

## Labour Exploitation in the Waste Industry

Extract from NCA Amber ALERT of November 2020 (Reference 0626-NECC)

### Overview

The purpose of the alert is to provide the regulated sector with several potential 'red flag' indicators which may assist them in the identification of suspicious activity linked to labour exploitation, primarily within the UK waste industry.

In November 2018, HM Government (HMG) published an independent review into serious and organised crime in the waste sector which provided these statistics:

- £6.8 billion gross value of the waste industry in the UK
- Roughly 120,000 jobs in the waste industry in the UK
- Waste crime is believed to cost the UK approximately £600m every year.

A sample of organised crime groups (OCGs) known to be involved in environmental crime were subjected to the NCA mapping process. This found that all of the OCGs were involved in other types of criminality including drugs, violent crime and money laundering.

It highlighted that 71 per cent of OCGs involved in environmental crime were linked to a limited company, as opposed to a 44 per cent average across other OCGs. This demonstrates that organised criminals operating in the waste sector are more likely to be operating behind legitimate limited companies, using business accounts. The main forms of offending in this area are often financial crime with recurrent incidents of tax evasion and fraud.

### Red Flags

Transactional indicators:

- Funding for accounts may originate from waste or recycling companies, particularly those with recent incorporation, common directors, nationalities and addresses with no accounts or dormant status on Companies House.
- Credits from multiple waste and recycling companies in a short space of time, including for the same value or credited on the same day.
- Business accounts may be immediately, or very quickly, emptied once credited.
- Credits from companies which do not appear professional in nature, for example, these may not display any consistency in value or frequency and be rounded, somewhat excessive values with references 'wages', 'salary' or just a name (including differing from account holders).
- Credits from benefits may be present, for example HMRC Child Tax Credit, HMRC Working Tax Credits, Job Seekers Allowance, or local council housing benefit.
- Evidence of renting property rather than owning, such as payments to letting or estate agencies and/or payments referencing accommodation or rooms which may seem excessive in value or frequency.
- Accounts may show general suspicious activity indicators consistent with money laundering and other typologies, such as cash or third-party deposits which are not consistent with the customer profile.
- Payments to labour agencies, recruiters or employment websites, especially if those entities are based overseas.

### Suspicious Activity Reporting [SARs]

If you know or suspect that there has been money laundering or terrorist financing activity (including as a result of information provided to you by the NCA) and your business falls within the regulated sector, then you are reminded of the obligations to make reports to the NCA under Part 7 Proceeds of Crime Act 2002 and the Terrorism Act 2000. If you decide to make a report in this way you should adopt the usual mechanism for doing so, and it will help our analysis if you would include the reference **0626-NECC** within the text. This reference is specific to the Alerts process; where appropriate, we would ask that this is used

in addition to the ongoing use of the Glossary of Terms. Guidance on making suspicious activity reports is available at [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk).

### **Data Protection Considerations**

Please consider your obligations under the relevant data protection regulations and where necessary remove any related personal data from your systems securely and within a satisfactory timeframe.

### **Disclaimer**

The Accountancy AML Supervisors' Group (AASG) accept no responsibility for any loss, damage or expense arising in connection with the use of information in this alert. Any use will be taken to signify agreement to these conditions.

## **Annex 1**

This annex contains a list of websites which describe the features of genuine documents, identification of fraudulent documents, and lost/stolen databases. The list should not be considered an endorsement or approval by JMLIT. The list is correct at the time of publishing.

### **Identity Document Security Features:**

#### [European Council: Public Register of Authentic travel and identity documents online \(PRADO\)](#)

Contains details on identity documents and features (size, number of pages, colour, security features) for multiple countries

#### [EdisonTD \(Netherlands\)](#)

Database containing information about travel and travel-related documents from most countries

### **Document Validity Resources:**

#### [HM Passport Office](#)

Passport validate / not validate service

#### [National Document Fraud Unit](#)

Identification Document Validation Technology Guidance

#### [Home Office](#)

Identification Document Validation Technology Guidance

#### [Association of Document Validation Professionals](#)

Association of Document Validation Professionals, an industry group to “promote the wider use of risk based electronic validation of identity documents across the public and private sectors”

#### [Construction](#)

Construction Skills Certification Scheme