

Op Piggyback

**Frozen Funds - Investigation
Overview**

Delivered by Sam Fellowes

**Managing Financial Investigations
(Intermediate) Programme, 11-22
March 2024, Ostia, Italy**



**HM Revenue
& Customs**



Facts & Distinctions

- £1.5m frozen in multiple currencies, forfeiture hearing scheduled for June 2024
- Enforcement/Recovery action is being taken under a civil process not criminal
- The burden of proof required is on the balance of probabilities not beyond reasonable doubt.
- The investigation is into the origin and use of the frozen funds (in Rem) and not the Respondent (in Personum).
- The conduct of the Respondent is relevant, but their conduct isn't the subject of a criminal investigation in the UK.
- I am using the real names of individuals linked to this investigation. They are already linked to the matters under investigation via open-source materials. They are linked to a global fraud that has garnered significant media attention.

How it started, initial suspicions and decision making...



Banking Sector & Law Enforcement interaction

- E-Money Transmitter requested LE consent to transact £1.5m to HMRC.
- This commences a strict timeframe in which enforcement/recovery action can be taken.
- Funds were due to be used to pay a Corporation Tax liability



Suspicious

- Funds transacted by global investors into a suspected Crypto Ponzi Scheme.
- False documentation created
- Stated business of respondent didn't exist
- Exponential growth of business during pandemic
- Laundering Through Taxation



Decision Making

- HMRC to receive the funds anyway
- Victim Impacts
- Global Investigation – Constraints
- Reliance on Open-source material as evidence.
- Ill-health of Respondent
- High risk of reputational damage

The Respondent

Keith Williams – Future in Safe Hands Ltd

- UK National and Director of an alleged IT/Management Consultancy Business
- Declared income rose from £14k per annum in 2020 to £1.1m (2021) and then £3.1m (2022).
- Declared £8.8m turnover with a post-tax profit of £7m
- Claimed money was from IT training he supplied and not investments in the Hyper related schemes.
- Declared that he had a stage 4 cancer in the first contact made with him.



The Investigation

- **Ponzi & Open Source criticism were a distraction.**
- **Health issues used as an avoidance technique.**
- **Legislation and “In Rem” action allowed us to have a simple strategy based on the derivation of funds and the material that should exist if the business was a legitimate consultancy. For examples invoicing and generation of sales leads.**
- **He then produced invoicing and business records to corroborate his account and the exponential income growth.**
- **We suspected the invoices had never been given to customers and that they had never received the services billed on them.**

Investors/Gamblers or Victims?



Investors & Gamblers

- Some transactors saw themselves as investors who knew the risks.
- They knew ponzi schemes existed and accepted this risk whilst hoping for significant returns on their investments.
- Some were frustrated that they had missed out on the bitcoin boom so wanted to get in early on a new coin offering.
- They all said they had never received the invoices and had no need for the services recorded on them.

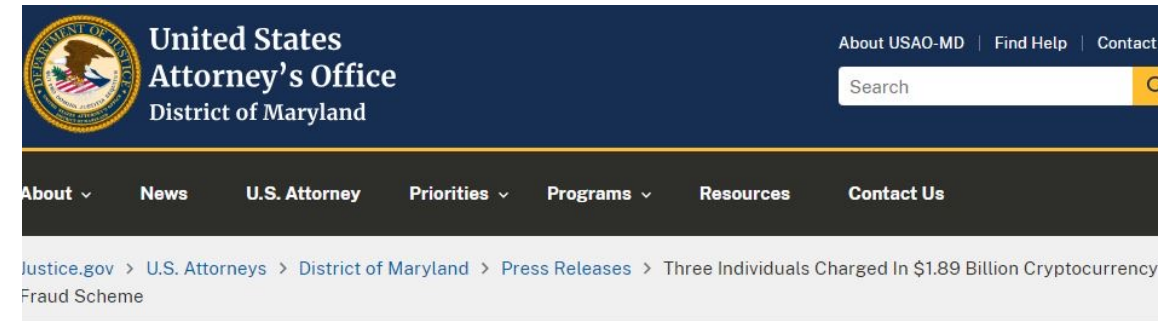


Victims

- Other transactors definitely saw themselves as victims who couldn't afford to lose the money.
- Some have lost life-savings.
- Alongside financial loss, some victims have suffered mental-health issues.
- They all said they have never received the invoices and had no need for the services recorded on them.
- Some are elderly and don't even use computers or need IT courses on how to use them.

Current status

- HMRC have applied for forfeiture of the funds (Trial scheduled June 2024)
- The evidence bundles are being finalised
- US Counterparts are engaged and may execute Police to Police enquiries on our behalf to gather witness statements from potential US based victims. (Meeting this Wednesday)
- The respondent's health is deteriorating
- He has purchased a £3m house outright with the defrauded funds. UK Agencies may try to forfeit this property too.
- I am exploring how victims of the crime can claim their money back if we successfully forfeit the money.



PRESS RELEASE

Three Individuals Charged In \$1.89 Billion Cryptocurrency Fraud Scheme

Questions?

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