



National Policing Fraud Strategy

Draft prepared by the National Police Coordinator for Economic Crime January 2015

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INTRODUCTION

This is the National Policing Fraud Strategy produced by the National Police Coordinator for Economic Crime through the Crime Business Area in consultation with chief officers and their staff. It is designed to support chief officers in meeting economic crime aspects of the Strategic Policing Requirements and their own local priorities. It also outlines assistance available to forces and police and crime commissioners in identifying and meeting their local economic crime priorities.

CONTEXT

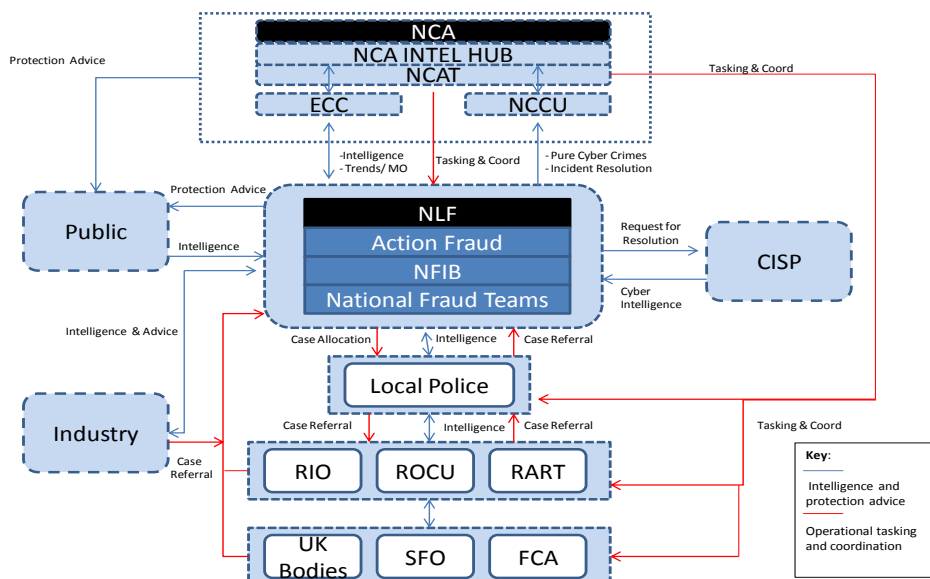
The Fraud Review of 2006 identified that the police service response to fraud was uncoordinated and under resourced and identified a need to tackle fraud in a more effective manner at the national, regional and local level.

The Commissioner of the City Of London Police was tasked with coordinating the police response to fraud, and with creating a number of national level resources including the National Fraud Intelligence Bureau (NFIB) and a number of specialist enforcement teams.

In October 2013, Economic Crime Command (ECC) of the National Crime Agency (NCA) became operational and assumed responsibility for leading, supporting and coordinating the national response to economic crime – including law enforcement, regulatory bodies and the private sector. Alongside this Regional Organised Crime Units (ROCU) developed their regional fraud capability to tackle organised crime groups at that level.

Despite these many developments at the national and regional level, it is recognised that the key role in the policing of fraud is played at the local level.

Fig 1: Counter-fraud landscape – intelligence and tasking workflows



THE NEED TO ACT

In contrast to many crime types the volume of reported fraud is growing. It is becoming more complex and diverse in nature and uses cyber technology to cross both national and international boundaries.

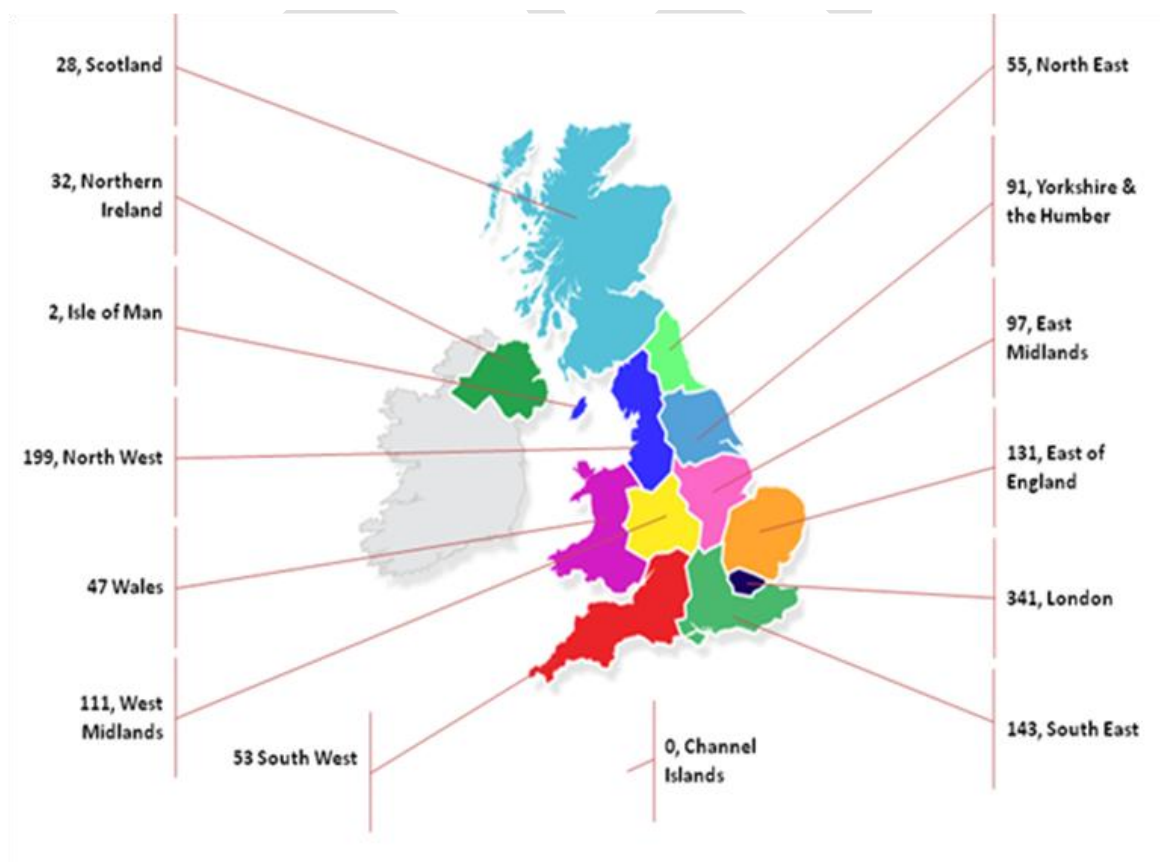
Fraudsters, whether operating as part of organised crime groups or as individuals, are increasingly sophisticated, innovative and capable, using emerging technology and societal trends to create new opportunities by exploiting gaps in individual and corporate victims' defences.

At the same time our communities, and police and crime commissioners as their representatives, are becoming

increasingly aware of the scale of this crime type and that it is not victimless, on the contrary tragic examples have only served to demonstrate the real impact on victim's lives and livelihoods. As a result policing is increasingly being asked to outline their response to fraud and the priority accorded to it.

Furthermore, the Strategic Policing Requirement highlights that economic crime, including fraud, is a key element of the organised crime threat (at the time of writing over 20% of the priority organised crime groups are mapped as having an involvement in economic crime). Police and crime commissioners are required to have regard to this threat in developing their police and crime plans.

Fig 2: Organised Crime Groups mapped as having involvement in economic crime, intellectual property crime and counterfeit currency (30 June 2014)



AIM

The aim of this strategy is to reduce the impact of fraud. It will do this by:

- Reducing the volume of crime, the value of the losses incurred through crime and the wider impact on the quality of life for individual victims.
- Supporting victims of fraud ensuring that they receive an appropriate service from policing in partnership with other agencies such as Victim Support and other Government departments (such as Social Services).
- Ensuring that UK policing (working with partners such as the National Crime Agency) has a sustainable and credible response to the growing threat from fraud.

SCOPE

This document is written at a strategic level to outline how the police service of England and Wales will tackle fraud impacting on individuals and businesses at a local, regional and national level; it does not seek to prescribe operational or local delivery. It complements the Strategic Policing Requirement and the National Control Strategy (which ranks Fraud against the Individual, Private & Third Sectors as a high priority threat) as well as priorities of other national policing leads in related areas (including, cyber crime, digital investigation and crime prevention).

Cyber-enabled crime

Cyber crime, in its broadest sense is not within the scope of this strategy. However, 40% of the frauds reported through Action Fraud in 2012 were committed online and this is likely to

continue increasing year on year. It is reported that 70% of recorded fraud involves some form of cyber enablement including telephony, the internet, or e-commerce.

Any fraud strategy must therefore be written in the context of cyber-enabled crime. The National Fraud Intelligence Bureau will support national policing as the national reporting centre for cyber crime. It will also improve knowledge and awareness of cyber-enabled crime, increasing our collective understanding of the scale and threat that it poses, and methods used, thereby assisting in the identification of priorities. It will help to spread 'protect' advice through its alert system and support 'pursue' activity through its intelligence disseminations. The National Crime Agency's National Cyber Crime Unit is responsible for leading the overall response to cyber crime, coordinating multi-agency activity and providing specialist cyber support and expertise across law enforcement.

STRATEGY

The economic crime operating model

In order to effectively tackle economic crime, including fraud, it is helpful to understand the means by which it operates at both the micro and macro level. Economic crime is increasingly practised by both traditional fraudsters committing volume crime and by organised crime groups who recognise its value as a lucrative and relatively safe addition to their other criminal activities.

Fraudsters are, by virtue of their activities, supported by additional

criminal networks including identity crime (eg victim data and false identity) cyber crime (both cyber-dependent and cyber-involved) and other professional and technical enablers. Money obtained through economic crime will either be laundered, retained to fund the lifestyle or returned to fund further crime.

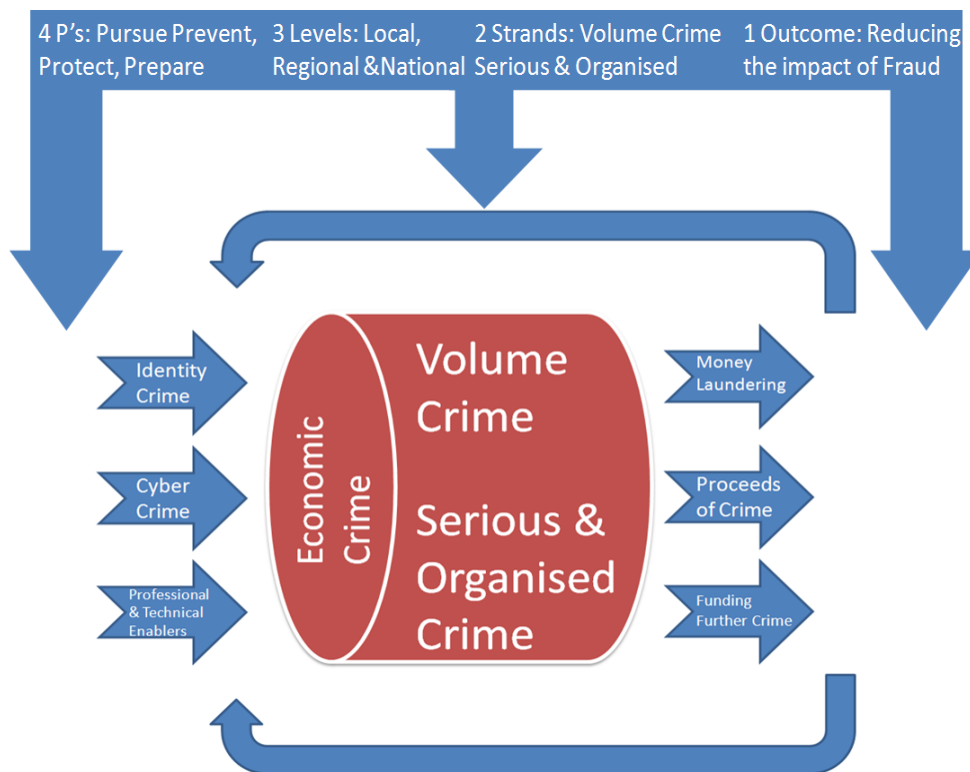
Response to fraud

The Strategy will be intelligence led, supported by the National Fraud Intelligence Bureau and characterised

by partnership working among law enforcement agencies and with the private sector.

Local resources will support regional and national priorities where appropriate but local forces will in turn be able to draw upon national expertise and capability. The strategy is based around a 4-3-2-1 model and is to envelop the whole economic crime operating model as summarised below:

- 4 Ps** – using the most effective mix of *'pursue', 'protect', 'prevent', 'prepare'*
- 3 levels** – addressing economic crime at the national, regional and local levels
- 2 strands** – tackling both serious, organised crime and traditional volume crime
- 1 outcome** – reducing the impact of fraud



THE 4Ps

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The 4Ps approach has previously been used in counter-terrorism, is central to the Serious and Organised Crime Strategy and is now being applied to economic crime. The 4Ps as they relate to economic crime are summarised at **Appendix 1**.

Pursue

The police service ‘pursue’ ambition is to reduce the fraud threat through the investigation of individuals and groups engaged in fraud and the disruption of their activities. Guidance to those investigating fraud is available as part of the Fraud Authorised Professional Practice.

The nature of volume fraud, particularly when cyber-enabled, often from overseas, means that it will not always be feasible for the police to investigate and pursue an offender with the core aim of securing

conviction and a custodial sentence. However, the needs of the victim can often be met through the broader range of positive outcomes set out by the Home Office. Public expectations and the ambitions of investigators should therefore be managed accordingly.

Where it is feasible to do so, UK policing, will use all available capabilities to tackle criminals operating outside national jurisdiction. This will include options such as international letters of request and mutual legal assistance, as well as bilateral capabilities presented by the National Crime Agency’s international liaison officer network, and more common ‘police to police’ channels through multilateral agencies, such as Interpol and Europol.

Such operations will normally be coordinated by the National Crime Agency and City of London Police.

There will be an increased emphasis in disrupting fraud, denying criminals access to the technical and other elements they need to enable their crimes.

Where it appears that an investigation is unlikely to be effective the National Fraud Intelligence Bureau will work with its industry partners to deny criminals access to their technical communications, internet and e-commerce tools. Operations will also be conducted by police to disrupt criminal activity by, for example, targeting professional enablers such as dishonest or misguided lawyers and accountants, or conducting pre-emptive action to deny access to office space used to facilitate investment frauds.

As part of its pursue activity policing will use all available legislation to recover assets stolen. Regionally, this forms part of the broader remit of the Regional Asset Recovery Teams.

Prevent

The police service *'prevent'* ambition, not to be confused with crime prevention (see *'protect'* below), is to stop individuals becoming involved in fraud or providing support for economic crime criminal activity. This is a less well developed aspect of the 4Ps approach and the National Policing Coordinator for Economic Crime will work alongside others to:

- improve knowledge and understanding of the criminal career pathways to economic crime in order to inform proactive, multi-agency interventions
- identify the professionals and businesses that enable economic crime

- identify individuals likely to re-offend and suitable for offender management regimes
- design prevent interventions for application by the police service and others

Protect

The police service *'protect'* ambition is to strengthen the protection of individuals, communities, systems and infrastructure against fraud. The intent is to create or encourage the conditions in which crime prevention against fraud, particularly when cyber enabled, mirrors the best aspects of physical crime prevention. Were this condition to prevail:

- industry will design-in crime prevention to their technologies and processes
- individuals will be educated in, implement and take responsibility for their own crime prevention precautions
- the police will identify and advise on poor application of crime prevention processes and focus proactive effort where the threat is greatest

Once a crime has occurred the third sector will respond by repairing the damage and restoring security for vulnerable victims. Victims will also be offered reassurance and advice to avoid becoming repeat victims.

The precursor to this is a general threat awareness and an understanding that individuals and organisations can do much to protect themselves.

Local forces, their local councils and crime prevention partners will be

supported by the National Economic Crime Prevention Centre as required. This 'national to local' network will provide central resources and support to local crime prevention activity and will use local resources to help deliver national crime prevention campaigns.

Where required, the Economic Crime Prevention Centre will arrange training to provide those involved in traditional crime reduction with the additional knowledge to advise on fraud and cyber enabled crime. The Economic Crime Prevention Centre will also act as a focus for partnership working, engaging with national police leads for related crime areas, the relevant official departments, industry, the third sector and victim representatives.

Prepare

The police service '*prepare*' ambition is to reduce the impact of fraud firstly by understanding and dealing effectively with the current and emerging threat and when such crime has occurred by ensuring that victims are well supported.

The Economic Crime Prevention Centre will work with partners including the National Crime Agency and those in industry and academia to ensure that the changing nature of the threat is observed and reported.

As the national centre for fraud and cyber crime reporting, the National Fraud Intelligence Bureau plays a key role at the national strategic and local level in ensuring that the threat is understood and communicated.

The National Fraud Intelligence Bureau will respond to emerging and specific threats by issuing alerts to industry and guiding the prioritisation of crime prevention '*protect*' activity.

Action Fraud will continue to provide the initial victim care, issuing appropriate crime prevention advice at the point of contact and updating victims on the progress of their report until it has been disseminated to a force for investigation.

3 THE 3 LEVELS – National Regional Local

National

The police service holds a number of capabilities and responsibilities at a national level.

Central reporting intelligence and crime packaging



With a universal reporting system (Action Fraud) and a national resource (the National Fraud Intelligence Bureau) for collecting, enhancing and disseminating intelligence the police service of England and Wales is well placed to deliver intelligence led policing of economic crime.

The National Fraud Intelligence Bureau will provide crime intelligence and developed assessments at the local, regional and national level. This intelligence will support all four activity areas (not just the enforcement element of 'pursue') identifying, for example, new or cyclical threats, victim types and victims vulnerable to repeat attack. In order to ensure a comprehensive intelligence picture policing will seek to encourage full reporting of fraud, exploring regulatory and legal avenues if required.

National fraud investigation capability

The police service has, through the City of London Police (as the national policing lead for fraud), the capability to investigate those frauds whose

complexity, impact, range or sensitivity make them less suited to investigation by a local force or regional unit.

Specialist fraud investigation capability

The City of London Police provides policing, in conjunction with private sector partners, with specialist investigation capabilities to tackle specific types of fraud including intellectual property crime, insurance fraud and payment fraud. This capability is deployed nationally with operational support from local forces.

Case Study: Specialist Fraud Investigation

In October 2013, the industry-funded Insurance Fraud Enforcement Department coordinated the arrest of 30 suspects in the UK's largest ever ghost broking operation. Ghost brokers prey on individuals by offering unrealistically cheap deals online and in person leaving motorists believing they have bought insurance cover when they have not. The Insurance Fraud Enforcement Department assisted by City of London, Greater Manchester, Leicestershire, Metropolitan, Thames Valley and West Midlands police forces successfully executed 28 search warrants around the country. 170 police officers across the 6 forces were involved. This operation also led to the closure and disruption of 8 websites, 50 email addresses, 29 free ads and 7 telephone numbers and seizure of criminal assets such as cash and valuable items.

The National Economic Crime Prevention Centre networks into existing crime prevention assets at local and regional level thereby enabling better delivery of fraud and cyber-enabled crime prevention advice alongside traditional crime prevention activity. Crime prevention activity is discussed more fully under 'protect' above.

Support to victims

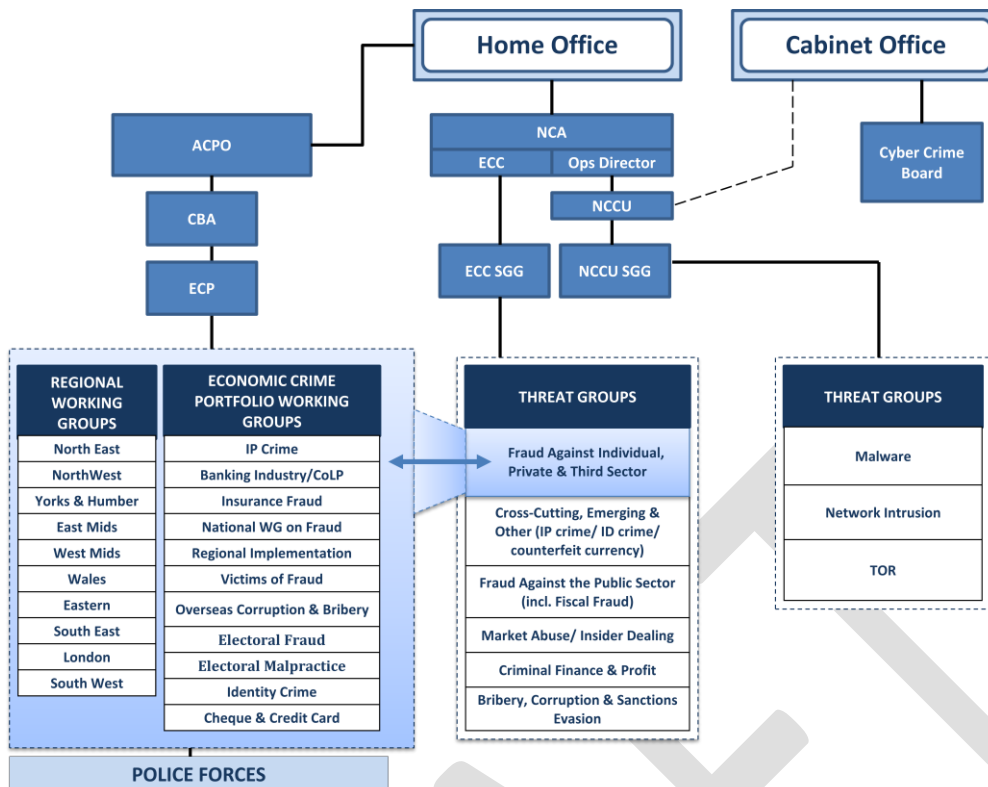
Support to victims remains the responsibility of the local force in whose area the victim normally resides. Some forces may consider the use of Special Constables as part of this response and centralised assistance with their recruiting and training for this purpose is available. Trials of centralised victims care units are being undertaken in a number of areas including London. Nationally, Action Fraud will provide suitable advice to victims, sign-post them to national and local resources and inform them of the action taken as a result of their report – until the point where it is disseminated to a force as a crime package. Victims will be referred to Victim Support by Action Fraud, unless they opt out. The National Fraud Intelligence Bureau will disseminate victim details, where known, regardless of whether or not the Action Fraud report can be developed into a viable crime package.

Coordination

The police service response to economic crime is coordinated by the National Police Coordinator for Economic Crime who will use the Economic Crime Portfolio and its associated working groups along with the National Crime Agency's Individual, Private and Third Sector Threat Group as primary mechanisms for engagement and delivery. This is shown in figure 5 below:

Fig 5: The National Crime Agency and policing structures

Appendix 1



Oversight

Whilst governance for police performance sits at the local level with police and crime commissioners, high-level oversight of the police response to fraud is maintained at the national level and reported to Ministers through a strategic oversight board.

The National Police Coordinator for Economic Crime represents policing at this meeting, giving details on the level of crime reporting to Action Fraud, the number of crime packages disseminated to local forces and the number of positive outcomes reported back by forces to the National Fraud Intelligence Bureau.

The National Police Coordinator for Economic Crime and the National Policing Lead for Cyber-Crime are required to advise the board on action being taken to improve the police service response to fraud and cyber-enabled crime, both nationally and locally.

Regional

Police capability at the regional level is provided by the Regional Organised Crime Units and their Regional Fraud Teams or equivalents. Whilst this capability is focussed primarily on targeting the organised crime groups of greatest concern to their region, Regional Fraud Teams may undertake investigations into other fraud crimes referred to them by a local force where the regional nature and complexity of the case makes it appropriate to do so. It will normally be the regional fraud team lead that represents the forces in their area at the Economic Crime Portfolio meeting.

Local

The size and nature of the local response to economic crime varies considerably, with some forces committing specialist units to tackling it whilst others absorb it in the workload of other departments.

The National Policing Coordinator for Economic Crime maintains a register of fraud capability and is available to support police and crime commissioners and chief constables in discussion over resourcing against their local threat. Police forces receive regular updates to their local fraud and cyber threat profile from the National Policing Lead for Economic Crime as well as being sighted on the data reported to the Strategic Oversight Board.

Chief constables and police and crime commissioners are encouraged to use this information in their decision making, calling on clarification and advice from the National Policing Lead for Economic Crime if they wish to do so.

Police forces have nominated to National Policing Lead for Economic Crime an appropriate member of staff to act as the point of contact for fraud matters and this network will be used to communicate, consult and coordinate on relevant issues.

National to local – The end to end process

The national policing response to fraud recognises the evolving nature of fraud as a crime type and the need to adapt accordingly. Previously, a local force will have viewed an incidence of fraud, based on the report of an individual victim in their area, as a low value crime with little prospect of identifying the criminal who, in all likelihood, was not within their jurisdictional area. Using the national to local process outlined below, policing is now able to see the true extent and value of a reported crime, mapping its victims across force boundaries and designating the most appropriate force to investigate, based on intelligence on the criminals involved. The local force is supplied by the National Fraud Intelligence Bureau with all the intelligence available, gathered from sources across the country and beyond.

All crime reports received by Action Fraud are passed to the National Fraud Intelligence Bureau where they are ingested into the 'Know Fraud' system and automatically analysed against all existing Know Fraud data to establish common links. The resulting networks are then scored for viability against agreed criteria with those that meet the scoring threshold being enhanced by analysts and researchers who will search a number of open source and restricted systems. Where

this is deemed to lead to an investigative opportunity (again against agreed scoring criteria) a report is disseminated to the appropriate force, selected in accordance with the Home Office Counting Rules for Fraud. In all cases, whether a report is disseminated or not, details, including those of victims, are made available to police forces for local decisions to be made as to investigation, intelligence and support to victims. Individual forces are responsible for investigation of crimes disseminated to them, support to victims in their area and any development of intelligence. On conclusion of the investigation forces will report Home Office outcomes back to NFIB where they will be collated and form part of national reporting on the Police Service response to fraud.

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2 THE 2 STRANDS – Serious, organised Volume crime

There are two broad strands through which law enforcement is tackling economic crime. One strand, often referred to as volume crime, is essentially victim-focussed aiming to prevent individuals or organisations from becoming victims and supporting them when they do. The other is perpetrator-focused and aims to identify and tackle the most serious organised crime. Both approaches, when successfully pursued, will lead to a reduced impact of fraud.

Volume crime

The first Peelian principle of policing, that the basic mission for which the police exists is to prevent crime, applies as much to fraud as to any other crime type. Responsibility for protecting the local community from crime, and, when this fails, for pursuing those who commit crime and recovering criminal assets, rests with the local police force (although they may be supported through national resources and coordination).

This local responsibility is not diminished by virtue of central reporting through Action Fraud. The principle to be followed is one of local delivery supported by national resources, support and coordination. Priorities will be set by police and crime commissioners with their chief constables, informed in their decision-making by local threat profiles provided for them by the National Fraud Intelligence Bureau.

Serious and organised crime groups

The Crime and Courts Act 2013, gives the National Crime Agency the responsibility to lead the overall effort to tackle serious and organised crime, in conjunction with the rest of UK law enforcement.

The purpose of the National Crime Agency's Economic Crime Command is to reduce the impact of economic crime (including the financing of serious and organised crime) on UK society and the UK economy. It will develop a strategic approach to tackling the economic crime threat that reflects the four strands of the Serious and Organised Crime Strategy: *'pursue', 'protect', 'prevent' and 'prepare'*.

The police service will support the National Crime Agency in tackling those organised crime groups involved in or supported by economic crime. This support to the national Crime Agency will often, though not exclusively, be provided by the regional organised crime units and their regional fraud teams or equivalent. Where required, the National Police Coordinator for Economic Crime will coordinate the policing input into any national, multi-agency approach on behalf of the National Crime Agency.

Priorities will be set in the Strategic Policing Requirement and the National Control Strategy. These are in turn informed by the National Strategic Threat Assessment, further refined by the Economic Crime Command's threat groups (primarily the fraud against individuals, private and third sector threat group) and by the Economic Crime Portfolio working

groups. This will be underpinned by the organised crime group mapping process.

Case study: Multi-agency approach to serious and organised crime



Operation Rico is the first time there has been a coordinated multi-agency investigation against cross-border networks of boiler room fraudsters. Whilst the majority of boiler rooms identified were located in Spain, there have also been hubs identified and significant arrests made in Serbia, Romania and the USA.

The operation involves UK and Spanish Police, National Crime Agency, Financial Conduct Authority, Serious Fraud Office, Crown Prosecution Service and US Immigration and Customs Enforcement, Homeland Security Investigations and the US Secret Service.

The groundbreaking partnership between UK and Spanish law enforcement agencies has led to a total of 110 arrests after 35 warrants were executed at private addresses and in buildings where boiler room operations were allegedly being conducted.

Within the Operation Rico investigation were 10 tier one criminals with alleged links to organised crime and drugs.

THE 1 OUTCOME – Reducing the impact of fraud

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The desired outcome is to reduce the impact of fraud.

This ambition includes reducing the volume of reported crime, the value of the losses incurred through crime and the wider impact on the quality of life for individual victims. The National Policing Fraud Strategy seeks to reduce the impact on individuals and on businesses. Indicators of impact (ie volume and value) will be measured through Action Fraud reporting and National Fraud Intelligence Bureau analysis. As part of the outcome policing will support victims of fraud ensuring they receive an appropriate service from policing, in partnership with other agencies including Victim Support and Government departments. UK policing (working with partners such as National Crime Agency) will have a sustainable and credible response to the growing threat from fraud.

SUMMARY

Policing faces a new and evolving threat from fraud, particularly fraud committed using cyber technology. It must act to reduce the impact on victims, individual and corporate. Policing will tackle this threat leading in the fight against volume crime and supporting the National Crime Agency in the fight against organised crime.

The challenge will be met using resources at the national regional and local level using the full range of options available: *'pursue'*, *'protect'*, *'prevent'* and *'prepare'*.

Particular onus will be placed on the *'protect'* strand with a national to local

network supporting both national and local crime prevention initiatives.

In addition to local governance there will be national oversight with the National Police Coordinator for Economic Crime reporting on behalf of policing and coordinating action to improve the police response to fraud where that is required.

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APPENDIX 1: THE '4 P's APPROACH

