effective.**

### **10. Enhance the impact of the Police across the country**

The role of the Police in tackling serious organised crime is critical. They are key to investigating serious organised crime and in

bringing serious organised criminals to justice. We must ensure that we use their considerable expertise to maximum effect and support them to use all the tools available.

### Strengthening regional serious organised crime policing capabilities

Organised criminals do not operate within the neat geographic boundaries of police forces. In fact, of known organised criminal groups, 73 per cent operate across force boundaries<sup>76</sup>. Therefore interventions pursued in only one police force area will not be fully effective against many serious organised crime groups.

In order to tackle a complex threat like organised crime, police officers need specialised equipment and the skills to use them. This capability is expensive to develop. It is not cost-effective for every one of our 43 police forces to buy their own.

Where policing regions have developed shared capabilities to deal with serious organised crime and other issues that cross force boundaries, the impact against serious organised crime at a regional level has been bolstered. These regional capabilities facilitate close working with partners and provide economies of scale. They have been developed to suit local circumstances and needs.

### Joining the dots – Regional Intelligence Units identify organised crime groups operating below the radar of police forces

In 2006 and 2007, an organised crime group carried out 55 ATM burglaries across seven counties in the East Midlands and Eastern Police areas. This dangerous gang stole £1 million in cash.

By operating across boundaries, the organised criminal group managed to stay below the radar of each of the forces affected. It was only analysis by the Regional Intelligence Unit that showed the total level of offending and the risk posed across the region by this group.

In January 2007, the East Midlands Special Operations Unit, which supports the five police forces of Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire, was tasked to investigate these offences.

Following an extensive investigation using innovative covert techniques, the four key suspects were each sentenced to nine years in prison for conspiring to commit burglary.

However, not all regions have yet developed a capability to address organised crime. Where this is lacking, there is a real risk that the Police's response to serious organised crime is not as robust as it could be.

### What we'll do

**We will ensure that all police regions have a specialist capability to combat serious organised crime. Each policing region will be expected to implement a lead force, dedicated regional unit or taskforce capability<sup>77</sup> for responding to serious organised crime, according to their specific needs and circumstances. Whichever model is chosen, it will have to provide a permanent response to organised crime, commensurate to the threat within the region. And we will set a deadline for this – if by the end of 2009 these changes have not been implemented, the Home Secretary will mandate police forces to do so.**

### Look for synergies between serious organised crime and counter terrorism policing

There are some similarities between policing methods used against serious organised crime and in counter-terrorism work. Whilst we must ensure resources allocated to counter-terrorism policing are not diluted, there may be scope to take advantage of these synergies to help us make more effective use of our limited resources.

## **What we'll do**

**The new Home Office strategic centre will work with ACPO to undertake a review into synergies in the policing response to organised crime and counter-terrorism. This review will identify opportunities for sharing back office functions and non-operational capacity, looking at the potential to move towards a 'shared capability' over the longer term.**

### **11. Take the most effective approach in each serious organised crime case**

Prosecutors already work closely with investigators on high profile or particularly harmful serious organised crime cases, to great effect. For example, all SOCA cases involve prosecutors at an early stage and there is a conviction rate of over 90 per cent for the SOCA cases which are prosecuted. Prosecutors engage nationally, regionally and locally to help investigators to identify the most effective approach to take against a particular individual or group engaged in serious organised crime, providing advice in building the most effective case. There is room for more of this co-operation, which would be beneficial in all serious organised crime cases.

## **What we'll do**

**We will ensure effective investigations and case-building by introducing early liaison between prosecutors and investigators on all priority serious organised crime cases, and by strengthening broader engagement between prosecutors and investigators locally and nationally. This will be enabled in part through the new coordinated training programme.**

**In addition, we will ensure that the guidance provided by CPS to investigators considers the full range of options for targeting those involved in serious organised crime. In gathering evidence and building the case, criminal and civil interventions and new and traditional legislation and powers will all be considered. Whichever approach is likely to be most effective is the one that will be pursued.**

### **12. Manage the most serious organised criminals more intensively within prisons**

A major purpose of prison sentences is to prevent harm to the UK by preventing people from committing crimes. However, organised criminals are becoming increasingly sophisticated in their methods and seek to exploit every opportunity to continue their operations from within prison.

#### **A new strategy for tackling serious organised crime in prisons**

We need to ensure we are on the front foot in response. With all relevant partners working closely with the National Offender Management Service (NOMS), we can more effectively prevent the harm caused by organised criminals from prison, and make prison a stronger deterrent.

## **What we'll do**

**NOMS will work with partners to develop a strategy for tackling serious organised crime in prisons. NOMS will join with partners on the OCPB to support this work, which will be delivered through the Control Strategy.**

**The new strategy will draw together and clearly communicate the various ways in which we can create a more hostile environment for serious organised crime in prisons. It will improve co-ordination and intelligence sharing to ensure that the most dangerous serious organised crime inmates are managed and monitored effectively whilst in prison.**

**Finally, NOMS will implement a major anti-corruption programme, to reduce the risk of organised criminals conditioning vulnerable members of prison staff.**

#### **Preventing mobile phone use in prison and abuse of legally privileged correspondence**

Organised criminals are using increasingly ingenious methods to smuggle mobile phones and drugs into prison. This helps them to maintain contact with their criminal associates in the outside world and to continue to finance and operate their criminal enterprises from within prison.

We are taking robust action to tackle this by implementing the recommendations of David Blakey's report, *Disrupting the Supply of Illicit Drugs into Prisons*<sup>78</sup>. We have introduced new equipment in prisons to improve searching and detection, including BOSS chairs<sup>79</sup>, and we are increasingly prosecuting prisoners, visitors and staff caught smuggling mobile phones or drugs into prisons. But there is more that we can do, both in terms of preventing mobile phone use in prison and the abuse of legally privileged correspondence.

### **What we'll do**

**We aim to create an environment within the prison estate where mobile phones cannot be used. We will pursue the further roll-out of mobile phone blocking technology, building on the pilots underway. We will also ensure that the tough penalties against bringing a mobile phone into a prison under the Offender Management Act 2007 are used to the full.**

**We will also pursue options for increasing the likelihood of successful prosecutions for smuggling or possession of mobile phones in prisons, strengthening the legislation and continuing the current close working between NOMS, the Police and CPS.**

**In addition, abuse of the system for legally privileged correspondence<sup>80</sup> is another means for organised criminals to seek to maintain unmonitored contact with colleagues outside of prison. Working with partners, including the Law Society, we will tighten procedures to identify and tackle abuse, whether by organised criminals, their associates, or bogus solicitors.**

Strengthening the backbone of our response through an enhanced law enforcement effort will fundamentally take the fight back to serious organised criminals. But, as the next chapter sets out, we can go one step further, and use all the apparatus of state to deny organised criminals any space in which to carry out their illegal activities and cause us harm.





# Chapter 6

## Creating a Hostile Environment for Serious Organised Criminals

Organised criminals do not operate in a separate murky underworld. To run their illegal operations, and to live their daily lives, they must interact with government agencies and the legitimate economy. Many organised criminals run outwardly legitimate 'front' businesses which need licences. Organised criminals, like other members of society, are liable to pay tax and own televisions and cars which require licences and tax discs.

The interactions organised criminals have with businesses and government agencies provide opportunities for us to target them. We will create a hostile environment for serious organised crime by attacking the spaces in which these criminals operate. And we will bring more organised criminals within reach through tax investigations.

We will:

- target the criminal environment, to make it harder for criminals to support their enterprises
- target criminals themselves, for example by closing down outwardly legitimate businesses owned or run by organised criminals
- increase our use of tax investigation, particularly against 'hard to touch' criminals

### The importance of taking action

In order to defeat organised crime we must seize every available opportunity to tackle it. Law enforcement agencies are the cornerstone of our operational response to serious organised crime, but we can have yet a larger impact by engaging the knowledge, powers and expertise of other government agencies and the public sector.

Organised crime takes place in local communities and causes harm to local communities. We can work at this level to create a hostile environment for organised crime, using local knowledge to target

organised criminals and using every tool at our disposal to bring maximum disruption to their lives.

Many serious organised crime groups operate in a similar way to legitimate businesses and have apparently legitimate public facades. In the course of running these businesses, serious organised crime groups come into contact with various government bodies. They will be liable to pay business rates to the council and might apply for a licence to serve alcohol or to operate as a haulage company. The same is true of individual members of organised crime groups. In their daily lives, they

might drive, claim benefits, or own a television. All of these very normal activities mean they will have dealings with the government in some shape or form.

These interactions create opportunities for us to reduce the harm caused by serious organised criminals. They provide us with new sources of intelligence to draw on and new means of disrupting criminals' activities. The law enforcement approach traditionally focuses on an offender's criminal behaviour. But this focus means we miss opportunities to combat serious organised crime by disrupting organised criminals' other activities and by attacking the broader environment in which they live and operate.

### **A broader approach – Housing Association evicts drug dealing tenants**

In 2008, two tenants of Knowsley Housing Trust were removed from their home using legislation under the Housing Act 1998. The Housing Trust and SOCA officers worked together to build a successful case against the husband and wife.

Evidence proved that the husband had broken his tenancy agreement with the Housing Trust. The judge stated that he had been drug dealing in the immediate vicinity 'on an industrial scale', which impacted upon the residents in the area whom the Council had an obligation to protect. It was also proved that his wife was aware of and benefited from her husband's illegal activities.

Through local media, the Housing Trust has used this result to send a strong message to other tenants that they will not accept criminal behaviour.

Tax investigations are one example of a powerful administrative tool for targeting organised criminals. They allow us to recover the proceeds of crime and to disrupt investment in further crime. They can also

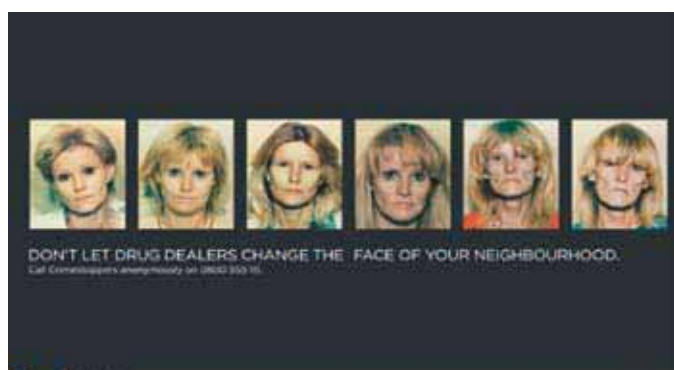
provide new intelligence for investigations by SOCA or the Police. If serious tax evasion is found, a tax investigation can lead to a criminal prosecution for violation of tax laws. This was famously the approach used by the FBI to imprison Al Capone for 11 years in the 1930s.

We must act now to broaden our approach to serious organised crime for a number of reasons. By tackling the environment in which organised criminals operate, we can try to prevent harm being caused in the first place. In addition, law enforcement organisations cannot overcome this complex problem on their own. The number of criminal groups that we know about outstrips our capacity to tackle them using only traditional criminal justice system techniques (i.e. through criminal investigations, prosecutions and in the courts).

### **A strong record of success**

*One Step Ahead* identified the need for all parts of the government to work together to use their powers to tackle serious organised crime. Since 2004 there have been a number of successes, where innovative approaches have been used to target organised criminals.

As part of 'Operation Crackdown' in 2005, police and local authorities across the country worked together to close down crack dens using legislation under the Anti-Social Behaviour Act 2003. Advertising campaigns were also used to encourage local people to contact Crimestoppers with information to stop dealers operating in their communities.



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Pioneering work by the Government Agencies Intelligence Network (GAIN) in the East Midlands ACPO region provides another powerful example of innovation to target organised criminals.

GAIN is a multi-agency group bringing together intelligence and investigation staff from 16 public sector enforcement agencies in the region. Participating agencies include DVLA, UKBA, NHS, and Trading Standards.

GAIN provides a mechanism for agencies to work together to exchange information and identify opportunities to attack the criminal environment. It has run a number of successful operations. For example, a recent referral to GAIN by the Trading Standards Agency led to the arrest of a number of members of a criminal group selling dangerous vehicles with ‘clocked’ mileage, and the seizure of a significant amount of controlled drugs and counterfeit goods.

Premises Closure Orders came into force in 2008 under the amended Anti-Social Behaviour Act 2003. They allow courts temporarily to close premises that are associated with or cause anti-social behaviour. These powers can be used by police or local authorities against organised crime businesses – from organised criminal owned bars to brothels.

But we can do more. By targeting the wider criminal operating environment we can create additional risks to organised criminals and provide more powerful deterrents. When organised criminals contemplate committing a crime, they will not only need to weigh up the risk of prosecution, but also the impact of other government sanctions on their lifestyle and the enablers of their crimes.

## Learning from international partners – the impact of local authorities

In both New York and the Netherlands, municipal authorities have joined the fight against serious organised crime.

The Giuliani administration in New York introduced screening and licensing systems that excluded organised criminals from operating legitimate businesses or winning contracts with public agencies. These powers have been credited with ending the power of organised crime in New York<sup>81</sup>.

The Netherlands have taken a similar approach, by introducing the BIBOB Act<sup>82</sup>. This enables local authorities to screen companies and to exclude those with links to organised crime from funds through public contracts.

These examples show how effective administrative powers can be in creating a hostile environment for serious organised crime. Through the new serious organised crime strategy we will further develop this approach in the UK.

There are two areas, in particular, where we can build on existing UK good practice:

- **Considering the criminals themselves as well as tackling the crimes they commit** – By focusing on the crime committed rather than the criminal’s other activities or habits, we miss opportunities to disrupt criminals’ wider operations and lifestyles.
- **Closing down the businesses of organised criminals** – There is scope for us to improve the way we work together across the public sector and with professional partners to attack the businesses that are often central to serious organised criminals’ operations.

By addressing these areas in a more concerted and systematic way, we aim greatly to reduce the amount of serious organised crime that takes place and the harm that it causes to communities across the country.

## Reforms

### Targeting the criminal and their environment, not just the crime

Traditional law enforcement approaches to serious organised crime have, rightly, tended to focus on the specific crime committed and been geared towards securing a criminal prosecution. And, realistically, the criminal justice route will always be preferable – whenever possible organised criminals should be punished and put behind bars. However, an overly narrow approach can lead to missed opportunities to tackle organised criminals through other means, and to prevent harm from being caused in the first place. Taking a broader view – looking at the organised criminal, not just the crime – opens up a wide range of responses encompassing both the individual’s criminal activities and their everyday lives.

#### Attacking organised crime groups from all angles

A recent multi-agency investigation led by SOCA used a wide range of non-traditional methods to significantly disrupt the money laundering and drug trafficking activities of a dangerous organised crime group.

On a single ‘day of action’ in April 2009 the main subject’s home and business addresses were visited by SOCA, West Midlands Police, UKBA, Home Office, Trading Standards, the Fire Service and the Health and Safety Executive. This action led to:

- The arrest of three illegal immigrants by UKBA which should lead to civil court proceedings and a substantial fine for the main subject

- The Fire Service gathered enough evidence to launch a prosecution on Fire Safety Grounds, which should lead to the closure of the business and a substantial fine
- The Health and Safety Executive found evidence that will aid a prosecution on food hygiene grounds and may lead to a substantial fine

### 13. Engaging CDRPs/CSPs<sup>83</sup> in the fight against organised crime

Many serious organised criminals come into contact with police for lower-level offences, such as public order offences, drug possession and anti-social behaviour. They are also likely to spend time on bail, probation and licence for other crimes. Crime and Disorder Reduction Partnerships (CDRPs)/Community Safety Partnerships (CSPs) are well placed to use their local knowledge to co-ordinate action against organised criminals, including systematic tackling of these lower level crimes and strict enforcement of bail, probation and licence conditions.

Targeting serious organised criminals in this way – focusing on the person rather than the crime – will make it harder for them to engage in their criminal activities. Pursuing these alternative avenues might also present new opportunities to bring them to justice through the courts. This could prove especially valuable in the case of ‘hard to touch’ organised criminals who have previously avoided prosecution for more serious crimes.

#### What we’ll do

**We will work with CDRPs/CSPs, the Police and SOCA to enable and encourage them to:**

- **use anti-social behaviour legislation to prevent and disrupt organised criminal activity, identifying opportunities to do so by comparing lists of known local organised criminals with those of people causing anti-social behaviour**

- **target low-level crimes committed by organised criminals that directly impact communities**
- **ensure strict enforcement of bail, probation and licence conditions**
- **introduce ‘weeks of action’ against the ‘front’ businesses of organised criminals, such as saunas and massage parlours**

#### **14. Sharing data to identify opportunities for action**

Serious organised crime does not exist in a vacuum – organised criminals need to interact with the legitimate economy in order to operate. They engage with a range of public and private sector organisations in the same way as any other citizen. These interactions are recorded on organisations’ databases, for example claims, for benefits are recorded by the Department for Work and Pensions (DWP). This creates opportunities for us to find out more about organised criminals and to identify opportunities to take action against them. For example, a known criminal may have a DWP record and be claiming benefit, which could contradict tax records held by HMRC. This would allow us to pursue the criminal for tax or benefit fraud. SOCA has already been exploring the potential here, but there is room to go further.

#### **What we’ll do**

**We will work more intensively with public and private sector organisations, such as DWP, DVLA and CIFAS, to match the information they hold with the law enforcement records of known organised criminals, and with data from Suspicious Activity Report system (SARs), continuing to engage with the Information Commissioner in order to respect privacy concerns.**

#### **Data matching in the public sector – National Fraud Initiative**

Since 1996, the Audit Commission has run the National Fraud Initiative once every two years. The NFI is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. This exercise has been incredibly successful. Key outcomes from the 2006/07 exercise included:

- £140 million worth of fraud and overpayments were detected
- 157 public sector staff ineligible to work in the UK were dismissed or resigned
- There were 328 successful prosecutions for fraud, 377 administrative penalties were issued and 567 official cautions were given.

#### **15. Increasing use of tax investigation**

Tax investigation can play a significant role in the UK’s response to serious organised crime. Used either stand-alone or alongside criminal and financial investigation, it can bring more organised criminals ‘within reach’.

Stand-alone tax investigations can be used against offenders who have proved particularly hard to investigate criminally – for example, those at the top of criminal enterprises who have distanced themselves from the criminal activity which generates their money. Where there is evidence of deliberate tax evasion, a prosecution for evasion can be sought.

Tax investigations can also help to provide a richer picture of criminal activity, as the different types of investigation each focus on a different aspect of a criminal’s behaviour. This facilitates prosecutions for a range of offences: as well as the underlying crime that generated the criminal’s profits, we can also consider prosecution for money laundering or tax evasion.

Engaging tax inspectors against organised criminals would increase the pool of resource available to tackle serious organised crime. It would also generate increased tax revenues for HMRC – serious organised criminals are likely to be a highly profitable seam.

### **The ‘Al Capone’ approach – targeting organised criminals with tax investigations**

Mr. M was believed to be a major figure in the international drugs trade. He had been convicted for a number of offences, but had never been subjected to criminal asset recovery proceedings because he had not been convicted of an acquisitive offence.

Mr. M was tried for attempted murder and acquitted by the jury. During the course of his trial it became clear that Mr. M had considerable personal wealth. Analysis of Mr. M’s estate revealed longstanding interests in a number of apparently legitimate businesses.

Civil recovery in this instance would not have been appropriate. It was decided that the most effective tactical option was to target Mr. M’s wealth, so tax recovery proceedings were launched. The proceedings were successful: a tax assessment was raised and Mr. M was required to pay back £1.9 million. Within 12 months of SOCA adopting the case Mr. M was made bankrupt by the Agency.

### **What we’ll do**

**Building on the work already underway through the OCPB and in HMRC, we will increase the referral of serious organised criminals to HMRC for tax investigation. In order to establish the most effective means of doing this, we will run a pilot involving ACPO, SOCA and HMRC from autumn 2009. The aim will be to identify how best to target organised criminals through tax investigation, in a way that meets the objectives both of law enforcement (harm**

**reduction) and of HMRC (closing the tax gap). Assuming the pilot is successful, this approach will be mainstreamed to core HMRC business by 2010.**

### **Building on success – the role of the Criminal Taxes Unit**

In 2006, recognising that the UK tax system was a potentially powerful tool against serious criminality, HMRC set up the Criminal Taxes Unit.

The CTU is dedicated to using the tax system to investigate, disrupt and prosecute organised crime and organised criminals. It is made up of HMRC investigators – both civil and criminal – and works in close partnership with the Police and SOCA.

The Unit deals with all levels of criminality, pursuing criminals in order to collect taxes. It works on cases involving serious crime, usually initiated by SOCA or the Police. It uses existing tax powers to recover unpaid taxes with penalties and interest, disrupting criminal finances and reducing the profitability of crime and the harm it causes.

### **Targeting the businesses of organised criminals**

Organised criminals often run outwardly legitimate businesses in order to facilitate their criminal activities, including to launder the proceeds of their crimes. Closing down these businesses has a great impact on the criminals’ ability to operate. According to ACPO over a quarter of known organised criminal groups are linked to companies, and 20 per cent of those are thought to be used as a front for illegal activity such as money laundering or drug dealing. The types of businesses most commonly linked to organised criminal groups include licensed premises, car dealers, solariums, nail bars and massage parlours<sup>84</sup>.

## **Haringey – a joined-up approach to local organised crime**

Haringey Council has taken a joined-up approach to tackle serious organised criminals. The Council uses intelligence from local sources, including residents and the Police, to identify problem locations such as members only ‘social clubs’ involved in organised immigration crime, drug dealing and the sale of counterfeit goods.

These ‘social clubs’ tend to be non-compliant on simple administrative issues – such as planning matters, trade refuse agreements and other trading practices – and are often sources of anti-social behaviour. This lower-level offending can be used as a reason to enter premises and monitor them. To do so, the Council often engages with partner agencies (for example, Trading Standards) to enter without warrant and investigate ownership and management arrangements.

This approach has been successful in restricting and disrupting organised crime operations and giving law enforcement agencies new opportunities to gather intelligence and investigate criminal activities.

## **16. Using public sector regulatory powers against the businesses of organised criminals**

The public sector has considerable powers that could be used to tackle serious organised crime. In particular, there are a wide range of regulations and legal obligations which can be enforced against businesses, including those owned by organised criminals. While there are a number of examples of good practice where these regulations have been used to target organised criminals’ businesses, there is scope to do this more systematically and to be more innovative in our approach.

## **What we’ll do**

Through new training and guidance, we will encourage the Police to work with their non-law enforcement partners to target these regulatory powers against businesses owned or run by serious organised criminals. The new Home Office strategic centre will have a key role to play in identifying innovative new approaches and sharing best practice. Examples of such opportunities include:

- **undertaking environmental health inspections of premises owned by organised criminals e.g. food safety inspections by local authorities**
- **using Premises Closure Orders to target businesses owned by organised criminals and causing anti-social behaviour**
- **withdrawing or refusing applications for permits/licences required to run certain businesses, e.g. licences for the sale of alcohol**
- **targeting haulage companies used to transport illicit goods such as drugs, using the Traffic Commissioner’s powers to withdraw vehicle operator licences**
- **targeting criminal loan sharks using Office of Fair Trading powers to withdraw consumer credit licences**

**To demonstrate the benefits of using these regulatory powers to combat serious organised crime and to ensure that they are used more widely, we will introduce a dedicated month of business closures with the Police, SOCA, local authorities and other agencies working together in the ten areas most affected by serious organised crime.**

## **17. Using civil Serious Crime Prevention Orders**

Serious Crime Prevention Orders (SCPOs) are a powerful preventative tool. To date, they have been used in the criminal courts to restrict the activities of convicted organised criminals and prevent further offending. We set out some examples of this in Chapter 5. But SCPOs can

also be used in the civil courts against suspected organised criminals. More can be done to maximise this opportunity to disrupt and restrict the activities of serious organised criminals, preventing them from running their illegal operations and helping to manage long-term offending.

### **What we'll do**

**We will work with prosecutors, SOCA, and the Police to increase the use of civil SCPOs in order to restrict the activities of organised criminals. Recommendations set out in Chapter 5 on shared training and a manual of interventions for law enforcement will help to increase uptake of this powerful tool.**

### **18. Engaging with professional regulatory bodies**

Organised criminals need support from certain business sectors, such as law and finance, to run their criminal enterprises. For example, accountants may be called upon to help organised criminals find ways to 'legitimise' their illegal earnings. These sectors are often regulated or require membership of a professional body which has the power to investigate and stop members from operating. For example, the Solicitors Regulation Authority is responsible for a range of interventions against solicitors' practices including:

- controls – placing conditions on a solicitor's practicing certificate, for example they must not carry out a certain kind of work
- closures – an 'intervention' to close the practice

Limiting this support will make it harder for serious organised criminals to run their enterprises. In turn, that will have a huge impact on their ability to engage in harmful criminal activity. If criminals are unable to launder the proceeds of their crimes, they will be more vulnerable to attack from law enforcement and their ability to fund further criminal activity will be restricted.

### **What we'll do**

**We will increase collaboration between law enforcement officers and regulatory and professional bodies. This will enable and encourage them to investigate and, where necessary, close down members' businesses used to commit or facilitate serious organised crime, and help them to spot corruption and report suspicious activity.**

These measures will make it increasingly difficult for organised criminals to operate. But there is one further critical area we can attack to prevent organised criminals from running their enterprises – their finances. The next chapter sets out how we will make greater use of our powerful financial tools to disrupt the activities of organised criminals, and to make them pay for their crimes.







# Chapter 7

## Making Organised Criminals Pay

Money is central to serious organised crime: it both enables criminal activity and is the main incentive behind it. Importantly, though, it also provides us with opportunities to identify and attack serious organised criminals.

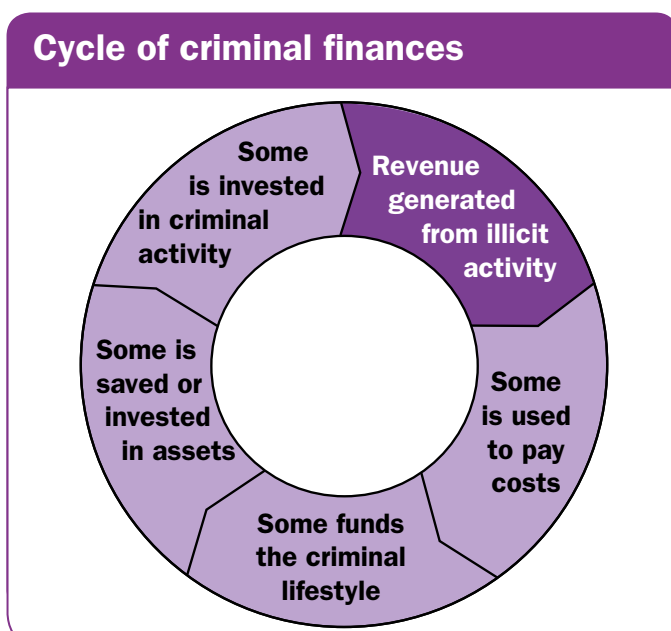
We have a powerful set of tools at our disposal to strike at the finances of organised criminals, and these are being used to great effect by SOCA and most police forces. To maximize their impact, we will encourage and support the wider use of financial investigation as part of a standard response to serious organised crime, and will continue to look for ways of improving their utility, including through legislation where necessary.

To go further in our attack on criminal finances, we will:

- enhance the effectiveness of our existing powers
- use financial investigation tools more widely
- tackle international criminal finances more aggressively
- roll out the highly successful multi-agency Regional Asset Recovery Teams (RARTs) to every region of the UK
- address the balance of burden of proof in civil asset recovery cases.

### The importance of taking action

Pursuing criminals' finances is one of the most important ways in which we can make the UK a



hostile environment for organised crime. Money is the lifeblood of most types of serious organised crime and, as such, the finances of serious organised criminals can be a key vulnerability.

Our criminal finance tools allow us to take advantage of this. Financial investigation can help us to:

- detect and disrupt more organised criminals and more criminal behaviour
- deter more people from engaging in serious organised crime by bringing more organised criminals to justice, and having a greater impact on those criminals who are brought to justice
- generate intelligence to inform more effective intervention tactics and strategies.

Financial investigation has already been embedded across our response to serious organised crime. Building on this by incorporating such work into the mainstream response across all relevant departments and agencies will allow us to have far greater impact on organised criminals. To do that, we will make financial investigation as efficient and effective as possible, and we will support our people with the appropriate structures through which to work.

### **The importance of financial investigation**

In 2007, the leader of a dangerous and violent criminal gang operating across London was identified by law enforcement agencies. Although he and the gang posed a serious and sophisticated threat to the public, use of 'traditional' policing methods had been unable to disrupt their criminal activities – several attempts by specialist units to prosecute members of the gang had failed.

A financial investigation was undertaken to identify the gang leader's associates, and traced properties he had purchased using false information. A restraint order was served on the gang leader, preventing him from moving his assets. He was successfully prosecuted for money laundering and his assets were confiscated. Three other members of the group were prosecuted for attempted murder and drug trafficking. All these prosecutions would have failed without the evidence uncovered by the financial investigation.

### **A strong record of success**

The 2004 White Paper, *One Step Ahead*, highlighted the importance of tackling the finances of serious organised crime. Since then, we have made real progress in this area. We have increased both the use of financial tools to tackle serious organised crime, and the impact these tools have had on organised criminals.

Some examples of the successes we have achieved using these tools are:

- more than £500 million of criminal assets recovered using the Proceeds of Crime Act since it came into force in 2002<sup>85</sup>
- a five-fold increase in the value of assets recovered using the Proceeds of Crime Act between 2002 and 2007, with a total of £136 million recovered in 2007/08<sup>86</sup>
- figures for 2008/09 show a further increase, with £148 million recovered, a nine per cent increase on 2007/08<sup>87</sup>
- HMRC Criminal Taxes Unit used their tax powers to recover £5.7 million from criminals in 2008/09<sup>88</sup>
- since its launch, SOCA has denied criminals access to assets of more than £460 million globally<sup>89</sup>
- working with international partners, UK law enforcement agencies denied £88 million to overseas criminals in 2008/09<sup>90</sup>.

### **Financial investigation: cracking down on the luxury lifestyles of organised criminals**

Earlier in 2009, SOCA made a civil assets recovery application against Mark Niall McKinney and his wife Beverley, asserting that they had derived the majority of their assets through illegal activities including money laundering and fraud. SOCA also alleged that Mr McKinney was involved in illegal trading and income tax and VAT evasion.



A helicopter, a luxury villa and a Bentley were among the assets recovered from the couple. Other assets recovered included the contents of a number of bank accounts, residential and commercial property, prestige cars, personalised number plates and a caravan. In all, assets with a minimum value of £3 million were involved.

We know that organised criminals fear our powers to recover the proceeds of crime.

In a recent Home Office report<sup>91</sup>, offenders told us that asset recovery has made the UK drugs market less appealing:

*“People who are arrested are losing everything that they have – even the things they acquired through honest means”*

*“If you buy a home or a car or any possessions you will lose it when you get caught, and nearly everyone gets caught”.*

We can build on this success and go further still. Particularly, we can address the culture around financial tools, helping people to understand how and why to use them; we can ensure the right structures are in place to support the use of these tools; and we can further improve the powers themselves through legislative changes.

## Reforms

### Changing the culture

There are still opportunities to use our powerful financial tools more proactively and aggressively. Extending awareness and understanding of them will increase their use. We need to show law enforcement how effective financial tools can be in a wide range of investigations. And we need to persuade operational partners that financial outcomes can be as much of a success as convictions or commodity seizure.

### 19. Mainstreaming the use of financial investigation

The UK has some of the most comprehensive criminal finance tools in the world. We can recover the assets of serious organised criminals through criminal or civil means; we can seize illicit cash; we can arrest and imprison people for laundering the proceeds of crime; and where no other remedy is available

we can tax a criminal’s ill-gotten gains. These allow us both to maximise our impact on those organised criminals we pursue through criminal investigations, and to extend our reach to those who have, in the past, proved hard to touch.

We can make more use of these powerful tools. Their use has been increasing, for example every SOCA investigation includes a financial investigation. But it is still not as widespread as we would like. Some of our law enforcement officers still see these tools as hard to use, and do not fully grasp the positive impact they can have.

### What we’ll do

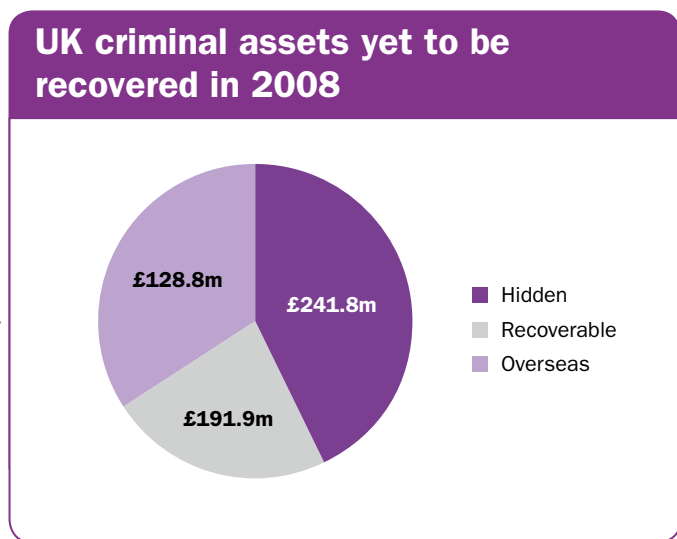
**We will mainstream the use of financial investigation. We will use it more often and more aggressively against all organised criminals – from the traditionally ‘hard to touch’ at the top end, through to the long tail operating at the lower end of organised crime. Whenever we undertake a criminal investigation into someone suspected of organised crime we will:**

- **assess their vulnerability to a financial and tax investigation**
- **consider every organised criminal for asset recovery or, if this is not possible, their property for civil recovery.**

### 20. Tackling international criminal finances

Tackling the cash and assets of those involved in international serious organised crime, and of the corrupt foreign politicians or officials facilitating it, can be a key way of disrupting both the enablers of serious organised crime and the markets in which it operates. And although international organised criminals and corrupt politicians and officials are often beyond the reach of conventional law enforcement techniques, the international nature of global finance makes them vulnerable to attacks on their assets.

We already tackle the finances of international organised criminals, but there is scope for us to do so in a more systematic way. We could achieve a step change in performance through a combination of better use of existing powers and a more ambitious approach to sharing intelligence with the financial sector. This would significantly extend our ability to tackle criminals who are trying to hide overseas, and allow us to disrupt international criminal markets more effectively. It would also bring within reach the significant proportion of UK criminals' assets that are thought to be abroad: £562.5 million in 2008.



### What we'll do

We will target the UK-based assets of international criminals by making more forceful use of civil recovery<sup>92</sup> powers and building on existing successful collaboration with the regulated sector on the provision of Suspicious Activity Reports about foreign nationals. We will also work with the US to identify criminals that can be subjected to their Kingpin powers<sup>93</sup>.

We will also pursue the international assets of UK-based criminals. We will lobby for increased international recognition of the UK's asset recovery powers, and make better use of our existing asset sharing agreements. We will also encourage our international partners to do more to assist the UK in asset recovery, and reciprocally support them as effectively as we can.

### Strengthening the structures

The UK's multi-agency Regional Asset Recovery Teams (RARTs) combine specialist money laundering investigation techniques and asset recovery tools to tackle organised criminals beyond the reach of individual agencies. These are expert teams drawn from police forces, HMRC and the CPS. They have been hugely successful since their introduction in 2003. Annually, the assets they recover are worth 160 per cent more than their running costs.

### 21. Increasing regional capabilities

Currently four of the nine policing regions across the UK do not have a RART. We must build on the success of the existing five by rolling this model out to all areas of the country.

#### RARTs in action

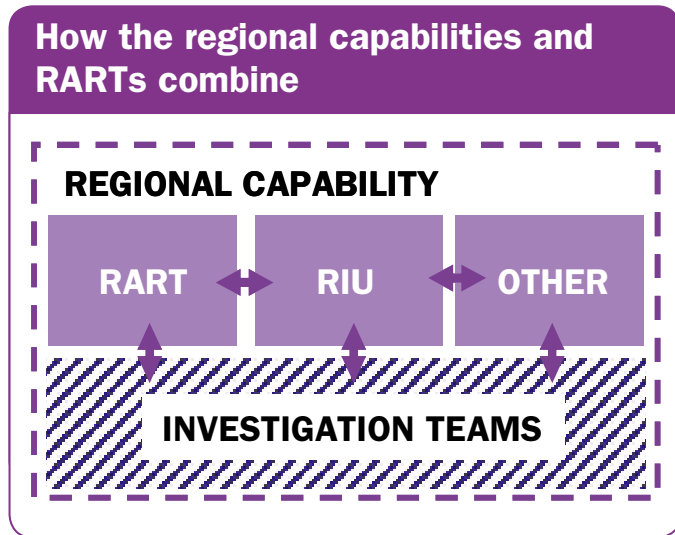
Peter Cooling had a penthouse property in the centre of Leeds, two high-value cars and numerous other assets. Intelligence suggested he was involved in the supply of Class A drugs, but conventional investigations had been unsuccessful.

The local RART decided to tackle this negative role model using the Proceeds of Crime Act. They found that there was no legitimate explanation for his wealth and Cooling was sentenced to 14 years' imprisonment and subject to a confiscation order which wiped out all of his and his family's criminal wealth and lifestyle.

### What we'll do

To build on this success, we will roll out the RART model across England and Wales, creating four additional RARTs so that we have one in every policing region. All nine RARTs will be embedded in the proposed regional serious organised crime policing structures, to ensure full use is made of their expertise. This will significantly increase our ability to exploit the finances of serious organised crime and thereby reduce the harm caused at a regional level.

An HMRC tax inspector will be attached to each of the RARTs from the outset. As soon as the RARTs are fully integrated into the regional policing structures, each will develop a specialist civil recovery capability, drawn jointly from the Police and prosecutors.



### Improving the tools

The civil asset recovery provisions of the Proceeds of Crime Act are powerful tools that can be used to target the assets of the most serious organised criminals. The UK's civil recovery regime has been in place since 2003 and adjustments have been made since to improve efficiency, including the introduction of property freezing orders. But we need to see if further enhancements to the law could facilitate the use of these important powers.

## 22. Enhancing the effectiveness of existing powers

We have a powerful and comprehensive set of powers for tackling criminal finances. Now that we have six years of experience in using them, we should take stock of how well they are working and amend them to make them more efficient and effective.

This will help increase our ability to tackle serious organised criminals beyond the reach of other tools, and send a clear message that criminals have to account for their ill-gotten houses, cars and other assets.

### What we'll do

We will urgently explore legislative options for rebalancing the burden of proof in civil recovery cases by October 2009. This work will be undertaken by the Home Office, with assistance from the Attorney General's Office and others.

We will also undertake a review to explore wider operational and procedural opportunities to improve the efficiency and effectiveness of civil recovery. This work will be done in partnership with law enforcement, prosecutors and our international partners and will be delivered by October 2009.

We will build on work underway in the Attorney General's Office to produce practitioner guidance to facilitate the use of civil recovery powers (outlining factors which may point towards civil recovery rather than criminal investigation); examine the provisions for legal costs in civil recovery cases; and learn from best practice in other European civil recovery regimes.

In this and preceding chapters we have set out how we will take the fight to serious organised criminals, through new policy interventions, strengthened systems and a harder-edged operational approach. But as we will set out in the next chapter, this is only part of the answer. The government has a key role to play. So too do businesses and the public.





# Chapter 8

## Creating a New Partnership with Business and the Public

The new approaches set out in earlier chapters will take the fight to serious organised crime. But the size and nature of the problem mean that the government cannot defeat it alone. The only way we can truly prevent organised crime is to combat it together – with the government, public and businesses all playing their part.

The government will help businesses and the public take the necessary actions to protect themselves and to support the authorities in bringing criminals to justice. Organised criminals thrive on secrecy. Through daily decisions, the public and businesses can help the government bring organised crime out of the shadows and into the full light of day.

For the UK's response to serious organised crime to be as effective as possible, we will:

- provide dedicated police advisers for high-risk businesses so they can better protect themselves from serious organised crime, alongside existing support services
- develop a new compact between the private sector and law enforcement for combating organised crime together
- harness community intelligence to bring organised crime out of the shadows and reduce the harm it causes to our most vulnerable communities

### The importance of taking action

The threat posed by serious organised crime has evolved. As set out in earlier chapters, global trends, technological developments and the increasing ease with which people, goods and ideas can move around the world, have all created opportunities for organised criminals to exploit. But as also discussed in earlier chapters, serious organised crime does not exist in a separate world, with its own markets or on its own streets. Organised criminals defraud our markets and bring harms to our streets. We are all at risk from serious organised crime – and we can all do something to prevent it.

The impact on the public is very real. Although serious organised crime spans international boundaries, it ultimately ends in local communities across the UK. When allowed to take root, organised crime can create a vicious downward spiral of fear, intimidation and disinvestment, which harms our most deprived communities. We also know that in some communities there are links between delinquent youth gangs and the increased numbers of organised crime groups, especially relating to gun crime and gun-related deaths.

## Organised criminal gangs supplying guns

In February 2008, officers from the 'Xcalibre' organised crime division in Greater Manchester Police identified that firearms were being trafficked between organised criminals in London, Leeds and Manchester. After intensive covert surveillance, three loaded firearms were recovered, equipped with silencers and laser sights. Ten defendants were convicted and received sentences between 4 years and 9½ years. Several of the defendants were connected to Manchester's notorious gang fraternity.

The impact on the private sector is equally concrete. Serious organised crime is a major threat to all UK businesses, from the City to the high street. In 2008 alone, we estimate that up to £4.7 billion of fraud was carried out on UK companies and firms by organised criminal groups<sup>94</sup>. The UK is proud of its reputation as one of the best places in the world to do business. This is a hard won position. In a globalised economy we must retain the confidence of investors around the world that we are doing all we can to tackle organised crime and corruption.

## Working with the private sector against fraud: the Dedicated Cheque and Plastic Crime Unit

The Dedicated Cheque and Plastic Crime Unit was set up in 2002 to tackle organised criminal networks committing cheque and plastic card fraud. The Unit comprises police officers from the City of London and Metropolitan Police Forces, supported by bank investigators and case support staff. It is funded by the plastic card industry, through APACS<sup>95</sup>.

In one recent operation, 984 PIN entry devices were seized and 10,000 account numbers were recovered from computers. Arrests were made and the financial sector was saved an estimated £5 million in potential frauds<sup>96</sup>.

It is unacceptable for organised crime ever to be seen as just another 'cost of doing business'. These costs are never hidden and are felt on a daily basis: by a bank having to raise prices to cover losses to fraud, by a haulage company going under as its competitors turn to the lucrative business of smuggling drugs or people, or by the local corner shop closing because the owner cannot match the artificially low prices of illegally trafficked cigarettes.

The economic downturn has increased the urgency of action. Now, more than ever, it is vital that the government does all it can to support businesses and the public against financial threats. As we have seen from the high-profile fraud cases of the past year, a greater degree of fraud is likely to be uncovered as a result of the global downturn. We also expect businesses to come under increasing pressure from the 'shadow economy' – the trade in black market products – with organised criminals exploiting opportunities to profit from counterfeit goods and illegal services. These may seem to be attractive ways to save money when finances are tight, but they put legitimate companies out of business, and help fund the same organised crime groups that bring drugs and violence to our communities.

One new threat that both the public and businesses face is a potent cocktail of crimes enabled by technology. E-commerce has brought many benefits to businesses and consumers, but has also provided a space for e-crime to grow. In turn, this has facilitated an alarming increase in identity fraud. Organised criminals are able to obtain and exchange personal information with relative ease over the internet, allowing them to create false identities and to use other people's identities illegitimately. And finally, identity fraud has become one of the key enablers of other types of fraud<sup>97</sup>. It allows organised criminals to acquire goods and services fraudulently on an industrial scale. And it helps to put them beyond the reach of enforcement agencies.

To face such complex challenges we all need to work together. The fact that all citizens and

businesses are affected by organised crime means that we can all help in the response. Fundamentally, this is about partnership, with the government facilitating the ability of businesses and the public to protect themselves.

## A strong record of success

We have already seen the considerable impact that the government, the public and the business community can have on organised crime when they work in partnership. The previous chapters have set out our successes at the community level and, with business, the government has also stepped up the fight against ID crime and e-enabled fraud, bringing law enforcement – SOCA and the Police – and other agencies – the Financial Services Authority (FSA), Serious Fraud Office and others – together in a collaborative effort to undermine serious organised crime at every available opportunity.

The core of the government's efforts to protect the public has been a dual attack on organised crime, aimed at both the supply of criminal harms and the demand for illegal products:

- **Limiting the supply of harm** means catching and stopping serious organised criminals. In order to do that, our law enforcement agencies have worked with the public to understand the face of serious organised crime within their communities. As shown in Operation Captura, below, by providing us with this information, the public has been able to achieve a substantial impact on organised crime.

### Public information helps catch criminals on the run abroad

Crimestoppers launched its first ever overseas campaign, Operation Captura, on the Costa del Sol in 2006. Captura is a collaborative project involving Crimestoppers, the FCO, UK law enforcement agencies and the Spanish police. It appeals for information from the public to help track down British criminals living in Spain.

Thanks in part to significant media attention from *Sky News*, the *Sun* and the *Mirror* the first arrests were made within hours of the announcement of the most wanted lists. So far, 21 of the 40 subjects of the campaign have been arrested.

- **Controlling demand** means reducing the market for illegal goods and services. To achieve this, the government has run extensive educational campaigns on the impact of consumer choice on organised crime. For example, by choosing not to buy counterfeit goods, or not to visit the local bars or massage parlours run by organised criminals, the public can prevent criminal groups from generating funds to invest in drug purchases or other criminality.

### Tackling demand for serious organised crime: a hard-hitting poster from the Home Office



The government also has a strong record of success in working in partnership with business against organised crime. SOCA has been at the forefront of this approach through management of the Suspicious Activity Reporting scheme (SARs) and through its Alerts system:

- the SARs regime is a well established and successful vehicle for collaboration on money laundering. The regulated sector plays a key role in tackling crime and terrorism by identifying and reporting their suspicions of money laundering and terrorist financing, which law enforcement and other bodies can then act upon.
- SOCA issues Alerts to the private sector to warn it of criminal dangers and threats. These give the private sector the information and advice it needs to allow it to protect itself and the public from the threat of serious organised crime.

We are also responding to new threats, the biggest of which include e-crime and identity fraud. An example is the more targeted response to electronic crime that the UK has developed since 2004. Much of the cyber crime affecting the UK comes from international crime groups, and the government set up SOCA to focus in part on tackling cyber crime internationally in alliance with overseas law enforcement. In 2008 the government set up the Police Central e-crime Unit (PCeU), to support the National Fraud Reporting Centre and to develop the overall response to cyber crime by UK police.

### **E-crime: a complex response to a complex problem**

In April 2009 the PCeU worked together with the banking sector to target a group of suspects using a computer virus to steal money from customers' bank accounts. More than 195 UK customers were victims at a total cost of £0.7 million.

In a first for a UK e-crime investigation, financial institutions and police worked together to share real time intelligence on criminal activity. This proactive partnership with industry resulted in what would normally be a six month investigation being concluded within four weeks. It is estimated that this innovative approach prevented £20 million worth of harm.

The criminal exploitation of personal identity is responsible for substantial harm from fraud. It also acts as an enabler of other offences, such as immigration crime. The UK has made real progress in tackling identity fraud since 2004, with further action in the pipeline.

The Identity Cards Act 2006 prohibited the use of all false identity documents. Partnership between business and the public sector has increased. For example, as described below, firms can now verify the veracity of passports and the Metropolitan Police has established an innovative partnership with the printing industry, designed to reduce the criminals' access to the equipment and supplies they require to produce false identity documents. Going forward, the National Identity Scheme will provide an important defence against fraud and other crimes.

### **Supporting businesses to prevent identity fraud – the Passport Validation Service**

Banks and other financial institutions rely heavily on passports as evidence of identity for potential customers. They can lose significant sums of money when identities are misused.

The Identity and Passport Service established a Passport Validation Service to combat this threat, enabling financial institutions to check the validity of passports presented as evidence of identity. Banks are now able to check that passports have not been tampered with or reported lost or stolen. Banks have reported savings in excess of £4 million in prevented fraud through this simple measure<sup>98</sup>.

We have also taken steps to position ourselves better to work with business against fraud. As set out in Chapter 3, since the government's 2006 Fraud Review<sup>99</sup> we have made good progress in clarifying the roles and responsibilities of those engaged in the government's anti-fraud work. Governance has

been improved, with the creation of a programme board on which the private sector is represented, and through the City of London Police taking on the role of lead police force for fraud. Some important new capabilities are also being delivered, including a national scheme to support the victims of fraud and a National Fraud Reporting Centre and Intelligence Bureau.

We must build upon these successes and take the next step in our partnership with both the public and businesses.

**With the public**, the government can do more to raise awareness of serious organised crime so that citizens understand what information to pass on to law enforcement. And we can do more to help citizens to make better informed consumer choices, by providing them with the information they need to spot enterprises that might be controlled by criminal gangs.

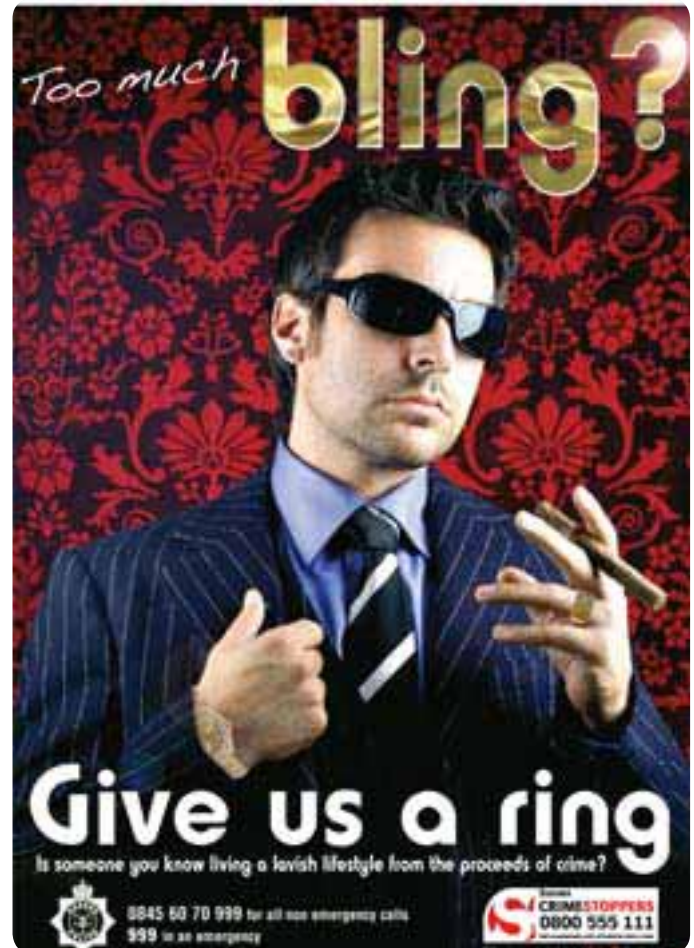
**For businesses**, we can step up our work to equip them with intelligence to develop preventative strategies. Cutting down opportunities for serious organised criminals to exploit will have a huge impact on the levels of harm they can cause. We can also do more to improve operational collaboration between law enforcement and the business sector. Through closer working and shared techniques we will combat this common problem more effectively together.

## Reforms

### 23. Harness community intelligence

Communities are often best placed to know about the activities of organised criminals in their area. We need to seize every opportunity to take advantage of this local intelligence through stronger engagement with local communities. We also need to do more to equip the public to fight this problem. A public with an enhanced understanding of serious organised crime will be better placed to protect themselves from it, and more willing and able to help law enforcement.

The government must therefore help the public to understand what organised crime is and how it impacts their local community. At the same time, we must assure people that the government has a grip on the problem, by publicising some of the interventions carried out locally to combat it.



### What we'll do

Similar to the Home Office-led 'Justice Seen, Justice Done' campaign publicising the government's response to tackling neighbourhood crime, we will send out a clear message to the public and organised criminals that organised crime doesn't pay – publicising examples of where the finances and assets of organised criminals have been recovered and re-invested back into communities for worthy causes.

We will also run a dedicated Crimestoppers campaign to raise awareness of activities which feed serious organised crime, such as buying counterfeit goods, and to highlight the success of government interventions against organised crime.

In addition, we will provide a toolkit for local authorities, CDRPs/CSPs and Neighbourhood Watch to inform the public about what they can do to tackle organised crime, such as how to spot houses where drug dealers operate. To harness this intelligence, we will establish CDRP/CSP forums for communities to help identify businesses owned by organised criminals, as well as deliver a new, national website for the public to report organised crime anonymously online.

**24. Introduce organised crime advisers for businesses at risk**

The government already works with businesses to raise awareness of organised crime and give advice, but we must do more. There are still too many companies unaware of how serious organised crime directly impacts on their business and as a consequence are poorly placed to protect themselves from it.

Businesses are also potentially rich sources of information about serious organised crime. If they have been victims of an attack, or have been used in some way – perhaps unwittingly at the time – by organised criminals, they are likely to have vital information. For example, lenders defrauded by organised criminals committing mortgage fraud could provide law enforcement agencies with information on who the criminals are and how they operate. Many already do this. We need more businesses to pass on this kind of information.

**What we'll do**

**We will introduce dedicated resources to engage with the business community to help them protect themselves from serious organised crime and to increase private sector intelligence reporting.**

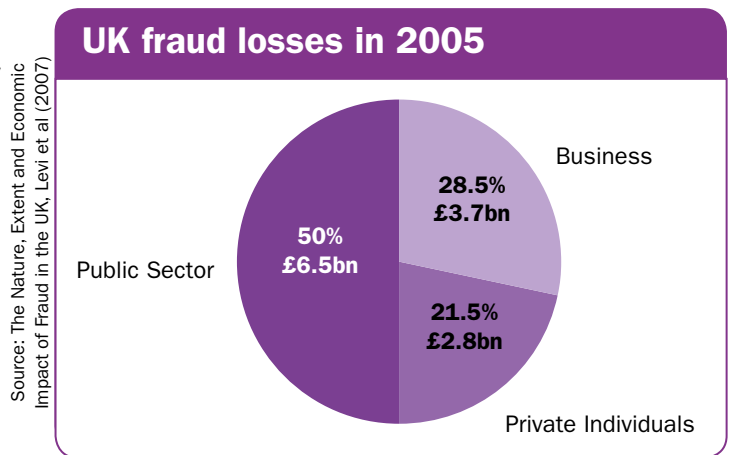
**Specifically, we will encourage police forces to recruit serious organised crime business advisers to identify businesses who are most vulnerable to attack and work with them to improve their resilience and resistance. This will be on a similar model to the existing Counter Terrorism Security Advisers.**

These advisers will promote awareness of the threat, advise businesses on how to protect themselves from serious organised crime and outline the steps they can take to tackle it. They will also provide a channel for more and fuller intelligence on serious organised crime, supporting law enforcement agencies in their fight against organised crime.

**25. Develop a new compact between the private sector and law enforcement**

The enforcement and business communities have a successful history of effective partnership working. But new technologies present threats to business and government. As technology continues to move forward, we must act firmly and pre-emptively to prevent serious organised crime growing in parallel. The government and businesses must work closer together to mitigate this shared risk.

As the chart below shows, the government and businesses are the biggest victims of fraud, losing £10.2 billion in 2005.



One of the greatest threats presented by organised crime to business is the link between e-crime, identity crime and fraud. It is the responsibility of both the public and private sector to address this threat – by working together we can achieve more than we could separately. Closer working would allow expertise, understanding and, where appropriate, intelligence to be shared. Additionally, it would ensure that resource is available to tackle fraud at the point where we can have the greatest impact. For example, a

single major bank in the UK will have more fraud investigators on its workforce than the entire police force in England and Wales.

### **Acting on private sector intelligence**

In November 2006, SOCA received financial intelligence from the private sector about Hussein Tourh, which they passed on to Dorset Police. The Police and SOCA held very little other intelligence about him, but the previous year the Metropolitan Police had linked his partial fingerprint to a significant drug supply investigation.

Further enquiries were carried out, which found Tourh to be paying a mortgage on a second property worth £450,000. At that time, Tourh was only 23 years old and had no obvious legitimate income. Tourh was arrested on suspicion of money laundering.

Following his arrest, his two properties were searched and 10 kilos of cocaine was recovered together with equipment used to manufacture and distribute the drug. An electronic cash counting machine was found alongside £1.8 million in sterling notes. The cash was seized – the single largest cash seizure made by a UK police force.

Tourh was convicted and sentenced to 25 years in jail for being concerned in the supply of Class A controlled drugs. The £1.8 million was forfeited and proceedings to recover his remaining assets are still being conducted.

### **What we'll do**

**To combat the e-crime threat, the Home Office, supported by the newly created Office for Cyber Security in the Cabinet Office, will lead an urgent review of the governance, roles and responsibilities for e-crime, and publish a refreshed e-crime strategy by December 2009.**

**The new e-crime strategy will provide clarity over the roles and responsibilities of all the departments and bodies responsible for tackling e-crime, and will set out how the government will respond to online crime in partnership with the private sector and international partners, such as the US.**

**To tackle identity crime more actively, we will set up a taskforce to increase the flow of data between public agencies and the private sector, to spot false identities and to prevent the damage they cause. We will make it harder for criminals to commit identity fraud by strengthening controls to prevent criminal access to personal data.**

**This taskforce will bring together both government bodies and private sector representatives, and will report to the new Home Office strategic centre as well as the government's inter-ministerial committee on fraud.**

**Finally, to step up efforts against fraud, we will lay foundations for closer joint working between the financial sector and law enforcement by developing common standards and protocols for fraud investigation. The City of London Police, as the national lead force for fraud, will develop a new fraud manual and a programme of reciprocal training to improve collaboration with key business sectors.**

**We will also increase police capacity and capability to tackle fraud through exploration of a voluntary private sector funding scheme. This will consider the effectiveness of a scheme through which businesses offer to return a proportion of recovered stolen funds to fund further police fraud investigations.**

These reforms will ensure that the government is able to work more effectively with individuals and businesses in the effort against organised crime. By drawing on the knowledge, expertise and efforts of all partners we will significantly enhance the UK's approach and make this country an even more inhospitable environment for organised criminals.

Alongside our reforms to better equip enforcement agencies, to tackle organised crime overseas, to target finances more aggressively, and to bring a wider range of government bodies to bear, our partnership approach with the public and businesses will considerably extend our reach against organised criminals. These reforms will build on past achievements, and enable us more effectively to protect the citizens and businesses of the UK from the harm caused by organised crime.



# Organised Crime Strategy – Action Plan 2009-2011

	Owner	Outcome	Implementation date
Discuss organised crime as a regular session at the National Security and Intelligence Development (NSID) cabinet	Home Office Strategic Centre (HOSC)	Strengthened political oversight and performance scrutiny; giving clearer direction and establishing shared priorities	September 2009
Establish a strategic centre for organised crime in the Home Office. The strategic centre will have a wide-ranging remit to coordinate the response to serious organised crime at the strategic level and the operational level.	Home Office	A coherent cross-government response to serious organised crime, with agencies involved held to account for performance	September 2009
Process serious organised fraud cases via the Strategic Organised Crime Body and the integrated model.	Home Office (HOSC)	The collective impact of the institutions set up to tackle serious organised fraud will be maximised	December 2009
Develop an integrated operating model for the Strategic Organised Crime Body, prioritising and delivering action and reviewing delivery	Organised Crime Partnership Board	Increased co-operation between agencies to ensure that targets are effectively identified and prioritised, that performance is scrutinised and that best practice is systematically shared	December 2009

	Owner	Outcome	Implementation date
<b>PROBLEM OVERSEAS</b>			
strategic response to overseas crime through a strengthened formal strategy. FCO and Home Office in the next review of Government a pooled programme budget for fighting overseas.	Home Office	A more co-ordinated UK overseas response to serious organised crime, with activities and priorities aligned across HMG	December 2009
to work with International Group a review to identify opportunities collaboration against organised and failing states. Home Office and SOCA to explore the which SOCA could move more of its overseas.	Home Office (HOSC)	We are spending the right amount of money overseas, and we are targeting our resources in the right places and achieving best value for money	December 2009
international architectures by international partners to the role of Europol; working to bring Financial Action Task Force; and identifying opportunities to work international partners.	Home Office/HM Treasury	Improved effectiveness of international architectures in tackling serious organised crime	January 2010
<b>SUCCESS</b>			
use of existing powers and skills serious organised crime through of a shared training function; and of a manual of law enforcement line staff.	Organised Crime Partnership Board	Frontline staff are aware of and have access to the tools they need to maximise their impact on serious organised crime	October 2009

	Owner	Outcome	Implementation date
role UKBA can play in tackling organised crime through increased intelligence feeds into the core; and continued efforts to raise awareness across the	UKBA	It is harder for people and goods related to organised crime to enter or leave the UK	March 2010
the capacity and capability to police organised crime at a regional level; national roll out of regional organised crime policing capabilities; and creation of synergies with regional law enforcement agencies.	Home Office / ACPO	Police are able to respond more effectively to the threat posed by serious organised crime at a regional level	December 2009
the role of the CPS and other agencies in tackling serious organised crime through earlier engagement with the police; increased referrals of organised crime cases; increased referrals from prosecutors to investigators; and a joint training programme involving the police and law enforcement agencies.	CPS	More effective cases are built earlier against those engaged in serious organised crime	October 2009
implement a strategy for tackling organised crime within prisons by creating an environment within prison where mobile phones cannot be used; and the use of legally privileged information is restricted.	NOMS and Organised Crime Control Strategy Board	It is harder for serious organised criminals to operate from prison	December 2009

	Owner	Outcome	Implementation date
<b>FOR SERIOUS ORGANISED CRIMINALS</b>			
role CDRPs/CSPs play in the fight against serious organised crime by increasing financial behaviour legislation; low level crimes committed by serious criminals; and introducing 'weeks of front companies.	Home Office (HOSC)/Local Authorities	Increased disruption of serious organised crime at a local level	October 2009
Government will work with public and private organisations to cross-match the data they hold against records of known serious criminals, making sure to consult the Information Commissioner so as to address privacy concerns.	Home Office (HOSC)	Increased and better quality opportunities to intervene against serious organised crime	December 2009
Referral of serious organised crime to Her Majesty's Revenue and Customs (HMRC) for tax investigation: running from autumn 2009 with the aim to formalise this approach from 2010 onwards.	HMRC	A widened angle of attack on serious organised crime. Where there is evidence of deliberate tax evasion, a prosecution for evasion can be sought. This will also generate increased tax revenues for HMRC	From September 2009

	Owner	Outcome	Implementation date
Use of public sector regulatory powers to target the businesses of serious criminals. For instance: increased use of health or food safety powers and refusal or withdrawal of licences from those suspected of involvement in serious organised crime.	Organised Crime Partnership Board	Increased disruption of the businesses associated with organised crime making the UK a more hostile environment	October 2009
Use of civil Serious Crime Orders in order to disrupt and restrict the activities of serious organised criminals.	Organised Crime Partnership Board	The activities of organised criminals are restricted reducing their capacity to engage in serious organised crime	October 2009
Enhanced collaboration between law enforcement and professional and regulatory bodies to take action against companies / individuals involved in serious organised crime.	Organised Crime Partnership Board	Increased disruption of organised criminal activity making the UK a more hostile environment	October 2009
Use of financial investigation to target serious organised crime. To be driven by the Financial Crime Strategic Centre and implemented through a cross agency financial investigation programme.	Organised Crime Partnership Board	Increased use of financial investigation to maximise our impact on all organised criminals from the traditionally 'hard to touch' at the top end, through to the long tail operating at the lower end of organised crime	December 2009

	Owner	Outcome	Implementation date
<p>to tackle the international serious organised crime by targeting the UK based assets of criminals; and enhancing efforts international assets of UK based</p>	Home Office	Law enforcement agencies' reach is extended so they can tackle the assets of all serious organised criminals whether they are in the UK or overseas	December 2009
<p>RART model across England and adding four additional RARTs so that in every policing region. All nine embedded in the regional organised crime policing structures.</p>	Home Office	Increased ability to exploit the finances of serious organised crime, and thereby reduce the harm caused, at a regional level	December 2009
<p>to explore legislative options for the burden of proof in civil recovery cases have to account for their and other assets. Explore wider and procedural opportunities to efficiency and effectiveness of civil</p>	Home Office / AGO	A more aggressive civil recovery regime that can be more effectively used to tackle serious organised crime	October 2009
<b>WITH BUSINESS AND THE PUBLIC</b>			
<p>to raise public awareness of serious crime and make provision for community intelligence by working 'Justice Seen, Justice Done' and campaigns; working through and Neighbourhood Watch; and a new national website so the report serious organised crime.</p>	Home Office (HOSC)	Increased public awareness of serious organised crime within their communities and improved intelligence from the public	December 2009

	Owner	Outcome	Implementation date
<p>ous organised crime business</p> <p>n police forces to promote</p> <p>the threat, advise businesses on</p> <p>t themselves from organised</p> <p>line the steps they can take to</p> <p>y will also provide a channel for</p> <p>er intelligence on organised</p>	ACPO	Business are better able to protect themselves from serious organised crime and provide intelligence to law enforcement	December 2009
<p>compact between the public and</p> <p>to tackle serious organised</p> <p>loping a new a co-ordinated</p> <p>gy; establishing an ID Crime</p> <p>ser joint working between the</p> <p>or and law enforcement; and</p> <p>voluntary private sector funding</p>	Home Office (HOSC)/NFA	Enhanced public and private sector collaboration to tackle serious organised crime	December 2009

## Annex 2: Estimates of costs of some types of serious organised crime, with reasons for uncertainty of estimates

Type of crime	Estimate (£billions)	Main uncertainties
<i>Serious Organised Crime</i>		
Drug markets <sup>100</sup>	17.6	Costs of drug-related crime form the majority of these costs, but it is difficult to estimate the intangible costs of victimisation by drug-related crime, and also to estimate the proportion of crime that is drug-related.
Fraud <sup>101</sup>	7.8	It is impossible to calculate precisely the extent of undetected fraud. The proportion of fraud that is committed by serious organised criminals is also difficult to estimate.
Smuggling of spirits, tobacco and diesel <sup>102</sup>	4.1 (range 2.7 – 5.5)	This assumes that the same amount of these goods would have been consumed at duty-paid prices, and there are also uncertainties in estimates of total consumption (including smuggled goods) upon which this estimate is based
People smuggling <sup>103</sup>	1.4	The number of undetected people who were smuggled is impossible to quantify precisely.
People trafficking <sup>104</sup>	1	The number of trafficked people is also impossible to put an exact number on, and it is difficult to estimate the costs of their victimisation by traffickers and by the customers of trafficked prostitutes.
Intellectual property theft <sup>105</sup>	0.3	The market for pirated materials has grown rapidly since 2003/4, the year to which this estimate refers. And, in a similar way to the smuggling estimate, the amount of these materials that would have been bought at full price is uncertain.
<i>Generic, volume crime</i> <sup>106</sup>		
Violence against the person	13.2	These estimates do not include the costs of crime against businesses and public sector. And, as for the offences listed under serious organised crime, it is very difficult to put a cost on the intangible (e.g. emotional) effects of crime on victims. (NB: 'other crimes' includes sexual offences, common assault and criminal damage)
Theft	4.2	
Burglary	2.9	
Robbery	2.4	
Other crimes	13.5	



## Annex 3: Organisations Consulted

*A number of organisations have contributed to the new organised crime strategy. These include:*

Association of Chief Police Officers

Association of Police Authorities

Attorney General's Office

Australian Attorney-General's Department

Australian Crime Commission

Australian High Commission

British Bankers Association

Centre for Criminological Research,  
University of Oxford

City of London Police

Control Risks Group

Crimestoppers

Demos

Department of Economics, University  
of Warwick

Department of Sociology, LSE

Drugs Strategy Delivery Group

Dutch Haaglanden Police

Dutch Interior Ministry

Dutch Ministry of Justice

Dutch National Police

European Commission

Europol

Financial Services Authority

HM Inspectorate of Constabulary

HM Revenue and Customs

Institute for Public Policy Research

Institute of Criminology, University of Cambridge

Insurance Fraud Bureau

Metropolitan Police Service

Ministerial Committee on National Security,  
International Relations and Development (NSID)

Ministry of Defence

National Fraud Authority

National Policing Improvement Agency

Poppy Project

RAND

Revenue and Customs Prosecutions Office

Royal United Services Institute

School of Social Sciences, Cardiff University

Serious Fraud Office

Serious Organised Crime Agency

Spanish National Police

Spanish Organised Crime Intelligence Centre

Symantec

Telecommunications UK Fraud Forum

The Crown Prosecution Service

UK Border Agency

UK Drugs Policy Commission

UN Office of Drugs Control

University of Leicester

US Baltimore City Police

US Central Intelligence Agency

US Department of Justice

US Federal Bureau of Investigation

US National Intelligence Council

## References

- <sup>1</sup> Home Office (2004) *One Step Ahead: A 21st Century Strategy to Defeat Organised Crime*, London: Home Office
- <sup>2</sup> SOCA 2009
- <sup>3</sup> Ibid
- <sup>4</sup> Ibid
- <sup>5</sup> National Security Strategy Update: Security for the Next Generation (2009)
- <sup>6</sup> Ibid
- <sup>7</sup> Leslie, C. & Hood, A. (2009) *Circling the Loan Sharks: Predatory lending in the recession and the emerging role for local government*, London: New Local Government Network
- <sup>8</sup> Symantec 2009
- <sup>9</sup> National Security Strategy Update: Security for the Next Generation (2009)
- <sup>10</sup> ACPO Organised Crime Group Mapping 2009
- <sup>11</sup> Cabinet Office (Cm 7642) *Cyber Security Strategy* (June 2009)
- <sup>12</sup> Home Office (2004) *One Step Ahead: A 21st Century Strategy to Defeat Organised Crime*, London: Home Office
- <sup>13</sup> National Security Strategy Update: Security for the Next Generation (2009)
- <sup>14</sup> Home Office (2004) *One Step Ahead: A 21st Century Strategy to Defeat Organised Crime*, London: Home Office
- <sup>15</sup> Home Office commissioned Ipsos MORI poll of 1,919 adults in England and Wales, spring 2009
- <sup>16</sup> For the purposes of this paper, we are continuing to use the definition of organised criminals used in One Step Ahead 2004 : 'those involved, normally working with others, in continuing serious criminal activities for substantial profit, whether based in the UK or elsewhere'.
- <sup>17</sup> Levi, M. & Maguire, M. (2004) Reducing and preventing organised crime: An evidence-based critique, *Crime, Law and Social Change* 41: 397-496.
- <sup>18</sup> ACPO Organised Crime Group Mapping, 2009; and UK Threat Assessment of Organised Crime (UKTA) 2009/10
- <sup>19</sup> ACPO Organised Crime Group Mapping, 2009
- <sup>20</sup> HM Government (2009) *Building Britain's Future*
- <sup>21</sup> McLagan, G. (2006) *Guns and Gangs*. London: Alison & Busby
- <sup>22</sup> SOCA 2009
- <sup>23</sup> UKTA 2009/10
- <sup>24</sup> Ibid
- <sup>25</sup> Dubourg, R.S. Prichard, eds. (unpublished) *Organised crime: revenues, economic and social costs, and criminal assets available for seizure*. Home Office: London
- <sup>26</sup> ACPO Organised Crime Group Mapping, 2009
- <sup>27</sup> Home Office (2004) *One Step Ahead: A 21st Century Strategy to Defeat Organised Crime*, London: Home Office
- <sup>28</sup> This graph is indicative – estimates of the costs of serious organised crime and violence are not directly comparable, and may not be mutually exclusive. For example, some violence is caused by organised criminals, but this has not been separately costed. The estimate of the cost of violence against the person given here comes from Dubourg, R. & Hamed, J. (2005) *Estimates of the economic and social costs of crime in England and Wales: Costs of crime against individuals and households, 2003/04*. London: Home Office.
- <sup>29</sup> Home Office commissioned Ipsos MORI poll of 1,919 adults in England and Wales, spring 2009
- <sup>30</sup> Ibid
- <sup>31</sup> SOCA 2009
- <sup>32</sup> Leslie, C. & Hood, A. (2009) *Circling the Loan Sharks: Predatory lending in the recession and the emerging role for local government*, London: New Local Government Network
- <sup>33</sup> SOCA 2009
- <sup>34</sup> CIFAS is the UK's fraud prevention service; it allows its members, from across the banking and telecommunications sectors, to share

information to prevent fraud

<sup>35</sup> Symantec 2009

<sup>36</sup> [www.guardian.co.uk/technology/2009/feb/05/kyrgyzstan-cyberattack-internet-access](http://www.guardian.co.uk/technology/2009/feb/05/kyrgyzstan-cyberattack-internet-access)

<sup>37</sup> Cabinet Office (Cm 7642) Cyber Security Strategy (June 2009)

<sup>38</sup> APACS is the UK trade association for payments and for those institutions that deliver payment services to customers.

<sup>39</sup> 'Fraud the Facts' 2009, APACS

<sup>40</sup> APACS 2009

<sup>41</sup> Federation of Small Businesses (2009), Inhibiting Small Enterprise

<sup>42</sup> Wyler, L.S. (2007) *Weak and Failing States: Evolving Security Threats and U.S. Policy*, Washington DC: Congressional Research Service.

<sup>43</sup> United Nations 2008 Conference on 'Crime as an Impediment to Security and Development in Africa'

<sup>44</sup> SOCA 2009

<sup>45</sup> These are estimated costs taken from a variety of sources detailed below

<sup>46</sup> ACPO Organised Crime Group Mapping, 2009

<sup>47</sup> Source: SOCA and Forensic Science Service. Cocaine and heroin traffickers at both wholesale and retail level adulterate the drugs before selling them on. Some prices paid for adulterated drugs have fallen since 2002, but the purity of these substances has fallen faster. This means that the price per gram of the actual drugs has increased, as shown by the graph. The figures for 2009 are part year data only.

<sup>48</sup> Dubourg, R.S. and Prichard, S. (Eds). (unpublished) *Organised crime: revenues, economic and social costs, and criminal assets available for seizure*. These figures are from 2003/04

<sup>49</sup> Ibid

<sup>50</sup> [www.ec.europa.eu/justice\\_home/fsj/crime/firearms/fsj\\_crime\\_firearms\\_en.htm](http://www.ec.europa.eu/justice_home/fsj/crime/firearms/fsj_crime_firearms_en.htm)

<sup>51</sup> May 2009 Police Organised Crime Group

Mapping survey results

<sup>52</sup> Dubourg, R. & Hamed, J. (2005) *Estimates of the economic and social costs of crime in England and Wales: Costs of crime against individuals and households, 2003/04*. London: Home Office.

<sup>53</sup> HMRC (2008), *Measuring Indirect Tax Gaps*

<sup>54</sup> Dubourg & Hamed 2005

<sup>55</sup> Building Britain's Future (2009)

<sup>56</sup> ACPO Organised Crime Group Mapping, 2009

<sup>57</sup> Full list of Control Strategy Programme Boards:

- 1/2: Organised criminals, their business structures and logistics
- 3: Lifetime management of organised criminals and prisons programme
- 4: Criminal finances and profits
- 5: Firearms
- 6: UK Borders
- 7: Technology-enabled crime
- 8: The 'upstream' heroin trade
- 9: The 'upstream' cocaine trade
- 10: Drug trafficking from the EU to the UK, including synthetic drugs
- 11: The illegal drugs trade in the UK
- 12/13: Organised Immigration Crime source countries and nexus points
- 14/15: Organised Immigration Crime into, within and out of the UK, including the exploitation of migrants in the UK
- 16: Non-fiscal fraud
- 17: Identity fraud and counterfeiting (including intellectual property crime)
- 18/19: Other and emerging threats
- 20: Fiscal fraud

<sup>58</sup> All the relevant agency heads are either members of NSID or will be able to attend relevant meetings.

<sup>59</sup> Fraud Review, Attorney General's Office, 2006

<sup>60</sup> A SOCA system that routinely monitors persons of interest with the aim of identifying opportunities for intervention.

<sup>61</sup> World Federation of United Nations Associations (2007), *State of the Future Report*

<sup>62</sup> National Security Strategy Update: Security for the Next Generation (2009)

<sup>63</sup> For example, Colombian drug cartels have transformed Guinea-Bissau, the world's 5th poorest nation, into a transit hub for the cocaine trade out of Latin America and into Europe and the UK.

<sup>64</sup> Piracy 'on the rise' off Somalia [<http://news.bbc.co.uk/1/hi/world/africa/4415196.stm>] 8 Nov 2005

<sup>65</sup> National Security Strategy Update: Security for the Next Generation (2009)

<sup>66</sup> SOCA, UKBA, HMRC and CPS

<sup>67</sup> EUROPOL is an agency of the *European Union* (EU) which aims to improve law enforcement co-operation in preventing and combating terrorism, unlawful drug trafficking and other serious forms of international organised crime

<sup>68</sup> EUROJUST is an agency of the EU charged with improving judicial co-operation.

<sup>69</sup> SOCA 2009

<sup>70</sup> SOCA and Forensic Science Service 2009

<sup>71</sup> UKBA 2009

<sup>72</sup> Department for International Development (2009) *Building our common future*, London: DFID. Together with colleagues across Government, DFID are committed to support developing countries to recover stolen assets. A DFID-funded unit in the Metropolitan Police, working with SOCA, has frozen £130 million in under 3 years. DFID will also be providing a further £10 million over the next four years to pursue the proceeds of corruption including new funding for the Crown Prosecution Service.

<sup>73</sup> The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

<sup>74</sup> In accordance with the Regulation of Investigatory Powers Act, 2000

<sup>75</sup> Use of Queen's Evidence gives a reduced sentence in exchange for evidence. Immunity agreements give a guarantee that an offender will not be prosecuted for a specific offence in exchange for evidence. Restricted use agreements give a guarantee that evidence will not be used against the person giving that evidence.

<sup>76</sup> ACPO Organised Crime Group Mapping, 2009

<sup>77</sup> In a *lead force model* one force within a region assumes lead operational responsibility for serious organised crime and other forces divert resources to this lead force. In a *dedicated regional unit model* a dedicated specialist resource is set up in region with a remit to tackle serious organised crime. In a *taskforce capability* forces come together to set up teams dedicated to investigating a particular organised criminal group and/or individual.

<sup>78</sup> Published in May 2008

<sup>79</sup> Body Orifice Security Scanner chair – a highly sensitive metal detector used in place of body cavity searches

<sup>80</sup> To protect prisoners' rights, their correspondence with legal advisers may not be opened without a strong, intelligence-based reason.

<sup>81</sup> Jacobs, J.B., Friel, C., Radick, R. (1999) *Gotham Unbound: How New York was Liberated from the Grip of Organized Crime*, New York: New York University Press.

<sup>82</sup> BIBOB is an acronym for *Bevordering Integere Besluitvorming Overheidsbeslissingen* (Law for the promotion of integrity assessments by the Public Administration).

<sup>83</sup> Crime and Disorder Reduction Partnerships (England) and Community Safety Partnerships (Wales)

<sup>84</sup> ACPO Organised Crime Group Mapping, 2009

<sup>85</sup> Joint Asset Recovery Database – the national database used to record information throughout the asset recovery process

<sup>86</sup> Ibid

<sup>87</sup> Ibid

<sup>88</sup> HMRC 2009

<sup>89</sup> SOCA 2009

<sup>90</sup> Ibid

<sup>91</sup> Matrix Knowledge Group (2007), *The illicit drug trade in the United Kingdom. Home Office Online Report 20/07 (2nd edition)*. London: Home Office

<sup>92</sup> POCA allows for the freezing and recovery of the UK based assets, and the asset of international organised criminals could be targeted more than they are currently

<sup>93</sup> Under national laws, the US can block property, and interests in property, which is owned or controlled by significant foreign narcotics traffickers.

<sup>94</sup> Levi and Burrows (2008) *Measuring the Impact of Fraud in the UK, The British Journal of Criminology*, 48:293-318, adjusted for estimated proportions of fraud committed by serious organised criminals

<sup>95</sup> The UK trade association for payments and institutions delivering payment services to customers.

<sup>96</sup> Based on UKCA (APACS) estimate that each compromised account costs the financial sector an average of £500.

<sup>97</sup> The three principal areas of threat from identity crime are criminal production and use of false identity documents; criminal access to and use of genuine identity documents; and the development of an online criminal market in personal data

<sup>98</sup> Identity and Passport Service 2009

<sup>99</sup> Fraud Review, Attorney General's Office, 2006

<sup>100</sup> Godfrey et al (2006), for England and Audit Scotland 2009 for Scotland

<sup>101</sup> Levi and Burrows 2008, adjusted for estimated proportions of fraud committed by serious organised criminals

<sup>102</sup> HMRC 2008

<sup>103</sup> Dubourg & Pritchard (not published)

<sup>104</sup> Ibid

<sup>105</sup> Ibid

<sup>106</sup> Dubourg & Hamed 2005

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