

Home Affairs Committee

Oral evidence: [Proceeds of crime](#), HC 25

Tuesday 24 May 2016

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Written evidence from witnesses:

- [City of London Police](#)
- [Crown Prosecution Service](#)
- [National Crime Agency](#)

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Members present: Keith Vaz (Chair); Victoria Atkins; James Berry; Tim Loughton; Stuart C. McDonald; Mr David Winnick

Questions 280–257

Witness[es]: **Detective Chief Superintendent Dave Clark**, Head of Economic Crime Directorate, City of London Police, and **Nick Price**, National Proceeds of Crime, Crown Prosecution Service, gave evidence.

Q280 Chair: Thank you for coming to give evidence to the Committee. You are our final witnesses, apart from the National Crime Agency; this is the final set of sessions in our inquiry into the proceeds of crime. We don't want this to be a dry academic session; we want you to be blue-skies about what the problems are and to give us some solutions to the problems that we have encountered during this inquiry, which started off brief and has now gone slightly longer.

The British Bankers Association, in evidence to this Committee, has said that arrangements for confiscation orders are “dysfunctional and confusing” and that “many people involved in the process, as well as external commentators, view the system negatively”. Again, these are not personal questions against either of you; we are not holding you responsible.

We want to talk about the system where we have outstanding debts of £1.61 billion from confiscation orders, of which only £203 million is likely to be collected. Obviously, the Committee and the public are very concerned. We are pleased when we hear about these big orders being made—you must be delighted at the end of a case when you hear about one—but so little of the money is collected. Mr Clark, why is that the case, and how can we change it?

Detective Chief Superintendent Clark: From a policing perspective, a cradle to grave review is required. I think there are four key pinch points to that process. There is the initial sharing of intelligence information, not just within the public sector but between the public and private sectors. For example, in our written evidence from the City of London police, we say that it would make a difference to have confiscation orders included as information on the police national computer database. Officers throughout the country stop people daily and could provide additional information so that the orders could be realised and those people could be found.

Moving on, some of the legislation and protocols around the data sharing Act—the Data Protection Act, I should say, although it should be called the data sharing Act—should be looked at. For national agencies or agencies with a national remit, such as the City of London police, perhaps section 7 powers, the same as the NCA has, should be looked at. We then move on to the investigation itself. Timeliness, and the overseas element to a lot of the investigations that we are involved in, create some of the difficulties that we have.

On the actual obtaining of restraint orders, we and the Crown Prosecution Service work very tightly and closely together to try to effect a better and more streamlined process for early restraints. We have worked on that substantially in the last 12 or 18 months or so. The introduction of proceeds of crime teams in the Crown Prosecution Service has certainly brought a huge benefit to policing. Then, of course, when the order is realised and the benefit, if you like, is calculated, some realisation around what is benefit and what can actually be obtained and is readily available to be confiscated is important as well.

Q281 Chair: Yes. Mr Price, what about you? It is your team that does the prosecutions. You get the orders. You stand up in court with your colleagues and you get a result, after a long investigation involving Mr Clark and others in the NCA and so on. Why is the amount of money we collect so low compared with the orders that are given? What is wrong with the system? What is your wish list of things for Parliament to change to make it better for you to get this money back?

Nick Price: Can I come to the wish list in a moment? It is probably worth first discussing that issue of the debt and how we articulate that. It is £1.6 billion, but the Committee has already had evidence that a large proportion of that debt is uncollectable. It represents assets that did not exist at the time the order was made and do not exist today.

To put some context on that from a CPS perspective, we are obviously not responsible for enforcing all of that debt, but for the portion that we are responsible for, we assess 30% of that to be collectable, 22% to be interest and the remainder to be uncollectable. The debate, the discourse and the discussion around this topic always begin with that £1.6 billion. I know that evidence has already been given about options to deal with that and that one of which is writing off a proportion of the debt. I do not think that is a sensible way forward. I do not think it would be acceptable to the woman or man on the street. Frankly, I do not think that it would be politically acceptable, but I do think we need to look at how we articulate what that figure actually represents. The debate should focus on what is collectable, and our performance should be assessed against the collectable amount, rather than this larger amount.

Q282 Chair: But where does that figure come from? Presumably it comes from the courts and people saying to a court of law, “This particular individual—this Mr Big or Mrs Big—

has assets that total this amount.” It is not invented by the media, is it? It must come from somewhere.

Nick Price: It is not invented by the media, but the structure of the Proceeds of Crime Act 2002 is to look at the extent to which a criminal has benefited from their criminal conduct. It is not structured to look at making an order solely in terms of the assets that are available, so you end up with a large batch of orders—for example, in hidden assets cases—where it is clear that a large proportion of that debt is unenforceable at the point that the order is made. We keep that constantly under review. We review these cases on a monthly basis, but unfortunately in some of them, that will remain the case.

Q283 Chair: Sure. *The Sun* reported on 8 May that 19 criminals still owe £160 million. The assets of those individuals include two £80 million apartment blocks in Dubai, a flat worth £4.5 million in Knightsbridge and a convertible Ferrari. If the media can find out all this stuff, the question is: why are we not seizing these assets?

Nick Price: Well, we are seizing these assets and we are recovering the assets. In the past year—again, looking at CPS performance—the recovery rates, which are the amount we recover of our debt, have increased by 11.5%. I am not for a moment suggesting that we are where we want to be, but performance is improving. When we look at recovering assets that are secreted abroad, there are a raft of additional difficulties that we encounter. We are, however, starting to see success abroad. From a CPS perspective, we have invested quite considerably in building our international relationships and putting ourselves in a position where we can be increasingly more successful.

Q284 Chair: Mr Clark, you obviously have a lot of experience. You have got a fantastic record in the work that you do for the City of London police, but do you think that we need even more expertise at the law enforcement level? Have we got a dearth of people who we can train up to do this kind of work? Clearly, the criminals are getting very experienced at secreting assets. Do we have to do more to get people in to train them up?

Detective Chief Superintendent Clark: On Mr Price’s residue point, the overseas and hidden assets are the issues in terms of recovery. The police service absolutely needs to mainstream the ability of officers, either on entry to service or as part of detective training, to affect money laundering investigations. Absolutely. There is still the requirement, at confiscation and restraint level of more complex, protracted cases, for a specialism of financial investigator, but absolutely, as with cyber, we need to mainstream the ability of officers to conduct these investigations.

Q285 Chair: Do you struggle to keep these investigators within the service?

Detective Chief Superintendent Clark: There is an obvious attraction, normally a remuneration, for specialists in financial investigation to turn to private sector jobs and we do have a high turnover rate. In terms of attracting internally within the City of London police, that is our niche, it is our expertise, so we do not have that issue in recruitment internally, but in retention, perhaps yes.

Q286 Chair: Mr Price, there is a view that police forces are now going down the civil rather than the criminal route in order to recover assets, because of the levels of assets they can recover through the civil courts. Do you think that this is happening and, if so, why?

Nick Price: I think that there are some projects. Certainly, City of London police is looking at one project at the moment. There are opportunities in civil recovery where a criminal prosecution cannot be brought and it is perfectly right and proper for that to take place, but I do not think there is a seismic shift away from criminal prosecution and confiscation to civil recovery. I do not think civil recovery is a panacea: that is not where we are at the moment.

Q287 Chair: On freezing of assets, an issue that you both alluded to, one of the greatest problems you face, of course, is that as soon as somebody knows that you are after their assets they start hiding them. How would you change the law to ensure that this does not happen, Mr Price?

Nick Price: In our written submission we mention the issue of dissipation of assets. The Committee will be aware that that is a test we have to meet when we are making an application for restraint, and of course early restraint is critical to deal with the issues you have raised. In terms of dissipation, we think that in terms of a large proportion of the cases that we are not able to take forward—cases where, after legal review, we assess them and do not believe that we can meet the dissipation test so we do not make the application—of course, we would have more orders, more applications, more early restraint if we could look at that test for dissipation.

There is another side to that coin, of course, because the courts do not approach early restraint and freezing orders as a rubber-stamping exercise; there are other interests that a court will want to look at, but in the end we do believe that we could improve performance in that regard—frankly, get more orders—if we could look at that test. There is some work going on at the moment on that and we are talking to the Home Office, particularly about that.

Q288 Chair: Sure. Good. Mr Clark, do you have anything to add before I bring in Vicky Atkins?

Detective Chief Superintendent Clark: I agree with Mr Price. Additional to that, there are efforts by criminals to turn their proceeds of crime into other forms of assets that we cannot readily deal with at the initial onset of a financial investigation.

Q289 Chair: Such as what? Give me an example.

Detective Chief Superintendent Clark: Jewellery, for example. If we were to include jewellery and were able to deal with such assets early in the investigation and realise the value, that would very much assist. Also, motor vehicles and such like.

Q290 Victoria Atkins: This is for you, David Clark. Something that we keep coming back to with these very complex crimes is the pressures placed on police officers to try and keep up with cybercrime, for example, and I think that financial crime is very much in that category. Would a system whereby financial experts from the City and elsewhere are drafted in for perhaps two or three years to work alongside warranted officers to help with the most complex aspects of an investigation help with your casework? I am thinking of the Financial Conduct Authority model. Would that work in the City of London police and the Metropolitan police?

Detective Chief Superintendent Clark: Yes, that's a very good point, and it is absolutely worth looking at. We have done that in other areas of investigation. For example, in intellectual property crime we have cross-secondments whereby industry come in and are seconded to the police service, and, of course, the reverse. There are some difficulties to consider if a police officer is working in an area of financial industry, because at that point in time there may not be the appetite to report a crime, for whatever reason, but of course a police officer cannot ignore a crime, so there are some compromises and some issues to get over in that respect. Nevertheless, it is a good idea and I would welcome it. I think it would benefit both sides.

Victoria Atkins: It might concentrate the minds of compliance officers in those circumstances. Thank you, that's very helpful.

Q291 Mr Winnick: When Robert Barrington, the director of Transparency International, gave evidence to us, he said that approximately 36,000 properties in London alone are owned by overseas shell companies. Nobody knows who owns those companies because of the lack of transparency. Do you agree with that figure in broad terms?

Detective Chief Superintendent Clark: I have not corroborated that figure, but when we talk about unexplained wealth orders, they would certainly help. We have heard a lot recently—for example, at the Prime Minister's summit—about beneficial ownership lists, which would also be very beneficial to exposing such cases and being able to deal with them.

Q292 Mr Winnick: I imagine that, in the main, these properties are not modest terraced houses that humble people like us—even the Chair, for that matter—tend to live in, but rather very substantial ones in Kensington, Hampstead and the rest. Am I right in that view? Without identifying the particular properties, which you are not in a position to do, isn't it more than likely that it is those properties in London that easily reach £2 million, £3 million or £4 million?

Detective Chief Superintendent Clark: I do not have personal knowledge of those properties. You are probably right in saying that it is more than likely that they are not modest terraced houses. The ambition, certainly on the behalf of the police, is to use whichever means we can to ensure that the public see, and have confidence raised in, the police dealing with such matters. If they are criminal, we certainly would have an appetite for looking at that.

Q293 Mr Winnick: If what Mr Barrington said is broadly right—apparently, you both agree with him; although Mr Price hasn't answered, he hasn't disagreed with him—do you have any confidence that the identity of who actually owns some of these properties will be found out in due course?

Nick Price: I think proposals are currently being considered that will enable that. The various aspects of the Government's anti-money laundering action plan are critical in this area. There are a number of different facets to that. We are working closely with the Home Office to work up the proposals. We are not the lead agency on the proposals, but we are working alongside them. It is too early to make a cast-iron commitment today that those proposals will come to pass or deal with the sorts of issues you raise, but they look promising.

Q294 Mr Winnick: Can I put this to you? It may sound pessimistic, but there is a good deal of justification for being pessimistic when we look at this whole subject. People like Robert Barrington certainly do not have much optimism that substantial progress will be made. He has more or less made a profession of this—it is to his credit, and all the rest of it. We have witnesses, and, undoubtedly, Mr Clark, Mr Price, no one disputes for one moment that you are doing your best, to say the least. You obviously would wish to see those criminals brought to justice and all the assets given to whoever it may be—the Treasury, the police or whoever. Are we really making real progress? Mr Price?

Nick Price: Do you mean progress in terms of proceeds of acquisitive crime, where we have confiscation orders and recoveries of those moneys? Is that the arena?

Q295 Mr Winnick: I mean overall. My question is, overall, are we really making progress?

Nick Price: There is a measure of progress. As I said a few moments ago, we are increasing the amounts of money we are bringing back and the debt for which we are responsible is reducing. Are we where we need to be? No, we are not. But there has been a significant investment in this area from across, I think, all law enforcement bodies in the last 18 months to two years. The Committee will be aware of the level of scrutiny that exists in this area. We have had two National Audit Office reports. The Public Accounts Committee is already scrutinising the issues. There are a raft of proposals for the future that I think will make a difference. From a CPS perspective, two years ago we launched a national proceeds of crime service. It is the first time that we have had a nationally dedicated service. As I said, we are starting to see a measure of success from that approach, but there is more to be done: absolutely.

Q296 Mr Winnick: And you would agree with that reasonably optimistic view, Mr Clark?

Detective Chief Superintendent Clark: I would agree that we are making good progress and I certainly welcome the new action plan on anti-money laundering and counter-terrorist financing. We work very hard with our counterparts in the National Crime Agency. Early evidence of that is the joint money laundering initiative that we have with the private sector and the financial services sector. I think of recent days. You will have seen in the news some of the advances and innovation that we are taking in the City of London police, in respect of cash seizures—we had one last week of £30 million and one the week before of \$22 million—by working in a different and more innovative way and using the legislation with our counterparts in the private sector. I think every day you see progress and the joint effort of organisations and agencies across both public and private sector is testament to that.

Q297 Chair: Thank you. Mr Barrington also gave us a figure that he felt was the amount of money being laundered through London, which was £100 billion. Would you support that figure? Do you think it is as high as that, or is that too low? Should it be higher?

Detective Chief Superintendent Clark: Many a public sector career has probably fallen on figures. I wouldn't like to put a figure on it. What I would say is that we have an open market. The financial services centre of the City of London is a very attractive place for anyone to legitimise their money, as well as obviously encouraging legitimate trade. There is a concern that is articulated in the national risk assessment and the national strategic assessment for organised crime.

Q298 Chair: Yes, but you do not have anything to dispute that?

Detective Chief Superintendent Clark: I don't have a figure.

Q299 Chair: Okay. The commissioner has told us in evidence that he believes the non-payment of a recoverable amount should be a criminal offence, because what we have at the moment is people serving a sentence, finishing their sentence, coming out of prison, leaving the country and the debt is still unpaid. Do you agree with the commissioner? Should that be an offence? Mr Price?

Nick Price: The Serious Crime Act, which came into force last year, made a number of changes to proceeds of crime legislation and as you have mentioned, one of those was in relation to default sentences. I am not sure that a discrete criminal offence would actually deal with the core issue, which is—as I said earlier—that assets that simply do not exist cannot be recovered. We ought to be focusing on what is collectable. As I said, our performance in relation to that is what should be looked at. So I am not entirely convinced.

Q300 Chair: Okay. Mr Clark, yes or no?

Detective Chief Superintendent Clark: I don't think it takes us any further.

Q301 Stuart C. McDonald: Lots of people who have submitted or given evidence to this inquiry have suggested the creation of a specialist confiscation court. Would you agree and support that suggestion, and how would you see such a court working in practice?

Nick Price: I think there are potential advantages to a specialist compensation court. It would obviously make sense from the perspective of the level of expertise that could be brought to bear in those cases, but there are some real challenges to that. First, arranging listings across many hundreds and thousands of cases so that we could actually make that happen would be a challenge.

Obviously, listing is a judicial function, ultimately a matter for the judiciary, and their views would have to be taken into account. That is something that has been raised, to my knowledge, at least twice previously. There has been some judicial concern about the practicalities of making that work.

My final concern would be that there are advantages in having the trial judge, who has just heard the criminal prosecution in the case, deal with the confiscation proceedings subsequently. If we were going to move confiscation proceedings at that stage into a separate arena, we might lose something from that. Sorry, that is not a short answer. So possibly a good idea but it has its issues.

Q302 Stuart C. McDonald: Mr Clark, have you anything to add?

Detective Chief Superintendent Clark: Only that I think that continuity of trial judge is important. However, I do think that, in terms of specialist courts, timeliness with less adjournment would also be beneficial to policing.

Q303 Stuart C. McDonald: Mr Price, in your written evidence you said that “the confiscation process will not improve unless recovery of proceeds of crime becomes a priority for all the bodies involved”. Other witnesses have told us that sometimes it is the

judiciary that does not give sufficient priority to POCA. How we can ensure that judges are taking POCA seriously and giving it the priority it deserves?

Nick Price: It is not for me to comment on how the judiciary approaches proceeds of crime. I think there is a wider issue, which is the one we raised in our written submission, around knowledge awareness from a grassroots level in law enforcement and across the criminal justice system.

The Criminal Finances Board has a criminal finance improvement plan and within that plan is a specific task or item for the Criminal Finances Board to look at that. So there is work ongoing, but you will know from the National Audit Office report that there is still criticism that we are not where we need to be in that respect.

Q304 Stuart C. McDonald: Turning to money laundering, Mr Clark, you said that there is a reluctance in many police forces to undertake money-laundering investigations because they are seen as specialist, time-consuming and resource-intensive. What would you recommend that we recommend to change that?

Detective Chief Superintendent Clark: From an economic crime perspective, and as the national co-ordinator for economic crime, it is important to raise awareness and raise priority setting in local force areas of money laundering, fraud in particular, which is my remit. There are competing issues, of course, across forces. I do not necessarily sign up to incentivisation being the way to get forces to prioritise this type of crime.

I think it is about entry training, detective training and about realisation and education of officers to identify that there is money laundering behind predicate offences. When we raise that priority setting through the likes of the SPR—strategic policing requirement—it will come on the agenda and on the list of PCCs and chiefs to raise it in their local forces.

Q305 Stuart C. McDonald: Mr Price, you have called for more powers in the law to seize, hold and sell virtual currency. How much money is laundered using such currencies, and how would you say that could be better regulated?

Nick Price: I am not in a position to give a figure of how much money is laundered through virtual currency. I am not sure a figure exists; if it does, I have not seen it. The issue for us around virtual currency, and bitcoin in particular, is a small technical issue, but an important one. That sits with specific powers for law enforcement to seize those assets in that environment. Again, it is something that we have been talking to the Home Office about for some time. We hope to be able to work up some proposals in that regard. Of course, as crime changes and evolves and moves into a different arena, we do need the legislation to keep up with it. It is a small technical feature, but an important one.

Q306 Stuart C. McDonald: Finally, would either of you have any further suggestions to make the police more effective at seizing laundered money, either virtual or real?

Nick Price: I haven't got anything in addition to what I have said on that, no.

Detective Chief Superintendent Clark: Some of our written submission suggests ways that we would like be more innovative around using private sector ability to work with police at an earlier stage in investigation, not just recovery of assets after orders have been made. That's in our written submission.

Q307 Tim Loughton: You both referred—particularly Mr Clark—to the new measures the Government came up with last month. They came up with what was described as the biggest reforms to money laundering in over a decade. What do you expect the impact and implications for the proceeds of crime procedure to be?

Detective Chief Superintendent Clark: Already we are seeing earlier restraints and the ability to work with the CPS earlier in an investigation, which can only be of benefit to avoid dissipation. As we develop overseas networks through the National Crime Agency in financial offices overseas, and the Crown Prosecution Service having officers overseas, I think that will have a greater effect as well in terms of recovering hidden assets overseas. The introduction of the beneficial ownership list will be a huge benefit. Probably not a day goes by when one of our 700 cases that we have on a day-to-day basis does not have assets that have been moved through Cayman Islands, BVI and such jurisdictions. So I think they are real, fundamental changes that will make a difference. The one outstanding issue, for me, would be money coming into this county and the unexplained wealth orders, which I would like see arrive as soon as possible.

Q308 Tim Loughton: What about the way you are going to be working with other agencies? What is different now, which impeded you from working with other agencies at home and abroad before—particularly on some of the new powers around unexplained wealth orders, which require obviously those accused of not declaring their wealth? Why do you think those will be effective?

Detective Chief Superintendent Clark: The partnerships between the Home Office, the National Crime Agency, ourselves and the financial services sector over the last 18 months have been very effective. As I said earlier, the JMLIT approach has been a test of legislation—a test of will to work in the same direction for the same benefit between all the partners. Yes, it is early days, but the figures—I am sure Mr Toon, who gives evidence after this, might be able to be more specific about that because he leads JMLIT. Also, the new creation, driven by the Home Secretary, of the Joint Fraud Taskforce will pay dividends. So it's everyone coming together, finding a way to make a change to legislation and lobby together, or it's looking at the different ways that we can all share our experiences, as well as our information, but put that into practice. It's "the doing", if you like, that has made the difference, as opposed to the "talking about doing" which people sometimes get lost in.

Q309 James Berry: I just want to pick up on one of Mr McDonald's questions before moving on to my substantive question. There was a question about having a specialist proceeds of crime court and about judges perhaps not taking POCA seriously. My professional experience of POCA—and, indeed, that of the QCs who gave evidence to us on this subject—was that it was not so much about judges taking it seriously, but that their knowledge was perhaps not deep enough in the area of proceeds of crime. Do you think there is a case for specialist training for certain judges who are dealing with long-running cases that may involve POCA, in the same way as we have ticketing for sex offence cases?

Victoria Atkins: Has Mr Berry just stolen my question?

James Berry: I am terribly sorry.

Detective Chief Superintendent Clark: From a policing, operational perspective—bear in mind that we are 14 years into the legislation—in the early days, I think that absolutely there was not the best understanding of the new legislation, which resulted in delays in trial and perhaps not the greatest accountability in respect of non-compliance with the requirements for the defence. That is a policing perspective, obviously. The police were held to account quite rigorously. I think that judges now have a much better knowledge. We see in all our cases that there is a much better knowledge and understanding.

Nick Price: From my perspective, I don't feel that there is necessarily a problem generally, but I think that there may be scope—certainly, it is worthy of exploration—in relation to some of the bigger cases. I am thinking of some of the international cases and our framework decision obligations. Some of those cases are complex and technical, and it might be that specialist training for a core number of judges to deal with those cases is the way forward, but again that would obviously have to be done in consultation with the judiciary.

Q310 James Berry: Given that that's quite a small number of cases, it wouldn't need to be particularly extensive.

Nick Price: No.

Q311 James Berry: Fine. Thank you very much.

Moving on to my substantive question on how you are measured, as I understand it there is no central Government target on the recovery of the proceeds of crime.

Nick Price: That's correct.

Q312 James Berry: Would you support a target being put in place—if anything, because it would be a measure against which you could be scrutinised?

Nick Price: We are scrutinised in the sense that we publish our performance. We publish our recovery performance, so there is scrutiny. You will know about the governance of the Criminal Finances Board, which is now ministerially chaired. That is a relatively recent change. The Home Office position is that they do not want to have targets. That has been tried before, and it didn't always work. I'm not sure that a specific target across all the agencies—or, indeed, the agencies that attend the Criminal Finances Board—would necessarily be the way forward. Ultimately, it comes back to the discussion that we started with about debt, how that is articulated and how we are held to account for what we do in relation to the collectable account. I'm not convinced by additional targets.

Detective Chief Superintendent Clark: I think measurements—perhaps measurements across the four Ps agenda—would be useful. Right across all the agencies, there is a requirement in every P area under the previous CONTEST strategy—now the serious organised crime strategy. Adoption of the four Ps would be very useful. The Criminal Finances Board is absolutely holding to account the cross-sector agencies.

Q313 James Berry: Thank you. This is my final question. The Assets Recovery Agency was subsumed into the NCA. Can you give me your top two advantages and disadvantages that that merger brought about?

Nick Price: I am not in a position to answer that question.

Detective Chief Superintendent Clark: I'm not sure I am either, if I'm honest.

Q314 James Berry: Is there anything that you would change about the current structure of the department of the NCA that used to be the Assets Recovery Agency, in terms of your work and your relationship with them?

Detective Chief Superintendent Clark: My greatest need is for the different systems that hold information to inter-operate—for example, the national fraud and cyber-reporting system should be able to talk to the SARs system, and vice versa. Another example, as I previously mentioned, is the JARD system and its ability to be recorded within PNC. If we can record that a dog is at a premises when an officer visits, I'm sure we could have the ability to record the fact that a confiscation order is outstanding against an individual, which would be very helpful in the collection of intelligence information for recovering those orders.

James Berry: Thank you.

Q315 Victoria Atkins: Mr Price, you said earlier that we should focus on assets that can be recovered. Doesn't that leave a problem with defendants who we know have money squirrelled away somewhere that we just can't find? We have explored all the avenues and have come to a brick wall, and we know that when they are released from prison they will suddenly be jetting off again to exotic places for their holidays. If we just focus on recoverable assets and do not have hidden asset orders, how on earth will we tackle the money that we know they are hiding away for their release?

Nick Price: I am not advocating removing hidden asset orders. What I am advocating is that, when we look at performance and success measures, we judge ourselves against what is collectable and how we have performed in that respect, rather than against assets that either don't exist or are hidden. I am not advocating removing hidden asset orders because we need the facility to be able to go back, sometimes many years after the order, to apply for an uplift. There is provision in the Proceeds of Crime Act to do that. We currently have a national project where we are doing just that. We are going back over old orders in a much more co-ordinated way, and some of these orders are quite old. We are revisiting cases with a view to getting those cases back into court, applying for an uplift and recovering additional assets because, of course, there is a whole raft of possibilities, such as a lottery win or the setting up of a legitimate business. Assets not being apparent today does not mean that they won't be apparent next year or the year after. Hidden asset orders have their place, and we are now doing an awful lot to go back and look at those cases. To be clear, I wasn't advocating removing them.

Q316 Victoria Atkins: Thank you for clarifying that. And the message should go out to the Mr Bigs, who think they've got away with it thus far, that the CPS may be after them for assets that they have squirrelled away?

Nick Price: Absolutely. In the project I mentioned a moment ago, we have used additional ARIS funds from the top-slice project. So far, over the course of about a year, we have spent £130,000 from the ARIS fund, but we have returned £1.5 million in revisits. That is not just cases where we have an order; it is cases where we have an order and have

recovered the assets. At last count, we also have about £13 million in the pipeline of cases that we will be looking at. It is something that hasn't been done in a co-ordinated way in the past. We are now doing that, and it is critically important work.

I would also add, just picking up on another point, that that work isn't done by the CPS in isolation. We are working ever more closely with law enforcement partners, so parts of our dedicated team are collocated with the regional asset recovery teams, with the NCA in London, with HMRC and so on. So we are working much more closely, which facilitates some of the work that we are doing.

Q317 Victoria Atkins: Are you both familiar with the Magnitsky case? To help you, because it will be difficult to ask questions about it otherwise, we heard evidence last week from William Browder, a partner of Hermitage Wealth Management. One of his colleagues, Sergei Magnitsky, investigated a fraud in Russia, prepared complaints and gave those complaints to the Russian authorities. The allegation follows that he was arrested in Russia by the very officials he had implicated in his testimony. He was then placed into various Russian pre-trial detention facilities and moved between cells, and it is alleged that he was tortured and eventually killed after more than 350 days in detention.

Mr Browder has followed this case and the allegations of fraud; he gave evidence to us that he could show that some of the money identified in the predicate offence—the fraud—in Russia found its way into the UK. He told us that he had approached the Metropolitan police, SOCA—as it was at the time, in 2012—the SFO, HMRC and the NCA to ask each of those agencies to investigate. He has given us their responses but, in short, each of those agencies declined. I appreciate that you do not have a personal knowledge of the case, but could you help us with reasons why the police in particular would not investigate such allegations, given that this witness has given what seems to be a full account of the alleged flow of money from this fraud from Russia into the UK?

Detective Chief Superintendent Clark: As you quite rightly say, I don't have personal knowledge of the case, so I would have to look at the facts. I also note that the City of London police was not one of the referring agencies that you read out, so I don't have any rationale or decision-making process that we would have gone through. I think I would have to refer to the individual agencies and their rationales for non-acceptance of the case before I made any further comment. Perhaps it was because of the overseas predicate offence, in a difficult jurisdiction to investigate, and assistance from that country was not forthcoming. But I am throwing that into the air really—it is guesswork. I would have to see the individual rationales from those agencies.

Q318 Victoria Atkins: I can see the reason for your answer. I think it would help for the Committee to understand how difficult it is, when an offence is alleged to have occurred overseas in particular countries, to prove that that offence happened, so that you can say that the money that flowed from it is criminal.

Detective Chief Superintendent Clark: Absolutely.

Victoria Atkins: Rather than a legitimate business transaction.

Detective Chief Superintendent Clark: And that may be the process that those referring agencies have gone through. But what we have to remember here is that there is a victim.

Certainly the City of London police's experience is that 86% of our work on the proceeds of crime has a victim attached to the end of it. It is not Crown offences, money laundering through drugs and that type of offence. This is very much economic crime, where fraud has taken place and somebody has lost their life savings. Each and every individual case has to be taken seriously, and it is very important that we take allegations reported to us as seriously as we should. That is our public duty. I can only say that the agencies that this case has been referred to should have done that as well—I hope they have. Without knowing the exact specifics, I cannot really take that any further.

Q319 Victoria Atkins: Mr Price, this one is for you. Mr Browder has called for the introduction of an equivalent law in this country to the Magnitsky Act, which has recently been passed in the United States. First, are you aware of that Act?

Nick Price: I am in a broad sense.

Q320 Victoria Atkins: In a broad sense. For those who are not familiar with it, the Act is federal legislation that enforces visa bans and asset freezes on those individuals who are alleged to have been involved in the mistreatment and death of Mr Magnitsky and the subsequent alleged criminal conspiracies. Mr Browder would like a similar Act to be passed in the UK. What is your view on that?

Nick Price: I can't really express a view on the appropriateness or otherwise of that. Certainly the US position is very different from ours. In terms of sanctions, it is ultimately a matter for the Treasury whether it wishes to pursue sanctions in relation to another jurisdiction. But it is not something that I would really want to express a view on, one way or the other.

Victoria Atkins: Not least because such an Act, depending on how it was phrased, would involve naming individuals who have not been convicted of criminal offences in this country. Had they been convicted of criminal offences, of course their name would already be in the public domain having committed those offences.

Q321 Chair: Finally from me, Mr Clark and Mr Price, tell us your concerns about ELMER.

Detective Chief Superintendent Clark: I do not have any specific concerns about ELMER in front of me, but I am more than happy to write to the Committee.

Q322 Chair: Mr Price, no?

Nick Price: No.

Q323 Chair: Because Laurence Sacker of UHY Hacker Young stated in evidence to us that this computer system that deals with suspicious activity reports—SARs—was supposed to deal with 20,000 a year and now has 350,000 reports. I am surprised you have no concerns because, within those thousands of reports, there must be people who are concerned about the proceeds of crime, and they are not being looked at.

Detective Chief Superintendent Clark: The concern is about the system and the process, not necessarily ELMER itself.

Q324 Chair: So you think that the computer is fit for purpose and there is no issue.

Detective Chief Superintendent Clark: Not in the modern day. Steps are being taken and representations have been made to ensure that we have an ICT system that is equipped to deal with—

Q325 Chair: But you're not a politician, are you, so the issue of representations is not really for you? This is not a trick question; we are trying to work with you here. Tell me, practically, what is wrong with the system? People are out there trying to report to you—a senior person trying to enforce the law—that there are concerns, but so many have been reported that the system is completely overloaded. That is what I am concerned with, not the representations. We know things have to change.

Detective Chief Superintendent Clark: The nub of the issue is that it was created at a time when capacity was a lot less. We have come steps forward, whereby financial institutions—particularly banks—are reporting more and more SARs.

Q326 Chair: Yes, we know all that. We know that it is 350,000. What are you doing about it though, Mr Clark? We know that there is a problem, but how does it affect your work? We want to help you here.

Detective Chief Superintendent Clark: Obviously ELMER is a system that is run by the National Crime Agency, and I think that the question is best addressed to the NCA.

Q327 Chair: So you have no dealings with them at all. You have no interest in SARs being reported. Of course we will address it to the NCA. I want to know how it affects you as the head of economic crime at the City of London. Is it of no concern to you?

Detective Chief Superintendent Clark: It is of concern to me. SARs are of concern to me. The SARs regime and the review of it have been very helpful, and have exposed the fact that volume is greater than the capacity to deal with that volume.

Q328 Chair: Okay. Mr Price.

Nick Price: Again, I would not seek to make general observations on the SARs regime or, indeed, the computer system that is used to operate it. There has been a review and I think that the Home Office is now committed to a wholesale—

Q329 Chair: Yes, we'll ask the Home Office; I am asking you. I know about representations. We know about the Home Office. How does it affect you and the work that you are doing as the national head of proceeds of crime for the Crown Prosecution Service?

Nick Price: The one area in which it affects us—we put this in our written submission to the Committee—is around the moratorium period. The moratorium period is often not long enough in complex cases for the investigative work to be completed and for us to do our work with a view to getting the case into court. Again, I know that you do not want to hear about the review.

Chair: We know about the review. You're not conducting it, are you?

Nick Price: No. My understanding is that—

Q330 Chair: We're here to help you. Practically, what further steps should be taken so that this volume of 350,000 reports is dealt with speedily to help you to do the excellent job that you both do?

Nick Price: From our perspective, it really sits around the moratorium period. The issues you are raising are more of a law enforcement issue.

Q331 Chair: So it doesn't affect you in your prosecution work at all that there are all these reports going through under this system that have not been looked at.

Nick Price: We prosecute cases that are brought to us after the investigation. Of course, in complex cases, we are involved at an early stage of the investigation. The proper and effective operation of the SARs regime is not a matter for the CPS but, of course, there is an impact on us. The critical area is around the moratorium period to enable us to get good cases into court on time.

Chair: Excellent.

Detective Chief Superintendent Clark: I would add that I think there is a benefit in looking at entity reporting over transaction reporting. Transaction reporting has created the volume that you speak about, and that volume is growing year on year. Entity reporting around accounts, as opposed to individual transactions, would be very helpful.

Chair: Mr Clark and Mr Price, thank you both for the work that you do in your various organisations. We are extremely grateful. If you think you can make any other suggestions to help us with our recommendations to the Government, please let us know. We are interested in practical suggestions, as opposed to the theory, because you are at the front line. We are very grateful for all the work you do. Thank you.

Examination of Witness

Witness: **Donald Toon**, Director of Economic Crime, National Crime Agency, gave evidence.

Q332 Chair: Mr Toon, thank you for attending. We will start with a question that I put to the previous witnesses about ELMER, which they said was one best put to you. What is happening about this system? We started this inquiry five months ago and we were very concerned about the figures we were given. A system that was built for about 20,000 reports is now having to deal with a third of a million. What is happening about it?

Donald Toon: Quite a lot is happening at the moment, but I should correct what I think is a misunderstanding. You suggested to the previous witnesses that the reports—as it happens, 380,000 is the latest figure—are not being looked at, but that is not a correct statement.

Chair: Okay, correct me then. That is why you are here: to give evidence to correct the record.

Donald Toon: So we key word search all the—

Q333 Chair: What is the system designed to cope with, in terms of reports?

Donald Toon: The system was designed, originally, to cope with a much smaller number. I cannot be certain that the 20,000 is accurate, but I would not be at all surprised. The system has had quite a lot of work done to it over a number of years. I think the real problem with the system is its lack of connectivity to wider systems and wider agencies.

Q334 Chair: Hold it there. Just on the figures, so we get them right: it was built to cope with about 20,000, but we do not know and cannot be absolutely certain—

Donald Toon: We cannot be certain what it was originally built to cope with.

Chair: But at the moment the number of reports is not 350,000; it is 380,000. Is that a year?

Donald Toon: Yes. The latest figure is 381,882 in the last reporting year.

Q335 Chair: We simply cannot get more accurate than that. Will it have gone up by the end of this evidence session, do you think?

Donald Toon: I have no doubt at all that it will have gone up, frankly, Chair. It is worth noting that more than 87% of those come from the banks and building societies.

Q336 Chair: Eighty-seven per cent. And that is annual figure.

Donald Toon: That is an annual figure, and one that runs—don't ask me why—from October to September, rather than the financial year or anything more logical.

Q337 Chair: Okay, those are the figures—thank you so much for correcting them. So where do they need to be connected to? Where does the system need to be connected to in order to do a better job for the law enforcers?

Donald Toon: There are two things: first, about the system itself; and, secondly, about the legislation and the process. The system itself needs to be upgraded for two reasons, one of which is about the way in which reporters are able to submit their reports. Yes, they can do so online at the moment, but that system is old and not especially stable, and we have particular problems. For example, in the last 12 months, we had an incident when one of the major banks upgraded its own IT system and that was then totally unable to connect with ELMER. We had to put a long piece of work in to fix that position with changes from our perspective and from the bank's. It is just not capable of operating without a lot of love, care and effort in the current environment, but that's from the reporter's perspective.

Also—I think City of London police commented on this—with the connection between the SARs dataset and one such as the National Fraud Intelligence Bureau dataset, we can do data matches against the different datasets, but we cannot do so automatically, routinely and straightforwardly; we have to do it manually. Essentially, we have to do a process by which we download one dataset and then set it against the other.

Q338 Chair: Where are they held? Are they also held by the NCA?

Donald Toon: The National Fraud Intelligence Bureau is hosted by the City of London police. We would be interested in doing similar work with datasets that would, for example, be held by Cifas, which has a huge amount of very useful data in relation to known and suspected fraud.

Q339 Chair: Would it benefit the system if all these different databases held by all these different agencies were placed together, or does it not benefit it at all? If you can access it wherever you are—you can sit in your headquarters and access Mr Clark’s databases.

Donald Toon: If we were able to get an effective upgrade to the system and we were able to have the kind of online connectivity that we believe we need, co-location should not be an issue. The issue at the moment is that we do not have that bulk electronic access.

Q340 Chair: When do you think that is going to happen?

Donald Toon: On timing, that has to reflect the outcome of the SARs review. To build a new system, when we know that there is going to be change fairly soon, would, frankly, be a waste of resources. What matters is that we do what we can to maintain the system that we have at the moment, and then a new system is designed and put in place to meet the new suspicious activity reporting system, whatever that may be. I also think that there are some issues around the way the current process and legislation work.

You heard about the moratorium period. There are certainly issues there from a law enforcement perspective, including the NCA’s. We have to consider the ability to stand up an effective capability to go in front a court and seek a restraint order in 30 days in a complex case. It is incredibly difficult, particularly with overseas evidence. I can give you examples of when it has taken us a year or more to get evidence from overseas in response to fairly straightforward mutual assistance requests, so that is a problem. But there is also something in here to do with the way in which the current system can drive unnecessary, inappropriate behaviours. The way the system currently operates means that if you submit a suspicious activity report, you submit a consent report and you gain consent, you get a defence to a money laundering charge. You therefore have a defence if we have given consent. What that can drive is a situation in which there is an infinitesimal possibility that you will need the defence, but you submit the report anyway.

Q341 Chair: Sure. We have heard some excellent evidence from Mr Clark and Mr Price about how all this affects them and the work that they do. Clearly, the City of London is a place that has been used by individuals and organisations to launder money. We were given a figure by Transparency International of £100 billion being laundered through the City of London. You have already given us some figures on SARs. Do you have any figures relating to the level of laundering that goes on either in the United Kingdom or in the City of London?

Donald Toon: The best figures that we could give—they are a very rough estimate—were given by our previous director general to you before, which put the figure as hundreds of millions of dollars going through the UK financial system. It is critical to put that in context when we are talking about a financial system that, in some areas of trading, can involve £1.5 trillion to £2 trillion a day in terms of transactions. It sounds like a large figure, but it has to be put against a very large volume and value of transactions. We have to recognise that it is happening in the UK. It is overwhelmingly happening in the City of London, but quite a lot of financial work goes on elsewhere—Edinburgh would be a good example. We have to recognise that simply the scale, the importance and the openness of the UK financial sector is such that it is extremely attractive to money launderers. It has to be.

Q342 Chair: I feel, as this inquiry progresses, that we are being overwhelmed by people targeting the UK and London in particular. Our agencies, although they are very fine agencies and they are doing their best, are facing a really difficult task in keeping up with what the criminals are doing in terms of not just the proceeds of crime, but the laundering of money through London. When you get to work in the morning, do you think, “We’re making progress here,” or, “We’re being overwhelmed because there is so much we have to deal with”?

Donald Toon: I suppose I would characterise the vision as, “We are making some progress.” Some of that progress is about understanding the scale and complexity of the problem, and starting to identify the responses. Certainly, we have worked very closely with the Home Office and others around the announcements that have been made by the Home Secretary on the anti-money laundering action plan, but there is a huge amount of work to do and it is not going to be achieved in a matter of months—it will take some years to make a fundamental difference, I think.

Q343 James Berry: I asked the last set of witnesses about the lack of a national central target in terms of the recovery of proceeds of crime. Would you support the institution of such a target?

Donald Toon: Frankly, no, I would not. There are reasons for that. On criminal finances, from our perspective we have two sides to this, one is the asset recovery piece—the proceeds of crime piece—and the other is the whole process by which money is laundered. It is important that we have a clear set of indicators of performance, and I am perfectly happy that we set out what we are achieving, and are open to question on what we are achieving, in terms of asset recovery, asset denial and money laundering. Targets tend to skew behaviours, and if you set us a target for asset recovery we will automatically be driven towards that target at the expense of areas where, frankly, targets do not exist.

Q344 James Berry: You have heard some of the evidence we have heard, and some of the public criticism is that we do not recover enough proceeds of crime, yet you do not seem to have been told by anyone what enough is. Do you find it difficult when those criticisms are levelled against you, when you are not being told how much should be recovered?

Donald Toon: No, I do not find it difficult that we are challenged on what we are achieving, but I am not sure on what basis one would actually set a target. I am not sure that we know enough, and I think it is important that you understand that from our perspective, as an agency, our responsibility is to understand the serious and organised crime threats to the UK and to secure an effective response against them. One part of that, money laundering, particularly high-end money laundering—non-cash money laundering—is, in itself, a prioritised major threat. Alongside that is the work we do on asset recovery, but that is targeted towards where we can have an impact on the serious and organised crime threat. If you set simply a target for asset recovery in and of itself, that has the potential to start driving behaviour towards the identification of cases that have assets, where the underlying harm may actually not be the most important.

It is particularly important to recognise that there are areas in serious and organised crime where going after the money in and of itself is not the answer, and high-end money laundering is part of that. So asset recovery is not the biggest issue in major money laundering. What the real issue is is driving the opportunity to launder money out of the

system. So we would want to be focusing on, yes, some of the criminals who may own the assets, but many of those are overseas and in difficult jurisdictions, but also on those who provide professional facilities here in the UK, whether that be company formation, the legal profession or accountancy, to work with law enforcement regulators and the professions to take action to tighten up on access to money laundering. That will not, in and of itself, lead to the recovery of a lot of money, but what it should do is make it much more difficult to find—to gain access to—money laundering through the UK.

Q345 James Berry: We hear a lot of reports of criminals hiding their ill-gotten gains before cases even get to court and the money is eligible to be subject to a confiscation order. What could Government do to help you in enabling the courts to make orders in respect of that money, to stop people being able to hide their ill-gotten gains?

Donald Toon: A lot of that has been done, so I think the position that we are now in, with the move from belief to suspicion as a test in going for early restraint, is particularly valuable. It takes time for that to work through, but it is not just about the law and it is not just about the courts. So, early restraint is valuable, but at the point at which you go for restraint of assets, you are making the existence of an investigation and the progress of that investigation overt and visible to the people who are under investigation. That is quite a difficult decision to make, particularly in our world, where the proactive, covert investigation of serious crime is core activity.

The thing that needs to be looked at and continually just looked at, and I think it is more for law enforcement, the CPS and the judiciary, is the level of proof necessary to satisfy the courts that restraint is appropriate in early cases. And certainly—

Q346 James Berry: Presumably especially at an early stage, when you are still gathering your evidence?

Donald Toon: That is absolutely right, and it is absolutely right that we need to demonstrate that there is a direct link between individuals and the assets that we are alleging. That has all sorts of complexity within it, but I think we just need to keep that level of proof under examination, and whether there is a satisfaction that that restraint can be maintained for the length of time that may be required, particularly in large, complex cases, where overseas evidence is involved. That last one is a particular difficulty. I have mentioned already the time it can take to get hold of evidence in support of restraint proceedings.

Q347 James Berry: So you have plenty of time to dissipate your assets, if there is a foreign element to the case, and it is going to take you a long time to recover the evidence for assets restraint—

Donald Toon: You may have.

Q348 Victoria Atkins: We heard from Transparency International in a previous session that they claim some £100 billion is laundered through the UK each year. What are you doing to combat this?

Donald Toon: Quite a lot, but it is difficult to prove and difficult to get to the point at which one might seek to identify options for criminal action. The key thing from our perspective is that that money is largely what we would term high-end money laundering.

So it's non-cash-based money laundering, usually involving corporate structures and often involving trusts.

We have taken the view that we need to work in close partnership with the financial sector to identify the routings of significant money laundering and those markers which might be used to identify that particular transactions are high-risk, and to take action to get those out of the financial system. So that takes us to the work we are doing with the Joint Money Laundering Intelligence Taskforce. We lead it, we have the Financial Conduct Authority sitting on it, along with the Serious Fraud Office, but currently there are 10 banks in a group which directly shares intelligence—customer information on money laundering. That has proved useful to us so far, in the sense that we have been able to do work in two directions. Important but often unsung is the fact that we have been able to develop with the banks 12 alerts, which we put out across the banking sector, saying, "Here is information which should guide your risk assessment of potential transactions." So we have done work there in relation to money that may be linked to human trafficking.

We have also got the identification of some 2,000 unknown problematic accounts through that process and 21 arrests. It is an area that we want to build on and an area where the criminal finances action plan and the criminal finance Bill will bring that public-private collaboration into sharp relief. It is not to any major bank's benefit to allow money laundering to operate through their systems. They, frankly, have been working extremely closely with us and seem to be very keen to continue to do so, and we have other banks that want to join. We think that that partnership is a critical piece.

Alongside that is the issue of the professional enablers that I have already mentioned. We are working with, for example, the Solicitors Regulation Authority and the Law Society on some areas where we are taking criminal investigative action. We have investigations under way at the moment into members of the legal profession linked to money laundering. We have also made a number of referrals to the Solicitors Regulation Authority for them to take disciplinary action inside the profession, and we are working through the Home Office with the Law Society to get much more concrete messages out to the profession about what the risk is and what their responsibility is.

That is the sort of work we are doing. As I say, I am afraid it will take time to see that come to real fruition, but it has got to recognise that you cannot expect there to be a single law enforcement answer to this; the whole process has to involve the other stakeholders, and certainly banks. We are working closely with them now and would like to extend that work further into other aspects of banking. We are working with the majors. We are talking, for example, to the Wealth Management Association about engaging with those who are responsible for private wealth management.

Q349 Victoria Atkins: Presumably, the new reforms we have been hearing about will help improve the agency's ability to tackle proceeds of crime offences and money laundering.

Donald Toon: We think that that is absolutely right. We think that they will make a significant difference. There is a lot to be done in terms of fleshing out the detail, and of course the criminal finances Bill will have to go through Parliament to give it effect, but there are changes to the SARs regime and changes to improve the effectiveness of public-private collaboration that we would like to see, and there are one or two areas where we would like to see changes in powers and offences. I think you have heard about

unexplained wealth orders. There is talk about illicit-enrichment offences. There is also work in relation to an analogue to section 11 of the Bribery Act—for there to be an offence of failure to prevent money laundering and economic crime, which was trailed as a consultation at the anti-corruption summit. If those all come to fruition, they will make a significant difference.

Q350 Victoria Atkins: Turning to William Browder, I do not know if you heard my earlier question, but he has made some very strong allegations about corruption and fraud taking place in Russia and the money flowing from those offences into the UK. Mr Browder reported those offences to the NCA and he received an answer back from the NCA saying that “a domestic criminal investigation relating to money laundering in the UK in our case is not the most effective way forward”. How is an investigation into \$30 million of criminal money coming into the UK not an effective way forward?

Donald Toon: I am relatively familiar with the allegations from Mr Browder and with some of the action that is ongoing in respect of those allegations. The bulk of the offences here took place outside the UK. We know that there are a number of international investigations already under way in respect of large segments of the criminality, and we are happy to and will co-operate with those investigations. I cannot either confirm or deny whether we are or will investigate the position within the UK itself. What matters is for us to recognise the importance—the clear strength—of the allegations made by Mr Browder and that there is an effective response to them. Our objective is to work with international partners to support and add value to investigations that they are conducting. I can’t really go any further than that.

Q351 Victoria Atkins: Just to pick you up on that: you said that you can’t confirm or deny whether investigations will take place. The NCA appears to have done that already, saying that it is not the most effective way forward. Why has the position changed?

Donald Toon: I am unsighted on precisely what has been said there. I would be very interested to know what has been said.

Q352 Chair: We will write to the director and get it clarified. Two very quick questions: Mr Berry and I went to the Queen’s warehouse at Heathrow airport and we saw a number of items which are the proceeds of crime or those that have been confiscated on arrival. We were told that alcohol, of which a huge amount is seized, and cigarettes, of which there is an even bigger amount seized, are destroyed rather than sold. Do you think that these assets should be sold rather than destroyed to raise more revenue? I don’t need a long answer, just what do you think?

Donald Toon: You have to recognise that you are bringing out my past life with HMRC as well. I don’t see how one could effectively sell those assets without achieving to some extent the ends of the people who were smuggling them, which is to undermine and distort the legitimate market.

Q353 Chair: Sure. Secondly, obviously you are now with the National Crime Agency. I am not sure, were you also with SOCA?

Donald Toon: No, I was not.

Q354 Chair: So you are one of the new entrants into the NCA. The budget of the NCA is about £400 million a year. As you know, this Committee has in the past always tried to look at the amount that has been seized by the NCA as opposed to what its budget is. Do you know what the proportion of items seized has been on your watch in your department, compared to the budget, or would you like to drop us a line and tell us this?

Donald Toon: No, I can tell you what the position is, but I must put on record that the purpose of the agency is not to recover assets. We are not a revenue generation agency. As I said, our job is to tackle the threat from serious and organised crime. The simple fact is that in 2015-16, we recovered just short of £27 million in assets. We denied—more broadly, restrained, for example—over £70 million. On both of those, if you look at the last four years, the recovery is up 80% on four years ago and the asset denial is 95% up on four years ago.

The comparison in terms of looking at the agency's budget is, I think, a false one. If you wanted to, you could, for example, simply take an analogue to my own part of the organisation, in which case we are recovering about £1.25 for every pound that is spent on my part of the organisation. But even of that, a small proportion of what we do is focused purely on assets.

Q355 Chair: But do you think it is a fair way to look at your success? You have talked about your success now, you have said that it has increased by 80% and 95%, so you will understand why Parliament keeps saying that in terms of value for money you will need to better and more, and you have proved that you can do because we have started to ask these questions.

Donald Toon: You could certainly say that we should always be aiming to do better and to be more effective, but I think that relating one output to the totality of the agency's budget is inappropriate.

Q356 Chair: Comparing the cultures, briefly, of the new organisation you are in and the old organisation you served so well as director—how do you compare them?

Donald Toon: I moved to the National Crime Agency because I felt that there was a huge job to be done here, in relation to money laundering and wider economic crime. I find the organisation I work for now to be very open and very keen to co-operate effectively with the rest of law enforcement and with the not-for-profit and private sectors.

Q357 Chair: It certainly seems to have a better punch than SOCA had.

Donald Toon: I am glad to hear you make that assessment, Chair.

Chair: Mr Toon, thank you for all the work that you do, and that your team does, on behalf of our country and thank you for giving evidence today.