

# MDA No.: 1603

## Title: Money Laundering in London

### 1. Executive Summary

1.1 At the Police and Crime Committee meeting on 10 January 2024 the Committee resolved that:

*Authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output arising from the discussion.*

1.2 Following consultation with party Group Lead Members, the Chair agreed the Committee's letter to Sir Mark Rowley QPM, Commissioner of Police of the Metropolis, on the nature of money laundering in London and what more the Metropolitan Police Service and partners can do collaboratively to tackle money laundering, as attached at **Appendix 1**.

### 2. Decision

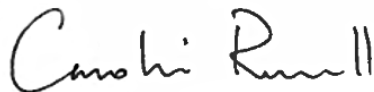
2.1 **That the letter to the Commissioner of Police of the Metropolis on money laundering in London, as attached at Appendix 1, be agreed.**

#### Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**



**Printed Name:**

**Caroline Russell AM, Chair of the Police and Crime Committee**

**Date:**

**26 February 2024**

### 3. Decision by an Assembly Member under Delegated Authority

#### Background and proposed next steps:

- 3.1 The terms of reference for this investigation were agreed by the Chair, in consultation with relevant party Lead Group Members under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letter and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the letter to the Commissioner of Police of the Metropolis will be formally noted at the Police and Crime Committee's next appropriate meeting.

#### Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): L. Harvey

Printed Name: Lauren Harvey

Date: 23 February 2024

#### Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.


Signature (Finance): Not required

Printed Name:

Date:

#### Legal Implications:

The Chair of the Police and Crime Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory McKenna, Monitoring Officer

Date: 27.02.24

Email: [rory.mckenna@london.gov.uk](mailto:rory.mckenna@london.gov.uk)

#### Supporting Detail / List of Consultees:

- Susan Hall AM
- Unmesh Desai AM
- Caroline Pidgeon MBE AM

#### 4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

##### **Part 1 - Deferral:**

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

##### **Part 2 – Sensitive Information:**

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

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#### **Lead Officer / Author**


Signature: J. Roker

Printed Name: Janette Roker

Job Title: Senior Policy Adviser

Date: 23 February 2024

#### **Countersigned by Executive Director:**

Signature: 

Printed Name: Helen Ewen

Date: 26 February 2024

# LONDON ASSEMBLY



**Caroline Russell AM**  
**Chair of the Police and Crime Committee**

Sir Mark Rowley QPM  
Commissioner of Police of the Metropolis  
Metropolitan Police Service

(Sent by email)

27 February 2024

Dear Sir Mark,

I am writing to you on behalf of the London Assembly Police and Crime Committee following its meeting held on 10 January 2024. During this meeting we discussed the nature of money laundering in London and explored what more the Metropolitan Police Service (the Met) and partners can do collaboratively to tackle money laundering.<sup>1</sup> The meeting was attended by the following guests:

- Commander Stephen Clayman, Specialist Crime, Metropolitan Police Service
- Detective Superintendent John Roch, Head of Economic Crime, Central Specialist Team, Metropolitan Police Service
- Detective Inspector Geoff Donoghue, Cryptocurrency Subject Matter Expert, Metropolitan Police Service
- Rachael Herbert, Deputy Director of National Economic Crime Centre, National Crime Agency
- Lucy Cumming, Head of Economic Crime Strategy and Government Affairs, City of London Police
- Paul Napper, Acting Head of the Proceeds of Crime and International Assistance Division, Serious Fraud Office

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<sup>1</sup> London Assembly, [Police and Crime Committee meeting](#), 10 January 2024

Much of the meeting was devoted to discussing the nature of money laundering in London and the partnership work taking place to prevent and tackle money laundering. This letter shares the Committee's views on where the Met could further strengthen its approach.

### **Nature of money laundering**

The Committee sought to understand the nature of money laundering in London. Detective Superintendent John Roch, Head of Economic Crime at the Met, told Members that it is "very difficult to tie money laundering down geographically" and as the digital economy continues to expand, "most things are now online, international and instantaneous". However, he added that the National Crime Agency (NCA) "does a very good job at understanding the threat and the risk that sits within it".<sup>2</sup>

At the Committee's meeting, Rachel Herbert, Deputy Director of the National Economic Crime Centre (NECC) explained to Members that as money laundering, "by its nature, is covert, there are not many overt ways of measuring it".<sup>3</sup> She told Members that it is estimated that over £100 billion is laundered in the UK each year. She explained that money is laundered through three broad categories: cash-based money laundering; high-end money laundering; and tech-enabled money laundering. She reported that "the current scale of cash-based money laundering in the UK is approximately £12 billion a year" and that "the UK enables about £100 billion of illicit finance in the high-end money laundering category". She added that "cryptocurrencies and new tech enabled capabilities" are also enabling money laundering in a way that hasn't happened before.<sup>4</sup>

Paul Napper, Serious Fraud Office, highlighted the issue of "reputation laundering where criminal proceeds are being used to change or enhance the reputation of a criminal individual". He added that this type of money laundering is taking place in the non-regulated sector, such as private schools, colleges and universities and that it is unlikely that this will be picked up unless you have a specific case where it is identified. He concluded that this contributes to why we do not have a "full picture" of money laundering.<sup>5</sup>

The Committee was very concerned to hear from the guests at the meeting about the extensive range of financial scamming and fraud that takes place.

**The Committee recommends that the Met uses its communication channels and community engagement structures to warn Londoners about the threat, range and risks of financial scamming, including money laundering.**

### **Working together**

The Committee was encouraged to hear about the strong partnership work taking place to detect and prevent money laundering in the UK. Rachel Herbert told Members that the NECC is responsible for understanding the threat of money laundering and setting out the strategic priorities for law enforcement and for the 3 P's; work to Protect, Prevent and Prepare to deal with illicit finance. She explained that the NECC is resourced from all partners who have a remit in economic crime including

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<sup>2</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 3

<sup>3</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 3

<sup>4</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 4

<sup>5</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 7

the NCA, His Majesty's Revenue & Customs (HMRC), the Serious Fraud Office (SFO) and the City of London Police. She also highlighted the importance of having regulatory partners and the private sector, including the Financial Conduct Authority (FCA), the Office of Communications (Ofcom) and banking representatives, in the NECC.<sup>6</sup>

The Committee understands that the Met works closely with the NECC to exchange and analyse information related to money laundering.<sup>7</sup> Commander Stephen Clayman, explained that economic crime, including, money laundering, reaches across the Met – from local policing to specialist crime activity.<sup>8</sup> He highlighted the link between serious and organised crime and money laundering and the work the Met is undertaking to disrupt this criminal activity. He said: “if you follow the money, you tend to get quite close to the predicate offence and you will find, as we do, drugs and guns, because that is closely connected to the criminal activities of those organised crime groups”.<sup>9</sup> Similarly, Rachel Herbert told the Committee that “the vast majority of serious and organised crime is motivated by profit and greed, therefore there is a requirement to launder the proceeds of crime across a wide range of crimes”. This includes the need to launder money from drugs, fraud, organised immigration crime and human trafficking.<sup>10</sup>

**The Committee is deeply concerned at the vast quantities of illicit finance (£12 billion cash and £100 billion through the financial system each year) being laundered through the UK. It recognises the steps taken by the Met and its partners yet remains concerned that seizures of cash are in tens of millions and not the billions being laundered.**

**The Committee recognises the complexity of money laundering, the challenge in detecting and preventing it and welcomes the commitment from all agencies to work together to tackle it.**

### **Resources, training and skills**

At its meeting, the Committee explored the demand money laundering is placing on the Met and the capacity, resources and skills it has to respond. Commander Stephen Clayman told Members that the Met's Economic Crime Command, responsible for responding to money laundering, has been impacted by resourcing issues across the Met. He explained that the Economic Crime Command has around 416 posts and about 303 of these are filled. While he highlighted that the Economic Crime Command is not “immune from some of the tough choices the MPS is having to make at the moment and where its resource goes”, he added that the Met tries to keep its “money laundering activity fairly well topped up because we know the ability to maximise our activity does have a return”. Despite this, he told Members that the vacancy factor in the Economic Crime Command does affect its activity.<sup>11</sup>

At the Committee's Q&A meeting with the Met and MOPAC in February 2023, the Deputy Commissioner told Members that there is an opportunity for the Met to “refresh” its approach to

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<sup>6</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, pages 1 and 2

<sup>7</sup> <https://www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre>

<sup>8</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 3

<sup>9</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 5

<sup>10</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 9

<sup>11</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 19

money laundering and its relationship with national bodies, including the NCA, NECC and City of London Police. She also acknowledged that the Met's Economic Crime Command is understaffed.<sup>12</sup> She said:

*“There is a question about how many of the people in the Economic Crime Command are detectives or officers with officer powers and how many of them should have other skillsets, how many of them should be data analysts and people who can do digital forensics. Of course, they would be police staff and with our absolute focus on officer numbers there is a risk that we are not necessarily building the right shape of thing [...] I need to take a view on what economic crime capability should look like in London, what should sit as a central specialism and what should be skills that we are teaching most street-based officers. We have got some brilliant people doing truly outstanding work. We find it hard to retain them because they are headhunted by the private sector for very big salaries so there is a question about what our future model is”.*<sup>13</sup>

Similarly, Commander Stephen Clayman confirmed that the Met is in the process of determining, with the Met's Management Board and the Commissioner, whether it could adopt a different balance between police officers and police staff in the Economic Crime Command.<sup>14</sup>

**The Committee is concerned by the vacancy rates in the Met's Economic Crime Command. It recommends that the Met conducts a review urgently examining the composition of its Economic Crime Command to:**

- **identify vacancies that require filling as a priority; and**
- **ensure that it has the right skillset and ratio of police staff and police officers.**

The Committee also explored the recruitment and retention of officers with the skills required to tackle money laundering at its meeting in January 2024. Commander Stephen Clayman explained that the “issue around retention is acute nationally” and that the Met is “battling always with the private sector and the pay that the private sector can give”.<sup>15</sup> Lucy Cumming, City of London Police, told Members that a lot of the skills that are obtained by police officers are highly sought after in the private sector, and is felt more acutely in London than the rest of the country. She added that the public sector cannot compete with private sector wages and highlighted the work that the City of London Police is doing to attract officers and staff in these areas and keep them in the job, including looking at apprenticeships with universities, internships, work with industry partners around secondments, and bringing back retired police officers to train and mentor new staff.<sup>16</sup>

Commander Stephen Clayman told the Committee that he is developing a strategy to present to the Commissioner to tackle retention issues faced by the Economic Crime Command.<sup>17</sup> The Committee looks forward to hearing more about this strategy.

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<sup>12</sup> Police and Crime Committee, 22 February 2023 – [transcript](#)

<sup>13</sup> Police and Crime Committee, 22 February 2023 – [transcript](#), page 34

<sup>14</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 23

<sup>15</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 19

<sup>16</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 19

<sup>17</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 19

Rachel Herbert highlighted the work the NECC is doing with the banks to explore the possibility of the public and private sector pooling resources. The Committee welcomes this approach and encourages the NECC to identify opportunities to scale this up.

The Committee heard about the collaborative work taking place with the financial sector in London and was struck by the potential to increase this activity. The Met explained that there are responsibilities on financial institutions to advise the Met about suspicious activities and this is one of the main ways of working with the industry to uncover and understand how money is being laundered.<sup>18</sup> Similarly, Rachel Herbert explained that “Every relationship we have in law enforcement, we have a mirrored relationship with the private sector”<sup>19</sup> and Lucy Cumming mentioned that there are number of teams within the City of London Police that are funded by private sector partners.<sup>20</sup>

Whilst the Committee was encouraged to hear that there is a good understanding of money laundering within police economic crime teams, we are concerned that there is a need to upskill and increase knowledge across frontline officers. Lucy Cumming explained:

*“we have seen a big influx of 20,000 officers into policing, we want every officer to understand about money laundering and seizure of assets, so that when they are arresting someone, if they find a thumb drive, for example, they consider the fact that might be crypto assets stored on that. It is not just about someone walking around with wads of cash in their pockets. Therefore, it really is about upskilling all of our officers across the network and to understand what money laundering is, understand what powers they have on the front line, and understand how to use them and seize assets as effectively as they can”.*<sup>21</sup>

**The Committee recommends that the Met works closely with the City of London Police and the National Crime Agency to identify opportunities, including secondments and apprenticeships, to work with the private sector to strengthen the Met’s response to money laundering, upskill officers and staff and ensure it has the right skills to respond.**

**The Committee welcomes the work the City of London Police is leading to increase understanding of money laundering across frontline officers. The Committee recommends that the Met reviews the training provided to its frontline officers to identify any gaps and ensure all officers understand what money laundering is and what powers are available to assist them on the frontline.**

### **Money mules**

The Committee is concerned about the increasing use of money mules and the “realistic possibility” that more people will be drawn into acting as money mules.<sup>22</sup> Lucy Cumming explained that it is a “huge area of growth” and money mules “are very much victims of money laundering”.<sup>23</sup> Particularly,

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<sup>18</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 5

<sup>19</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 16

<sup>20</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 17

<sup>21</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 9

<sup>22</sup> [National Strategic Assessment \(NSA\) Campaign 2023 - Money Laundering - National Crime Agency](#)

<sup>23</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 12



the Committee worries that university students are being specifically targeted due to their financial vulnerability. Lucy Cumming added that:

*“a lot of the funds laundered through fraud and cyber offences [are] distributed through mule networks [...]. We see the recruitment of mules into universities and young people, these are victims as well, often they are complicit, but not as aware of the consequences of what they are doing, and it can also create pathways into other areas of serious criminality for young people, which we really need to stop. We also see victims of fraud being used as money mules, particularly in certain types of fraud, romance fraud, for example, the offenders will take everything they have got from that victim, but they will then use that victim to then forward funds on as a part of a mule network as well. We see that quite a lot in different types of fraud. Sometimes the victim is the launderer, but also with the fraud and the cyber offending”.*<sup>24</sup>

The Committee welcomes the work taking place to target money mules, including the NECC’s involvement in the Home Office’s new money mules action plan.<sup>25</sup> In addition, the Met told Members that it has been concentrating on engaging with universities and has been holding money mule events with 16 or 17 educational establishments.<sup>26</sup>

**The Committee recommends that the Met works with the Mayor, the Home Office and NECC to increase its pro-active engagement with universities across London to raise awareness of the threat posed by money laundering and that students might be susceptible to becoming money mules.**

### **Legislation**

The Economic Crime and Corporate Transparency Act received Royal Assent on 26 October 2023.<sup>27</sup> The Government has stated that the Act is a “key part of the wider government approach to ensure that law enforcement and the private sector have the tools needed to help tackle economic crime, including fraud and money-laundering, and will deliver greater protections for members of the public and businesses”.<sup>28</sup> Guests at the Committee’s meeting welcomed the new legislation and highlighted how it will make it more difficult to launder money. Rachel Herbert said “I think the Economic Crime and Corporate Transparency Act is significant and exciting and a huge step in the right direction”.<sup>29</sup>

**The Committee welcomes the Economic Crime and Corporate Transparency Act and the anticipated impact it will have on money laundering activity. The Committee recommends that the Met provides it with further detail on what powers it will use, how these will strengthen its approach and the resource implications arising from this new legislation by June 2024.**

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<sup>24</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, pages 12 and 13

<sup>25</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 13

<sup>26</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 13

<sup>27</sup> UK Parliament, [Economic Crime and Corporate Transparency Act 2023 Stages - Parliamentary Bills](#)

<sup>28</sup> HM Government, [Factsheet: Economic crime in the UK](#), 18 January 2023

<sup>29</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 26

## Cryptocurrency

The Committee heard how the use of cryptocurrency for money laundering is a growing issue and is concerned about the impact this will have on Met resources. While the Committee welcomes the Met's new Cryptocurrency Investigation Team, it is conscious of the pressure and demand cryptocurrency is putting on agencies. Detective Inspector Geoff Donoghue, Cryptocurrency Subject Matter Expert at the Met, described his role to Members as

*"trying to take what has up to now, been a very niche area of finance and a niche area of policing and bring it into the mainstream, to upskill and to disseminate the learning that we generate. We have been funded partly by the Home Office and partly by the MPS, and we have a three-year mandate currently to deliver our objectives. We also have a role to act as a pathfinder for the rest of policing in the UK and to share what we have learned, and to build collaborative partnerships with other areas within law enforcement".<sup>30</sup>*

Commander Stephen Clayman told Members that:

*"the fact that we have created the team is a way to start unravelling this emerging technology. Well, it is not so new, but for law enforcement it is certainly a newer technology. In terms of demand, it is a bit like the money laundering approach generally; what we put into it is the return that we get. The unit is not fully staffed, and it is achieving some amazing results [...] It is emerging, we are reacting to it with the resource we put in, and it is something where we will just have to keep an eye on the growth and how we invest moving forward. It is a difficult one and it is demand that we create to tackle, as with all money laundering".<sup>31</sup>*

Detective Inspector Geoff Donoghue explained "We also really need skills in crime prevention as well. As you have seen, if we really are only scratching the surface of money laundering and we are seeing some of the quite insidious crime types that are hurting individuals that have been using cryptocurrencies, then prevention is going to be better than the cure".<sup>32</sup>

**The Committee believes it is imperative the Met upskills its staff in new areas (such as cryptocurrency), working closely alongside financial institutions, to match the growing demand tech-enabled money laundering poses on the service.**

I would like to thank your team for engaging in a constructive and positive discussion on 10 January 2024. The Committee recognises that the sheer scale of money laundering is eye-watering and appreciates the work the Met is carrying out just touches the tip of the iceberg. We look forward to the Met's continuous commitment to working in partnerships to strengthen its work to prevent, disrupt and tackle money laundering in the capital.

We look forward to receiving your response to our findings and recommendations, as well as any other comments you have on the Met's work to prevent and tackle money laundering. We would be very grateful to receive your response by 26 March 2024. Please send your response to Lauren Harvey, Senior Committee Officer via [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk).

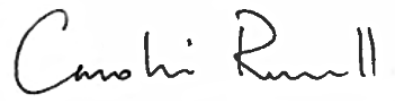
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<sup>30</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, pages 2 and 3

<sup>31</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 35

<sup>32</sup> London Assembly, [Police and Crime Committee meeting – transcript](#), 10 January 2024, page 36

Yours sincerely,

A handwritten signature in black ink that reads "Caroline Russell". The signature is written in a cursive style with a large initial 'C' and 'R'.

Caroline Russell AM

**Chair of the Police and Crime Committee**