



The future of economic crime investigation within the City and beyond

Speaker: Detective Chief Superintendent Steve Wilmott, Head of Economic crime unit, City of London Police

Date: Monday 26th November 2007

Background to Fraud.

Fundamental changes are taking place in how fraud is dealt with in this country. We now have a £25m budget for 3 years, plus some more to cover the Olympics. Uniquely the City has both a head of crime and a head of fraud. The rest of the UK has a head of crime which includes fraud.

Fraud Review

A cross government review commenced in October 2005 with widespread consultation. We are now at the stage of pushing the recommendations through.

There were four strands to the review.

- Overall look at fraud
- Investigating fraud
- Prosecuting fraud
- Conduct of fraud trials

It was estimated that fraud was costing the country about £14bn per year.

Types of fraud

There is community fraud such as telephone scams; one of which was costing £1m per week. There is banking fraud, using cheques, credit cards etc. There is public purse fraud such as benefits fraud.

Resources and goals to combat fraud

In 2005 there were 400 police investigating fraud of which 150 were in the city of London. If there is a cash seizure the police get 1/4 of the cash seized which goes into the police budget. If there is an asset seizure the police get 1/6th. But if there is an identified victim such as a bank the recovered money all goes back to them. The government set targets for fraud operations.

Fraud trials and penalties

Fraud trials last for ever and many don't work well. They are complex and take up a lot of the legal aid budget. Sentencing for fraud is low in the UK compared with the USA. For a 3-4 year jail sentence for major fraud in UK the same offence would get about 20 years in USA. For smuggling large amounts of cocaine you would get jail, for fraud below a million you probably would not get jail.

Outcome of the review

There were 62 recommendations and 7 work streams created

The work streams were to set up:

- A national strategy
- A national fraud strategic authority
- A multi agency tasking group
- A lead force and centre
- A centre of excellence in the City of London
- A national fraud reporting centre NFRC
- A national fraud intelligence bureau NFIB

There were also some other issues. These concerned effective trial management, sentencing and effective ways to punish.

Structure and role of City of London Police - CoL

There are 150 detectives and 20 support staff. The activities cover traditional fraud investigation, cheque and plastic, money laundering, financial investigation and intelligence gathering. Currently CoL has lead force status for the South East. There is also an overseas corruption unit.

CoL police run national training courses, national plastic card courses, and courtroom skills courses. CoL has created an economic crime portfolio and works closely with SFO,DTI,OFT and FSA

How the Lead force works

It will be extended to the whole of the UK

It investigates cases arising from the NFRC (National Fraud reporting centre)

It applies case acceptance criteria

It assesses levels of involvement

This could be

- SFO plus local force
- SFO plus City
- Local plus City
- City only
- Local plus advice
- Local only
- Not investigated

Centre of Excellence

- Offers fraud related training
- Training packages for new legislation
- Has a library of knowledge including presentations
- Has a national and international contact centre

The National Fraud reporting centre - NFRC

- Is a call centre with 70-80 operators.
- Assesses and analyses reports. This includes trying to identify fraudsters rather than just the fraud itself.
- Send results to respective organisations to deal with
- Feed intelligence into the database NFIB
- Measures the nature and extent of fraud

The extent of the fraud challenge

There are currently some 100,000 reported frauds a year which some estimates give as maybe going up to 2 million.

The National Fraud Intelligence Bureau – NFIB

- Has multi agency staff
- Law enforcement
- Assesses and analyses links patterns and trends
- Can be more trend and target specific such as focussing on boiler rooms
- Provides NIM products
- Was piloted with plastic and boiler room fraud as specific initial targets
- Provides operational intelligence
- Provides a picture of fraud nationally
- Has links to industry databases
- Investigates possible links to public and private databases

Police response outside the city

- Strategic forces no longer an issue
- Operate against fraud performance issues
- Fraud is part of a national plan
- Provide a fraud service
- Has interactions with the lead force

Lead force is bidding

- For 50 extra officers
- A Ranking structure
- 50% of investigators to be civilian experts
- More forensic accountants, data recovery and support staff
- Accommodation, equipment and resources
- To be in place by April 2008

NFRC/NFIB challenges

- Has a huge technical challenge
- Is setting up a call centre
- Study says volume of calls will be up to 2 million, but may in fact go to between 750,000 and 1,000,000
- Increase in crime centrally recorded
- Fraud figures taken away from local force
- Should be set up by April 2009

The way ahead for responding to fraud

- Working groups
- Comprehensive business cases were submitted to the Treasury
- Project teams set up
- Suggestions and advice solicited and welcome

The outlook

There is not enough warning and awareness in the UK against fraud compared with the USA

“if its too good to be true then it is”

Naïve gap year students are operating in boiler rooms often against their will when criminals have taken their passports

Sophisticated criminals are getting personal details from things like yachting adverts or luxury car sales.

Most people targeted are pretty well off and educated but still fall victims to the scams

We might run an example scam in a leading soap as a way of educating the public

The recent run on one of the banks is causing people to look elsewhere for worthwhile investments

40% of our work involves an insider

Dating agencies are now a big cause of fraud.

Hot scams appear on the internet appealing to human nature such as “rescue my puppy”