



Home Office

Exploring the Role of the Financial Investigator Report

Home Office Research Report 104

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Glossary

Term	Abbreviation	Definition
Asset recovery		The process of seizing and confiscating assets acquired by individuals as a result of crime, such as cash, property, vehicles and high-value goods
Account monitoring order		A court order that requires a financial institution to provide information on an account for a specified period, up to 90 days, in the manner and at or by the times specified in the order
Asset Recovery Incentivisation Scheme	ARIS	Divides assets recovered under the Proceeds of Crime Act 2002 between operational agencies and the Home Office
Boiler room fraud		Involves bogus stockbrokers, usually based overseas, cold calling people to pressure them into buying shares that promise high returns. In reality, the shares are either worthless or non-existent.
Civil recovery		A means of removing the proceeds of crime where a criminal conviction through the civil courts is not possible. It requires that on a balance of probabilities that the asset in question is the result of criminal activity
Companies House		An executive agency responsible for incorporating and dissolving limited companies, registering company information and making it available to the public
Confiscation		A means of removing the proceeds of crime following a criminal conviction
Continuing professional development	CPD	The learning activities professionals engage in to develop and enhance their abilities
Crown Prosecution Service	CPS	A non-ministerial department responsible for prosecuting criminal cases investigated by the police and other investigative authorities in England and Wales
Criminal Finances Act 2017		An Act giving law enforcement agencies and partners further capabilities and powers to recover the proceeds of crime, tackle money laundering, tax evasion and corruption, and combat the financing of terrorism
Cryptocurrency		A decentralised digital currency, generally operated via a peer-to-peer network, independent of any central authority or bank
Customer information order		A court order requiring a financial institution covered by the application to provide any "customer information" it has relating to the person specified in the application on receipt of a written notice from an appropriate officer asking for that information
Economic crime		Includes fraud, bribery, corruption and money laundering
Financial investigation		An investigative discipline concerned with exploring the finances that relate to criminal activity
Financial investigator	FI	The main practitioners of financial investigation
Financial Investigation Support System	FISS	A system administered by the Proceeds of Crime Centre which provides resources and tools to, and acts as the professional register for, financial investigators
Her Majesty's Revenue and	HMRC	The UK's tax, payments and customs authority

Term	Abbreviation	Definition
Customs		
Home Office	HO	The lead government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police
Joint Asset Recovery Database	JARD	A central database for all information relating to the seizure of the proceeds of crime
Keith Hughes Award		Recognises excellence in financial investigation and open to all accredited FIs and prosecutors using the Proceeds of Crime Act 2002 in the UK, excluding Scotland; established in memory of DC Keith Hughes, an FI with the former National Crime Squad
Land Registry		A non-ministerial department responsible for registering ownership of land and property in England and Wales
money.web/ARENA		Search and analysis tools for end-users of Suspicious Activity Reports
National Crime Agency	NCA	The law enforcement agency responsible for leading the UK's fight to cut serious and organised crime
Pre-order enquiries		Liaising with organisations in the regulated sector to establish whether they have information relevant to an investigation, without the use of court orders
Police and Criminal Evidence Act 1984	PACE	An Act setting out a legislative framework for the powers of police officers in England and Wales. It provides codes of practice to regulate police powers and protect public rights
Police National Computer	PNC	A national database of information available to all police forces and law enforcement agencies throughout England, Scotland, Wales, Northern Ireland, the Isle of Man, the Channel Islands and the British Transport Police. This information includes personal descriptions, information about convictions and wanted or missing reports
Proceeds of Crime Act 2002	POCA	An Act setting out the legislative scheme for the recovery of criminal assets
Proceeds of Crime Centre	PoCC	The body which accredits and monitors the performance of all financial investigators in England, Wales and Northern Ireland. The Centre also provides training in financial investigation, asset recovery and the operation of the Proceeds of Crime Act 2002, the legislation which underpins these activities
Production order		A court order which may be made and served on any person or institution, for example a financial institution, requiring the production of, or allowing access to, material within the time period specified in the order
Regional Asset Recovery Team	RART	A multi-force and multi-agency team that uses financial investigation skills, techniques and legislation in order to enhance the quality of investigations into organised crime, disrupt organised criminality, remove criminals' assets, protect communities and build public trust and confidence in the criminal justice system
Restraint order		A court order to prevent an individual suspected of involvement in, or association with serious criminality from dealing with realisable property
Serious Crime Act 2015		An Act giving effect to a number of proposals set out in the <i>Serious and Organised Crime Strategy</i> (Home Office, 2013)

Term	Abbreviation	Definition
Serious Crime Prevention Order	SCPO	A civil order to prevent or deter serious crime. The restrictions that an SCPO can include are wide-ranging and can include restrictions on: <ul style="list-style-type: none"> • Communications devices such as mobile phones • Conducting specific types of business bank accounts • Associating with criminal associates • Geographic restrictions
Snowball sampling		A non-random sampling method which involves primary data sources nominating another potential primary data sources to be used in the research.
Suspicious Activity Reports	SARs	A piece of information which alerts law enforcement that certain client/customer activity is in some way suspicious and might indicate money laundering or terrorist financing
Unexplained wealth order		A court order requiring an individual or company to explain the origin of assets in cases where their assets appear to be disproportionate to their known income and if they are suspected of involvement in, or association with serious criminality

Executive summary

Financial investigation is an investigative discipline concerned with exploring the finances that relate to criminal activity (Financial Action Task Force, 2012). This research sought to broaden the evidence base for the use of financial investigation by exploring how it is used and how it can benefit criminal investigations.

Semi-structured interviews were conducted with 15 financial investigators (FIs) and four non-FIs, who were a mixture of warranted police, customs and immigration officers and civilians drawn from a range of different public sector organisations. The interviews were analysed using thematic analysis.

The findings indicate that financial investigation is an important tool for the disruption of serious and organised crime. However, they also illustrate that there is a need to address the challenges facing financial investigation in order to ensure it can be used to maximum effect during criminal investigations. Recommendations are suggested to address these challenges.

Summary of key findings and recommendations

<p>Financial investigation was perceived as impactful by both the FIs and the non-FIs.</p>	<p>Findings:</p> <p>The FIs believed that their work had impact by: providing value for money; extending the scope of criminal investigations; protecting the communities in which they worked; and disrupting future criminal activity.</p> <p>The non-FIs also believed that financial investigation was very impactful, for similar reasons. They reported that it was more challenging to use in investigations where offenders had fewer assets.</p> <p>Recommendations:</p> <p>Publicise positive outcomes that result from the use of financial investigation during criminal investigations.</p> <p>Consider conducting research to quantify the impact of financial investigation.</p>
<p>The FIs supported a wide range of criminal investigations, while mainly investigating economic crime and undertaking asset recovery.</p>	<p>Findings:</p> <p>The FIs reported supporting a wide range of investigations including of drugs offences, sex offences and human trafficking.</p> <p>The focus on investigating economic crime and undertaking asset recovery seemed to arise from their clear links with financial investigation. These links are more obvious than for non-economic crime.</p> <p>The FIs perceived a tension between contributing to investigations of non-economic crime and maintaining their accreditation.</p> <p>Recommendations:</p> <p>Continue to communicate the value that financial investigation can add when used during investigations of non-economic crime.</p> <p>Create and disseminate guidance for FIs and those who manage them, explaining how FIs maintain their accreditation.</p>

Collaboration with key partners was identified by the FIs as a challenge, although the use and understanding of financial investigation was identified as having improved over time.

Findings:

The FIs reported that there was a lack of understanding of financial investigation among key partners: non-FI colleagues in their organisations as well as external partners in the criminal justice system (such as judges, barristers and representatives of the Crown Prosecution Service) and other organisations.

The FIs perceived this lack of understanding to have a detrimental effect on the success and efficiency of their investigations.

The FIs thought that offering training input to key partners and better integrating FIs with the investigative teams they assisted would help to build a better understanding of financial investigation.

Recommendations:

Ensure that FIs, their managers and the key partners they work with receive guidance as to the appropriate use of financial investigation during criminal investigations.

Consider where to locate FIs to ensure that they can build relationships and understanding of financial investigation among non-FI colleagues.

Provide training on the use of financial investigation to key partners: non-FI colleagues as well as external partners in the criminal justice system (such as judges, barristers and representatives of the CPS) and other organisations.

Encourage information sharing on national systems such as the Joint Asset Recovery Database (JARD), to reduce duplication of work and to promote collaboration.

The FIs successfully carried out most of their investigations using a small set of tools.

Findings:

The FIs reported that their most commonly used tools were production orders, credit reference checks and Suspicious Activity Reports (SARs).

There were some systemic influences on tool use, including: those with oversight being unwilling to sanction the use of particular tools; expense of accessing or using particular tools; and concerns about intelligence quality.

The FIs reported limited use of powers from the Serious Crime Act 2015.¹ This may be partly due to the way that it amended more widely-used existing powers.

Recommendations:

Ensure that the legislation, training and technology available to FIs reflect the evolving threat from serious and organised crime.

Improve the mentoring system for FIs, making use of existing good practice to create a system which FIs feel benefits their professional development.

¹ The Criminal Finances Act 2017 was outside the scope of this research, as it had not been fully implemented when the research was conducted.

1. Introduction

This section outlines the background to the research. It includes a description of financial investigation, summarises previous research and outlines the research questions and methodology used.

Summary

- Financial investigation is an investigative discipline that provides an important tool for the disruption of serious and organised crime.
 - Financial investigation can support all stages of a criminal investigation. It can be used to assist with the gathering of intelligence and evidence, to add charges at the indictment and to remove criminal assets following conviction.
 - Historically, financial investigation has mainly been used to support investigations of economic crime and to undertake asset recovery.
 - This research sought to broaden the evidence base for the use of financial investigation by exploring how it is used and how it can benefit criminal investigations.

1.1. What is financial investigation?

Financial investigation is an investigative discipline concerned with exploring the finances that relate to criminal activity (Financial Action Task Force, 2012). It provides an important tool for the disruption of serious and organised crime (ECORYS, 2015) and can be used to (Financial Action Task Force):



Develop evidence which can be used in criminal proceedings



Identify and trace the proceeds of crime



Identify the extent of criminal networks and/or the scale of criminality

Although it is not necessary to be an FI to make use of financial investigative tools (College of Policing, n.d.), FIs are the main practitioners of financial investigation. The Proceeds of Crime Centre (PoCC), which is part of the National Crime Agency (NCA), is responsible for training, monitoring and accrediting FIs in England, Wales and Northern Ireland (Chave, 2017).

The Proceeds of Crime Act 2002 (POCA)² is the primary legislation used in financial investigation. POCA was created with the aim of removing assets from criminals, recovering the proceeds of crime and deterring and disrupting criminality.³ It confers a range of

² Available at <http://www.legislation.gov.uk/ukpga/2002/29> [accessed 27/09/2018]

³ Written evidence submitted by the Home Office to the Home Affairs Select Committee as part of the Proceeds of Crime Inquiry 2015. Retrieved from <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/home-affairs-committee/proceeds-of-crime/written/29812.html> [accessed 27/09/2018]

investigative powers as well as powers to restrain⁴ and confiscate criminal assets, via criminal confiscation, civil recovery, cash forfeiture and criminal taxation.⁵

Additions to the financial investigation powers available in POCA are provided by the Policing and Crime Act 2009,⁶ Crime and Courts Act 2013,⁷ Serious Crime Act 2015⁸ and the Criminal Finances Act 2017.⁹ Further powers for financial investigation are provided by legislation including the Misuse of Drugs Act 1971¹⁰ and the Terrorism Act 2000.¹¹

Although POCA is concerned with the removal of criminal assets, financial investigation can, and should, be used for more than asset recovery (College of Policing, n.d.). It can be used to assist with the gathering of intelligence and evidence, to add charges at the indictment as well as to remove criminal assets following conviction (Wood, 2017). Because of the profit-motivated nature of much crime, particularly serious and organised crime (NCA, 2018), an FI can exploit relevant financial audit trails in order to provide evidence of criminality. Financial investigation can also support criminal investigations by adding to the intelligence picture. For instance, it can be used to establish the identity, lifestyle and movements of offenders, co-conspirators and victims (Wood, 2017).

This means that it can benefit the investigation of crimes which are not generally profit-motivated (e.g. murders or missing persons), as well as profit-motivated crime. Indeed, previous research has found that FIs undertake investigations in support of a wide range of criminal investigations including those of missing persons, murders, human trafficking, firearms, sex offences, drugs offences, and economic crimes such as fraud, as well as asset recovery (Brown *et al.*, 2012 and Howell *et al.*, 2013).

Not only can financial investigation be used to benefit a wide range of criminal investigations, it has also been noted as a cost-effective means of doing so (College of Policing, n.d.). This is because it provides a less resource-intensive means of gathering intelligence and evidence. For instance, offenders' movements can be determined by examining financial data, rather than using mobile surveillance (ECORYS, 2015) which can be more costly (Wood, 2017).

In recognition of the value that financial investigation can add to a wide range of criminal investigations, the government's 2011 *Serious and Organised Crime Strategy* committed to "mainstream the use of financial investigation" in order to tackle serious and organised crime (Home Office, 2011). The 2018 *Serious and Organised Crime Strategy* (Home Office, 2018b) has recommitted to increasing the use of financial investigation in recognition of the impact it can have in disrupting serious and organised crime.

However, previous research has concluded that financial investigation is not core to investigative practice (Wood, 2017). It has found that there is widespread misunderstanding of

⁴ Available at <http://www.legislation.gov.uk/ukpga/2002/29/contents>. See Parts 2, 3 and 4 of the Act, which apply to England and Wales, Scotland and Northern Ireland respectively [accessed 27/09/2018]

⁵ Available at <http://www.legislation.gov.uk/ukpga/2002/29/contents>. See Part 5 of the Act, which applies to the UK [accessed 27/09/2018]

⁶ Available at <https://www.legislation.gov.uk/ukpga/2009/26/contents> [accessed 27/09/2018]

⁷ Available at <http://www.legislation.gov.uk/ukpga/2013/22/contents> [accessed 27/09/2018]

⁸ Available at <http://www.legislation.gov.uk/ukpga/2015/9/contents> [accessed 27/09/2018]

⁹ Available at <http://www.legislation.gov.uk/ukpga/2017/22/contents> [accessed 27/09/2018]

¹⁰ Available at <http://www.legislation.gov.uk/ukpga/1971/38/contents> [accessed 27/09/2018]

¹¹ Available at <http://www.legislation.gov.uk/ukpga/2000/11/contents> [accessed 27/09/2018]

what financial investigation is and when, and how, it should be applied (ECORYS, 2015). FIs were found to spend the majority of their time supporting investigations of economic crime or undertaking asset recovery, with comparatively little time spent supporting investigations of non-economic crime (Brown *et al.*, 2012). This is despite the same research finding evidence for a range of benefits associated with the use of financial investigation to support investigations of non-economic crime. Financial investigation remains underused, despite its potential to be used across a wide range of criminal investigations to aid the disruption of serious and organised crime.

1.2. The need for the current research

There is a general lack of research examining specialist investigative approaches (Brown *et al.*, 2012) and financial investigation is no exception (Wood, 2017). The role that financial investigation can play in the disruption of serious and organised crime has been identified as an evidence gap by previous research (*ibid*).

Where relevant research does exist, it has often been narrow in scope, addressing one issue such as asset recovery (e.g. Bullock, 2010), or focusing on one group of FIs such as those who work for the police (e.g. Wood, 2017). The current research sought to broaden the evidence base for the use of financial investigation by exploring how financial investigation is used and how it can benefit criminal investigations, and addressing some identified evidence gaps in the existing research literature as follows.

The current research examined the remit of FIs beyond asset recovery, enquiring into how financial investigation benefits the investigation of economic and non-economic crime. It also examined the use of financial investigation by the police, other law enforcement agencies, and local authorities, highlighting the similarities and differences where appropriate. Due to the different remits of local authorities and law enforcement agencies regarding the investigation and prosecution of crimes,¹² it might be expected that the role of the FI would differ in these two types of organisation – however, this has never been addressed in research. Furthermore, it details the tools and powers commonly used by FIs, including those conferred by recent legislation such as the Serious Crime Act 2015.¹³

It also examined financial investigation from the perspective of individuals who were not FIs, but had previous experience of working with FIs. This enabled further insight to be gained into the practices and experiences of FIs by providing evidence for some of the decision-making around the use of financial investigation. It also allowed a comparison to be drawn between the views of FIs ‘on the ground’ and those who oversee their work.

¹² S.222 of the Local Government Act 1972 gives local authorities the power to prosecute only where they consider it expedient for the promotion or protection of the interests of the inhabitants of their area.

¹³ The Criminal Finances Act 2017 was outside the scope of this research as it had not been fully implemented when the research was conducted.

1.3. Research questions

The research aimed to answer the following questions:

When and why is financial investigation used in a criminal investigation?

What are the types of criminal investigation where financial investigation has been used? What were the outcomes? What was the perceived impact?

What are the perceptions of financial investigation among those with whom FIs work?

What tools are used by FIs, and how do they select tools for use in their investigations?

1.4. Methodology

Semi-structured interviews were conducted with FIs and non-FIs. A snowball sampling method was used, starting with known individuals from a range of public sector organisations, including local police forces, regional and national law enforcement agencies, and local authorities.

The interviews were conducted over the telephone by Home Office (HO) analysts. Interviews with the FIs lasted approximately 45 minutes and explored their current role, most commonly used tools, examples of investigations that they had worked on recently, perceptions of financial investigation in their organisation, and good practice in financial investigation.

Interviews with the non-FIs lasted approximately 30 minutes and explored when, why and how financial investigation was used in their organisation as well as examples of investigations where financial investigation had been used and any perceived benefits or disadvantages of its use. All the non-FIs interviewed had experience of working with FIs, in a range of roles including as investigating officers on teams who tasked FIs or as managers of teams that included FIs.

Sampling and interviewing continued until saturation point was reached regarding the emergence of new information about how financial investigation is used and how it can benefit criminal investigations. This approach yielded a sample of 19 interviewees (15 FIs and four non-FIs). They were a mixture of warranted police, customs and immigrations officers and civilians, drawn from a range of public sector organisations.

The interviews were transcribed by HO analysts and analysed using thematic analysis, following Braun and Clarke's approach (Braun & Clarke, 2006). This meant that the rich and detailed data which were collected during the interviews were structured in a framework where the categories were allowed to emerge from the responses given by the interviewees about their experiences.

The findings in this report have been presented under these emergent themes. Quotes and case studies have been used throughout to give examples of the use and impact of financial investigation. Examples of innovative practice are also highlighted throughout the text.

Ethical principles were adhered to throughout this research; informed consent was obtained from all interviewees, findings were anonymised and personal data kept confidential.

1.5. Limitations

Every effort was made in order to ensure the current research was robust. The sample contained a breadth of experience, as the interviewees were drawn from a broad range of public sector organisations that make use of financial investigation. As above, sampling and interviewing continued until saturation point had been reached regarding the emergence of new information about how financial investigation is used and how it can benefit criminal investigations. Rich and detailed data were therefore collected about the use and benefits of financial investigation.

However, the current research does have the following limitations:

- Interviewees' responses reflect their own personal perceptions and experiences of financial investigation only. It is not necessarily possible to draw overarching conclusions from these about the discipline as a whole.
- It was not possible to verify whether the interviewees' remarks reflect the views of others working in their organisation.
- Despite drawing a sample of FIs from a range of organisations and locations across England and Wales, it is not possible to determine the extent to which the findings are representative of the experiences of all FIs across England and Wales.
- The sample of non-FIs was particularly small. These findings should be interpreted with additional caution as it is not possible to determine the extent to which the findings are representative of the experiences of all non-FIs across England and Wales.
- It was not possible to independently verify all the details of the investigations described by the interviewees. The accuracy of these responses relied on their accurate recall.
- The use of a snowball sampling method could mean that the sample was influenced by the initial contacts.

2. Perceived impact

This section discusses the FIs' and the non-FIs' perceptions of the impact of the use of financial investigation during criminal investigations.

Summary

- Financial investigation was perceived as impactful by both the FIs and the non-FIs.
 - The FIs believed that their work had impact by providing value for money, extending the scope of criminal investigations, protecting the communities in which they worked, and disrupting future criminal activity.
 - The non-FIs also believed that financial investigation was very impactful, for similar reasons. They reported that it was more challenging to use in investigations where offenders had fewer assets.

All the FIs reported that using financial investigation during criminal investigations was impactful, and delivered considerable benefit. They believed that the investigations that they had been involved in would not have been as successful, or in some instances would not have been able to proceed at all, without the use of financial investigation. Their assertions about the beneficial impact of financial investigation when used during criminal investigations were supported by the non-FIs, who also perceived financial investigation as very impactful.

The non-FIs acknowledged, though, that sometimes it was more challenging to use financial investigation – in particular, when investigating offenders who had fewer assets (such as young offenders involved in violence or low level drug offences). In these instances, the offenders' lack of assets placed limits on the intelligence that could be generated by a financial investigation and used to proactively inform a criminal investigation.

However, the non-FIs did also mention the useful contribution of FIs in these investigations with regards to providing evidence that offenders' lifestyles were funded using the proceeds of crime. This would be used to inform confiscation proceedings. This indicates that there is a need to manage the expectations of what FIs can contribute to the investigation of different types of crime, and of different offenders; this is discussed further in Section 4.1. 'Collaboration with colleagues'.

2.1. Value for money

FIs' asset recovery activities bring money into their organisations and the public purse through the Asset Recovery Incentivisation Scheme (ARIS).¹⁴ Use of ARIS funds is entirely decided by the receiving agency, which is considered a key part of incentivisation; it is most often used to fund future asset recovery work (Home Office, 2018a).

¹⁴ Broadly, ARIS divides recovered assets between operational agencies and the Home Office on a 50/50 basis.

Several of the FIs mentioned the value for money of their work in these terms. A few of the FIs referenced specific confiscation amounts when describing investigations they had contributed to and a couple described 'paying for themselves', in that the money brought in through ARIS as a result of their investigations was perceived to cover their salary.

Case Study: Undertaking an innovative asset recovery

An individual who sold kitchens fraudulently over the internet left the country when a warrant for their arrest was issued. All of their assets were restrained and other individuals were prosecuted in relation to the offence. Section 28 of POCA (which allows the court to pursue a confiscation in the absence of a criminal conviction, when the offender has absconded for two years) was used to initiate confiscation proceedings. Some of the restrained assets were realised, but one property burned down before it could be sold. The FIs were able to sell some of the steel from the site of the fire to meet some of the confiscation order. As a result of this, £170,000 worth of assets were realised.

However, ARIS funding was not the only means by which FIs perceived their work to deliver value for money. Financial investigative techniques can be a more efficient, and thereby cost-effective, means of gathering evidence than traditional investigative techniques. For instance, if an investigative team wishes to locate an individual, or gather evidence about their lifestyle in order to demonstrate criminality, asking an FI to provide this intelligence using financial data was reported by both the FIs and the non-FIs to be more cost-effective than deploying mobile surveillance. This was because it could be done more quickly and as an office-based activity.

"If you look at putting a surveillance team on an individual, 15 grand a day to put a surveillance team out? Rough, ball park figure. If you just want to have a lifestyle of that person, the FI can do that by speaking to the bank, can tell you they're always at that gym at 6 o'clock, they always go shopping on a Monday to that location, they always drink their coffee in that place at that time, you don't need a surveillance team so you've saved yourself 15 grand."

Financial investigator

Several of the FIs gave examples of investigations where they thought this benefit of using financial investigation, also noted in previous research (e.g. Wood, 2017), had been demonstrated. Indeed, it was reported that using financial investigative techniques in place of traditional investigative techniques had sometimes not only been a cost-effective way of gathering evidence, but delivered outcomes that traditional investigative techniques, such as the use of mobile surveillance, had been unable to.

Case Study: Providing key evidence in a kidnapping investigation

During a kidnapping investigation, where a parent had taken their children in contradiction of a court order, the investigating team believed that they knew the location of the children. They were planning to send officers there; however, a financial investigation revealed that the parent had recently bought groceries with a credit card in another location that was miles away. The officers therefore attended that location and were able to prevent the children being taken abroad. Without financial investigation revealing their true location, the officers might not have reached the children in time to stop them being taken out of the country.

Another way in which the use of financial investigation was perceived by the FIs and the non-FIs to provide value for money was by identifying key evidence early on in the investigation. This reduced the overall length of the investigation, thereby providing savings in terms of staff time and other associated investigative costs. This benefit of financial investigation has also been noted in previous research (Howell *et al.*, 2013).

2.2. Extending the scope of the criminal investigation

The FIs reported a number of ways in which their work could extend the scope of criminal investigations: by leading to the addition of money laundering charges at the indictment; through the discovery of additional offences and offenders; and by making the entry of guilty pleas at trial more likely.

The FIs perceived the addition of money laundering charges to charges for the predicate offence as impactful in two ways. Firstly, it provided an opportunity to obtain convictions even if charges for predicate offences were not upheld during the prosecution. Secondly, it added to the disruption of offenders by increasing their punishment if they were convicted of money laundering in addition to the predicate offence.

Most of the non-FIs shared this perception of the impact of financial investigation. They gave examples of criminal investigations where a predicate offence could not be identified but the use of financial investigation, in the course of the wider criminal investigation, to examine unexplained transactions in suspects' bank accounts provided evidence to support standalone money laundering charges.

The success of this approach meant that one of the non-FIs now asked for financial evidence to be gathered to support money laundering charges as standard during investigations, to increase the likelihood of a conviction.

Case study: Adding additional charges of money laundering

Drugs and a firearm were seized during a raid on a property. Two individuals were arrested in conjunction with this seizure, one of whom admitted owning the firearm and the other who admitted possession of the drugs. This ‘splitting’ of the charges meant that both individuals avoided substantial punishment. However, when production orders were obtained, it was found that there were considerable cash deposits going into their bank accounts. In addition, there were high-value items at the property which had no corresponding payment going out of either bank account. This was believed to indicate money laundering. They were subsequently charged with money laundering to which they pled guilty. A £50,000 confiscation order was then made in respect of the high-value items, which had been purchased with the proceeds of crime.

Previous research has noted that this particular benefit of the use of financial investigation is not always fully realised; noting, for instance, that the Crown Prosecution Service (CPS) is not always willing to bring standalone money laundering charges (Chave, 2017). Additionally, previous research has found that offenders are sometimes able to exploit the willingness of the prosecution to negotiate with defence counsel in order to reduce court time. They may thereby avoid the additional custodial sentences and/or confiscation orders that can be the outcome of bringing money laundering charges (Sittlington & Harvey, 2018).

By educating partners from the criminal justice system including judges, barristers and representatives of the CPS, it might be possible to reduce this occurrence and ensure that financial investigation is as impactful as possible (see Section 4.23 ‘Building knowledge among key partners’ for the relevant recommendation).

The FIs also reported that their investigative work allowed the true extent of criminality to be uncovered. They reported that this often went beyond what was observed without the addition of financial intelligence. For instance, a few of the FIs described investigations where offenders were found to be engaged in criminal activity to a far greater extent than other intelligence suggested.

Case study: Uncovering the true extent of criminality

An FI was investigating what seemed to be a small-scale counterfeiting operation. They obtained production orders and liaised with the Joint Money Laundering Intelligence Taskforce (JMLIT) to get further information.

The offender had over 50 bank accounts and over 100 PayPal accounts, into which the proceeds of crime from selling counterfeit items was being paid from six Amazon accounts. They received a custodial sentence and confiscation is being pursued. Without the financial investigation discovering the true extent of the counterfeiting operation, they would have only received a fine.

Around half of the FIs also reported that they often discovered additional offenders who were either culpable for the predicate offence, or for money laundering linked to the predicate offence during the course of their investigations. They perceived such discoveries to be

beneficial in aiding the disruption of crime, by ensuring that the additional offenders were prosecuted and prevented from continuing their criminal conduct.

A few of the non-FIs believed that this discouraged offenders from exploiting family members not involved in their criminality for money laundering purposes, hence also serving a protective purpose. This is corroborated by previous research (Sittlington & Harvey, 2018).

Case study: Discovering a professional enabler

A financial advisor, who had sold a drug dealer a mortgage, appeared to have no assets to their name – despite living in a high-value property and earning a large salary. This seemed suspicious to the investigating FI, so they made some further enquiries.

The financial advisor had opened fraudulent bank accounts, trusts and offshore accounts in family members' names without permission and owned 13 properties in London. They had laundered millions of pounds. They were convicted of money laundering and fraud, and a confiscation order was made for over £4 million.

2.3. Disrupting future criminal activity

Most of the FIs reported that financial investigation contributed to the disruption of future criminal activity: that of those brought to justice as a result of their work, and others in their wider criminal networks.

The FIs believed that offenders see prison as an 'occupational hazard' and that the threat or experience of a custodial sentence hence does not deter them from criminal activity. The removal of offenders' assets was perceived to be more emotionally affecting and therefore more effective in deterring them from undertaking future criminal activity.

Previous research, involving interviews with ex-offenders as well as FIs and others working in the criminal justice system, has also found that asset recovery was a greater deterrent against future criminal activity than custodial sentences (Sittlington & Harvey, 2018). However, no research has yet examined whether asset recovery reduces future criminal activity in quantitative terms (for instance, by analysing the ongoing offending behaviours of those who have been subject to a confiscation order). This would be a productive avenue for future research.

Asset recovery was also thought to impact wider criminal networks. The FIs reported that, although a single individual in a criminal network could be quickly replaced, the removal of assets would impact its operation more substantially.

However, as discussed in Section 2.2 'Extending the scope of the criminal investigation', previous research has noted that offenders are able to exploit the willingness of the prosecution to negotiate with defence counsel in order to reduce court time. They may thereby avoid being subject to the maximum possible confiscation orders (Sittlington & Harvey, 2018). This means that the full potential disruptive impact of financial investigation may not be being realised.

Again, by educating partners from the criminal justice system including judges, barristers and representatives of the CPS, it might be possible to reduce this occurrence (see Section 3 'Working with external partners' for the relevant recommendation).

Case study: Evidencing the benefits of proactive financial investigation

Cease-and-desist letters were having little effect in closing a brothel; the owners simply moved to new premises and continued their business. An FI suggested conducting a proactive investigation. Using credit reference checks, information from Land Registry and Companies House, and intelligence from the Police National Computer in relation to the known brothel premises, the likely owner was identified. Production orders and account monitoring orders made in relation to the individual's bank account revealed regular payments from prostitutes who were renting the premises. The individual had falsely claimed that bank account was a business account for a street food business.

The financial investigation identified that a high-value vehicle had been financed through this account; this and other assets including the individual's home were restrained. Confiscation is being pursued and the individual has received a custodial sentence. The conviction included two counts of money laundering which were not considered until the FI was brought onto the case.

2.4. Protecting communities

The FIs reported that a downstream benefit to the removal of criminal assets was that further victimisation can be reduced when criminal networks are disrupted. They perceived asset recovery to also serve a protective purpose.

Additionally, an FI who worked for a local police force explained how financial investigation could serve a further protective purpose by providing a tool with which to monitor offenders living in the community, to ensure that they did not return to criminal activity. They described how their force used account monitoring orders to carry out checks on sex offenders living in the community. Previous research has also noted this application of financial investigation – in particular, the potential of financial investigation to contribute to the enforcement of Serious Crime Prevention Orders (SCPOs) (Wood, 2017).

As well as the protective effects of disrupting future criminal activity, the FIs perceived that they further protected the communities that they worked in by returning the proceeds of crime to victims. The processes of the criminal justice system may not always result in compensation for the victims of crime, as compensation cannot occur in the absence of a criminal conviction, which will not happen in all cases. By using civil recovery, it is possible for the proceeds of crime to be returned to victims in the absence of a criminal conviction. A few of the FIs described the pride that they took in this aspect of their work and the protective purpose it was perceived to serve.

Case Study: Compensating victims of crime using civil recovery

Trading Standards received complaints from some tenants who had not received their security deposits back at the end of their tenancy. It emerged that the agent to whom they had paid the money had stolen it, rather than paying it into a deposit protection scheme as they were legally required to do. A restraint order was made with the intention of returning this money to the tenants at the conclusion of the criminal process.

However, the agent refused to plead guilty to indictments naming the victims which meant that the criminal process could not be used to compensate the victims. By pursuing civil recovery, the investigating FI ensured that the tenants still received back the money which had been stolen from them.

Recommendations

- Publicise positive outcomes that result from the use of financial investigation during criminal investigations.
- Consider conducting research to quantify the impact of financial investigation.

3. Investigations, resourcing and accreditation

This section explores the types of criminal investigation that the FIs reported supporting, with particular reference to the division of their work between supporting investigations of economic and non-economic crime. It also explores how this relates to the way in which financial investigation is resourced, as well as the FIs' accreditation.

Summary

- The FIs supported a wide range of criminal investigations, while mainly investigating economic crime and undertaking asset recovery.
 - The FIs reported supporting a range of criminal investigations including drugs offences, sex offences and human trafficking.
 - The focus on investigating economic crime and undertaking asset recovery seemed to arise from their clear links with financial investigation. These links are more obvious than for non-economic crime.
 - The FIs perceived a tension between contributing to investigations of non-economic crime and maintaining their accreditation.

3.1. Types of investigation undertaken

The predominant sources of work for the FIs interviewed were investigations of economic crime and asset recovery.

All the FIs reported that they undertook investigations of economic crime, predominantly of fraud and money laundering. Indeed, the majority of examples provided by the FIs of recent investigations were investigations of economic crime. Furthermore, several of the FIs reported that their role in supporting criminal investigations was specifically to investigate money laundering offences, leaving the investigation of predicate offences to an investigative team of non-FIs. This supports the findings of previous research: that FIs predominantly investigated economic crime (Brown *et al.*, 2012) and that financial investigation capability was largely housed within economic crime units (Wood, 2017).

Additionally, almost half of the FIs said that they had an explicit asset recovery focus to their work. Several of the FIs worked in specialist asset recovery teams or units, whereas others reported that their work predominantly involved restraining and recovering criminal assets. This again supports previous research, which found that financial investigation was frequently used as a tool for locating and recovering assets (Wood, 2017).

Investigations of economic crime, in the form of fraud and money laundering, were also reported by the non-FIs as the predominant source of FIs' work. The FIs' focus on investigating economic crime and undertaking asset recovery seemed to be because the links to financial investigation are clearer for these types of crime than for non-economic crime. It is intuitive that financial data are necessary to demonstrate involvement in economic crime, or to show that

assets are the proceeds of crime and are therefore recoverable under POCA. However, other types of criminal investigation can be informed by a variety of other investigative techniques, without the necessity of using financial evidence to demonstrate criminality.

This is not to say that financial investigation cannot benefit these investigations. The potential impact of financial investigation on investigations of non-economic crime is likely to be considerable, given the numerous perceived benefits of financial investigation that are discussed in more detail in Section 2 'Perceived impact'.

Despite their focus on investigating economic crime and undertaking asset recovery, the FIs reported that financial investigation was equally applicable to the investigation of non-economic crime. Around half of the FIs reported that they undertook investigations of non-economic crime. These investigations were in support of a wide range of criminal investigations including drugs offences, cybercrime, human trafficking, terrorism offences, missing persons, sex offences and theft.

“We’ve done human trafficking where we’ve just got just one person coming in who was suspected of bringing in girls from abroad, prostitution; we’ve done low-level drugs, we’ve done frauds, we’ve done BitCoins [sic], we’ve done cybercrime, malware...we’ve done tax evasion, bit of immigration crime, passport crime, and also missing individuals – if a defendant’s missing we do investigations around them. So we do a wide range.”

Financial investigator

The non-FIs reported that FIs contributed to a similarly wide range of criminal investigations. It appears that the use of financial investigation is not restricted solely to investigations of economic crime. This supports previous research, which found that FIs contribute to a range of criminal investigations (Brown *et al.*, 2012).

Several of the FIs explained the impact of using financial investigation during investigations of non-economic crime. They noted that in addition to financial evidence that can demonstrate involvement in crimes committed to generate a profit, which includes much serious and organised crime (NCA, 2017a), financial investigation can also generate intelligence about offenders, co-conspirators and victims (Wood, 2017). This means it can benefit the investigation of crimes which are not generally profit-motivated (e.g. murders, kidnappings) as well as profit-motivated crimes.

Interestingly, all of the FIs who reported undertaking investigations of non-economic crime worked for law enforcement agencies. None of the FIs who worked for local authorities reported undertaking investigations of non-economic crime. This was likely to be because the investigation of these crimes falls outside of the remit of local authorities.¹⁵ This indicates that although all FIs may be capable of investigating non-economic crime, they may not be required to do so if it falls outside of their organisation’s remit.

Around half of the FIs described steps that they, or those who manage them, were taking to widen the breadth of work that they were undertaking. This was largely being done by

¹⁵ S.222 of the Local Government Act 1972 gives local authorities the power to prosecute only where they consider it expedient for the promotion or protection of the interests of the inhabitants of their area.

improving communication between the FIs and the investigative teams they assisted, to inform them about the impact that the use of financial investigation can have during investigations of non-economic crime.

Innovative practice

Around half of the FIs, and some of the non-FIs who were managers of financial investigation units, described initiatives being implemented in their organisations to improve the breadth of investigations referred to them. In one, FIs are assigned as liaisons to different investigative teams. In another, all investigations being undertaken by the various investigative teams are assessed for the potential to use financial investigation and then an FI assists them in developing relevant financial intelligence. Some organisations also have systems in place to proactively find investigations where financial investigation could add value, by putting flags on internal intelligence systems or setting up automatic alerts on custody records.

This indicates that, encouragingly, organisations which employ FIs are increasingly recognising the impact of the use of financial investigation during a range of criminal investigations, as opposed to investigations of economic crime only.

3.1.1. Change over time

The FIs reported that there had been some change over time in the types of criminal investigation they were supporting. This was perceived to be due to changing organisational priorities and an improving understanding that financial investigation can benefit a wide range of criminal investigations.

Around half of the FIs and the non-FIs who worked for law enforcement agencies reported that changes in organisational priorities were affecting the types of investigation that FIs were undertaking. These changes involved a shift from disrupting drug activity to disrupting other threats including human trafficking, firearms use and serious violence. They reflect the changing threat posed by serious and organised crime (NCA, 2017a).

A few of the non-FIs thought that the changes in the criminal threat meant that financial investigation was sometimes less useful in disrupting the types of serious and organised crime that were organisational priorities. This was because those involved in these offences, particularly those involving firearms and serious violence, tend to be younger offenders with little legitimate income and few assets. This places limits on the intelligence that can be generated by a financial investigation and used to proactively inform a criminal investigation.

However, the non-FIs did also mention the useful contribution of FIs in these investigations with regards to providing evidence that offenders' lifestyles were funded using the proceeds of crime. This would be used to inform confiscation proceedings. This indicates that there is a need to manage the expectations of what FIs can contribute to the investigation of different types of crime, and of different offenders; this is discussed further in Section 4.1. 'Collaboration with colleagues'.

In contrast, the FIs who worked for local authorities did not report that there had been changes in the type of investigations they were undertaking over time. These had remained, for the most part, investigations of economic crime – as might be expected given the remit of local

authorities in investigating and prosecuting crimes.¹⁶ The scale of the investigations was perceived to have changed over time, with greater sums of money involved in the crimes, as criminals involved in economic crime have become more sophisticated in the frauds and money laundering offences they commit (NCA, 2017a).

“The first ever prosecution I did as an investigating officer, back in something like 1994, was for 200 counterfeit t-shirts on a car boot stall. The last case I was involved in as an investigating officer...was in [the] Crown Court and it had an indictment relating to £¼ million worth of fraud.”

Financial investigator for a local authority

Additional developments in the criminal threat that have impacted financial investigation include the increasingly international nature of serious and organised crime, and the rising prevalence of cyber-enabled crime (NCA, 2017a). Both of these changes were reflected on by the FIs.

The increasingly international nature of serious and organised crime was linked by a few of the FIs to a need for more effective international powers and better communication with authorities in other jurisdictions. An example was given of an investigation where the offender was based abroad and operating an online recruitment scam in the UK. The authorities in the offenders’ country of origin were contacted but could not provide support to the investigation. The offender was eventually identified from production orders made in relation to the bank accounts they were using, but it might have been possible to identify them faster if the authorities in the country where the offender was resident had been able to assist.

Previous research has also identified that having to liaise with the relevant authorities overseas can frustrate the progress of financial investigations, due to time-consuming procedures, language and cultural barriers, and lack of co-operation (Brown *et al.*, 2012; Wood, 2017).

Case study: Demonstrating the impact of financial investigation abroad

An elderly person with significant health problems had travelled abroad, and had subsequently become too unwell to identify where they were or how to get home. They were reported missing. As they were outside the UK, the usual tools for locating missing persons could not be used due to differences between the UK system and that of the country they were in. The only tool that could be used was financial investigation. The financial investigator was able to examine the locations where purchases had been made using their bank card to find them. They were subsequently safely returned home.

However, examples were also given of financial investigations in relation to individuals who were abroad which had been extremely effective. This indicates that when the FIs conducting them have the necessary tools and powers, financial investigations in relation to individuals who are abroad can be very impactful.

¹⁶ S.222 of the Local Government Act 1972 gives local authorities the power to prosecute only where they consider it expedient for the promotion or protection of the interests of the inhabitants of their area.

Additionally, a few of the FIs discussed the use of cryptocurrencies and online payment services such as PayPal as being increasingly used by criminals to launder the proceeds of crime. The growing use of online payment methods was not perceived to require much change in investigatory practice for FIs: the FIs reported that similar powers can be exercised under POCA in relation to a PayPal account as in relation to a traditional bank account.

However, greater use of cryptocurrencies may pose problems for the effective use of financial investigation. Their use is predicted to increase due to the perceived anonymity and the speed of cross-border payments they facilitate, making them desirable to organised criminals (NCA, 2017a). It was reported that FIs may not have a good awareness of the properties of cryptocurrencies and their use by criminals. This information has not been included in any pre-reads issued by the PoCC as part of FIs' initial training (Chave, 2017).

Furthermore, as cryptocurrencies can change significantly in value over time,¹⁷ there are practical issues to consider regarding the effect on asset recovery. It will be important to provide relevant guidance and training to FIs in order to ensure that they are able to deal effectively with criminals' use of cryptocurrencies during investigations.

Innovative practice

An individual was convicted of drugs offences and money laundering, and a confiscation order was made. It emerged that the individual owned Bitcoin worth almost £1 million. An application was made to the court under Section 41(7) of POCA (which enables the court to make orders to ensure the realisation of assets) to allow the Bitcoin to be converted into Sterling using Bitcoin exchange. This was granted, and was the first time that these powers had been used for Bitcoin assets. Without this novel use of POCA powers, it would not have been possible to recover this considerable asset, particularly given the volatility of the exchange rate of Bitcoin to Sterling.

3.2. Resourcing

Around half of the FIs reported that financial investigation was under-resourced and reported a decline in numbers of FIs over recent years. Additionally, a decline in the amount of time spent undertaking financial investigations was reported by an FI who worked for a local authority. They said that there was a growing trend of FIs from local authorities being made part-time FIs and part-time investigators, which was attributed to an organisational desire to maximise resource across different investigative disciplines while conserving budget. This FI thought that doing this could be problematic as FIs might not then undertake a necessary amount of financial investigations to maintain a high level in their financial investigative skills.

A similar issue was identified by previous research, where FIs working for law enforcement agencies were asked to undertake work outside of their role as an FI where this was considered an organisational priority (Wood, 2017). This was not mentioned by any of the FIs who worked for law enforcement agencies interviewed as part of the current research, but

¹⁷ There are several different reasons for the volatility of cryptocurrencies. These include negative media coverage, particularly of security breaches and high profile losses, driving the perceptions of investors; their tax treatment; the buying of cryptocurrencies by individuals from countries with unstable currencies/high inflation rates as a safer option, which causes this instability to be injected into the market for the cryptocurrency and the option value they provide to large holders of the currency (Barker, 2017).

does indicate that the financial investigation capabilities of a range of different organisations could be vulnerable when faced with competing demands for resource.

The FIs thought that under-resourcing meant they had less capacity to build non-FI colleagues' understanding of financial investigation, by promoting the impact that financial investigation has and proactively seeking opportunities to use it during criminal investigations. This was believed to reduce their non-FI colleagues' use of financial investigation.

However, the under-resourcing of financial investigation was not mentioned by the non-FIs who were interviewed. Encouragingly, several discussed plans to protect and increase their FI resource. Some reported that the valuable contribution of financial investigation in supporting intelligence gathering during a range of criminal investigations was being recognised across their organisation, and that as a result there were plans to increase their FI resource. They intended to achieve this in a range of ways, including recruiting financial intelligence officers, who could support FIs by undertaking some of the routine aspects of financial investigations. This would increase the available FI resource for more complex aspects of financial investigations.

Other plans included passing on asset recovery investigations to other organisations such as Regional Asset Recovery Teams (RARTs), which would again increase the available FI resource for other aspects of financial investigations. This was identified as particularly useful, due to the lengthiness of the asset recovery process – which a few of the FIs identified as a challenge that prevented them from undertaking subsequent investigations, as proceedings could take years to conclude. Indeed, the National Audit Office found in 2013 that £671 million (46%) of the total outstanding confiscation orders related to orders over five years old (National Audit Office, 2013).

The non-FIs discussed the benefits of these plans: that both FIs and non-FIs could undertake the work that was appropriate given their qualifications and training, and that the efficiency of financial investigations would be improved. The number of financial investigations that could be undertaken would also increase as a result.

3.3. Accreditation

Around half of the FIs reported concerns around maintaining their accreditation. These concerns seemed to be exacerbated by uncertainty around the processes by which their accreditation is maintained.

In order to maintain their accreditation, FIs must make at least one application for an investigative order under Part 8 of POCA each year. Such an application can only be made if an FI is carrying out one of the types of investigation specified in POCA: money laundering, confiscation, civil recovery, exploitation proceeds or detained cash investigations.¹⁸ The types of investigative order available vary for each type of investigation. FIs report the orders that they have made, and submit evidence of this, on the Financial Investigation Support System (FISS). These are then evaluated by staff in the PoCC (Chave, 2017).

An FI could therefore be at risk of losing their accreditation if they undertake investigations that do not require them to make investigative orders under POCA. One of the FIs reported that

¹⁸ Available at <http://www.legislation.gov.uk/ukpga/2002/29>.

different FIs in their organisation were linked to different investigative teams and predominantly supported the criminal investigations that the team was responsible for. Where these are investigations of non-economic crime, the FIs might not make investigative orders using POCA. For instance, one of the FIs reported that their work under POCA was sparse as they undertook predominantly counter-terrorism investigations where they drew their powers from the Terrorism Act 2000¹⁹, supporting this.

It will be important to assess the likelihood of this specialisation resulting in FIs losing their accreditation and, if so, take steps to mitigate it. None of the FIs said that they were aware that any losses of accreditation had occurred. However, as FIs are increasingly supporting investigations of non-economic crime (where not all investigations are likely to require investigative orders to be made under POCA) and given increasing specialisation among FIs to support specific types of criminal investigations, that is not to say that it could not occur in future.

It will also be important to alleviate FIs' uncertainty around how their accreditation is maintained, as a lack of understanding seemed prevalent among the FIs interviewed. Several of the FIs reported misunderstandings as to the process by which they maintain their accreditation. For instance, one of the FIs was concerned that if they did not produce evidence that they had made use of new powers created by legislative additions to POCA, they would have their accreditation revoked. Another of the FIs reported an understanding of the procedure for maintaining their accreditation as a requirement to undertake one money laundering investigation per year.

Having guidance accessible to FIs and those who manage them as to how an FI can maintain their accreditation while undertaking a range of investigations, including those of non-economic crime, would reduce the concerns of FIs and ensure that no FI unwittingly loses their accreditation. It would be important to disseminate this guidance through a range of channels to ensure it reaches both FIs and those who manage them. The PoCC might be best placed to communicate with FIs whereas those who manage them might be best reached through a relevant professional body.

Clarity around how FIs maintain their accreditation will become increasingly important as they support more investigations of non-economic crime, during which they are less likely to be required to make the investigative orders under POCA that are required to maintain their accreditation.

Recommendations

- Continue to communicate the value that financial investigation can add when used during investigations of non-economic crime.
- Create and disseminate guidance for FIs and those who manage them, explaining how FIs maintain their accreditation.

¹⁹ Available at <https://www.legislation.gov.uk/ukpga/2000/11>

4. Collaboration

This section examines how FIs work with key partners. These include non-FI colleagues within their organisation, as well as external partners in the criminal justice system (such as judges, barristers and representatives of the CPS) and other organisations. It explores their perceptions of financial investigation, reasons for their common lack of understanding of financial investigation and initiatives being undertaken to improve this.

Summary

- Collaboration with key partners was identified by the FIs as a challenge, although the use and understanding of financial investigation was identified as having improved over time.
 - The FIs reported that there was a lack of understanding of financial investigation among key partners: non-FI colleagues in their organisations, as well as external partners in the criminal justice system (such as judges, barristers and representatives of the CPS) and other organisations.
 - The FIs perceived this lack of understanding to have a detrimental effect on the success and efficiency of the investigations they undertook.
 - The FIs thought that offering training input to key partners and better integrating FIs with the investigative teams that they assisted would help to build a better understanding of financial investigation.

4.1. Collaboration with colleagues

The FIs reported that the understanding of and willingness to use financial investigation among their non-FI colleagues was improving over time. However, most of the FIs thought that there remained a lack of understanding which had a detrimental effect on the success and efficiency of investigations that they undertook.

4.1.1. Understanding of financial investigation

Most of the FIs described their non-FI colleagues as having some awareness and positive views of financial investigation. This was corroborated by the non-FIs, who all held positive views about the role of FIs and impact of financial investigation. Their perceptions of the impact of financial investigation included benefits such as the identification of assets, clarification of lines of investigation, and identification of patterns of behaviour and criminal activity that would not have otherwise been possible.

This meant that the non-FIs were making use of financial investigation earlier during criminal investigations; they mentioned that the aim was to use FIs as early as possible in an investigation, and there was a sense that this had become more prevalent in recent years, although there did seem to be a lack of consistency. A few of the non-FIs said that FIs in their organisation were automatically attached to all investigations from the start, and in some cases due to the composition of the investigating team, would be the lead investigator. However, other non-FIs reported that FIs were only attached to investigations of crimes that had a financial element, such as fraud or modern slavery.

There might be benefit to issuing guidance to those who make decisions to attach FIs to investigations in order to mitigate this lack of consistency. This guidance could highlight some of the ongoing work to make the deployment of financial investigation more consistent across criminal investigations, as described in Section 3.1 'Types of investigation undertaken'.

This indicates that despite their generally positive perception of it as an investigative discipline, there is a limited understanding of how to apply financial investigation to maximum benefit during investigations among non-FIs. This was supported by the FIs, and is also supported by previous research (Brown *et al.*, 2012; Howell *et al.*, 2013; Wood, 2017).

The FIs reported that their work was seen as 'mysterious' and as something specialist and complex by their non-FI colleagues. They suggested that this prevented their non-FI colleagues from using financial investigation. Where the FIs reported higher levels of understanding among non-FI colleagues, this was usually as a result of them having previous involvement with financial investigation.

Most of the FIs reported that they were most frequently tasked by non-FI colleagues who investigated economic crime. It is likely that the clear links between financial investigation and investigating economic crime, as discussed in Section 3.1 'Types of investigation undertaken' meant that they understood how financial investigation could benefit their investigations.

Among colleagues who did not investigate economic crime, having an understanding of financial investigation seemed restricted to those who had worked with FIs in the past. Both the non-FIs and the FIs reported that such individuals were aware of how financial investigation could benefit their investigations due to such previous experience. If non-FIs had undertaken both FI and investigating officer roles in their career, this also inevitably resulted in an understanding of how to liaise between practitioners of the two disciplines, and to a better understanding of financial investigation.

Around half of the FIs reported that they missed opportunities to contribute to investigations where their skills could have been of benefit, because the relevance of financial investigation to these investigations was not understood by those tasking them. A few of the FIs also believed that the investigations they did contribute to were less efficient, as they were sometimes involved in the investigation too late to contribute financial intelligence that could have helped to identify offenders or aid disruption of criminal activity through the prompt restraint of criminal assets.

4.1.2. Prioritisation of financial investigation

Their non-FI colleagues' lack of understanding of financial investigation was perceived by the FIs to have a negative impact on its prioritisation. How this poor prioritisation manifested itself seemed to differ organisationally.

The FIs who worked for law enforcement agencies reported that these organisations under-prioritised financial investigation. This was perceived to be because of the pressure on law enforcement agencies to stop serious predicate crimes where the benefit that a financial investigation may bring to the wider investigation and disruption of the crime is not immediately obvious.

“You know if you’ve got a big problem with...let’s look at the scooter robberies that have become endemic in London in the last year or so, if you’re a senior officer responsible for dealing with that then the bottom line is that really what you want, is you want those people nicked, banged up and took out of circulation. What they’re doing with their money is really a secondary consideration.”

Financial investigator, law enforcement

In contrast, the FIs working for local authorities did not report that financial investigation was under-prioritised in their organisations. In fact, given the reductions to local authority budgets, they reported that financial investigation was prioritised by senior managers as it represented an opportunity to bring money into the organisation through ARIS²⁰. However, their lack of understanding of financial investigation was reported to lead to over-prioritisation of certain aspects of financial investigation, meaning that it was not always being used effectively.

For instance, an FI working for a local authority described extra pressure being put on local authority FIs to undertake asset recovery activities. Senior managers were reported to sometimes put unreasonable demands on FIs by expecting them to undertake these activities when this was not the most effective use of financial investigation – for instance, because the offender had very few assets and hence there would be low associated value for money.

4.1.3. Location of FIs

A range of models for the location of FIs with respect to the investigative teams that they assisted were described, including:

- FIs being located together in a central team and tasked by a variety of investigative teams depending on capacity.
- FIs being located together in a central team but dedicated to and tasked solely by the investigative teams that they assisted.
- Some FIs being located together as central resource and some FIs being located with the investigative teams that they assisted (in effect, a hybrid of the previous two models).

Around half of the FIs reported not being located with the investigative teams that they assisted. They thought that their non-FI colleagues’ awareness and understanding of financial investigation was hindered as a result, and also reported that it made them feel isolated from the organisations within which they worked.

They often said that it was necessary to network and promote financial investigation to their non-FI colleagues in order to generate work. They thought that this took away from time available for working on investigations. However, this activity was seen as helpful by the non-FIs. One of the non-FIs, whose team tasked a dedicated FI based within a central team, believed that it had increased their knowledge of financial investigation. They also reported being more likely to task the FI as a result.

²⁰ Broadly, ARIS divides recovered assets between operational agencies and the Home Office on a 50/50 basis. As noted in Section 2.1 ‘Value for money’, the use of ARIS funds is entirely decided by the receiving agency, which is considered to be a key part of incentivisation.

The FIs reported that when they were located with the investigative teams that they assisted, their non-FI colleagues had a good understanding of them. This was supported by a non-FI who reported that this integration had contributed to increased knowledge about financial investigation and better relationships with the FIs in their teams.

4.1.4. Implications for the effectiveness of financial investigation

Most of the FIs reported financial investigation was not used as effectively as it could be, due to a lack of understanding on the part of their non-FI colleagues, poor prioritisation of financial investigation in their organisation and the remote location of FIs with respect to the investigative teams that they assisted.

A few of the FIs expressed concerns that they were not being asked to support investigations where their work could have been beneficial, or that they were being brought on to investigations too late to have maximum impact. Previous research has concluded that financial investigation is most effective when used at an early stage in an investigation (Howell *et al.*, 2013; Wood, 2017), indicating that these FIs' concerns were well-placed.

Case Study: Illustrating the value of bringing an FI onto a case early

Fifteen hundred individuals lost a combined total of £3.4 million to boiler room scams. The FIs working on the investigation obtained restraint orders early and therefore managed to return 50% of the money to the victims through compensation. This is notable, as usually in such frauds the money taken from victims is spent quickly and cannot be returned to them. The FIs working on this investigation won the Keith Hughes Award in recognition of the outstanding contribution they had made in using financial investigation to fight crime.

A few of the other FIs described being asked to support investigations which did not make full use of their skills, to undertake investigative activities that could be undertaken by a non-POCA accredited colleague, or to stop investigations where their managers perceived them to be too large-scale. They perceived these to be examples of ineffective use of financial investigation.

The FIs also believed that the efficiency of financial investigations was impacted by the lack of understanding on the part of their non-FI colleagues, under-prioritisation of financial investigation and the remote location of FIs. A few of the FIs described an idea that FIs were 'magic' and could do things beyond their capabilities, such as locate and confiscate assets which offenders did not possess, as prevalent among their non-FI colleagues.

While the FIs were keen to emphasise that they did have unique capabilities, they also thought they needed to manage expectations to ensure that their skills were being used appropriately and proportionately. For instance, to ensure that they were not undertaking asset recovery activities in instances where offenders possessed few assets, as this would not be a productive use of financial investigation due to the low associated value for money.

Non-FI colleagues' lack of understanding was also described by a few of the FIs to have previously frustrated progress on investigations. Evidence-gathering was the most frequently given example – the FIs reported that their non-FI colleagues did not know what evidence present at a search would be of most benefit to the financial investigation.

4.2. Working with external partners

Working with external partners – from the criminal justice system (such as judges, barristers and representatives of the CPS), as well as other organisations – was associated by the FIs with various challenges.

External partners from the criminal justice system were reported to have a limited understanding of financial investigation. This was perceived as the reason for an unwillingness to add charges of money laundering to charges for the predicate offence. They believed that this was in an effort to avoid confusing juries. Indeed, previous research which included representatives of the CPS has noted that the presentation of financial evidence was thought to risk being confusing or boring for juries (Brown *et al.*, 2012).

A few of the FIs also reported that this lack of understanding resulted in a lack of cohesive working when it came to asset recovery, which was thought to reflect a lack of understanding of the impact of financial investigation as a tool for the disruption of future criminal activity. One of the FIs described how judges sometimes instructed confiscation orders to be made in respect of small amounts of money, where the associated value for money would be low because the work that would need to be done to realise the assets would not be covered the recovered amount. The FI thought that this was counter-productive but could not contravene the judges' instructions.

Several of the other FIs described the CPS as willing to settle confiscation orders for less than the available amount to avoid contested confiscation hearings. By failing to remove assets from criminals, this left money in criminal networks which could be used to continue criminal activity and create further victims. Previous research has also noted that this has allowed criminals to retain some of the proceeds of their crimes (Sittlington & Harvey, 2018).

Given the acknowledgement of money laundering as a cross-cutting enabler of serious and organised crime (Europol, 2013), it is important to correct these misunderstandings to ensure that financial investigation is used to maximum effect in the disruption of serious and organised crime. This could be done by ensuring that the custodial sentences and asset recovery orders imposed on criminals deliver the maximum disruptive effect by bringing money laundering charges where appropriate and imposing the maximum possible confiscation orders on criminals.

The challenges reported by the FIs around working with external partners from other organisations included information sharing with other organisations. Getting relevant information in an evidential format was described as a difficult and slow process by several of the FIs. They also perceived the quality of the information provided to them as inconsistent.

Duplication of work with other organisation was also reported as a challenge when working with external partners. It was reported to have frustrated the progress of investigations. In some instances, the FIs reported that it had meant that their investigation could not continue. However, the non-FIs also described how information discovered by FIs in the course of local investigations had previously supported and added value to ongoing national investigations.

Case Study: Sharing information effectively

An investigation in Dover involved searching the house of a suspect. The suspect had two possible home addresses. An FI asked for the name of the suspect and made some standard enquiries. From these, they saw that the individual's name appeared on the Joint Asset Recovery Database (JARD) in relation to an investigation by Greater Manchester Police (GMP). The FI contacted GMP to enquire of the suspect's whereabouts. The officer in the case told the FI that the suspect was now serving a custodial sentence and offered them access to all the evidence accumulated in the case, greatly benefitting the financial investigation.

This indicates that with effective communication and a co-ordinated approach, working with external partners from other organisations can be of tremendous benefit to financial investigations. Exploiting the information that other organisations hold about individuals can be of benefit to financial investigations. It would therefore be beneficial to encourage the use of national systems to which FIs in different organisations have access, to reduce duplication of work and to promote collaboration.

4.3. Building knowledge among key partners

Recognising the knowledge gap of key partners regarding financial investigation and how it can benefit criminal investigations, several initiatives were described by the FIs which were intended to build their understanding. It was hoped that by building their understanding, more effective use of financial investigation would follow.

The FIs described a variety of different initiatives intended to build the knowledge of non-FI colleagues within their organisations. Some initiatives involved making FIs more available to provide guidance as to how their activities could be of benefit to criminal investigations: a few of the FIs described how FIs in their organisation now attend searches to ensure that evidence relevant to the financial investigation is gathered by their non-FI colleagues, having recognised that they are sometimes not aware of what evidence would be relevant to a financial investigation. One police force has instituted an 'FI on call' scheme: for out-of-hours investigations where financial investigation would be beneficial, such as cash seizures and missing persons investigations, officers can receive guidance from an FI as to how to collect evidence and serve orders.

Most of the FIs also mentioned providing training input to their non-FI colleagues to increase their understanding of financial investigation. The scope of this training varied. It sometimes focused on specific activities related to financial investigation that non-FI colleagues frequently carried out. For instance, one of the FIs described training non-FI colleagues on how to carry out cash seizures, as this was the main aspect of their day-to-day work which involved financial investigation. In other instances, the training was a general overview of financial investigation and how it could be used to benefit criminal investigations.

For the FIs who worked for law enforcement agencies, initial training was perceived as a good time to deliver this training input. Previous research has also noted this as an apt time to educate non-FIs working for law enforcement agencies about financial investigation (Wood,

2017), although it has been suggested that the limited time often allocated to this training perpetuates a lack of understanding, and consequent underuse, of financial investigation.²¹

One of the FIs reported that the creation of powers for FIs through new legislation was also an opportune time to train non-FI colleagues about how their investigations could benefit from their use. This FI therefore planned to train their non-FI colleagues in the near future, focusing on the creation of new powers in the Criminal Finances Act 2017.

The non-FIs described further approaches being used in their organisations to improve the understanding of financial investigation among non-FIs. These ranged from training, to 'roadshows' and financial investigation surgeries where non-FIs were invited to meet FIs and ask any questions about financial investigation and how it could be used during their investigations.

Much of the existing work to build the understanding of financial investigation among key partners focuses on non-FIs who work alongside FIs in the same organisation. Although none of the FIs or the non-FIs interviewed mentioned it, it seems that due to the challenges associated with working with external partners, it might also be of benefit to deliver training input to them, to increase their understanding of financial investigation. This has also been acknowledged in previous research (Chave, 2017).

Of particular benefit to external partners in the criminal justice system (such as judges, barristers and representatives of the CPS) would be information about how money laundering enables a wide range of serious and organised crime, and how greater prosecution for money laundering offences and pursuing maximum confiscation of criminal assets could help to mitigate this. External partners working in other organisations, such as those from which FIs commonly request information during investigations, might benefit from training about how impactful financial investigation can be, and how providing relevant information can contribute to its impact.

4.4. The financial investigation community

Most of the FIs interviewed viewed the wider financial investigation community as a useful source of information and support, particularly in terms of the informal sharing of knowledge and good practice that it facilitated.

The structure within which the FIs worked varied across different types of organisation. For the FIs working in local authorities, solitary working was the norm – they were often the sole FI in their organisation and occasionally worked across several local authorities when other local authorities did not have any FIs of their own. In contrast, the FIs working in law enforcement agencies tended to work in teams of FIs; the benefits of the financial investigation community were therefore more easily accessible to them.

Around half of the FIs who worked in law enforcement mentioned informal sharing of knowledge and good practice with their colleagues: asking their opinions of different investigative approaches and getting advice when they were unsure. A few of them also described having informal mentoring systems in their organisations, where more experienced

²¹ Evidence submitted by City of London Police to the Home Affairs Select Committee as part of the Proceeds of Crime enquiry 2015. Retrieved from <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/home-affairs-committee/proceeds-of-crime/written/30356.html> [accessed 27/09/2018]

FIs passed their knowledge on to less experienced FIs. For instance, one of the FIs described how they had helped a newly-qualified FI from their organisation to get their first court orders by explaining the process, helping them to fill out the paperwork and then attending court with them.

Although there has been a formal mentoring scheme in place for FIs, this was reported by the FIs to be less beneficial than informal mentoring. One of the FIs noted that, under the formal mentoring scheme, a mentor could be from a different type of organisation to their mentee; for instance, an FI from a local police force mentoring an FI from Trading Standards. This was thought to lessen the benefit of the scheme as the mentor might not understand the organisation-specific tasks and pressures faced by their mentee, and hence would be less able to provide constructive help.

It might be of value to improve the formal mentoring scheme by taking inspiration from existing informal mentoring arrangements and extend them to all organisations that employ FIs. The scheme should be led by existing examples of good mentoring practice and the recommendations of FIs as to the aspects of informal mentoring that most benefit them and their professional development.

“Our colleague who’s got 50 years’ experience, he’s fantastic at producing the documents that go to court, and his investigatory skills are...second to none. [...] As y’know the young one in the office I suppose, experience-wise, his knowledge is brilliant for me. So I can go to him and say, ‘what do you think about this’... but where things like, I may have a better understanding of cryptocurrency, so that’s why we’ve got a nice set-up in the office.”

Financial investigator

Sharing knowledge and best practice within teams was not the only way in which the financial investigation community was perceived to be a useful source of information and support. The FISS was also mentioned in this regard by most of the FIs.

The FISS forums were mentioned by most of the FIs as a useful place to get guidance from other FIs, as well as share good practice. A few of the FIs who worked in teams noted that it was not the first place that they would turn for guidance, due to the ready accessibility of similar guidance from other FIs in their teams. For the FIs who worked solitarily, however, it was perceived as an invaluable link to other FIs that went some way towards replicating the benefits of working in a team of FIs.

“You can put a thing on a FISS forum to say, for example I had one to do with Indian jewellery and I put a note – this was years ago – I put a note, how do I get it valued, you know, what do I do, has anyone done this before, what do I look for and everyone was very helpful and they all chip in and say well I’ve done this, don’t do that, try this.”

Financial investigator

Participation in working groups was another positive aspect of the financial investigation community reported by the FIs. Around half of the FIs reported being involved in groups at

different levels: national, regional and organisation-specific (for FIs working in particular types of organisation, such as Trading Standards).

Like the FISS, these working groups were believed to be useful in sharing best practice, particularly for FIs working solitarily. For instance, FIs working for a local authority formed a working group for local authority FIs. The group meets once a quarter and hosts speakers as well as providing an opportunity for discussion. Informal mentoring takes place through the group: the organising FI sends newly-qualified FIs a pack of media reports highlighting the benefits of financial investigation to help them communicate the impact of financial investigation to their non-FI colleagues, and generate work. Training is also organised through the working group in response to identified skills gaps.

Financial investigation working groups were believed to have an additional benefit in that there is the potential for the results of discussions to be fed up to those with oversight, which can assist in creating change to benefit the whole financial investigation community.

Recommendations

- Ensure that FIs, their managers and the key partners they work with receive guidance as to appropriate use of financial investigation during criminal investigations.
- Consider where to locate FIs to ensure that they can build relationships and understanding of financial investigation among non-FI colleagues.
- Provide training on the use of financial investigation to key partners: non-FI colleagues as well as partners in the criminal justice system (such as judges, barristers and representatives of the CPS) and other organisations.
- Encourage information sharing on national systems such as JARD, to reduce duplication of work and to promote collaboration.

5. Tools

This section examines the tools used by FIs to carry out investigations. Systemic influences on FIs' tool use are detailed and changes in the tools used by FIs over time are explored, with particular reference to how new legislation is used.

Summary

- The FIs successfully carried out most of their investigations using a small set of tools.
 - The FIs reported that their most commonly used tools were production orders, credit reference checks and Suspicious Activity Reports (SARs).
 - There were some systemic influences on tool use, including those with oversight being unwilling to sanction the use of particular tools; expense of accessing or using particular tools and concerns about intelligence quality.
 - The FIs reported limited use of powers from the Serious Crime Act 2015.²² This may be partly due to the way that it amended more widely-used existing powers.

5.1. Most commonly used tools

The FIs named almost 50 different intelligence and investigation tools that they used to conduct their investigations. However, the FIs successfully carried out most of their investigations using a small set of tools (Figure 1). These broadly matched the intelligence and investigation tools identified as most commonly used by FIs in previous research (Howell *et al.*, 2013). Almost all the FIs reported that they generally only required this small set of tools to contribute effectively to a wide range of criminal investigations.

Case study: Informing a murder enquiry

A cash forfeiture after two individuals were stopped with cash concealed in their vehicle was recorded on JARD. There was no criminal prosecution as a predicate offence could not be determined. Years later, the information on JARD was of use in a murder enquiry. The same two individuals were being investigated, and denied knowing each other. However, they had previously admitted their association in interview following the cash forfeiture.

²² The Criminal Finances Act 2017 was outside the scope of this research, as it had not been fully implemented when the research was conducted.

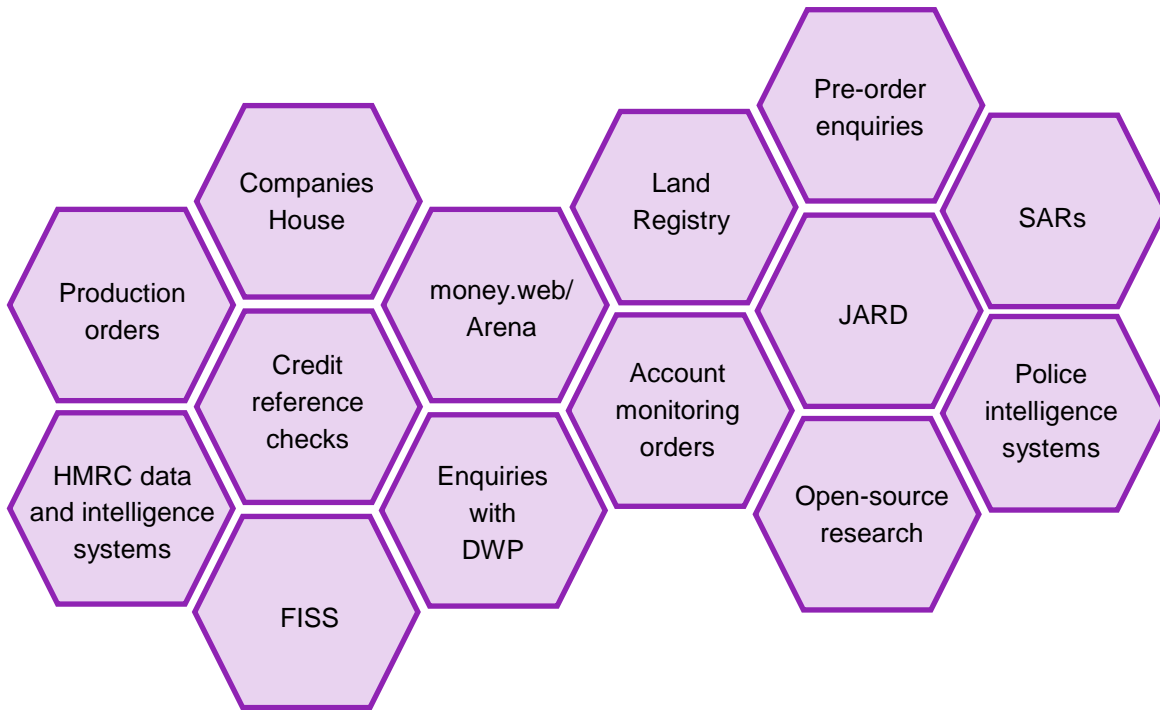


Figure 1: Most commonly used intelligence and investigation tools

5.2. Tool selection

Almost all of the FIs reported that they selected specific tools for use in their investigations depending on the content and context of the investigation. The factors which influenced their tool selection included:



The crime being investigated:

- Investigative orders may be made under POCA or the Police and Criminal Evidence Act 1984 depending on the crime being investigated.
- Counter-terrorism investigations require particular discretion, and focus on gathering intelligence rather than providing evidence of financial wrongdoing.



The stage of the investigation:



- A greater range of tools is used when seeking to demonstrate criminality, compared to carrying out asset recovery activities.
- If an arrest has occurred, an investigation can be more overt and FIs may access bank accounts by consent rather than by court order.



The characteristics of the individual being investigated:

- Individuals involved in crimes such as drug trafficking and theft may 'offend to spend'. They have fewer assets, and consequently there is less call for asset recovery powers during investigations.
- There will be less financial intelligence available regarding individuals with fewer assets.



How appropriate a tool is for the situation:

- FIs can make some orders in criminal investigations that they cannot in civil investigations.
- Invasive orders, such as restraint orders, are applied cautiously in recognition of the great impact that they can have on an individual's life.

5.3. Barriers to the use of particular tools

While the FIs chose not to use some tools as a matter of personal preference, there were also systemic factors which often restricted their use of particular tools.

5.3.1. Restriction by those with oversight

Around half of the FIs reported that those with oversight of their work placed restrictions on their use of particular tools. In some instances, this restriction was due to managers within their organisation being unwilling to sanction the use of court orders, particularly production orders and account monitoring orders. This was thought to be due to concerns about legal challenges later being brought against the court orders.

For others, this restriction was due to partners within the criminal justice system (barristers, judges and representatives of the CPS) being unwilling to sanction the use of particular court orders. This was thought to be due to their lack of understanding of financial investigation (for further information see Section 4.2 'Working with external partners').

Not only were such restrictions frustrating for the FIs, they sometimes also created tension between FIs and their non-FI colleagues. For instance, one of the non-FIs said that they liked to have transaction information from suspects' bank accounts to discuss during interviews, but had been advised by FIs that judges would not agree to grant the necessary court orders at a pre-charge stage. As a result, they had to wait until interview to access suspects' bank accounts with their consent. They thought that having to do this made the interviews less productive.

Only one of the FIs mentioned restriction of their use of particular tools from the regulated sector – they said that banks would “not thank” an FI for using a customer information order. They reported that they therefore did not use these orders during their investigations. None of the other FIs mentioned any restriction from the regulated sector on their use of any tools.

5.3.2. Funding

Several of the FIs reported that a lack of available funding presented a barrier to their use of particular tools.

An FI's organisation must pay for access to some tools, such as credit reference agency databases and some analytical software. While no FI reported lacking the necessary tools to carry out their work, a few of the FIs did mention that they could benefit from using intelligence tools that they currently did not have access to, such as the credit reference agency Dun and Bradstreet, which was mentioned most often.

Access to training in the use of different tools was also impacted by a lack of available funding. All FIs complete Continuing Professional Development (CPD) through the PoCC, including training on additional powers introduced by new legislation (Chave, 2017). Access to additional training is at the discretion of their organisation, and a few of the FIs reported that their organisations did not have the budget to provide for all identified training needs. For instance, an FI reported that they had organised a training session on business accountancy through a working group, which was not available through their organisation despite there being a perceived need.

Additionally, the value for money of exercising some powers was mentioned by several of the FIs as a barrier to their use. They reported that the cost of exercising a power in terms of staff time and court costs would be weighed against the money that could be recovered for victims or brought into the organisation under ARIS as a result. If the associated value for money was too low, the tool would not be used.

They reported that this meant that they were undertaking fewer cash seizures and undertaking, or referring fewer investigations for, civil recovery. When cash seizures had previously been undertaken, the quantity of cash seized was reported by the FIs to sometimes have not covered the costs associated with the seizure. Similarly, the high costs associated with civil recovery, due to the need to demonstrate the criminal origin of property which is not present with criminal confiscations (Kennedy, 2007), were reported by the FIs to be prohibitive to its use.

5.3.3. Lack of awareness

One of the FIs suggested that FIs do not use all the sources of intelligence available to them. Customer information held by casinos, and intelligence from HM Prisons and Probation Service (HMPPS) were reported as being underused by FIs.

None of the FIs mentioned these sources of intelligence when asked about their most commonly used intelligence and investigation tools, supporting this assertion. It might be of benefit to the financial investigation community to determine underused intelligence tools and collate a list of them on the FISS in order to promote their use.

5.3.4. Intelligence quality

Around half of the FIs reported exercising caution regarding some intelligence tools, most commonly with SARs. The predominant reason for this caution was a perceived lack of quality control within the reporting organisations. A few of the FIs noted that a diverse range of individuals create SARs and that these individuals have differing levels of training and experience in doing so, which was thought to result in variable levels of quality and reliability of SARs.

Additionally, it was reported to be difficult to depend upon the accuracy of the information contained in SARs, due to a desire on the part of submitting organisations to have a defence against being complicit in money laundering. These assertions are supported by organisations involved in the SARs regime (NCA, 2017b) and there is an ongoing reform programme which aims to address these and other concerns (Home Office and HM Treasury, 2016).

Despite these concerns, SARs were still reported by the FIs as one of their most used tools. Additionally, one of the non-FIs reported that their team analysed all the SARs submitted in relation to their region, and used them to inform their work. This highlights the great potential of SARs to inform criminal investigations by adding to the intelligence picture generated by financial investigations, supporting the need for the work of the SARs reform programme.

5.3.5. Functionality of IT

Several of the FIs reported that poor functionality of IT was an overarching barrier to the use of a range of tools. It seemed that the most frustrating aspect of IT functionality was restricted internet access. While it was only mentioned by a few of the FIs, the impact was reported to be

considerable – particularly as it hindered their ability to carry out open-source research, which was one of the most commonly used tools reported by the FIs.

In some instances this had led to the FIs using personal computers to carry out open-source research, as they did not want to lose the valuable intelligence that it could add to their investigation. However, doing so introduces security concerns and the potential to unwittingly tip-off individuals under investigation.

Being unable to load analytical programs onto organisational computer systems was also mentioned by a few FIs as a barrier to the use of particular tools. Furthermore, using the FISS was reported to be made difficult by the design of the site, which made it hard to navigate.

5.4. Use of new legislation

There have been two major legislative additions to the powers conferred on FIs in POCA, which have not yet been examined in research: the Serious Crime Act 2015, and the Criminal Finances Act 2017. The latter was outside the scope of this research as it had not been fully implemented when the research was carried out; however, some of the FIs made reference to it during the interviews.

Serious Crime Act 2015

Contains provisions to:

- increase prison sentences for failure to pay confiscation orders;
- ensure that criminal assets cannot be hidden with spouses, associates or other third parties;
- require courts to consider imposing an overseas travel ban for the purpose of ensuring that a confiscation order is effective;
- enable assets to be restrained quicker and earlier in investigations;
- reduce the defendant's time to pay a confiscation order;
- extend investigative powers so that FIs are available to trace assets once a confiscation order is made.

Criminal Finances Act 2017

Contains provisions to:

- create unexplained wealth orders, requiring individuals to demonstrate that the origins of assets considered disproportionate to their income are not criminal;
- enable disclosure orders for money laundering investigations;
- provide for greater information sharing between entities in the regulated sector;
- grant civil recovery powers to the Financial Conduct Authority and HMRC;
- create two new 'failure to prevent' offences relating to corporate failure to prevent tax evasion.

Most FIs reported that they did not regularly use powers from the Serious Crime Act 2015. Where they did, this use was either recent and/or infrequent; one of the FIs remarked that it was “not a well-used piece of legislation”. A few of the FIs suggested that financial investigations largely did not require the use of the additional powers conferred on them by the Serious Crime Act 2015, but could be done using powers contained in POCA. This might indicate that financial investigation does not require these additional powers.

However, one of the FIs pointed out that the Serious Crime Act 2015 changed the way in which restraint is applied for. As restraint orders featured among the most commonly used powers reported by the FIs, it is more than likely that some of the FIs who reported not using powers from the Act had, in fact, done so.

This indicates that there may be a lack of awareness among FIs as to the powers conferred on them by the Serious Crime Act 2015. Indeed, several of the FIs interviewed had to be prompted with the names of some powers included in the Act before they could say whether they had used them.

Part of this lack of awareness may be due to FIs not attributing their powers to specific pieces of legislation. When FIs receive their training, the various powers they are taught to use may not be attributed to specific pieces of legislation, giving rise to this lack of awareness. This was supported by the response of one of the FIs interviewed, who could not say which powers from the Serious Crime Act 2015 they had used, as they qualified after its introduction and have always used the powers that come from it as standard.

However, there may also be a genuine underuse of powers from the Serious Crime Act 2015. Powers from the Act did not feature in the most commonly used powers reported by the FIs (where they were not required to differentiate powers conferred by different pieces of legislation in their response). It was suggested by a few of the FIs that this may be due to a limited understanding about how to use the new powers conferred by the Act, due to a lack of guidance.

A few of the other FIs reported that their use of powers conferred by the Serious Crime Act 2015 was restricted by those with oversight of their work, who were unwilling to allow them to make use of the new powers. This supports the more general finding that managers or partners from the criminal justice system were sometimes unwilling to sanction the FIs’ use of particular court orders or charges. This, and the reasons behind it, are discussed in more detail in Section 5.3.1 ‘Restriction by those with oversight’ and Section 4.2 ‘Working with external partners’ respectively.

A few of the FIs expressed interest in the new powers conferred by the Criminal Finances Act 2017. Unexplained wealth orders and new powers to seize cash from bank accounts were the primary powers spoken about by these FIs, who seemed well-informed about them and keen to begin using them.

5.5. Other changes over time

Largely, the FIs did not feel that the tools that they had used had changed over time. They expressed that once an FI had found a combination of tools that enabled them to carry out investigations successfully, they used it on the majority of their investigations. This supports the more general finding that the FIs were able to successfully carry out the majority of their

investigations using a small set of tools (as discussed in Section 5.1 'Most commonly used tools').

Where the FIs did report that there had been change over time was the way in which their skills were being used during criminal investigations. They reported that they were being brought onto criminal investigations at earlier stages (as discussed in Section 4.1 'Understanding of financial investigation') and there were consequent requirements for an intelligence development focus, rather than an asset recovery focus, to their investigations. There were corresponding changes in the tools they would use to achieve this, with more use of intelligence tools rather than making orders to confiscate assets.

This change was also reported by the non-FIs, who gave many examples of financial investigation being used at the intelligence development stage of investigations in addition to the post-conviction, asset recovery stage. They also reported that non-FIs were undertaking more financial investigative activities which freed up FIs to undertake the investigative activities that their non-accredited colleagues could not. This is discussed further in Section 3.2 'Resourcing'.

Lastly, several of the FIs reported that there had been changes in equipment – particularly technological developments – as well as changes to investigative processes over time. These changes included being able to receive information from bank accounts in electronic format as well as having a better user interface on the systems for accessing SARs and a simpler process for making court orders.

Overall, the FIs interviewed were satisfied with the range of tools available to them and, while they appreciated the additions and improvements that had been made over time, did not identify any major needs or gaps in the tools available to them.

Recommendations

- Ensure that the legislation, training and technology available to FIs reflect the evolving threat from serious and organised crime.
- Improve the mentoring system for FIs, making use of existing good practice to create a system which FIs feel benefits their professional development.

6. Conclusions

This research sought to broaden the evidence base for the use of financial investigation by exploring how it is used and how it can benefit criminal investigations. The findings indicate that financial investigation is an important tool for the disruption of serious and organised crime.

The use of financial investigation during criminal investigations was perceived as impactful by both the FIs and the non-FIs interviewed. This was due to the various benefits of its use, including providing value for money; extending the scope of criminal investigations; protecting communities; and disrupting future criminal activity.

Additionally, both the FIs and non-FIs reported that financial investigation had contributed to a wide range of criminal investigations. Both reported that financial investigation had been successfully used during investigations of drugs offences, cybercrime, human trafficking, terrorism offences, missing persons, sex offences, theft and more.

It was reported that financial investigation was most frequently used to investigate economic crime and undertake asset recovery; it was suggested that this was because their links with financial investigation are clearer than for other types of crime.

It also became apparent that there were challenges to the effective use of financial investigation, which were often systemic in nature. For instance, financial investigation was often considered and used as a tool for investigating economic crime and undertaking asset recovery only, despite the numerous benefits reported by both the FIs and the non-FIs when it had been used during investigations of non-economic crime.

This may be due to a limited understanding of financial investigation among key partners. The FIs reported that non-FI colleagues from their organisations as well as partners from the criminal justice system and other organisations sometimes lacked understanding of financial investigation. This could frustrate the progress of financial investigations – particularly the use of additional charges for money laundering and recovering criminal assets through confiscation.

There was also confusion among the FIs as to how they maintained their accreditation, particularly when mainly undertaking investigations of non-economic crime.

These challenges were perceived by the FIs to prevent financial investigation being used to maximum effect during criminal investigations. Addressing these challenges will help to mitigate their impact on the effectiveness of financial investigations, thereby contributing to the continuing success of the discipline. This research suggests the following recommendations to address them.

Recommendation 1: Advocate for financial investigation. This could be done by communicating the value that financial investigation can add when used during investigations of non-economic crime, and publicising positive outcomes that result from the use of financial investigation during criminal investigations. Conducting research to quantify the impact of financial investigation would also be of value.

Recommendation 2: Clarify accreditation and the use of financial investigation. Issue guidance as to appropriate use of financial investigation during criminal investigations to those with oversight of FIs, including their senior managers and partners from the criminal justice system (such as judges, barristers and representatives of the CPS), who were reported to sometimes be unwilling to sanction the use of particular powers or charges. It would also be beneficial to disseminate guidance to FIs and those who manage them, explaining how FIs maintain their accreditation.

Recommendation 3: Encourage collaborative working. Co-locating FIs with the investigative teams they assist and encouraging information sharing between organisations would be beneficial. Providing training to key partners – non-FIs in FIs' organisations, as well as partners in the criminal justice system and other organisations – informing them of how impactful financial investigation can be when used during criminal investigations would also assist with this.

Recommendation 4: Future-proof financial investigation. Ensure that the legislation, training and technology available to FIs reflects the evolving threat from serious and organised crime. Improving the mentoring system for FIs, making use of existing good practice to create a system which FIs feel benefits their professional development, will also be important.

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Appendix A: Interview schedules

Questions in bold were asked of all interviewees, whereas questions not in bold were asked at the discretion of the interviewer depending on time. Follow-up questions to further expand on interviewees' answers were asked at the discretion of the interviewer.

Financial investigators

Firstly, I'd like to ask about your role.

1. What is your current role?

- Is your current role a civilian or police officer role?

2. How long have you been in this role?

- When did you become an FI?

3. Which department do you work in?

- Does most of your work come from that department?

4. Broadly, what does your role involve?

5. What was your background before becoming an FI?

I'm now going to ask you about the tools you use most commonly.

6. What intelligence and investigation tools do you use as part of your role most commonly?

- Do you use some of these more frequently than others? Which ones? Why?
- *(If not already covered in answer)* Do you use tools that have been implemented since the Serious Crime Act 2015?
- Have you changed the tools that you use regularly over time?

7. How do you choose which tool to use for a specific job?

- What affects which of these you use?
- Do you have a common minimum standard for all intelligence development actions?
- Why?

I'm now going to ask you about some specific jobs you have worked on.

8. Could you give examples of some of the investigations you have worked on recently?

- What tools did you use?
- How did you decide to use those tools?
- What was outcome of the investigation?
- Did the use of financial investigation impact the outcome of the investigation?

9. (If not already part of example) Have you worked on any investigations involving confiscation orders?

- What tools did you use?
- How did you decide to use those tools?
- What was the outcome of the investigation?

10. Have you used powers for cash seizure or civil recovery?

11. I have heard about FIs being used on a diverse range of criminal investigations, from missing persons to murder to human trafficking, as well as economic crime. What's your experience of this?

- What investigations were worked on?

12. Are the investigations you're working on where your skills as an FI are best used?

I'm now going to ask you about 'best practice' in financial investigation.

13. Could you give an example of an investigation where you think financial investigation has been very effective?

- What was it about this that made it effective?

14. What would you consider to be 'best practice' for an effective financial investigation?

E.g. contributing to good outcomes, to asset recovery.

15. Are there opportunities to share best practice with other FIs? How does this happen?

- (If this does not happen) How could this be improved? What would be useful?

16. Are there any local guides to financial investigation, or examples of best practice that are shared with other FIs (in the organisation or more widely)?

I'm now going to ask you about the understanding of financial investigation in the wider organisation.

17. Is there an understanding of financial investigation in the rest of the organisation?

18. What perception do you think senior managers have of FIs?

19. What perception do you think the rest of the organisation have of FIs?

20. (If lack of knowledge/negative perception) Has any work been done to change this perception?

- If so, what does this consist of?
- Has this work been effective?

21. Could knowledge of financial investigation be improved? How?

Is there anything else that you would like to tell me?

Non-financial investigators

- 1. To start with, could you tell me a little bit about your role, and what your background is?**
- 2. Is financial investigation used in your organisation?**
 - Why/why not?
 - How much is it used?
- 3. How is financial investigation used?**
- 4. What influences how it is used?**
- 5. How often do you or your staff use financial investigation during an investigation?**
- 6. What sorts of investigations do you use financial investigation on?**
- 7. What affects whether or not financial investigation is used?**
- 8. When are FIs brought onto an investigation?**
9. Have you worked on/supervised any investigations where financial investigation has been particularly helpful?
 - Why was this?
- 10. Have you worked on/supervised any investigations where financial investigation has been less helpful?**
 - Why was this?
- 11. What do you think the benefits of using financial investigation during an investigation are?**
- 12. What do you think the challenges of using financial investigation during a criminal investigation are?**
 - Why?

Is there anything else that you would like to tell me?

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