

Lawmaker Tries To Unshroud Furtive Economic-Crime Review

By **Mark Taylor**

Law360, London (April 12, 2017, 6:53 PM BST) -- Britain's government may be forced to reveal details of a secretive review it is carrying out into the agencies responsible for tackling economic crime, following intervention Wednesday from an influential lawmaker.

Andrew Tyrie MP, chairman of the Treasury Committee, has written to Prime Minister Theresa May demanding details of the appraisal, following criticism that the under-the-radar process does not allow for input from law firms and financial services.

Tyrie has requested that the Cabinet Office provide terms of reference of the review, the institutions within its scope, when it is due to finish, and the extent to which the conclusions will be subject to public scrutiny.

Home Secretary Amber Rudd had told the U.K. Parliament in December that the government was reviewing the effectiveness of agencies dealing with white collar crime, but refused to give more details of the probe.

In March, sources familiar with the matter provided Law360 with more detail on the breadth of the investigation, which covers the National Crime Agency, the Financial Conduct Authority, the Serious Fraud Office, the Competition and Markets Authority and tax offices.

"With reference to the previous review, the current piece of work has a broader scope than bribery and corruption and is looking at all types of economic crime," said one government official familiar with the matter. "The scope of the work will look across the national-level response to economic crime, including effectiveness of our organizational framework, and the capabilities, resources and powers available to the organizations that tackle economic crime."

The government plans to consider all its options to strengthen Britain's fight against economic crime, this official said, and will announce the results of the review being conducted by civil servants "in due course."

Financial lawyers questioned the government's decision to exclude expertise from the country's banking and legal communities by not engaging in a broader consultation.

"Those of us who specialize in economic crime will have views on the various agencies," Stephen

Parkinson, partner and head of the criminal litigation practice at Kingsley Napley LLP and former deputy head of the attorney general's office, said at the time. "To limit its scope in this way means that they are not gathering all the relevant information to make an informed decision."

Each of the agencies has suffered criticism in recent years as London's financial services sector has frequently found itself at the center of scandal, from laundered cash and tax dodging to foreign exchange manipulation and rate rigging.

The FCA was formed in 2012 following the dissolution of its predecessor in the fallout from the 2008 financial crisis. Both the agency and its previous incarnation, the Financial Services Authority, have been maligned for a general failure to hold individuals and firms accountable for bad behavior.

The review is also being carried out as the incoming Criminal Finances Bill nears the end of the legislative creation process. The bill will hand greater powers to the SFO and the NCA, which are significantly under-resourced to deal with economic crime.

The bill proposes enhancing the suspicious activity reports regime and providing additional powers to officers at the NCA to study transaction reports related to financial crime logged by banks. The bill also extends the amount of time senior officers have to investigate.

The government's review also puts another question mark over the future of the SFO, which has been criticized for low conviction rates in recent years. The agency has pointed to staffing issues and insufficient enforcement powers. SFO Director David Green has repeatedly called for the U.K. to move toward more U.S.-style powers to prosecute white collar crime.

In response the British government in January issued a consultation on introducing a failure-to-prevent offense, similar to the Bribery Act and new tax evasion laws entering force.

Since 2010, £1.2 billion (presently equivalent to \$1.5 billion) of criminal assets have been recovered, Rudd said, and a further £3 billion have been frozen. Later this year the government will publish a new asset recovery action plan, she said.

"As with the Proceeds of Crime Act, the U.K. Bribery Act and several other pieces of legislation, the U.K. really is leading the charge on introducing (if not enforcing) the toughest global laws on financial crime," said Ian Hargreaves, white collar partner at Covington & Burling LLP.

--Editing by Edrienne Su.