

**LLOYDS BANKING GROUP**

**ASSET THEFT FRAUDS**

**June 2020**

## **FOREWORD**

This report describes the most serious high-level corruption and banking fraud the UK may have ever seen.

No major country, which has pretensions to act correctly and honestly and holds itself up on the international stage as abiding by proper standards of conduct, can function like this.

If this national scandal becomes widely known, it would damage our democracy by further undermining trust in Government and the Establishment, as well as respect for authority and the rule of law. It would also badly damage Britain's international reputation for honesty and integrity and that of the City of London, which has been carefully built up over several centuries.

There is an urgent need to address these matters before another round of bankruptcies and insolvencies takes place.

A comprehensive clean up is required with proper oversight at all times and levels. It can no longer be brushed under the carpet.

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## **PART ONE - LLOYDS ASSET THEFT FRAUDS**

### **The greatest financial scandal of modern times**

The UK has never before witnessed such co-ordinated and long-standing corruption. It has been the epitome of dishonest Government and has been condoned and covered up by successive administrations. Just as Government debt doubled in only eight years, so standards of conduct in public office have fallen sharply.

This report, which is written by the former executive of a leading UK investment bank, represents the culmination of a decade of research into banking fraud by numerous independent experts. It provides only a summary of what has taken place but can be fully evidenced by reference to victims' cases and a wide range of other material. Its timing is certainly not of our choosing, but while we would have preferred a different time, there can never be a good time for such revelations.

It is written from the perspective of Lloyds Banking Group, whose conduct has been especially heinous. Lloyds' Asset Theft Frauds have been worse than either the Interest Rate Hedging Product (IRHP) or Payment Protection Insurance (PPI) scandals because of the deliberate intent on the part of the bank to profit at the expense of certain business customers and to misappropriate their assets for the benefit of its capital ratios. This explains why Lloyds' Business Support Units were turned into profit centres in 2007.

The many features of this scandal mark it out as considerably more serious than the Australian banking scandal, which witnessed numerous high-level resignations and was addressed by a Royal Commission. Lloyds' misconduct, which has frequently been criminal, was especially disgraceful, because since the bank was simultaneously being bailed out by the British taxpayer.

### **Lloyds Banking Group – overwhelming evidence of criminality**

Lloyds' Asset Theft Frauds originated well before the 2008 banking crisis but went into overdrive after that event.

A more comprehensive list of the very serious charges, which are made against Lloyds Bank and its professional agents, can be found in **Appendix 1**.

They include:

- Engineering customer defaults, manipulating valuations so as to cause a breach of loan-to-value (LTV) and the use of false bankruptcies.
- The use of hidden credit lines and secret accounts, which were concealed from customers.

- Widespread wrongdoing and criminality involving Lloyds Business Support unit staff and the bank's panel agents including barristers, solicitors, insolvency practitioners and LPA receivers.
- Criminal wrongdoing and manipulation of records at the Land Registry.
- Extensive and prolonged legal wrongdoing including the forgery of signatures on an industrial scale – see **Appendix 6** - and the use of invalid documentation, perjury and fraudulent misrepresentations in court.
- The systematic mistreatment of whistleblowers and the widespread mis-use of non-disclosure agreements (NDAs) to cover up criminal conduct.
- Misrepresentations to regulators, lying to the Police and the effective obstruction of justice.
- Manipulation, in conjunction with the Government and Financial Conduct Authority (FCA), of supposedly independent reviews, with the intention of denying or delaying justice to victims and limiting the bank's liabilities.
- The use of professional agents, who have taken part in other serious corporate frauds.

### **Assisted by Government & Regulator**

Successive Governments have ensured that commercial lending remained unregulated and legislation long devised to favour the banks at the expense of business customers.

Regulators, led by the FSA / FCA, have worked closely with HM Treasury and have ensured that eight out of eleven of their "Principles of Business"<sup>1</sup> do not apply to businesses, leaving them without even the most basic protections, which they might reasonably expect. These include a duty of care, the requirement for banks to conduct their business with integrity and to observe proper standards of market conduct – see **Appendix 2**.

The regulator has detailed and extensive regulations for other financial businesses contained in its Enforcement Guide, which extends to 137 pages<sup>2</sup>. However, it has deliberately chosen at the direction of HM Treasury not to apply these to the banks. The latter have responded in different ways but Lloyds has taken full advantage of and exploited what effectively has amounted to a criminals' charter and as described in the second part of this report, when their activity, or that of their agents, has indeed been criminal, the authorities have turned a blind eye, helped to cover up and refused to investigate or prosecute.

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<sup>1</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/805/805.pdf>; FCA Handbook.

<sup>2</sup> [https://www.handbook.fca.org.uk/handbook/document/EG\\_Full\\_20140401.pdf](https://www.handbook.fca.org.uk/handbook/document/EG_Full_20140401.pdf)

The supposedly reformed Financial Conduct Authority might have been expected to promote the highest standards of conduct across the UK's financial sector. However, as described in "Our Mission" in 2017, the FCA's remit has been designed from the outset in a very different and unexpected way, which essentially enables the UK's highest financial regulator to act in whatever way it chooses:

*"The FCA serves the public interest through the objectives (protecting consumers, integrity and promoting competition) given to us by Parliament. They are the basis on which we are held to account. To deliver our objectives, Parliament has given us a range of tools. It has also given us independent powers to make decisions about how best we should use these tools. We can use them to serve the public interest in different ways but we must be targeted when we decide where and how we act"*<sup>3</sup>.

### **The Law – corrupted, abused and ignored**

Successive Governments have long ensured that the law has been significantly weighted in favour of the banks. However, when banks such as Lloyds have been responsible for blatant criminality, existing laws have simply not been applied. Lloyds' widespread misconduct comprises possible contraventions of FSMA 2000, the Companies Act 2006, the Proceeds of Crime Act 2002, the Fraud Act 2006, the Criminal Justice Act 1987, the Forgery & Counterfeiting Act 1981, the Money Laundering regulations 2003 & 2007 as well as mis-use of the Mental Capacity Act 2005. As we shall see, the failure correctly to apply the law remains ongoing, with the NCA refusing all investigation into the alleged industrial forgery of signatures by Lloyds Banking Group<sup>4</sup>.

The treatment of high-level fraud in the UK remains totally inadequate and requires extensive reform. However, in the case of the banks, the failings have been entirely deliberate. When she was Home Secretary, Theresa May stated in the foreword to her "Serious Organised Crime strategy" in October 2013 that:

*"Anyone involved in any form of organised crime should hear a very clear message from this strategy: we will do everything at our disposal to prosecute them" and continued: "The new NCA Economic Crime Command (ECC) will work on financial crime with the City of London Police, which will remain the lead force on fraud....The ECC will also work with the Financial Conduct Authority (FCA), which now protects and regulates the UK financial services industry."*

However, this policy was not applied to the banks. In the live case of the forged signatures, the ECC has indeed "worked with the FCA" but to frustrate all investigation and to avoid any criminal prosecutions being brought against Lloyds Bank.

Banks have monopolised the best legal talent on their panels and have spent heavily to prevent their criminal wrongdoing being proven, with Lloyds reportedly incurring £850 mn in legal expenses last year. Court processes have been manipulated and abused and certain trials appear to have been straight-forwardly rigged. Professionals, who have taken part in the drafting of actual legislation,

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<sup>3</sup> <https://www.fca.org.uk/publication/corporate/our-mission-2017.pdf#page=12> – see page 5.

<sup>4</sup> For full details, see Appendix 6.

would seem to have abused the very same laws which they helped to draw up, in whole careers marked by criminality, and been protected by Government and the Establishment from investigation in the process.

Meanwhile, the victims of banking criminality and fraud are required to abide strictly by the rule of law and face all its consequences. These have included suffering fraudulent representations and perjury in court, false bankruptcies, wrongful evictions, the loss of their businesses and livelihoods and being rendered destitute.

As Paul Moore, the original HBoS whistleblower, has observed:

*“It seems to me that, in any civilised and developed society, if we cannot be satisfied so that we are sure that we can trust and rely on the competence, integrity and independence of our professionals – the very people who are supposed to be the best educated, brightest and most honest people in society – we are in real trouble.”<sup>5</sup>*

### **Independent reviews – cannot be trusted again**

Even when rulings have been made in favour of victims, banks have been permitted to appoint supposedly “independent” reviews in order deliberately to postpone, deny and limit the delivery of justice. Given the experience of recent years, this whole process is now entirely discredited, as a forthcoming devastating exposé of the Cranston review describes – see **Appendix 3**.

The Halifax Bank of Scotland (HBoS) Reading fraud took place in 2003-2007. It has been the only bank fraud, which the authorities have allowed to be prosecuted and even this prosecution took place a decade after the events in question. In 2017, Professor Griggs was appointed to conduct a supposedly independent review, which was paid for by Lloyds Bank. It was widely criticised for its failure to deliver proper justice and to award adequate compensation to victims<sup>6</sup>. Two further “independent” reviews, also appointed and paid for by Lloyds Bank, have been sanctioned, the third of which, by Sir Ross Cranston, was supposed to correct the shortcomings of Griggs. Yet even this, **review of a review**<sup>7</sup> has been manipulated and corrupted by Lloyds Bank, the FCA and the Government.

Thirteen years after the fraud concluded and more than three years after those immediately responsible were jailed, Lloyds’ Chief Executive is reported to be “personally overseeing” the implementation of Sir Ross’ deeply flawed recommendations !

The Cranston Review, itself a fraud, looks to have fatally undermined the future credibility of every judge-led “independent” review involving banks. As a former Solicitor General (1998-2001), Sir Ross Cranston was the deputy to the Attorney General, whose duty is to advise the Crown and Cabinet on the law and yet, his supposed delivery of justice has been wilfully manipulated by his paymasters. The

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<sup>5</sup> Crash, Bank, Wallop – the memoirs of the HBoS Whistleblower by Paul Moore, p. 225 (New Wilberforce Media)

<sup>6</sup> <http://www.appgbanking.org.uk/wp-content/uploads/2018/09/Russel-Griggs-Nicky-Morgan-hbos-reading.pdf>

<sup>7</sup> [http://www.cranstonreview.com/Content/Documents/The%20Cranston%20Review\\_v2.pdf](http://www.cranstonreview.com/Content/Documents/The%20Cranston%20Review_v2.pdf)



result of his actions is that no-one can trust any “independent” review of banks ever again. The damage done has been incalculable.

### **Endangering the reputation of the UK and the City of London**

In March 2016, the Chairman of the Bar of England & Wales observed<sup>8</sup>:

*“The City of London’s position as a world leader in finance and business is widely acknowledged.....But the City is being challenged by other financial centres in the increasingly competitive markets in which we operate. That is why it is important to understand what attracts foreign investment to the City and the UK as a whole, and what can be done to ensure that our position is not undermined.*

*I see the strength of our financial and related professional and business services sectors from the perspective of a lawyer and as someone who has spent time abroad. It is crystal clear that the rule of law and our justice system underpin the success of the City. Trust, in both our legal and financial systems, is probably the single biggest factor in attracting investment to the UK.*

*We cannot underestimate the high reputation in which our courts are held around the world, and the role this plays in our economic success. Our judiciary are seen as genuinely independent and incorruptible.”*

Once the enormity of what has been taking place in the UK becomes public knowledge across the world, it will inevitably undermine the reputation of the UK and the City of London, which remains the greatest source of the UK’s invisible earnings. The damage will have been entirely self-inflicted and yet Government ministers, civil servants and financial regulators appear unaware of this impending catastrophe.

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<sup>8</sup> <https://www.cityam.com/the-uk-legal-sector-is-vital-to-the-citys-international-success/>

## **PART TWO - THE COVER UP**

### **Larger than US Watergate - in every respect**

The cover up of Lloyds' Asset Theft Frauds has been much more extensive and lasted far longer than 1970's Watergate in the US. The latter involved a single criminal act, which was covered up at the highest level and after two years, triggered the resignation of President Nixon. By contrast in the UK, where serious criminality has also been covered up at the highest level and the rule of law widely corrupted and abused, the cover up has been far more extensive, lasted much longer and remains in place to the present day. The more that was covered up, the more the cover up has needed to be maintained, piling layer upon layer of deception, with everything arranged from the most senior levels of Government and Establishment downwards – see **Table 1, page 12**. The British press and media in large part no longer function “without fear or favour” and so far, the cover up has successfully held. That is, until now.

The modus operandi of cover up has varied but in the case of Government and regulators, it has consisted of re-directing complainants to bodies, which they know have been specifically designed not to take meaningful or sufficient action. However, once a complainant gets uncomfortably close to the truth of the Asset Theft Frauds, the standard response has been not to respond and simply to ignore. The authorities can rest easy in the knowledge that once regulators and professional bodies have issued their verdicts on a particular issue or case, there is no right of appeal, ensuring that the lid on the widespread wrongdoing can be kept firmly sealed.

### **Lloyds Banking Group & cover up**

Lying, denying and refuting every charge of serious wrongdoing against the bank has become standard practice from board level downwards. For example, Lloyds' senior management lied to the Police & Crime Commissioner of Thames Valley Police about when they first knew of the HBoS Reading fraud. The bank and its lawyers have also lied about its Business Support units having been turned into centrally-administered profit centres in 2007.

The use of non-disclosure agreements (NDAs) to silence whistleblowers and conceal the bank's extensive frauds has been widespread. The author of the Turnbull<sup>9</sup> report, Sally Masterton was subjected to NDA's on two separate occasions<sup>10</sup>, a move which will have been authorised at the highest level.

Usually, the cover up has been outsourced to the bank's panel lawyers and receivers. When a customer was forcibly recovered and their assets misappropriated, the relevant Lloyds' manager would receive a bonus, together with all the other professionals involved. Lloyds' agents could act with impunity because they knew that they would be entirely protected from investigation, even if they

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<sup>9</sup> <http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-1.pdf>

<sup>10</sup> <https://www.ft.com/content/2fb12910-264d-11e9-b329-c7e6ceb5ffdf>

resorted to criminal misconduct. A recent example was witnessed last September, when Lloyds Recoveries' staff were witnessed emptying the contents of their office into shredder vans, destroying what they knew was vital evidence, when vacating their notorious offices in Wine Street, Bristol<sup>11</sup>.

### **Government & senior civil servants – total direction & support**

Government ministers and their senior civil servants have long directed and assisted the cover up of banking fraud. For many years, they have devised laws overtly to favour the banks at the expense of their commercial customers but then when the law has clearly been broken, Government and Establishment have closed ranks and used every branch of the state to cover up and protect banks from accusations of wrongdoing and criminality – see **Table 1**. Prime Ministers, their Chancellors and Cabinet Secretaries have participated in this process. The justification for their action has presumably been that such appalling revelations would de-stabilise the banks and certainly not be “in the national interest”. However, when could the failure to investigate or prosecute serious banking fraud and all its associated criminality ever be considered to be “in the national interest” ?

If you do not investigate, there can never be any finding of wrongdoing. It is as simple, as it is deeply corrupt – see **Table 2, page 15**.

An early example of Government cover up was provided by Paul Moore, the first HBoS whistleblower whose testimony before the Treasury Select Committee in February 2009 triggered the resignation of Sir James Crosby as Deputy Chairman of the FSA<sup>12</sup>. Crosby had earlier been permitted, astoundingly, to combine acting as a non-executive director of the FSA, while also being the Chief Executive of HBoS. Moore then took his weighty evidence of wrongdoing at HBoS, which was later confirmed by the Turnbull report – Moore was a barrister, by training – to Kenneth Clarke, the then Secretary of State for Justice<sup>13</sup>. Moore had high hopes that true justice would follow. However, the matter was comprehensively buried and this pattern has been reinforced and repeated in the intervening years.

Following the 2008 banking crisis, the Government introduced reforms but we question their genuine intent and cite two examples:

1. In April 2013, the Financial Conduct Authority (FCA) replaced the Financial Services Authority (FSA) with the implication in its title that it would regulate the conduct of financial institutions. Why then did the Chancellor, George Osborne appoint as Chairman of the new regulator, John Griffith-Jones, who was the senior partner of KPMG (UK) and the auditors of HBoS ? The evidence of Moore and Turnbull is devastating, with Turnbull written by the Lloyds' whistleblower Sally Masterton, stating that “KPMG have breached statutory, regulatory and professional obligations, including those of a criminal nature”. Yet, the Chancellor thought it appropriate to appoint KPMG's former senior partner to head the supposedly-reformed FCA !

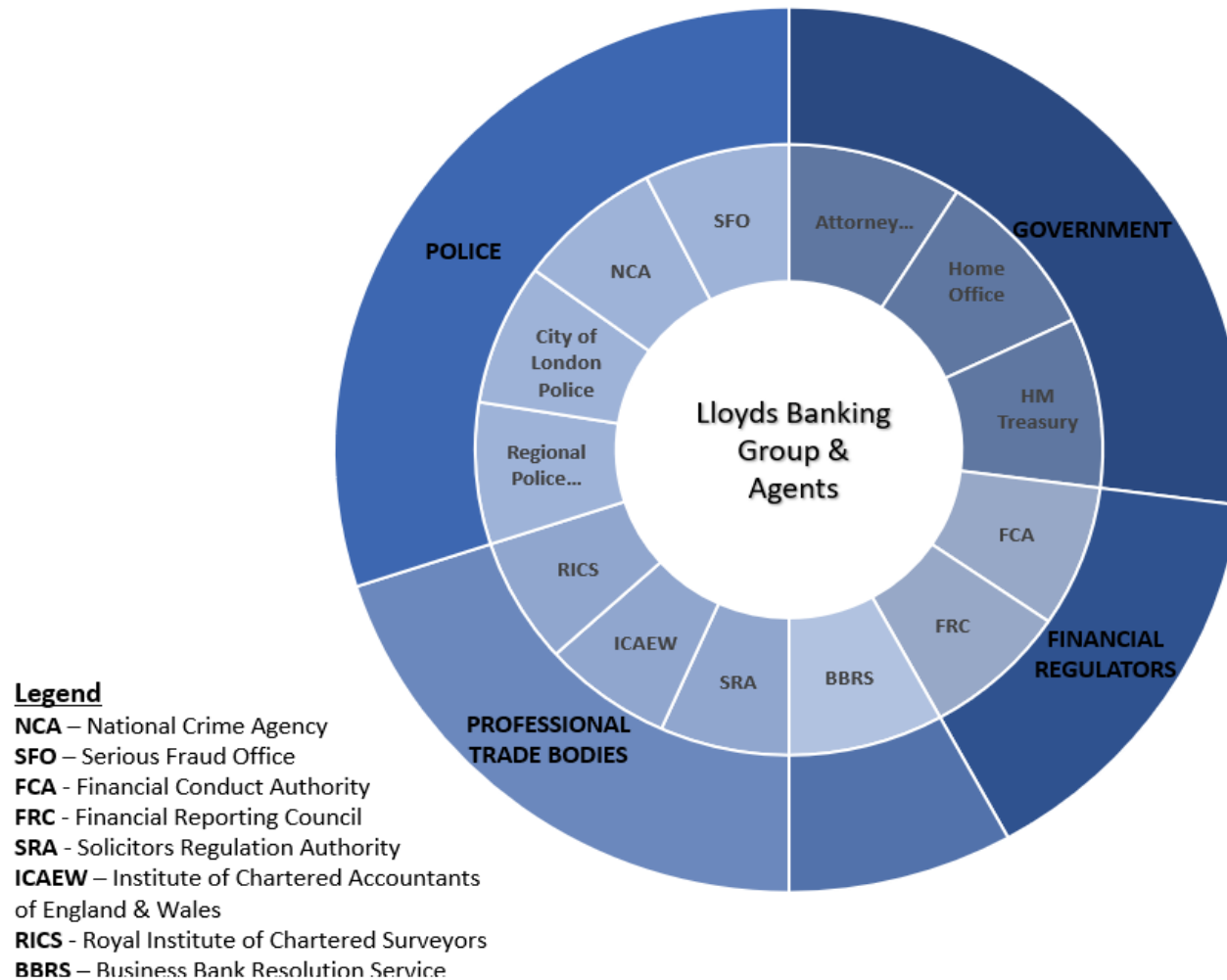
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<sup>11</sup> <https://youtu.be/wFXOpikBUhw>

<sup>12</sup> <https://www.theguardian.com/business/2009/feb/11/banking-hbos>

<sup>13</sup> Crash, Bank, Wallop, chapter 12, page 381 et seq.

## Lloyds Asset Theft Frauds - Protecting the Centre



1. In July 2012, the Parliamentary Commission on Banking Standards was set up by Parliament to consider the standards and culture of the UK banking sector and assess the lessons learned for corporate governance and Government policy. The Archbishop of Canterbury was co-opted onto the Commission to provide it with a semblance of propriety. However, the Commission was merely a fig leaf and the lying, cover up and corruption of the law by banks such as Lloyds and their senior management has continued unabated.

The Executive branch of Government has consistently ignored the legitimate complaints of MPs in debates in Parliament<sup>14</sup>, Westminster Hall<sup>15</sup> and Select Committees. Standard practice has been for the Economic Secretary to the Treasury, or their deputy, to reply to debates either saying that the matter raised was serious and they would look into it (and then ensuring that absolutely no action was taken) or latterly, stonewalling.

In recent years, the Executive and their Establishment allies have felt sufficiently emboldened to refuse the requests of the Treasury Select Committee (TSC), arguably Parliament's most important committee. Government has also ensured that their gate keeper, who has often previously worked in HM Treasury and can be relied upon to follow the official line, is appointed as the committee's chairman. This person is then able, we believe, with the help of the committee's civil servants, to control and if necessary, restrict the flow of sensitive information, such as on banking fraud, to other members of the committee. In two separate instances, two important reports which we have sent to TSC members and MPs at large have, it would appear, not arrived at their destination. Finally, the convention is that following a select committee hearing, the TSC prepares a report, often accompanied by detailed recommendations, but the Executive is under no obligation whatever to heed it.

From 2013 to 2017, the Chancellor conducted sales of shares in Lloyds Bank, completely eliminating the Government's 43% holding, and reduced some of the taxpayer's stake in RBS. He did so at the same time as other arms of the state covered up and refused to investigate or prosecute serious wrongdoing and criminality by Lloyds Bank, its recovery units and associates. These sales were conducted by means of smaller tranches, which were drip-fed into the stockmarket to avoid the disclosure requirements of a fully-fledged prospectus. With their inadequate disclosure, these sales are expected to have contravened EU securities directives, the Financial Services & Markets Act (FSMA) 2000 and FCA regulations. For everyone outside of Government, securities fraud remains a criminal offence. Institutional investors who bought Lloyds shares in the Government placings between 2013 and 2017 would, if they still held the shares today, be looking at losses of 50-60% of their capital. They have every reason to feel very aggrieved – see **Appendix 7**.

Confirmation that the Government and Establishment cover up remains firmly in place to the present day can be evidenced by the lesser known, Economic Crime Strategic Board, which first met in January

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<sup>14</sup> Example – “Is the FCA fit for purpose?” debate, February 2016

<https://www.harriettbaldwin.com/content/harriett-baldwin-responds-backbench-fca-debate>

<sup>15</sup> Example – “Lloyds, HBOS and the Cranston Review”

debate, February 2020 <https://www.theyworkforyou.com/whall/?id=2020-02-04c.67.0>

2019. It is jointly chaired by the Home Secretary and the Chancellor and its members include those identified elsewhere in this report and its appendices as the very bodies and individuals, who have been responsible for serious economic crime and its cover up in the first place !

At the time, the Chancellor of the Exchequer, Philip Hammond declared that:

*“The UK is leading the world in the fight against illicit finance, preventing fraudsters from stealing billions from the public each year. We know more can be done which is why the Home Secretary and I are launching the first ever cross-departmental board to prevent more people from becoming victims of economic crime. By bringing together specialists across the public and private sector, we can use the best of our expertise to maintain our status as a global financial centre”.*

Sadly, the reality in relation to the investigation and prosecution of banking fraud is almost the exact opposite.

### **Financial Conduct Authority (FCA) – protracted cover up**

Along with its predecessor the Financial Services Authority (FSA), the supposedly reformed FCA has acted as one of the principal gate keepers to keep the lid on banking fraud. Ministers have always insisted that the regulator operates independently of Government but in practice, this is completely untrue. This was exemplified in 2015 by the sacking by the Chancellor of the FCA’s Chief Executive, Martin Wheatley, who was considered too hostile to the banks and his replacement by Andrew Bailey, famously without interview – see **Appendix 4**.

When supplied with overwhelming evidence of serious criminal conduct by banks such as Lloyds and RBS, the regulator has found numerous ways in which to side step the issues. It has used its deliberately opaque remit – see **page 7** – to avoid taking action, repeated its mantra to complainants that it cannot consider individual cases and then finally in 2018, having deliberately wasted five years, concluded that because commercial lending was unregulated, it could take no action. In August last year, when the Treasury Select Committee suggested extending the regulator’s so-called “regulatory perimeter”, the FCA worked closely with HM Treasury to block such a move.

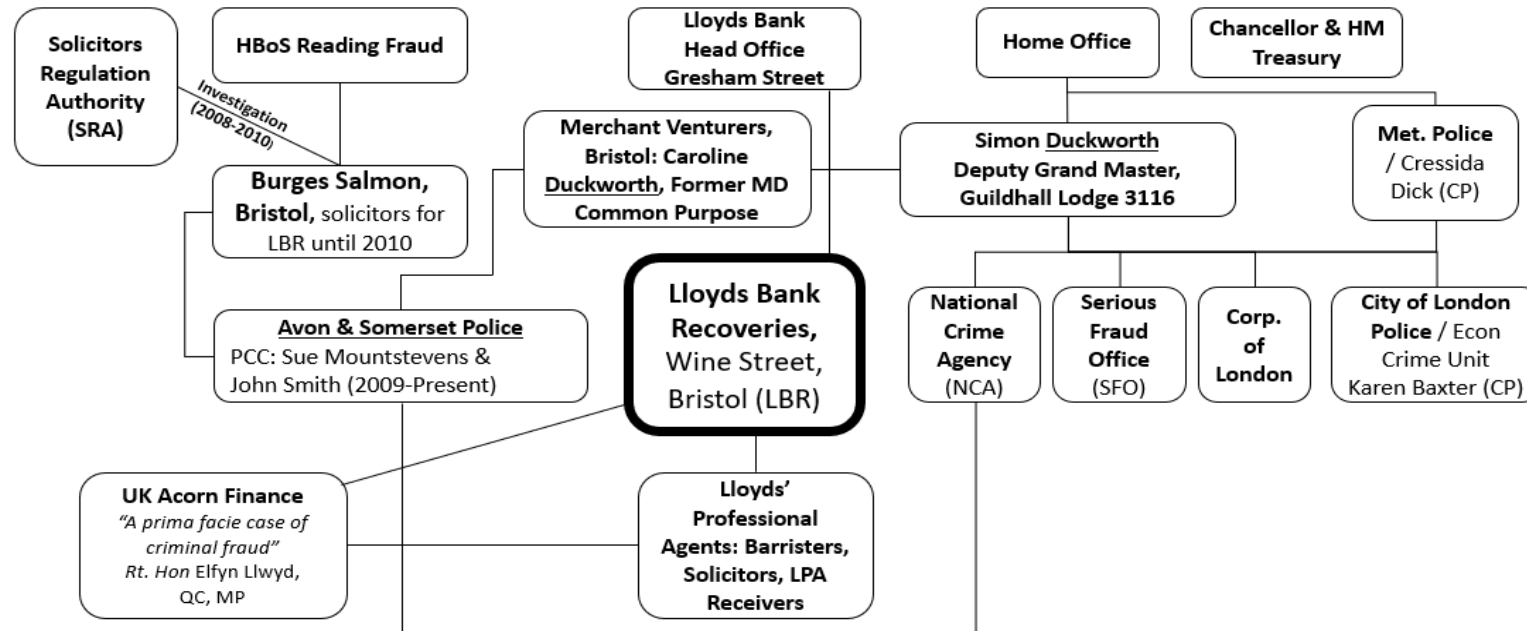
When faced with evidence of serious criminal conduct by banks, the FCA should, if it considered that it was unable to act, have forwarded this to the Police. However, it has conspicuously not done so. Yet, the Police in the shape of the NCA, another important gate keeper, has forwarded the matter of Lloyds’ forged signatures back to the FCA, and the SFO, “to ensure that the right bodies are investigating the right allegations”<sup>16</sup>. You could not invent a better official game of “pass the parcel”, perfectly designed to prevent any action being taken.

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<sup>16</sup> Article by James Hurley, Times Business 24<sup>th</sup> September 2019

# Lloyds Bank Recoveries Bristol & The Refusal to Investigate Fraud

Links = Connections  
CP = Common Purpose



Borges Salmon Solicitor tried separately and acquitted. All others involved in HBoS Reading fraud jailed.

## SRA

Botched second prosecution of Lloyds' Bristol Agent (2015-2016)

Refusal to hand over Bevan Brittan report to Thames Valley Police (TVP)

## A&S Police

Botched raid on UK Acorn offices (2007)

Refusal to investigate Lloyds Recoveries, Bristol

Refusal to investigate UK Acorn Finance

TVP "Scoping" Exercise into A&SP deflected

## LBR Agents

Widespread criminal misconduct including in court

## LBR

Emptied Wine Street contents into shredder vans & closed office (Sept 2019)

## NCA

Continuing refusal to investigate Lloyds' signature forgeries

## SFO

Refusal to investigate Lloyds Recoveries, Bristol

Refusal to investigate UK Acorn Finance

Details of the extensive cover up undertaken by Andrew Bailey were contained in the report, “Challenging the Bailey Appointment”<sup>17</sup>, which was sent to all members of the Treasury Committee in February this year but its contents were never touched upon at his appointment hearing and Mr Bailey has now been appointed as Governor of the Bank of England.

The flood of senior personnel from the FCA and the SFO to the private sector, which was particularly strong in earlier years, has guaranteed that relations between the UK’s leading financial regulator and those it seeks to regulate have remained inappropriately close, making a mockery of proper regulatory oversight – see **Appendix 8**.

### **Financial Reporting Council (FRC) – deliberate failure**

The significant shortcomings of the former corporate governance regulator were highlighted more recently in relation to Carillion. However, the earlier failures of the FRC have been more serious than merely the oversight of auditors and their inability to spot an impending corporate collapse.

The Government was responsible for appointing the Chairman and Deputy Chairman of the FRC and its connections with Lloyds Bank were improperly close from 2006. Sir Victor Blank was, surprisingly for a time, permitted to combine being a member of the FRC (2002-2007) with Chairmanship of Lloyds Bank (2006-2009), while Sir Win Bischoff, who was Lloyds’ Chairman (2009-2014), stepped down - to chair the FRC (2014-2019).

The FRC’s conduct committee was weighted with former partners of KPMG, so it spent eight years before agreeing, under pressure from MPs, to investigate KPMG’s 2007 audit of HBoS. Still, after a further two years and ignoring the evidence of a third HBoS whistleblower, the FRC cleared KPMG of all wrongdoing, which was astonishingly convenient being just one month before the start of the court case involving Lloyds’ 2009 rights issue.

The indecency of the FRC’s verdict was only underlined in June 2018, when the regulator performed a perfect U-turn and complained of an “unacceptable deterioration” in KPMG’s audit quality. In December 2018, Sir John Kingman recommended that the discredited regulator should be replaced by a new one, the Audit, Reporting and Governance Authority (ARGA) with stronger powers of enforcement. However, a year and half later, nothing has been done amid continuing drift in official policy or potentially worse, a refusal to recognise or address the severe wrongdoing, with which leading accounting firms have been involved.

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<sup>17</sup> Details nine cases of FCA regulatory failure. Report published February 2020, 12 pages.



## **Serious Fraud Office – not serious about banking fraud**

The SFO is the agency charged with combating serious fraud. Although as a non-governmental body, it comes under the supervision of the Attorney General, it has been heavily controlled by HM Treasury. For successive Chancellors have ensured that the agency has received only a limited core budget of around £35mn per year and while this has recently been increased to £53mn, it remains far from sufficient. In addition, the Chancellor has sight of all cases put up to the SFO for investigation.

When she was Home Secretary, Theresa May tried unsuccessfully to subsume the SFO within the National Crime Agency, a move which was widely criticised, being viewed as an attempt by Government to control and interfere with the fight against economic crime. She only abandoned her ambition in 2017, when as Prime Minister, she lost her overall majority.

In July 2018, SFO closed its investigation into Lloyds' manipulation of LIBOR, despite having fined the bank £214mn four years earlier. In September 2016, the Director of the SFO, David Green declined to investigate the Lloyds-associated secondary lender, UK Acorn Finance, which had earlier been described by Rt. Hon Elfyn Llwyd QC, MP as "a prima facie case of criminal fraud", stating that the SFO had liaised with *"other relevant bodies. These include Avon & Somerset Police, who had previously investigated and further reviewed the matter before deciding there were insufficient grounds to justify a continued police investigation or to bring criminal proceedings."*

The statement of the Police & Crime Commissioner, Mr Anthony Stansfeld on the need for radical change in the way in which serious fraud is dealt with in the UK is attached as **Appendix 9**.

## **National Crime Agency (NCA) – refusal to investigate**

We have identified the Director-General of the National Crime Agency as another principal gate keeper, intent upon keeping the lid sealed on banking fraud. The NCA is the lead force to combat serious organised crime. Yet, in the case of the alleged industrial forgery of signatures by Lloyds Bank, it has conspicuously failed to observe its remit. We have also identified another senior un-elected officer as a likely cross-agency gate keeper, who from the inception of the NCA has occupied key positions at the heart of the Police network – see **Appendix 5**. This person was responsible for the "design and build" of the NCA and for five years, sat on its Economic Crime Co-Ordination Board, the forerunner of the Economic Crime Command (ECC), to which Lloyds' signature forgeries were first sent.

Last July, Rt. Hon Kevin Hollinrake, the chairman of the All Party Parliamentary Group on Fair Business Banking and the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld took evidence of Lloyds' signature forgeries to the NCA Director-General, Lynne Owens and asked her to investigate, a request which was repeated on 8<sup>th</sup> July 2019 by the Treasury Select Committee. However, instead of doing so, Ms Owens forwarded the matter to Graeme Biggar, the director of the ECC who in turn passed it on to the FCA and SFO. On three separate occasions (9<sup>th</sup> September 2019, 26<sup>th</sup> November

2019 and 31<sup>st</sup> May 2020), the NCA has received evidence totalling 242 formal crime reports and 17 files. Yet, it has steadfastly refused to open an investigation – see **Appendix 6**.

Once again, for everyone outside of the Establishment, the deliberate obstruction of justice is a criminal offence. If they ever attempted the widespread forgery of signatures, they would be subject to immediate arrest and prosecution.

### **Regional Police Authorities – refusal to investigate**

Avon & Somerset Police (A&SP) have been conspicuous in their failure to investigate alleged widespread wrongdoing and fraud by Lloyds Bank's recoveries unit in Bristol, its professional agents and associates – see **Table 2, page 15**. Other police authorities, which have also refused to investigate Lloyds' wrongdoing include Devon & Cornwall and Kent Police.

The failure to investigate reached such a peak at A&SP that another force, Thames Valley (TVP) undertook a "scoping" exercise into the Avon & Somerset's failure to investigate. However, circumstances were contrived so that TVP's remit was determined by the very force, which was being investigated. Consequently, few of the victims of Lloyds Recoveries Bristol's alleged serious frauds were ever contacted.

One partner of Burges Salmon, the solicitors used by Lloyds Bristol for recoveries until 2010, was tried in 2017, but later acquitted, for his part in the HBoS Reading fraud, while another who was extensively used by Lloyds Bristol has faced two SRA investigations for serious professional misconduct. A third partner moved in 2009 to A&SP as the Chief Executive of the Police & Crime Commissioner's office in what appears to have been a deliberate attempt to keep the lid on all Lloyds-related investigations at Avon & Somerset Police.

The network of fraudulent professionals associated with Lloyds Recoveries Unit, Bristol remains one of the most extensive in the UK and one of the most corrupt ever to have involved a major bank, with its origins significantly pre-dating the 2008 banking crisis. However, all requests to investigate this have been refused. In acting as it has, we believe that A&SP has been acting under instructions from higher authority and note that as one of the most senior law enforcement officers in the UK, the NCA Director-General has the power of direction over the chief officer of a regional police force.

### **Professional trade bodies – self regulation does not work**

*Solicitors Regulation Authority (SRA):* In 2008, the SRA commissioned Bevan Brittan LLP to investigate allegations of serious professional misconduct undertaken by no fewer than 62 partners and staff at Burges Salmon, Bristol, the firm employed by Lloyds Recoveries, Bristol. Two years later, when the investigation was concluded, there was a mass exodus from the firm, but no-one was ever prosecuted. More recently, the SRA refused the request from the Police & Crime Commissioner of Thames Valley Police to supply him with a copy of the Bevan Brittan report, claiming that it was an internal

document. It is expected to reveal major regulatory failings by the SRA, as well as serious wrongdoing at the principal firm of solicitors used by Lloyds Recoveries, Bristol until 2010.

*Institute of Chartered Accountants of England & Wales (ICAEW)*: As with the SRA, the appeals process within the ICAEW has not been fit for purpose, with no appeal permitted. It has acted as a trade body to cover up, rather than investigate, allegations of wrongdoing.

*Royal Institution of Chartered Surveyors (RICS)*: A similar comment applies to RICS, which has shown a complete reluctance to investigate allegations against fraudulent receivers, who carry their accreditation.

All the bodies representing professional agents, who have assisted or engaged in serious wrongdoing and criminal fraud involving Lloyds Banking Group and its associates, have failed to investigate complaints, or where they have investigated and declined to recognise the wrongdoing, no appeal has been allowed. As one victim has observed, this has facilitated the “perfect crime”. It is equally obvious that self-regulation of these trade organisations has conspicuously not worked.

### **Business Bank Resolution Service (BBRS) – totally flawed**

The BBRS has been put forward by HM Treasury, UK Finance and the seven leading banks to enable bank victims to be compensated at the lowest possible cost and for the corruption and protracted fraud to which they have been subjected to be finally buried from sight.

With our detailed knowledge of the wrongdoing which has taken place over the last decade or more, we completely reject this deeply flawed and intentionally deceitful scheme – see **Appendix 10**.

### **Comprehensive clean up**

A comprehensive clean up is required with proper oversight at all times and levels. This scandal is jeopardising Britain’s reputation, both nationally and internationally and must now be addressed. It can no longer be brushed under the carpet.

Solutions, which might be advanced including the announcement of a judge-led public enquiry and the use of the Business Bank Resolution Service (BBRS) to compensate bank victims, would be completely rejected. The track record, which has been firmly established for both, totally discredits these potential solutions.

### **The following reforms are essential**

- Resignation of the Lloyds Chairman, Chief Executive and Board.
- Prosecution of leading corrupt individuals, who have worked for Lloyds Bank, its agents or associates in order to set example to current and future generations of professionals.
- Introduction of long-overdue reforms, which are implemented in coming years, without being obstructed by the banks and their lobby groups – see **Appendix 11**.
- Proper compensation for Lloyds' victims, which reflects consequential losses assessed at the bank's expense, together with punitive damages. Payments should reflect compound interest and not be subject to tax.

### **Other moves required**

- Investigation into Avon & Somerset Police, including their failure to investigate widespread wrongdoing at Lloyds Bank Recoveries, Bristol and the associated secondary lender, UK Acorn Finance. This should also cover the scoping exercise undertaken by Thames Valley Police and the alleged destruction of evidence by Lloyds Recoveries' staff at Wine Street, Bristol in September 2019.
- Investigation of the serious allegations made against the Lloyds Chairman, which a Regional Police Authority has not progressed.
- Immediate moratorium on all legal action against Lloyds' victims, including recovery action, court orders and evictions.
- Release of un-redacted version of the Bevan Brittan LLP report into Burges Salmon, Bristol and an investigation into the Solicitors Regulation Authority's handling of multiple complaints against Lloyds Recoveries, Bristol, UK Acorn Finance and its professional agents, as well as related prosecutions, which may have been deliberately mishandled.
- Release of un-redacted details of the past and present membership of Common Purpose (UK) – see **Appendix 12** - and a review of its charitable status.

## About the author

William May has spent his career predominantly in the City of London, initially with the stockbrokers, Cazenove & Co. and mainly with the investment bank, S.G. Warburg. He takes full responsibility for the contents of this report and the opinions expressed therein.

## Other reports by this author

**Serious corporate fraud in the UK** (May 2014). This report sent to Home Secretary, Theresa May. Reply received three months later from HM Treasury, saying that no-one had any time to discuss it.

**The Inconvenient Truth - Lloyds Bank, UK Acorn Finance and their involvement in criminal fraud** (January 2015). Sent to the Treasury and Business, Innovation & Skills Select Committees.

**The SRA, SDT and corruption at the highest level** (August 2016). Sent to the Attorney General and the Lord Chief Justice.

**A District Judge with questions to answer** (October 2016). Sent to the Minister of Justice and the Judicial Conduct Investigations Office (JCIO).

**Lloyds Recoveries, Bristol – the key to more extensive fraud** (July 2017). Provided to the Police & Crime Commissioner for Thames Valley Police.

**Presentation to the Deputy Director General, FISMA**, John Berrigan, European Commission Financial Regulator, Brussels (September 2018).

**Larger Than Watergate** (December 2018). Sent to every MP (possibly intercepted) and a wide representation of the UK press and media.

**Briefing report for Thames Valley Police's investigation into Avon & Somerset Police's failure to investigate** (May 2019)

**Lloyds Banking Group – widespread wrongdoing and criminal fraud**. Presentation at Westminster Central Hall (September 2019).

**Challenging the Bailey Appointment** (February 2020). Sent to every member of the Treasury Select Committee. Also, possibly intercepted.

## **APPENDIX 1 – LLOYDS BANK’S WRONGDOING & CRIMINAL FRAUD**

This list of charges, which is made against Lloyds Banking Group and its professional agents, can be fully evidenced from victims’ cases and the documentary evidence they hold:

- Targeting of asset-rich businesses, the engineering of customer defaults and stealing of their assets to improve the bank’s capital ratios.
- Improper use of representatives of leading accounting firms to gain control of targeted companies.
- Conspiracy to defraud through false representation, failing to disclose information, abuse of position, acting in conjunction with turnaround professionals.
- The use of hidden credit lines and internal management obligation accounts, concealed from customers.
- Manipulation of property valuations to achieve engineered loan-to-value covenant breaches.
- Conspiracy with a known publicly-listed company to engineer the default of a major customer and misappropriate their valuable property portfolio.
- Manipulation of overdraft facilities and the levying of unfair and excessive bank fees & interest charges.
- Lying that Lloyds Business Support Unit (BSU) had become a profit centre.
- Widespread wrongdoing and criminality involving Lloyds’ BSU and panel agents including solicitors, insolvency practitioners and receivers colluding to defraud customers
- The use by Lloyds’ panel solicitors of “false bankruptcies” as a principal means of weakening targeted customers.
- Systemic criminal wrongdoing with respect to the Land Registry. Failure to update records, as the law requires.
- Panel receivers falsely acting for the bank and representing to customers and conducting themselves as Lloyds’ managers.
- Forcing customers to accept and pay for supposedly Independent Business Reviews (IBRs) by accountancy firms on customers to engineer the desired outcome for the bank.
- Extensive legal wrongdoing including, but not limited to, the redaction, withholding, falsification and destruction of evidence, fraudulent misrepresentation, systemic forgery of signatures, perjury and other serious offences related to perverting the course of justice.

- Misrepresentations to Trading Standards, the RSPCA, the National Health Service and other public bodies.
- The use of unregulated LPA receivers and their deliberately invalid appointment to distance the bank from their known and long-standing criminal conduct.
- Systemic and long-standing mistreatment of whistleblowers.
- Widespread use of Non-Disclosure Agreements (NDA's) to prevent victims of the bank's serious wrongdoing and fraud from speaking out.
- Concealment by Lloyds' senior management of the whistleblower's Turnbull report from the Chairman for three years. Subsequent concealment by Lloyds' Chairman of the same report from his non-executive board for a further year.
- Redaction and misrepresentation of the Turnbull report by Lloyds' lawyers to financial regulators.
- Lying to Thames Valley Police regarding aspects of the Halifax Bank of Scotland (HBoS) Reading fraud, including when the bank first knew of these events.
- Systematic collusion with the FCA and Government over the Griggs and Cranston reviews to deny victims of the HBoS Reading fraud fair and just redress, years after the fraudsters immediately responsible had been jailed.
- Routine discrediting of opponents and denials of all wrongdoing at board level and throughout the bank.
- Benefitting from cover up of serious criminal wrongdoing by one regional Police Authority and the SRA.
- Close association, including the sharing of professional agents, with a secondary lender, whose activities have been described as "a prima facie case of criminal fraud".

## APPENDIX 2 - FCA's PRINCIPLES OF BUSINESS

Principle	Description	Applicable to commercial lending (currently, unregulated)
<b>Integrity</b>	<b>A firm must conduct its business with integrity.</b>	<b>NO</b>
<b>Skill, care &amp; diligence</b>	<b>A firm must conduct its business with due skill, care and diligence.</b>	<b>NO</b>
Management & control	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.	Yes
Financial prudence	A firm must maintain adequate financial resources.	Yes
<b>Market conduct</b>	<b>A firm must observe proper standards of market conduct.</b>	<b>NO</b>
<b>Customers' interests</b>	<b>A firm must pay due regard to the interests of its customers and treat them fairly.</b>	<b>NO</b>
<b>Communications with clients</b>	<b>A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.</b>	<b>NO</b>
<b>Conflicts of interest</b>	<b>A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.</b>	<b>NO</b>
<b>Customers: relationships of trust</b>	<b>A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer, who is entitled to rely upon its judgment.</b>	<b>NO</b>
<b>Clients – assets</b>	<b>A firm must arrange adequate protection for clients' assets, when it is responsible for them.</b>	<b>NO</b>
Relations with regulators	A firm must deal with its regulators in an open and co-operative way and must disclose to the appropriate regulator anything relating to the firm of which that regulator would reasonably expect notice.	Yes

Source: FCA Handbook, also cited by Treasury Select Committee report on SME Finance, pp. 23-24.



### **APPENDIX 3: THE CRANSTON REVIEW – A TOTAL DISGRACE**

#### **Summary**

The HBoS Reading fraud took place between 2003 and 2007. A decade later, due only to the determination of the Police & Crime Commissioner for Thames Valley to see justice done, the immediate perpetrators were jailed. HBoS was taken over by Lloyds Banking Group in January 2009 but the victims of the fraud have had to fight for a further eleven years for justice, which has been deliberately denied to them.

In March 2017, Professor Griggs was appointed by Lloyds Bank as the “independent” reviewer of the HBoS’ cases but his review was so widely discredited that in May last year, Sir Ross Cranston had to be appointed, and paid once again by Lloyds Bank, to undertake *a review of a review*.

A forthcoming detailed exposé demonstrates that the Cranston Review too has been manipulated and corrupted by Lloyds Bank, the FCA and Government. The process of “independent” reviews into banking misconduct has now been so heavily discredited that none can be trusted again.

**How to deconstruct the report:** The Cranston review, like all similar reports, sets out to subliminally guide the reader to conclusions the author wants you to accept. My explanation frees the reader from these intentional blinkers, enabling you to form your own independent views, rather than being guided to the author’s preferred conclusions. When you invert and test any report’s recommendations, you quickly see how it was constructed and whether the arguments are sound. Those promoted in the Cranston Review are not free-standing, rather they dis-assemble themselves, possessing no sense or merit in application. Because they represent a collection of knowingly false propositions, inputs and logic, once tested they fall apart and inevitably deny Sir Ross’ entire thesis.

It is important to understand that like all such reports, the Cranston Review has an agenda, a destination and outcome relative to the expectations of those who commissioned it, the FCA, Government and Lloyds Bank. Those who reluctantly conceded the Cranston Review were never going to authorise a report, which proceeded to shoot themselves in the foot by decimating and exposing a corrupt position they were responsible for, and had spent more than a decade carefully protecting. Such an outcome was never going to happen.

**Cranston tried to construct a truth out of a pre-existing lie:** Sir Ross’ first mistake was a failure to recognise that the original Impaired Assets Reading (IAR) Customer Review methodology was completely corrupt from inception by the purposeful design of those that created it, Lloyds Bank and their lawyers.

The elemental reality was that Sir Ross had to know it was impossible to find any truth out of a pre-existing lie. This made his brief to ensure customers received “fair” and “reasonable” redress impossible to deliver. He should have highlighted the problem, ended the review, and walked away, but he did not because he knew full well that he had been hired from the outset for his skills to find and otherwise resolve this indeterminable conundrum, but never to state and acknowledge that it was one!

Sir Ross's hubris was his second great mistake, believing he could find a resolution to a fundamentally crooked and improper circumstance. His task was to fix the customer redress problem, without highlighting the deficiency of the original scheme, and of greatest importance, not to set a precedent that would jeopardise all the other intentionally deceitful FCA and Government sanctioned bank-led redress schemes, (RBS-GRG; IRHP etc) that by design like the IAR Customer Review, were planned to purposefully function in name only. Schemes designed to supposedly placate victims by their existence and process, but in reality, exclusively set up and designed to frustrate their ambitions by apparently legitimising their denial, after something the authorities could claim was a "full and fair" customer review. The one thing none of these review / redress schemes must EVER do is deliver any meaningful outcome, much less ANY real or meaningful financial redress.

**Speed vs. dependability of method and assurance of outcome:** Sir Ross prioritised speed and early resolution on the pretext this was the priority victims wanted, while in reality every submission he received from victims or their representatives called for dependability, assurance, and real justice as always the primary precedent over outright speed, albeit not at the price of excessive or unreasonable delay either. After all, this was a group of victims, who had already suffered a decade of delay, obfuscation, and the purposeful desecration of every aspect of their lives by Lloyds Bank, done entirely unnecessarily. No victim wanted indecent haste at the expense of finally achieving fair redress, vindication, validation and justice.

**The true reason for speed** was motivated by Lloyds Bank, the FCA and Government, who all wanted to ensure victims were signed up to "full and final settlement deals", where everything was conclusively agreed, **before the Dobbs Review reports and its likely highly troublesome findings later this year**, which are expected materially to increase the cost of compensation Lloyds will have to pay, as well as widen the scope of eligibility to compensation to all other creditors of the companies bankrupted, as a result of Lloyds Bank's failings. The significance of when the fraud was actually recognised, or could have been / should have been recognised, by Lloyds Bank as independently determined by the Dobbs Review and would, in all likelihood, confirm a date up to 15 years earlier than the arbitrary date Lloyds used to construct its IAR Customer Review compensation scheme from.

**An earlier date should be used:** If the Dobbs Review is uncorrupted, it will confirm that Lloyds Bank was liable from a very much earlier date than the entirely arbitrary date the IAR Customer Review was predicated on, the end of the criminal trial in 2017. Lloyds Bank's liabilities to claims will increase exponentially relative to their current falsely constrained timing allows for. Sir Ross has remained silent on this matter of seminal significance. The time and speed issue was exclusively designed to actively push and further exploit victims, as a consequence of their financial and mental desperation, itself something Lloyds Bank purposefully created and engineered to further motivate and variously force victims into accepting an unjust "bird in the hand" settlement immediately, rather than the far more sizeable figures, which are genuinely "true and fair."

**D&I Recommendations:** The recognition by Sir Ross of the apparent overpayment of Distress and Inconvenience (D&I) payments was in reality a brilliant ruse, which he used and exploited to indicate that the existing D&I payments were acceptable, and consequently there was no reason, nor need, for D&I to be reconsidered or further reviewed. As a result of this conclusion, it conveniently removed the

need for a “root and branch” reset of the entire IAR Customer Review, and particularly its false methodology, which was intentionally defective.

**Making the IAR Customer Review compensation methodology “fraudster-centric” was a masterstroke of deception by Lloyds Bank:** Their sole, cynical and exploitative purpose was to further constrain victims’ claims, which this false proposition did perfectly. Despite the observable dishonesty this methodology entailed, no objection was raised by the FCA and Government, which highlights their tacit sanction of it. Similarly, Sir Ross’ silence on these matters was equally reprehensible and serves to highlight how devastatingly compromised he and his report are in their acceptance of this matter.

**The liability always belonged to Lloyds Bank, and NOT the fraudsters:** Lloyds Bank owed their customers a duty of care having placed them at its will and exclusive determination into the IAR office and thus into the harm’s way of criminal fraudsters operating within HBOS’s own enterprise. This elemental truth explains how and why Lloyds constructing and limiting everything to issues that were “fraudster-centric” was inherently fraudulent and dishonest. Sir Ross must have known this but once again, failed to call it out. The fraud may have been conducted by the fraudsters, but some of them were HBOS staff, so the failure and liability for resulting compensation could only ever belong to those that permitted such a circumstance to exist through their own failures, Lloyds Bank, where this separate and clear fundamental failure should never be confused with the actions of the criminals.

**Lloyds’ liabilities run much deeper than the Court case ever alluded to:** The notion that the fraud or the consequences of it were limited only to those that suffered direct impact or contact, as the entire IAR Customer Review is predicated on, where Sir Ross accepted these premises is beyond deficient. To successfully act against a selected company, there must be numerous others that the criminals intentionally used as “decoys.” Companies, which outwardly did not appear harmed but had to be “used” and manipulated every bit as much in order to facilitate the greater crime. These were ignored by the IAR-CR and the Cranston Review.

By definition, no fraudster sets out to be caught and the very best way of ensuring that outcome is to leave no trace or evidence of involvement in a targeted company, precisely because it is virtually impossible to convict on no evidence of involvement. The fact that insiders were central to the gang’s operations, indeed the head of the IAR office was a key and convicted gang member, means that the most desirable method was also the most widely used for reasons that are, and must be self-evident. Sir Ross must have known this also.

All the gang needed to do was to select their targeted SME victim and through the apparent normal course of the IAR office activities have the embedded Lloyds Bank executive make a decision that was entirely compatible with his everyday responsibilities and “push” the selected company into bankruptcy, where through an arms’ length Insolvency Practitioner, the entire contrived theft was executed with not a shred of evidence and yet the liability of Lloyds Bank is as absolute as Lloyds already accepts it is for a customer that was overtly touched by the criminals.

Furthermore, in describing what may appear as revelatory circumstances and outcomes to you, this is a single step short of a “pre-pack” administration, which Banks are more than familiar with and

participate in frequently. So, the notion that a legitimate process, much less an independent review, could overlook such an obvious preferred methodology is beyond incomprehensible – it is not credible.

The implications of all this are HUGELY meaningful and significant to Lloyds Bank because by falsely making the compensation “fraudster-centric,” i.e. limited to only those companies which could evidence fraudster participation, they could falsely limit the number of customers who qualified for entry into the IAR Customer Review to a fractional number of those truly affected, and limit their liability to compensation. This deliberate deception has immense implications for Sir Ross and his brief, which supposedly included establishing whether, by mechanism and outcome, victims could and did receive “fair” and “reasonable” redress and made the issuance of ANY recommendation by him an obvious travesty.

**Lloyds’ “bound to fail” assumption:** It was completely outrageous for anyone to accept Lloyds Bank’s self-serving statement that all companies in IAR were “bound to fail” and that no compensation was therefore justified or payable. The bank completely lacked any basis or knowledge to support such a statement. However, there was no push back from Sir Ross nor testing of this premise, just an acceptance of it, which if applied to Lloyds Bank itself would have been insolvent, where we remember Lloyds Bank was bailed out and rescued by the taxpayer in 2008. In my report, I explain this by reference to the five most valuable companies in human history, why this is a demonstrably false and certainly unknowable proposition.

**Conclusion:** This makes the Cranston Review a clear fraud, and not an accidental mis-judgment either, rather an intentional and purposeful fraud, and more discreditably still, by evidence a carefully considered one, that navigated its findings through a labyrinth of conflicting issues such that its conclusions and findings could never have been accidental. Sir Ross’ actions have brought justice and his profession into abject disrepute, sadly traducing the vitally important credibility of both.

**What needs to happen now:** A fully independent best practice protocol driven remediation solution should be adopted, which has nothing to do with Lloyds Bank, the FCA and the Government, all of whom are indecently implicated in this matter to the point, where all the actual individuals concerned must be thrown out of their positions and actively pursued and punished, or this contagion will forever continue and hobble the foundations of civil society.

Mark Banister / June 2020

#### **APPENDIX 4 - THE GATE KEEPERS: FCA UNDER CHIEF EXECUTIVE ANDREW BAILEY<sup>18</sup>**

1. Failure to investigate the detailed allegations contained in the Turnbull report and the numerous offences it described. These allegations were criminal as defined by FSMA 2000, the Companies Act 2006, the Proceeds of Crime Act 2002 and the Money Laundering regulations 2003 & 2007.
2. Failure to prevent Lloyds Banking Group from establishing three unnecessary reviews regarding the Halifax Bank of Scotland (HBoS) Reading fraud, thereby denying its victims swift and adequate compensation.
3. Failure to penalise the Bank of Scotland in relation to the HBoS Reading fraud in a timely manner.
4. In January 2014, the FCA appointed Promontory to undertake a Section 166 investigation under FSMA 2000 into alleged wrongdoing by RBS' Global Restructuring unit (GRG). The FCA restricted Promontory's ability to ascertain the full facts and scale of the wrongdoing by defining the study's remit and methodology from the outset, which may have compromised the results and made the outcome unrepresentative. The FCA refused eight times to publish the Section 166 report, with Mr Bailey refusing the request of the Treasury Select Committee in September 2017, a move which appeared to frustrate transparency and conceal wrongdoing.
5. Failure to investigate or recommend criminal prosecution of widespread serious wrongdoing by Lloyds Banking Group, including its recovery units.
6. Failure to investigate serious fraud at Lloyds and RBS during periods of time in which their shares were being sold by the Government. This may have contributed, whether inadvertently or not, to a form of securities fraud.
7. Failure to recommend criminal prosecutions regarding the manipulation of the London Inter-Bank Offered Rate (LIBOR).
8. Failures in relation to the implementation and oversight of the Interest Rate Hedging Product (IRHP) review and redress scheme.
9. Ongoing failure, together with the National Crime Agency (NCA) and Serious Fraud Office (SFO) to investigate the alleged systemic forgery of signatures by Lloyds Banking Group.

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<sup>18</sup> See "Challenging the Bailey Appointment" – report delivered to Treasury Select Committee, February 2020 (12 pp.)

## APPENDIX 5 - THE GATE KEEPERS: SIMON DUCKWORTH (1)

Organisation	City of London Corporation (CLC)	City of London Corporation – Police Authority Board (PAB)	City of London Police
Period	2000 – present	March 2002 – present	Apr 2012 – July 2018
Role	<p>City councillor since 2000.</p> <p>Deputy chairman, Policy &amp; Resources (effectively deputy leader) May 2017 – c. 2019; now a vice – chairman.</p> <p>Sits on 22 committees including Finance, Investment and Police Authority Board – <i>see next column.</i></p>	<p>Member of PAB since 2002, Chairman of Economic Crime Committee of PAB 2008-2012, deputy chairman 2006-2008 and 2012-2013.</p> <p>PAB is the governing body of the City of London Police, which is the National Lead for Fraud (NLF). The NLF reports via the National Systems Board (which includes representatives of the City of London Police, CLC and NCA) to the Chancellor and Home Secretary and their respective Permanent Secretaries.</p> <p>Other roles include liaising with HM Government, hosting the national fraud intelligence bureau and cross-agency work.</p>	<p>Chairman, Economic Crime Board.</p>

## APPENDIX 5 - THE GATE KEEPERS: SIMON DUCKWORTH (2)

Organisation	National Crime Agency (NCA)	Serious Fraud Office (SFO)	Association of Police Authorities (APA)	Association of Police & Crime Commissioners
Period	Sept 2010 - Sept 2015	Jul 2011 – Jan 2019	Sept 2008 – Nov 2012	May 2012 - present
Role	<p>NCA Advisory Group: One of the first members responsible for the “design &amp; build” of the NCA. Responsible for co-ordinating the national response to economic crime.</p> <p>Economic Crime Co-ordination Board: The forerunner of the NCA’s Economic Crime Command (ECC). The board’s non-executive member.</p>	<p>The senior non-executive board member.</p> <p>Member of SFO Board and strategy, audit and risk committees.</p>	<p>Deputy chairman.</p> <p>City of London representative on APA.</p> <p>Member of Board and strategic policy and the police authority reform group.</p>	<p>Non-executive director.</p> <p>Board member representing the other police governance bodies.</p>

## **APPENDIX 6**



**Anthony Stansfeld**  
Police & Crime Commissioner  
for Thames Valley

Date: 1 June 2020

Our Ref: AS/CR

### Statement by Anthony Stansfeld

I have personally reviewed the crime reports and evidence provided by the Bank Signature Forgery Campaign to the National Crime Agency (NCA) yesterday, as well as the previous batches of crime reports and evidence the Campaign provided to Lynne Owens in September and November 2019.

The evidence is clear and compelling. This is serious organised crime by banks against the UK public.

Banks and others have systematically forged signatures, fabricated evidence and made false statements to the Courts in order to win court cases against customers. Lives have been destroyed, families evicted, people have been bankrupted. This has been happening for at least a decade, potentially on an industrial scale. The economic loss to customers could run into billions.

The Treasury Select Committee asked Lynne Owens almost a year ago to investigate bank signature forgery. She has failed to do so.

It is a national scandal and embarrassment that the NCA has not launched a criminal investigation into this serious organised crime by banks and others against the public. It should do so immediately.

A handwritten signature in blue ink that reads "Anthony Stansfeld". The signature is written in a cursive style with a long horizontal line extending from the bottom of the name.

Anthony Stansfeld,

Police and Crime Commissioner for Thames Valley

Office of the Police & Crime Commissioner The Farmhouse Force Headquarters Kidlington OX5 2NX



## Bank Signature Forgery Campaign

### Statement by the Bank Signature Forgery Campaign 1 June 2020

The Treasury Select Committee's letter dated 8 July 2019 to Lynne Owens, Director General of the National Crime Agency asked Ms Owens to engage directly with the Campaign and investigate bank signature forgery. Yesterday the Campaign delivered a further 106 formal crime reports and 6 files of evidence to Ms Owens. In accordance with the Treasury Committee's letter, the Campaign had now delivered 242 formal crime reports and 17 files of evidence to Lynne Owens.

With over 240 crime reports already, some clear themes are emerging. For example, it appears there may be a significant possibility that EVERY repossession / eviction over the last decade by a particular lender may have been void as a result of a combination of multiple systemic types of perverting the course of justice in court cases against customers including alleged:

- forged signatures spanning most of the last decade
- a standard sentence about the lender used in witness statements to secure repossessions & evictions which appears to be false
- a standard paragraph used in witness statements to secure repossessions & evictions which appears to be false in the circumstances of specific cases
- the fabrication of documents / evidence just before the trial where the lender failed to create court documents at the correct point earlier in the litigation process
- false statements and representations to the courts
- the authorisation of signed Statements of Truth on court documents in full knowledge that the documents contained false statements and representations to the court

In the UK, over 240 crime reports and 17 files of evidence have been provided to Lynne Owens, which is vastly more than the initial evidence which resulted in the US investigation into bank signature forgery.

In the USA, bank signature forgery was discovered by three customers who had suspicions regarding signatures in the name of the same bank person on bank court documents in repossession cases against them. This led to an investigation by all 50 US state Attorney Generals who discovered that hundreds of thousands of bank court documents had forged signatures in that person's name, as well as further industrial-scale bank signature forgery in other names. Local government officials in a US county reported that 74% of a sample of over 6,000 bank court documents had suspect signatures, and another county discovered 25,000 bank court documents with suspect signatures going back as far as 1998.

The Attorney Generals highlighted that bank signature forgery was an attack on the "*integrity of our court system*". The investigation resulted in penalty payments by US banks of \$25 billion and the review of 4 million repossession court cases by banks against customers. A Chief Executive was jailed as the company had a systemic process in which employees fraudulently forged signatures on over 1 million bank court documents in repossession cases against customers.

Signature forgery by banks against consumer customers was described as the *"largest consumer fraud in American history"* and the US Department of Justice described the penalty payments by banks as *"the largest consumer financial protection settlement in United States history"*

The contrast could not be more stark between the US and UK responses to this historic-level national scandal of bank signature forgery.

Lynne Owens, Director General of the NCA, was asked almost a year ago in July 2019 by the Treasury Select Committee to investigate bank signature forgery.

The NCA's mission is to investigate *"serious and organised crime, protecting the public"*. Rather than announcing a criminal investigation by the NCA itself, the crime reports of bank signature forgery were passed to the FCA and SFO. Anthony Stansfeld, Police Commissioner for Thames Valley highlighted: it is the NCA's job to investigate serious organised crime; the role of the FCA is to deal with misconduct, not serious organised crime; and the SFO does not have the capacity to investigate industrial-scale crime against the public. (The SFO's staff budget & capacity appears to be around 12% of the NCA's staff budget & capacity).

It appears that none of the lessons regarding institutional failure to investigate have been learned from national tragedies such as Hillsborough and the Rotherham scandal, or from the failure of Action Fraud to investigate crimes against the public. As Theresa May stated: *"Remember Hillsborough ... Let it be a touchstone for everything you do...Make sure your institutions, whose job it is to protect the public, never again fail to put the public first.* Crimes by banks against the public who are in debt are still crimes and cannot be ignored because the public were somehow "asking for it" by being in debt and it would have happened to them anyway. Most of the UK public who are in debt through having a mortgage, credit card, bank overdraft or car loan are just one corporate downsizing, accident, illness or pandemic away from being unable to pay their debts.

The economic crash following Covid-19 is likely to result in a predictable and avoidable tidal wave of bank signature forgery related crimes when banks recommence debt recovery action against people who have lost their jobs or income. The NCA could have announced in 2019 a criminal investigation by the NCA itself into bank signature forgery, which would have been an extremely powerful deterrent to banks to stop bank signature forgery. The NCA must act now by immediately announcing a criminal investigation by the NCA itself into bank signature forgery.

Almost a year ago, the Treasury Select Committee publicly asked Lynne Owens to investigate bank signature forgery. Since then the Campaign had provided Ms Owens with over 240 formal crime reports and 17 files of evidence. Lynne Owens should announce within the next seven days, a criminal investigation by the NCA itself into bank signature forgery.

## APPENDIX 7 – LLOYDS SHARE SALES (2013-2017)

- Investors have reason to feel very aggrieved –

UK Finance & Investments	Sales of	Lloyds	shares			
		Cost (£ bn)				
Original purchase	2008 to 2009	20.3				
Type of sale	Date / period of sale	Proceeds	Av. Price	Loss vs current price		
		(£ bn)	(pence)	(%)		
George Osborne - Chancellor						
First accelerated book build	17-Sep-13	3.2	75.0	-56.0		
Second accelerated book build	28-Mar-14	4.2	75.5	-56.3		
First trading plan	Dec 2014 - Jul 2016	9.2	81.4	-59.5		
Philip Hammond - Chancellor						
Second trading plan	Oct 2016 - May 2017	4.2	65.0	-49.2		
Total dividends received		0.4				
Proceeds excl. finance costs		21.2				
Current share price (11.6.2020)			33.0			

## **APPENDIX 8: THE FCA & SFO – THE REVOLVING DOORS**

<b>FCA - Name</b>	<b>Former role</b>	<b>New role</b>
Sir Howard Davies	Chief executive, FSA	Chairman, RBS
Sir Hector Sants	Chief executive, FSA	Head of compliance, Barclays Bank
Tracey McDermott	Acting Chief Executive, FCA	Group head of corporate, public and regulatory affairs, Standard Chartered
Clive Adamson	Head of supervision, FSA	Non-executive director, Prudential; chairman of risk & capital committee. Non-executive director, J.P. Morgan Private Bank
Jon Pain	Head of supervision, FSA	KPMG, then head of conduct & regulatory affairs, RBS
Margaret Cole	Head of enforcement, FSA	Chief risk officer, PWC
Sally Dewar	Head of risk, FSA	Managing director risk, J.P. Morgan Chase
Clive Briault	Managing director, retail markets, FSA	Senior adviser, KPMG
John Tiner	Chief executive, FSA	Chairman of audit committee, Credit Suisse
John Murray	Head of communications, FSA	Head of communications, Credit Suisse
Christina Sinclair	Acting head of retail, FCA	Compliance head, Barclays Bank
Claire Lipworth	Chief criminal counsel, FCA	Partner financial services, Hogan Lovell
Adair Turner	Chairman, FSA	Non-executive director, Prudential
Katherine Leaman	Manager, professional standards team, FCA	RBS, then head of regulatory compliance, Standard Chartered
Fiona Fry	Head of investigations, FSA	Head of retail distribution review, KPMG
<b>SFO - Name</b>	<b>Former role</b>	<b>New role</b>
Sir David Green	Director, SFO	Slaughter & May
Alun Milford	General counsel, SFO	Kingsley Napley
John Gibson	Senior prosecutor, SFO	Cohen & Gresser
Richard Amgee	Head of Anti-Corruption & Proceeds of Crime Unit	Quinn Emanuel
Sacha Harber-Kelly	Prosecutor & case controller, SFO	Gibson, Dunn & Crutcher

## **APPENDIX 9: "HIGH LEVEL FRAUD" - STATEMENT BY THAMES VALLEY PCC**

Fraud is now costing the UK economy more than the entire NHS. The annual figure for fraud given by the National Crime Agency is over £190bn based on figures from three years ago. The NHS costs £197bn a year. Little is done to combat major fraud. Less than 0.03% of the amount lost is spent on countering fraud. The Serious Fraud Office receives around £50m a year, Action Fraud, which has been shown to be largely unfit for purpose, receives £16m. Police Forces have neither the time, capacity, nor capability to take on fraud. When fraud cases are brought to their attention they are either sent to Action Fraud, where mostly they disappear into an administrative hole never to be heard of again, or are classed as a civil matter. The few that are distributed back down to police forces are rarely investigated. Less than 2% of fraud is investigated properly, and only a fraction of that brought to justice.

It is clear that some of our most prominent clearing banks have themselves been engaging in large scale fraud against their customers using forged documentation and forged signatures. There has been little effort or enthusiasm by the many regulatory authorities, notably the Bank of England, the Serious Fraud Office (SFO) and the Financial Conduct Agency (FCA), to either stop these frauds or bring the perpetrators to justice. These major frauds, unlike Libor and PPI, were not skimming off the top. They have ruined thousands of companies, farmers, and families. A great number of jobs have been destroyed. Companies, homes, farms and possessions have been repossessed on forged documentation across the country. The damage to the UK economy has been massive.

In August last year the Treasury Select Committee asked the NCA to look into the industrial scale forging of signatures by banks and the alteration of documentation. Twelve large files of evidence were given to the NCA. In spite of having a responsibility for Serious Organised Crime, the files were immediately given to the FCA which has been aware of the problem for years. It was then passed to the SFO, who have been in possession of similar documentation for several months. It is now back with the NCA with no apparent investigation having been started. The ability of the Regulatory Authorities to pass the parcel between each other without anyone taking responsibility is a neat way to avoid action being taken.

The underlying problem is that senior white collar crime is not seen by the establishment to be a real crime. A senior Metropolitan police fraud officer wrote to the Treasury Select Committee in 2017 stating that the executive boards of some of our most prominent banks were SOC syndicates. His report was hastily buried. From everything I have seen, and which has become apparent over the last three years, he may well have a point. Stealing a million pounds through the front door of a bank will result in police response. Steal a billion through the back door and nothing is done.

The HBOS Reading case involved a fraud approaching £1Bn. It cost Thames Valley Police £7m to bring to court. Those charged were found guilty, and 6 individuals received combined sentences of 48 years. No one at board level took responsibility. The FCA fined Lloyds Bank £45m for concealing the fraud, but yet again held no one responsible at board level.. The fine was passed direct to the Treasury. In spite of the then Chancellor, Philip Hammond, being asked to reimburse TVP the cost of the case, he refused to do so. It is little wonder that Police forces, which rarely have either the capacity or

capability to investigate high level fraud, are reluctant to take on fraud perpetrated through banks. It is costly to do so, and even if they recover massive sums of money, none reverts to the police force that has borne the cost.

An internal review into what had gone on in Lloyds, called the Turnbull Report, was written by in 2013. It laid out in detail the consequences of the inaccurate, and possibly fraudulent, KPMG audits carried out on the HBOS accounts. These had overlooked massive holes in the bank balance sheet approaching £40Bn, and the concealment of the £1Bn fraud carried out in Reading. On the back of these audits, both HBOS and Lloyds had raised billions in Rights Issues on knowingly false accounts. KPMG were also the auditors of the Co-Op Bank and Carillion. The senior partner of KPMG became Chairman of the FCA. It is interesting to note that the Chairman of the Financial Reporting Council (FRC), which is meant to monitor auditors, gave the KPMG audits of HBOS a clean bill of health. The Chairman of the FRC was, in his previous job, Chairman of Lloyds.

The Turnbull Report was written by a senior Lloyds' accountant, Sally Masterton. It named both the companies and individuals involved in the frauds and the cover up. She was promptly made redundant with minimal compensation. The bank denied the report was authorised and did its best to denigrate its author. Both the Bank of England and the FCA received the report in early 2014. In spite of the evidence neither took action. Three years after Sally Masterton was sacked the bank had to admit her report was authorised and she was paid compensation. The failure of the FCA to protect Sally Masterton is regrettable, it took others to ensure the bank apologised to her and paid her compensation. Needless to say, it was accompanied by a draconian Non-Disclosure Agreement.

In 2017 it became apparent that the Turnbull Report had been concealed by the 3 man Executive Board of Lloyds from their own Chairman and non-executive directors for three years. The Chairman, Lord Blackwell, was sent a copy of the report in March 2017. He took no action in spite of it being clear that a number of fundamental company rules had been broken by his executive board. As far as can be ascertained, he failed to pass on the report to the other non-executive directors for a further year. Anita Frew, the senior non-executive Director of Lloyds, was asked when the Chairman shared the report with the other non-executive Directors. It is a simple question she would not answer, and neither would the Company Secretary. It was not until the report was published through Parliament that she and most of the other non-executive directors were made aware of the report.

Similar frauds to HBOS were also going on in Lloyds itself, RBS and Clydesdale. It is estimated that RBS alone took down around 16,000 companies. A proportion of these may not have been viable, a great number were, and had never defaulted on loans. The companies were pushed into the RBS Global Restructuring Group. This was meant to assist companies, not destroy them. Its Chief Executive told the Treasury Select Committee it was not a profit centre. It made billions pillaging companies. No one has been held to account for this. The head of RBS GRG became Chief Executive of Santander UK Bank. The FCA and the Bank of England stood back and did nothing.

The SFO is now in possession of both the Turnbull Report and detailed files on the use of forged documents and signatures that have been used to convince courts to bankrupt a vast number of individuals and repossess their homes. The Turnbull report has sat with the SFO for a year, and with

the FCA and Bank of England for five years. Action by them is well overdue. The evidence is clear. The files that cover the forged documents have been with the SFO for six months. Again the evidence is clear. I trust it will not be covered up like so much else has been.

Similar frauds were perpetrated in both the US and Australia. In the US, the banks were fined £25Bn for the forging of documents and bankers gaoled. In Australia the government set up a Royal Commission. Its report is devastating and the police are now taking action against the bankers and associates involved. In the UK nothing has been done. There would appear to have been a systematic cover up. The Bank of England, the FCA, the FRC and a number of other bodies have failed to hold the banks and accountancy companies to account. There is a revolving door between employment in these agencies and the major banks. It has been at the expense of thousands of small and medium size companies. The bail out of Lloyds and RBS by the Treasury merely compounded the loss to the UK economy.

Two major inquiries into Lloyds Bank have been commissioned. Sir Ross Cranston, a retired High Court Judge, has now reported on Lloyd's Bank treatment and compensation paid to victims of the HBOS Reading frauds. His conclusions are that Lloyds' treatment of those defrauded was 'neither fair nor reasonable'. The internal Lloyds scheme under Professor Griggs is widely believed to have failed to properly compensate those small number of victims whose names came up in the court case. The others defrauded, whose cases were not brought up during the court case, have largely been ignored. It is worth mentioning that only a small part of the Reading fraud was prosecuted, probably less than a third of the overall fraud. This gave the bank the opportunity not to compensate the many others who had been defrauded. All those who have been compensated were made take it or leave it offers, accompanied by Non-Disclosure Agreements (NDAs).

The other is an internal Lloyds' review headed by another senior Judge, Dame Linda Dobbs. This started in 2017 as a small inquiry into what had gone on within Lloyds over the HBOS case. It has now expanded into a major investigation that will not report until later in 2020. It will have taken nearly 4 years and a large team of lawyers supporting Dame Linda, with two lead QCs, to get to the bottom of this. Every stone that is turned over expands the inquiry. The concern about this report is that most of those responsible will have departed the bank with large bonuses and pay offs before the report is released. Only part of the problem is being looked at by the inquiry. What went on in other branches of Lloyds is not part of the inquiry.

The Government should set up a full Public Judicial Inquiry into what went on in our banks. It should examine how it can be prevented ever happening again, why the regulatory authorities covered it up, how the victims should be compensated, and who should be prosecuted.

It should also look into how the bankruptcy courts are being manipulated, and how the Conveyance Service has failed to guard the rights of property owners. The behaviour of some of the most prominent legal companies who have acted on behalf of the banks should also be examined. Finally the failure by some of the major trade bodies that are meant to regulate the behaviour of their members should be looked into. They would seem to have become more concerned about protecting their members rather than seeing they operate within the law.

Sorting out flagrant frauds within the UK banking system should not be difficult. It requires those senior bank executives who perpetrated or knowingly oversaw the frauds to be prosecuted. At least £500m should be used to set up regional police fraud units with the majority employed within them being forensic accountants. The money required should be taken from the annual fines levied by the FCA and ring fenced for this. The SFO should either be made fully independent of the Treasury, or be subsumed by the NCA. The NCA should deal with the wide scale bank money laundering, and the international aspects of the frauds.

The UK needs a profitable banking system and it needs an honest one. The two are not incompatible. The UK cannot afford to gain a reputation for corrupt banking.

Anthony Stansfeld

PCC Thames Valley Police



## **APPENDIX 10 – BBRS**

1. **Introduction:** The Business Bank Resolution Scheme (BBRS) has been devised and overseen by HM Treasury. It is backed by UK Finance and the seven leading banks but is widely perceived by bank victims as designed to resolve the long-standing and serious cases of bank victims at the lowest possible cost.
2. **Slow pace of progress:** First proposed in November 2018, the BBRS has moved very slowly and is not expected to begin operations before October. The slow pace of progress looks to have been entirely deliberate.
3. **Disregards criminal conduct:** The BBRS will treat all cases as civil, which they are most certainly not. The banks are only afraid of criminal prosecution, so they have only agreed to the scheme, provided it disregards all criminal conduct.
4. **Eligibility:** Such questions have long been obstructing progress but HM Treasury and the participating banks have maintained a hard line. The present terms involving compensation of up to £600,000 for complaints registered with a participating bank after April 1<sup>st</sup> 2019, and up to £350,000 for those registered before that date, going back to 2002 are clearly designed to restrict claims and cap potential liabilities for the banks. The overwhelming majority of complaints significantly pre-date April 2019 and the ceiling for compensation of £350,000 for those earlier cases is deliberately inadequate.
5. **Accountability:** It is currently intended that there should be no associated accountability for any wrongdoing by the banks and their agents, with the firm intention of Government and banks to brush this under the carpet. In Australia, bank wrongdoing which was less serious than in the UK, has been addressed by a 500-page Royal Commission report and has witnessed numerous high-level resignations. However, in the UK, the authorities merely intend that it should be covered up, underlining how corrupt matters have become.
6. **Compensation terms - totally unacceptable:** Where a case can be verified – by an expert reviewer who has not been corrupted or influenced by Government, regulators or the banks – compensation should include consequential losses, assessed at the bank's expense - and punitive damages. If the latter are not awarded, there is no penalty whatever for the bank having acted as it has and this would be deeply unjust. Compensation should reflect compound interest given the years which have elapsed since many of the frauds occurred, and be paid free of tax. It would be particularly outrageous for any part of the compensation to be subject to tax and for victims to repay substantial sums to HM Treasury, the very body which has orchestrated the long-standing cover up of serious banking fraud in the first place.
7. **Summary** – In June 2012, the FSA concluded that 90% of Interest Rate Hedging Products (IRHPs) had been mis-sold and agreed a redress scheme with the major banks. However, the rebadged FCA has deliberately delayed compensation, with yet another “independent” review due to report this September, eight years after the original decision. In February 2017, the

HBoS Reading fraud trial saw its perpetrators convicted a decade later and yet the Government, FCA and Lloyds Banking Group have contrived to appoint three separate “independent” reviews, so far to deny justice and proper redress to victims of the fraud, thirteen years after the events in question.

**Given this background, bank victims can have no trust whatever in the BBRS, which has been designed to award minimal compensation and cover up their long-standing complaints. It is a totally fraudulent and dishonest scheme, which has been devised at the highest level of Government, HM Treasury and for these reasons, must be called out and entirely rejected.**

## **APPENDIX 11 - LIST OF SUGGESTED REFORMS<sup>19</sup>**

- Commercial lending by banks should become a regulated activity and the banks should have a duty of care for commercial borrowers.
- Non-disclosure agreements (NDA's) have actively used by banks and their panel agents to cover up serious wrongdoing and fraud. If the use of NDA's to cover up criminal conduct was made a criminal offence, their mis-use would decline dramatically.
- Banks should not be permitted to appoint "independent" experts to investigate allegations of their own serious professional misconduct and to determine compensation claims for victims. These practices have taken place repeatedly, are insulting to victims and highlight the banks' contempt for due and proper process. That these banks are supposed to be among the leading financial institutions in the UK demonstrates how far the Government and regulators have allowed standards of conduct to fall.
- The Fraud Act 2006 should be amended to make fraud easier to prove and much less expensive to prosecute. The excessively high cost of prosecuting corporate fraud continues to be actively used by criminals, including fraudulent solicitors, to escape prosecution.
- The penalties for criminal fraud of seven to ten years' imprisonment should be substantially increased, more towards US levels. If convicted, corrupt law officers and private sector professionals, those in whom the public is supposed to place their trust, should receive heavier sentences.
- Prosecution should take place of leading professionals in the banks and their agents, who have been responsible for serious wrongdoing and widespread fraud. This will prove a highly effective method of demonstrating swiftly to future generations of professionals that what they could get away with in the past, will in future land them in jail. This would result in a rapid improvement in professional standards and conduct.
- The Financial Services Act of 2012 should be revised to eliminate HM Treasury's powers of direction over financial reviews.
- Laws governing insolvency require comprehensive overhaul because they have been widely abused by fraudulent insolvency practitioners. The 1925 Law of Property Act requires revision, while the role of accountancy firms in insolvency, independent business reviews (IBR's) and administrations requires specific attention. Referrals to the Pre Pack Pool should be mandatory and the definition of connected parties should be tightened.

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<sup>19</sup> Updated from "Larger Than Watergate", December 2019 pp. 19-21

- The UK's prosecution of fraud is clearly inadequate and the agencies responsible for prosecuting fraud require wholesale reform:

*"We are very bad at prosecuting financial crime in this country. I suspect financial crime is easier to get away with in this country than practically any other sort of crime."*

*Rt. Hon Kenneth Clarke QC, MP, Today programme, Radio 4, June 2012.*

- The SFO should be set up to be entirely independent of Government and financed from fines on banks and other financial companies. A less preferable alternative would be to increase the SFO's core budget and make it less reliant on blockbuster funding. Either way, the annual number of new investigations needs to rise significantly.
- The major Police authorities should receive a significant increase in funding to enable them to investigate and prosecute serious corporate fraud. They could investigate cases, which the SFO still may not have the capacity to investigate.
- In respect of Lloyds Banking Group and Royal Bank of Scotland, there should be immediate criminal investigations launched into the activities of their recovery units.
- The operation of the FCA requires significant reform. Its regulatory perimeter should be widened in order to promote the highest standards of financial conduct. Its terms of reference should also be changed, so that it can consider individual cases.
- There should be a much clearer distinction between regulators, prosecutors and those institutions over which they regulate and have authority. The present system, whereby senior FCA / SFO staff can resign and transfer to the private sector after only six months is unacceptable and has brought the regulatory and prosecutorial regimes into disrepute. A minimum gap of two years should be instituted and pay rates increased to reduce the incentive to move.
- Self-regulation by professional bodies such as the SRA, RICS and ICAEW has not functioned correctly and has actively discriminated against or ignored legitimate complaints. External entities should be established to review and rule on such complaints and the failure of their regulatory functions, which looks to have been deliberate, should be investigated. This especially applies to the SRA and its failure to hold certain fraudulent solicitors to account.
- Firms of solicitors should be held jointly and severally liable for their partners' actions and the status of limited liability partnership (LLP) should not stand, in the event of criminal fraud or other criminal conduct being proven.

## **APPENDIX 12 – COMMON PURPOSE**

**Common Purpose** is a charity established in 1989 by Julia Middleton, which runs leadership development programmes in the UK and around the world.

In the UK, numerous businesses including Lloyds Banking Group, the BBC and others have taken part in its Matrix leadership courses.

Its meetings are held under Chatham House rules, whereby their contents cannot be divulged or discussed externally. (On 6<sup>th</sup> May 2016, Lord Blackwell, Chairman of Lloyds Bank since 2014 gave a talk, which this author attended at Kings' College, London. It was also held under Chatham House rules.)

Its motto is "Leading beyond authority".

**Members of Common Purpose** are especially prevalent among the Police, the BBC and other persons of influence who are understood to have attended their courses have included:

Sir Bob Kerslake – former head of the Civil Service

Alison Saunders – former Director of Public Prosecutions

Cressida Dick - Metropolitan Police Commissioner (from 2017)

Karen Baxter – Commander, City of London Police, head of Economic Crime

Robert Peston – formerly BBC, now ITV

Figures obtained by The Sun newspaper in 2016 indicated that 22 police forces had spent £467,547 to send officers on CP courses over the previous six years. It also stated that Common Purpose had links to three of the six "independent" assessors, who assisted Lord Leveson's inquiry into press standards and practices.

**Caroline Duckworth** spent thirteen years working for Common Purpose (UK), including four years as Managing Director (2007-2011). In 2012, she married Simon Duckworth, who is currently the Deputy Metropolitan Grand Master of Guildhall Lodge 3116 and performs, or has performed, numerous oversight roles for the Police, particularly in relation to economic crime and sits on 22 committees of the Corporation of London – see **Appendix 5**.

In October 2015, Caroline Duckworth was appointed Treasurer (effectively, the Chief Executive) of the Society of Merchant Venturers, Bristol, which dates back to 1552 and comprises many of the most influential people in Bristol and the South West.