Joint Select Committee on the Draft Registration of Overseas Entities Bill

Corrected oral evidence: Draft Registration of Overseas Entities Bill, HC 2009

Monday 18 March 2019

5.30 pm

Watch the meeting

Members present: Lord Faulks QC (The Chair); Peter Aldous MP; Baroness Barker; Emma Dent Coad MP; Lord Howarth; Mark Menzies MP; Mark Pawsey MP; Lloyd Russell-Moyle MP; Lord St John of Bletso; Alison Thewliss MP.

Evidence session No. 5

Questions 45 - 55

Witnesses

I: Donald Toon, Director, National Economic Crime Centre, National Crime Agency; Alison Barker, Director of Specialist Supervision, Financial Conduct Authority; Mark Thompson, Chief Operating Officer, Serious Fraud Office.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.
Examination of Witnesses

Donald Toon, Alison Barker and Mark Thompson.

Q45  **The Chair:** Good afternoon. Thank you very much for attending the Committee. I am sorry we had to keep you waiting rather longer than we had originally intended, but your predecessors were very forthcoming, and I am sure you will be too.

I remind you before you start to give any evidence that, as I think all of you know, this session will be webcast and recorded in *Hansard*. You will get a transcript of what you say and if you want to make any corrections as a result of misunderstandings, or whatever, we will be very happy to receive them.

Perhaps we could start by inviting each of you briefly to explain who you are and your perspective on the Bill generally by way of an opening statement. Because we sent you the questions in advance, I think you know that most areas will probably be covered in the questions that follow.

**Alison Barker:** I am the director of specialist supervision at the Financial Conduct Authority. I have responsibility for financial crime supervision, which is supervision of the anti-money laundering regime as it covers the financial sector. I also have responsibility for the newly formed Office for Professional Body Anti-Money Laundering Supervision, which was set up by the Government last year to increase standards of consistency across the professional bodies for the legal and accountancy sectors. It is the supervisor of the supervisors in that context.

It is very welcome to have the additional transparency that the register will bring in. It is part of an overall framework of legislation covering money laundering, including the money laundering regulations.

**Mark Thompson:** I am chief operating officer at the Serious Fraud Office. I am responsible for the operational divisions of the SFO and for four years I was head of the proceeds of crime division, so I feel this is home territory to some degree. I was involved in the development of the policy over a number of years, with Donald and others.

I think the main advantage of the Bill is that it is another step in closing the space for anonymity in the offshore world, and it is a helpful step as far as we are concerned.

**Donald Toon:** For four and a half years I have been the National Crime Agency’s director responsible for economic crime and I am now with the National Economic Crime Centre. On behalf of the UK, we have responsibility for understanding and leading the response to serious and organised economic crime, including money laundering. We work very closely with partner agencies, including specifically the SFO and FCA, which are represented here this afternoon. I have responsibility for the UK Financial Intelligence Unit. I heard in the last session some discussion
of the suspicious activity reporting regime; we of course sit at the heart of that regime.

Q46  The Chair: Thank you very much. May I start by asking you all if you can help with an assessment of the overall scale in the United Kingdom of money laundering using property? Do any of you have an idea of the scale?

Donald Toon: It is hard to give a very accurate estimate of the scale involving property. Indeed, it is extremely hard to give a clear assessment of the scale of money laundering affecting the UK. If you look at the national strategic risk assessment of money laundering and terrorist financing, from the NCA’s perspective, we think that the overall money laundering risk into and through the UK is somewhere in excess of £100 billion annually, but breaking that down is extremely difficult. We have no particular reason to quarrel with the estimates from Transparency International that in 2018 £4 billion-worth of property in the UK was purchased with suspicious wealth. From our perspective, that does not seem an unreasonable estimate.

Mark Thompson: Like Donald, I have no reason to think the estimate you have had from Transparency International is unduly high.

Alison Barker: Yes, I agree that it is difficult to estimate the total amount of money laundering. It is by its nature covert. I agree with Donald and Mark.

Q47  The Chair: The Bill, if it becomes an Act, will be only part of the picture of anti-money laundering activity. For example, unexplained wealth orders were brought in by the Criminal Finances Act, and various other tools in the box—as they have been described to us—are available to law enforcement agencies. How do you see the Bill fitting in with those other tools?

Donald Toon: We see it as an extremely useful step forward. You highlighted the unexplained wealth order point. We have quite a pipeline of casework on unexplained wealth orders at the moment. One of the key issues for us in seeking a UWO from the courts is being able to link an individual with an asset. That of course is extremely difficult in the case of property where structures are deliberately designed to obfuscate beneficial ownership. This will be a significant step forward.

At the moment, we can get quality beneficial ownership information from the overseas territories and Crown dependencies. That is useful, but it is simply a subset of the total overseas register problem. Certainly the measure will be of assistance, but it has to be seen alongside all the other tools, the suspicious activity reporting regime, the PSC register, the changes that are likely to strengthen the position under the fifth anti-money laundering directive, as well as the prioritisation and targeting of that activity by law enforcement. It is a step forward and it seeks to close a current significant gap in a situation where we do not have a global standard on access to beneficial ownership information.
The Chair: It can give you information apart from anything else. We have heard that even if the information put on the register is obviously inaccurate, as is sometimes the case with the PSC, it can still be of some assistance. Is that right?

Donald Toon: Yes.

Mark Thompson: Throughout this process, in discussion with the policy officials in trying to explain to them how we investigate this stuff, making them go on the record is important. It is the same with the PSC register. As you say, sometimes false information is jolly useful, because lying consistently over a long period and across a lot of documentation is difficult.

The Chair: Or even lying inconsistently.

Mark Thompson: Exactly. That is what helps us to build our picture over a range of different sources of information, over different times, and perhaps in combination with production orders on bank accounts for the regulated sector. It gives us information that we can cross-check. This is another perfect example of that. As Donald said, we already have access to beneficial ownership information in respect of the overseas territories and Crown dependencies, but there are lots of other jurisdictions where we do not have that information and this will help to close that gap, so to that extent it is very helpful.

The Chair: Do you have any comments along those lines, Ms Barker?

Alison Barker: The register itself would not change the obligations on the financial sector or regulated sectors to do due diligence, but it would provide additional information, particularly for smaller entities that are trying to do due diligence. They would have more information at hand to look up, to do the work they need to do.

Q48

Emma Dent Coad: Could you talk us through the kind of structures you have seen that are being used to conduct illicit activity in the property market?

Donald Toon: We see overseas corporate and trust structures throughout our asset-focused investigations. In the serious investigations we are running, we almost invariably find overseas territories, but a much broader ownership structure and a much more layered structure. It is quite unusual to find a single corporate structure. There is a multiple corporate structure, often a multiple jurisdiction structure, and there may be a trust structure within that. From our perspective, the complexity of those structures continues to increase.

Over the last five years, certainly in the kinds of cases we are dealing with, we have seen an increase in the use of layers and an increase in the use of distant jurisdictions. We were mildly surprised recently when we had one particular BVI structure in relation to an unexplained wealth order where we were able to identify five layers of ownership in the BVI, all through corporate structures.
From our perspective, the problem is the range of jurisdictions that are prepared to offer sufficient secrecy services around both trust and corporate structures that we cannot get through with our current investigative tools in the vast majority of cases. That is where the Bill comes in.

**The Chair:** I suppose part of the attraction of some overseas territories—I do not mean that as a term of art—is that they allow those complicated corporate structures to exist.

**Donald Toon:** There is certainly an attraction. As I said, we are able to get the necessary information from those jurisdictions. Of course, it becomes much more complicated when you discover that the BVI structure is backed up by an ownership structure in the Marshall Islands.

**Mark Thompson:** Obviously, the SFO’s cases tend towards complexity. With the type of people we deal with at the very top end, it is almost as if there is an offshore fraudsters’ manual. I have seen the same structure a number of times. There is typically a discretionary trust at the top, incorporated outside the UK, and then any number of intermediate holding companies, as Donald said, three, four or five, which could be multiple jurisdiction. Then there are asset-holding companies; for example, a flat in Mayfair is held by one company and a yacht elsewhere is held by another company, and any number of intermediary steps can be inserted in the end. That is what we are up against.

**Emma Dent Coad MP:** Alison, is there anything you want to add?

**Alison Barker:** There is a whole range of different ways in which money is laundered through the financial sector. The only thing I would add from an OPBAS point of view is what might happen in the legal sector. Somebody who has bought a property, and got validation through being registered at that point, might get other services added to that, so the money laundering can broaden from just the purchase of property into the other services that can be offered by professional service providers. That will start to facilitate money laundering more broadly, perhaps through the financial sector, with the opening of bank accounts, or other types of things. Once you have established yourself with the purchase of the property, what else does it enable you to do?

**Q49 Lord St John of Bletso:** As this is my first evidence session, it is incumbent on me to declare any conflict of interest. I have no conflict of interest to declare. The only property-related issue is that I am a director of Albion Venture Capital Trust, which owns pubs and schools.

To revert to my question, how are investigations on money laundering in the property market triggered?

**Donald Toon:** There is a broad range of different ways in which they can be triggered. We have everything from individual to collective suspicious activity reports. Analysis of those certainly brings us directly to particular casework. Alongside that, we have proactive casework, where we look to develop an intelligence picture in relation, for example, to what we see as
a problem jurisdiction. You will probably be aware that we are leading work at the moment that is focused on the problem of assets held by corrupt elites. We use targeted intelligence collection to identify that.

Equally, we have referrals from partner agencies, and we are unashamed about the fact that we will take material from non-governmental organisations. We have followed up and used open source material developed by Transparency International and others. There is a very broad range. It occasionally includes referral from organisations that have become involved in a chain and have then raised, through a whistleblowing structure, a potential problem.

**Mark Thompson:** There are a couple of others on offer from our point of view. A lot of our major asset-tracing work has arisen from our normal casework. If we are investigating a major investment fraud, we look at the protagonists to see what they had. A standard criminal confiscation investigation involves a lot of that sort of work for us.

One other avenue that might be of interest to you is that we action mutual legal assistance requests from foreign states, and sometimes from the information they provide about criminality they are investigating it becomes obvious that the people they are interested in have assets in the UK. A number of times we have taken that information and, with their agreement, launched civil recovery proceedings here. That is another relevant use of the tools that, as Donald said, we all use. That is quite pertinent as regards corrupt elites.

**The Chair:** I suppose if you have real property it presents quite an opportunity for enforcement in civil recovery proceedings.

**Mark Thompson:** It does.

**Donald Toon:** Yes, absolutely.

**Alison Barker:** From a financial sector point of view, as Donald mentioned, there might be a number of entities in the chain. We would raise intelligence and information and feed that in through the NECC or the NCA itself. We would also assess whether financial institutions were actually doing their due diligence and properly reporting anything suspicious they see. The financial sector has a high degree of reporting to the SARs regime so that intelligence sits within the FIU for further analysis. In many instances, we would be a giver of intelligence around property transactions.

**Lord St John of Bletso:** You spoke about suspicious activity reports. How effective are they? Surely, there must be scope for reform. We understand from a House of Commons Select Committee inquiry that fewer than 0.1% of estate agents submitted SARs. We notice in the draft Bill that there is scope for professional advisers to have whistleblowing responsibilities. That will be another more effective way of getting information. Could I ask that in concert with this supplementary? Surely the advances in artificial intelligence and the whole fintech revolution will
help your cause as well.

**Donald Toon:** The short answer is yes. The longer answer is that in 2017-18 there were 464,000 SARs, of which 83% came from the banks. Our fundamental problem with SARs is that we have a very high proportion from a very small set of reporters; about one-third of that total comes from one bank. The problem from our perspective is that there is more reporting than is necessary from major banks and a dearth of reporting from some of the professional services sectors. Duncan Hames from Transparency International commented, and I completely agree with him, that there are situations where SARs from banks lead to effective law enforcement action when professionals are involved in those transactions, usually lawyers, accountants, company service providers and estate agents. They do not report. It is unusual for us to see relevant linked reports from them.

There is a SARs reform programme in place at the moment. It is led by the Home Office with heavy involvement from the Treasury, the FCA and ourselves. That is a real opportunity for reform of the system, to improve the targeting and the quality of suspicious activity reporting and make sure that we see more reporting from the underreported sectors and more linkage and feedback. There is something about the effectiveness of our feedback. Are SARs effective? Yes, they are, but they could be much more so.

**Alison Barker:** I agree with Donald. OPBAS was set up a year ago, and over that year we have assessed all the professional bodies for consistency of supervision and worked on intelligence-sharing, which is, as Donald says, a very important part, because without the intelligence and information raised through those sectors, there is no opportunity to get a better picture of what is going on.

That is what the intelligence is there to do. Over the course of this year, there has been work to start bringing together the capabilities to do that type of intelligence-sharing and to start working through to the types of things we need to see more of and get the feedback loops working. We have been running expert working groups to try to bring that intelligence-sharing out more. It is work in progress.

**Lord St John of Bletso:** How can there be more effort taken to ensure that AML compliance officers are more stringent in the policing of their clients?

**Alison Barker:** In a professional body context, one of the objectives of OPBAS as the supervisor of supervisors is to ensure that professional body supervisors are more challenging of the firms they supervise, and provide more consistent assessment of the risks in their areas, thus ensuring that the firms they regulate identify the risky people, and then have appropriate supervisory regimes around them. In turn, asking those questions is designed to create more focus on what people are meant to be assessing.
In the financial sector, there is a more advanced system. There is a high degree of both supervision and enforcement from the FCA that holds people to account for the internal assessments firms are meant to be doing to prevent them being used for the purposes of laundering money.

Q50 **Mark Pawsey MP:** We touched very briefly just now on the requirement for a UK-regulated professional to be responsible for verifying information for overseas entities. Alison and Mark, would it be helpful if that were a requirement in the Bill?

**Alison Barker:** It would be helpful in checking that the information is accurate if somebody was there to do that, and for people who wish to rely on that register to do more of the assessments themselves. They would have the comfort of knowing that it had been verified.

I guess the challenge is both the cost of implementing that and whether, if it is done for the verification of information for overseas entities, it is in place for UK entities.

**Mark Pawsey MP:** We have lots of information on UK entities. We do not have lots of information on overseas entities. Most of them have a UK representative, whether it is a lawyer, an accountant or an estate agent. Why should we not make those professionals responsible for providing information and have some sanction against them if they do not? I was really struck by the evidence of Mr Toon that fewer than 0.1% of estate agents provided any information and a third of the SARs came from just one bank. Something is clearly not working there.

**Alison Barker:** There is nothing against providing verification. That would be a very good idea.

**Mark Pawsey MP:** Perhaps the Government should put that provision in this legislation.

**Alison Barker:** It would certainly be something for the Government to consider.

**Mark Pawsey MP:** Would you argue that it should be part of the legislation? Do you think it is lacking? Do you think it would be stronger if that power were there?

**Alison Barker:** It would certainly help to ensure that the information was there and was accurate.

Q51 **Baroness Barker:** What difficulties do you face when you are investigating suspected cases of money laundering?

**Donald Toon:** You heard some of them, in the sense of the complexity of the structures that are put in place. We are also often dealing with a situation where it is difficult to identify the illicit structure from many thousands of legal structures that look very similar. It is money laundering in the round, not just the use of property assets.
The fundamental problem is that, if a complicit or wilfully blind professional is involved in creating the illicit structure, they are, to all intents and purposes, slightly perverting what they do legally. It is often incredibly difficult to get behind that. It becomes more complicated of course if you are talking about the legal profession. For very good reasons, legal professional privilege exists. That can in itself become a difficult issue. Much of the illicit activity we might be investigating is legal overseas. The secrecy jurisdictions are the obvious point for that.

There is also often an issue when money laundering is not a stand-alone offence. If we are talking about effective international co-operation, in some countries we may be investigating money laundering per se, but they will want to see that it is money laundering linked to a particular predicate offence. It is the predicate offence that will enable them to support us. That is an ongoing problem in some jurisdictions.

On top of that, there is often the sheer scale and complexity of documentation. Mark is better placed than I am to comment on that as a particular issue, but many complex investigations are very data intensive. That brings with it problems with the assessment of the material. It also brings problems with being able to identify, for example, LPP issues in material. In a number of partner agencies, we have seen major issues with material that has within it professionally privileged material. The management of that process can be incredibly difficult, as is our ability to manage our disclosure responsibilities under the Criminal Procedures and Investigations Act. You will be well aware from the media, as well as from your personal knowledge, of difficulties with disclosure in what are generally, in investigative terms, relatively simple cases. The list could go on. Part of our problem is the level of international engagement.

**The Chair:** Could you be a little more specific about the disclosure problems vis-à-vis money laundering?

**Donald Toon:** With large-scale material, it is the identification of material that involves legal and illegal activity and being able to be absolutely certain, when you have terabytes of material, that you have identified anything within that which is potentially disclosable, where you have to agree search terms with the defence. It is incredibly resource intensive.

It is also a problem for us that in that type of casework having skilled people able to do the work has become steadily more difficult. The skills we need are very attractive to the private sector. To speak for my own organisation, we lose staff regularly to the private sector because of the attraction of private sector salaries and a different work burden—the work-life balance, for example.

It is a very difficult area to work through, not least because it is almost always international. If we are dealing with a problem jurisdiction, often we cannot rely on the material produced by that jurisdiction, or we may
get material that is clearly designed to entirely undermine our investigation. If I take an unexplained wealth order investigation as an example, we are dealing with a situation where someone may be investigated by us and we are looking at them from an assets perspective here in the UK. They may be a member of a regime or a member of a previous regime. If they are a member of a current regime, we have a problem in relying on anything that has been produced. If they are a member of a previous regime and have been attacked by the current regime, we hit a challenge because there will be an argument that anything produced by the current regime is politically motivated.

That is an area where the International Corruption Unit in the NCA does a huge amount of work. We factor into that work continual legal challenge, continual judicial review, and continual challenge to the quality, accuracy and completeness of the search warrants we seek. We get every potential challenge you can think of, because these are usually rich people who are able to afford the best legal representation, up to and including challenges on the basis that we should not be investigating someone because they have sovereign or state immunity. I could go on.

The Chair: You have been very helpful.

Mark Thompson: The fundamental issue Donald touches on is that it may be correct, as Transparency International or the NGOs say, that there is a lot of dodgy property in London, but people like Donald and me are not going to be going to the High Court, let alone a criminal court, on the basis of a couple of Google articles that say someone is an oligarch. As you will appreciate, we need to go to court with something better than that. In a lot of jurisdictions, we will not get that co-operation. That is our starting point. We cannot even commence the money laundering investigation properly because we will never get any evidence that it derived from a crime that we can investigate here. That is the fundamental challenge, to answer your question.

Lloyd Russell-Moyle MP: It has been suggested that the threshold for the definition of beneficial owner in the draft Bill—25%—will allow significant interests to evade the registration requirements. We heard from the last panel a suggestion that it could even go down to 1%. Do you think that the 25% is a cause of any problems in investigating possible cases of money laundering, or in knowing who is in control and is the beneficial owner of those companies?

Mark Thompson: We had this discussion about the PSC register because it has a similar threshold. If I remember rightly, there is a catch-all sweep-up that says “or otherwise substantially controls the company”. I cannot remember whether this legislation has the same type of approach.

In essence, the way we approach them as investigators is to look at the substance of the arrangement. If four people had 24% and someone had the remainder, we would be looking critically at those four and seeing what we could do. There seems to be an approach in this measure whereby, if there is no defined beneficial owner, someone else has to
Donald Toon: I see merit in it. There will always have to be some threshold. Whatever threshold you put in, some people will determinedly create structures designed to manipulate the threshold. As Mark says, there is an opportunity with the measure to identify those sorts of structures, but there is a very difficult balancing act around being able to identify those who are truly in control without getting to a point where you are looking at control being defined as a small percentage point.

Lloyd Russell-Moyle MP: For the purposes of control, should the threshold level be the same or should there be slightly higher requirements because of the challenges that you have discussed about delving into greater information through national courts that might be out of our control? Should we be asking for more up-front information if it is unlikely that we will be able to get information through other means later on?

Mark Thompson: It is quite difficult to answer that. You would be at risk of having quite a convoluted regime if you had completely different thresholds in different forums.

To go back to what was said earlier, for me it is about forcing somebody to go on the record. If they do that correctly, happy days, we get the information. If they do not and someone else has had to lie for them, it will have introduced an extra layer of dishonesty. Think of it as if you are a prosecutor building a case. If we establish that they have put in a false declaration, the SFO might not prosecute the failing to declare offence, but it helps us to build our case on dishonesty, and that is at the heart of all the fraud cases. For us, there is still benefit in all this.

Lloyd Russell-Moyle MP: It has been suggested that the draft Bill could not only contain delegated powers to allow the altering of thresholds in future but that, if you spotted particular patterns of beneficial ownership that were becoming suspicious, or were clearly being used to evade the law, they would become prohibited. Would that be a useful power or is it an overreach of the Secretary of State?

Mark Thompson: It sounds useful to me.

Donald Toon: We would see it as a useful power. Part of the problem, as so often if you are dealing with an issue that is in primary legislation, is the speed of response. Of course, there is always an opportunity for things to be prohibited or action to be taken for a defined period.

Lloyd Russell-Moyle MP: Did you want to say anything, Alison? I do not want to exclude you.

Alison Barker: I have nothing to add.

Q53 The Chair: I would like to ask all of you whether you think the
information that the Bill requires to be recorded on beneficial owners will be helpful in investigating suspected cases of money laundering. If not, are there things that might be included that are not in the Bill?

**Donald Toon:** Yes, it will be helpful, but in the context that it is not a panacea. As we have been through before, it will be helpful and it is a step forward, but it has to be seen as part of a wider system from a UK perspective, and it has to be seen as a step towards a stronger international regime that enables us to get access to information more effectively than we can at the moment.

**The Chair:** One of the themes that has emerged during this inquiry and from the previous panel, which I think you at least heard, Mr Toon, is the likelihood during an 18-month period of transition, and even afterwards, of people who want to use dirty money rearranging their affairs and/or setting up trusts that obscure the beneficial owners. Do you have any comments about that?

**Donald Toon:** If their professional advisers are worth their salt, they will be making that change now.

**The Chair:** In anticipation.

**Donald Toon:** Because this is going on and the legislation is under consideration. I am not sure the 18-month period makes any significant amount of difference.

**The Chair:** What about the use of trusts generally?

**Mark Thompson:** I outlined the fraudsters’ handbook, which suggests that an offshore trust is a good starting point, and experience suggests that it is often used. Trusts are obviously outside the direct scope of the Bill, so that is an issue. It is aimed at companies. That is the basis of the Bill.

**The Chair:** The fifth anti-money laundering directive dealing with trusts is due to come into force shortly. We had a suggestion that it might be as well for the Bill to anticipate that. Do you have any comment on that?

**Mark Thompson:** From the SFO’s point of view, trusts are a problem, or at least some trusts, not UK ones generally, so we would welcome the implementation of the fifth money laundering directive when it arrives.

**Q54 Alison Thewliss MP:** What are your views on whether the sanctions contained in the Bill are practicable? Will they provide sufficient deterrent against non-compliance?

**Donald Toon:** There is an issue with the sanctions. The drafting is positive. It is reasonable. The key effectiveness point in the sanctions is the inability to go ahead with transactions if you have not registered. Given that we are dealing with overseas entities, there is a difficulty with the enforceability of criminal offences, and there is certainly a difficulty with taking action against identified individuals overseas.
That does not mean you should not have them there. The sanctions will be useful on some occasions, but you should not expect to see massive numbers of enforcement actions taken, because they will be difficult. They will happen in some circumstances, and those circumstances will have a significant deterrent effect. The underlying main sanction is the ability to continue with transactions, from our perspective.

Mark Thompson: That must be the reality of it. By the nature of its being extraterritorial, it is difficult for us, first, to get hands on people and, secondly, as prosecutors, for the SFO and the NCA to look at more serious offending. If it was the only offence, you would probably not be looking at the SFO prosecuting it. You would be looking at something more serious and this would be a feature of the offending. Donald is right; the sanctions are helpful but they will not be the end of the matter.

The Chair: It strikes me that the Bill is not there fundamentally to create an offence giving rise to the sanctions with all the limits you describe. It is there as part of the overall ability that prosecutors and investigators have to pursue money laundering, fraud or whatever, as part of the overall picture. Is that fair?

Mark Thompson: Absolutely.

Donald Toon: Yes.

Q55 Alison Thewliss MP: I want to ask about comparisons with the PSC register. You might have caught my question earlier about Scottish limited partnerships and the lack of fines. What kind of lessons have you learned from your experience with the PSC register that could be usefully applied here, and is there anything further that could be added to the Bill to make it more effective?

Donald Toon: I am not sure that we would draw conclusions yet on enforcement around the PSC register. There are positives in the PSC register, and Mark highlighted a lot of them, even when you have false information and false declarations. The fact that we have seen the PSC register used very heavily by NGOs and others is good. I am not sure that we are in a position to draw any conclusions from an enforcement perspective, certainly not for the NCA, given where we are from the serious and organised perspective.

Mark Thompson: It has not yet filtered through into enough of our casework for me to give you a proper answer to that.

Alison Barker: From an FCA point of view, we would not enforce on that legislation anyway. The FCA’s enforcement powers are derived from the Financial Services and Markets Act and they are very extensive. We have criminal powers as well under the money laundering regulations, but often what we do is enforce against firms that fail to meet their obligations to properly protect themselves by doing proper checks and due diligence, and do not have the right systems to do it. We have very
extensive powers to do that already. That is where our enforcement effort is often focused.

**Alison Thewliss MP:** Finally, I want to ask about cases that are passed to you from Companies House, because the answers I have had to Parliamentary Questions are that it is not its job to do the enforcement, and it passes things over to prosecutors to look at. Are you aware of any cases of those who have been non-compliant with the PSC register being passed on?

**Donald Toon:** Not to the SFO that I know of.

**The Chair:** We have heard evidence from Companies House, and the Committee is still interested in the capacity for Companies House to verify information. To what extent do any of you feel that you would be assisted by its having more powers, more ability or more resources to enable verification to take place, or do you think that is more your province?

**Mark Thompson:** It helps us if Companies House is able to filter out information and has a stronger intelligence function to provide information to us, but at some level I suppose it has to decide how much resource it is going to put into that. That is a matter for it, I guess.

**Donald Toon:** There would be value from our perspective in strengthening effective enforcement around the PSC register. I certainly can see that. Interestingly, I think there would be a lot of value from the international angle, and that would come out in the extent to which our analogues in other jurisdictions could make effective use of the PSC register in their own investigations and have confidence in that register. As a public register, it is open to other law enforcement agencies as well as to the general public.

**The Chair:** Thank you all very much indeed for attending. Before you go, would you like to draw our attention to any other aspect that might help to improve the Bill? If you cannot think of anything now, this is not the last chance. We will very much welcome any further thoughts you have in due course.

**Donald Toon:** There is nothing from my perspective.

**The Chair:** Thank you very much. It has been very helpful indeed. We are sorry to have kept you for slightly longer than the scheduled time.