



SFO

serious
fraud
office

Annual Report
2009 - 2010



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Serious Fraud Office Annual Report

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Letter to the Attorney General

from Richard Alderman, Director, SFO

It is with great pleasure that I present my report on the work of the Serious Fraud Office for 2009-10.

This is my second report as Director and I am pleased to say that the progress I highlighted in my first year has been maintained. I set myself and my colleagues certain key targets: to reduce the cost of SFO cases, to take on more cases, to reduce the time it takes us to bring these to court and to increase the number of convictions we achieve.

As we lower costs we are also becoming more efficient – working more cases and getting them ready for court more quickly. When I became Director of the Serious Fraud Office the SFO was working on around 65 cases, last year we averaged around 86 cases. My target is for the SFO to work on over 100 cases a year and deliver them much faster.

So we are taking on more cases, we are getting them to charge quicker and doing so at less cost; but to what effect? One measure of success is the conviction rate

we achieve. When I became Director our conviction rate was far too low, with an average five year conviction rate of 61%. In the past financial year we improved this so that 91% of defendants tried were convicted. Indeed in all of our cases the SFO achieved at least one conviction. By their very nature, the complexity of the cases the SFO deals with means that cases can take some time to move from charge to trial and the trial itself can be lengthy. However, as you can see, we are focusing on delivering real improvements to our workflow and the focus of our cases with investigation time being reduced (and to assist the overall trial process).

An important contributor to our success in court has been our improved case review systems. Regular quality reviews now take place, supervised by the SFO's Chief Executive Officer, Phillippa Williamson and where necessary including our General Counsel, Vivian Robinson QC. These take place on a rolling weekly programme. The people running the cases give progress reports, assumptions are challenged; innovative approaches are encouraged and supported

Richard Alderman,
Director of the SFO



and budgets reviewed. The learning we get from these meetings allows us to share experience and knowledge. Where no criminality can be proved, we discontinue the case and this allows us to redeploy our resources to other cases. This process adds greater focus to our case management.

Important though the conviction rate is as a measure of success, it is only one indicator of our effectiveness. I have always wanted the SFO to keep the victims of economic crime in mind in every aspect of what we do. In this past financial year we have focused on victims more than ever. We have appointed Witness Care Officers to help witnesses through the investigation and court process and to keep them – and victims – informed along the journey. We have also created a dedicated unit to use the Proceeds of Crime Act to deny fraudsters the benefits of their crime and channel money back to victims.

In the cases we bring to court on behalf of the public we seek to deter fraudsters by prosecuting those who live off hard working or vulnerable people. Where

justified, we want to see them sent to prison, and we aim to confiscate the proceeds of their crimes and compensate their victims and, where appropriate, to get them debarred from running companies.

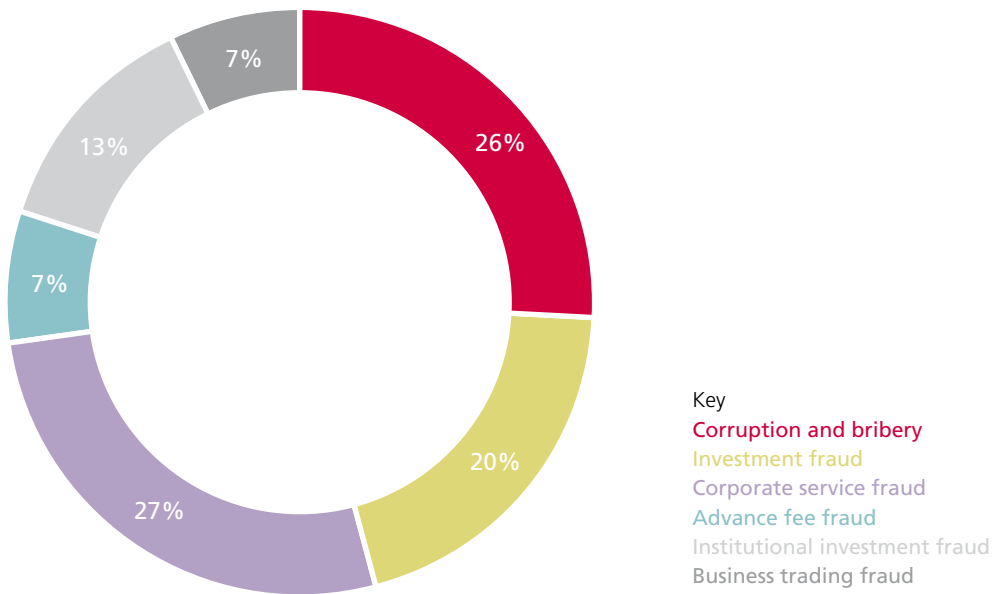
The following summaries of a selection of our cases highlight how successful we have been.

In relation to a fraud operated by Alta Gas Plc, Peter Bradley and Peter Stott were ordered to pay over £1 million by way of compensation to victims.

Robert Scott, who collaborated with a Spanish-based high pressure sales fraud or 'boiler room' operation targeting victims in the UK, was sentenced to 33 months imprisonment. He had allowed two of his non-trading companies to be used by the boiler room agents who had sold worthless shares in the companies to unsuspecting investors.

Two brothers – Andrew and Nigel Thorne – were found guilty of a £6 million asset stripping fraud. Nigel Thorne is now serving

Figure 1: Types of cases accepted for investigation during 2009-10



a three and a half year prison sentence. His brother received a nine month prison sentence suspended for two years. Both men were disqualified from acting as company directors – Nigel Thorne for three years and Andrew Thorne for five. Nigel Thorne has been ordered to pay £198,090.60 in confiscation.

In the first prosecution brought in the UK against a company for breaching UN sanctions, Mabey and Johnson Ltd admitted offences of overseas corruption and breaching UN sanctions. The company was ordered to pay a fine of £3.5 million and restitution of £3.1 million.

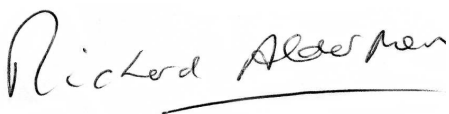
Currently one third of our work concerns overseas corruption. This will continue to be an important part of our work, with the introduction of the new law on bribery which we believe will place a greater emphasis on UK companies to maintain high levels of business ethics and integrity. It is also notable that the Act allows me as Director of the SFO to prosecute non-UK companies that carry on business in the UK if they use bribes in any country as a way of doing business.

Economic crime affects everyone, not just people who have been scammed by fraudsters. It is estimated to cost £30 billion a year to the UK economy, and it manifests itself in a variety of ways. As you read through this report, you will find out about the work that we have been leading to classify the various types of fraud while the graph above illustrates the types of cases we took up for investigation last year.

In my last report I note that I ended my narrative: “We are sourcing our own work in addition to cases referred to us. Yet we know we cannot stand still. We and the society we serve will demand ever more from us and we are determined to do even better next year than we have done this year.” I sincerely believe that the staff at the SFO and my management team have risen to that challenge and delivered upon it. I would like to pay tribute to them all. I would like to thank our people for their commitment and their hard work which have resulted in some tremendous achievements and, more importantly, justice for the victims

of economic crime. I am particularly grateful to my CEO Phillippa Williamson, who has led on the transformation of the SFO. I would like to thank the SFO's Strategic Management Board, including the non-executive directors, for their continued enthusiasm and guidance.

I know that the coming year is going to be even more challenging given the financial constraints we are all faced with. The SFO will play the part society expects of us to the full. Indeed, plans to create an Economic Crime Agency will require more of us and different ways of working. I believe that our people are better placed now than ever to rise to these new demands and I believe we are all looking forward to playing our part in shaping the UK's future attacks on economic crime.



Richard Alderman – Director

“ Economic crime affects everyone, not just people who have been scammed by fraudsters. It is estimated to cost £30 billion a year to the UK economy, and it manifests itself in a variety of ways. As you read through this report, you will find out about the work that we have been leading to classify the various types of fraud while the graph illustrates the types of cases we took up for investigation last year. ”

Building on our transformation

Phillippa Williamson – the SFO’s Chief Executive Officer – discusses how the SFO is continuously improving to deliver better outcomes for victims and society as a whole

In last year’s Annual Report, Phillippa Williamson – the SFO’s Chief Executive Officer – marked the end of her first twelve months in the role, by describing the sweeping transformation that she has overseen since her arrival. This year she discusses how the SFO is maintaining the pace of progress and building on the transformational changes to deliver on the SFO’s mission to produce better outcomes for victims and society as a whole.

Now that the transformation programme has been completed, what’s next for the SFO?

The Director and I have always been very clear that transforming the SFO is not a one-off process, but an ongoing journey of improvement. And so it would be very naive for anyone to think that just because we have now completed the initial transformation programme that we mapped out in 2008, this is how the organisation will remain for ever more.

On the contrary, our aim is not to stop where we are, but to press on and reap the full benefits of our achievements

to date. To do this, we need to ensure that we maintain the momentum and enthusiasm for change across the organisation. Experience shows that no matter how far you progress, there is always room for further improvement.

So we have developed a continuous improvement programme that will become part of the embedded culture and fabric of our organisation and an integral part of everything we do. In line with this, many of our staff are now involved in various activities to keep our innovative approaches on track, and to measure the real and growing benefits that they bring to the organisation and its stakeholders.

So it’s clear that there is still a lot of change going on in the SFO, and that the momentum is not going to drop. How do the SFO’s people manage to keep up with the pace?

Everyone in the organisation has experienced change at first hand and at a very dramatic speed. This has made it all the more important for us to ensure that all of our people have the opportunity

**Phillippa Williamson,
Chief Executive Officer
of the SFO**



to learn about the changes, understand why they are needed, and contribute to shaping their development.

To do this, we have introduced some innovative ways to engage with our staff. For example, we hold regular open days on our premises where Richard and I, together with other senior SFO executives, showcase and explain the latest developments to our staff, asking for their views and ideas on how we can do things differently and better. We also keep staff constantly updated on what senior managers are doing through a daily update on the intranet.

As a key part of its role, the SFO is increasingly involved in some of the most complex investigations in the sphere of economic crime. What are you doing to ensure that the organisation has the necessary skills and knowledge to be a leader in this area?

At the SFO, we are keenly aware that our people are our greatest asset. So we constantly build up that asset

through a learning and development programme that is both comprehensive and increasingly outward-looking. For example, this year we have delivered a bespoke investigator training package that was developed in conjunction with City of London Police. We also maintain an ongoing management and leadership development programme which is continually reviewed and reassessed so that we deliver the quality of service that our leaders and stakeholders demand.

We also ensure that our in-house courses provide our staff with opportunities to gain the Continuous Professional Development (CPD) points they need to qualify in their chosen fields. An important innovation this year is that we have run a programme of awareness seminars covering a wide range of themes from complex legal matters to those relating to HR. Again, our outward-looking and collaborative approach to learning and development is reflected in the fact that leading lawyers from 'Magic Circle' firms both in the UK and overseas speak at these events.

Clearly, technology is increasingly prominent, both in the committing of fraud and in tackling it. What has been happening with the SFO's IT infrastructure over the past year?

A major part of our transformation is the development of the bespoke IT system that we need to meet the requirements of both aspects of our work – investigations and prosecutions. The technology challenges are huge especially on the investigations side where we often need to search quickly and accurately through millions of electronic files to find the right needle in an ever-growing digital haystack. So we are bringing in cutting-edge tools that search through freeform text in highly intelligent ways, enabling us to properly interrogate these massive volumes of data at high speed.

We are now in the final stages of developing and testing our new system which will be rolled out completely by the end of 2010. It is based on tools developed by a UK-based, global leader in developing new ways to search through unstructured digital information. We are also ensuring that the new system will be flexible, so it can be tailored to our future needs as they evolve over time. Meanwhile on the prosecutions front, we are centralising and streamlining all our systems to make us as efficient and joined-up as possible, both internally and with other enforcement agencies.

What other major developments have taken place over the past year?

We volunteered for an independent Capability Review co-ordinated by the Cabinet Office. Even though this came so soon after a period of radical change in

the organisation, I was confident that it would show that we are heading in the right direction. At the same time it sent a clear message to our people that we are willing to take on board (and act on) fresh perspectives. We also knew that the Capability Review would provide a useful benchmark of how we are perceived by our stakeholders.

When the findings of the review came out, I was very pleased with how they supported the work we have done to transform our organisation. Of course the review highlighted some areas for improvement, and we are already addressing these. For example, we are refining our strategy and bringing it to life more vibrantly for our staff; implementing new ways of working that better support our objectives; and reinforcing our governance and line management structures so that more decisions are made by the right people at the right level.

I understand that you have been working with other law enforcement agencies to gain a better understanding of the fraud landscape. Why are you doing this?

To combat economic crime effectively and consistently, all law enforcement agencies must first understand the contours of the current fraud landscape. This common understanding will allow us all to work together and maximise our resources and skills so that we tackle as much economic crime as we can.

We have created a taxonomy of fraud on behalf of the whole counter-fraud community, with contributions from organisations including central



government departments and police forces. It enables us to all speak the same fraud language and identifies and classifies the main elements of fraud so that we can understand how persistent and varied the threats are to all.

The taxonomy divides frauds up into seven main groups – ranging from those carried out against an individual to those targeting an entire market – and then breaks down each of these groups into specific categories.

Although the SFO is dealing with more cases and achieving better results, the fact is that fraud is never going to stop. What is the SFO doing to warn people about the continuing threat?

A key part of our role is keeping the public aware and alert to the dangers of economic crime. With this in mind we have made significant strides in developing our education and deterrence capabilities. We use the internet more to tell people how to protect themselves

from frauds, and also show what happens to fraudsters when we investigate them.

However, these initiatives are just the start. We are also stepping up our efforts to increase the public's awareness of fraud risks so that they can take steps to protect themselves.

For example one recent initiative – which you can read more about on page 11 – was my appearance as a speaker at a conference for school leavers. At this event we warned them of the fraud dangers around social networking and advised them about IT security.

Since you embarked on the transformation of the SFO, there has been a significant squeeze on public sector funding. How are you going to continue to sustain results with less money?

We are conscious about every pound that we spend – it's taxpayers' money and we must spend it wisely. Of course these financial considerations should not affect our decision to take on a case, but they do play a part in shaping how we investigate it.

SFO cases are, by their nature, very complex and therefore require our unique combination of specialisms and skills. However from time to time we need to employ external experts for some aspects and this can increase the costs of our cases. This should be balanced, however, against the damage and costs that economic crime imposes on everyone.

At any one time we are investigating instances of economic crime with a value of around £6 billion. In 2009-10 we took 13 cases (involving around £33.5 million of victims' losses) to trial. The average cost of investigating each case was approximately £0.5 million. We know that the public expects to see how we use our budget and so we have published information on the costs of these cases on our website – www.sfo.gov.uk.

We know that we need to strike the right balance between costs and outcomes for society. With this in mind, our strategy introduces new ways of working to achieve more for less. We also recognise that there are savings to be made in other ways, such as undertaking more activities in-house (training, for example), reducing accommodation costs, refining the design of our IT systems, and employing fewer temporary staff.

Overall, it's been quite a year. Is there one other thing that's happened that you would like to tell us about?

One thing I have been especially pleased with is the new internship programme we have introduced with Bath University. We provide students with six-month work placements at the SFO, giving them fantastic first-hand experience of real work. They are responsible for delivering important projects and tasks to specific deadlines. The students who have undertaken a placement so far have loved it, and they all say it's an experience they'll never forget – whether or not they eventually come back to work for us!

Reaching out to school pupils

During the year we stepped up our educational programme. As well as publishing information on our website advising the public about how they can protect themselves from becoming a victim of fraud, we began to focus our attention on the next generation by raising awareness of both the SFO and the dangers of fraud among school pupils.

A good example of this commitment in action was our top-level involvement in the 'Breaking the Mould' conference organised by the Financial Mail on Sunday at the beginning of March 2010. The event was held for schoolgirls aged 17 to 18 and aimed to give them personal insights into career options that they might otherwise have not been aware of.

One such career is fraud investigation and prosecution. To give the audience of 350 a personal perspective on the opportunities in this field, Phillippa Williamson, our Chief Executive Officer, spoke about her own career path to the SFO. She then participated in a panel session about 'sleuthing' along with women involved in other investigative activities such as forensic pathology, archaeology and air accident investigation.

Highlighting the perils of social networking

At the same event, our SFO's Digital Forensics Unit hosted a stand and ran information presentations on two technology-related topics highly relevant to the audience – social networking and USB sticks.

The social networking presentation was designed to make the students aware about

the dangers of this type of communication, for example, how much information they can unintentionally reveal about themselves online and the risks that raises. The presentation highlighted incidents such as parties that have been advertised online, resulting in uninvited guests turning up and trashing the house.

It also got the girls thinking about how well they know the friends they have made online, and whether they would be happy for a prospective employer to see all the photos they have posted on their sites. Members of our Digital Forensics Unit were on hand to provide advice and recommendations on protecting a personal profile from public view, and restricting the personal information that people can find out.

Once saved, never deleted

The presentation about USB sticks aimed to make the girls aware of the hidden dangers of a different type of personal technology. Many students use USB sticks to carry sensitive information such as CVs and application forms for university or job applications. Even when they have been deleted, these files can still be read by fraudsters using freely-available tools. The presentation highlighted the risks from losing or throwing away a USB stick, and provided guidance on how to protect data, such as encryption, passwords, and destroying the USB stick once it is finished with.

"We had really good feedback on the presentations we gave – the girls found these very enjoyable and informative," comments Nicola Crook, IT Forensic Analyst at the SFO who was one of the presenters at the event. "And several teachers asked whether we could come to their schools and talk to their other pupils."

Becoming an intelligence-led enforcement agency

In 2009-10 we prepared a strategic assessment of serious fraud threats in the UK

The Capability Review of the SFO in 2009-10 confirmed a step change in the perceptions other government departments and organisations have of us. From being seen as insular and elitist in the past, we are now seen as being more inclusive, collaborative and willing to share information with other law enforcement agencies. Our eye to the future – scanning the horizon for emerging fraud threats – was also recognised.

2009-10 saw us take several important steps towards this new, intelligence led approach. These included implementing an industry-standard information-sharing protocol; reaching out to create stronger and closer links with other enforcement agencies; and conducting the first ever strategic assessment of the threats facing the UK from serious economic crime.

New environment – new approach

“These steps all reflect significant changes in the wider fraud environment,” comments Andy Morling from our Intelligence team. “The downturn in the global economy has crystallised the way in which many people view serious economic

crime. With less capital around, businesses need to keep avoidable costs to a minimum and this has heightened their interest in identifying and tackling serious fraud.”

These testing economic times also mean that achieving more effective outcomes from fewer resources is now more important for law enforcement agencies and other public bodies. And so targeting our resources accurately and efficiently at the biggest threats has become an even greater imperative for the SFO.”

Andy continues: “Targeting our resources more effectively is where our new intelligence-led approach really pays dividends. Identifying where the greatest risks and most dangerous threats are, prioritising them and then taking action to tackle them before they become serious problems is what it is all about. And that’s precisely what we are aiming to do at the SFO.”

We work closely with other agencies both here and abroad who fight economic crime. We collaborate and

// Targeting our resources more effectively is where our new intelligence-led approach really pays dividends. //

Andy Morling
SFO Intelligence team

share information securely, regularly and transparently with them, especially those involved in areas vital to the well-being of the UK such as counter-terrorism.

We are capitalising on this integration through an ongoing programme to build even closer relationships with other organisations and getting involved in cases at an earlier stage. Our objective is to ensure that when people come to us direct with concerns about economic crime, we are able to offer them support and advise them of the most appropriate authority to look into their concerns. Similarly, we will reach out proactively when we see suspicious activity.

All of this enables the SFO to capture cases when they are still ongoing, and pursue them, where appropriate, all the way to prosecution, or a suitable alternative. Of course, this approach is higher-risk, to the extent that the cases we take on will be less developed and more speculative and, as a result, a higher proportion will come to nothing but we also believe that more cases overall will end up delivering justice for victims.

Becoming an intelligence-aware organisation

To deliver the greatest benefits to our long-term performance, we have embedded intelligence in our strategy, framework and culture.

“We have prepared a strategic assessment of serious fraud threats in the UK” comments Andy. “This assessment took the temperature of UK fraud risks through initiatives including academic studies, a statistical analysis of our cases, and engaging with other expert agencies and advisors such as lawyers and accountants.”

Going forward, Andy says that the SFO will continue to strengthen its intelligence-led approach. He explains: “We are widening the assessment of strategic fraud threats to include an external survey, closer engagement with other agencies, and involving more interest groups and the general public. By reviewing it constantly we ensure that it continues to focus on the top threats.”

Putting victims and witnesses at the heart of the SFO's mission

A key achievement in 2009-10 was the introduction of Witness Care Officers to further enhance the support we give people who have suffered at the hands of fraudsters

Improving the experience and outcomes for the victims and witnesses involved in the cases we investigate continues to be our core objective. Richard Alderman has consistently highlighted doing more for victims as a key personal and professional priority. This commitment is shared throughout our organisation.

To improve the service we provide for the innocent people caught up in complex fraud and corruption, we set up a coherent and carefully-planned project – our Victim & Witness Strategy Project. A measure of the importance we attached to this was that Phillippa Williamson, our Chief Executive Officer, had direct oversight of this project.

Higher quality and continuity

“Our mandate was to improve the experience of victims and witnesses in their contacts with the criminal justice system through the SFO,” explains Nick Stroud, who led the Victim & Witness Strategy Project. “We wanted to achieve this by ensuring that our processes and decision-making took victims and witnesses

into consideration. This gives victims and witnesses high-quality and continuous support throughout the life of our cases.”

“This benefits our victims and also increases our ability to prosecute fraud and corruption successfully,” comments Nick. “Many victims feel extremely nervous when they contact us or we get in touch with them. We should support them as much as possible by being both approachable and available to them. Speaking to a lawyer, investigator or police officer can be daunting to victims and we must not lose sight of this.”

With this in mind, a central theme in developing and implementing our Victim & Witness Strategy was to make sure that victims should not feel as if they were being treated as ‘pawns’ of the criminal justice system. Instead we wanted them to feel reassured that we would engage with them early and keep them as well-informed as possible about the progress of their case.

Initial steps on the journey

First of all we defined our vision, and how we could achieve this in line with



our other strategic aspirations. We drew together a project team with considerable experience of dealing with victims and witnesses. The team identified how to provide the right type and level of support for both victims and witnesses. Significantly, the conclusions the project team reached were closely echoed more than a year later by an independent research study which found that victims themselves were asking every organisation that they came into contact with to treat them with courtesy and respect; to provide a clearly identifiable point to report fraud; to help get their money back; to keep them informed of progress in their case; and to deliver justice through the prosecution of fraudsters and the application of suitable penalties.

Having established what victims and witnesses were looking for, we set about identifying how we could incorporate this into our processes.

“Throughout, the team knew that support needed to be based on communicating clearly – not only explaining how the criminal justice system works but also telling victims and witnesses what they could expect to experience, and being open about the possible outcomes,” Nick explains. “We can’t put the clock back to before the crime happened but within the constraints of our legal system, we make sure that victims and witnesses feel satisfied that the SFO has done as much as we can to achieve justice and, where possible, compensation for them.”

Embedding support

To help achieve this level of satisfaction, we have introduced a number of significant changes, some are quite small, but all are designed to deliver an enhanced set of service standards. We contact witnesses three weeks before the trial in order to help them prepare themselves. This can involve giving them a copy of their witness statement, arranging a court visit, or helping them with their travel plans. "We also make ourselves more accessible through our website, which has a specific area for victim information and support," says Nick.

A further key aspect of our new approach has been the appointment of experienced Witness Care Officers to support and

interact with witnesses consistently and act as point of contact for them. They keep in regular touch with them before trials begin and help them at court including liaising with other agencies such as the Witness Service. Support continues after the trial is over.

As Nick explains, the new Victim & Witness Strategy has links to other developments within the SFO and outside it. "Our intelligence work allows us to move earlier against fraudsters and so this increases the chances of getting victims some money back" he says. "And using powers like civil recovery gives us the potential to compensate victims when a criminal prosecution may not be an option. We are also making more use of the Proceeds of Crime Act to get victims' money back."

The Victims and Witnesses Strategy in action: Prudential Commercial Investments

In December 2009, after a 12 week trial, a successful prosecution by the SFO saw five men jailed for using overseas independent financial advisors to attract investments into a sham commercial property loans business. Operating under the name Prudential Commercial Investments (PCI), the scheme was a fraud from inception. It defrauded around £1.93 million from 56 investors living in countries as far afield as Pakistan, Brazil and the US, as well as all over continental Europe.

The victims were also witnesses in the trial, and the fact that they lived all over the world raised particular challenges for

our witness care team. Careful planning and coordination was needed to ensure that witnesses were available when called, but that they were not kept hanging around in the UK for weeks awaiting their appearance in court. Our witness care team achieved this by managing skilfully the 'batting order' of victims and witnesses while arranging travel and accommodation to minimise the disruption to their lives.

At the end of the trial we applied to confiscate assets and asked the court to compensate the victims of the PCI scheme from any assets that are recovered from the convicted parties. At the time of writing these proceedings are continuing.

// As a Witness Care Officer for the SFO, I offer both practical and emotional support to victims and witnesses. I keep in touch regularly with our witnesses and assess their needs. I also work with the Witness Service when cases are set for trial. It's a very rewarding role – you can help make a difference to people, especially if they are feeling particularly nervous about appearing in court. My favourite part of the job is supporting witnesses at court and making the witnesses feel more at ease about giving evidence. //

Sara Akkad
SFO Witness Care Officer

Proceeds of Crime: getting a fairer deal for victims

In 2009-10 we made more use of Proceeds of Crime legislation and dramatically increased the value of the orders we achieved in this area of work

There is no doubt that Robert Amaee feels his job is worthwhile. "It is a great, great thing that we are trying to do here," he says. "It is vital that we not only get criminals convicted – but that we also get back the money they misappropriated and channel as much of it as possible back to their victims."

A barrister by profession, Robert joined the SFO in 2009. Today, as head of our newly-formed Proceeds of Crime Unit, he is spearheading the SFO's drive to claw back criminals' ill-gotten gains and return them to their rightful owners. It is a challenge he relishes.

"At the beginning of 2009, the SFO had an asset recovery unit with two lawyers," he explains. "Then things changed radically with our new strategic focus on doing our best for victims. We set up a dedicated Proceeds of Crime Unit that blends lawyers and investigators, all working closely together on several cases at once. The team is now up to 17 altogether – that's 12 investigators and five lawyers, all specialists in tracing and securing criminal assets. Through the efforts of our expanded and refocused team we've

succeeded in securing assets and returning more and more funds to victims."

Wide-ranging powers

The team's name springs from the Proceeds of Crime Act 2002, whose main effects are summarised in the information panel on page 19. When the legislation was introduced, the Home Office said its aim was to provide "wide-ranging powers to deprive these criminals of their main motivation – their money and the property they have accumulated through their illegal activities".¹

For the first few years after the Proceeds of Crime Act was enacted, the SFO made comparatively little use of many of the new powers available. However since setting up our new team in 2009-10 we have used the powers this legislation gives us more sharply and innovatively.

The direct result of this has been a dramatic improvement in the amount and value of orders that we have been granted under Proceeds of Crime. For example, confiscation orders targeted at fraudsters' assets more than doubled from 12 in 2008-09 to 28 in 2009-10, with the amounts involved

¹ Bob Ainsworth, former Home Office Minister, speaking about the Proceeds of Crime Act on the day it received Royal Assent (24 July 2002)

rising even faster, trebling to £2.6m. Production orders – requiring banks and other institutions to produce information about people’s financial dealings leapt from just four to 63 within a single year, this information helps us trace assets.

Work that the team did in 2009-10 has brought success in the current financial year. One example is a confiscation order we secured for £1,479,404, including £59,000 earmarked for a 69-year-old victim suffering from cancer. Thanks to our work another convicted fraudster was ordered to repay nearly £200,000 after the court ruled that his family had received money which amounted to gifts from his companies. These examples demonstrate how the SFO continues to pursue recompense for victims after fraudsters have been convicted. This can be a lengthy process.

Getting involved early

As in other areas of the SFO’s activities, the enhanced performance and results achieved by our Proceeds of Crime team reflects our more proactive and collaborative approach. “The big change is that we get the team involved in new SFO cases much earlier,” says Robert. “When a case comes into the SFO, and is accepted and allocated to a case manager to investigate, members of my team immediately start working with the case team to guide, advise and shape the decisions being taken.”

He continues: “For example, there are discussions at an early stage about the appropriateness of freezing a suspect’s assets with a view to confiscating them on conviction. This gives us the best possible chance of securing funds so that compensation can be paid to the victims of fraud.”

What is the Proceeds of Crime Act?

The Proceeds of Crime Act 2002 dramatically expanded the powers available to UK law enforcement agencies to recover assets that criminals have built up through their illegal activities. The legislation effectively extended the existing law on money laundering to cover the proceeds of any criminal conduct that would be an offence in Britain. Its key measures included the creation of the Assets Recovery Agency, now part of the Serious Organised Crime Agency (SOCA); a new power of civil recovery to allow the government to recover – by a civil action in the High Court – the proceeds of criminal activity; and new powers for enforcement agencies to seize crime-related cash and confiscate it through court proceedings.

Just the start

While the Proceeds of Crime team has made great strides already, Robert says the progress to date is just the start. “We are making ever increasing use of the powers at our disposal, and we expect our productivity and the amounts recovered to go up each year,” he explains. “This is a central thrust of our strategy of taking assets away from criminals. It’s one thing securing a conviction against a serious criminal, but quite another, and more painful, thing to go ahead and take away the one thing that matters most to them – their ill-gotten money and assets.

The message is clear. If fraudsters think that they and their families can continue to enjoy the fruits of their crimes even if they get caught, then they had better think again. We have some very good people in the SFO who really enjoy finding new ways to do things and are passionate about getting recompense for victims.”

An organisation of specialists working together to get justice for victims

The SFO is unique in that its sole purpose is to investigate and prosecute economic crime. The diagram below illustrates how our teams of investigators, accountants, lawyers, digital forensic experts and other specialist work together to bring criminals to trial and get justice for victims.

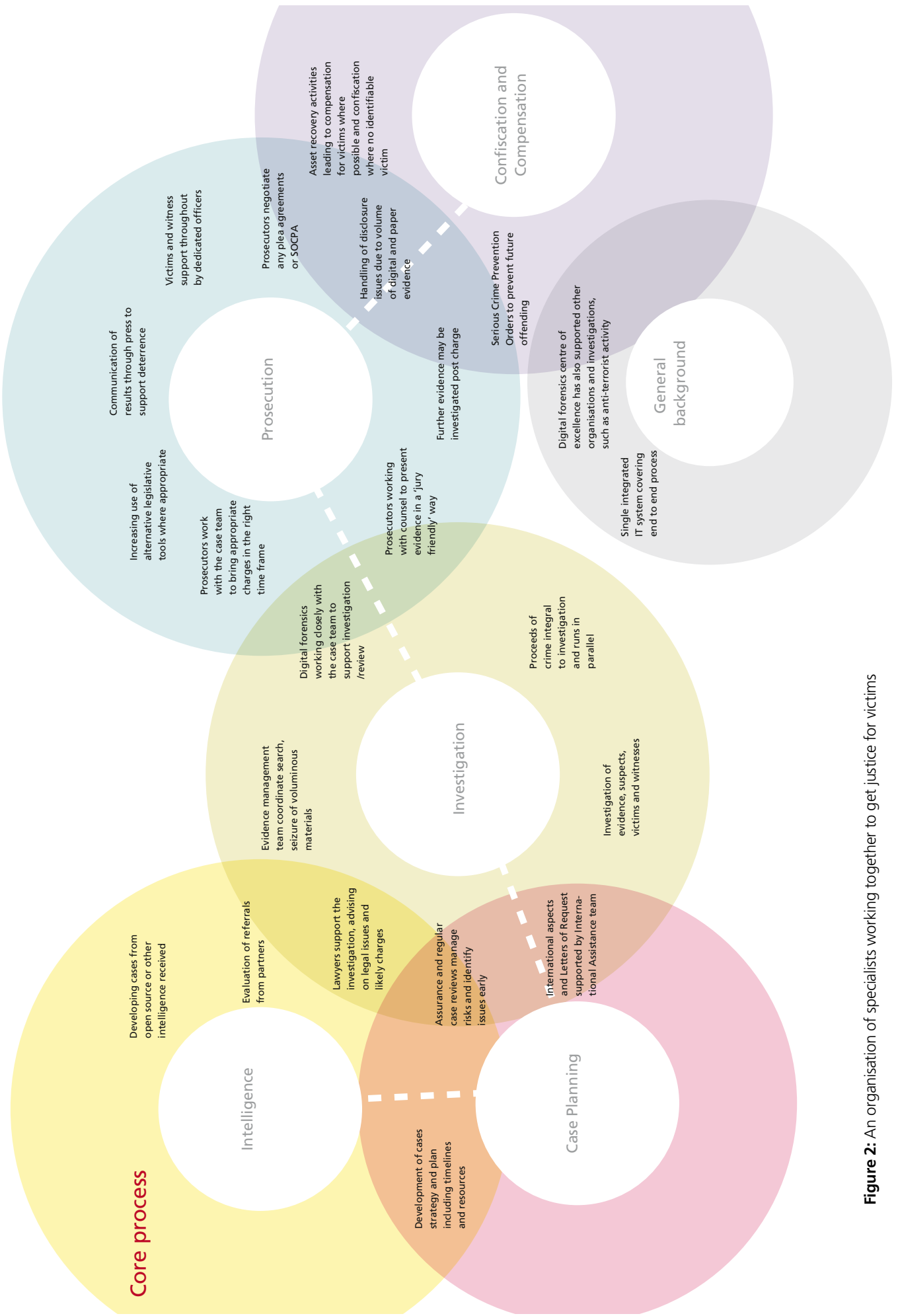


Figure 2: An organisation of specialists working together to get justice for victims



“ This is my second report as Director and I am pleased to say that the progress I highlighted in my first year has been maintained. I set myself and my colleagues certain key targets: to reduce the cost of SFO cases, to take on more cases, to reduce the time it takes us to bring these to court and to increase the number of convictions we achieve. ”

Richard Alderman, Director, SFO

SFO Key facts and figures 2009-10

Cases on hand at end of 2009-10

Case stage	Total
Investigation	55
Prosecution	9
Compensation/Restraint activity	22
Total	86

Our successes this year

Convictions	
Number of trials	13
Number of civil recovery orders	1
Number of defendants convicted	22
Total number of defendants tried	24
Percentage of defendants convicted	91.7%
Average length of sentence (months)	31.8

Convictions over the past five years

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Defendants convicted	13	15	17	36	22
Disqualified as a director	4	7	12	22	8

Pleas 2009-10

Number of not guilty pleas	7
Number of guilty pleas	17
Total number of defendants	24
Percentage of defendants pleading guilty	70.8%

Financial information SFO capital employed

	2006-2007 Outturn	2007-2008 Outturn	2008-2009 Restated	2009-2010 Outturn	2010-2011 Plan
	£'000	£'000	£'000	£'000	£'000
Assets on balance sheet at end of year					
Fixed assets	5,665	7,864	6,143	6,848	7,400
Current assets	2,758	2,701	3,675	2,252	3,000
Creditors	(5,102)	(5,899)	(9,814)	(5,061)	(6,000)
Provisions	(1,155)	(965)	(2,050)	(2,279)	(2,000)
Capital employed	2,166	3,701	(1,341)	1,760	2,400

Resource budget for the SFO

	2006-2007 Outturn	2007-2008 Outturn	2008-2009 Outturn	2009-2010 Outturn	2010-2011 Plan
	£'000	£'000	£'000	£'000	£'000
Total	40,678	43,318	51,529	39,616	34,139

Counsel fees and costs awarded against the SFO

	2006-2007 Outturn	2007-2008 Outturn	2008-2009 Restated	2009-2010 Outturn	2010-2011 Plan
	£'000	£'000	£'000	£'000	£'000
Counsel fees	4,227	5,698	4,800	4,353	4,000
Costs awarded	0	150	245	118	100

Total public spending for the SFO

	2006-2007 Outturn	2007-2008 Outturn	2008-2009 Restated	2009-2010 Outturn	2010-2011 Plan
	£'000	£'000	£'000	£'000	£'000
Total resource budget	40,678	43,318	51,529	39,616	34,139
Total capital budget	3,933	4,223	1,177	3,100	3,100
Total public spending	43,369	45,937	50,952	40,007	34,739

HR and Diversity information

Staff statistics

Total number of permanent staff – 307

SFO diversity information

Band	% of female permanent members of staff	% of ethnic minority (stated)	% of disabled staff (stated)
SCS	31	15	7
Grade 7 – Grade 6	55	14	4
HEO-SEO	36	16	2
EO	59	33	7
PS-AO	59	26	14

Staff in post over the course of the year

Age	16-24 (%)	25-39 (%)	40-49 (%)	50+ (%)
SCS	0.00	23.08	38.46	38.36
Grade 7 – Grade 6	0.00	34.15	43.90	21.95
HEO-SEO	1.16	47.67	29.07	22.10
EO-PS	6.50	62.00	21.50	10.00
AO	6.90	20.69	20.69	51.72

Staff in post over the course of the year

SCS salary bands

Salary band	Number of staff
£65,000-£69,999	1
£75,000-£79,999	1
£80,000-£84,999	3
£85,000-£89,999	1
£95,000-£99,999	3
£120,000-£124,999	1
£165,000-£169,999	1

Staff in post at the end of the year

Contacting the Serious Fraud Office

If you believe that you have been the victim of a fraud there are a number of ways to contact the Serious Fraud Office. You can call the Fraud hotline on +44 (0)20 7239 7388 which is answered between 09:00 and 17:00. Out of hours messages can be left on the answering service. You can also contact us through our website www.sfo.gov.uk.

Serious Fraud Office

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