

NIIFA CRIME WORK - CASE STUDY SPECIAL

CASE STUDIES FROM THE NIIFA NETWORK

In this issue we will be covering a number of recent criminal prosecutions and confiscations in which NIIFA members have acted as experts. You need a forensic accountant by your side to critically examine the evidence and challenge the inferences drawn from it by the other side where necessary. Someone who understands how court proceedings operate in practice and the new Criminal Procedure Rules for expert evidence. An accountant who can produce a coherent and readable report marshalling the relevant facts and information based on a thorough and detailed examination of the evidence, and who can appear as a persuasive expert witness.

CRIME SPECIAL

ALSO IN THIS ISSUE:

Retail Fraud



Stolen Vehicles - Confiscation



Purchasing/Supplier Fraud



Confiscation - Benefit



Identity Theft



We acted on behalf of the Prosecution in a complex identity theft case. The Defendant had made no admissions to the Prosecution during his remand. He had obtained over 200 stolen or false identities and used these to obtain bank accounts, credit cards and mortgages. The value of the funds obtained was almost £2 million.

We produced a detailed report, which had the benefit of simplifying the transactions carried out by the Defendant and reflecting these in easy to understand flow charts and tables.

Having being totally uncooperative with the Prosecution, within two weeks of the service of our report, a guilty plea was entered by the Defendant. He received a 3 year custodial sentence.

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Retail Fraud

We acted on behalf of the Defence in an alleged retail refund fraud. The manageress of a household name retailer's shop was accused of processing cash refunds and retaining the funds. The Prosecution's case was based on the stock records of the shop.

Following an examination of these records, we concluded that these were inaccurate and unreliable. As a result, it did not appear possible to base any Prosecution on these. Nevertheless, the Prosecution continued and obtained their own forensic accountancy report. This agreed with our findings and the case was dismissed.

Purchasing / Supplier Fraud

Patricia worked as a buyer ordering printed stationery and advertising leaflets for a mobile phone company. Her lodger was Bruce, who was the owner of a printing business.



Patricia's employers found that their printing costs had gone £1 million over budget. Most of the orders had been placed with Bruce's firm, even though other printers had quoted lower prices.

An internal audit report alleged that Patricia had placed orders for excessive quantities of leaflets, sufficient supplies of some of them to last 5 years.

Police investigations revealed that both Patricia and Bruce had accounts at the same offshore bank and that withdrawals by Bruce had coincided with deposits by Patricia.

Patricia and Bruce were both arrested and charged with conspiracy to defraud.

We were asked by the Defence to review the internal auditor's report of stock quantities and usage. It was found that the report substantially over-stated the amount by which some of the goods had been over-ordered.

Patricia and Bruce were convicted following a trial by jury and each sentenced to three years imprisonment.

Confiscation – Benefit Often Overstated

An article in “The Times” stated that “..all estimates of booty mentioned in courts trying cases of alleged drug-dealing..., should be divided by five if any serious approximation is to be had. All sums expressed as street value should be divided by nine.”

A confiscation proceedings case, which was dropped by the Prosecution last year, illustrates the first point.

The Defendant had inherited a large house and allowed friends to rent rooms and cultivate cannabis.

The house was raided by police, he was arrested and later convicted of drug trafficking. The Prosecution served a Prosecutor’s Statement, alleging benefit from crime of £123,000.

The Defence instructed us to review the Prosecutor’s Statement.

We found that the Prosecution had included the Defendant’s girlfriend’s bank accounts in calculating the alleged benefit. They also added household expenditure which had already been included in his bank account. After accepting the errors, the Prosecution produced an amended calculation of benefit of £27,000.

They later acknowledged that this included legitimate income of £7,000, another £6,000 of the girlfriend’s expenditure, and £13,000 was a transfer between bank accounts. At this point the Prosecution dropped the case!



Confiscation – Sometimes Benefit Understated

As illustrated in the adjoining case study, the Prosecution sometimes produces initial calculations that allege enormous benefit from criminal conduct over relatively short periods, only to subsequently retract these and substitute more modest and realistic amounts.

However, one case last year began with a calculation of alleged benefit of under £80,000 which, when examined forensically by us acting for the Defence, proved to be a serious under-calculation of possible benefit from criminal conduct.

The Defendant had lodged unexplained cash sums in excess of £177,000 in her bank accounts and our calculation of likely benefit exceeded £230,000. The Defendant had assets of almost £170,000 available for confiscation.

When the difficulties were pointed out to the Defence solicitors, they persuaded their client to accept the Prosecution offer of under £40,000 to settle without the matter proceeding to proof.

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Following his conviction for handling stolen vehicles, the Defendant faced a confiscation order for around £250,000. Unusually, his realisable assets were far in excess of the benefit figure, being well over £1 million.

We produced a detailed forensic accounting report considering unidentified bank receipts, vehicle sales and both UK and overseas property transactions.

Following a five day confiscation hearing, during which we gave evidence, the Defendant's benefit was found to be in the region of £70,000, the majority of which was the value of the stolen vehicles that he handled. This was almost 75% less than the original benefit figure.

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