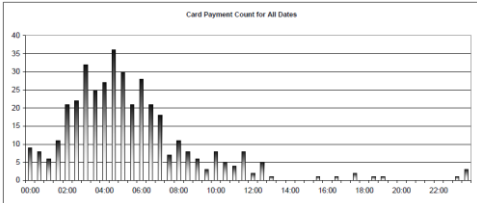


**CRIME INDICATORS FOR ACCOUNTANTS**

| Row | Activity or Incident  | Why is this suspicious  |
|-----|---|---|
| 1   | <p>Lack of Sales Records</p> <p>A business of any type has no sales records and asks their accountants to calculate income based on the funds received or deposited into their business bank accounts or provides their accountant with annual or monthly totals for which there is no supporting documentation.</p> <p>Money Service Business - no records of customer transactions or records of the fees charged for each transaction.</p>   | <p>This is an indicator of <b>Money Laundering</b>. It is a recurrent feature of money laundering investigations for a variety of crime types.</p> <p>Failing to keep accounting records is also a <b>criminal offence</b> under Companies Act 2006 (s386). In R v Skinner and Ferron in 2016 two directors whose only records for their company were bank statements, a collection of invoices and insurance documents were convicted of this offence. The working papers prepared by an accountant for year end accounts do not meet the requirement.</p>   |
| 2   | <p>Income received at odd times of day</p> <p>Statements from card payment processors show that the majority of card payments are taken between midnight and six a.m. for a business which is not part of the night-time economy.</p> <p>The client 'lends' their card payment processing machine or account to other people or businesses and allows the monies from unknown customers to be paid into their account. Funds are withdrawn in cash or transferred to the person borrowing the card payment facilities.</p>  | <p>This is an indicator of <b>money laundering</b>.</p> <p>The receipt of income at odd times of day indicates the laundering of monies from <b>prostitution</b>. For example in the case of R v Echeazu at Southwark Crown Court in 2017 where Mr Echeazu had allowed persons running a brothel to use a card payment machine issued to his music studio business to collect card payments from brothel customers. This was supported by the timing of transactions and he was convicted of money laundering.</p>    |
| 3   | <p>Lack of Assets or Supplies</p> <p>There is a lack of assets necessary to carry out the core activity of the business.</p> <p>The person/business does not appear to have purchased enough goods to generate the reported sales.</p>  | <p>This is an indicator that the company is a <b>front for criminality</b>. It is also an indicator of <b>false accounting</b>.</p> <p>For example in the case of a car hire firm with no cars in the company accounts. The cost of these cars as well as the majority of the company income was put through personal bank accounts which were never provided to the accountant.</p>  |
| 4   | <p>Lack of Staff Costs</p> <p>The person/business is in a service industry and has little or no staff or contractor costs but has reported an income higher than would be possible for the owners of the business to generate themselves.</p> <p>There are multiple payments to industry regulators from the same account and overlapping receipts, i.e. multiple wages received from different companies on the same day or in the same period. Prevalence of receipts from agencies or umbrella companies.</p> <p>Bulk of funds paid to family members or withdrawn in cash rather than spent on direct and administrative costs as in a normal business.</p> | <p>These are indicators that the client may be involved in <b>Modern slavery</b> and <b>Human trafficking</b>.</p> <p>For example, R v Lupu and others (Blackfriars Crown Court 2019), over 20 victims found living in squalor in a shared room, forced to work on building sites and as hotel cleaners with no training or safety equipment and whose wages were paid to their controllers.</p> <p>The controllers had filed tax returns as companies and as sole traders. Their bank statements showed income from multiple construction firms for the same periods and minimal payments to the victims. There are 8,760 hours in a year. When bank receipts for one of the companies were compared to the average rates of pay for the construction industry it showed that for one year it would have taken 16,930 hours of work to generate the income received.</p> |
| 5   | <p>Loans and Bridging Loans</p> <p>Clients (people or companies) who are not widely recognised financial institutions granting loans secured on the residential properties of their 'customers'.</p> <p>Loans recorded as owed to your client where there is no evidence that loans were paid out.</p> <p>Loans secured on residential properties with an interest rate in excess of 100%.</p> <p>Properties acquired by your clients for significantly less than market price when the 'customer' defaults on the loan or struggles to make repayments.</p>  | <p>These are indicators of <b>Extortion</b> based on the investigations into organised crime families in London. While the clients presented themselves as businessmen they were involved in serious and organised crime and the extortion was accompanied by threats of violence that put the victims in fear of their lives.</p>  |