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Fair Business  
Banking

APPG on  
**Anti-Corruption  
& Responsible Tax**

# ECONOMIC CRIME MANIFESTO

Presented by the APPG on Anti-Corruption & Responsible Tax and the APPG on Fair Business Banking.

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# FOREWORD

The Economic Crime Bill provides us with an historic opportunity to bear down on the spiralling cancer of money laundering, fraud and economic crime that is infecting our economy and damaging our democracy. It is tragic that it has taken the war in Ukraine to bring the dirty money crisis to a head. But we must seize the moment to act in a strong, determined and effective way. Britain is now the jurisdiction of choice for too many criminals, kleptocrats and wrongdoers who use us to hide their dirty money and then use our structures and professionals to clean their ill-gotten gains so that they can bring them into the legitimate system and spend them. Illicit wealth is damaging our reputation as a trusted jurisdiction and seeping into our democratic and public institutions. It does not have to be like this and in the long run Britain cannot get and stay rich on the back of dirty money.

So we must act now to root out dirty money. We need greater transparency that will help us to follow the money. We need smart regulation that will not burden business but that will deter wrongdoing. We need to hold those professionals who collude with or facilitate economic crime to proper account. We need vigorous enforcement so that criminals and kleptocrats know they will not get away scot-free. We need open accountability so that Parliament, the public, the press and civil society can understand and see whether strong and appropriate action is being taken. Our proposals are pragmatic. They are supported by backbench MPs from across all political parties. I hope the Government too will back our plans and use them to lead the national campaign and the global fight against the scourge of dirty money.



**Dame Margaret Hodge MP**  
**Chair**  
APPG on Anti-Corruption  
& Responsible Tax

# FOREWORD (cont)

In one of the few successful uses of Unexplained Wealth Orders, Mansoor Hussain, a Leeds-based 'businessman' had £10m of property and cash confiscated by the National Crime Agency. According to the NCA, he is an alleged money launderer working on behalf of organised criminals, a murderer and drug gangs. This is the sordid reality of economic crime. Far from being a white collar issue that doesn't affect our day-to-day lives, it facilitates drugs being sold to our children, violent crime on our streets, supports despots and leads to higher taxes and the impoverishment of nations, many of whom we support through our aid budget. Every year, an estimated \$88.6 billion, equivalent to 3.7% of Africa's GDP, leaves the continent as illicit capital flight, according to UNCTAD's Economic Development in Africa Report 2020, almost double the amount it receives through international development assistance.

Economic crime also funds and supports Putin's brutal hegemony. Without the ability to sell state-owned assets on the cheap to his oligarchy, he could not have built his huge power base and phenomenal personal wealth. Russians accused of corruption and with ties to the Kremlin own around £1.5bn of real estate in London, according to Transparency International. If you're a criminal or a kleptocrat, you need to hide and then 'clean' your money before you can spend it. This is where the likes of Hussain and much bigger players come in. The UK's and its overseas territories lax laws on company formations, trusts, our financial centre, our huge expertise, our lack of resources for enforcement and our weak whistleblower protections enables economic crime, probably more than any other nation on earth. We have the power to act and to lead change. For the sake of our citizens, our children, the international community and world peace, we must do so now.



**Kevin Hollinrake MP**  
**Co-Chair**

APPG on Fair Business Banking

## Economic Crime

noun

/ˌiː.kəˈnɒm.ɪk/ /krɪm/

**Economic crime, also known as financial crime, refers to illegal acts committed by an individual or a group of individuals to obtain a financial or professional advantage. The principal motive in such crimes is economic gain.**

# WHAT IS ECONOMIC CRIME?

**Economic crime causes immense harm at home and abroad.** Dirty money is the root of many evils. It stands behind the very worst corruption and criminality, yet it flows largely unchecked through the UK financial system. Internationally, Britain is unwittingly complicit in bankrolling dictators and funding Putin's barbaric war in Ukraine. At home, dirty money undermines national security, allows organised criminals to prosper, and damages Britain's reputation as a trusted jurisdiction. All of this has a very real impact on the everyday lives of British people at a time when a cost of living crisis rages on. Economic crimes cause untold harm in our society. Legitimate businesses struggle, property prices rocket, and fraudsters scam working people.

**The scale of the UK's dirty money problem is unprecedented.** The size and global reach of the UK's financial, legal and accountancy sectors are unparalleled. But this success creates heightened risks from illicit finance. In line with their vast reach, the financial and professional services have been used and abused by bad actors at an enormous scale. The UK's dirty money problem runs to hundreds of billions of pounds.

**Britain's defences have been overrun.** Successive governments have made some important progress, leading the world in beneficial ownership transparency and urgently passing the 2022 Economic Crime Act. But these measures represent just the start of the fightback against illicit finance. In the UK, regulation is too lax, dirty money supervisors do not work consistently, and enforcement agencies are completely out-gunned. It is not enough to have one of the toughest anti-money laundering regimes in the world if it is not up to the scale of the challenge.

**Global allies are taking economic crime seriously.** The US government is transforming its defences and has designated corruption a core national security threat and a risk to democracy. They have understood that dirty money can corrupt democracies as well as dictatorships, and corrodes everything that the West values. These international partners expect more from the UK.

**Britain has a unique opportunity for global leadership.** Sanctioning over a thousand individuals and companies in a short space of time in response to Russia's invasion of Ukraine has demonstrated that this Government can take swift action. But sanctions tackle the symptoms of this vast economic crime problem, not the causes. Ukraine should be a historic turning point. As home to the world's largest centre of cross-border banking, the UK has unique potential to step up alongside the US and play a catalytic role in making sure that the world's worst crooks and kleptocrats find themselves with nowhere to hide or spend their ill-gotten gains. The government can and must drive dirty money out of Britain's financial system.

**The Government must urgently consider four principles for reform in its new Economic Crime Bill and beyond:**

<b>T</b> RANSPARENCY	Identify who really owns companies, trusts & assets so that law enforcement, journalists, civil society & more can readily follow the money.
<b>E</b> NFORCEMENT	Toughen up policing agencies with enough resource to consistently enforce existing laws & deter wrongdoing.
<b>A</b> CCOUNTABILITY	Empower Parliament, journalists, civil society, the courts and whistleblowers to unearth criminality & hold Government to account.
<b>R</b> EGULATION	Strengthen supervision of the professions so that the enablers of economic crime answer for their actions.

**Let's #TEARUpDirtyMoney**

# WHY DIRTY MONEY MATTERS

Dirty money is the lifeblood of corruption, crime and war. It enables crimes which cause immense harm and suffering in the real world, in the UK and abroad.

President Putin steals from the Russian people and uses this dirty money to cement his grip on power, reward his inner circle and fund his war machine. Organised crime gangs run their terrible enterprises on dirty money, profiting from drug smuggling, people trafficking, arms dealing, modern slavery, fraud or environmental destruction. Corrupt leaders around the world rob from their citizens, draining resources from core services like healthcare or education, and then look to transfer this ill-gotten wealth out of their countries.

All of these wrongdoers need to find a safe haven to “clean” their illicit finance by bringing it into the legitimate financial system so that they can spend it. Sadly, Britain has become one of the destinations of choice for crooks and kleptocrats to launder their dirty money. Poor transparency, weak enforcement, lax accountability, and ineffective regulation in parts of the UK financial system have meant that our defences are being overrun.

Britain’s dirty money problem is reaching crisis point.

Just as the defences against corruption and foreign dirty money are malfunctioning, so are protections for British people against other economic crimes. Fraud and scams are rife in the UK, especially since the pandemic when more and more consumers shifted to shopping online. In the year ending June 2021, fraud was committed at least 5 million times and it is now the most commonly experienced crime in the UK (ONS, 2021). Scam adverts on social media, investment fraud, pension scams, cryptocurrency cons. The proceeds of all of these crimes will end up as illicit finance, stashed in the darkest corners of the economy.

Every single crime enabled by dirty money ruins lives. Taken together, the crisis it creates threatens peace and prosperity, and directly harms UK citizens and the national interest.



**Dirty money is a national security threat.** Parliament’s Intelligence and Security Committee concluded that: *‘Russian influence in the UK is the new normal. Successive Governments have welcomed the oligarchs and their money with open arms, providing them with a means of recycling illicit finance through the London “laundromat”, and connections at the highest levels.’* (Intelligence and Security Committee of Parliament, 2020). Economic crime endangers us all.



**Dirty money causes massive financial damage.** In 2020, the National Crime Agency found that money laundering causes at least £100 billion of economic damage to the UK (NCA, 2022). Spotlight on Corruption estimate that fraud causes a further £190 billion worth of damage to the economy annually. All of this harms businesses, hits tax receipts, and damages public services. Britain will never secure sustained prosperity on the back of dirty money. Every one of us is a victim of economic crime.



**Dirty money is damaging the UK’s reputation.** The prevalence of economic crime jeopardises our status as a business destination of choice and degrades our influence on the world stage. The US Treasury now categorises the UK as a “high risk” for money laundering, alongside Cyprus (Treasury Committee, 2021). Their politicians and thinktanks refer to “Londongrad” as part of the problem. Britain is beginning to lose its status as a trusted jurisdiction.



**Dirty money may be pushing up prices for British citizens.** The head of the National Crime Agency said in 2015 that the London property market had been *‘skewed by laundered money’*. Prices are being artificially driven up by overseas criminals who want to sequester their assets here in the UK.” (Sean O’Neill, 2015) Inflated prices deepen the housing crisis and exacerbate regional inequality.



**Dirty money undermines the rule of law and democratic institutions.** It can corrupt political and legal systems as seen in other jurisdictions, as the corrupt try to establish legitimacy and launder reputations. Oligarchs and kleptocrats have been known to clog up Britain’s over-burdened legal system with vexatious lawsuits or to stifle legitimate critics, like journalists. Democracy, the rule of law, and free speech are under threat.

# A UNIQUE OPPORTUNITY FOR GLOBAL LEADERSHIP

Time and again, the United Kingdom has shown itself to be a world leader in tackling global problems. The Government can and must act now with greater ambition to match the scale of the threat by taking the necessary steps to fix Britain's economic crime problem and secure long-term prosperity. The attack on Ukraine must act as a historic turning point, where the UK steps up alongside its allies to launch the next generation of measures to drive out dirty money.

Upgrading Britain's defences against economic crime will ensure the sustained security and success of our financial and professional services. Rather than more regulation for the sake of it, this means better and smarter rules that are

consistently enforced. The UK can prosper by combining an attractive business environment with the highest standards of probity and transparency, instead of engaging in a "race to the bottom" that leaves the doors to our economy open to Putin and his ilk (Financial Times Editorial Board, 2018).

The UK has a track record at the cutting edge of innovative legislative reform in this field, such as the 2016 register of actual "beneficial" owners of companies (Ali Shalchi, 2022). Concerns were raised that this register would damage the attractiveness of the UK as a place to do business but they proved unfounded, with no decrease in the numbers of UK companies registered. Instead public ownership registers have become a new global standard, driven by British leadership on the international stage (UK Parliament Hansard, 2014). We now need to ensure that quality of the data on our own register at Companies House matches improving standards elsewhere.

The reforms set out in this manifesto will reinforce Global Britain's reputation for integrity and the rules based international order. They will support an international "race to the top" by showcasing and promoting the next generation of measures to fight dirty money. They will ensure our world leading financial and professional services are positioned on the right side of history, so that collectively we deliver on our ambition to be the ally that Ukraine needs and a positive force in the world. Driving out dirty money is good for business, good for Britain, and good for the world.

## The role of the City:

The UK is one of the world's largest net exporter of financial services and houses the City of London, a global financial centre. In 2021, TheCityUK found that London remains dominant as one of only two full-scale international financial services hubs, alongside New York (TheCityUK, 2021). While the World Economic Forum more recently labelled London the world's most "magnetic" city for the tenth year in a row (WEF, 2022). The industry that is centred in the Square Mile is a major success story. However, as the financial services sector has grown year after year, waves of dirty money entering the legitimate financial system have spiralled into a flood.

The City has a pivotal role to play in supporting ambitions to make Britain the home of "clean and green" money. By partnering with government, legislators and civil society, the finance industry can play a crucial part in bolstering Britain's defences against illicit finance. Better regulation, increased transparency, stronger accountability, and effective enforcement are central to creating a clean, sustainable sector for the future. Especially now that the Government wants Britain to be a world leader in Environmental Social Governance (ESG). Nothing is more detrimental to ESG than organised crime, corruption, and war. Britain's finance sector will never lead in clean and sustainable finance until it closes its doors to dirty money.

# TRANSPARENCY

Money launderers use complex financial structures deploying shell companies and offshore tax havens to provide the secrecy that allow them to move, hide and spend their money. We must lift this cloak of anonymity that protects criminals and the corrupt. If we can follow the money, then we can begin to hold wrongdoers to account.

Britain's offshore tax havens – the Overseas Territories and Crown Dependencies – play a pivotal role in helping crooks and kleptocrats hide and use dirty money. These jurisdictions continue to feature prominently in UK money laundering investigations and reporting. Their proximity to the UK lends credibility to their activity and minimises suspicion of wrongdoing.

Shell companies are the perfect vehicle for illicit finance. These corporate entities serve little other purpose than to facilitate financial flows, such as dirty money or tax avoidance. They are the building blocks of the offshore economy and, coupled with the secrecy granted by tax havens, are the money launderer's best friend. Companies House in the UK has a transparent register of the owners and directors of British companies. However, much of the data is inaccurate and unverified which makes it easy for criminals to set up a company whose real owners or purpose are hidden.

Our property market has been ideal for those seeking to launder or stash ill-gotten gains. Dirty money stolen by kleptocrats from other jurisdictions around the world has been "cleaned" through the bricks and mortar of some of the UK's most prestigious neighbourhoods. Building a more transparent system will not only help to eradicate these illicit financial flows, it will improve our reputation and bring economic benefits by providing a level playing field for legitimate businesses. With real transparency we can start to drive our dirty money. After all, sunlight is the best disinfectant.

**“If you want to tackle organised crime, you have to go after the money”.**

**(Reuters, 2019)**

**Of the 214,000 corporate entities exposed in the Panama Papers, over half were registered in the British Virgin Islands.**

**(Transparency International, 2016).**

	3	10	25.6	12.59	17.98	15.26	129.85	74.42
	18.44	20.77	5.86	3.96	5.6	1	0	11.2
						0.5	11	6.5
					0	0	0	11.5
					1.21		22.06	2.24
					14851.18	17625.9	19138.99	20234.06
					229.93	59.97	139.96	299.93
					<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>
					12625.01	13686.73	213.05	12941.58
					1210.19	2180.86	2100	1938.61
					2956.12	3779.39	325.32	3003.2
					443.92	603	774.39	696.84
					4654.11	6468.39	6983.6	6088.4
					1830.85	2268.69	6165.45	2480.94
					847.94	1067.62	1163.01	1107.32
					558.06	645.75	549	589.68
					402.73	329.75	367.56	313.65

# RECOMMENDATIONS

1

Reform **Companies House** with new powers for the registrar to verify information to ensure accuracy, challenge the data where red flags are raised, and to remove corporate entities from the register when rules are broken. Increase the price of company incorporation from £12 to £50 to ensure that Companies House has a sustainable self-funding model for the future while keeping the cost globally competitive.

2

The Foreign Office must ensure that public registers of **beneficial ownership** in the **Overseas Territories** and **Crown Dependencies** are faithfully implemented by early 2023 with full and free access to company data, not limited to single entries.

3

The existing **UK trust register** housed in HMRC should be made more transparent. A more accessible register will enhance our ability to fight corruption, money laundering and illicit financial flows through better access to information by investigators, the press and civil society.

4

There must be timely and effective implementation of the Companies House **register of overseas entities** that own UK property. Introducing this register of overseas companies should prevent corrupt actors from being able to purchase UK property in secrecy under the cover of an offshore corporate vehicle. This measure has been promised since 2016, there should be no further delay.



**Money  
laundering  
prosecutions  
have dropped  
by 35% over the  
past 5 years.**

**(Spotlight on Corruption, 2022).**

# ENFORCEMENT

The UK has weapons in its armoury to fight economic crime, yet these tools are underutilised. Without the threat of real enforcement, there is no credible deterrent to wrongdoers engaging in economic crime. Why does the UK's enforcement response fall so glaringly short? Put simply, law enforcement agencies are outspent and outgunned by criminals and the corrupt.

Key UK national-level agencies continue to suffer real terms declines in their budgets. Meanwhile the USA is significantly expanding capacity: the Biden 2023 budget proposal includes a 30 percent increase in funding for FinCEN (their key financial intelligence unit). In contrast, the National Crime Agency has seen a real-terms decrease in its budget of 4.2% in the past five years. All of this means that British policing agencies are struggling to enforce existing laws, let alone new ones.

London represents one of the world's largest financial hubs. As such, Britain acts as a crucial gatekeeper to the global financial system, strategically positioned to prevent or interrupt illicit financial flows. Yet some financial sector institutions have not always been successful in rooting out money laundering. The FinCEN Files and other leaks have demonstrated that financial penalties alone may not be enough for ensuring best practice because banks can view regulatory fines as simply a cost of doing business.

**“Virtually all high-end money laundering schemes ... are facilitated by the abuse of legitimate processes and services.”** (NCA,2022)

# RECOMMENDATIONS

1

The Treasury must at the very least **increase public spending targeted at economic crime enforcement to £300m** in this Spending Review period in order **to match private sector funding** raised through the Economic Crime Levy. According to the Government, the existing budget for economic crime law enforcement between now and 2025 is £400m - approximately £300m is estimated to come from the private sector through the Economic Crime Levy and only £100m from the Exchequer. An expanded Economic Crime Budget for enforcement agencies should be clearly ring-fenced, include investment to attract and retain qualified staff, and resource for effective data analytics.

2

The Treasury should establish a cross-governmental **Economic Crime Fighting Fund** to reinvest a proportion of the proceeds of regulatory and criminal fines, asset recovery, and deferred prosecution agreements more consistently and effectively into strategic investment in system wide capacity and capabilities for economic crime enforcement.

3

Britain's outdated and ineffective **corporate criminal liability** laws mean that it is very difficult to hold large companies to account for economic crimes. These rules are unfair to small and medium sized enterprises that can currently be prosecuted, and undermine good corporate governance. The Government should legislate to introduce new "failure to prevent" offences for economic crimes, including money laundering and fraud. The law must be reformed so that both companies and senior executives can be held liable for criminal activities or for failing to drive out dirty money.

# ACCOUNTABILITY

Dirty money undermines the rule of law and weakens democratic institutions through the corrupting influence it can have throughout society. As illicit finance proliferates, trust in Britain's economy and its legal system weakens. While the UK was once renowned on the global stage as a jurisdiction known for integrity and propriety, that international reputation is slipping. And the presence of illicit finance in the UK can harm politics, the free press, financial services, and the legal sector. Stronger accountability coupled with greater transparency can mitigate the effects. Yet there is little scrutiny of the enforcement and regulation of economic crime by bodies such as Parliament.

Furthermore, criminals and kleptocrats protect their dirty money by using abusive legal threats and strategic lawsuits against public participation (SLAPPs). This abuse of the legal system often succeeds in silencing journalists, media outlets, whistleblowers, activists and NGOs, and thus threatens freedom of expression and the right to information. These legal threats are particularly effective when emanating from the UK, which is seen as a more plaintiff-friendly jurisdiction and where mounting a defence is a particularly costly and lengthy process.

Whistleblowers represent an important line of defence against crime, corruption, and cover ups. Although they can sound the alarm on wrongdoing across many industries, they play a crucial role in shining a spotlight on economic crime, crucially in the financial sector. Currently, whistleblowers are not afforded sufficient protection: their only recourse is often to an employment tribunal which can drag on for years, depleting their financial resources, with historically low rates of success.

**The UK is by far the most frequent country of origin for SLAPPs, standing at 31% of SLAPPs cases, which almost as frequent a source of threats as the EU and USA combined.**

**(UK Anti-SLAPP Coalition, 2021)**



# RECOMMENDATIONS

1

Empower **Parliament** to effectively scrutinise the enforcement agencies and regulatory or supervisory bodies responsible for tax and economic crimes. A new Select Committee of both Houses, would hold agencies accountable for activities related, but not limited, to tax avoidance and evasion by corporations, illicit finance, kleptocracy and corruption, and whistleblower protection.

2

The Ministry of Justice must legislate to tackle “lawfare” and vexatious litigation with **new anti-SLAPP rules**. The financial threat of prolonged litigation is often enough to silence the targets of SLAPPs. Costs for defendants must be capped. Meanwhile, we must ensure that costs for litigants - often those deep-pocketed kleptocrats and criminals - are sufficient to deter SLAPPs.

3

Enact a Whistleblowing Bill to establish an **Office for Whistleblowers** to provide protection to every citizen, and proper compensation where applicable, for those that speak out against or uncover economic crimes and other wrongdoing. Whistleblowers need one central place where they can go for advice and to pass information to regulators and law enforcement. An Office for Whistleblowers would set, monitor and evaluate standards as well as acting to prevent and address retaliation against those with the courage to speak up.

**Only 4% of whistleblowers who bring claims under the current legal framework for protecting whistleblowers succeed.**

(APPG on Whistleblowing , 2022)



**According to Transparency International over 100 UK-based shell companies were used to launder as much as \$80 billion out of Russia in just a four-year period. (Transparency International , 2017)**

**81% of professional money laundering supervisors do not have an effective risk-based approach to supervising their members. (OPBAS, 2021)**

# REGULATION

Ineffective regulation in different sectors of the economy has meant that Britain has become a safe haven for dirty money. Since the 2007-08 global financial crisis prudential regulation for banks has improved but regulation against illicit finance has yet to catch up. We need better, smarter regulation so that we can stop our defences against dirty money from being overrun. Especially with the mounting risks created by new technologies such as cryptocurrencies.

British financial services are a big success story and vital for our economy. But oligarchs and criminals have abused certain professional services to launder their dirty money. Recent global scandals have shown how a minority of bad actors in certain industries facilitate illicit financial flows derived from crimes such as fraud, corruption, and tax evasion. For instance, there are trust and company service providers that offer professional privacy packages, including postbox addresses and nominee services. These operate with little regulatory oversight and serve to undermine our anti-money laundering rules. Without these “enablers”, corrupt individuals and organised criminals would find it difficult to launder illicit funds.

The system in place to regulate higher risk sectors is broken. Every time most of these professionals encounters a dubious transaction, they should file a Suspicious Activity Report (SAR). However, that means law enforcement is inundated with low quality data which it does not have the capacity to deal with and so rarely leads to action. In 2019-2020, more than 500,000 SARs were filed, yet the NCA’s Financial Intelligence Unit only has 118 employees to scrutinise them (NCA, 2021). Meanwhile, there are 25 professional body supervisors which oversee how solicitors, barristers, accountants and other professionals are applying money laundering regulations. The Office for Professional Body Anti-Money Laundering Supervision is the “supervisor of the supervisors” but by its own reports is ineffective. The Government must take action to stop these vital defences from being overrun.

# RECOMMENDATIONS

1

The Treasury must implement a radical overhaul of **anti-money laundering supervision** that strengthens the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), housed in the Financial Conduct Authority, with new powers to sanction supervisors and ensure consistency of implementation. The system should be streamlined to deliver fewer supervisors with common standards and reduce risk of supervision by bodies that have conflicts of interest between their advocacy and regulatory roles.

2

The Government must reform the **Suspicious Activity Reporting (SARs) regime**. SARs are a central tool of defence against money laundering but the current system of reporting does not work. The regime should be reformed with a new risk rating system to ensure quality over quantity and supervisors should be given powers to regulate the submission of low quality SARs.

3

HMRC must be empowered and resourced to **police the perimeter** of the money laundering regulations more effectively by ensuring that unregistered actors, particularly in the Estate Agency and Trust and Company Service Provider (TCSP) sectors, are identified and face consequences for non-compliance.

4

The Government wants to make Britain a global hub for **cryptocurrencies**. The risk that arises from this ambition must be managed by resourcing the Financial Conduct Authority with the expertise and capacity to effectively regulate cryptocurrency firms for money laundering. Treasury must also ensure transparency for cryptocurrency transfers so that financial authorities are better able to detect and prevent money laundering activities involving cryptocurrency.

# POLICY RECOMMENDATIONS IN FULL

Presented by the APPG on Anti-Corruption & Responsible Tax and the APPG on Fair Business Banking.

The Government should include the following recommendations in the upcoming economic crime legislation and other future reforms in order to greatly strengthen Britain's defences against economic crime so that they are capable of matching this growing threat. With genuine reform, Ministers would not only begin to drive out dirty money and restore trust in our economy, they would bolster national security and ensure Britain's long-term prosperity. Here are four principles for ending Britain's dirty money problem:

## Transparency

- The long-promised reforms to **Companies House** being overseen by the Department for Business must be sufficiently robust to fight economic crime. The legislation must then be swiftly implemented. Reforms must:
  - Include new powers for the company registrar to verify information to ensure accuracy and discretionary powers to remove corporate entities from the register for wrongdoing.
  - Ensure robust identity verification requirements (including a ban on opaque corporate members and partners for entities including SLPs, LLPs and LPs).
  - Require supporting documentation and unique identifiers for shareholders as well as a system to flag companies that claim to have no shareholders.
  - Increase the price of company incorporation from £12 to £50 to enable Companies House to have a sustainable self-funding model for the future while Britain remains globally competitive.
  - Lower the threshold for higher risk, "Politically Exposed Persons" (PEPs) to declare they are a beneficial owner of a company from 25% to 5% equity to increase transparency of company ownership.
  - Introduce a mandatory UK-based director for all companies registered in the UK.
  - Require small companies to file full profit and loss statements with their accounts at Companies House.
- The Foreign Office must ensure that public registers of **beneficial ownership** in the **Overseas Territories** and **Crown Dependencies** are faithfully implemented by early 2023 with full and free access to company data, not limited to single entries.
- There must be timely and effective implementation of the Companies House **register of overseas entities** that own UK property. Introducing this register of overseas companies should prevent corrupt actors from being able to purchase UK property in secrecy under the cover of an offshore corporate vehicle.
- The existing **UK trust register** housed in HMRC should be made more transparent. A more accessible register will enhance our ability to fight corruption, money laundering and illicit financial flows through better access to information by investigators, the press and civil society. The Government must legislate to address the use of **discretionary trusts** for wrongdoing.
- An **open register** for the **beneficial owners of UK land** should be created in order to stop UK land and property being used to launder money.

## Enforcement

- **The Treasury and Home Office must properly resource and equip our law enforcement agencies for combating economic crime:**
  - The Treasury must at the very least **increase public spending to £300m** in this Spending Review period in order **to match private sector funding** raised through the Economic Crime Levy. According to the Government, the budget for economic crime law enforcement between now and 2025 is £400m - approximately £300m is estimated to come from the private sector through the Economic Crime Levy and only £100m from the Exchequer. The Economic Crime Budget for enforcement agencies should be clearly ring-fenced, include investment to attract and retain qualified staff, and resource for effective data analytics.
  - The Treasury should establish a cross-governmental **Economic Crime Fighting Fund** to reinvest a proportion of the proceeds of regulatory and criminal fines, asset recovery, and deferred prosecution agreements more consistently and effectively into investment in system wide capacity and capabilities for economic crime enforcement.
  - Extend the recently legislated **cost caps** for Unexplained Wealth Orders to the wider civil confiscation regime to make other areas of enforcement against economic crime more cost effective.
  - The Government should publish an **annual account of its spending** on economic crime, including an account of how the yield from the Economic Crime Levy has been spent, and an evaluation of its effectiveness.
  - Strengthen enforcement capability by employing the skills and expertise of **private sector professionals**, such as lawyers, to support in actions against economic criminals.
- **The UK Financial Intelligence Unit (UKFIU) is the main intelligence body in the NCA that is designed to deal with SARs. However, it cannot deal with or effectively analyses the current volume of reports it receives. Therefore, substantially increase UKFIU funding to expand human and technological resources. Reform the unit so that it can more effectively undertake strategic and operational analysis of SARs and other data to assist with economic crime enforcement.**
- **Britain's outdated and ineffective corporate criminal liability laws mean that it is very difficult to hold large companies to account for economic crimes. These rules are unfair to small and medium sized enterprises that can currently be prosecuted, and undermine good corporate governance. The law must be reformed so that both companies and senior executives can be held liable for criminal activities or for failing to drive out dirty money:**
  - Introduce new corporate "failure to prevent" offences for money laundering, fraud, sanctions evasion, and false accounting.
  - Introduce a form of senior executive liability in the corporate world, by introducing individual "failure to prevent" offences for economic crimes.
  - Replace the "identification principle" with vicarious liability, so that law enforcement no longer has to identify a "directing will and mind", when prosecuting large companies for serious wrongdoing by their senior executives or employees.
- **Toughen up enforcement of the enablers of economic crime:**
  - Introduce an explicit duty on **HMRC to effectively fulfil its enforcement role**, alongside its duty as a revenue collector. That would ensure that HMRC fills an enforcement gap by bringing prosecutions against the promoters of aggressive tax avoidance schemes and the enablers of economic crimes in order to deter wrongdoing.
  - Professionals that breach the Money Laundering Regulations are rarely fined for their wrongdoing. The Office for Professional Body Anti-Money Laundering Supervision must ensure that there is a **credible deterrent** against breaking the rules. That means professional body supervisors, of sectors such as lawyers or accountants, must issue bigger, more public **civil fines** for wrongdoers.

- Create a new, properly resourced **Professional Enabler Unit** at the NCA to investigate and prosecute wrongdoing.
- Investigate and implement new, judicially overseen powers for legitimately **seizing rather than freezing** the UK assets of corrupt actors or those linked to kleptocratic regimes, such as Russian oligarchs.
- As levels of **fraud** rise dramatically, the Government must take a new approach to tackling this damaging crime:
  - The Government should ensure its autumn 2022 10-year **Fraud Strategy** includes a significant plan for long-term policing reform and a significant, ring-fenced budget for a strengthened capability to effectively tackle the growing crisis of fraud.
  - Ensure that the new **Fraud and Cyber Reporting Analysis Service**, that is to replace Action Fraud, is adequately funded and commits to an annual report on its impact.
  - All payment providers should be required to use the **Confirmation of Payee** service to prevent fraud. This will ensure that customers and businesses have greater assurance that they are sending payments to the intended recipient.
  - Banks must be required to **return any money lost** by consumers to online fraud, as TSB have committed to do, and online companies should be required to contribute compensation when fraud is facilitated by their platforms.

## Accountability

- Enhance **Parliamentary scrutiny** of the **enforcement agencies** and **regulatory or supervisory bodies** responsible for tax and economic crimes, with a new Select Committee of both Houses that would be subject to confidentiality, similarly to the Intelligence and Security Committee, accountable for the following:
  - Corporate tax avoidance and evasion
  - Illicit finance and Money Laundering Regulations
  - Kleptocracy and corruption
  - Whistleblower protection
- Enact a Whistleblowing Bill to establish an **Office for Whistleblowers** to provide protection to every citizen, and proper compensation where applicable, for those that speak out against or uncover economic crimes and other wrongdoing. Whistleblowers need one central place where they can go for advice and to pass information to regulators and law enforcement. An Office for Whistleblowers would set, monitor and evaluate standards as well as acting to prevent and address retaliation against those with the courage to speak up.
- **“Golden visas”**, and similar elite visa schemes, remain a vulnerable tool to launder the proceeds of economic crime from around the world. The Home Office has abolished the former scheme but must also deliver on its promise to publish a review of all golden visas handed out between 2008 and 2015, so that there is transparent understanding of its impact. Other visa regimes, such as the entrepreneur visa must also be subjected to scrutiny.
- Make the NCA, and the National Economic Crime Centre (NECC) based within the NCA, subject to the **Freedom of Information** Act, to enhance accountability for economic crime enforcement.
- The Ministry of Justice must legislate to tackle the issue of lawfare and vexatious litigation with **new anti-SLAPP rules**. Any lawsuit targeting acts of public participation should be subject to a “merits test” (e.g. probable chance of success) at the earliest possible stage in proceedings. Costs for SLAPP litigants must be sufficient to deter SLAPPs, whilst costs for defendants must be capped.
- Launch the flagship **Economic Crime Central Court** promised in the Economic Crime Plan, and enhance expertise nationwide by introducing specialist judges to adjudicate cases of fraud, illicit finance and kleptocracy.
- Counter the influence of hostile or corrupt states with new **foreign lobbying legislation**. The Government should expand the scope of the existing Lobbying Act to cover a significantly broaderrange of agents, activities and targets that lobby directly or indirectly on behalf of other state

governments, or foreign influences. A comprehensive lobbying register could also address this issue alongside increasing transparency for domestic lobbying influences.

## Regulation

- More effective regulation of the financial services industry is needed by permitting **inter-bank data sharing** so that organisations can safely and securely share transaction information to assist with investigations.
- Tighten regulation on the **enablers of economic crime**:
  - The Treasury must implement a radical overhaul of **anti-money laundering supervision** that strengthens the Office for Professional Body Anti-Money Laundering Supervision, housed in the Financial Conduct Authority, with new powers to sanction supervisors and ensure consistency of implementation. The system should be streamlined to deliver fewer supervisors with common standards and reduce risk of supervision by bodies that have conflicts of interest between their advocacy and regulatory roles.
  - The Government must reform the **Suspicious Activity Reporting (SARs) regime**. SARs are a central tool of defence against money laundering but the current system of reporting does not work and instead inundates the NCA with low quality data. The regime should be reformed with a new risk rating system to ensure quality over quantity and supervisors should be given powers to regulate the submission of low quality SARs.
  - HMRC must be empowered and resourced to **police the perimeter** of the Money Laundering Regulations more effectively by ensuring that unregistered actors, particularly in the Estate Agency and Trust and Company Service Provider sectors, are identified and face consequences for non-compliance.
  - Regulation of **Trust and Company Service Providers (TCSPs)** should be strengthened by only allowing UK registered and based TCSPs to incorporate and manage UK legal entities; requiring more public information on companies and individuals that provide TCSP services to UK legal entities; and making it illegal for TCSPs to offer nominee services, such as nominee directorships.
  - Assign a **default supervisor** to independent legal professionals who can undertake regulated activity but are not members of any of the professional body supervisors (PBS) - and are, as such, not supervised.
  - Estate agency businesses should be required to **declare any property transactions** with Politically Exposed Persons to the NCA. This would target use of the UK property market to launder funds.
  - Require tax advisers to be signed up as **members of a professional body**. Currently, a professional could be struck off as a member of a regulated trade body for tax fraud yet continue their activity.
- More effective regulation must be introduced to address the mounting risks created by **cryptocurrencies**:
  - The Government wants to make Britain a global hub for cryptocurrencies. The risk that arises from this ambition must be managed by resourcing the FCA with the expertise and capacity to effectively hold **Cryptoasset Service Providers** to account for their money laundering obligations. Many cryptoasset firms, although covered by the Money Laundering Regulations, have not registered with the FCA and are currently operating unlawfully. It is vital that firms flouting the compliance regime face penalties for failing to comply.
  - The 'travel rule' requires all financial institutions to issue reciprocal information between the originator and beneficiary of all transfers of digital funds. Currently, Cryptoasset Service Providers are under no such obligation. As recommended by the Treasury, we must extend this obligation to ensure **transparency for cryptocurrency transfers**, so that financial authorities are better able to detect and prevent money laundering activities involving cryptocurrency.
- The **procurement reform** process being conducted by the Cabinet Office should ensure robust protections for public contracts against fraud and other economic crimes, at both a national and local level. Reforms should enable public bodies to recognise responsible business conduct when granting contracts, and deny companies engaged in fraud, corruption, or sanctioned activity access to public contracts.

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