

Serious Fraud Office

Annual Report 2008-09





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SFO Annual Report 2008-09

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Serious Fraud Office

Elm House

10-16 Elm Street

London WC1X 0BJ

Telephone +44(0)20 7239 7272

Facsimile +44(0)20 7837 1689

www.sfo.gov.uk

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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 2008-09. It was a very successful year for us. Eighteen cases involving 60 defendants went to trial. In 17 of these cases at least one defendant was convicted or pleaded guilty. This is a success rate of 94% - an excellent achievement in any circumstances and all the more so given that it was achieved against the background of the SFO's most significant transformation in its 20-year history.

I was also very pleased to see us achieve a number of significant firsts. During the year we:

- were granted our **first** ever Serious Crime Prevention Order. This was against a twice-convicted fraudster.¹
- settled our **first** case on civil lines using Proceeds of Crime legislation. This case involved an overseas subsidiary of Balfour Beatty.
- appointed our **first** General Counsel, the eminent lawyer Vivian Robinson QC, who has a wealth of experience prosecuting on behalf of the SFO and defending against us.
- opened our **first** telephone helpline (020 7239 7388) – a fraud reporting and whistleblowers line. This is enhancing the support we give to victims, witnesses and whistleblowers.
- developed a more proactive relationship with the media and stakeholders. We hosted our **first** press briefings on our work, **first** podcasts and **first** advertising campaign to raise the public's awareness of our new approach to seeking out and investigating fraud.

These firsts for the SFO illustrate some of my key aims as Director – being tough and effective by getting faster resolution to our cases, enhancing our existing skills and expertise by bringing in new talent (including our first ever Chief Operating Officer), and placing victims at the heart of everything we do.

The Balfour Beatty case illustrates a new, pragmatic approach to corporates. Where a new management team uncovers fraud and reports it to us, we are able to treat them more sympathetically than if we uncover the fraud ourselves. We are therefore encouraging corporates to come to us, when they first discover fraud, to discuss the best way of moving forward. In coming to a view we will take into account what is in the public interest and the board's commitment to fighting corruption. Where, though, we find evidence of corporates and individuals actively engaging in fraud and corruption, they can be sure that they will receive a very firm and effective response from us. We want to ensure that those who defraud the public and use bribery cannot continue to do so. We are using and will continue to use all the levers at our disposal through the courts, including restraint and confiscation of assets, investigation and prosecution; as well as intervening early to disrupt fraudsters in real time.

Nothing upsets me more than the myth that fraud and corruption are victimless crimes. In the SFO we are only too aware of the havoc fraudsters cause: where victims have lost their life savings, where some are laid so low that they commit suicide and victims in countries abroad where the corruption of local Government officials has been so endemic that, in the words of one correspondent who wrote to me personally: 'We are profoundly grateful to the SFO for help in stamping out corruption which is ruining our country.' This year alone we have



Richard Alderman, Director of the Serious Fraud Office

assisted 37 countries around the world in the fight against corruption and bribery. Around a third of our people now work in a dedicated Anti-Corruption Unit headed by Keith McCarthy, a much respected figure in this field and Chair of the OECD's Sub-Group on Tax Crimes and Money Laundering.

Increasingly the cases we tackle are international in their nature. And so, as you will see as you read through this report, we are working ever more closely with international partners in overseas corruption and bribery cases, in tracking fraudsters and in seeking justice for victims. To do this effectively we need to be an organisation that can chart the changing fraud landscape, see emerging risks and intervene to prevent fraud happening. We are well positioned now to respond to public concerns and move rapidly, as we did when we began an investigation into the UK arm of Madoff Securities. Where we learn of victims, we warn others of the traps they fell into and so try to prevent further fraud taking place. Through our advertising campaign, our website (www.sfo.gov.uk) and dedicated fraud reporting line, we

encourage advisers, investors, members of the public and former employees to come forward with their experiences and tell us what they know.

We are transforming the way the SFO operates; getting cases into court quicker and making us more responsive to the public. It is essential that we remain relevant and respond quickly to the changing attacks that fraudsters continue to mount on hard-working and sometimes vulnerable members of our society. Our talented and dedicated workforce is vital to this. Our people are passionate about justice and work tirelessly on the public's behalf. I want to pay tribute to each and every one of them. In a year that has seen the biggest transformation in the SFO's history, they have delivered our best results for many years. We have restructured ourselves, modernised our processes and are working in proactive and innovative ways that are making us more effective and efficient so that we can deliver more in a climate of reducing resources. We now make decisions about cases that come to our attention faster than ever before (another first) and our conviction rates in cases that come to the Crown Court are at the best for several years. We are sourcing our own work in addition to cases referred to us. Yet we all know that we cannot stand still. We and the society we serve demand ever more from us and we are determined to do even better next year than we have done this year.

Finally I would like to thank the SFO's Strategic Management Board, including the non-executive directors, for their enthusiasm and guidance during this year of huge change and to all our partners for their continuing support.

Richard Alderman

1 For more details see http://www.sfo.gov.uk/news/prout/pr_616.asp?id=616

2 See http://www.sfo.gov.uk/news/prout/pr_582.asp?id=582 for more details

Transforming the SFO

Nearly a year into her role as the SFO's first Chief Operating Officer, Phillippa Williamson looks back on the challenges and achievements of her first 12 months in post and forward to what she sees as the main goals for the SFO in the year ahead.

What have been the major challenges you have faced in your first 12 months?

The challenge of the last 12 months has been to build on the past, understand the new vision for the organisation, to look at what that meant for the way we go about our work and how we are organised, and then to transform the organisation in order to deliver what society wants from us. And in doing all this we had to convince our people of the need for change and then involve them in the developments.

Can you give some idea of the scale of the changes that have taken place?

Transformation has become something of a management cliché, but at the SFO the changes we have made across the whole organisation really do warrant the description. We have addressed every aspect of the organisation so that we are able to meet the challenges we face in a rapidly changing and increasingly global environment. But as well as looking at what needs to change, we are also very focused on how change is made. People need to feel part and parcel of the future. I won't pretend that this has been easy, and so we have tried our best to ensure that everyone working in the SFO appreciates that they have a major part to play in shaping the transformation.

What about the culture of the SFO, how has that needed to adapt?

The SFO has to think of itself as one organisation, with a single culture. Our people told us as much. The developments over the last year have emphasised the need to build a corporate and collaborative culture and approach to our work.

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What do you see as the major achievements of the last 12 months?

We may only be a small organisation, but every aspect of the SFO has been touched, from the creation of a new senior management team to putting in place the administrative support and IT infrastructure that we need to function efficiently. We have also begun to be more outward-facing, focusing more on the needs of victims, witnesses and whistleblowers.

So last year we took stock of where we were in terms of people, processes and organisation to deliver our vision for the SFO. We then identified what needed to be changed and made those changes. It was very much about getting the basics in place quickly. We developed a strategy for the SFO and all the things that we needed to deliver it in six months so that by January 2009 we were a completely reshaped



Philippa Williamson (above) joined the SFO as its first ever Chief Operating Officer in June 2008

organisation. Of course that did not mark the end of our transformation – we still have much more we want to do to improve on the important work we do.

How do the changes have an impact beyond the SFO?

The SFO interacts with a wide range of external organisations; from the judiciary and the other law enforcement agencies through to the media. I think it is fair to say that the speed at which we have transformed the SFO has surprised a number of outside organisations that we deal with.

But there has been a very enthusiastic response and a lot of positive feedback – here and abroad – to the changes we are making. We are developing relationships with organisations where, frankly, none previously existed and are strengthening the ties that we have with others.

You talk about a focus on victims. What does that mean in practical terms?

Everyone at the SFO has always felt very passionate about the victims of fraud and corruption. What we want to do now as an organisation is to make sure that we support not just victims but also whistleblowers on a more personal level.

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Of course, when there are thousands of victims in any one case and bearing in mind that many may live abroad, it is not possible for us to give every victim one-to-one support.

And so our victim focus has to work on a number of different levels – from keeping people informed of progress, to more immediate support for victims who are witnesses at court. For those victims who do not become witnesses at court, we can help by keeping them up to date on progress in the case through publications and on our website.

We can also, for example, use our experience of fraud and corruption to influence policies and eventually perhaps even legislation to help prevent frauds happening. This will allow all victims to feel as if they are fighting back so that what happened to them does not happen to others. For people who do act as witnesses at court, we will have a much closer relationship.

Overall, we need to make sure that we balance the needs of all victims and still deliver the protection and justice that they are looking for.

How have you gone about getting people engaged with the changes?

The great thing about working with around 300 people is that you can speak directly to each of them. But it is also important to remember that those 300 individuals each have their own experience of change and concerns about it. So, we know we have to convince people of the need for the developments we are making and of their stake in the future.

We recognised early on that we needed to communicate regularly with our people and in different ways – at face-to-face meetings with the Director and other senior managers, at ‘open days’ that featured the people working on the various projects, through newsletters and through an online mailbox where people could pose any question about the changes.

We also wanted to get as many people as possible actively involved and were delighted when people volunteered to manage a project or be a member of a project team. I was particularly pleased that around 40% of our people took part in a series of workshops that looked at our processes and developed ways to improve them. As a result of these workshops, 35 of our business processes have been overhauled with significant efficiency savings and outcomes. I really believe that there is no-one better placed to improve a process than the people who use it and these workshops proved that.

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Staff development is also a key priority for us. We ran formal training events for our people on over 140 days last year. And our new structure and processes have opened up career

opportunities for many of our people who, in the past, would have had to leave the SFO to get the chance of progressing to certain positions.

How are people changing the way that they approach their work at the SFO?

The big difference here is that we have become a much more proactive organisation. At the turn of this year we researched what was happening as a result of the global financial situation, we assessed the facts quickly and initiated some well-publicised enquiries. This was a totally new approach for the SFO and one that took many people by surprise.

Of course, there is much more that we need to do here to source our work and influence others. For one, we need a function that gathers intelligence and data about the fraud landscape and that is able to provide guidance about the best places to invest and target our limited resources.

In many ways that pro-activity gives us more control over what we do and helps us to focus on the prevalent fraud risks we have identified. It also means we can collaborate more effectively with our law enforcement colleagues – achieving a better outcome for the public and the taxpayer by using our resources more effectively.

What do you see as the main goals and challenges for next year?

Our major focus is on making the ‘new SFO’ a reality for people both inside and outside the organisation. We need to focus on delivering the expectations we have set. We must continue to improve performance; build on our capabilities and manage all our people better.

In many ways we are consolidating the promise of the new

