

May 2009

Welcome to this newsletter which aims to provide you with interesting news and useful information on money laundering and related topics.

## **SHOULD MPs FACE PROSECUTION FOR THEIR EXPENSES CLAIMS?**

Undoubtedly the continuing saga of MPs' expenses claims has been the big news story this month. A number of commentators and members of the public have voiced a desire to see the MPs prosecuted for fiddling their expenses. But have criminal offences been committed?

Lawyers will know that offences such as false accounting, fraud and theft require that the defendant be shown to have been dishonest before he can be convicted. There is a long-standing legal test for dishonesty in such cases. This has two parts. The defendant must be shown to have acted dishonestly by the standards of ordinary and decent people. Secondly, it must be shown that the defendant himself (or herself) realised that he (or she) was acting dishonestly by that standard. Both parts of the test must be satisfied for a conviction.

So, in terms of the criminal law, an MP who acted within the rules, as he understood them, and genuinely believed he was doing nothing wrong has not been dishonest and has not therefore committed a criminal offence.

This is exactly the same legal test that applies to an alleged shoplifter or benefit fraudster.

Whether some MPs' claims were not only excessive but also dishonest is a matter which may come before the courts in due course.

## **MY MAD MEDIA MONTH IN MAY**

The past month has been one in which I have had an unusually high profile in the media.

Early one morning I found myself on live national television as a guest on the GMTV sofa - being quizzed about the audit of MPs' expenses by GMTV presenter Andrew Castle. Although I have appeared on both national and regional TV

previously, a live broadcast was something new. A programme such as this is particularly demanding for the presenters and studio team as they have to keep the fast-moving show on track. I take my hat off to them!

The following week I was featured in an edition of 'File on 4' on Radio 4 dealing with the astonishing losses incurred by just one office of Bank of Scotland - which was part of HBoS and is now part of Lloyds Banking Group.

Turning to that story . . .

### **THE BANK OF SCOTLAND LOSSES**

Radio 4's flagship investigatory journalism programme 'File on 4' this week dealt with the losses of £250 million suffered by the Reading Branch of Bank of Scotland on the portfolio of lending managed by Mr Lynden Scourfield. The bank lost this amount on lending to just 13 customers. According to documents filed at Companies House following the appointment of administrators to these companies, the debts outstanding to the bank totalled nearly £275 million and the administrators were able to repay the bank less than £25 million, leaving the bank £250 million out of pocket.

And it was not only the bank that suffered. The customers whose businesses had failed alleged that Mr Scourfield on behalf of the bank had placed onerous and inappropriate conditions on them and that the bank bore a heavily responsibility for the failures.

I understand that the matter is to be raised in Parliament and that further allegations may be made in the course of Parliamentary proceedings next week.

### **EXPERT WITNESS CONFERENCE**

Former conservative cabinet minister Lord Parkinson is to make the keynote speech at the annual conference of the Expert Witness Institute in London on 12 June. I understand that a few places for the conference are still available from the EWI, telephone 0870 366 6367.

### **FIVE YEAR OLD BOY MIXED UP IN ALLEGED FRAUD**

Five year old Rhys Patel is at the centre of an alleged fraud. His mother has been charged with fraud by false representation by giving a false home address for herself and her son in order to obtain a place for him at a popular local state school.

And I thought it was only policemen who were looking very young these days!

If you require any assistance or have any queries concerning issues related to forensic accountancy, proceeds of crime or money laundering contact [d.winch@AccountingEvidence.com](mailto:d.winch@AccountingEvidence.com) or visit our website [www.AccountingEvidence.com](http://www.AccountingEvidence.com).

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