

International Conference of Legal Regulators 2019 Financial Crime – Help needed?

Some “Scottish” headlines

- **Fraud team scans Gadaffi aide’s £3m Scottish empire** – “properties were transferredfrom a firm in the British Virgin Islands, regarded as a money-laundering hotspot”
- **Russian tycoon who bought Scottish castle accused of fraud** – “accused of carrying out a multimillion-pound fraud to fund his lavish lifestyle.”
- **Crackdown plan on Scottish limited partnerships**– “UK government has unveiled plans to crack down on a business scheme which it says has been used to launder dirty foreign money”
- **British fugitive arrested in northern Cyprus** – Scottish solicitor “betrayed his profession by helping a multi-million pound fraudster” - jailed for four years”

Help needed – the UK indicators?

- FATF UK MER 2018
“UK faces significant risks from laundering the proceeds of foreign predicate crimes, including transnational organised crime/overseas corruption”
- UK National Risk Assessment 2017
 - “continued prevalence in high-end money laundering” - “High risk” of exploitation.
- National Crime Agency – Guardian article 2018
“we believe that we do not get the level of reporting from legal firms of suspicious activity that we would expect” – approx. 4000 p.a
- Solicitors Regulation Authority – Thematic review 2019
 - 59 firms sampled – 26 disciplinary referrals
 - Concerns around firm risk assessments, file risk assessments, policies, controls and procedures.

Why?

- Awareness – Training, Guidance, Communications?
- Priorities – Firms, Governments
- Supervision?
- Culture?
- Information Sharing?

Progress – 53 million social media impressions in 18/19

Lawyers.

Money laundering is a
dirty business



HM Government



Catherine McKay
Deputy Secretary



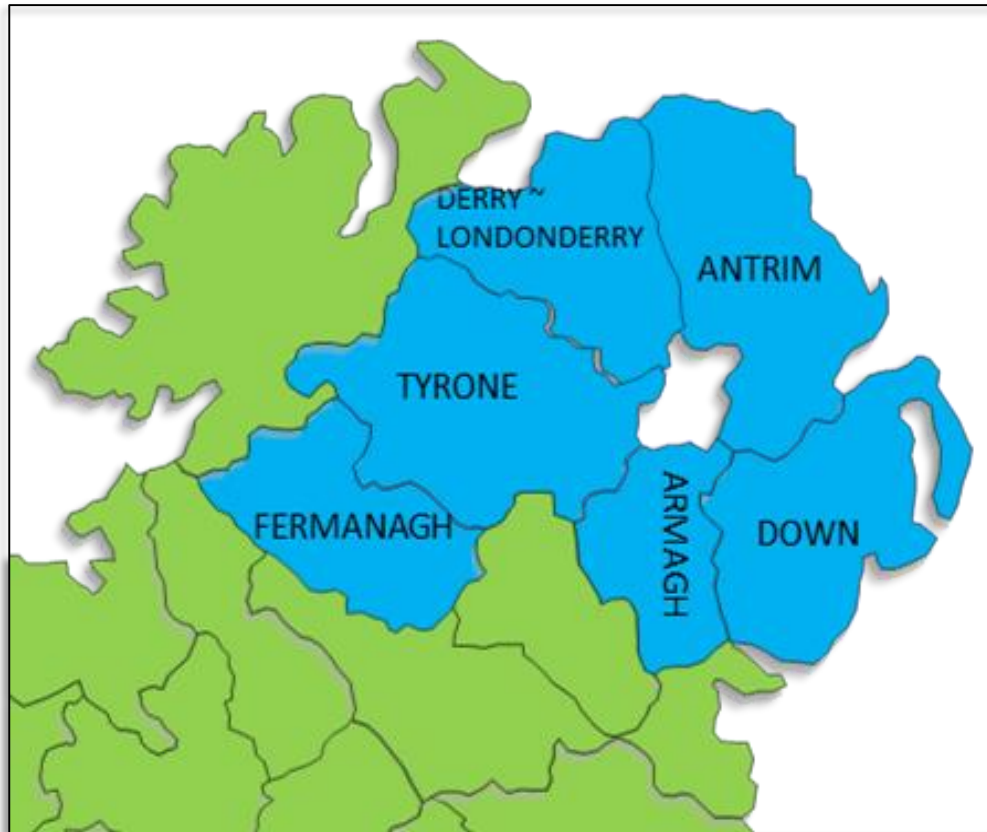


Our core values are independence,
transparency, relevance and professionalism.



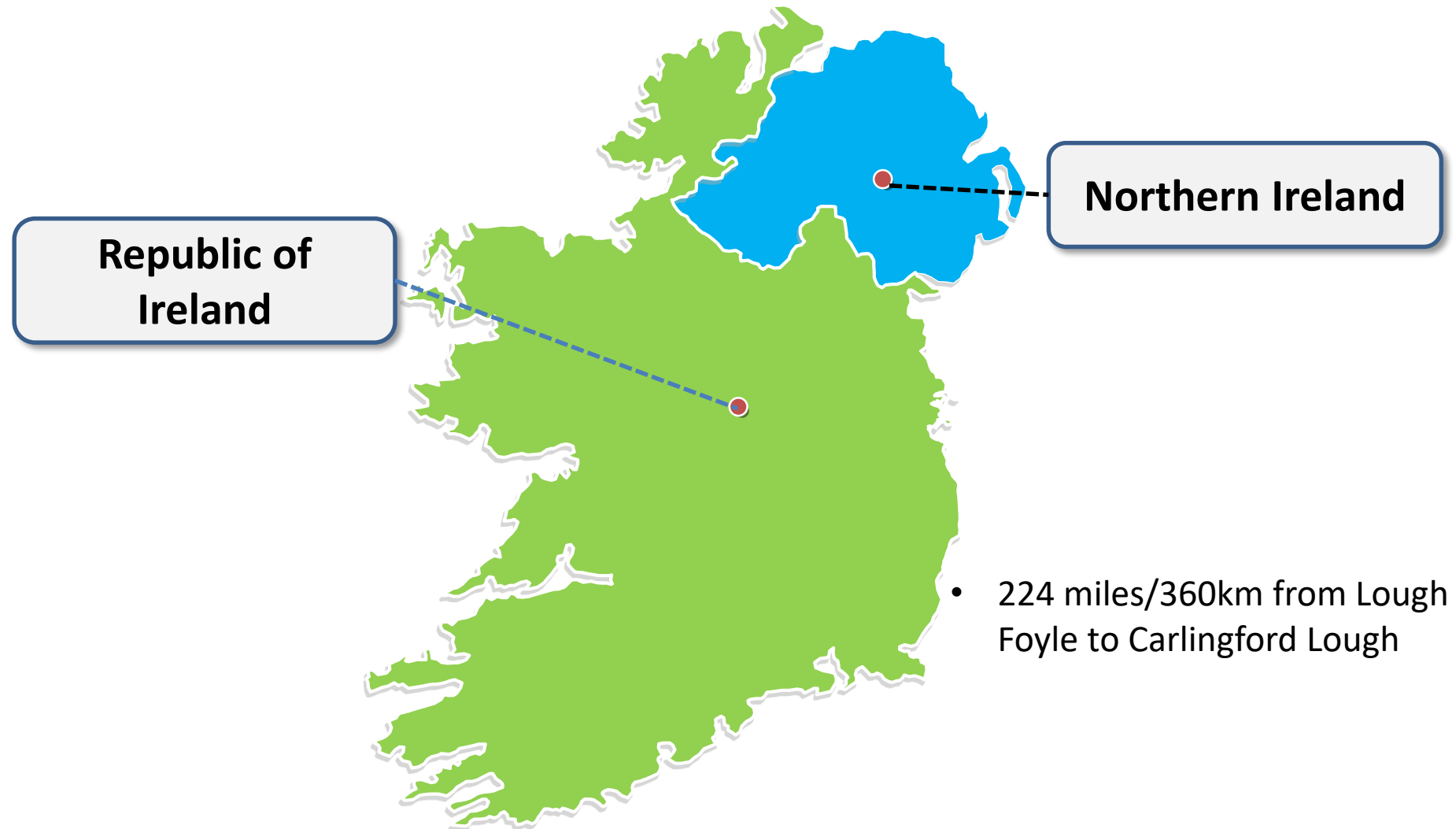


- 5,922 Solicitors whose names are on the Roll of Solicitors in Northern Ireland
- 2,816 solicitors hold current Practising Certificates
- 482 Firms, of which:
 - 50% are sole practitioners (who may or may not employ assistant solicitors or other staff);
 - 42% 2-4 principals who employ assistant solicitors and other staff;
 - 8% firms with 5 principals or more;
 - 13% of these conduct cross border practice, providing legal services in the Republic of Ireland, the Law Society of Ireland their regulator and supervisor for those activities; while
 - 8% of our firms provide legal services in the rest of the United Kingdom, and again they are subject to regulation and supervision by the Solicitors Regulation Authority for services provided in that jurisdiction.

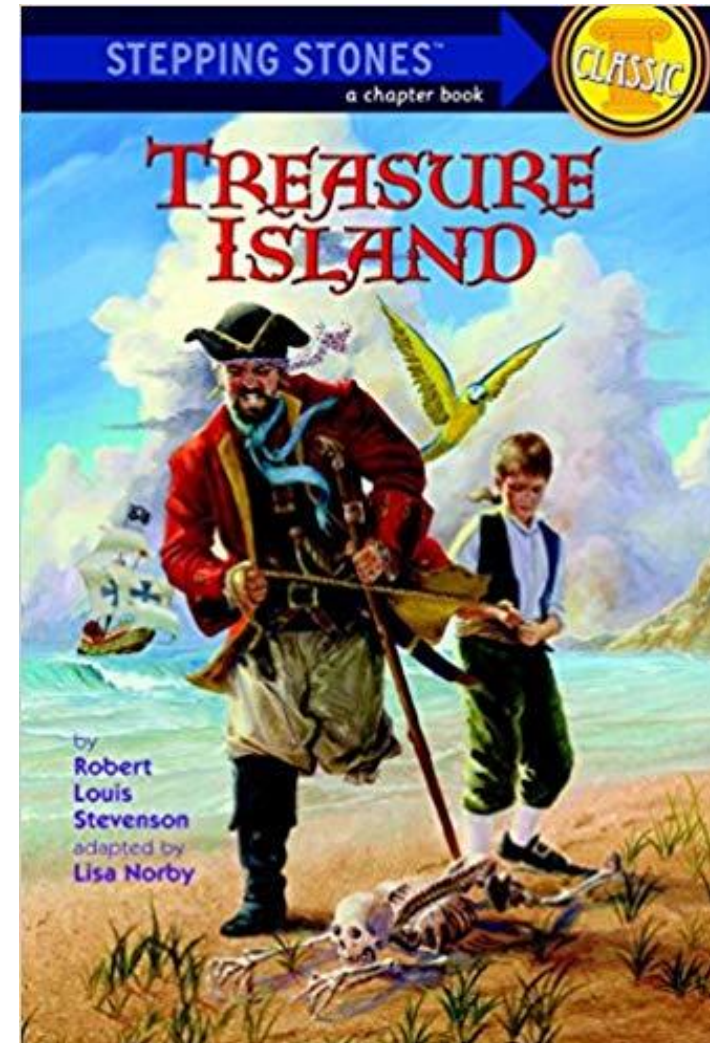


Northern Ireland

- 6 counties
- Population – 1,871 million
- The only UK country to share a land border with non-UK Country



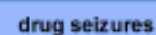
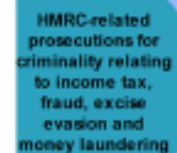
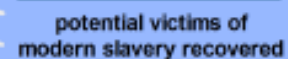
THE LAW SOCIETY OF NORTHERN IRELAND





Criminals and Organised Crime Gangs

- engaged in serious criminal activity,
- usually with the aim of generating material gain;
- their activities are usually profit driven;
- with no regard to the damage or distress organised crime causes to individuals, communities, businesses or the environment.



**Anti-Money Laundering/
Counter-Terrorist Financing Supervision Regime
Sector Risk Assessment**

Version 1 - April 2018

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REMEMBER

Never 	Always 
Never accept a last minute change of bank account details by email!	Always check with the 3rd party by way of an agreed telephone number or by face to face.
Never send your bank account details by email or by phone!	Always check with the 3rd party by way of an agreed telephone number or by face to face.
Never click on a link to confirm your bank details. Do not trust such emails, even if they look genuine.	Always telephone your bank using the phone number on a genuine piece of correspondence, website or the phone book to check if you're not sure.
Never give any personal information (name, address email or phone number) to organisations or people, before verifying their credentials!	Always check who they are, who they work for, and most importantly verify their credentials!

USEFUL CONTACT DETAILS

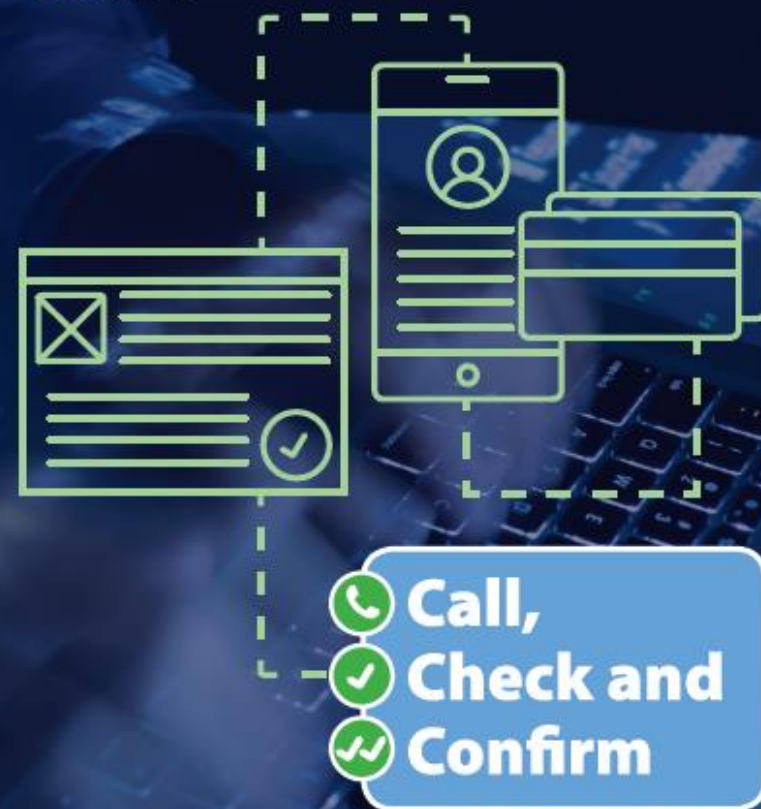
Police Service of Northern Ireland
Telephone: 101

For more information please see:
<https://www.nidirect.gov.uk/campaigns/scamwise1>

<https://www.getsafeonline.org>

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CONVEYANCING SCAMS



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‘Most of us will have bought houses at some point. SARs fundamentally are about the money...When you go through the process of a property transaction, for most people it is the solicitor and the conveyancing solicitor who will do the know-your-customer checks, seek to be absolutely certain of your identity and assess what the source of funds is...There is an issue here about making sure we get good, solid reporting across the legal sector...’

(Economic Crime Anti-Money Laundering Supervision and Sanctions Implementations, 2019)



- The starting point is to look at resource, to see if we are as effective as we can be with the resources currently available – that is a question for law enforcement, regulators, the private sector;
- We can always do more, with more resource;
- There must be in place safeguards that protect consumers' – clients'- information, to ensure that as a consequence of information sharing, no consumer unfairly loses their access to financial services.

COMBATting FINANCIAL CRIMES IN AFRICA

PREPARED BY

MOTLATSI MOLEFE

Financial crimes as a development challenge for Africa

In order to significantly improve its domestic resource mobilization efforts, the continent as a whole has to urgently address Financial crimes

Financial crimes on the continent are a huge drain on Africa's resources, including tax revenues, and impede the level of savings required to address key development issues.

These illicit flows derive from: proceeds of tax evasion and laundered commercial transactions;

- proceeds of criminal activities; and
- proceeds of theft of public resources, bribery and other forms of corruption

Currently, Africa is estimated to be losing in excess over \$50bn to \$60bn in Financial crimes annually; These estimates may well be short of reality because;

- accurate data does not exist for all African countries,
- estimates often exclude secretive forms of Financial crimes which cannot be properly estimated e.g. proceeds of bribery and trafficking in drugs, people, and firearms.

These outflows are of serious concern given inadequate growth, poverty, resource needs and the changing global landscape of official development assistance;

Although the African continent has been growing at an average of about 5% per annum, this rate is considered encouraging but inadequate;

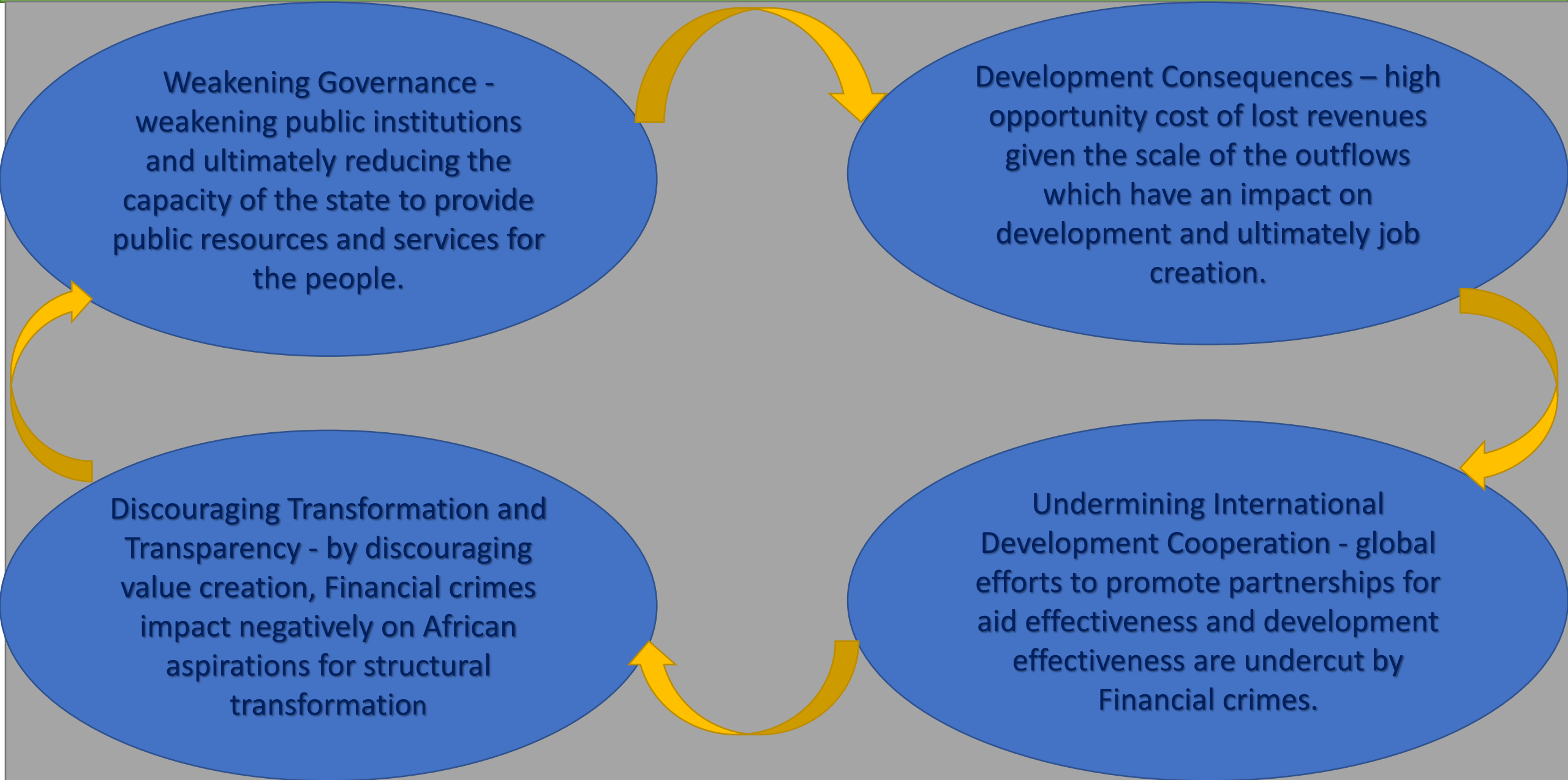
Impact of Financial crimes on the continent

Weakening Governance - weakening public institutions and ultimately reducing the capacity of the state to provide public resources and services for the people.

Development Consequences – high opportunity cost of lost revenues given the scale of the outflows which have an impact on development and ultimately job creation.

Discouraging Transformation and Transparency - by discouraging value creation, Financial crimes impact negatively on African aspirations for structural transformation

Undermining International Development Cooperation - global efforts to promote partnerships for aid effectiveness and development effectiveness are undercut by Financial crimes.



Understanding Financial crimes

Financial crimes can be defined as “money illegally earned, transferred or used” to enable it come to good grips with its assignment.

It is generally argued that there are three causes of Financial crimes in Africa.

Commercial activities, which arise primarily from business-related activities.

Criminal activities which essentially keep the transactions out of the purview of law enforcement agencies or revenue authorities.

Corruption: Although seen to be synonymous with public sector corruption such as bribery and abuse of office. The key role played by private sector actors like multinational firms is relevant.

Drivers and Enablers of Financial crimes

Financial crimes are driven by a number of 'push' and 'pull' factors:

Push Factors:

- Poor governance
- Weak regulatory structures
- Tax incentives

Pull Factors:

- Financial secrecy jurisdictions and/or tax havens

On-going Efforts to Curb Financial crimes

National, Regional and Global Efforts:

One such effort to curb the growth of financial crimes is the 'whole of government approach' promoted by the Oslo Dialogue of the OECD which covers a wide range of issues and related institutions pertaining to Financial crimes including tax, customs, law enforcement, anti-corruption, financial regulation and prosecuting authorities.

Challenges at the national and regional levels include the;

- lack of adequate regulatory framework;
- lack of adequate funding and reliance on unpredictable foreign assistance;
- lack of technical and human capacity to deal with crime perpetrated by sophisticated individuals;

Global Efforts:

One key principle that is emerging with regard to tackling IFFs at the global level is the exchange of tax information between countries. The automatic exchange of information (AEOI) for instance, is increasingly favoured by developed countries including the OECD. At the global level, some of the key items relate to transparency, which encompasses issues like;

- availability of information relating to compliance with the arm's length principle;
- country-by-country reporting;
- asset recovery;