



## Helping you see the risks

### Quarterly UK Fraud and Corruption Enforcement Update

July 2020



Welcome to Eversheds Sutherland's quarterly Fraud and Corruption Enforcement update which provides a quick overview of the recent key developments relating to criminal investigations and enforcement actions tackling fraud, bribery and corruption offences in the UK.



## First UK coronavirus government aid fraud arrests

On 17 June 2020 the Metropolitan Police arrested two men in London suspected of setting up fake companies to launder money and also to make fraudulent applications to banks for “bounce back loans” through the scheme launched by the UK government to assist small businesses during the pandemic.

HM Revenue and Customs officers arrested a man in the UK on 8 July 2020 as part of an investigation into a suspected £495,000 fraud of the UK government’s coronavirus job retention scheme. HMRC reported that the individual is also being investigated for a multi-million pound tax fraud and money laundering offences.

HMRC are currently dealing with at least 4,400 reports of suspected furlough frauds, the first 800 of which were received with a month of the launch of the scheme.



## FATF publishes report examining COVID-19-related economic crimes

On 5 May 2020, the Financial Action Task Force (“FATF”) published a [report titled “COVID-19-related Money Laundering and Terrorist Financing: Risks and Policy Responses”](#). The report acknowledged an increase in COVID-19-related crimes and highlighted that measures to contain COVID-19 “are impacting on the criminal economy and changing criminal behaviour”.

Fraud methodologies which are becoming prevalent include impersonation of government or medical officials, counterfeiting (including of medical supplies, personal protective equipment and pharmaceutical products), fundraising for fake charities, and fraudulent investment scams (including in relation to supposed cures for COVID-19).

The report found a sharp rise in cybercrime, and in particular email and SMS phishing attacks often based on exploiting concerns about COVID-19, business email compromise scams taking advantage of the increase in remote working, and ransomware attacks using malicious websites and mobile apps that appear to share COVID-19-related information.



## Convictions following UK’s Serious Fraud Office’s first Unaoil trial

A jury in London found two former Unaoil managers guilty of corruption in regard to paying bribes of over USD \$500,000 to Iraqi public officials to secure a contracts worth USD\$55m in Iraq for SBM Offshore and Leighton Offshore. Unaoil’s Iraq partner had already plead guilty for the same offences and will be sentenced on 8 October 2020.



## UK’s Serious Fraud Office discontinues two high-profile investigations

On 19 May and 16 June 2020 the SFO closed two high profile corruption investigations. The first investigation concerned the relationship between Swiss engineering company ABB and the Monaco based consultancy firm Unaoil. The second investigation was of allegations concerning corruption in Sudan and the UK currency and security printer De La Rue plc. Both cases were dropped following “thorough and detailed” reviews of the available evidence following which the SFO concluded that the cases did not meet the prosecution test. The prosecution test has two limbs: the evidential test and the public interest test. The SFO statements did not confirm in either case, whether the case failed the evidential or public interest test or both.



## The NCA and SFO publish their annual reports for 2019/2020

The SFO published its [annual report](#) for 2019/2020 on 22 July 2020. The new look report did not include “conviction rates” for the financial year, but instead reported “successful judicial outcome rates” for the preceding four year period of 95% by case and 62% by defendant. It appears that the Coronavirus pandemic may have had an impact on the SFO operations as the 2019/2020 annual report stated that 21 searches were conducted and 629 Section 2 Notices issued in that period which is significantly less than the figures reported for 2017/2018 of 32 searches conducted and 1031 Section 2 Notices issued.

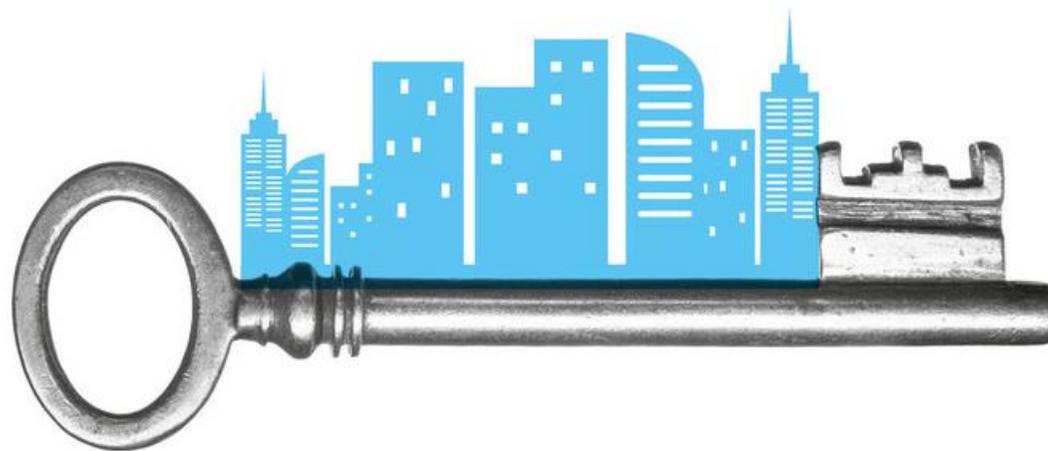
The National Crime Agency’s (“NCA”) [annual report](#), which was published on 21 July 2020 stated that in that year they had welcomed over 1000 new officers, made over 1000 new arrests and froze or seized almost £150m in criminal assets. The International Corruption Unit of the NCA restrained or detained £32m, and forfeited or confiscated £146m of which £136m was returned to developing countries. The NCA also estimated that 84% of fraud reported nationally is cyber-enabled.



## Russia report reveals official attitudes to UWOs

The [report of Parliament’s Intelligence and Security Committee into Russia](#) was made public on 21 July 2020. In a section titled “Tackling crime”, the Security Minister is quoted as acknowledging that Unexplained Wealth Orders (“UWOs”) are acting as a deterrent to the UK being used as a place to keep illicit funds and are likely to be used more in future.

However, the NCA, which is responsible for investigating suspicious financial transactions and applying for UWOs, gave evidence that resourcing issues are having an impact on their effectiveness. *“We are, bluntly, concerned about the impact on our budget, because these are wealthy people with access to the best lawyers and the case that we have had a finding on ... has been through every bit of court in the land, and I’ve got a very good legal team based within the National Crime Agency but they had a lot of resource dedicated out of my relatively small resource envelope on that work”*, the NCA’s Director General is quoted as saying.





## Five fast facts

- 1** 345 interviews were conducted by the SFO during the financial year of 2019/2020.
- 2** In 2019/2020 the SFO's secured over £13m in financial orders made against criminals convicted in SFO cases.
- 3** HMRC are dealing with at least 4,400 reports of suspected Coronavirus pandemic job retention frauds.
- 4** A total of £860 million was agreed to be paid in the three DPAs settled with the SFO through fines, costs and disgorgement of profits in 2019/2020.
- 5** 1,256 Account Freezing Orders with a value of £273 million have been obtained across UK law enforcement since the Criminal Finances Act 2017 came into force.



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