



University of
Central Lancashire
Cyprus

The post-Brexit Anti-Money Laundering and Financial Sanctions Regime in England: How does it affect lawyers in the Republic of Cyprus?

Dr. Klearchos A. Kyriakides

Senior Visiting Fellow, School of Law, UCLan Cyprus

Email: kkyriakides@uclan.ac.uk

Presentation to a webinar held on 19 December 2022 and organised by the School of Law of UCLan Cyprus in association with the Famagusta Bar Association and the Larnaca Bar Association

Acknowledgments: This presentation may reproduce, refer to or otherwise contain imagery, parliamentary or public sector information or other material (hereafter referred to as 'materials') published by various organs of the EU, other international institutions, the UK Government, other governments, state agencies and public bodies. Such materials may include:



- Crown Copyright materials licenced under the Open Government Licence v3.0, National Archives of the UK website, Kew Gardens, Surrey, www.nationalarchives.gov.uk/doc/open-government-licence/version/3/
- British Parliamentary Copyright materials licenced under the Open Parliament Licence, UK Parliament website, www.parliament.uk/site-information/copyright-parliament/open-parliament-licence/
- Council of Europe materials re-used in line with the 'Disclaimer' of the Council of Europe at www.coe.int/en/web/portal/disclaimer
- EU materials re-used in line with *inter alia* the Copyright Notice of the Publications Office of the European Union at <https://op.europa.eu/en/web/about-us/legal-notices/publications-office-of-the-european-union-copyright>, the copyright-related provisions of the European Parliament's Legal Notice at www.europarl.europa.eu/legal-notice/en/ and the European Commission's Documents Reuse Policy summarised at <https://op.europa.eu/en/web/about-us/reuse-and-copyright> as enshrined in Decision 2011/833/EU available at <https://eur-lex.europa.eu/eli/dec/2011/833/oj>;
- UN materials, excerpts of which are reproduced in line with the 'Rights and Permissions' page on the UN website at <https://shop.un.org/rights-permissions>
- US Government Works materials re-used in line with *inter alia* the guidance published by the US Copyright Office at <https://copyright.gov/> and, more specifically, the Official Guide to Government Information and Services at www.usa.gov/government-works

Any reuse of materials by the author does not imply endorsement of his presentation by any of the organs, governments, agencies and public bodies whose materials he has reused.

Disclaimer:

These slides have been prepared by the author for the purposes of this presentation only and for no other purpose. The contents of these slides and any verbal comments made by the author during the presentation are not exhaustive and they must not be used as a substitute for original sources, legal research and appropriate independent legal advice or other professional advice. To aid understanding, some sources may have been summarised, abridged or adapted. The author, the University of Central Lancashire and UCLan Cyprus Ltd will accept no responsibility for any loss directly or indirectly incurred through the use of any of the materials contained or referred to in these slides or through the use of any information provided in writing, verbally or otherwise by the author or by anybody else during this presentation.

Broadly in common with UCLan Cyprus, the speaker has a foot in two camps!

The speaker has one foot in the United Kingdom ('UK'), where he was born and of which he is a citizen, and a second foot in the Republic of Cyprus and the European Union ('EU'), of which he is likewise a citizen.

Any views expressed by the speaker are purely personal and not those of any organisation.

Warning! Since Russia re-invaded Ukraine on 24 February 2022, the UK Government & UK Parliament have adopted 'draconian' measures in response

'The [UK] Government are already implementing a draconian package of sanctions and we will go further. We are bringing forward the economic crime Bill and the register of beneficial interests. In addition to all the things I have announced today, we will be bringing forward further measures to hit Russian individuals and Russian companies of strategic importance to Russia, stopping Russian companies from raising money on London markets and stopping them even trading in pounds and dollars. These will bite, these will hurt and these will make a huge difference.'

Boris Johnson MP, Prime Minister of the UK, Hansard, House of Commons Debates, 28 February 2022, UK Parliament website, [https://hansard.parliament.uk/commons/2022-02-22/debates/057FABBB-](https://hansard.parliament.uk/commons/2022-02-22/debates/057FABBB-4F1C-4425-A304-4A168EC069EB/Ukraine)

[4F1C-4425-A304-4A168EC069EB/Ukraine](https://hansard.parliament.uk/commons/2022-02-22/debates/057FABBB-4F1C-4425-A304-4A168EC069EB/Ukraine) (accessed 15 December 2022). Source of image: 'Question Time', UK Parliament website, www.parliament.uk/about/how/business/questions/ (accessed 15 December 2022).



Since Russia re-invaded Ukraine on 24 February 2022, the UK has been updating its post-Brexit financial sanctions regime

Further details on the UK Sanctions regime are at *inter alia* 'Guidance: UK sanctions Information on UK sanctions currently in place and how to apply for the appropriate licences', UK Government website,

www.gov.uk/guidance/uk-sanctions (accessed 16 December 2022). Also see 'UK Sanctions relating to Russia' at www.gov.uk/government/collections/uk-sanctions-on-russia (last accessed 20 January 2023).

Sources of images: (top left): UK FCDO press release, 10 March 2022, <https://www.gov.uk/government/news/abramovich-and-deripaska-among-seven-oligarchs-targeted-in-estimated-15bn-sanction-hit> (bottom left): UK FCDO Twitter, 24 March 2022, https://twitter.com/FCDOGovUK/status/1506926198168895489?ref_src=wsr%5Etfw (top right): 'UK sanctions the shady network funding Putin's lavish lifestyle', UK FCDO press release, 13 May 2022, www.gov.uk/government/news/uk-sanctions-the-shady-network-funding-putins-lavish-lifestyle (bottom right): UK High Commission in Nicosia Twitter, 9 December 2022, <https://twitter.com/UKinCyprus/status/1601268065223774211?ctx=HHwWhsC4ncm07LgsAAAA> (all accessed 18 Dec 2022).



Warning! Developments in 2022 have increased the risk of any lawyer becoming entangled in an illegal scheme to evade financial sanctions

‘Evasion methods

‘DPs [Designated Persons] will seek to transfer assets and funds directly and indirectly to jurisdictions where sanctions are not in place, such as the UAE, **Turkey** [see the next two slides], China, Brazil, India and the former Soviet Union (excluding the Baltic States and Ukraine). Doing so on the behalf of a DP will involve the use of multiple laundering methods, including use of secrecy jurisdictions or citing Russian legal protection from sharing information. ...

‘Wilful blindness with regards to Know Your Customer documentation in relation to high-risk customers will not be tolerated and will be considered a matter for criminal prosecution.’

Red ALERT: *Financial Sanctions Evasion Typologies: Russian Elites and Enablers* (London: National Crime Agency, Joint Money Laundering Intelligence Taskforce & Office of Financial Implementation, HM Treasury, July 2022), 4 & 7, at ‘Red alert for sanctions evasion by sanctioned Russian elites’, Law Society of England & Wales website, 14 July 2022, www.lawsociety.org.uk/topics/anti-money-laundering/red-alert-for-sanctions-evasion-by-russian-elites (accessed 16 Dec 2022). Source of image: UK FCDO press release, 13 May 2022, www.gov.uk/government/news/uk-sanctions-the-shady-network-funding-putins-lavish-lifestyle (accessed 18 December 2022)



Warning! Under International Law, Turkey remains the occupying power in the north of the Republic of Cyprus and, as such, is responsible for the criminality, inhumanity and impunity which bedevil the area

‘193. ... [T]he [European] Court [of Human Rights] notes that Turkey is regarded by the international community as being in occupation of the northern part of Cyprus ... and that the international community does not recognise the “TRNC” as a State under international law The Court has already found that northern Cyprus is under the effective control of Turkey for the purposes of the Convention ...’.

Judgment of the European Court of Human Rights in *Güzelyurtlu and Others v Cyprus and Turkey* [2019] ECHR 100, www.bailii.org/eu/cases/ECHR/2019/100.html (accessed 30 August 2021).

Source of image: Sovereign Base Areas Administration website, as archived on 3 January 2018, National Archives of the UK website, <https://webarchive.nationalarchives.gov.uk/20180103163958/https://www.sbaadministration.org/index.php/maps> (accessed 19 June 2021).



The Money Laundering and Terrorist Financing (High-Risk Countries) (Amendment) (No. 3) Regulations 2022, UK Statutory Instruments 2022 No. 1183,

www.legislation.gov.uk/uksi/2022/1183/regulation/2/made (accessed 11 Dec 2022)



‘Amendment of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

‘2.— (1) The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(1) are amended as follows.

‘(2) For Schedule 3ZA (high-risk third countries) substitute—

“SCHEDULE 3ZA Regulation 33

‘High-Risk Third Countries 1. Albania 2. Barbados 3. Burkina Faso 4. Cambodia **5. Cayman Islands** 6. Democratic People’s Republic of Korea 7. Democratic Republic of the Congo **8. Gibraltar** 9. Haiti 10. Iran 11. Jamaica 12. Jordan 13. Mali 14. Morocco 15. Mozambique 16. Myanmar 17. Panama 18. Philippines 19. Senegal 20. South Sudan 21. Syria 22. Tanzania **23. Turkey** 24. Uganda 25. United Arab Emirates 26. Yemen”. ...’

Also see ‘High-Risk Jurisdictions subject to a Call for Action – 21 October 2022’, www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html, ‘Jurisdictions under Increased Monitoring - 21 October 2022’, www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html (accessed 18 December 2022) and ‘Guidance Money Laundering Advisory Notice: High Risk Third Countries: This document contains advice issued by HM Treasury about risks posed by jurisdictions with unsatisfactory money laundering and terrorist financing controls’, HM Treasury Guidance, as last updated on 14 November 2022 www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2 and www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2/hm-treasury-advisory-notice-high-risk-third-countries (accessed 16 December 2022).

Warning! The two remnants of the British Crown Colony of Cyprus known as the Sovereign Base Areas of Akrotiri and Dhekelia are subject to *inter alia* the legislation of the UK Parliament, the legislation of the SBA Administration (SBAA) and the SBA Protocol in the UK-EU Withdrawal Agreement. See *inter alia*:

‘Alphabetical Index of SBA Legislation in Force’, SBAA website, www.sbaadministration.org/home/legislation/01_02_09_08_INDICES/20100101_SBA_LEG_INDEX_U_JC.htm (accessed 18 December 2022)

‘Index of UK Legislation that applies in the SBAs’, SBAA website, www.sbaadministration.org/home/legislation/01_02_09_08_INDICES/20100716-UK_Applicable_Index_V2-U.htm (accessed 18 December 2022)

‘Sanctions and restrictive measures’, SBAA website, www.sbaadministration.org/index.php/sanctions-and-restrictive-measures (accessed 18 December 2022)

‘Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community’, <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A12020W%2FTXT> and www.legislation.gov.uk/eut/withdrawal-agreement/contents/adopted (accessed 18 Dec 2022)

Source of image: Sovereign Base Areas Administration website, as archived on 3 January 2018, National Archives of the UK website, <https://webarchive.nationalarchives.gov.uk/20180103163958/https://www.sbaadministration.org/index.php/maps> (accessed 19 June 2021).



Warning!

The Economic Crime (Transparency and Enforcement) Act 2022 received Royal Assent on 15 March 2022

‘Do you work with overseas entities that own land or property in the UK? Overseas entities in scope need to register on the new Register of Overseas Entities by 31 January 2023.

‘Find out more at www.gov.uk/guidance/register-an-overseas-entity’

Companies House Twitter, 9 December 2022,
<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWglC84eKXq7gsAAAA> (accessed 18 Dec 2022)

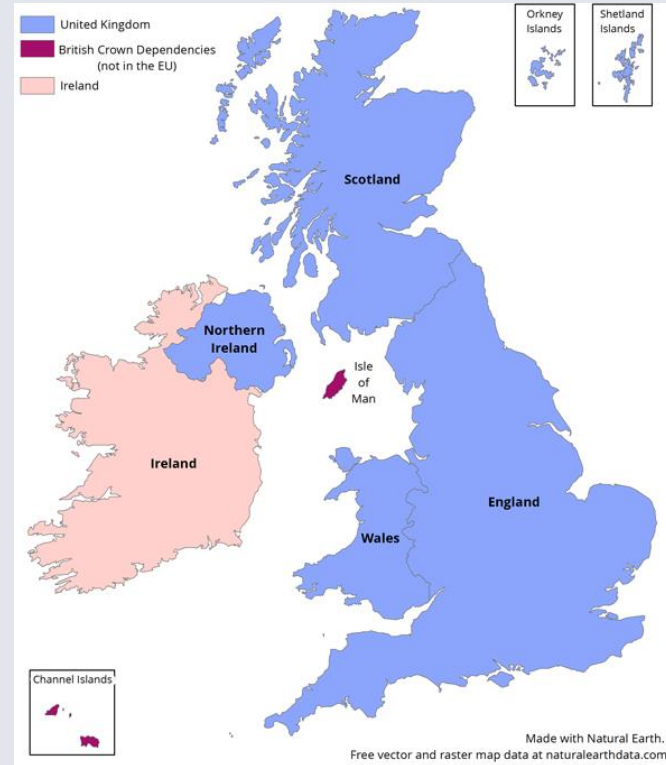
N.B. Further details on the Register of Overseas Entities are set out later in this presentation

Source of image: Companies House Twitter, 9 December 2022,
<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWglC84eKXq7gsAAAA> (accessed 18 December 2022)



The primary purposes of this presentation:

- (i)** to consider why the UK has attracted so many illicit financial flows from overseas, including the Republic of Cyprus and Russia;
- (ii)** to identify some Acts of Parliament, Regulations and cases in the 'draconian' Anti-Money Laundering and Financial Sanctions Regime in post-Brexit England;
- (iii)** to question features of the Regime which are hard to reconcile with the rule of law, professional ethics or basic tenets of the lawyer-client relationship such as client confidentiality;
- (iv)** to offer practical suggestions aimed at lawyers in the Rep. of Cyprus with cases or clients linked to the UK; and
- (v)** to provide reading material freely available online

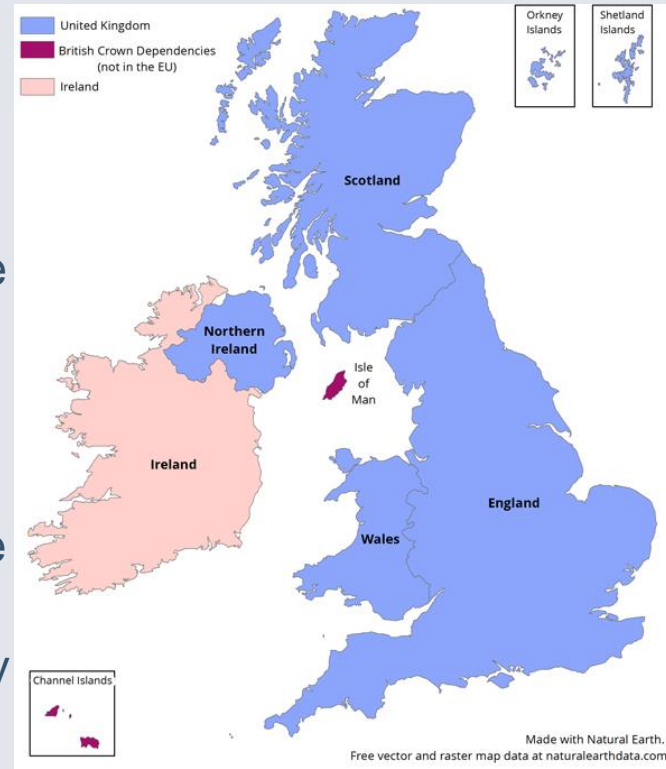


Source of image: Office of National Statistics, 21 September 2017,

www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

The arguments advanced in this presentation:

- (i) Economic crime is antithetical to the rule of law and must be confronted in firm but fair ways
- (ii) Since 2000, the legislation enacted by the UK Parliament to confront economic crime appears to have collided with some of the core principles underpinning the rule of law and the lawyer-client relationship
- (iii) Due to certain defects and deficiencies in the constitutional, legal and regulatory architecture of the UK for which they are responsible, the UK Government and UK Parliament have effectively facilitated economic crime
- (iv) The UK and Republic of Cyprus have been caught in a 'web of crime' stemming from *inter alia* Russia & Turkey
- (v) The 'draconian' post-Brexit anti-money laundering & financial sanctions measures adopted since the Russian invasion of Ukraine on 24 February 2022 have effectively shut the stable door after the horse has already bolted.



Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

Warning! Since Brexit was achieved in 2020, the UK Government and UK Parliament have operated parallel post-Brexit Anti-Money Laundering and Financial Sanctions regimes which constitute the two sides of the same coin. Each one has parallel legal (criminal & non-criminal), equitable and ethical/regulatory implications for lawyers

‘Two key questions are common across AML [Anti-Money Laundering] and sanctions regimes, namely

* ‘am I sure all parties [in any matter] are who they say they are [?]’ and

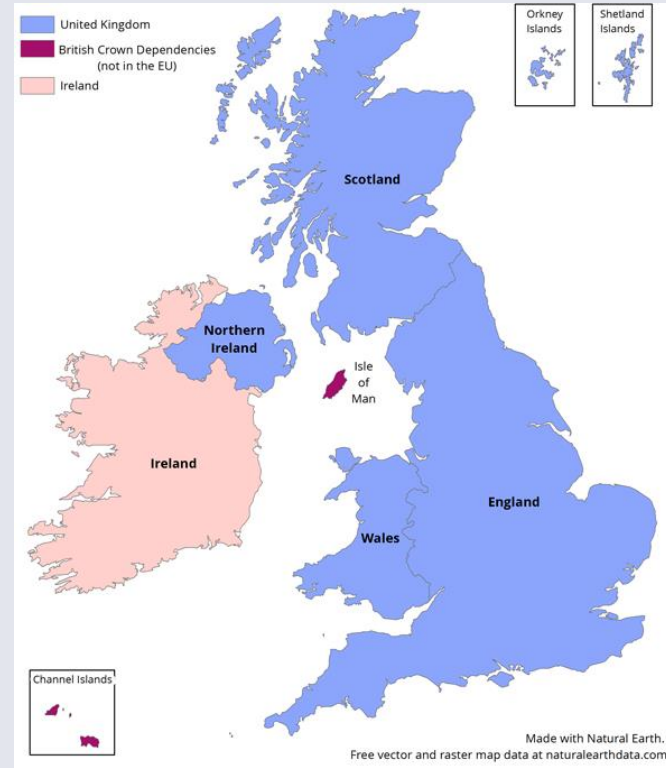
* ‘does the client/matter make sense?’ If it does not, you should continue asking questions and digging into the details until you understand what is happening and why.’

‘Complying with the UK Sanctions Regime’, Solicitors Regulation Authority of England & Wales,

www.sra.org.uk/solicitors/guidance/financial-sanctions-regime/ (accessed 16 December 2022).

Source of image: Office of National Statistics, 21 September 2017,

www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

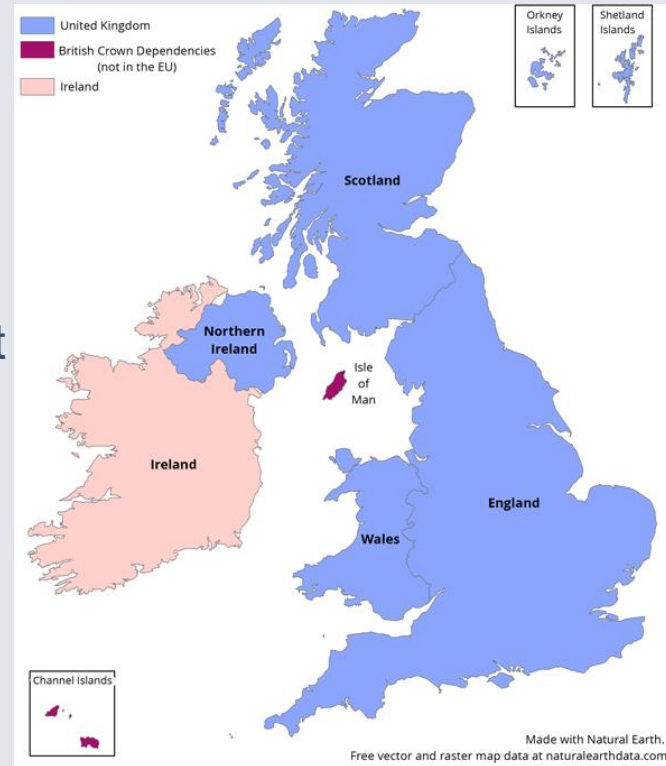


Economic crime in wider context

In the context of 'strategic deficiencies' in the countering of 'money laundering, terrorist financing, and financing of proliferation', the United Kingdom is **not** on either the Financial Action Task Force ('FATF') List of 'High-Risk Jurisdictions subject to a Call for Action' or the FATF List of 'Jurisdictions under Increased Monitoring', both dated 21 October 2022.

Should the United Kingdom appear in one of these two FATF Lists?

The two Lists are at www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html and www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html (accessed 18 Dec 2022).



Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/article/livingabroad/2017-09-21 (accessed 28 January 2022).

Warning! The Cayman Islands and Gibraltar, two British Overseas Territories, appear on the Financial Action Task Force list of 'High-Risk Jurisdictions subject to a Call for Action – 21 October 2022', www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html (accessed 18 December 2022)

To right are the remaining fragments of the British Empire known as British Overseas Territories & Crown Dependencies



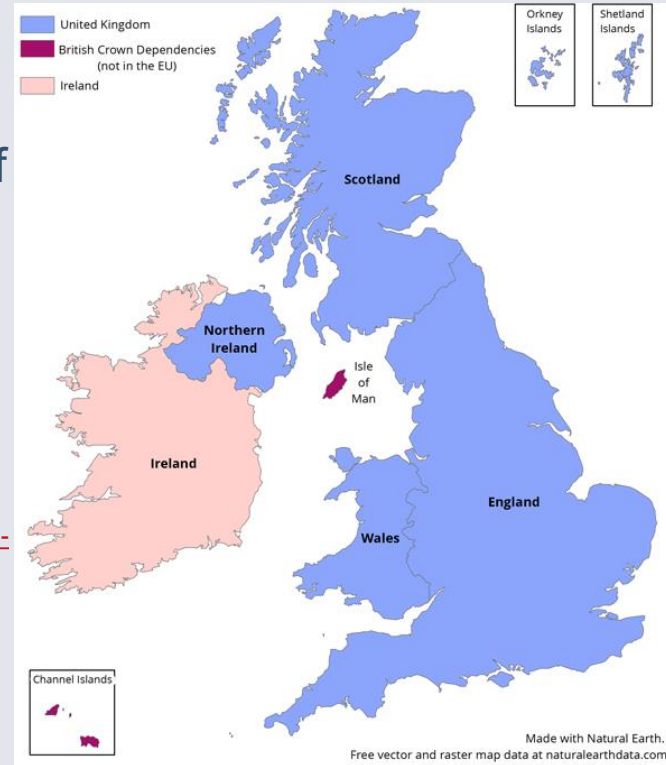
Source of image: Joint Nature Conservation Committee (statutory adviser to the Government of the UK), 'The Joint Nature Conservation Committee response to 'Safeguarding the environment in British Overseas Territories: call for evidence 2019', https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69483/pb13686-overseas-territory-environment.pdf and <https://hub.jncc.gov.uk/assets/7371137c-e26b-4e3c-bc6f-422ad486020d> (accessed 11 December 2022)

Economic crime in wider context

‘Money laundering underpins and enables most forms of organised crime, allowing crime groups to further their operations and conceal their assets. Although there are no exact figures there is a realistic possibility that the scale of money laundering impacting the UK annually is in the hundreds of billions of pounds.. ...

National Crime Agency website, www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance (accessed 17 December 2022)

‘Prevention is better than cure’



Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

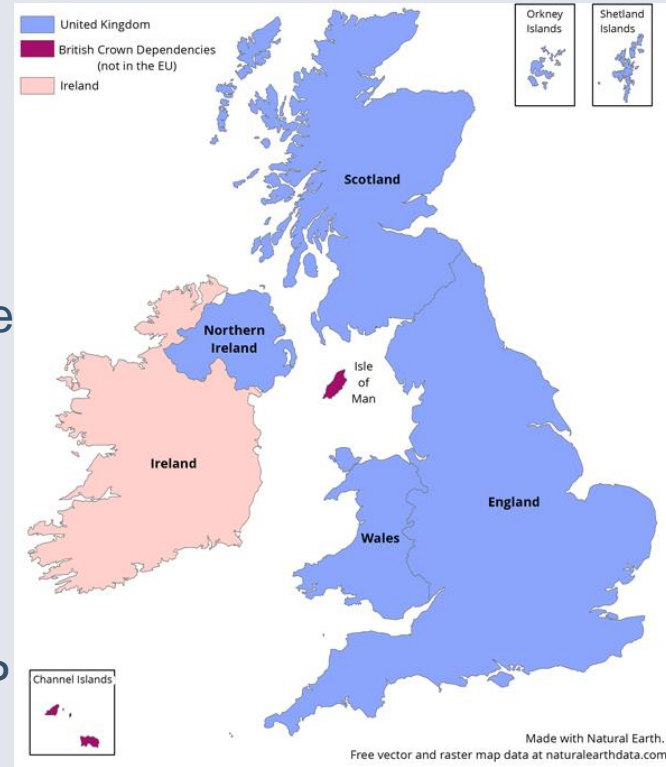
Economic crime in wider context

‘The precise scale of economic crime in the UK is unknown, but it could run to tens or hundreds of billions of pounds per year. The extent of these crimes – which include money laundering, fraud and corruption – led the [UK Parliament] Intelligence and Security Select Committee in its July 2020 report on Russia to note that London is considered a ‘laundromat’ for corrupt money.’

Oliver Bennett MBE and Ali Shalchi, *Economic crime in the UK: a multi-billion pound problem* (Westminster: House of Commons Library Briefing Paper Number CBP 9013, 6 April 2022), UK Parliament website,

<https://researchbriefings.files.parliament.uk/documents/CBP-9013/CBP-9013.pdf> and
<https://commonslibrary.parliament.uk/research-briefings/cbp-9013/> (accessed 16 December 2022).

Source of image: Office of National Statistics, 21 September 2017,
www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/article/livingabroad/2017-09-21 (accessed 28 January 2022).

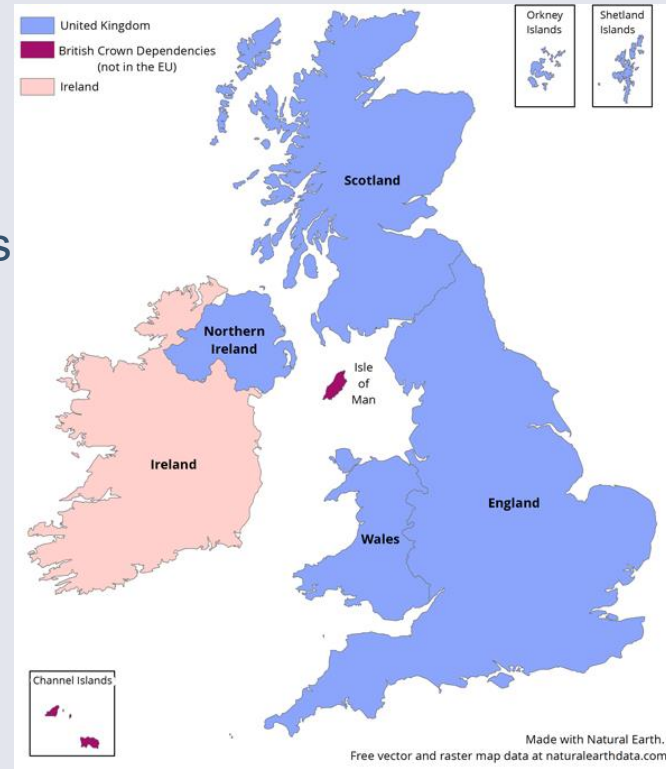


Warning! Due to devolution, the United Kingdom is not very united and some public bodies named ‘National’ are not really national in the sense that they are not UK-wide

For example, the Action Fraud describes itself as the ‘National Fraud & Cyber Security Reporting Centre’, but its own website admits that it does not cover Scotland!

‘Action Fraud is the UK national reporting centre for fraud and cyber crime where you should report fraud if you have been scammed, defrauded or experience cyber crime in England, Wales and Northern Ireland. Please Note: Police Scotland have not signed up to the Action Fraud process. If you are in Scotland please follow the guidance on the Police Scotland website at Scams and frauds - Police Scotland.’

‘Frequently asked questions ... What is Action Fraud?’,
www.actionfraud.police.uk/faq?cat=general#what-is-action-fraud (accessed 12 December 2022).



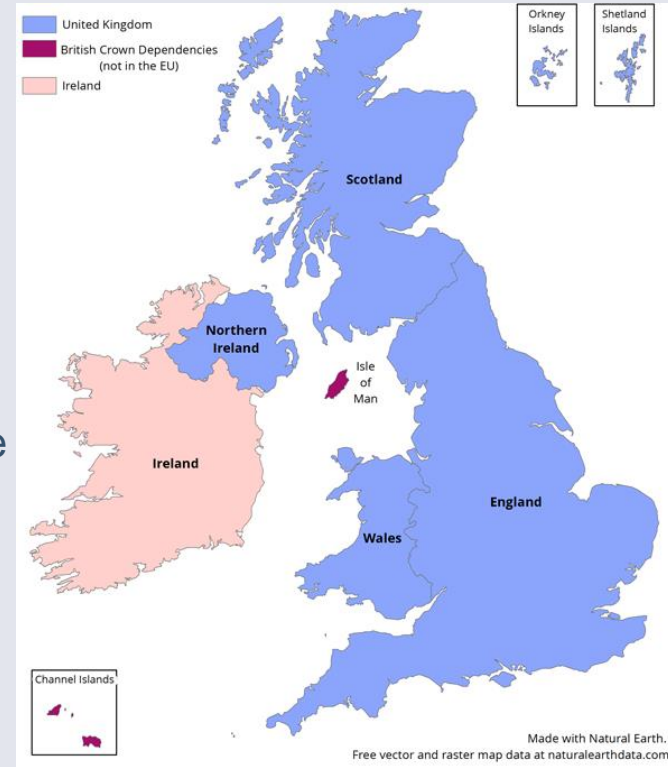
Source of image: Office of National Statistics, 21 September 2017,
www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

Warning! The UK has ended up with a fragmented multi-police-force approach to countering economic crime

‘There are 48 civilian police forces in the UK: 43 territorial police forces in England and Wales, a national police force in both Scotland and Northern Ireland and three specialist police forces (the British Transport Police, the Civil Nuclear Constabulary and the Ministry of Defence Police). ...

‘The City of London Police (CoLP) serves the City of London, one of London’s financial districts, known as the “square mile”. The CoLP is a unique force, it has two distinct roles: it is the local police force for the square mile but it is also is a national force lead for economic crime ...’.

Jennifer Brown, *Policing in the UK* (Westminster: House of Commons Library Research Briefing 8582, 29 September 2021), 4 & 19, <https://researchbriefings.files.parliament.uk/documents/CBP-8582/CBP-8582.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cbp-8582/#:~:text=There%20are%2048%20civilian%20police,the%20Ministry%20of%20Defence%20Police> (accessed 16 December 2022). Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).



Warning! The UK has ended up with a fragmented multi-body approach to countering economic crime

The relevant public bodies include those listed to the right which were involved in the launch of the National Economic Crime Centre on 31 October 2018.

The relevant bodies also include others, including some in Scotland



NECC

NATIONAL ECONOMIC CRIME CENTRE

Sources of images: (top): 'National Economic Crime Centre', National Crime Agency website, www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre (accessed 28 January 2022) (bottom): <https://www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre> (accessed 16 December 2022).

Warning! Due to Brexit:

(i) the UK exited the EU, thus opening a new epoch in European affairs

(ii) the Republic of Cyprus & Malta are the only remaining Commonwealth Members among the 27 EU Members

(iii) the Republic of Cyprus, Malta & Ireland are the only three EU Members which share the common law tradition

(iv) the Republic of Cyprus, Spain & Ireland are the only three EU Members which share a border or boundary with territory over which the UK asserts sovereignty and over which provision is made in the UK-EU Withdrawal Agreement; see the Protocols relating to the SBAs, Gibraltar & Northern Ireland

Source of image: The Commonwealth, <https://thecommonwealth.org/map> (accessed 16 December 2022).

The Commonwealth made up of 56 countries around the world

The Commonwealth is a voluntary association of independent countries spread over every continent and ocean. Its over 2.5 billion people who account for almost one third of the world's population, are in Africa, Asia, the Caribbean and Americas, Europe and the Pacific. They are of many faiths, races, languages and cultures.

The Commonwealth promotes peace and international co-operation, democracy and good governance, respect for human rights and the rule of law, and the improvement of lives through economic and social development.

These values and aspirations are described in the Charter of the Commonwealth. The Charter expresses the commitment of member countries to the development of free and democratic societies and the promotion of peace and prosperity to improve the lives of all Commonwealth people. It also acknowledges the role of civil society in supporting the goals and values of the Commonwealth.

MEMBER COUNTRY	CAPITAL	MEMBER COUNTRY	CAPITAL	MEMBER COUNTRY	CAPITAL
1. ANTIGUA AND BARBUDA	St John's	33. BARBADOS	Bridgetown	46. ST. VINCENT AND THE GRENADINES	Kingstown
2. AUSTRALIA	Canberra	34. BAHAMA	Nassau	47. VANUATU	Port Vila
3. THE BAHAMAS	Nassau	35. BANGLADESH	Dhaka	48. THE VIRGIN ISLANDS	Road Town
4. BANGLADESH	Dhaka	36. BELGIUM	Brussels	49. WALLIS AND FUTUNA	Mu'a
5. BARBADOS	Bridgetown	37. BENIN	Cotonou	50. WEST BANK	Ramallah
6. BELGIUM	Brussels	38. BOLIVIA	Sucre	51. YEMEN	Sana'a
7. BERMUDA	Hamilton	39. BOSNIA AND HERZEGOVINA	Sarajevo	52. ZAMBIA	Lusaka
8. BOTSWANA	Gaborone	40. BRAZIL	Brasilia		
9. BRUNEI DARUSSALAM	Bandar Seri Begawan	41. BULGARIA	Sofia		
10. CAMBODIA	Phnom Penh	42. BURUNDI	Gitega		
11. CANADA	Ottawa	43. CAMBODIA	Phnom Penh		
12. CAYMAN ISLANDS	George Town	44. CAMBODIA	Phnom Penh		
13. CHINA	Beijing	45. CANADA	Ottawa		
14. CYPRUS	Nicosia	46. ST. VINCENT AND THE GRENADINES	Kingstown		
15. DENMARK	Copenhagen	47. VANUATU	Port Vila		
16. DOMINICA	Roseau	48. THE VIRGIN ISLANDS	Road Town		
17. ECUADOR	Quito	49. WALLIS AND FUTUNA	Mu'a		
18. EGYPT	Cairo	50. WEST BANK	Ramallah		
19. ESTONIA	Tallinn	51. YEMEN	Sana'a		
20. FINLAND	Helsinki	52. ZAMBIA	Lusaka		
21. FRANCE	Paris				
22. GABON	Libreville				
23. THE GAMBIA	Banjul				
24. GEORGIA	Tbilisi				
25. GERMANY	Berlin				
26. GHANA	Accra				
27. GIBRALTAR	Gibraltar				
28. GREECE	Athens				
29. GUINEA	Conakry				
30. GUINEA-BISSAU	Bissau				
31. HUNGARY	Budapest				
32. ICELAND	Reykjavik				
33. INDIA	New Delhi				
34. INDONESIA	Jakarta				
35. JAMAICA	Kingston				
36. JAPAN	Tokyo				
37. JORDAN	Amman				
38. KAZAKHSTAN	Nur-Sultan				
39. KENYA	Nairobi				
40. KIRIBATI	Tarawa				
41. KUWAIT	Saddam City				
42. KYRGYZSTAN	Bishkek				
43. LAOS	Vientiane				
44. LATVIA	Riga				
45. LEBANON	Beirut				
46. ST. VINCENT AND THE GRENADINES	Kingstown				
47. VANUATU	Port Vila				
48. THE VIRGIN ISLANDS	Road Town				
49. WALLIS AND FUTUNA	Mu'a				
50. WEST BANK	Ramallah				
51. YEMEN	Sana'a				
52. ZAMBIA	Lusaka				

Commonwealth Secretariat
 11, Whitehall, London SW1A 2HS, United Kingdom
 Tel: +44 (0)20 7466 8000 Fax: +44 (0)20 7466 8001

thecommonwealth.org
 info@thecommonwealth.org

Facebook.com/commonwealthsec
 Twitter.com/commonwealthsec

Map source: Commonwealth Secretariat Maps in Publicity
 The information and the presentation of matter in this map are based on the information available to the secretariat of the organization at the time of its publication. The secretariat of the organization does not assume any responsibility for any errors or omissions or for any consequences arising from the use of the information contained in this map.

What are ‘illicit financial flows’?

‘... “Money illegally earned, transferred, or used that crosses borders” is the most common definition of illicit financial flows (IFFs) ...In the international development community, the concept of IFFs is emerging as a powerful and constructive umbrella to bring together previously disconnected issues. The term emerged in the 1990s and was initially associated with capital flight. It now generally refers to cross-border movement of capital associated with illegal activity or more explicitly, money that is illegally earned, transferred or used that crosses borders. ...’.

‘Illicit Financial Flows (IFFs)’, *The World Bank Brief*, 7 July 2017,

www.worldbank.org/en/topic/financialsector/brief/illicit-financial-flows-iffs (accessed 11 May 2022).

What is an ‘illicit financial activity’?

In a domestic context, an illicit financial activity may perhaps be defined as one which occurs (i) contrary to criminal law or (ii) in breach of trust or (iii) in breach of any other duty imposed by any other form of law; the term ‘illicit’ is wider than the terms ‘illegal’ and ‘unlawful’. In a transnational context, illicit financial activities are synonymous with ‘illicit financial flows’.

What is ‘money laundering’?

‘Money laundering is the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.’

Explanatory Notes to the Proceeds of Crime Act 2002 (an Act of the UK Parliament),

www.legislation.gov.uk/ukpga/2002/29/notes/division/2/3?view=plain (accessed 8 May 2022).

‘Money laundering is an act which—

‘(a) constitutes an offence under section 327 [‘Concealing etc.’], 328 [‘Arrangements’] or 329 [‘Acquisition, use and possession’],

‘(b) constitutes an attempt, conspiracy or incitement to commit an offence specified in paragraph (a),

‘(c) constitutes aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (a), or

‘(d) would constitute an offence specified in paragraph (a), (b) or (c) if done in the United Kingdom.’

Section 340 (11), Proceeds of Crime Act 2002, www.legislation.gov.uk/ukpga/2002/29/contents (accessed 18 Dec 2022)

‘Money laundering is concealing or disguising the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. It is frequently a component of other, much more serious, crimes such as drug trafficking, robbery or extortion.’

Interpol, www.interpol.int/Crimes/Financial-crime/Money-laundering (accessed 14 Feb 2022)

‘[T]he very purpose of money laundering is to conceal the provenance of illegally acquired wealth.’ *Director of Public Prosecutions v Bholah (Mauritius)* [2011] UKPC 44, per Lord Kerr

Source of image: ‘Money laundering is not a victimless crime. It enables wider criminality which destroys lives. #PasstheFlag to spread the word, and if you see something suspicious #FlagItUp’, HM Revenue & Customs message posted on Twitter, 22 March 2018, <https://twitter.com/HMRCgovuk/status/976760584120258560> (last accessed 28 January 2022).

Money laundering and the web of crime



¹ Crime Survey for England and Wales: year ending September 2017, Office for National Statistics

* All other stats: National Strategic Assessment of Serious and Organised Crime, National Crime Agency, June 2017 (all numbers per year)



Home Office



National Crime Agency

Accountancy
Affinity Group



Solicitors
Regulation
Authority



The Law Society



'Money laundering can be broken down into two categories:

* Those who commit offences and then launder the proceeds of those criminal offences. The criminal offences are referred to as "predicate offences".

* Those whose only criminal involvement is to launder the proceeds of crime committed by others.'

'Money Laundering Offences', Crown Prosecution Service Guidance, as updated on 11 June 2021, www.cps.gov.uk/legal-guidance/money-laundering-offences

(accessed 11 Dec 2022).

Source of image: 'Money laundering is not a victimless crime. It enables wider criminality which destroys lives. #PassTheFlag to spread the word, and if you see something suspicious #FlagItUp', HM Revenue & Customs message posted on Twitter, 22 March 2018,

<https://twitter.com/HMRCgovuk/status/976760584120258560>

(last accessed 28 January 2022).

Money laundering and the web of crime



¹ Crime Survey for England and Wales: year ending September 2017, Office for National Statistics

² All other stats: National Strategic Assessment of Serious and Organised Crime, National Crime Agency, June 2017 (all numbers per year)



Home Office



National Crime Agency

Accountancy
Affinity Group



Solicitors
Regulation
Authority



The Law Society



A sample of Acts of the UK Parliament which, if contravened, may generate 'criminal property' for the purposes of the Proceeds of Crime Act 2002

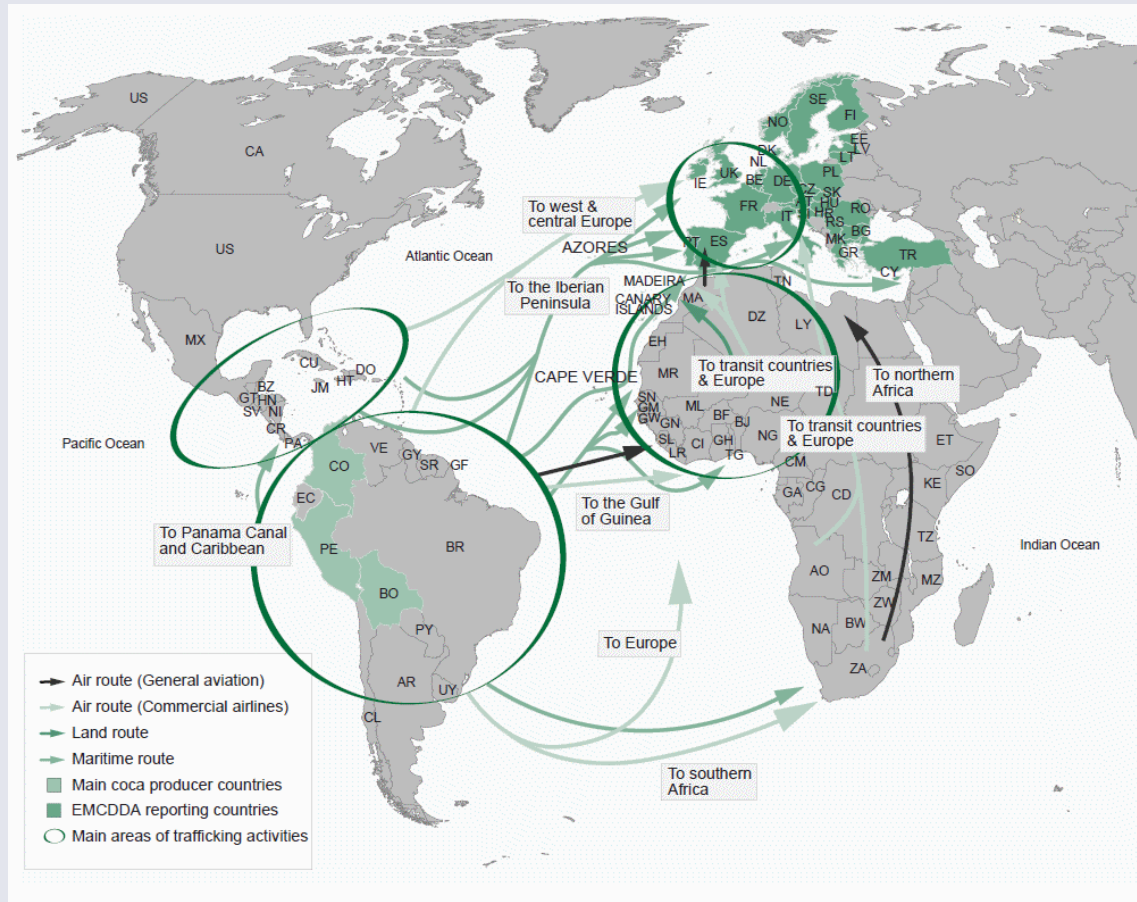


- **Theft Act 1968** e.g., **section 1(1)**: 'A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; and "thief" and "steal" shall be construed accordingly.'
- **Taxes Management Act 1970** e.g., **section 106A(1)**: 'A person commits an offence if that person is knowingly concerned in the fraudulent evasion of income tax by that or any other person.'
- **Fraud Act 2006** e.g., **section 2**: 'A person is in breach of this section if he— (a) dishonestly makes a false representation, and (b) intends, by making the representation— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss.'
- **Bribery Act 2010** e.g., **section 1**: '(1) A person ("P") is guilty of an offence if either of the following cases applies. (2) Case 1 is where— (a) P offers, promises or gives a financial or other advantage to another person, and (b) P intends the advantage— (i) to induce a person to perform improperly a relevant function or activity, or (ii) to reward a person for the improper performance of such a function or activity. ...'
- **Modern Slavery Act 2015** e.g., **section 2**: '(1) A person commits an offence if the person arranges or facilitates the travel of another person ("V") with a view to V being exploited.'

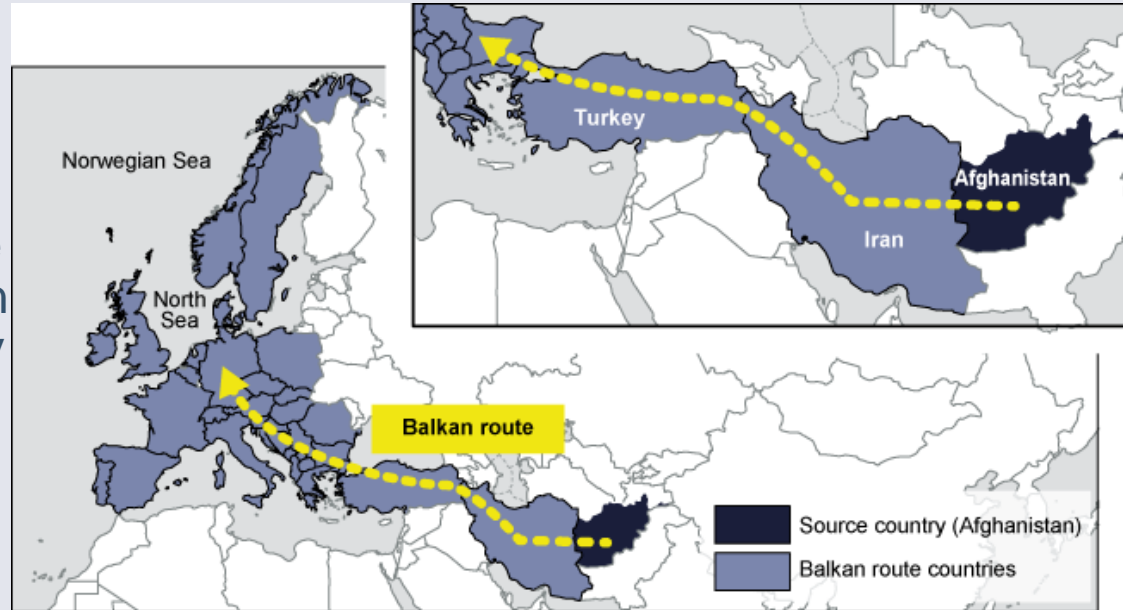
Why has the UK attracted so much illicit finance from overseas, including the Republic of Cyprus and Russia?

The UK has long been in the sights of cocaine traffickers, other narcotics traffickers and those engaged in the laundering of the proceeds of cocaine trafficking or other offences contrary to *inter alia* the Misuse of Drugs Act 1971

Source of image: 'Figure 5: Main cocaine trafficking routes from South America and Africa to Europe (EMCDDA 2008) ... Map courtesy of the EMCDDA, *Monitoring the supply of cocaine to Europe*, (October 2008), p.14: www.emcdda.europa.eu/publications/technical-datasheets/cocaine-trafficking in *House of Commons Home Affairs Committee The Cocaine Trade Seventh Report of Session 2009–10 Volume I Report, together with formal minutes: HC 74-I [Incorporating HC 639-i to -v, Session 2008-09]* (London: House of Commons/The Stationery Office, 3 March 2010), 41, UK Parliament website, <https://publications.parliament.uk/pa/cm200910/cmselect/cmhaff/74/74i.pdf> and <https://publications.parliament.uk/pa/cm200910/cmselect/cmhaff/74/7411.htm> (accessed 11 December 2022).



The UK has long been in the sights of heroin traffickers, other narcotics traffickers and those engaged in the laundering of the proceeds of heroin trafficking or other offences contrary to *inter alia* the Misuse of Drugs Act 1971



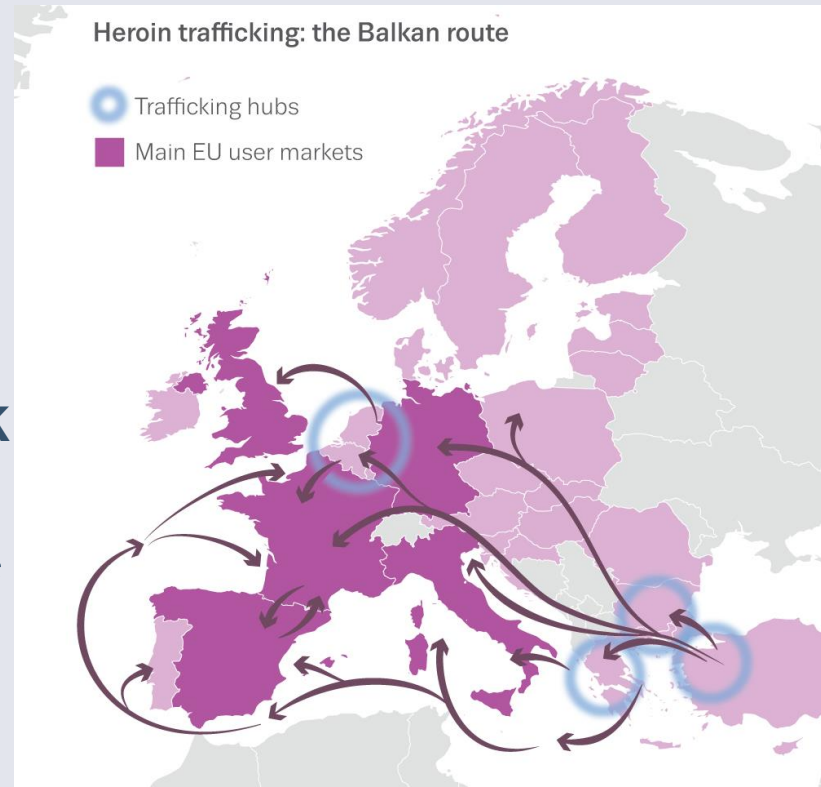
Source of image: 'Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them GAO-22-104807', 23 December 2021, US Government Accountability Office website, www.gao.gov/products/gao-22-104807 (accessed 11 Dec 2022).

Sources: Organisation for Economic Co-operation and Development, United Nations Office on Drugs and Crime. | GAO-22-104807

‘37. Turkish organised crime groups pose a substantial threat to the internal security of the EU, largely owing to Turkey’s position along the heroin trafficking route from Afghanistan to Europe. It is estimated that 75–80% of the heroin trafficked from Afghanistan to Western and Central Europe comes via Turkey, and Turkish networks continue to account for around 70% of the UK heroin market. ...’. (Bold in the original text.)

House of Commons Home Affairs Committee: Implications for the Justice and Home Affairs area of the accession of Turkey to the European Union: Tenth Report of Session 2010–12: HC 789 (London: The Stationery Office Ltd, 1 August 2011), 16,

<https://publications.parliament.uk/pa/cm201012/cmselect/cmhaff/789/78902.htm> (last accessed 10 May 2022). Source of image: ‘Figure 4.7’ in *European Monitoring Centre for Drugs and Drug Addiction and Europol EU Drug Markets Report 2019* (Luxembourg: Publications Office of the EU, 2019), 117, www.emcdda.europa.eu/system/files/publications/12078/20192630_TD0319332ENN_PDF.pdf and www.emcdda.europa.eu/media-library/infographic-southern-route-trafficking-heroin-eu_en (last accessed 10 May 2022).



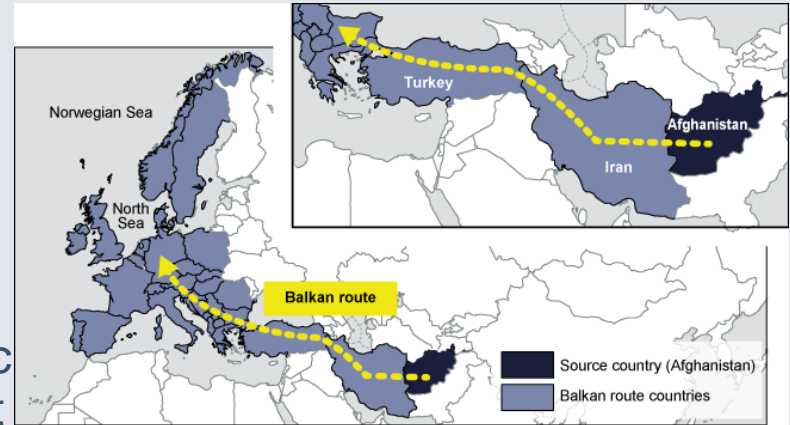
Warning!

On 29 December 2020, Liz Truss MP, the then UK Secretary of State for International Trade, and her Turkish counterpart, Ruhsar Pekcan, concluded the Brexit-induced Free Trade Agreement between the United Kingdom of Great Britain & Northern Ireland and the Republic of Turkey (with Exchange of Letters) published at

www.gov.uk/government/publications/ukturkey-free-trade-agreement-cs-turkey-no12021 (accessed 11 December 2022).

However: not one of the 356 pages of the Agreement expressly mentions heroin, heroin trafficking or the need to tackle them. Indeed, the words ‘heroin’, ‘drugs’, ‘narcotics’ and ‘trafficking’ are all absent from the Agreement.

Sources of images: (top): ‘Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them GAO-22-104807’, 23 December 2021, US Government Accountability Office website, www.gao.gov/products/gao-22-104807 and (bottom): Liz Truss MP Twitter, <https://twitter.com/trussliz/status/1343927331610615812> (bottom) (both accessed 11 December 2022).

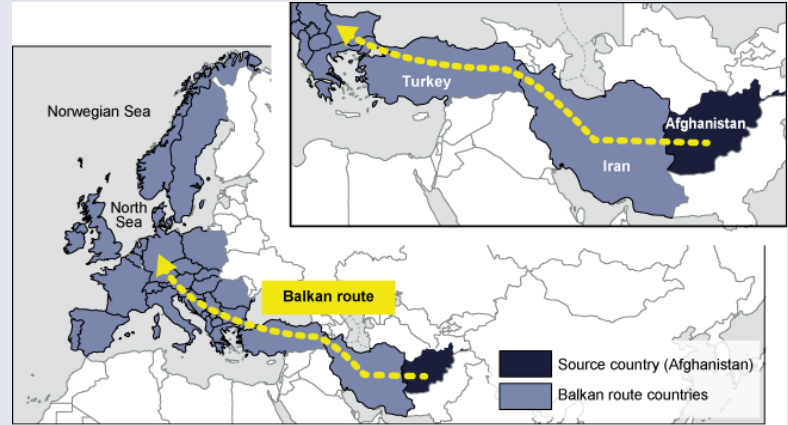


Sources: Organisation for Economic Co-operation and Development, United Nations Office on Drugs and Crime. | GAO-22-104807



Warning!

Not one of the 356 pages of the UK-Turkey Free Trade Agreement of 29 December 2020 expressly addresses the Turkish occupation of the north of the Republic of Cyprus, the criminality stemming from there and the impunity which has become synonymous with such criminality



Sources: Organisation for Economic Co-operation and Development, United Nations Office on Drugs and Crime. | GAO-22-104807

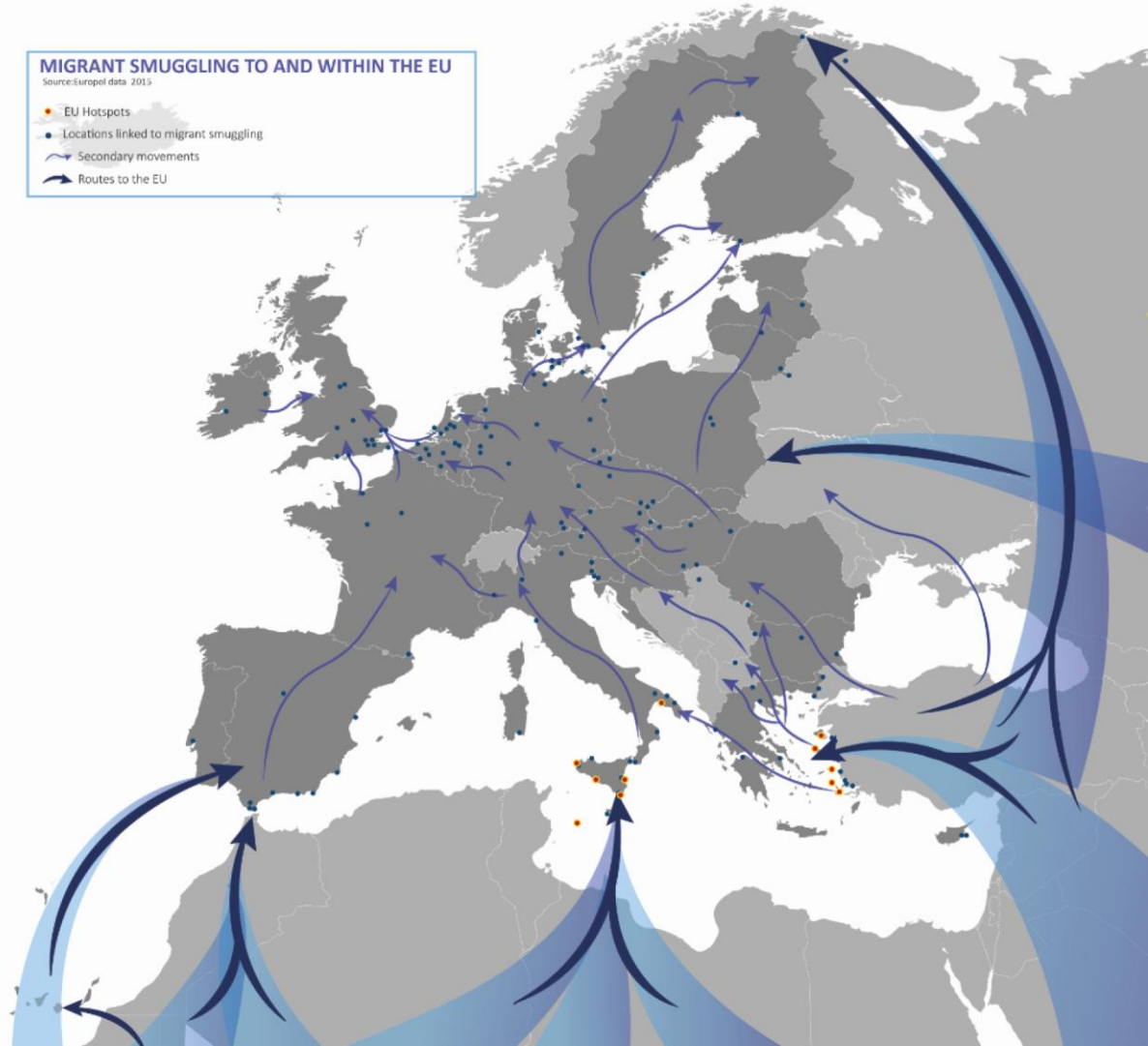
Sources of images: (top): 'Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them GAO-22-104807', 23 December 2021, US Government Accountability Office website, www.gao.gov/products/gao-22-104807 and (bottom): Liz Truss MP Twitter, <https://twitter.com/trussliz/status/1343927331610615812> (bottom) (both accessed 11 December 2022).



Why has the UK attracted so much illicit finance from overseas, including the Republic of Cyprus and Russia?

The UK has long been in the sights of irregular migrants, migrant smugglers and those engaged in the laundering of the proceeds of migrant smuggling and other related crimes

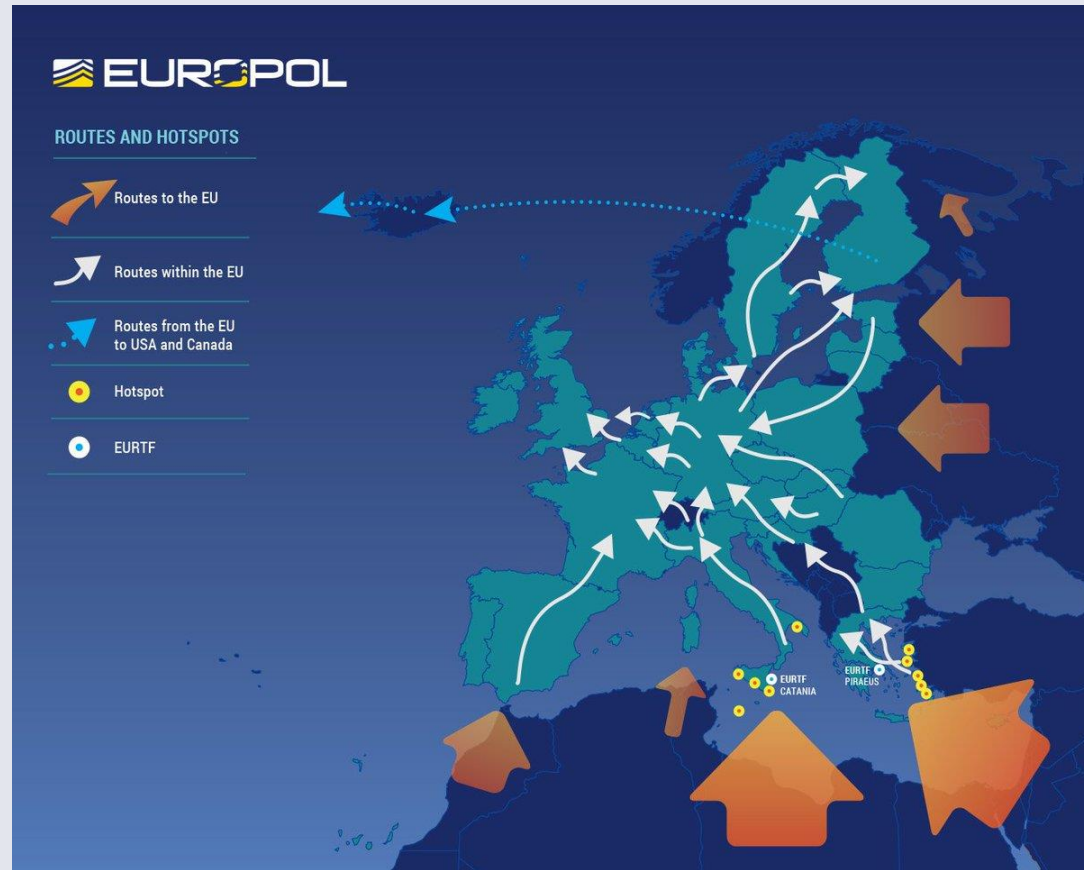
Source of image: *House of Commons Home Affairs Committee: Migration Crisis: Seventh Report of Session 2016–17: Report, together with formal minutes relating to the report: HC 24* (London: House of Commons, 3 August 2016), 15, UK Parliament website, <https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/24/24.pdf> and <https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/24/2406.htm> (accessed 11 December 2022).



Why has the UK attracted so much illicit finance from overseas, including the Republic of Cyprus and Russia?

The UK has long been in the sights of those responsible for other illegal flows of people, including human traffickers and those engaged in the laundering of the proceeds of human trafficking or of related offences, such as those prohibited by the Immigration Act 1971 and the Modern Slavery Act 2015

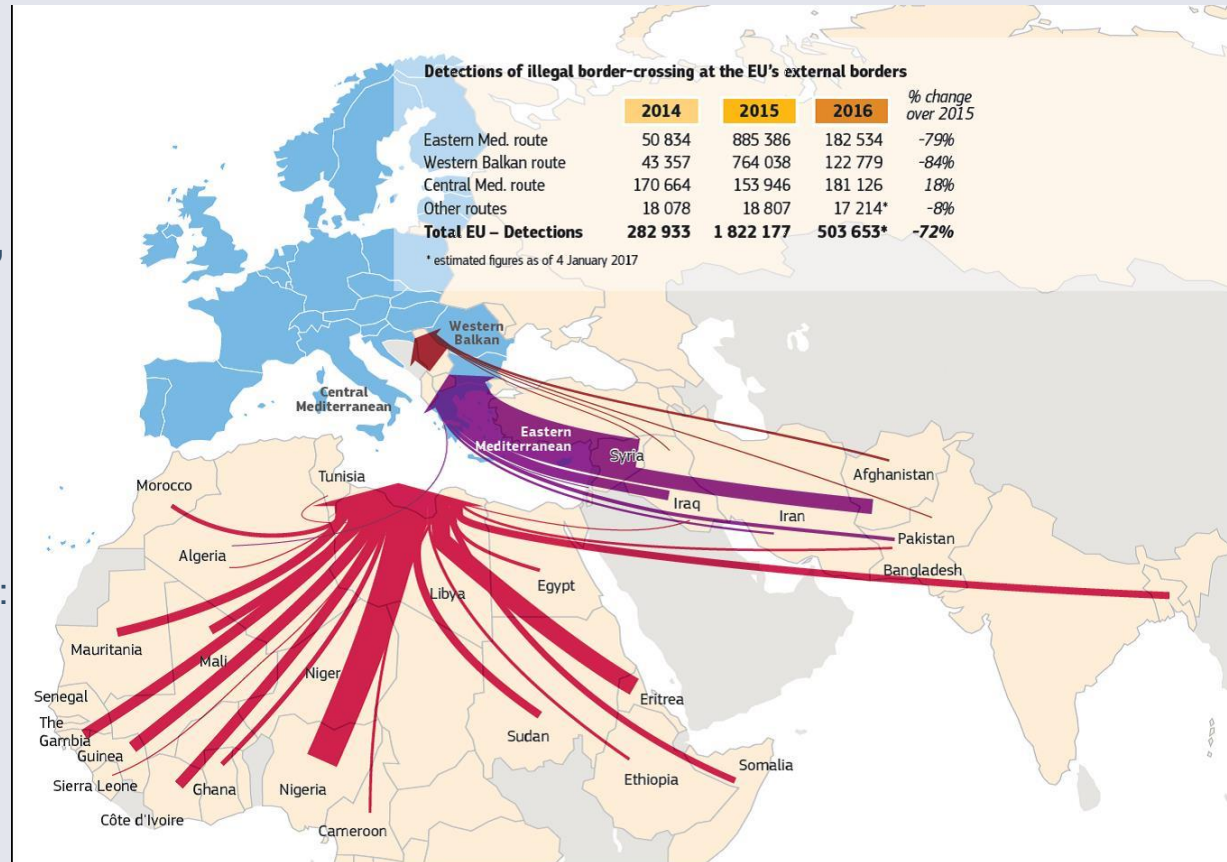
Source of image: Source of image: 'In 2016, the 2 main entry corridors -Eastern & Central Mediterranean sea routes- witnessed significant smuggling activities #EU #migration', Europol Twitter, 1 March 2017, <https://twitter.com/europol/status/836901332518764544> (accessed 11 December 2022).



‘The Department [i.e., the UK Home Office] believes there is a severe risk that individuals from minority groups in some countries, including Afghanistan, Eritrea and Syria, may use fraudulent documents to obtain UK residence or misrepresent their status on asylum claims.’

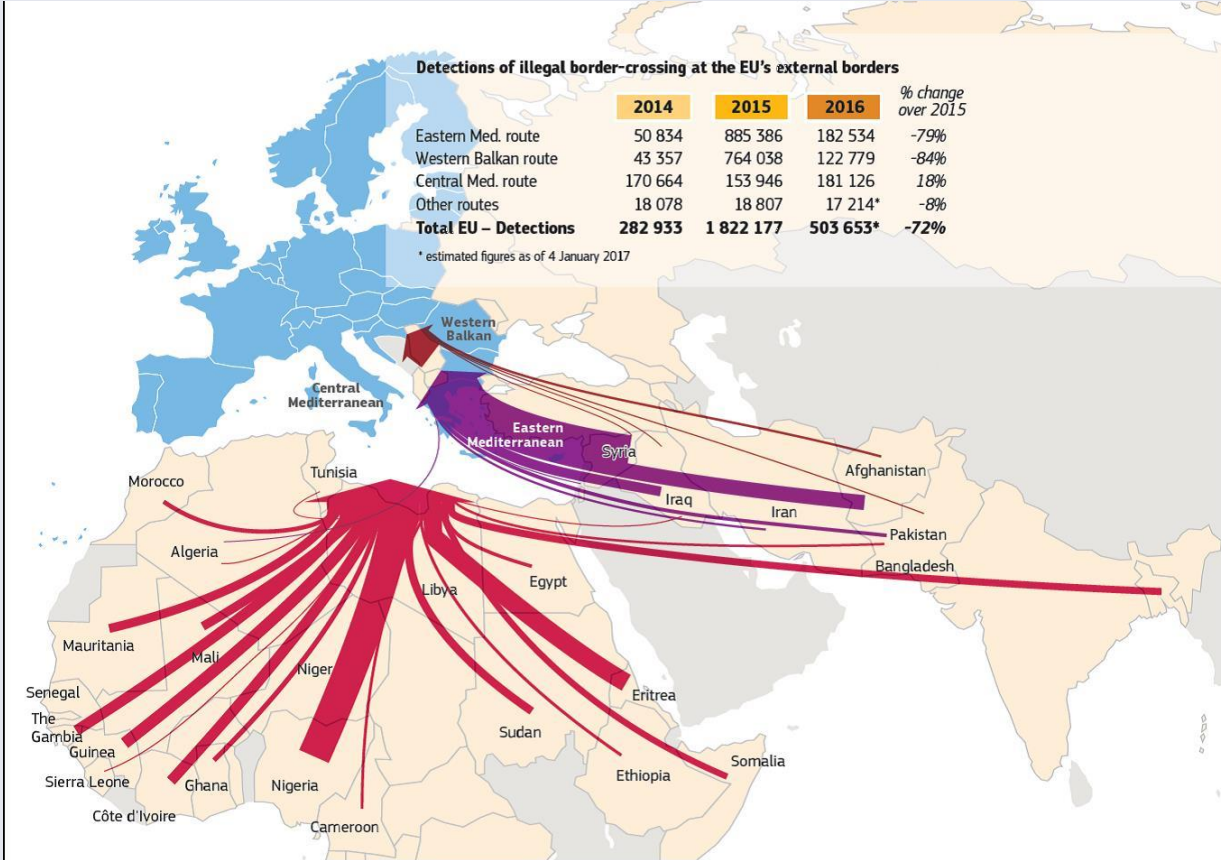
Immigration Enforcement: Report by the Comptroller and Auditor General: HC 110 SESSION 2019–2021 (London: National Audit Office, 17 June 2020), 16, www.nao.org.uk/wp-content/uploads/2020/06/Immigration-enforcement.pdf and www.nao.org.uk/report/immigration-enforcement/ (last accessed 11 May 2022).

Source of image: Report from the European Commission, COM (2017) 205 final, 2 March 2017, https://eur-lex.europa.eu/legal-content/ET/TXT/?uri=CELEX%3A52017DC0205&WT.mc_id=Twitter&qid=1394708797280 (last accessed 1 November 2021).



'The Home Office does not have an up-to-date estimate of how many people have no right to remain in the UK. Its last estimate was around 430,000 people in 2005. More recent estimates from other organisations suggest the population might have doubled, although the NAO [National Audit Office] has not validated these estimates.'

'Immigration enforcement', National Audit Office press release, 17 June 2020, www.nao.org.uk/press-release/immigration-enforcement/ (last accessed 11 May 2022). Source of image: Report from the European Commission, COM (2017) 205 final, 2 March 2017, https://eur-lex.europa.eu/legal-content/ET/TXT/?uri=CELEX%3A52017DC0205&WT.mc_id=Twitter&qid=1394708797280 (last accessed 1 November 2021).

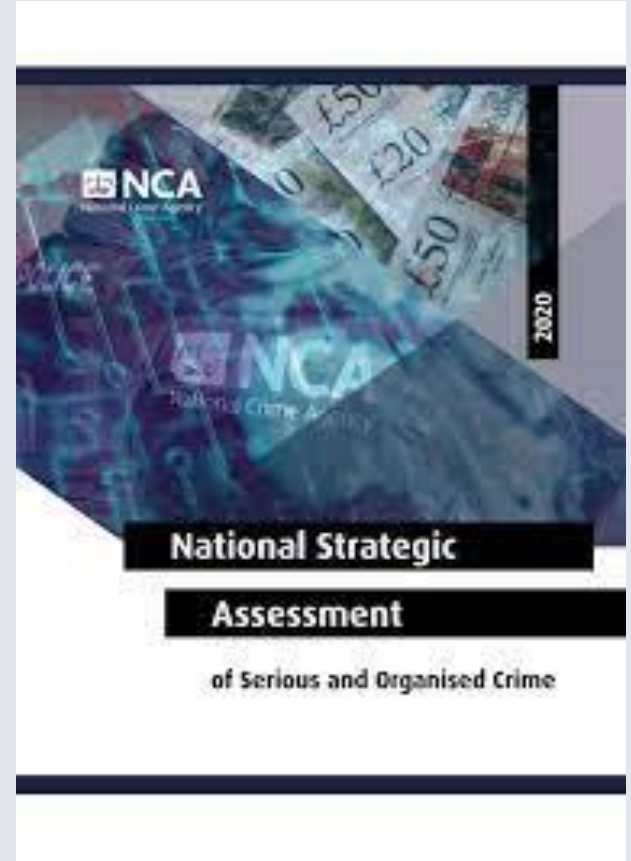


Why has the UK attracted so much illicit finance from overseas, including the Republic of Cyprus and Russia?

‘The UK remains an attractive place for criminals from around the world who want to set up companies to launder their profits. Criminals exploit the ease with which UK companies can be established, the broad range of professional services on offer and the access UK systems provide to higher-risk jurisdictions. Research by Transparency International suggests 929 UK companies were involved in cases of corruption and money laundering in 2019, amounting to £137 billion in economic damage.’

National Strategic Assessment of Serious and Organised Crime (London: National Crime Agency, 2020), 54 (par. 161), www.nationalcrimeagency.gov.uk/who-we-are/publications/437-national-strategic-assessment-of-serious-and-organised-crime-2020/file and www.nationalcrimeagency.gov.uk/news/nsa2020 (accessed 8 December 2022).

Source of image: National Crime Agency Issuu page, https://issuu.com/nca_uk/docs/nca_national_strategic_assessment_2020 (accessed 8 Dec 2022).



Warning!

Beware of actual or potential scams which may be designed to generate or conceal the proceeds of crime

Beware of *inter alia*:




- * 'UK coronavirus scams'
- * 'courier fraud'
- * 'cryptocurrency fraud'

Sources of images (top): Action Fraud: National Fraud & Cyber Crime Reporting Centre website at www.actionfraud.police.uk/campaign/covid-19-guidance-and-advice (centre): www.actionfraud.police.uk/campaign/courier-fraud (bottom): www.actionfraud.police.uk/campaign/cryptocurrency-fraud-leads-to-millions-in-losses-so-far-this-year (accessed 11 December 2022).

UK CORONAVIRUS SCAMS

Get the latest information about coronavirus-related scams here: actionfraud.police.uk/covid19

Spot the signs of courier fraud

-  Someone claiming to be from your bank or the police call you to tell you about fraudulent activity but is asking you for personal info or your PIN to verify who you are.
-  They're offering you to call back so you can be sure they're genuine, but when you try to return the call there's no dial tone.
-  They try to offer you peace of mind by having somebody pick up the card for you to save you the trouble of having to go to your bank or local police station.

£145 MILLION

The amount lost so far this year to cryptocurrency fraud.

#CryptocurrencyFraud **ActionFraud**

Warning!

Beware of actual or scams or potential scams which may be designed to generate or conceal the proceeds of crime

Beware of *inter alia*:

* 'cloned companies', 'cloned firms' and 'cloned websites'

* imposters who may be pretending to be accountants, solicitors or other professionals

* 'HM Revenue & Customs tax refund scams'

'Action Fraud is the UK's national reporting centre for fraud and cybercrime where you should report fraud if you have been scammed, defrauded or experienced cyber crime in England, Wales and Northern Ireland.' Action Fraud: National Fraud & Cyber Crime Reporting Centre website

www.actionfraud.police.uk/what-is-action-fraud (accessed 11 December 2022).

Sources of images: (top): Action Fraud: National Fraud & Cyber Crime Reporting Centre website at www.actionfraud.police.uk/news/criminals-are-exploiting-the-covid-19-pandemic-to-defraud-innocent-people-including-sending-fake-emails-and-texts-purporting-to-be-from-government (centre): www.actionfraud.police.uk/cloned-companies-investment-fraud-what-you-need-to-know (bottom): www.actionfraud.police.uk/news/clonefirms (accessed 11 December 2022).

The screenshot shows an email header with logos for 'CORONAVIRUS SCAMS', 'Met POLICE', and 'Action Fraud'. The main text reads: 'Watch out for HMRC tax refund scams'. It includes a warning: 'Don't click on the links or attachments in suspicious emails, and never respond to messages that ask for your personal or financial details, including requests to send images that prove your identity.' Another warning states: 'HMRC will never text, email or phone you to ask for bank details, PINs or passwords.' A large red 'FAKE' stamp is overlaid on the email content. At the bottom, there is a link to 'actionfraud.police.uk/covid19' and an 'OFFICIAL' seal.

The advertisement features the NCA logo (National Crime Agency) and the text: 'COULD YOU RECOGNISE A CLONED COMPANY SCAM?'. Below this, it says: 'Criminals are copying real websites to steal savings'. On the right, there is a photograph of two women looking at a tablet. At the bottom, a green bar contains the text: 'Learn more, protect your savings'.

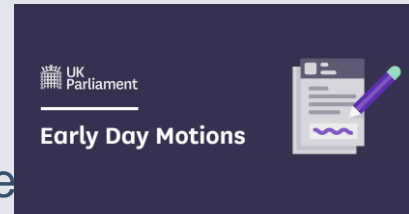
The advertisement has a red background with the Action Fraud and FCA logos. It features a graphic of two horses, one brown and one grey, with a red lightning bolt striking them. The text reads: 'Attack of the clone firms! They are sophisticated and make investment scams hard to spot.' At the bottom, it says: 'Check the FCA Register.'

Warning!

‘That this House notes that the term ‘accountant’ is not defined or protected by law and that thousands of small businesses and individuals, believing they have engaged qualified accountants, are at risk from harmful and costly business advice from unqualified, unregulated, possibly uninsured advisers; observes that although some unqualified accountants may do good work, an unqualified accountant is not answerable to any regulatory body and so cannot be disciplined; further notes that legal protection of title is viewed as essential in professions where there is a substantial degree of public interest, for example for doctors, barristers, solicitors and auditors; feels that greater accountability needs to be introduced; and urges the Government to consider introducing legal protection for the term ‘accountant’.’

Early Day Motion EDM 1949 tabled on 3 July 2008 (in the light of *inter alia* the Companies Act 2006). However, only 83 out of 646 MPs signed this Motion. <https://edm.parliament.uk/early-day-motion/36272/legal-protection-for-the-term-accountant> (accessed 11 December 2022)

Source of image: ‘Early Day Motions’, UK Parliament website <https://edm.parliament.uk/> (accessed 11 December 2022).



‘2.1 One of the most effective means of reducing tax avoidance, evasion and error would be for Government to require anyone providing paid for tax and accountancy services to be a member of a relevant professional body.



‘At present one third of accountants and tax advisers are unregulated i.e. they are not appropriately qualified, are not obliged to undertake any Continuing Professional Development, do not hold appropriate insurance, are not subject to any monitoring, disciplinary or complaints process and are not members of a relevant professional body.’

Written evidence submitted by Association of Accounting Technicians (HMP0002) to the House of Commons Treasury Committee, November 2021, UK Parliament website,

<https://committees.parliament.uk/writtenevidence/41015/html/> (accessed 11 December 2022)

Source of image: ‘Giving written or oral evidence to a House of Commons select committee’, UK Parliament website, www.parliament.uk/get-involved/committees/how-do-i-submit-evidence/guidance-for-house-of-commons-select-committee-witnesses/guidance-for-giving-written-or-oral-evidence-to-house-of-commons-select-committee/ (accessed 11 Dec 2022).

‘3.11 Professions from doctors and nurses to solicitors and architects are required to be members of a relevant professional body. In fact, there are over 200 regulated professions in the UK and it is deeply concerning that accountancy and tax services are not included. Indeed, most members of the public and even most MPs, wrongly believe accountants and tax advisers are currently required to be a member of a professional body.’



Written evidence submitted by Association of Accounting Technicians (HMP0002) to the House of Commons Treasury Committee, November 2021, UK Parliament website, <https://committees.parliament.uk/writtenevidence/41015/html/> (accessed 11 December 2022)

Source of image: ‘Giving written or oral evidence to a House of Commons select committee’, UK Parliament website, www.parliament.uk/get-involved/committees/how-do-i-submit-evidence/guidance-for-house-of-commons-select-committee-witnesses/guidance-for-giving-written-or-oral-evidence-to-house-of-commons-select-committee/ (accessed 11 Dec 2022).

‘Know Your Own Firm’, ‘Know Your Client’, ‘Know the Source of Funds’, ‘Know the Beneficial Owner(s)’ ‘Ongoing Monitoring’ & other due diligence checks may need to be accompanied by ‘Know the Company’, ‘Know the Professional’ or other checks

In certain cases involving unregulated individuals, businesses or other entities in England, bear in mind the Supervised Business Register of businesses registered with HM Revenue and Customs under the Money Laundering Regulations

The Register is available at ‘Guidance: Report a business that is not registered for money laundering supervision: Find out if a business has registered with HMRC under the Money Laundering Regulations and report them if they have not’, HM Revenue & Customs, last updated 30 November 2022, www.gov.uk/guidance/money-laundering-regulations-supervised-business-register (accessed 17 December 2022)

Also see ‘Guidance: Who needs to register for money laundering supervision: Find out what sector of businesses are covered by the Money Laundering Regulations, and which premises you'll need to register’, HM Revenue & Customs, last updated 21 May 2020, www.gov.uk/guidance/money-laundering-regulations-who-needs-to-register (accessed 17 December 2022)

‘Know Your Own Firm’, ‘Know Your Client’, ‘Know the Source of Funds’, ‘Know the Beneficial Owner(s)’, ‘Ongoing Monitoring’ & other due diligence checks may need to be accompanied by ‘Know the Company’, ‘Know the Professional’ or other checks



Before dealing with any professional in England and, if applicable, the company or firm in which such a professional is practising, conduct appropriate checks including:

‘The UK Sanctions List’ at www.gov.uk/government/publications/the-uk-sanctions-list and the Current Consolidated List of Asset Freeze Targets at www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets

‘Find a chartered accountant or firm: The official online directory for ICAEW Chartered Accountants, ICAEW-licensed individuals, and ICAEW licensed/accredited firms’ at <https://find.icaew.com>

‘Find an ACCA member’ at www.accaglobal.com/my/en/member/find-an-accountant/directory-of-member.html

‘Find a solicitor: The official database of 202,999 legal professionals’, Law Society of England & Wales website at <https://solicitors.lawsociety.org.uk>

‘Solicitors Register: Look up the records of the solicitors and law firms we regulate’, Solicitors Regulation Authority of England & Wales website at www.sra.org.uk/consumers/register/

The Financial Conduct Authority’s Financial Services Register at www.fca.org.uk/firms/financial-services-register

Companies House ‘Get information about a company’ and ‘Search the register websites at www.gov.uk/get-information-about-a-company and <https://find-and-update.company-information.service.gov.uk/> respectively

All of the above links were last accessed on 11 December 2022

Warning!

Companies House is a venerable public body dating back to the Joint Stock Companies Act 1844.

Beware of the defects and deficiencies of the Companies Act 2006 (as amended), the longest Act in the history of the UK Parliament, at www.legislation.gov.uk/ukpga/2006/46/contents (accessed 11 December 2022)

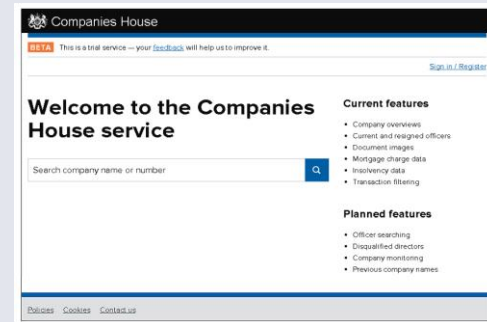
Beware of the defects and deficiencies of Companies House and the misleading or potentially misleading information which may be published by it at *inter alia* www.gov.uk/get-information-about-a-company, <https://find-and-update.company-information.service.gov.uk/> and www.gov.uk/government/organisations/companies-house (accessed 11 December 2022)

Sources of images: (top): <https://companieshouse.blog.gov.uk/2015/05/29/registering-companies-since-1844-some-of-our-oldest-companies-revealed/> (centre): Twitter, 9 August 2019, <https://twitter.com/legislation/status/1159811997225164800> and (bottom): 'Launch of the new Companies House public beta service', 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (all last accessed 18 December 2022).



Companies Act 2006

CHAPTER 46



Warning!

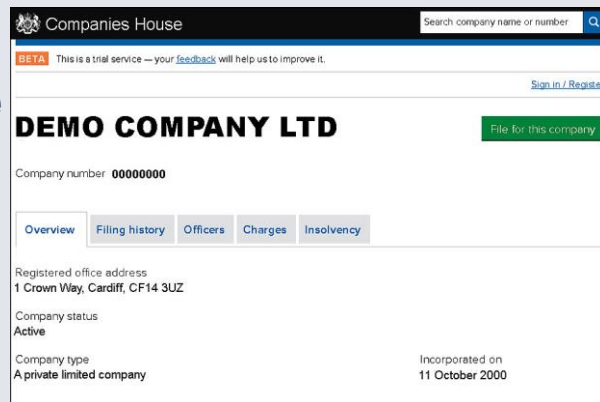
‘Companies House does not verify the accuracy of the information filed’

Disclaimer at the top of ‘Find and update company information’, Companies House website, <https://find-and-update.company-information.service.gov.uk/> (accessed 18 December 2022)

‘We carry out basic checks on documents received to make sure that they have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.’

Disclaimer in ‘Service information’, Companies House website, <https://resources.companieshouse.gov.uk/serviceInformation.shtml#complInfo> (accessed 18 December 2022)

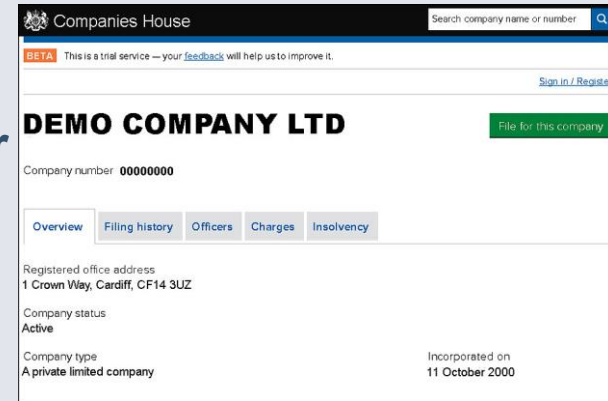
Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 18 Dec 2022).



Warning!

‘Q21 ... If you want to go and borrow a book from your library, you have to provide verification of your identity. You do not have to do that to create a company that could cause thousands or tens of thousands of pounds’ worth of damage to our economy. ...’

Oral evidence of Graham Barrow, Director, The Dark Money Files [‘An anti financial crime project from Graham Barrow and Ray Blake’ at www.thedarkmoneyfiles.com], to the House of Commons Business, Energy and Industrial Strategy Committee in ‘Oral evidence: Fraudulent company registrations: Economic Crime and Corporate Transparency Bill, HC 862, Tuesday 8 November 2022’, UK Parliament website, <https://committees.parliament.uk/oralevidence/11506/pdf/> and <https://committees.parliament.uk/event/15146/formal-meeting-oral-evidence-session/> (accessed 11 Dec 2022). Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 18 Dec 2022).



The screenshot shows the Companies House public beta service interface. At the top, it says 'Companies House' and 'BETA This is a trial service — your feedback will help us to improve it.' Below this, the company name 'DEMO COMPANY LTD' is displayed in large, bold letters. To the right of the company name is a green button that says 'File for this company'. Below the company name, the company number '00000000' is shown. There are several tabs: 'Overview' (selected), 'Filing history', 'Officers', 'Charges', and 'Insolvency'. Below the tabs, the registered office address is listed as '1 Crown Way, Cardiff, CF14 3UZ'. The company status is 'Active'. The company type is 'A private limited company'. The incorporation date is '11 October 2000'.

Warning!

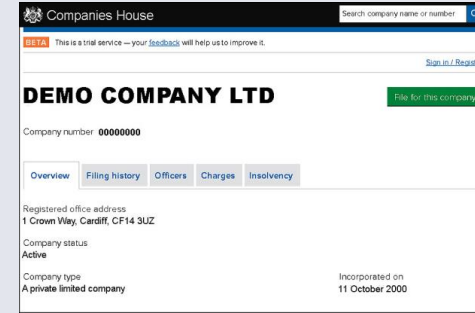
‘Q 69 ... We have a workforce of just over 1,000 in the entirety of Companies House. We have 12 million individuals on our register. ...

‘Q70 ... We are implementing ID [i.e., identification] verification, which is something we do not do at the moment. ID verification will prevent a lot of the abuse of the register that takes place. We will be able to stop it at source. That is what we are doing.’

Oral evidence of Martin Swain, Director of Policy, Strategy, External Communications and Legal, Companies House, to the House of Commons Business, Energy and Industrial Strategy Committee in ‘Oral evidence: Fraudulent company registrations: Economic Crime and Corporate Transparency Bill, HC 862 Tuesday 8 November 2022’, UK Parliament website,

<https://committees.parliament.uk/oralevidence/11508/pdf/> and <https://committees.parliament.uk/event/15146/formal-meeting-oral-evidence-session/> (accessed 11 December 2022)

Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 11 Dec 2022).



Warning! ‘Treat accounts filed at Companies House and published on the Gov.uk website with the utmost caution

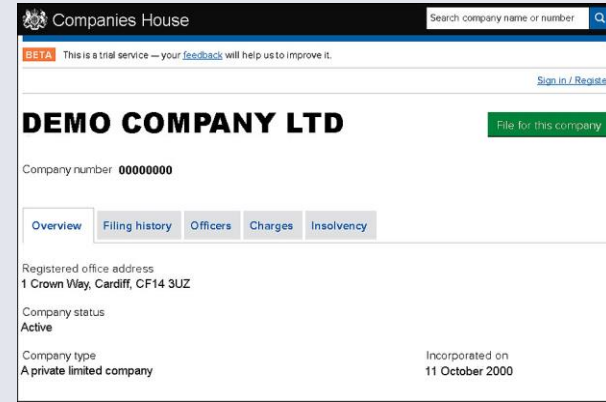
Astonishingly enough:

‘Companies do not have to use a professional accountant to prepare accounts. However, directors must be aware of their legal responsibilities - if you’re uncertain about the requirements you should consider seeking professional advice.’

‘Companies House accounts guidance: Updated 24 March 2022’, paragraph 3.1, UK Government website,

www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#audit-exemption-small and www.gov.uk/government/publications/life-of-a-company-annual-requirements (accessed 11 Dec 2022).

Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 11 Dec 2022).



‘Certain companies do not need to have an audit - but only if they’re eligible and want to take advantage of this exemption. If a company qualifies as a micro-entity, it also qualifies as a small company - so it can also take advantage of this exemption.

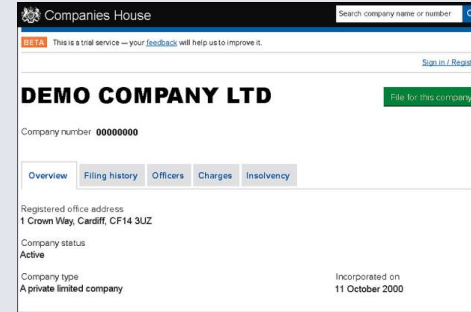
‘For accounting periods beginning on or after 1 January 2016, to qualify for audit exemption a company must qualify as small during that financial year. It must meet any 2 of the following:

- * annual turnover must be not more than £10.2 million
- * the balance sheet total must be not more than £5.1 million
- * the average number of employees must be not more than 50

‘Even if a small company meets these criteria, it must still have its accounts audited if demanded by:

- * a member or members holding at least 10% of the nominal value of issued share capital
- * a member holding 10% of any class of shares 10% of its members in number - for companies limited by guarantee ...’.

‘Companies House accounts guidance: Updated 24 March 2022’, paragraph 10, UK Government website, www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#audit-exemption-small and www.gov.uk/government/publications/life-of-a-company-annual-requirements (accessed 11 Dec 2022). Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 11 Dec 2022).



‘15.6 Requirements when choosing an auditor [if one must be chosen]

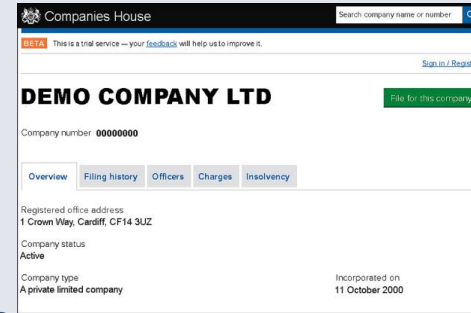
‘An auditor must be independent of the company. This means you cannot appoint a person as an auditor if they are:

- * an officer or employee of the company or an associated company
- * a partner or employee of such a person, or a partnership of which such a person is a partner

‘Your accountant may act as the company’s auditors if they do not fall into one of these categories - and they have a current audit-practising certificate issued by a recognised supervisory body.

‘Not all members of a recognised supervisory body are eligible to act as an auditor. The appropriate supervisory body will be able to tell you whether a particular individual or firm has a current audit-practising certificate.’

‘Companies House accounts guidance: Updated 24 March 2022’, paragraph 5.6, UK Government website, www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#audit-exemption-small and www.gov.uk/government/publications/life-of-a-company-annual-requirements (accessed 11 Dec 2022). Source of image: ‘Launch of the new Companies House public beta service’, 22 June 2015, www.gov.uk/government/news/launch-of-the-new-companies-house-public-beta-service (accessed 11 Dec 2022).



Warning! In 2022, the UK Government and UK Parliament have responded to the Russian invasion of Ukraine by adopting 'draconian' measures in a post-Brexit context

'As many Members will know, oligarchs and kleptocrats from Russia and elsewhere have used the veneer of legitimacy provided by UK registered companies and partnerships, and have used high-end property to help launder proceeds of corruption. At present, Companies House has very limited powers to prevent that abuse. In light of Russia's outrageous actions in recent days, it is necessary that we put those criminals on notice and send a clear message that the UK will not tolerate their corruption here. To that end, I am announcing two immediate steps.'

Kwasi Kwarteng MP, Secretary of State for Business, Energy & Industrial Strategy, Hansard, House of Commons Debates, 28 February 2022, UK Parliament website, <https://hansard.parliament.uk/commons/2022-02-28/debates/BAC256B1-BD80-48E2-9A84-EC365D176375/CorporateTransparencyAndEconomicCrime> (accessed

11 December 2022).

Source of image: Department for Business, Energy & Industrial Strategy Twitter page, 8 January 2021, <https://twitter.com/beisgovuk/status/1347593337558228993> (accessed 11 December 2022).



‘First, the Department for Business, Energy and Industrial Strategy is today publishing a White Paper on corporate transparency and register reform. ...

‘Secondly, we will be introducing legislation to Parliament tomorrow to accelerate other measures that will make an immediate dissuasive effect on dirty money and its purveyors from Russia and elsewhere. ...

‘This set of measures will be the biggest reform to Companies House in 200 years. It is something significant. It has not been done in 200 years and it is something which we are very proud to have expedited—[Laughter.] ...’.

Kwasi Kwarteng MP, Secretary of State for Business, Energy & Industrial Strategy, Hansard, House of Commons Debates, 28 February 2022, UK Parliament website, <https://hansard.parliament.uk/commons/2022-02-28/debates/BAC256B1-BD80-48E2-9A84-EC365D176375/CorporateTransparencyAndEconomicCrime> (accessed 11 December 2022).

Source of image: Department for Business, Energy & Industrial Strategy Twitter page, 8 January 2021, <https://twitter.com/beisgovuk/status/1347593337558228993> (accessed 11 December 2022).



'The point I was going to make is that we would have been in a 10-times better place in dealing with Putin's invasion of Ukraine if all this had already been in place, which is why some of us had been calling for it for many, many years. The Secretary of State says he has expedited something. Well, I do not know what it would have looked like if he had slowed it down because, honestly, apart from anything else, we have world-beating lawyers, accountants and others who facilitate the hiding of all these assets.'



Chris Bryant MP (Labour MP and Chair of the Committee on Standards), Hansard, House of Commons Debates, 28 February 2022, UK Parliament website, <https://hansard.parliament.uk/commons/2022-02-28/debates/BAC256B1-BD80-48E2-9A84-EC365D176375/CorporateTransparencyAndEconomicCrime> (accessed 11 December 2022).

Source of image: 'Chris Bryant', UK Parliament website, <https://members.parliament.uk/member/1446/portrait> (accessed 11 December 2022).

Warning! The Economic Crime and Corporate Transparency Bill is in the UK Parliamentary pipeline. This is ‘A Bill to make provision about economic crime and corporate transparency, to make further provision about companies, limited partnerships and other kinds of corporate entity; and to make provision about the registration of overseas entities.’



Clause 1 of the Bill seeks to amend the Companies Act 2006 with the aim of achieving a number of ‘Objectives’:

‘Objective 1 is to ensure that any person who is required to deliver a document to the registrar does so (and that the requirements for proper delivery are complied with).

‘Objective 2 is to ensure that documents delivered to the registrar are complete and contain accurate information.

‘Objective 3 is to minimise the risk of records kept by the registrar creating a false or misleading impression to members of the public.

‘Objective 4 is to minimise the extent to which companies and others— (a) carry out unlawful activities, or (b) facilitate the carrying out by others of unlawful activities. ...’.

Further details are on the UK Parliament website at <https://bills.parliament.uk/bills/3339> and <https://publications.parliament.uk/pa/bills/cbill/58-03/0205/220205.pdf> (accessed 17 Dec 2022)

On the proposals for reform of Companies House and related matters, read *inter alia*:
Corporate Transparency and Register Reform White Paper Policy overview and response to final consultations: Presented to Parliament by the Secretary of State for Business, Energy and Industrial Strategy by Command of Her Majesty: CP 638 (London: Controller of Her Majesty's Stationery Office, 2022),

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060726/corporate-transparency-white-paper.pdf and www.gov.uk/government/publications/corporate-transparency-and-register-reform (accessed 11 December 2022)

‘How to fix the problems at Companies House’, ICAEW (Institute of Chartered Accountants in England and Wales) Insights, 18 July 2022, www.icaew.com/insights/viewpoints-on-the-news/2022/jul-2022/how-to-fix-the-problems-at-companies-house (accessed 11 December 2022)

‘Companies House is dysfunctional and facilitating fraud, MPs told Less verification for someone to set up fraudulent shell firm than to borrow a library book, risk managers say’, Guardian website, 8 November 2022, www.theguardian.com/business/2022/nov/08/companies-house-is-dysfunctional-and-facilitating-mps-told (accessed 11 December 2022)

Anna Isaac, ‘Fakers, fast sign-ups and fraud: the crisis at the UK’s Companies House: Britain’s register of companies was reformed in 2011 to allow incorporations within 24 hours for £12. Now the number of firms on its books has soared – and so have the complaints’, Guardian website, 3 December 2022, www.theguardian.com/business/2022/dec/03/crisis-uk-companies-house-fake-directors-fraud (accessed 11 December 2022)



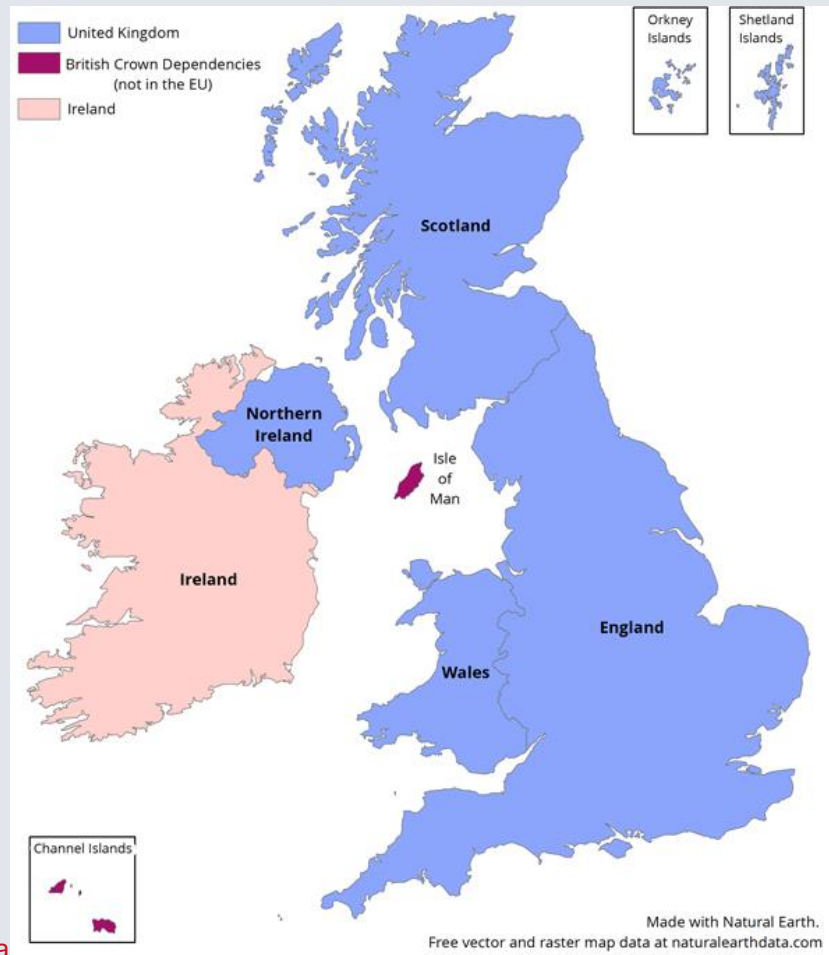
Also read *inter alia*:

‘House of Commons Business, Energy and Industrial Strategy Committee, Oral evidence: Fraudulent company registrations: Economic Crime and Corporate Transparency Bill, HC 862, Tuesday 8 November 2022’, UK Parliament website, <https://committees.parliament.uk/oralevidence/11506/pdf/> and <https://committees.parliament.uk/event/15146/formal-meeting-oral-evidence-session/> (accessed 11 December 2022).

‘House of Commons Business, Energy and Industrial Strategy Committee Oral evidence: Fraudulent company registrations: Economic Crime and Corporate Transparency Bill, HC 862 Tuesday 8 November 2022’, UK Parliament website, <https://committees.parliament.uk/oralevidence/11507/pdf/> and <https://committees.parliament.uk/event/15146/formal-meeting-oral-evidence-session/> (accessed 11 December 2022)

‘House of Commons Business, Energy and Industrial Strategy Committee Oral evidence: Fraudulent company registrations: Economic Crime and Corporate Transparency Bill, HC 862 Tuesday 8 November 2022’, UK Parliament website, <https://committees.parliament.uk/oralevidence/11508/pdf/> and <https://committees.parliament.uk/event/15146/formal-meeting-oral-evidence-session/> (accessed 11 December 2022)

Why has the UK attracted so much illicit finance from overseas, including the Republic of Cyprus and Russia?



Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).

For years before Russia re-invaded Ukraine on 24 February 2022, Vladimir Putin and his ministers were courted by the Heads of State and Heads of Government across the EU, including the pre-Brexit UK and the Republic of Cyprus

Russian President Putin paid a state visit to the UK prior to Brexit, as a guest of the late HM Queen Elizabeth II, from 22 until 26 October 2003 (top)

Russian Foreign Minister Sergey Lavrov received The Grand Cross of the Order of Makarios III from President Nicos Anastasiades in Nicosia on 20 September 2020 (bottom)



Sources of images: (top) 'A reception in honour of the Russian President and his wife was held at the Buckingham Palace', 24 June 2003, Kremlin website, en.kremlin.ru/events/president/news/28902 (accessed 11 December 2022) and (bottom): Russian Ministry of Foreign Affairs Twitter, 20 September 2020, https://twitter.com/mfa_russia/status/1303242633947512833?lang=en (accessed 5 May 2022).


Warning!

‘49. ... The UK welcomed Russian money, and few questions – if any – were asked about the provenance of this considerable wealth.

‘50. ... In brief, Russian influence in the UK is ‘the new normal’, and there are a lot of Russians with very close links to Putin who are well integrated into the UK business and social scene, and accepted because of their wealth. This level of integration – in ‘Londongrad’ in particular – means that any measures now being taken by the Government are not preventative but rather constitute damage limitation ...’.

Findings of the Inquiry conducted by the Intelligence & Security Committee of the UK Parliament under the chairmanship of Dominic Grieve QC MP, a former Attorney General of England & Wales, from November 2017 until November 2019, as recorded in *Russia: HC 632* (London: Intelligence & Security Committee of the UK Parliament, 21 July 2020, 15, https://isc.independent.gov.uk/wp-content/uploads/2021/03/CCS207_CCS0221966010-001_Russia-Report-v02-Web_Accessible.pdf (last accessed 20 January 2023)).

For the UK Government Response, dated 21 July 2020, see www.gov.uk/government/publications/government-response-to-intelligence-and-security-committee-russia-report (accessed 17 December 2022).

‘51. It is not just the oligarchs either: the arrival of Russian money resulted in a  growing industry of enablers – individuals and organisations who manage and lobby for the Russian elite in the UK. Lawyers, accountants, estate agents and PR professionals have played a role, wittingly or unwittingly, in the extension of Russian influence which is often linked to promoting the nefarious interests of the Russian state. A large private security industry has developed in the UK to service the needs of the Russian elite, in which British companies protect the oligarchs and their families, seek *kompromat* [‘*Kompromat* – compromising information collected for use in blackmailing, discrediting or manipulating someone, typically for political purposes’] on competitors, and on occasion help launder money through offshore shell companies and fabricate ‘due diligence’ reports, while lawyers provide litigation support.’

Findings of the Inquiry conducted by the Intelligence & Security Committee of the UK Parliament under the chairmanship of Dominic Grieve QC MP, a former Attorney General of England & Wales, from November 2017 until November 2019, as recorded in *Russia: HC 632* (London: Intelligence & Security Committee of the UK Parliament, 21 July 2020, 15, https://isc.independent.gov.uk/wp-content/uploads/2021/03/CCS207_CCS0221966010-001_Russia-Report-v02-Web_Accessible.pdf (accessed 5 May 2022).

For the UK Government Response, dated 21 July 2020, see *[UK] Government Response to the Intelligence and Security Committee of Parliament Report ‘Russia’: Presented to Parliament by the Prime Minister by Command of Her Majesty: CP 275* (London: Her Majesty’s Stationery Office, July 2020), www.gov.uk/government/publications/government-response-to-intelligence-and-security-committee-russia-report (accessed 17 December 2022).

‘The Government is clear that tackling illicit finance and driving dirty money and money launderers out of the UK is a priority. The UK has one of the world’s largest and most open economies. These factors make the UK attractive for legitimate business, but also expose the UK to money laundering risks. The Financial Action Task Force praised the UK as a “global leader in promoting corporate transparency” with a “comprehensive legal framework”, and that the UK “aggressively identifies, pursues and prioritises money laundering investigations and prosecutions”. However, we are not complacent and we will ensure the full weight of law enforcement bears down on dirty money. In recent years through ground-breaking legislation such as the Criminal Finances Act 2017, the Government has introduced new powers and tools making it easier to seize criminals’ money from bank accounts with billions taken from criminals, set up the National Economic Crime Centre within the National Crime Agency (NCA), expanded civil recovery powers, led the world on introducing public registers of beneficial ownership of companies and, crucially, we have ramped up law enforcement capabilities to specifically tackle illicit finance with over £48 million funding in 2019 to 2020.’

[UK] Government Response to the Intelligence and Security Committee of Parliament Report ‘Russia’: Presented to Parliament by the Prime Minister by Command of Her Majesty: CP 275 (London: Her Majesty’s Stationery Office, July 2020), sixteenth page, www.gov.uk/government/publications/government-response-to-intelligence-and-security-committee-russia-report (accessed 5 May 2022).

‘This would not happen in the way it does without the West. After this money [originating in Russia] goes through Cyprus--but Cyprus is only a channel-- ... it goes normally to some Caribbean Island. British Virgin Islands is typical for this. But when it goes to two places--London and New York--or the U.S. more broadly--it goes through anonymous companies, LLCs that are usually in Delaware. They can also be in Nevada, Wyoming, and South Dakota. This should not happen, but it does.’

Testimony of Dr Anders Aslund of the Atlantic Council to a Joint US House of Representatives and Senate Hearing, Washington DC into ‘Kleptocrats of the Kremlin: Ties Between Business and Power in Russia: Briefing of the Commission on Security and Cooperation in Europe’, 20 July 2017,

[www.govinfo.gov/content/pkg/CHRG-115jhrq26489/html/CHRG-](http://www.govinfo.gov/content/pkg/CHRG-115jhrq26489/html/CHRG-115jhrq26489.htm)

[115jhrq26489.htm](http://www.govinfo.gov/content/pkg/CHRG-115jhrq26489/html/CHRG-115jhrq26489.htm) (last accessed 11 May 2022). Source of image: US House of Representatives Foreign Affairs Committee Twitter, 9 May 2019, <https://twitter.com/houseforeign/status/1126536055581216769> (accessed 23 Sept 2021).

Chinese and Russian Influence in the Middle East

Middle East

May 9, 2019 1:30 PM
Location: 2172 Rayburn House Office Building, Washington, DC 20515
Subcommittee: Middle East, North Africa, and International Terrorism

The United Arab Emirates says it will deploy a 5G network this year developed by Huawei Technologies Co., dealing a blow from a major U.S. ally to American efforts to undercut the Chinese telecommunications giant.
-The Wall Street Journal

Saudi crown prince defended China's imprisonment of a million Muslims in internment camps.
-Business Insider

Russian and Chinese actions are converging to challenge the U.S.-led global order.
-Foreign Affairs

China's Belt and Road Initiative embraces the Middle East.
-Arab News

Russia and China are stepping up their efforts to woo Persian Gulf arms buyers, encroaching on a market long dominated by the U.S. and Europe and raising security concerns in Washington.
-The Wall Street Journal

China has charted an ambitious future in the Middle East by forging "comprehensive strategic partnerships" with Iran, the United Arab Emirates, Saudi Arabia, and Egypt.
-The Atlantic

www.foreignaffairs.house.gov

‘[The US Department of the] Treasury regularly meets with U.S. and foreign private sector entities to explain our sanctions regulations and actions, and share information, typologies of illicit activity, and best practices, among other things. For example, we have held roundtables with banks in jurisdictions at elevated levels of risk for Russian money laundering, including Cyprus and Latvia, to convey the risks and also to urge relevant industry authorities to take steps to prevent the exploitation of their respective financial sectors by bad actors.’

‘Statement of Assistant Secretary Marshall Billingslea Before the U.S. Senate Committee on Foreign Relations’, 21 August 2018,

<https://home.treasury.gov/news/press-releases/sm464> and www.foreign.senate.gov/imo/media/doc/082118_Billingslea_Testimony.pdf (last

accessed 11 May 2022). Source of image: US House of Representatives Foreign Affairs Committee Tweet, 9 May 2019,

<https://twitter.com/houseforeign/status/1126536055581216769> (last accessed 23 Sept. 2021).

Chinese and Russian Influence in the Middle East

Middle East

May 9, 2019 1:30 PM
Location: 2172 Rayburn House Office Building, Washington, DC 20515
Subcommittee: Middle East, North Africa, and International Terrorism

The United Arab Emirates says it will deploy a 5G network this year developed by Huawei Technologies Co., dealing a blow from a major U.S. ally to American efforts to undercut the Chinese telecommunications giant.
-The Wall Street Journal

Saudi crown prince defended China's imprisonment of a million Muslims in internment camps.
-Business Insider

Russian and Chinese actions are converging to challenge the U.S.-led global order.
-Foreign Affairs

China's Belt and Road Initiative embraces the Middle East.
-Arab News

Russia and China are stepping up their efforts to woo Persian Gulf arms buyers, encroaching on a market long dominated by the U.S. and Europe and raising security concerns in Washington.
-The Wall Street Journal

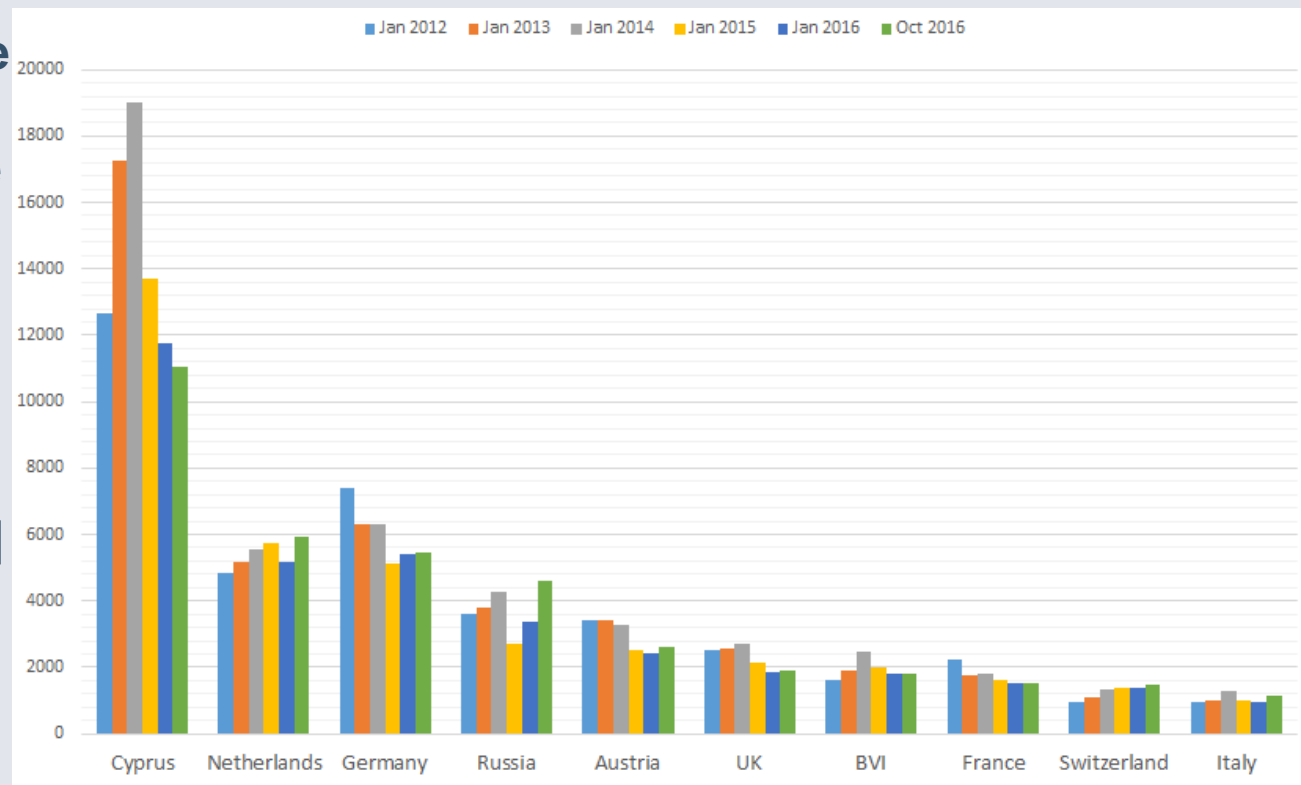
China has charted an ambitious future in the Middle East by forging "comprehensive strategic partnerships" with Iran, the United Arab Emirates, Saudi Arabia, and Egypt.
-The Atlantic

www.foreignaffairs.house.gov

Warning! The UK and the Republic of Cyprus are among the states to have been most affected by the post-2014 Russian-Ukraine conflict

To the right is an image entitled 'The origin of FDI [Foreign Direct Investment] in Ukraine [January 2012-October 2016]', as published by the Dnipropetrovsk Regional Council Official Information Site in Ukraine,

<https://oblrada.dp.gov.ua/en/investors/foreign-direct-investment-in-ukraine-war-and-peace/>
(accessed 2 February 2022)



'No results match Russia'

Result of a failed attempt to generate 2022 Investment Climate Statements on the website of the US State Department at www.state.gov/reports/2022-investment-climate-statements/ (accessed 11 December 2022).

'2021 Investment Climate Statements: Russia', US State Department



www.state.gov/reports/2021-investment-climate-statements/russia/ and <https://2017-2021.state.gov/reports/2020-investment-climate-statements/index.html> (accessed 11 May 2022).

**Table 3: Sources and Destination of FDI [Foreign Direct Investment]
Direct Investment from/in Counterpart Economy Data (as of January 1, 2021)**

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	537,118	100%	Total Outward	470,098	100%
Cyprus	153,355	28.6%	Cyprus	200,435	43%
Bermuda [a UK Overseas Territory]	47,991	8.9%	Netherlands	33,839	7.2%
Netherlands	46,712	8.7%	Austria	29,702	6.2%
UK	41,961	7.8%	UK	25,126	5.3%
Luxemburg	32,250	6%	Switzerland	21,923	4.7%

"0" reflects amounts rounded to +/- USD 500,000.

'2020 Investment Climate Statements: Russia', US State Department



www.state.gov/reports/2020-investment-climate-statements/russia/ and <https://2017-2021.state.gov/reports/2020-investment-climate-statements/index.html> (accessed 11 May 2022).

Table 3: Sources and Destination of FDI [Foreign Direct Investment]

Direct Investment from/in Counterpart Economy Data (as of October 1, 2019)

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment

Outward Direct Investment

Inward Direct Investment			Outward Direct Investment		
Total Inward	550,209	100%	Total Outward	473,141	100%
Cyprus	157,802	36%	Cyprus	203,532	43%
Netherlands	57,810	11%	Netherlands	58,463	12%
Luxemburg	41,666	8%	Austria	26,049	6%
Bermuda [a UK Overseas Territory]	35,405	5%	Switzerland	19,929	4%
Germany	17,583	4%	[Blank in the original text]	19,274	5%

"0" reflects amounts rounded to +/- USD 500,000.

'2022 Investment Climate Statements: Cyprus', US State Department



www.state.gov/reports/2022-investment-climate-statements/ (accessed 11 December 2022).

Table 3: Sources and Destination of FDI (Foreign Direct Investment)

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (*US Dollars, Millions*)

Inward Direct Investment

Outward Direct Investment

Total Inward	\$477.1	100%	Total Outward	\$490.0	100%
Russian Federation	\$118.5	24.8%	Russian Federation	\$161.0	32.8%
Luxembourg	\$74.0	15.5%	British Virgin Islands	\$42.4	8.6%
Switzerland	\$60.5	12.7%	Jersey	\$23.2	4.7%
Jersey [a UK Crown Dependency]	\$29.7	6.2%	Luxembourg	\$20.4	4.1%
Netherlands	\$23.6	4.9%	Netherlands	\$19.1	3.9%

“0” reflects amounts rounded to +/- USD 500,000.

'2021 Investment Climate Statements: Cyprus', US State Department



www.state.gov/reports/2021-investment-climate-statements/cyprus/ and <https://2017-2021.state.gov/reports/2020-investment-climate-statements/index.html> (accessed 11 May 2022).

**Table 3: Sources and Destination of FDI [Foreign Direct Investment]
Direct Investment from/in Counterpart Economy Data, 2019**

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	\$451.4	100%	Total Outward	\$460.6	100%
Russian Federation	\$118.3	26.2%	Russian Federation	\$160.6	34.8%
Luxembourg	\$70.3	15.6%	Bermuda [a UK Overseas Territory]	\$56.3	12.2%
Jersey [a UK Crown Dependency]	\$31.7	7.0%	British Virgin Islands	\$37.2	8.1%
British Virgin Islands	\$22.1	4.9%	Bahamas	\$34.2	7.4%
Netherlands	\$20.1	4.5%	United Kingdom	\$16.2	3.5%

"0" reflects amounts rounded to +/- USD 500,000.

'2020 Investment Climate Statements: Cyprus', US State Department



www.state.gov/reports/2020-investment-climate-statements/cyprus/ and <https://2017-2021.state.gov/reports/2020-investment-climate-statements/index.html> (accessed 11 May 2022).

Table 3: Sources and Destination of FDI [Foreign Direct Investment

Direct Investment from/in Counterpart Economy Data, 2018

From Top Five Sources/To Top Five Destinations (*US Dollars, Millions*)

Inward Direct Investment

Outward Direct Investment

Total Inward	\$428.4	100%	Total Outward	\$436.8	100%
Not Specif./Confidential	\$169.2	39.5%	Not Specif./Confidential	\$212.1	48.5%
Luxembourg	\$56.2	13.1%	Russian Fed.	\$108.7	24.9%
Russian Fed.	\$51.7	12.1%	British Virgin Isl.	\$34.6	7.9%
Jersey [a UK Crown Dependency]	\$38.6	9.0%	Netherlands	\$19.9	4.5%
Netherlands	\$20.7	4.8%	UK	\$15.5	3.5%

"0" reflects amounts rounded to +/- USD 500,000.

'2020 Investment Climate Statements: United Kingdom', US State Department



www.state.gov/reports/2020-investment-climate-statements/united-kingdom/ and <https://2017-2021.state.gov/reports/2020-investment-climate-statements/index.html> (accessed 11 December 2022).

Table 3: Sources and Destination of FDI (Foreign Direct Investment)

Direct Investment from/in Counterpart Economy From Top Five Sources/To Top Five Destinations (*USD, Billions*)

Inward Direct Investment 2018

Outward Direct Investment 2018

Inward Direct Investment 2018			Outward Direct Investment 2018		
		Proportion			Proportion
Total Inward	2,028.9		Total Outward	1,753	
USA	556.6	27.4%	USA	344.4	19.6%
Netherlands	183.7	9.0%	Netherlands	204.5	11.7%
Luxembourg	148.2	7.3%	Luxembourg	149.5	8.5%
Belgium	126	6.2%	France	105.4	6.0%
Japan	119.3	5.9%	Spain	94.9	5.4%

An example of a US case involving the US, the UK, Ukraine, Cyprus and other jurisdictions

U.S. v. Paul J. Manafort, Jr. (1:17-cr-201, District of Columbia, 2018), US Department of Justice website, www.justice.gov/file/1094141/download, www.justice.gov/file/1094146/download, www.justice.gov/file/1094151/download and www.justice.gov/file/1094156/download

Also see *In Re: Paul J. Manafort, Respondent*, District of Columbia Court of Appeals Disbarment Order, 9 May 2019, www.dccbar.org/ServeFile/GetDisciplinaryActionFile?fileName=18-BG-1317.pdf

N.B. This above should be read in the light of the Executive Grant of Clemency issued by President Donald J Trump to Paul J. Manafort, Jr. on 23 December 2020 at www.justice.gov/file/1349071/download and Paul Manafort, *Political Prisoner: Persecuted, Prosecuted, But Not Silenced* (New York: Simon & Schuster, 2022).

Source of image: 'Political map of the world, January 2015', US Central Intelligence Agency, Call Number/Physical Location G3200 2015 .U45, Library of Congress, Washington DC, <http://hdl.loc.gov/loc.gmd/g3200.ct005757>, <https://lccn.loc.gov/2015588702> and www.loc.gov/item/2015588702/ (all were accessed 17 December 2022).



A fundamental principle, as articulated in 1995

'58. The principle which runs through all these cases, and the many other cases which were cited, is that a man must be able to consult his lawyer in confidence, since otherwise he might hold back half the truth. The client must be sure that what he tells his lawyer in confidence will never be revealed without his consent. Legal professional privilege is thus much more than an ordinary rule of evidence, limited in its application to the facts of a particular case. It is a fundamental condition on which the administration of justice as a whole rests.'

R v Derby Magistrates Court, ex p. B [1995] UKHL 18, per Lord Taylor of Gosforth (sitting in the Appellate Committee of the House of Lords during his tenure as Lord Chief Justice of England and Wales) at par. 58, www.bailii.org/uk/cases/UKHL/1995/18.html (accessed 11 December 2022).



A fundamental principle and related warning, as articulated in 2003

‘50. Access to legal advice and the independence and integrity of the legal profession are cornerstones of a free society under the rule of law. They are guarantees against the practice of holding undesirables incommunicado, which is a hallmark of a totalitarian regime. Yet they are of little intrinsic value in themselves. For most people and for most of the time there is no need of them. What matters is that they should be there when needed. Their importance lies in the potential seriousness of the consequences if they are not.’

Cullen v. Chief Constable of the Royal Ulster Constabulary [2003] UKHL 39, per Lord Millett (in the Appellate Committee of the House of Lords), www.bailii.org/uk/cases/UKHL/2003/39.html

(accessed 11 December 2022). Source of image: UK Parliament Flickr, www.flickr.com/photos/uk_parliament/2701203040/in/photostream/ (accessed 11 December 2022).



A fundamental principle, as articulated in 2004

‘9. ... The presumption of innocence has also been recognised since at latest the early 19th century, although (as shown by the preceding account of our domestic law) the presumption has not been uniformly treated by Parliament as absolute and unqualified. There can be no doubt that the underlying rationale of the presumption in domestic law and in the Convention is an essentially simple one: that it is repugnant to ordinary notions of fairness for a prosecutor to accuse a defendant of crime and for the defendant to be then required to disprove the accusation on pain of conviction and punishment if he fails to do so. ...’.

Sheldrake v. Director of Public Prosecutions [2004] UKHL 43, per Lord Bingham of Cornhill (in the Appellate Committee of the House of Lords) at par. 9, www.bailii.org/uk/cases/UKHL/2004/43.html (accessed 11 Dec 2022).

Source of image: UK Parliament Flickr, www.flickr.com/photos/uk_parliament/2701203040/in/photostream/ (accessed 11 Dec 2022).



A fundamental principle, as articulated in 2017

‘66. The constitutional right of access to the courts is inherent in the rule of law. The importance of the rule of law is not always understood. ...

‘68. At the heart of the concept of the rule of law is the idea that society is governed by law. Parliament exists primarily in order to make laws for society in this country. Democratic procedures exist primarily in order to ensure that the Parliament which makes those laws includes Members of Parliament who are chosen by the people of this country and are accountable to them.’

R (on the application of UNISON) v Lord Chancellor [2017] UKSC 51, per Lord Reed of Allermuir (in the Supreme Court of the UK, with whom Lord Neuberger, Lord Mance, Lord Kerr, Lord Wilson and Lord Hughes agreed) at paragraphs 66 and 68, www.bailii.org/uk/cases/UKSC/2017/51.html

(accessed 11 Dec 2022). Source of image: Supreme Court of the UK, www.supremecourt.uk/about/biographies-of-the-justices.html (accessed 11 December 2022).



A fundamental principle, as articulated in 2017

'68. [continued] Courts exist in order to ensure that the laws made by Parliament, and the common law created by the courts themselves, are applied and enforced. That role includes ensuring that the executive branch of government carries out its functions in accordance with the law. In order for the courts to perform that role, people must in principle have unimpeded access to them. Without such access, laws are liable to become a dead letter, the work done by Parliament may be rendered nugatory, and the democratic election of Members of Parliament may become a meaningless charade. That is why the courts do not merely provide a public service like any other.'

R (on the application of UNISON) v Lord Chancellor [2017] UKSC 51, per Lord Reed of Allermuir (with whom Lord Neuberger, Lord Mance, Lord Kerr, Lord Wilson and Lord Hughes agreed) at par. 68,

www.bailii.org/uk/cases/UKSC/2017/51.html (accessed 11 Dec 2022). Source of image: Supreme Court of the UK, www.supremecourt.uk/about/biographies-of-the-justices.html (accessed 11 December 2022).

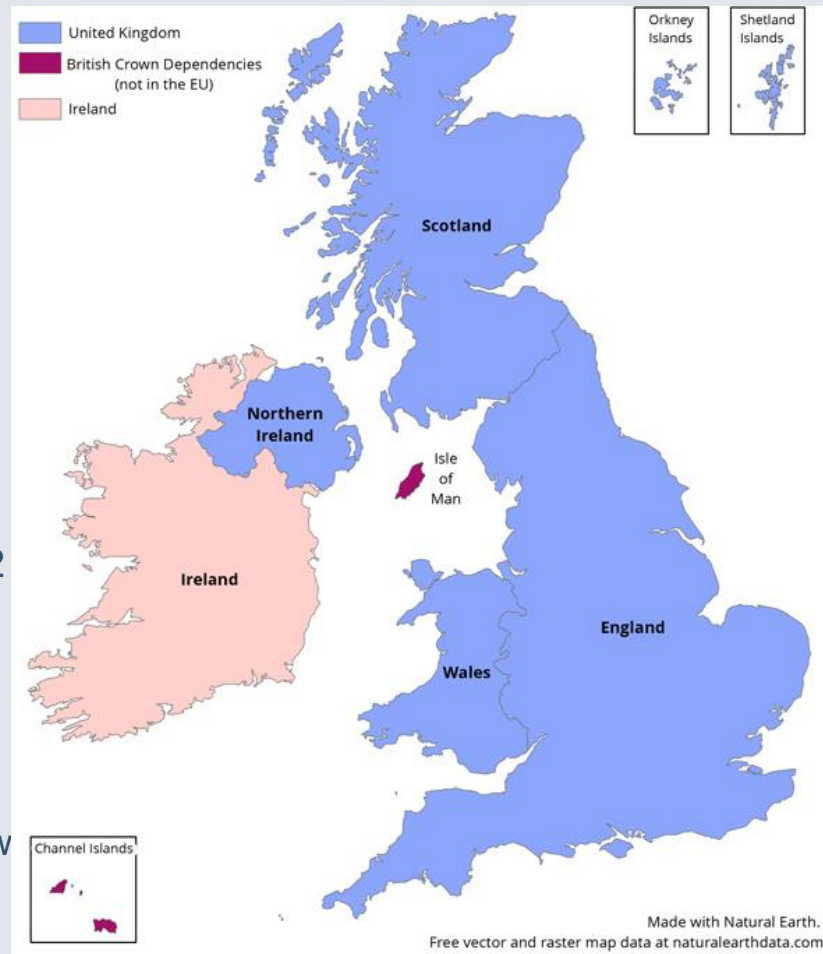


Some of the Acts of the UK Parliament and Regulations at the core of the AML and Financial Sanctions Regime in post-Brexit England

- * Terrorism Act 2000
- * Proceeds of Crime Act 2002
- * Criminal Finances Act 2017
- * Sanctions and Money Laundering Act 2018
- * Economic Crime (Transparency & Enforcement) Act 2022
- * Multiple Money Laundering Regulations
- * Multiple Financial Sanctions Regulations

N.B. post-2000 legislative framework is inherently capable of colliding with some of the principles underpinning the rule of law and the lawyer-client relationship

Source of image: Office of National Statistics, 21 September 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 January 2022).



What is ‘criminal conduct’ for the purposes of the Proceeds of Crime Act 2002?

Section 326:

‘(1) Criminal conduct is conduct which— (a) constitutes an offence in any part of the United Kingdom, or (b) would constitute an offence in any part of the United Kingdom if it occurred there.

‘(2) But criminal conduct does not include conduct constituting an offence relating to a matter under the care and management of the Board [i.e. Inland Revenue Commissioners].

‘(3) In applying subsection (1) it is immaterial whether conduct occurred before or after the passing of this Act. ...’. www.legislation.gov.uk/ukpga/2002/29/contents (accessed 11 May 2022).

For further details, see *inter alia* ‘Money Laundering Offences’, Crown Prosecution Service Legal Guidance, 11 June 2021, www.cps.gov.uk/legal-guidance/money-laundering-offences (last accessed 11 December 2022).

What is ‘criminal property’ for the purposes of the Proceeds of Crime Act 2002?

Section 326:

‘(4) Property is criminal property if it constitutes a person’s benefit from criminal conduct or it represents such a benefit (in whole or part and whether directly or indirectly); and it is immaterial— (a) who carried out the conduct; (b) who benefited from it.

‘(5) A person benefits from conduct if he obtains property as a result of or in connection with the conduct. ...

‘(9) Property is all property wherever situated and includes— (a) money; (b) all forms of property, real or personal, heritable or moveable; (c) things in action and other intangible or incorporeal property. ...’. www.legislation.gov.uk/ukpga/2002/29/contents (last accessed 11 May 2022).

For further details, see *inter alia* ‘Money Laundering Offences’, Crown Prosecution Service Legal Guidance, 11 June 2021, www.cps.gov.uk/legal-guidance/money-laundering-offences (last accessed 11 December 2022).

Offences under the Proceeds of Crime Act 2002

- **section 327** **Concealing [criminal property] etc.**
- **section 328** **Arrangements**
 - (1) A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.
 - (2) But a person does not commit such an offence if— (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent; (b) he intended to make such a disclosure but had a reasonable excuse for not doing so; (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.
- **section 329** **Acquisition, use and possession [of criminal property]**
- **section 330-332** **Failure to disclose**
- **section 333** **Tipping off** www.legislation.gov.uk/ukpga/2002/29/contents (last accessed 11 May 2022).

For further details, see *inter alia* ‘Money Laundering Offences’, Crown Prosecution Service Legal Guidance, 11 June 2021, www.cps.gov.uk/legal-guidance/money-laundering-offences (last accessed 11 May 2022).

The clash between the duties owed by a solicitor to the client, including the duty of confidentiality, and the austere provisions of legislation



‘11.11 Tipping Off

‘You must not say anything about an internal disclosure or SAR [Suspicious Activity Report] which could prejudice an investigation. If you do so, you could be guilty of an offence under POCA [Proceeds of Crime Act 2002] s333A or TACT [Terrorism Act 2000] s39. When considering if you can discuss with your client that you have submitted a SAR about them you will need to fully consider the sections on tipping off and prejudicing investigations in Sections 16 and 17 [of the Guidance].

‘A legal professional will not commit a tipping off offence under section 333A if the disclosure is to a client and it is made for the purpose of dissuading the client from engaging in conduct amounting to an offence (as per section 333D(2)).’

‘Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021’, as published at ‘Anti-money laundering guidance for the legal sector’, 7 July 2022, 135, website of The Law Society of England and Wales, www.lawsociety.org.uk/topics/anti-money-laundering/anti-money-laundering-guidance (accessed 11 December 2022).

The clash between the duties owed by a solicitor to the client, including the duty of confidentiality, and the austere provisions of legislation



‘It can be extremely challenging to explain delays to clients while waiting for a response from the NCA. You must not complete the prohibited act while you are awaiting a response. This underlines the importance of making a SAR as soon as possible. As highlighted above, you may still be able to take some actions provided those actions do not of themselves involve a prohibited act.

‘You should note that protection from civil liability exists in this situation, arising from POCA S338(4a) which states “Where an authorised disclosure is made in good faith, no civil liability arises in respect of the disclosure on the part of the person by or on whose behalf it is made”.

‘You may discuss the SAR if doing so would not prejudice an investigation, although you should take caution in doing so. POCA also sets out some additional situations where you may disclose the contents of the SAR. Please refer to the sections on tipping off in sections 16 and 17 of this guidance.’

‘Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021’, as published at ‘Anti-money laundering guidance for the legal sector’, 7 July 2022, 136, website of The Law Society of England and Wales, www.lawsociety.org.uk/topics/anti-money-laundering/anti-money-laundering-guidance (accessed 11 December 2022).

Criminal Finances Act 2017 www.legislation.gov.uk/ukpga/2017/22/contents/enacted (accessed 11 Dec 2022)

‘An Act to amend the Proceeds of Crime Act 2002; make provision in connection with terrorist property; create corporate offences for cases where a person associated with a body corporate or partnership facilitates the commission by another person of a tax evasion offence; and for connected purposes.’ Introductory Text of the Criminal Finances Act 2017, www.legislation.gov.uk/ukpga/2017/22/contents (accessed 11 Dec 2022)

‘1. The Criminal Finances Act 2017 makes the legislative changes necessary to give law enforcement agencies and partners new capabilities and powers to recover the proceeds of crime, and to tackle money laundering, corruption and terrorist financing.

‘2. The measures in the Act aim to: improve cooperation between public and private sectors; enhance the UK law enforcement response; improve our capability to recover the proceeds of crime, including international corruption; and combat the financing of terrorism.’ Explanatory Notes: Criminal Finances Act 2017, www.legislation.gov.uk/ukpga/2017/22/pdfs/ukpgaen_20170022_en.pdf (accessed 11 December 2022).

Source of image: www.legislation.gov.uk/ukpga/2017/22/pdfs/ukpga_20170022_en.pdf (accessed 11 December 2022).



Criminal Finances Act 2017

CHAPTER 22

Explanatory Notes have been produced to assist in the
understanding of this Act and are available separately

425/50

Sanctions & Anti-Money Laundering Act 2018

www.legislation.gov.uk/ukpga/2018/13/contents (accessed 11 Dec 2022)

‘An Act to make provision enabling sanctions to be imposed where appropriate for the purposes of compliance with United Nations obligations or other international obligations or for the purposes of furthering the prevention of terrorism or for the purposes of national security or international peace and security or for the purposes of furthering foreign policy objectives; to make provision for the purposes of the detection, investigation and prevention of money laundering and terrorist financing and for the purposes of implementing Standards published by the Financial Action Task Force relating to combating threats to the integrity of the international financial system; and for connected purposes..’

Introductory Text of the Sanctions & Anti-Money Laundering Act 2018,

www.legislation.gov.uk/ukpga/2018/13/contents (accessed 11 Dec 2022)



Sanctions and Anti-Money Laundering Act 2018

CHAPTER 1

Explanatory Notes have been produced to assist in the understanding of this Act and are available separately.

©14-20

Sanctions & Anti-Money Laundering Act 2018

www.legislation.gov.uk/ukpga/2018/13/contents (accessed 11 Dec 2022)

‘The Act is in three parts and has three schedules:

- a. Part 1 provides powers to create sanctions regimes and contains procedures relating to the review of sanctions.
- b. Part 2 provides powers to create anti-money laundering and counter-terrorist financing regulations, and contains provisions relating to registers of beneficial owners of overseas entities and beneficial owners of companies registered in British Overseas Territories.
- c. Part 3 contains general provisions supporting Parts 1 and 2 of the Act, including definitions.
- d. Schedule 1 makes further provision about regulations which impose trade sanctions and relates to section 5 in Part 1.
- e. Schedule 2 makes further provision about regulations for the purposes of anti-money laundering and counter-terrorist financing and relates to section 49 in Part 2.
- f. Schedule 3 makes consequential amendments to related primary legislation.’

Explanatory Notes to the Sanctions & Anti-Money Laundering Act 2018,

www.legislation.gov.uk/ukpga/2018/13/notes (accessed 11 Dec 2022)

Source of image: www.legislation.gov.uk/ukpga/2018/13/pdfs/ukpga_20180013_en.pdf (accessed 11 December 2022).



Sanctions and Anti-Money Laundering Act 2018

CHAPTER 11

Explanatory Notes have been produced to assist in the understanding of this Act and are available separately.

11-20

Warning!

‘Do you work with overseas entities that own land or property in the UK? Overseas entities in scope need to register on the new Register of Overseas Entities by 31 January 2023.

‘Find out more at www.gov.uk/guidance/register-an-overseas-entity’

Companies House Twitter, 9 December 2022,
<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWglC84eKXq7gsAAAA> (accessed 18 December 2022)

Source of image: Companies House Twitter, 9 December 2022,
<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWglC84eKXq7gsAAAA> (accessed 18 December 2022)



Economic Crime (Transparency and Enforcement) Act 2022

www.legislation.gov.uk/ukpga/2022/10/contents (accessed 11 Dec 2022)

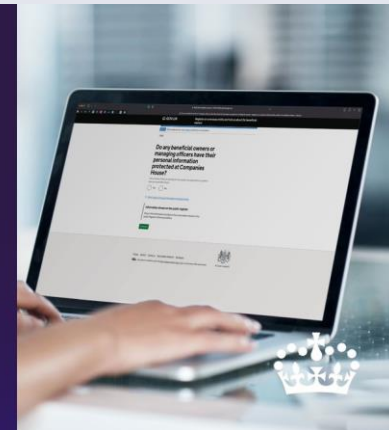
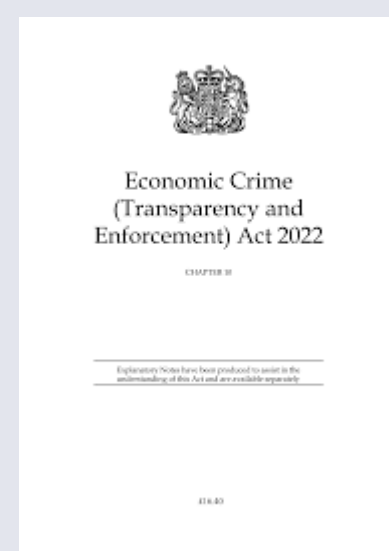
‘An Act to set up a register of overseas entities and their beneficial owners and require overseas entities who own land to register in certain circumstances; to make provision about unexplained wealth orders; and to make provision about sanctions.’

Introductory Text of the Economic Crime (Transparency and Enforcement) Act 2022

Sources of images: (top):

www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpga_20220010_en.pdf (accessed 11 December 2022) (bottom): Companies House Twitter, 9 December 2022,

<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWgIC84eKXq7gsAAAA> (accessed 18 December 2022)



'What the Register of Overseas Entities is

'The Register of Overseas Entities came into force in the UK on 1 August 2022 through the new Economic Crime (Transparency and Enforcement) Act 2022.

Overseas entities who want to buy, sell or transfer property or land in the UK, must register with Companies House and tell us who their registrable beneficial owners or managing officers are. This will also apply retrospectively to overseas entities who bought property or land on or after:

- * 1 January 1999 in England and Wales
- * 8 December 2014 in Scotland

These overseas entities will need to register with Companies House and tell us who their registrable beneficial owners or managing officers are by 31 January 2023.

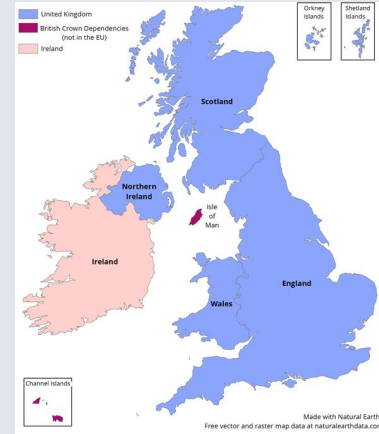
Overseas entities only need to register property or land bought in Northern Ireland on or after 1 August 2022.

'Entities that disposed of property or land after 28 February 2022 will also need to register and give details of that disposal.'

'If you do not comply with the Act, you could get a fine, a prison sentence or both. You'll also face restrictions when buying, selling, transferring, leasing or charging property or land in the UK. ...'

'Guidance: Register an overseas entity and tell us about its beneficial owners', Companies House, last updated 24 October 2022, www.gov.uk/guidance/register-an-overseas-entity (accessed 17 December 2022)

Source of image: Office of National Statistics, 21 Sept 2017, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21 (accessed 28 Jan 2022).



'What does the [Economic Crime (Transparency & Enforcement)] Act do?

'The Act has 70 sections and five Schedules, divided into three main measures:

'Part 1: Register of Overseas Entities Part 1 of the Act (sections 1 to 44, and Schedules 1 to 5) establishes a public register of beneficial owners of non-UK entities that own or buy land in the UK, operated by the Companies House registrar. Beneficial owners are those who ultimately own or control an asset.

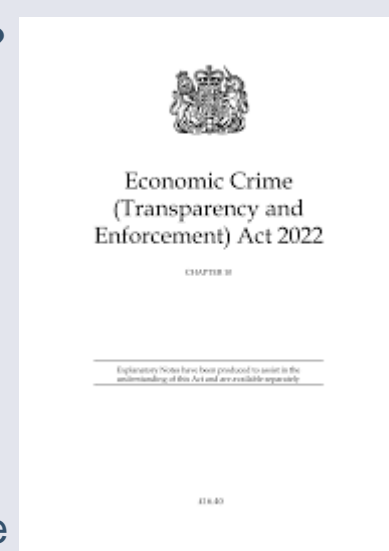
'Any overseas entity wishing to own UK land needs to identify their beneficial owners and register them. Not all beneficial owners must register. A beneficial owner generally only needs to be registered if: they hold more than 25% of the shares or voting rights in an entity; can appoint a majority of its directors; or have some other significant influence or control over it (including through a trust or partnership structure). This is in line with the threshold for becoming a registrable beneficial owner under the existing people with significant control (PSC) regime for companies.'

Ali Shalchi and Steve Browning, *Economic Crime (Transparency and Enforcement) Act 2022* (Westminster: House of Commons Library Research Briefing CBP 9486, 23 March 2022), <https://researchbriefings.files.parliament.uk/documents/CBP-9486/CBP-9486.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cbp-9486/> (accessed 11 December 2022)

Sources of images: (top): www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpga_20220010_en.pdf (accessed 11 December 2022)

(bottom): Companies House Twitter, 9 December 2022,

<https://twitter.com/CompaniesHouse/status/1601124633922732032?ctx=HHwWgIC84eKXq7gsAAAA> (accessed 18 December 2022)



‘The register [of Overseas Entities] needs to be updated annually. Failure to register (or submitting false information) is a criminal offence and also prevents the entity from being able to buy or sell (or mortgage) UK property in future. A transfer of land by the overseas entity in breach of the registration requirement is a criminal offence committed by the entity and every responsible officer of it, punishable by a fine or up to five years’ imprisonment.

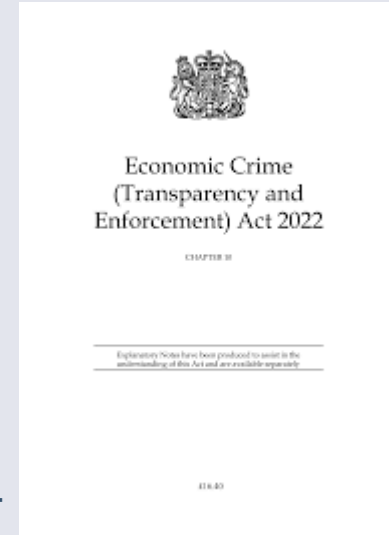
‘The requirement to register applies retrospectively to land bought on or after 1 January 1999 in England and Wales, and 8 December 2014 in Scotland. The Act, when first introduced as a Bill, gave overseas entities an 18-month transitional period to dispose (sell off) their land or register. In Northern Ireland the requirement to register only applies prospectively so there is no need for a transitional period.’

Ali Shalchi and Steve Browning, *Economic Crime (Transparency and Enforcement) Act 2022: Research Briefing* (London: House of Commons Library, 23 March 2022), 6, <https://researchbriefings.files.parliament.uk/documents/CBP-9486/CBP-9486.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cbp-9486/> Source of image: www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpga_20220010_en.pdf (all accessed 11 Dec 2022).

Sources of images: (top): www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpga_20220010_en.pdf (accessed 11 December 2022)

(bottom): Companies House Twitter, 9 December 2022,

<https://twitter.com/CompaniesHouse/status/1601124633922732032?cxt=HHwWgIC84eKXg7gsAAAA> (accessed 18 December 2022)



On the Register of Overseas Entities and related matters, see *inter alia*:



Mike Ward, 'Register of Overseas Entities – what, why and when', Companies House Blog, 21 November 2022, <https://companieshouse.blog.gov.uk/2022/11/21/register-of-overseas-entities-what-why-and-when/> (accessed 18 December 2022).

Nick Lindsay and Tobias Latham, 'The Register of Overseas Entities: why the verification process means you should act now', Companies House Blog, 1 December 2022, <https://companieshouse.blog.gov.uk/2022/12/01/the-register-of-overseas-entities-why-the-verification-process-means-you-should-act-now/> (accessed 18 December 2022)

'The new Register of Overseas Entities is live: The Register of Overseas Entities came into force in the UK on 1 August 2022 through the new Economic Crime (Transparency & Enforcement) Act 2022', Companies House, 1 August 2022, www.gov.uk/government/news/the-new-register-of-overseas-entities-is-live (accessed 17 December 2022)

'Guidance: Register of Overseas Entities: guidance on registration and verification', Department for Business, Energy & Industrial Strategy, 1 August 2022, www.gov.uk/government/publications/register-of-overseas-entities-guidance-on-registration-and-verification (accessed 17 December 2022).

'Guidance: Register an overseas entity and tell us about its beneficial owners: How to add an overseas entity and its registrable beneficial owners or managing officers to the Register of Overseas Entities. This will allow it to buy and sell land or property in the UK.', Companies House, last updated 24 October 2022, www.gov.uk/guidance/register-an-overseas-entity (accessed 17 December 2022)

'Guidance: Find a UK-regulated agent to verify information for an overseas entity: A list of UK-regulated agents who have an agent assurance code and can complete verification checks on beneficial owners of an overseas entity', Companies House, last updated 24 November 2022, www.gov.uk/government/publications/find-a-uk-regulated-agent-to-verify-information-for-an-overseas-entity (accessed 18 December 2022)

'Economic Crime Act: what does it mean for law firms?', Law Society of England & Wales, 5 August 2022, www.lawsociety.org.uk/topics/anti-money-laundering/economic-crime-act (accessed 17 December 2022)

Some publications on Economic Crime, Anti-Money Laundering & Financial Sanctions, all of which are freely available online



Tim Edmonds, Money Laundering Law (Westminster: House of Commons Briefing Paper Number 2592, 14 February 2018), <https://researchbriefings.files.parliament.uk/documents/SN02592/SN02592.pdf> and <https://commonslibrary.parliament.uk/research-briefings/sn02592/> (accessed 17 December 2022)

Oliver Bennett MBE and Ali Shalchi, *Economic crime in the UK: a multi-billion pound problem* (Westminster: House of Commons Library Briefing Paper Number CBP 9013, 6 April 2022), UK Parliament website, <https://researchbriefings.files.parliament.uk/documents/CBP-9013/CBP-9013.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cbp-9013/> (accessed 16 December 2022)

Patrick Butchard, Nigel Walker, Tim Robinson, UK Sanctions for human rights abuses and corruption (Westminster: House of Commons Library Debate Pack CDP-0148 (2022), 15 July 2022, <https://researchbriefings.files.parliament.uk/documents/CDP-2022-0148/CDP-2022-0148.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cdp-2022-0148/> (accessed 17 December 2022)

Claire Mills, Sanctions Against Russia (Westminster: House of Commons Research Briefing 9481, 16 November 2022), UK Parliament website, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf> and <https://commonslibrary.parliament.uk/research-briefings/cbp-9481/> (accessed 17 December 2022)

HM Treasury & Home Office, *National risk assessment of money laundering and terrorist financing 2020* (London: Controller of Her Majesty's Stationery Office, December 2020),



https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf and <https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2020> (accessed 17 December 2022)

‘Proceeds Of Crime Act 2002 Part 7 - Money Laundering Offences: Legal Guidance, Proceeds of crime’, website of the Crown Prosecution Service of England and Wales
www.cps.gov.uk/legal-guidance/money-laundering-offences (accessed 16 December 2022)

Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021 (London: Law Society of England & Wales et al, 2021), www.lawsociety.org.uk/topics/anti-money-laundering/anti-money-laundering-guidance (accessed 16 December 2022)

Resources on ‘Anti-Money Laundering’ and ‘[The] UK Sanctions Regime’ published by The Law Society of England & Wales at www.lawsociety.org.uk/topics/anti-money-laundering and www.lawsociety.org.uk/topics/anti-money-laundering/sanctions-guide respectively (accessed 16 December 2022).

Resources on ‘Anti-Money Laundering’ and ‘Complying with the UK Sanctions Regime’ published by the Solicitors Regulation Authority of England & Wales are at www.sra.org.uk/solicitors/resources/money-laundering/ & www.sra.org.uk/solicitors/guidance/financial-sanctions-regime/ respectively (accessed 16 December 2022)

‘Anti-Money Laundering Policy’ (an example of such a policy in the public sector), Greater London Authority, www.london.gov.uk/sites/default/files/aml_policy_v1.6_jan_2021.pdf (accessed 17 December 2022)

UN, US UK and EU Sanctions Lists (all hyperlinks last accessed 17 December 2022)



UN: United Nations Security Council Sanctions List Materials, www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

US: The Sanctions Lists, Office of Foreign Assets Control (OFAC), US Department of the Treasury, <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>

‘Sanctions Programs and Country Information’, US Department of the Treasury, <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>

UK: UK Sanctions List, Foreign, Commonwealth & Development Office, www.gov.uk/government/publications/the-uk-sanctions-list

The Current Consolidated List of Asset Freeze Targets, HM Treasury & Office of Financial Sanctions Implementation, www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets

Note: UK Government Guidance documents are listed at ‘Guidance: Financial sanctions: guidance Information on the approach OFSI [Office of Financial Sanctions Implementation] takes to financial sanctions including sector and regime specific guidance, as well as information on monetary penalties for breaches of financial sanctions, www.gov.uk/government/publications/financial-sanctions-faqs

EU: ‘European Union sanctions’, European Union External Action, Diplomatic Service of the European Union, www.eeas.europa.eu/eeas/european-union-sanctions_en

EU Sanctions Map, www.sanctionsmap.eu/#/main

‘Consolidated list of persons, groups and entities subject to EU financial sanctions’, Directorate-General for Financial Stability, Financial Services and Capital Markets Union, <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>

A sample of useful webinars freely available online



‘How the abuse of Companies House has facilitated financial crime and the likely reforms’, webinar posted on the The Payments Association Youtube Channel on 19 May 2022, www.youtube.com/watch?v=OnpbJBTxxto (accessed 18 December 2022)

‘Complying with sanctions and financial crime regulations’, webinar posted on the Solicitors Regulation Authority of England & Wales Youtube Channel on 6 December 2022, www.youtube.com/watch?v=sh157aD28Ko (accessed 18 December 2022)

‘Cybercrime - protecting your firm’, webinar posted on the Solicitors Regulation Authority of England & Wales Youtube Channel on 6 December 2022, www.youtube.com/watch?v=zzodW8awUao (accessed 18 Dec 2022)

Email alerts

To sign up to receive Email Updates on UK Financial Sanctions and other subjects, visit the website of the Office of Financial Sanctions Implementation at HM Treasury at www.gov.uk/government/organisations/office-of-financial-sanctions-implementation (accessed 17 Dec 2022) and click on ‘Subscribe to our free e-mail alerts’

To receive 'Notifications' about updates of the Office of Foreign Assets Control in the US Department of the Treasury, visit <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/1511>
<https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information> (accessed 17 December 2022)