

Effective financial investigation

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A financial investigation is any investigation into a person or person's financial matters or those of a business or private limited company. A financial investigation can determine where money comes from, how it is moved and how it is used.

Financial investigation techniques can be used in all types of investigations, and investigators are able to use powerful legislative tools that target the proceeds of crime. This module focuses on the knowledge and awareness required for a non-specialist investigator to use financial investigative tools.

Financial investigation

Financial investigation should be used alongside all other investigative methods. It is not just a tool for specialists or concerned only with the [Proceeds of Crime Act 2002 \(POCA\)](#) and [asset recovery](#).

A financial investigation may involve some element of asset recovery but may be for other reasons such as to inform a criminal money laundering investigation, trace missing persons or witnesses, or simply to enhance the quality of any criminal investigation.

Opportunities exist to use financial investigation for purposes much wider than those traditionally considered. By developing a basic understanding of the evidential resources that financial investigation may offer, investigators are able to maximise the potential for building evidence, developing intelligence and enhancing the quality of their case.

You do not need to be a financial investigator (FI) to make use of financial investigation tools.

Location, location, location (case study) – locating a suspect using their cash card

An operational team from a police force in the north of England was tasked to undertake surveillance on a suspect. Intelligence reports stated that the suspect was in London and the force planned to deploy the team there at a cost of £3,000 per day. However, an enquiry made by an FI revealed that the suspect had used their cash card on the day before in the same city in which the surveillance team was located. Consequentially, the suspect was found without the force incurring the cost of deploying the surveillance team to London.

The benefits

Key benefits to using financial investigation methods include:

- reduced investigation costs
- time savings
- providing alternative ways of uncovering evidence

Financial investigation may also provide revenue generation opportunities.

Tracing a murderer (case study) – mortgage details provide the link to a murder suspect

Financial information provided evidence linking Kenneth Noye to the murder of Stephen Cameron on the M25 in 1996.

A vehicle suspected to have been driven by the person responsible for stabbing Stephen Cameron was found to be registered in the name of Anthony Francis – an alias allegedly used by Kenneth Noye. The police had difficulty making an evidential link between Noye and the alias. The same alias had come to light in an investigation into the murder of DC John Fordham, an undercover officer investigating the £26 million Brink's-MAT robbery in 1983.

Intelligence reports stated that a house had been bought 14 years previously in the name of the alias. The FI attached to the murder investigation team located the mortgage application for the house and found that it had been signed in the name of the alias. A fingerprint belonging to Noye was discovered on the form, thus providing the evidential link between Noye, Anthony Francis, and the murder of Stephen Cameron.

Murder investigation, case solved! (case study) – Using financial investigation techniques in murder investigations

Financial investigation techniques were used to convict Colin Cheetham of the murder of taxi driver Stuart Ludlam. Mr Ludlam was asked to drive a male customer to a deserted rural railway station and was later found inside his taxi, at the railway station, having been murdered in an 'execution style' shooting.

There were no obvious motives for the murder. Enquiries discovered that a mobile telephone had been used to call the taxi firm and financial enquiries revealed that a top-up for the mobile had been purchased using a bank card at a petrol station. Further enquiries with the financial institution revealed that the bank card belonged to Colin Cheetham, who was arrested and later convicted of the murder. It transpired that Cheetham was a gun fanatic and the only motive for the murder appeared to be the desire to shoot a complete stranger.

Confiscation orders

A confiscation order set at a realistic and achievable amount has been proved to have a marked effect on criminals and their activities, above and beyond any other type of sentence. This includes cases where defendants have accepted substantial prison sentences rather than confiscation orders, which they have fought as they found this a more severe and restricting punishment.

This is supported by [Home Office \(2007\) The illicit drug trade in the United Kingdom, reference 20/07.](#)

Legislation used in financial investigation

The [Proceeds of Crime Act 2002 \(POCA\)](#) is the primary legislation used in financial investigation. It combines previous legislation such as the [The Drug Trafficking Act 1994 \(DTA\)](#) and the [Criminal Justice Act \(CJA\) 1988 Part VI.](#)

Other financial investigative tools are provided by:

- [Misuse of Drugs Act 1971 \(MDA\)](#) (information on forfeiture of property used to commit crime, see [The Misuse of Drugs Act 1971](#))

- [**Powers of Criminal Courts \(Sentencing\) Act 2000 \(PCC\(S\)A\)**](#) (information on forfeiture, see [**Powers of Criminal Courts \(Sentencing\) Act 2000\)**](#))
- [**The Criminal Justice and Police Act 2001 \(CJPA\)**](#) (information on seizure under sections 50, 51 or 59, see [**The Criminal Justice and Police Act 2001\)**](#))
- [**The Terrorism Act 2000**](#) (see [**terrorist property\)**](#))
- [**The Anti-terrorism, Crime and Security Act 2001 \(ATCSA\)**](#) (see [**terrorist property\)**](#))
- [**The Sexual Offences Act 2003 \(amended 2006\)**](#))
- [**The Crime and Courts Act \(2003\)**](#))

The Proceeds of Crime Act 2002

A significant amount of crime is committed simply to make money, and in every case there is a victim. For those who commit crime, traditionally the punishment was traditionally either a community sentence or a term of imprisonment. Despite this, criminals could still often profit from their criminal actions while victims were left feeling let down by the criminal justice system. The **Proceeds of Crime Act 2002 (POCA)** deals with the movement and use of criminal property. The primary purpose of this legislation is to:

Build public confidence

Assist BCU commanders in building public confidence.

Disrupt criminal behaviour

Cause as much, if not more, disruption and frustration to criminals as a custodial sentence might.

Remove criminal funds

Help to remove funds from criminals that could have been used later to fund more crime.

Remove negative role models

Removing negative role models from society serves to protect the community and demonstrate effective police work and crime reduction.

This Act can be a powerful tool. To successfully embed POCA and realise its benefits across all areas of investigation, there should be robust and sustainable processes and systems in place to support use of the legislation.

Driving performance

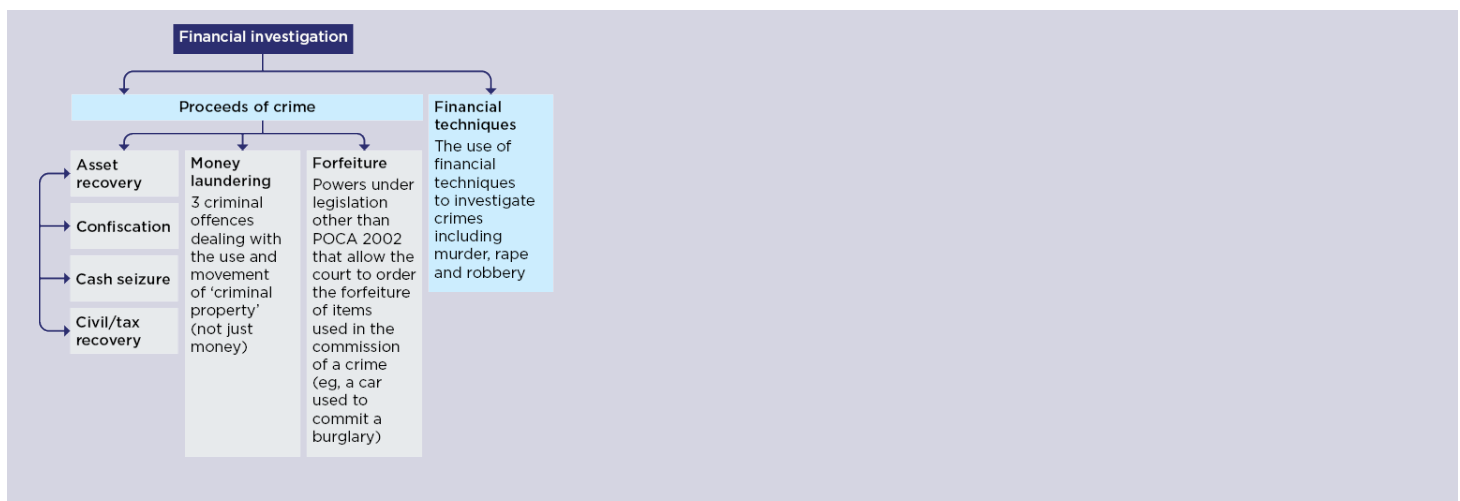
Effective policing practice using financial investigating tools and techniques requires the combined efforts of committed and trained practitioners and senior management. The benefits of financial investigation are far broader than the number and value of assets recovered from criminals.

Forces may be able to realise and exploit the benefits of financial investigation by systematically tracking and measuring the contribution that it makes to all investigations, from murder to missing persons. Officers in management positions should develop and implement a strategy for measuring delivery performance.

For further information see [Home Office Research Report 65. The Contribution of Financial Investigation to Tackling Organised Crime: A Qualitative Study.](#)

Collecting performance data in respect of inputs – cash seizures, restraint orders, and arrests for money laundering – is essential for analysing and understanding why certain areas of performance may be weak. Forces must ensure that financial investigation performance reviews form part of all monthly performance reviews within their force areas. This process should be supervised by a central performance group that is able to call local managers to account.

The diagram below demonstrates the relationship between financial investigation, proceeds of crime and asset recovery.



Strategic implementation and planning

Financial investigation should be considered and included within a force's local policing plan and force strategy. Forces also need to build financial investigation into their control strategy and divisional plans as part of the core investigative process, see [intelligence management](#).

Incorporating financial investigation techniques and proceeds of crime (POC) legislation into routine or mainstream investigations requires specialist FIs to be integrated with all other operational and support staff. This integration, the processes required, and the governance necessary to ensure the delivery of improved performance are the responsibility of senior management officers. The senior officers and staff responsible for performance management in investigation are able to attend the Proceeds of Crime Management Course (see [training and accreditation](#)).

Management information

Police commanders should ensure that there are internal systems and processes to measure performance. It may be useful to systematically collect and collate the following data:

- number of charges for money laundering
- number of recorded crimes for money laundering
- ratio of acquisitive crime arrests to confiscations
- volume and value of cash forfeiture orders
- volume and value of confiscation orders
- volume and value of cash seizures made
- volume and value of restraint orders imposed
- number of 5x5x5 intelligence logs submitted in respect of financial intelligence
- the number of suspicious activity reports (SARs) received
- the number of intelligence packages initiated from those SARs
- the number of SARs developed and transferred to a financial and/or criminal investigation
- the number of non-financial investigations supported by financial investigation

Measurement, quality assurance and analysis should be linked to, and focused on, best possible outcomes rather than overall output. This information will contribute to the development of skills and will improve the investigative process.

Proceeds of Crime Centre

The NCA Proceeds of Crime Centre (PoCC) is responsible for the training and accreditation of all specialist FIs for all agencies.

For further information see [NCA website](#).

Partnerships and cooperation

Forces are required to take a proactive approach to encouraging interaction between themselves and partner agencies. This enables information to be collected and performance to be managed.

The list of different government agencies and units involved in the financial investigation process includes the police, regional asset recovery teams (RARTs), regional organised crime units (ROCUs), the National Crime Agency (NCA), Her Majesty's Revenue and Customs (HMRC), the Serious Fraud Office (SFO), the Financial Services Authority (FSA), the Department of Work and Pensions (DWP), Local Authorities, Immigration Enforcement, and Border Policing Command, the Crown Prosecution Service (CPS), Her Majesty's Courts and Tribunal Service (HMCTS) and the Home Office.

Information sharing

To achieve optimum performance results forces must ensure that pertinent information is shared between agencies and that and, where appropriate, cases are jointly managed from instigation through to completion. Although responsibility for a proceeds of crime case passes from agency to agency, FIs have an important role to play throughout the process.

The role of the CPS

In December 2002, the Director of Public Prosecutions (DPP) signed a service level agreement (SLA) with ACPO. It is intended to serve as a general guide to cooperation between the parties on issues arising from the Proceeds of Crime Act 2002 (POCA). This agreement forms the basis for local protocols between crown prosecutors and chief constables. Officers should refer to the SLA and local protocol for specific details.

CPS areas are expected to provide early advice to the police on investigations, including money laundering investigations, preservation of criminal money and property, obtaining and enforcement of confiscation orders and confiscation matters generally. They make restraint and confiscation

applications to the crown court on behalf of the police.

The CPS is unable to appear, except in certain circumstances, on behalf of the police at cash seizure hearings because these are civil cases. Additionally, they do not make applications to the court under POCA Part 8 (investigations) unless there is specific agreement on the repayment of its costs.

Forces may use their own financial interview form if they have one, which the case officer will complete. The financial interview form will assist the FI to construct the Statement of Information for court. The FI will then bring the confiscation to court with the CPS. See [confiscation investigation](#).

Other prosecuting agencies

Effective working relationships between the police, partner agencies and the community are essential to prevent offenders benefiting from their criminal activities. They are also critical to successful tactical resolutions of criminal investigations. There are many authorities such as local councils, Trading Standards and the Environment Agency which have investigators and prosecutors to take offenders to court and convict them.

Frequently, offences prosecuted by these agencies generate criminal lifestyle assumptions, and the potential confiscation amount can be very large. Where other agencies are successfully achieving convictions in the magistrates' court, the same suspects of fraud offences may be under investigation by the police. Effective partnerships benefit from joint training, an understanding of each other's processes and knowledge of each other's responsibilities.

Financial information

Financial information includes all types of information connected to money, property, expenditure and finance, of any kind. It is present in almost every aspect of a person's life.

Non cash-based methods of dealing with money and criminal property, such as credit and store loyalty cards also generate financial information.

Investigators can analyse this information to obtain material to assist the investigation. This can help to establish a person's whereabouts, their possible intentions, evidence of a crime, motive, and whether they are living beyond their means.

Living beyond their means? (case study) – targeting a prolific offender and tracing assets

Police received intelligence that a person was dealing drugs from their home. There was a suggestion that they had bought a car from the criminal proceeds. A financial investigation showed that the sum paid for the car was in excess of the person's legitimate income.

When the police executed a search warrant on suspicion of drug dealing, they found drugs, £3000 in cash, and a car. The person was charged with possession of drugs with intent to supply (evidenced by the drugs) and two counts of money laundering (evidenced by the car and the cash). When interviewed, the man stated that he only had a credit card with one bank. A production order was obtained for this account. The financial investigation also revealed he held a second account containing a significant sum of money.

The defendant pleaded guilty to money laundering and was sentenced to three years in prison. The defendant was ordered to pay a confiscation order of over £105,000. This amount has been paid back from the defendant's assets, which included money in investment schemes and money from the police had seized.

Accessing financial information

A substantial amount of financial information is available to all police officers, although there are restrictions. Business and banking institutions assist law enforcement by reporting crime. This includes suspicious activity reports (SARs) from financial and commercial companies, and joint investigative units and projects such as the UK payments-led money laundering projects.

FIs are able to access this information more easily because of their training and accreditation, and the control that some data owners place on access to financial information. For these reasons, more complex enquiries are usually conducted by FIs. The responsibilities for collecting financial information will vary from force to force.

Use of the Joint Asset Recovery Database

The Joint Asset Recovery Database (JARD) system was implemented in 2003 to enable key information on court orders made as part of the asset recovery process to be recorded. This information is then used to provide management information on the process and to support the

enforcement of the court orders. JARD is a restricted system accessible via the (police service restricted) PNN, GSI and GCSX networks.

Management information provided using JARD includes information on the total amounts recovered, subdivided into a number of different categories such as individual police forces, the number of orders processed, and the level of enforcement.

The key use of the management information extracted is to show what monies have been recovered through the asset recovery processes and which agencies are responsible for the recovery. The Home Office uses this information to allocate a proportion of the money recovered by the different agencies back into their budgets to help reduce crime further. The receipt of this money is a key incentive for timely and accurate recording of data in JARD.

JARD provides the information the enforcement teams need to enforce court orders and pursue recoveries. Confiscation orders granted by the courts are forwarded to the enforcement teams who then look up details on the individual case in JARD.

Updating JARD

The majority of the information held in JARD is entered by accredited financial investigators (FI/AFIs), who are responsible for any financial investigation from the instigation through to any order being granted by the courts. FI/AFIs are responsible for:

- setting up a new case
- entering details about cash seized and / or assets identified and orders granted
- updating this information when further orders are granted, assets are identified, or any other relevant details change

However, FI/AFIs are not responsible for entering details about the enforcement stage, for example, when monies are paid in as a result of an order. This is done by the enforcement teams from Her Majesty's Courts and Tribunal Service (HMCTS).

When the enforcement agency (HMCTS) receives confiscation order details from the crown court, the assigned agent consults JARD for the asset details required and then contacts FIs to find or confirm details as needed. This may include a list of the assets, details about the location of assets and other investigation details.

The enforcement agency then updates JARD with payments received and asset statuses as needed and this information will be included in the management information reports received by the Home Office to assess incentive payments.

If further information is required please contact pnc.service-desk@homeoffice.pnn.police.uk

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