

Speech: Minister launches updated Serious and Organised Crime Strategy

Thank you very much Lynne and thank you for coming. I think it was important that we have this presentation in the centre of London, where obviously we have big challenges to deal with in illicit finance, and indeed highlight the importance we are attaching to economic crime in this government. And can I thank you Lynne for that sobering overview of the threat we face.

There was something remarkable about the BBC hit McMafia.

It wasn't the reality of the global nature of 21st century organised crime. Or the scale of the wealth involved. Or even the fact that many of the criminals chose London as their playground.

It was the disturbing fact that in all eight episodes not once did a character or criminal enterprise fear the police or financial regulators.

That might have been license for fiction and it has never been the case that there is total immunity for organised crime and we all can produce lists of successful convictions and networks disrupted.

But McMafia did expose the reality of serious and organised crime in the 21st century: hidden, global, ruthless.

Hidden

On the surface, well-cut suits swan around the nation's capital, while all along heading up criminal networks that move millions of pounds through our banking systems.

They employ facilitators to give themselves a veil of legitimacy and to allow them to enjoy their wealth.

Lawyers, accountants and estate agents are too often woven into their web.

Their activities kept hidden by the Internet and encryption.

Global

The interconnected nature of the world is an excellent enabler for today's criminal networks and paedophiles.

From cocaine and county lines through to child abuse, we see more and more international links.

Secure communications and open borders have given criminals a turbo boost this side of the millennium.

We shouldn't underestimate the challenges this presents to our law

enforcement agencies.

In the old days criminals had to meet, to plan and to exchange payment. They might even have had to write things down.

But now you can run your county line from the comfort of your front room, dealing with orders and moving money at the touch of a button.

Ruthless

An easy operating environment means more competition and more rewards.

The stakes are higher and so therefore is the violence.

The top dogs in the organised crime groups that I see every day wouldn't bat an eyelid at trafficking women and children if the profit was right; and they wouldn't think twice to order killings to protect their business.

In the UK alone last year, over 5,000 potential victims of modern slavery and human trafficking were identified. We should think about that for a moment, we should think of the type of people that trade in such misery.

As Security and Economic Crime Minister I see right across the threat picture of the United Kingdom – terrorism, cyber, espionage, corruption and serious and organised crime.

And while the potential of chemical or biological attack by terrorists keeps me awake at night, it is nothing compared to the scale and harm of today's serious and organised crime.

There are over 4,600 organised crime groups who impact on all our lives more often than any other national security threat.

Last year alone there were 2,500 deaths from illegal drug misuse in England and Wales.

And it saddens me to say that we think there are around 80,000 people posing a sexual threat to children online.

And as Lynne has highlighted, the estimated cost of serious and organised crime to society is at least £37 billion each year. Now that should keep us all awake at night.

So as criminals develop new ways of doing things we need to develop new methods of detection.

Since we published the previous Serious and Organised Crime Strategy in 2013, we have developed the legislation and the law enforcement structures to face the threat.

Under the leadership of the Prime Minister we have, for the first time, locked in the cross-government consensus needed to tackle serious and organised crime. And we are getting results.

Lynne has showcased the excellent work of the National Crime Agency since its inception, which has led to 12,000 arrests in the UK and overseas. It has seized over 335 tonnes of cocaine and 1,700 guns. And last year activity by the Regional Organised Crime Units led to a total of 2,052 disruptions.

Lynne and her team should be congratulated on building a first class, top team to tackle the threat. Complemented by the leadership of Chief Constable Andy Cooke and Chief Constable Mike Barton, as well as the ROCU lead Matt Horne, Deputy Chief Constable bringing together all the police leadership to deliver at all levels.

But taking down criminals on the front line is not the whole battle. Their soft underbelly is money and their need to enjoy it. So, we must do more to go after the wealth and the status they seek.

That is why I was pleased last year to take through Parliament the Criminal Finances Act.

And it is why we have invested in better partnerships such as the Joint Money Laundering Intelligence Taskforce.

But we all need to do more. Illicit finance is the golden thread that runs through virtually all serious and organised crime. In one scene in McMafia, the mentor of the protagonist tells him:

All I need is a banker. These wars are fought in the boardrooms, not the streets. Money, moving money is your weapon.

Criminals like to enjoy their wealth.

And to date, while banks do play their role, too many others turn a blind eye. Illicit finance crops up in many places where people should be asking questions.

London property, public schools, sports teams and purveyors of luxury goods.

For too long this has gone unchallenged.

The new Serious and Organised Crime strategy, which I am publishing today, will ensure that there will be no safe space for serious and organised criminals to operate.

Through this strategy, we will take four main approaches to tackling serious and organised crime and ending its pernicious grip on the UK.

First, we will do more to stop the problem at source through early intervention. This means working with young people who are at risk of being drawn into a life of crime.

A local project that the Home Office funds in Wales, for example, helps young people who are at risk of becoming involved in serious crime, become aware of

the consequences and helps them to recognise high-risk situations and practice ways of responding that keep them safe.

We will deliver tailored interventions such as this, focussing on drug trafficking and cybercrime, whilst also prioritising deterring professional enablers and CSE offenders.

A new lifetime management framework will also help to reduce reoffending, and ensure closer management of offenders unwilling to cease involvement in serious crime.

Second, we will work with vulnerable people, communities, and businesses to help stop them from being targeted by criminals and support those who are.

Local community coordinators will be piloted in England and in Wales, working with communities to build their resilience to SOC and reduce the impact of the county lines and other serious and organised crime activity which inflicts so much harm on communities.

The coordinators will focus on raising awareness of the impact on individuals, reducing the attraction and acceptability of SOC as a lifestyle and reducing the demand for illicit goods and services.

Third, to achieve our ambition, we will align our efforts to tackle serious and organised crime as one, cohesive system.

This includes establishing a new national tasking framework for law enforcement; and exploring a new funding model that can commit investment over multiple years.

We will also improve engagement with the private sector, particularly the information and communications technology industry, so that we share the collective burden effectively and combine the strengths of both the public and private sector to tackle the problem.

Fourth, we need criminals to know that if we, the state, decided to focus on them then we will bring down on them the full force of the State.

This means using all the levers at our disposal. From the capabilities of GCHQ to sanctions, to visas and citizenship deprivations.

We will turn up the heat and go after them whether they are at home or abroad.

We need to get to a position where they, not us, have to be lucky every day.

Our new approach will proactively target, pursue and dismantle the highest harm networks and target the most dangerous and determined criminals exploiting vulnerable people.

This includes an additional £21.5 million investment in law enforcement over the next 18 months, announced by the Home Secretary in September, designed to reduce the volume of offending and pursue the most hardened and dangerous

child abusers.

An area we particularly want to focus on is tackling economic crime. This, in particular, requires us to work together across government and the private sector. We have made good progress here – particularly through the Joint Money Laundering Intelligence Taskforce (JMLIT).

A good example of this is shown through a human trafficking case referred to the JMLIT by the NCA. The case involved a UK-based Organised Crime Group (OCG) who were trafficking vulnerable women from Nigeria for the purposes of sexual exploitation.

Through JMLIT members, it was possible to identify five additional bank accounts previously unknown by law enforcement. This gave further insight into how the Organised Crime Group managed their finances.

And ultimately, the financial information allowed law enforcement to take action, whilst ensuring the most timely interventions to identify and safeguard any potential victims.

The upshot is that three individuals have been arrested (2 in UK and 1 in Nigeria). The main subject was issued an 18 year custodial sentence and the second person in the UK has now been charged for human trafficking and perverting the course of justice.

The JMLIT disclosures and support undoubtedly added value to this international operation, helping to identify links between the OCG's members globally for further investigation and new lines of enquiry.

This is exactly the type of activity we need, and need to see more of. And why we will be focussing on economic crime as part of this new strategy.

As we look out over London we see the global financial centre of the City. \$2.7 trillion per day was the average daily reported UK foreign exchange turnover in April 2018.

That is a huge haystack in which to hide illicit finance. Unverified figures put the amount of dirty money taking advantage of the huge traffic in legitimate money flows at around £90 billion plus per year.

It is vital that post Brexit the City enhances its reputation for cleanliness and security. That is why we are ambitious, to not only go after the dirty money of crooks, but to detect and deter international money launderers.

So today I am announcing an investment of at least £48 million over the next 18 months for a package of capabilities to tackle economic crime and illicit finance.

This will enable us to significantly strengthen our approach, allowing us to use new and improved capabilities to better freeze, seize or otherwise deny criminals access to their finances, assets and infrastructure.

It will enable us to generate a stronger and deeper partnership between

government, law enforcement and the private sector.

We will invest in the National Economic Crime Centre.

It will be the national authority for the UK's operational response to economic crime, maximising the value of intelligence, and prioritising, and tasking and coordinating to ensure the response achieves the greatest impact on the threat.

Hosted by the NCA it will be staffed by partners from across the law enforcement community (NCA, Financial Conduct Authority, HMRC, City of London Police, Crown Prosecution Service and the Serious Fraud Office) as well as from the private sector.

Its mission will be to lead tasking and coordination as well as maximising operational capabilities in the public and private sector to tackle the greatest threats.

Our investment will help grow the numbers of financial investigators and ensure we have a regional and local response in order to complement our national lead.

Our financial institutions currently spend over £5 billion a year complying with regulations. It is therefore in both our interests to ensure that when sharing intelligence and reports we focus on producing quality not quantity.

The government and industry are committed to reforming the Suspicious Activity Reports (SARs) regime.

Part of those reforms will include replacement of the outdated IT system that underpins it to enable improved analysis and make it easier to report, and more staff in the NCA for the UK Financial Intelligence Unit that runs the SARs regime itself.

We all have a role to play in improving our resilience

The sheer scale of the task means that no single operational partner nor government department can do it on their own. We need the private sector to help us burden share.

Strengthening our partnerships means sharing more intelligence and more capabilities. We want to build on the success of the JMLIT by integrating it into the National Economic Crime Centre.

Experience tells us that the best line of defence is prevention.

The Joint Fraud Taskforce is implementing the Banking Protocol, through which bank staff are trained to recognise signs of fraud in branch leading to a guaranteed direct law enforcement response. Adoption of the protocol by police forces in England and Wales has already stopped £21.5 million in fraud losses and led to 180 arrests.

The Take 5 initiative is a joint public private education campaign aimed to

help potential victims spot the signs of fraud.

Where criminals seek to spend their ill-gotten gains, we need to ensure citizens spot the signs and do something about it. That is why the “Flag It Up campaign” continues to partner with the accountancy, legal and now property sectors to drive forward increased compliance and reporting against the threat of ‘dirty money’.

I have long campaigned for greater transparency. I believe it is the best disinfectant to dirty money. The more law enforcement can see the easier it is to stop. So that is why this strategy is going further on corporate transparency.

There will be a second session Bill to introduce a world-leading register of overseas beneficial ownership of companies that own UK property, so we can find out who really owns and controls real estate and deter kleptocrats and criminals from attempting to park their dirty money in London.

And by the end of the year the government will set out reforms to limited partnerships, including Scottish Limited Partnerships, which have been abused by overseas criminals for money laundering.

The global nature of finance means that there is little point hardening the environment here if our international partners don't play their part.

Every day, using our overseas networks of NCA, HMRC and Police we work to tackle emerging threats and to target major criminals.

The global financial system is only as strong as its weakest link.

Too often, bribery and corruption undermine our efforts.

Serious and organised crime is the deadliest and most damaging national security threat faced by the UK.

It undermines our economy, damages our international reputation and has a corrosive effect on individuals and communities.

Many serious and organised criminals think they are above the law.

They think they can defy the British state.

And they think they are free to act with impunity against our businesses and our way of life.

This strategy is determined to challenge that assertion.

Our new strategic approach not only improves our government and law enforcement capabilities, but also ensures that working with the private sector, the public and international partners are integrated as part of our response.

And working together, implementing this new strategy, we will show them just

how serious we are.

And now I'd like to welcome Bob Wigley, chair of UK Finance, showing that we have in partnership the National Crime Agency and UK Finance to tackle serious crime.