

March 2010

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

## **LIVING IN INTERESTING TIMES**

It is sometimes said that an ancient Chinese curse was, "May you live in interesting times"! We certainly do live in interesting times.

The last few weeks have seen the Chancellor's Budget, Easter holidays, the start of a new tax year, the calling of a general election, the passage of numerous Bills into Acts, some important court decisions and the introduction of a very significant change to criminal legal aid (more on that next time). Whew!

## **THE STORM BEFORE THE CALM**

As part of the Parliamentary 'wash up' a variety of Bills hurriedly completed their remaining stages and have received Royal Assent. MPs and Lords have made important decisions involving areas as diverse as schooling and sunbed safety. Parliament is now dissolved and we can expect, in one sense at least, a period of calm without any new Acts.

Most of the Acts which have passed have not yet come into force. They await commencement orders after the election. Among these is the Bribery Act 2010. We shall look at that in a future issue.

## **CLAIMS MANAGEMENT COMPANIES**

In February I was contacted by BBC Radio 4's 'Money Box' programme for some help in relation to their investigation of a claims management company, Cartel Client Review Ltd, and a firm of solicitors, Consumer Credit Litigation Solicitors, used by them.

'Money Box' subsequently raised concerns about Cartel and CCLS in their programmes. Following that the Solicitors Regulation Authority intervened in the practice of CCLS and the Ministry of Justice suspended the authorisation of Cartel Client Review Ltd - with the result that both businesses are no longer trading.

Cartel, in common with other claims management companies, offers to assist those in debt by investigating whether their debts, on credit cards and other borrowings, are unenforceable as a result of non-compliance by the lender with the requirements of the Consumer Credit Act. An initial fee is charged, in Cartel's case of up to £495 for each agreement reviewed, but with a money-back guarantee in the event that the claim could not be successfully pursued.

It appears that over the past two years or so Cartel has received some £20 million in initial fees but has had only limited success on behalf of its clients. Cartel has now ceased to trade but the company director is quoted as saying that the £20 million is now "not available" to be refunded.

Cartel and other claims management companies are regulated by the Ministry of Justice under the provisions of the Compensation Act 2006, but some customers who have paid initial fees which will not now be refunded feel that the regulator has let them down.

We are likely to hear more on the subject of claims management companies in the coming months.

## **IN THE COURTS**

The recent decision in *R v Innospec Ltd* deserves detailed consideration because of its implications for 'plea bargains' in English cases. We shall return to it in the next issue.

More digestible is the smashing of a 'free range' egg fraud. Keith Owen ran Heart of England Eggs, which supplied free range eggs via wholesalers to supermarkets. So successful was he that he was able to supply more free range eggs than could be produced in the whole of the UK. But under ultra-violet light these eggs were found to have marks corresponding to the wire cages housing the hens which had laid them.

Owen pleaded guilty to false accounting in that he invoiced his customers for free range eggs whilst supplying eggs from battery hens. He was jailed for three years, disqualified from acting as a company director for 7 years and made subject to a confiscation order in the sum of £3 million.

The Court of Appeal decision in *R v Greaves & Others* [2010] EWCA Crim 709 concerned prison sentences for certain individuals involved in a crime and in the laundering of the proceeds of that crime. Should the prison terms be concurrent or consecutive?

A Mr Jenkins was asked to make a website for Blackwell Group, which was to sell shares. Later he agreed to man the website, respond to emails and maintain spreadsheet records of investors. In the beginning he had not been aware that

the business lacked the necessary regulatory authority to sell shares. He pleaded guilty to conspiracy to contravene the Financial Services & Markets Act 2000 and to becoming concerned in a money laundering arrangement contrary to section 328 Proceeds of Crime Act 2002 in relation to the proceeds of the shares sold.

The Court of Appeal considered appropriate sentences for the two offences were 7 months and 5 months imprisonment respectively. The Appeal Court held that these sentences should be consecutive because the money laundering offence added to the overall culpability - it was something more than a mere consequence of the predicate offence.

R v Crisp & Another [2010] EWCA Crim 355 was a case dealing with the interaction of cash forfeiture and confiscation. Mr Crisp had pleaded guilty to being knowingly concerned in the fraudulent evasion of excise duty on tobacco. In confiscation proceedings (in which it was not alleged that the defendant had a 'criminal lifestyle') his benefit was found to be £53,101. But Mr Crisp had already suffered forfeiture of £82,000 in cash which had been seized from his home. In the light of that the Crown Court judge made no confiscation order against Mr Crisp, since he had already suffered a loss in excess of his benefit.

The Court of Appeal held that, on the facts of the case, the cash seized was not relevant to Mr Crisp's benefit of the offence, nor had it been included within the calculation of his 'available amount'. The benefit of the offence was the duty evaded on the tobacco - the cash seized was quite a different matter. There was no abuse or irregularity in the making of a confiscation order in the amount of the benefit in addition to the forfeiture of the cash.

### **. . . OR ARE YOU JUST PLEASED TO SEE ME?**

Mae West might have raised an eyebrow had she been approached by 68 year old property salesman John Maurice on his way to board a ferry at Dover. But he wouldn't be just pleased to see her; he had 63,000 euros stuffed down his underpants.

One of Revenue & Customs' trained sniffer dogs did show an interest in the well endowed pensioner and he was stopped and questioned.

The fat lady sang for Mr Maurice at Canterbury Crown Court when he pleaded guilty to laundering more than his underwear (not just once - the prosecution identified £3.8 million exchanged into euros and taken to Europe in 179 separate trips) and he was jailed for four years.

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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