

AML alert: Illicit Finance in Organised Immigration Crime (OIC) – Tackling the threat from small boat migrant smuggling

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Overview

This alert serves to highlight the threat posed to the UK from Organised Criminals who are smuggling migrants across the English Channel from France into the country using small boats. It draws attention to their financial model and how through working with the financial industry, law enforcement can increase disruptions to their activity. It highlights indicators that the accountancy sector should look out for and the actions they can take.

Information

Organised Immigration Crime involves the facilitation of people to assist them to cross a border or be within a country when they do not have the required permission or documentation to enter or stay in that country.

The most common forms of migrant smuggling into the UK are:

- placing migrants within vehicles or concealing them in trailers and driving them through in RoRo (Roll on Roll off) freight or sending them over in LoLo (Lift on, Lift off) freight;
- providing migrants with false travel documents and sending them in by passenger air or passenger ferry; and
- smuggling migrants across the English Channel in boats.

The COVID-19 travel and border restrictions introduced in early 2020 significantly enhanced security around the UK operated border controls at Calais, Coquelles, and Dunkirk, negatively affecting the clandestine movement of migrants into the UK using vehicles aboard channel ferries and via air passenger flights. Consequently, this led to a steep increase in the movement of migrants crossing the channel using small boats.

Exacerbating this method of illegal migration has been the success rate and low cost-high profit nature of small boats compared to heavy goods vehicle (HGV) facilitation. This has highly likely been attracting migrants and OCGs alike.

The price of facilitation to the UK by small boat fell from an average of GBP 7,000 in 2019 to within the range GBP 2,000 to GBP 4,100 in Spring 2020. It is likely that the average cost of facilitation has fallen even further in 2021. This fall coincided with a vast increase in small boat crossings. The average number of migrants detected per month in January to October rose from 141 in 2019 to 1,898 in 2021 to date (+1246%). Small boat crossings are now consistently GBP 2,000 to GBP 3,000 lower than that for HGV facilitation.

Overheads for small boat facilitators are lower than those who use HGVs. Drivers are not required; costs are per boat rather than per migrant and small boat logistics are much simpler than clandestine entry via ports.

Small boats finances operating model

Many migrants pay Organised Crime Groups to transport them to the UK using a hawaladar. A hawaladar is an agent who formally arranges for the value of an agreed price, rather than the money itself, to be transferred between customers using a network of other hawaladars. It offers an alternative to routine reliance on the formal banking system. Migrant family members will also pay through other Informal Value Transfer Services (IVTS) and Money Service Bureaus. These may be in the migrants home countries or in the UK.

The financial side of people smuggling can be broken down into different elements:

- **Migrant Payments:** payments made by migrants, or on their behalf (by family members) to obtain the services of facilitators.

- **Consolidation and transmission of funds:** collection of migrants payments and the subsequent movement of value.
- **Protection of criminal assets:** methods to conceal the criminal origins of the criminal assets and ensure their safety from official or unofficial threats.
- **Investment of criminal assets:** the subsequent use of criminal assets.
- **People smuggling logistics;** the financial transactions and costs involved in the purchase of goods and services used for the facilitation of migrants.

Payments to criminals or to criminal networks that are facilitating migrant smuggling are generally conducted in one of the following ways:

- **Payment in Advance:** Migrant or the migrant's relatives provide full payment at the source country to the facilitator before travelling. This method of payment does come with uncertainties as once the facilitator has received the full payment, there is less consideration for the welfare of the migrant and no guarantee that they will reach their destination safely.
- **Partial Payments:** This is the most common payment methods. These partial payments can be paid either by the migrant's family who managed to gather the cash (selling the land or property, borrowing, taking out the credit etc.) or by the migrant himself/herself at transit countries.
- **Payment on Arrival:** Most migrants (of all nationalities) organise payment (family members) for the final part of the journey (France – UK) once in France. The funds are held by a hawaladar and will not be released (security) until the migrant successfully reaches the UK.

Laundering and Proceeds

People smuggling facilitators send large sums of money upstream. That money is retained in their home countries, including through the buying of property. Businesses in home countries act as fronts to hold funds.

In northern France, OCGs are likely to use cash wherever possible for expense transactions as this reduces visibility to law enforcement and banks. However, as electronic payment is often required for any online purchases, it is highly likely facilitators needing an online service will leave traces of payment at some point. Bank records linked to a suspected facilitator show that purchases of boats have been made by card or other electronic means.

Facilitators in northern France send most of their earnings to family and other associates in their home countries, likely spending only what is necessary for accommodation and food.

What you can look out for

Customer and account activity – Indicators:

- Payments from ethnic groups to & from countries of origin and Europe. The nationality of the OCGs frequently associated with IVTS payments are Afghan, Syrian, Iranian and Iraqi Kurd. Eritrean and Sudanese migrants use IVTs upstream and is a realistic possibility they do so in Northern France. The IVTs that migrants mostly use are in Iran, Iraq and Turkey. Some are in the UK and transit countries, particularly Greece. IVTs have also been established near the migrant camps in northern France. Some facilitators may collect payments in Northern France using Post offices and Western Union agents in Calais and Dunkirk
- Customer's expenditure is inconsistent with customer's profile and significantly exceeds stated income in the account information with no apparent legitimate reason.
- Business customer is involved and frequently transacts with parties that are engaged in non-complementary lines of business (e.g. nail bar or employment agency, transacting with transportation company), with no apparent business purpose or indications of consolidated ownership
- Customer details or details of entities that are related to customer (such as belonging to the same group or sharing the same ownership etc.) appear in adverse or negative media hits related to migrant smuggling and / or human trafficking.
- Unusually large number of family members involved in business operations and transactions, such as loans, credit cards to family members, the use of prepayment cards and online banking users etc.

- Forged ID documents (passports for example) for proof of address or employment.
- Frequent requests to exchange small denomination bank notes for larger denomination within branch (this activity could relate to criminal proceeds being arranged to be transported)
- Customer's account is showing a pattern of frequent payments to logistics companies (vessels and trucks used in the facilitation process) that is incommensurate with customer's profile or stated business activity, size and location.
- Business customer's accounts activity shows abrupt change in customer's usual operational patterns, such as increased in turnover, deposits and/or withdrawal activity. This includes where the income is not commensurate with previous patterns, such as increases that do not fit the pattern of a regular income, cash deposits, transfers of similar amounts from different people or smaller regular amounts from the same person that could be instalment payments.
- A Business customer who is not in a cash intensive industry frequently receives unusually high volume of cash deposits with no apparent legitimate reason.
- The business owners/ Directors/ company officials may have a history of setting up numerous businesses and accounts.
- Customer's account with regular rent payments for multiple different properties suggesting control of multiple properties where there is no apparent legitimate business purpose, and is inconsistent with customer's stated business activity, size and location. In case of personal account, this pattern is incommensurate with customer's profile or reasonable personal use.
- Common addresses/ contact details may have been used in previous accounts.
- Open-source investigation of a prospective account holder identifies links to a 'Front company' MSB/IVTS
- Who controls personal and business accounts. Are there multiple personal or business accounts linked to a business or address (account holder, joint account holder, authorised user).
- An account originally opened for a specific purpose such as student or business account but regular transactions that would be expected from such accounts do not take place or suddenly stop.

Transactional activity – Indicators:

- Small value transactions typically GBP 150 – GBP 3,000 (electronic transfers or cash deposits) in repeated patterns or sporadic patterns where incoming or outgoing payments are made in two or more instalments of partial payments over time, indicating an up-front or initial fee followed by the remaining amount.
- Cross-border payment from a debtor of Iranian, Iraqi, Albanian, Eritrean, Syrian, Sudanese or Vietnamese nationality but not exclusive to of a large amount with no apparent relationship.
- Similar payment details may be provided by what appears to be unrelated debtors. They could provide the same reference, nationality, postal address telephone number or have the same IP address.
- Use of 'front companies' (cash business) to launder illicit funds to disguise the movement of financial flows.
- Account shows a repeated pattern of receiving frequent payments from many different debtors that shortly after is followed by the subsequent transfer of the cumulative amount to the same creditor.
- Bank Transfer in unexplained 3rd party deposits
- Transactions or patterns relating to the purchase of small boats (potentially in bulk), engines, and other nautical equipment (potentially in bulk – e.g life jackets), in the UK or on the continent (France, Belgium, Holland, Germany, Spain).
- Seasonal transaction trends (more migrants facilitated in summer than winter).
- Depositors often using ATMs to make deposits so to avoid queries from bank staff or travelling to a bank in a different area to make deposits.

Transactional Patterns – Indicators:

- Transactions sent from the UK by nationals of migrant source countries to European nationals in France along the Channel coast; amounts likely would be or total GBP 1,000 or more. This is often but not exclusive to Calais and Dunkirk.

- Transactions sent from the UK by nationals of migrant source countries to nationals of migrant source countries amounts likely would be or total GBP 1,000 or more, and the counterparties would demonstrate different surnames and/or otherwise appear unrelated.
- Transactions sent from migrant source countries to European nationals in France along the Channel coast; amounts likely would be or total GBP 1,000 or more.
- Transactions sent from migrant source countries or from Turkey or Greece to European nationals or nationals of migrant source countries in France along the channel coast; amounts likely would total GBP 1,000 or more, and the counterparties from migrant source countries would demonstrate different surnames and/or otherwise appear unrelated.
- Many patterns between migrants in migrant source countries to apparently unrelated migrants at WU locations in France along the Channel coast.

What you can do

- If there's suspicion that a business or individual is acting as an MSB check with [HMRC](#) and [FCA](#) to confirm if they are or have previously been registered and possibly been previously closed down.
- Assess whether cash deposits or the volume of cash deposits seen are consistent with the nature and /or scale of the stated business.
- Assess whether payments are being made into accounts from Cash Collection Service (CCS's) and if so, identify who the underlying client is.
- Look out for transactions relating to small boats, life jackets and other nautical equipment as single units or in bulk purchases.

Suspicious Activity Reporting

If you identify activity which may be indicative of the activity detailed in this alert you should make a SAR and include the reference **0676-OIC** in the text.

Guidance on reporting is available at: 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.

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