

Dame Meg Hillier MP
Chair, Treasury Committee
House of Commons
London
SW1A 0AA

10 January 2025

Dear Dame Meg Hillier MP,

Thank you for your letter of 11 December 2024, regarding your oral evidence session on the work of the Office of Financial Sanctions Implementation (OFSI). I write to respond to your requests for information.

1. Please can you outline the work the NCA is involved in relation to sanctions, and in particular financial sanctions?

The National Crime Agency investigates serious criminal breaches of financial sanctions. We also investigate serious criminal breaches of transport sanctions, and work closely with HM Revenue and Customs with respect to Oil Price Cap Sanctions. In addition, the Agency works with the FCDO with respect to potential designations, across a variety of regimes, but most notably Russia, Cyber, and Anti-Corruption regimes.

The NCA operates at the high-end of high-harm; our role in relation to sanctions is to pursue serious and deliberate breaches of relevant legislation. Typically, the Agency's work focuses on designated individuals, usually ultra-high-net-worth individuals and their enablers. Such casework is extremely complex and multi-jurisdictional, and investigation lengths are accordingly long. Comparative investigation types, for example: complex bribery cases, average 7 years across OECD countries.

The Sanctions and Anti Money Laundering Act is relatively new, meaning there is no criminal case law to rely on. Cases must be robust and able to withstand significant litigation. Casework is conducted with close cooperation from the Crown Prosecution Service, who make an independent decision to charge.

2. What proportion of the NCA's workload deals with sanctions and with financial sanctions in particular?

A very small proportion.

The NCA was established to tackle Serious and Organised Crime (SOC) in the round, with a focus on the highest-harm organised crime groups. The threat from SOC is diverse and the NCA leads the system against priority areas, including cybercrime, modern slavery & human trafficking, organised immigration crime, fraud, money laundering, corruption, drugs, firearms, and child sexual abuse and exploitation. The overwhelming majority of the NCA's workload is dedicated to tackling these threats, with the three biggest draws on our resources currently being drugs, money laundering and organised immigration crime.

The NCA's capability with respect to sanctions is a bespoke component of its wider responsibilities, drawing on specialist capabilities and both domestic and international technical expertise.



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The NCA does not detail the specific size of dedicated units for operational reasons. We also flex resources to individual cases as they arise, and so the picture changes from week to week.

3. How many cases has OFSI referred to you for enforcement in 2023-24 and so far this current year?

The NCA receives information and potential referrals from a number of sources, which may result in NCA activity. For operational reasons, the NCA does not disclose the detail of referrals made by any particular body or source.

4. How many investigations did the NCA lead in relation to sanctions, and in particular financial sanctions in 2023-24 and in the current year? How many of these led to prosecution and convictions?

Financial investigations of this nature are typically complex and lengthy. As a result, there have been no concluded prosecutions for offences under the new Sanctions and Anti Money Laundering Act [effective as of Jan 2021].

We have, to date, brought charges in one case. That was against the former governor of annexed Sevastopol, who was charged with seven counts of circumventing sanctions and two of money laundering in February 2024.

We have a number of ongoing investigations with respect to financial sanctions breaches and other relevant crimes, some of which are awaiting charging decisions. For operational security reasons the NCA does not disclose detail of such investigations prior to charge, as to do so would risk giving suspects an opportunity to destroy evidence and dissipate assets.

Criminal investigation is only one way to disrupt those engaged in financial sanctions activity. A range of overt and covert capabilities are deployed by the NCA and its partners to disrupt criminal actors. To date, the NCA's Combatting Kleptocracy Cell (CKC) has delivered over 150 disruptions, which include: asset freezes and forfeiture, taking action against key enablers, and supporting international partners. Specific examples, in addition to the case mentioned above, include:

- The recovery of £780,000 in July 2024, the first UK forfeiture of sanctioned funds. The NCA argued the funds were held for the benefit of sanctioned oligarch Petr Aven, the former head of Russia's largest commercial bank, to support his lifestyle in the UK. The forfeiture marked the end of a complex and highly litigated NCA investigation.
- Assisting in the freezing of numerous properties, yachts and aircraft overseas, as well as effecting the prohibition of the superyacht Phi, subject to a DfT detention notice, following intelligence work by the CKC to identify the Russian ownership of the vessel
- The arrest of enablers in the regulated sector who support the transactions of corrupt elites
- Discreet action taken against a significant number of elites which directly impact the UK.

5. The Suspicious Activity Reports (SARS) Annual Statistical Report 2022-23 states that "following the invasion of Ukraine, we have received over 5,600 SARS related to sanctions". How many of these led to prosecutions and convictions?

As set out above, there have been no prosecutions or convictions for breaches of Russia-related sanctions yet.

The NCA's UK Financial Intelligence Unit (UKFIU) has national responsibility for the receipt, analysis and dissemination of Suspicious Activity Reports (SARs), including SARs linked to sanctioned

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individuals and entities. SARs reports are a vital element of both identifying sanctions breach risk and supporting ongoing investigations. All SARs relating to sanctions are placed with specialist teams within NCA, OFSI and our key government partners to support operational outcomes. SARs represent suspicion of money laundering (ML) identified by firms within the regulated sector. Despite the value that SARs can provide in supporting investigations, for more complex investigations, given the nature of SARs reporting and recognising that SARs will be considered alongside other strands of intelligence reporting, it is not often possible to assert that a SAR, in isolation, has led to a conviction. When considering the disclosure of information regarding outcomes linked to SARs, we also need to be mindful of SARs reporter confidentiality and operational security which could potentially be put at risk. Consequently, we are not in a position to provide specific data regarding the number of SARs which have led to investigations or disruptions.

6. What scope is there for greater transparency on how many or what proportion of SARs lead to investigations, prosecutions and convictions, with regard to financial sanctions?

Recognising the constraints set out above, there is a challenge in responding to this question, but what we can say is that SARs, along with other intelligence sources, have contributed to the disruptions delivered by CKC.

We would also welcome the opportunity to provide a briefing to the committee at a higher classification should the Committee find that helpful.

Yours sincerely,



Graeme Biggar CBE
Director General
National Crime Agency

