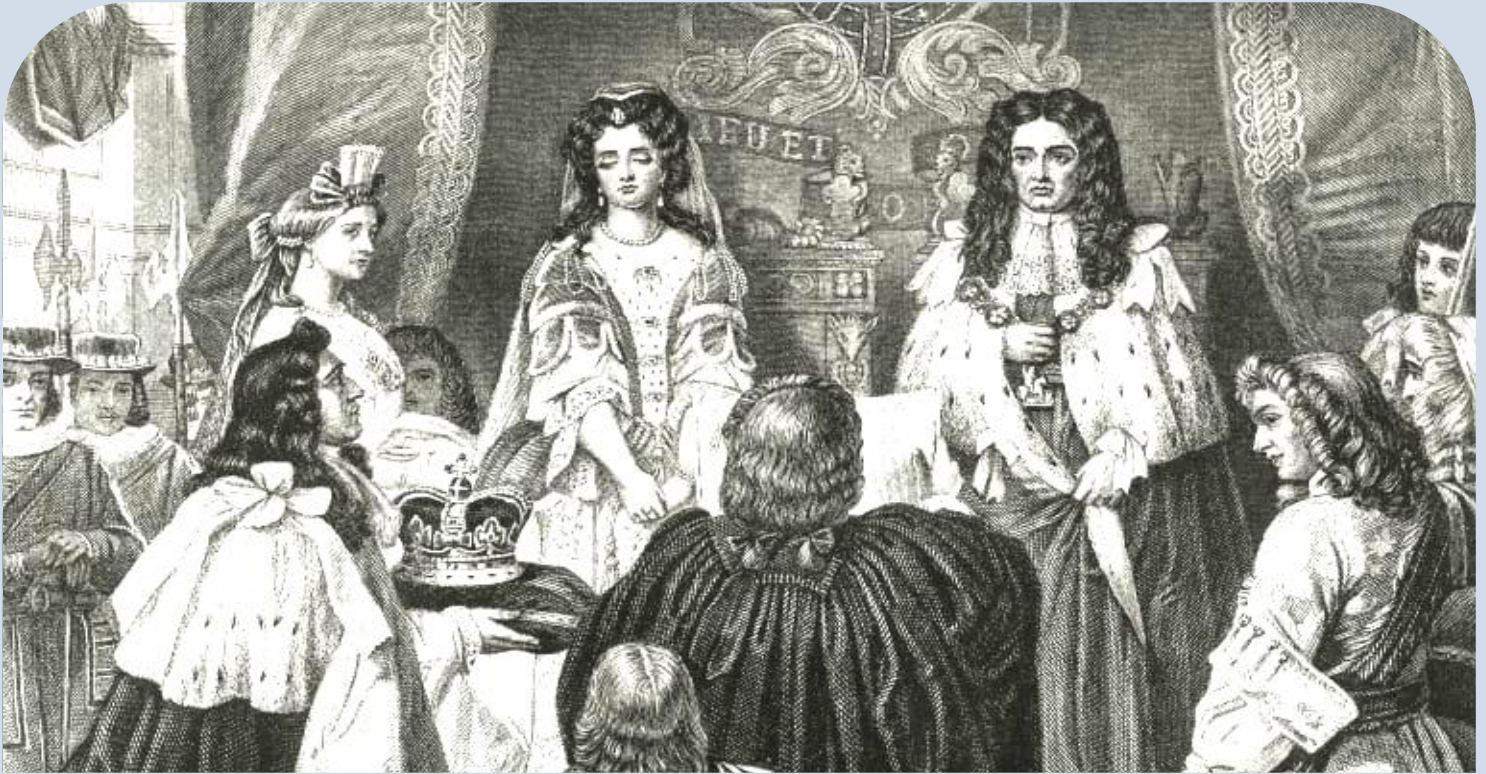


# The Financial Matrix

Whilst it appeared Gordon Brown PM and Chancellor Alistair Darling agreed to bail out RBS and merge Lloyds TSB with HBos, instead something very dark, sinister and corrupt was to emerge that would ignore Competition Rules and **pass ultimate Parliamentary Control and Powers to the Lieutenancy control in the Square Mile**



William & Mary signing the “Bill of Rights”

## Dr Andrew Bailey helped design the Asset Protection Scheme that saw banks bailed out and SME’s sold out

Those in big banks **failing s.330 of POCA 2002** obligations in cases have not been prosecuted as ‘**natural persons**’ by the NCA or SFO

David Cameron PM passed control of UK Policing to Lieutenant Simon Duckworth under the **City of London Police** (the Square Mile) in 2012 under “The Police Reform and Social Responsibility Act 2011

Avon & Somerset Police covered up asset stripping banking frauds for decades. The Constabulary moved into overdrive in covering up frauds and bribery

In the letter (July 2008) from Chancellor Alistair Darling to Sir Hector Sants the UK’s most senior Cabinet Ministers were conspiring to create a “**High Level Group**” to be led by Sir Win Bishchoff in the **Corporation of London** to **take control of** legal services, audit and financial services



## **The City of London financier said:**

**'Why work hard, when you can steal  
the fruits of others hard work through  
false-instruments, audit manipulation  
and contract fraud which our police are  
ordered to assist at the cost of the tax payer' !**



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- 293 **HBOS TREASURY SERVICES** – The bank lied to hide its shortage of cash - **£75.3m** (or \$105m) **fine for Unlawful LBG / HBOS Senior Management in the bank's London Operations** - *\*Lloyds Bank conveyed false, misleading or knowingly inaccurate reports*
- 294 Company Formation as understood by the Commodities Futures Trading Commission  
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- 295 Lloyds TSB was successful in manipulating Yen LIBOR through the false and unlawful submissions  
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- 302 Peter Cummings – the man who broke HBOS was fined and got a life-time ban and is re trading
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- 305 The good guy - Paul was best known as the HBOS whistleblower following his dismissal from Halifax Bank of Scotland in 2004
- 306 Paul Moore (barrister/auditor) HBOS whistleblower statement
- 307 .....failure of consumer protection and people at HBOS who did wrong
- 308 . ....could not have met the FSA's "fit and proper" requirements for the roles of CF 10 (Compliance Oversight) and CF14 (Risk Assessment)
- 311 Group Regulatory Risk had carried out to determine whether the sales culture at HBOS had got out of control  
.....the systems and controls, risk management and compliance were inadequate in the Halifax to control its "over-eager" sales culture
- 312 Maybe they felt constrained as James Crosby was a non executive director of the FSA at the time  
..... Charles Dunstone himself admitted to me and my colleague one day words to the effect that he had no real idea how to be the Chairman of the Retail Risk Control Committee!
- 313 ..... CF10, CF11 and 14 - Compliance Oversight, Anti-Money Laundering and Risk Assessment  
..... wasn't it actually Sir James Crosby rather than Andy Hornby who was the original architect of the HBOS retailing strategy  
..... It is now clear that this disastrous "grow assets at all costs" strategy was what led to HBOS's downfall and humiliating demise by the forced acquisition by Lloyds
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- bail-out following the banks financial distress – Win Bischoff, **Robin Budenberg** UK Finance, Mark Haban, Chancellor, Lord Forsyth, HM Treasury, Sir David Walker, Lord Levene, FSA Chair Adair Turner, KPMG, Tracey McDermot and Dr Andrew Bailey. PRA, Martin Wheatley, Bank of England
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- 328 No touch regulator John Tiner Financial Services Authority failure and Common Purpose Lloyds Senior Susan Rice
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- 339 Letter from Robin Budenberg UK Financial Instruments (UKFI) which shows UKFI Board and the Treasury was well aware of Lloyds Banking Group's current situation and there is comment as to risk and difficulty of providing "prospectus quality information"?
- 341 **Letter of concern to Robin Budenberg (UKFI Chairman)** – *'How can you of the company set up by HMG to "Manage the Government's investments commercially to create and protect value" accept this?'*
- 342 .....*'tax payers money'*
- 343 Letter from Mr Robin Budenberg (UKFI) about not sharing information
- 344 **Letter to Robin Budenberg quoting;** *'.....the actions of Lloyds' Board, endorsed by UKFI, would come as a very significant loss to the tax payer'*
- 346 – Letter to The Rt Hon George Osborne MP/ Chancellor of the Exchequer/ HM Treasury. Letter concludes as to
- 349 concern, loss of public funds, tax payer interests and that it was a POLITICAL DECISION! \* **Nick Macpherson was copied in.** Concerns over Coalition
- 350 George Osborn states that is Lloyds Boards responsibility for Project Verde and not the Government or UKFI
- 351 Peter Levene note as to Lloyds false press statement. Mentions Sir Win Bischoff. TSC. Fabrication
- 352 Vince Cable (Secretary of State for Business, Innovation and Skills) re: Verde
- 353 Sky News: Lloyds Co-Op Deal Denounced By lord Levene at the Treasury Select Committee – **Governor of the Bank of England stated in article that it was a POLITICAL DECISION**
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- Burges Salmon Statement 25 March 2008 – Police authority joining local partners Somerset County Council, Taunton, Southwest One (main shareholder IBM)
- 358 Avon & Somerset Police Authority – New Chief Executive appointment (10<sup>th</sup> February 2009) – John Smith partner at Burges Salmon
- 359 John Smith's declaration on the AS PCC website - **fails to show his annuity from Burges Salmon after leaving the firm in May 2009. This omission continued through to February 2016**

- 359 Two of Lloyds biggest shareholders link to Sue Mountstevens by her husband's roles at Hargreaves Lansdown
- 360 Top cop criticised for failing to disclose husband's Hargreaves Lansdown link – The Telegraph
- 361 Police Officers involved: Head of Economic Crime in Avon & Somerset Constabulary – **Qualified in seaweed**, not qualified to investigate criminal fraud
- 362 \*PM David Cameron and (then) Home Secretary Theresa May introduced a fast track senior police officer programme where almost anyone Crime Units Policing Education Qualifications (PEQF) with a degree (**even in SEAWEED**) such as Head of ECU/ Head of Fraud Dr (**Seaweed**) Kirstie Cogram
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  - LSE – London School of Economics
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- Article mentions “Common Purpose” senior, **Janet Paraskeva**, the Law Society former Chief Executive
- 377 AIIB - Asian Infrastructure Investment Bank (The AIIB) – formation 16 January 2016 \$50m from UK , Beijing, China

- AIIB - Sir Danny Alexander - Chief Secretary to the Treasury 2010 -2015
- AIIB - George Osborne – Chancellor of the Exchequer 2010 – 2016
- AIIB – David Cameron – Prime minister 2010 – 2016 fronting \$1bn UK based – China investment Belt and Road Infrastructure initiative fund supported by UK envoy and former HSBC Chair Douglas Flint/ Chartered bank
- AIIB – Phillip Hammond – Chancellor of the Exchequer 2016-2019 oversaw new service to link UK / China banks over London Exchange. “TheCityUK” ties in with AIIB too
- AIIB – Lord Nicholas Stern – on Advisory Board
- AIIB - Tax Haven – Delaware
- AIIB – Auditors – PwC - PriceWaterhouseCooper
- 378 Common Purpose Asia Pacific
- ASEAN – Common Purpose trainers /
- PwC “CP” David Grace / Lloyd Flemming
- Mr Shaukat Aziz, former Prime Minister of Pakistan and Dr Zeti Akhtar Aziz, former Governor of Malaysia’s Central Bank, are Members of the AIIB International Advisory Panel with links to Common Purpose
- 379 Bank of England Flagship Seminar with Professor Lord Nicholas Stern in conversation with Governor Andrew Bailey
- Professor Cheryl Schonhardt-Bailey LSE (London School of Economics)
- 380 Amundi teams up with Asian infrastructure bank for \$1bn climate bond fund – Lord Stern sits on the AIIB’s Board
- How China’s Big Overseas Initiative Threatens Global Climate Progress
- 381 Sir Danny Alexander’s Twitter. Former Clegg/Cameron coalition UK Treasury. Now sits No.2 on the AIIB Board
- \* Note on his Twitter the \$3bn bond listed by the AIIB on the London Stock Exchange
- 382 Asian Infrastructure Investment bank – WIKIPEDIA
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- 396 Common Purpose – InnoVenture

- 397 Matt Longman – Geographical Chief Inspector, Devon & Cornwall Police / Common Purpose runs local Programmes
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Co-founder / AIIB – “Common Purpose” Director
- 399 Common Purpose Asia Pacific – Accounts as done by David Grace ex PwC / (structure flow chart)
- 400 The Common Purpose Charitable Trust – Trustees Report 31 July 2019  
Signed by Davis Grace and Richard Charkin
- 402 PwC Hong Kong / Audit for AIIB
- 403 Philip Wright – PwC, Lord Mayors Office, Corporate Finance, Recoveries. Managing Director and Europe Chief  
Operating Officer of PJT Partners, based in **London**. Prior to joining PJT Partners in August 2019, Mr. **Wright** was at  
**UBS** for 16 years, where he was most recently an Executive Director in the firm's Group COO and CFO Offices
- 405 UKFI, Robin Budenberg admitted that he was only interested in the short term performance of the Lloyds and RBS  
Share Price. Sam Wood colleague (BOE/PRA) – RBS – Lloyds 2007/2008, Gordon Brown PM
- 406 UKFI, HBOS, Budenberg, (Common Purpose) Cameron-Clegg coalition, Treasury washing hands of responsibility
- 407 **Secondees; UKGI is owned by the Treasury** and connects with the big auditors such as PwC, KPMG and Lloyds Bank  
on policies and decisions. **Failure of “Separation of Powers”**
- 408 **Ministry of Justice – Civil Service Secondment, Lloyds Banking Group - Failure of “Separation of Powers”**
- 409 UK Financial Investments Ltd / Glen Moreno / Lloyds Bank / FRC - Financial Reporting Council Chairman  
*\* controversial due to 2008 tax evasion investigation – Fidelity investments*
- 410 Fidelity International abandons Tories amid signs of strained relations between party and business. One of the  
City’s biggest funds £300bn including dealings in Asia Pacific, Europe, America and Middle East  
Top City donor Fidelity International abandons Tories amid signs of strained relations between party and business
- 412 FCA bolsters executive team in post-scandals restructure – LCF (London Capital Finance) , Andrew Bailey and  
Blackrock
- 415 ADVERSE TAX IMPLICATIONS AND PROPERTY TITLE SEPARATION - Cameron’s Big Society Idea/ to drive  
Common Purpose “The Big Society ”Cameron's Big Society Idea!
- 417 Big Society and Common Purpose
- 418 What Is A Community Foundation? David Cameron's launch of the Big Society
- 419 BIG SOCIETY CAPITAL / OVERSIGHT TRUST / DORMANT ACCOUNTS / HM TREASURY
- 420 **BIG SOCIETY GOVERNANCE – ROBIN BUDENBERG**
- 421 **BIG SOCIETY TRUST / BOARD OF DIRECTORS / SUSAN RICE /**  
**NICK HURD FORMER POLICING MINISTER** Failure to investigate banking frauds. From Labour to Coalition
- 422 **Nick Hurd** was key as the Minister in charge of Police – pictured with PCC Sue Mountstevens and Chief Constable  
Andy Marsh
- 423 FRC – Financial Reporting Council (Sir Win Bischoff, ex Lloyds Bank Chair) and the PRA (Prudential Regulatory  
Authority) provided governance – **Outgoing Lloyds Chairman to head to UK accounting Regulator – ties in with  
failure over Project Verde – Could it be to hide the audit trail?**
- 425 Lloyds reports a 80pc fall in profit, set to put £250bn in **Asset Protection Scheme**



- 426 Treasury appoints new APS chief – Lloyds and RBS to swap Government guarantees on their riskier assets – Stephen Wilcke / Treasury official Tom Scholar
- 427 Former private equity boss takes charge of Treasury bailout scheme – Stephen Wilcke / Jeremy Bennet / Asset Protection Scheme – APS - £585bn toxic asset insurance scheme
- 428 - PR for Asset Protection Scheme (APS) CEO Stephen Wilcke / KREAB & GAVIN ANDERSON – Private & Confidential
- 431 Letters to advise the APA over the APS – to guide Stephen Wilcke what to say
- 432 **Robin Budenberg Chair of Crown Estates and now Lloyds Bank** / Chair UKFI the body responsible for managing the Governments investments and assets in UK Banking. Swiss Banker and ex PwC / Advised Gordon Brown and Bankers in the 2008 Banking Bail out. Big Society Capital
- 433 HM Treasury: The Asset Protection Scheme / APS / APA
- 435 **PwC were advisors to the Asset Protection Agency (ASP)**  
Alistair Darling  
George Osborne
- 436 **WEDNESDAY 2 FEBRUARY/ MONDAY 4 APRIL 2011/ – DRAFT REPORT / HM TREASURY; THE ASSET PROTECTION SCHEME – RT HON MRS MARGARET HODGE, CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS**
- 437 - Many of the questions and comments that show how vulnerable RBS and Lloyds Bank were arose at the
- 449 Committee of Public Accounts
- 450 - 477 **WEDNESDAY 16 MARCH 2011 – EXAMINATION OF EYE WITNESSES**
- 477 Punishment  
Funding Circle and Eric Daniels
- 479 MP slams Lloyds-PwC ‘mafia’ for company theft – MP Austin Mitchell – Project Toc / Premier Motor Auctions – features in “Op Meadow Rebuttal” CASE TWENTY ONE
- 481 MP Austen Mitchell writes to Hector Sants raising concerns over Money Laundering via the banking system!
- 482 Mervyn King (then) Governor of the Bank of England writes to MP Austen Mitchell in respect of administrators in insolvency/ bankruptcy – Letter makes three points:
- i) **false documents are being used**
  - ii) **wealthy individuals are being bankrupted for no valid reason**
  - iii) **Bank of England accounts are being used as part of insolvency procedures**
- 484 ‘Big four’ accountants ‘use knowledge of Treasury to help rich avoid tax’
- 486 - Accounting, Organizations and Society – Financial crisis and the silence of the auditors – an excellent article by Lord
- 491 Prem Sikka – Centre for Global Accountancy
- 492 Hector Sants/ Alistair Darling, Sir Win Bischoff and the “CORPORATION of THE CITY OF LONDON” - Alistair Darling / Sir Michael Snyder / Katharine Anne Ussher Labour / Gordon Brown / Mike Williams / Angela Eagle MP
- 495 \* **Letter from The Rt Hon Alistair Darling MP Chancellor/ HM Treasury to Hector Sants Chief Executive Financial**

- Services Authority (FSA) – This is the letter that was the foundation/embryo for “TheCityUK” and the passing control from Government to the Square Mile / failure Separation of Powers and the Bill of Rights [1689]
- 497 HIGH LEVEL GROUP ON FINANCIAL SERVICES – Joint Chair LBG Sir Win Bischoff / Sir Michael Snyder / Hector Sants
- 499 Sir Winfried Bischoff is involved from running controls in the bank to the **FRC** and “**TheCityUK**”, Corporation of the City of London – Lloyds’ bailout
- 500 In March the same year, Sir Victor Blank was ousted as chairman after the bank revealed £11bn of losses at HBOS  
 Government begins selling **its** stake...  
 Lloyds resumes dividends...
- 501 Misconduct and legacy issues remain... mis-selling scandals – Former UK Chancellor addresses PwC at PwC Business Leaders’ dinner
- 502 Mis-selling at LBG related Acorn in Avon & Somerset Constabulary
- 502 **Joining the HBOS Reading dots with the Avon & Somerset Frauds** – Detective Superintendent Nick John on the HBOS Banker’s Scam  
 \*\* The explanation from Superintendent Nick John about risk at HBOS/ Lloyds Bank “**Operation Hornet**” explanation doesn’t Stack-up
- 503 Supt Nick John (wrongly) claimed
- 504 **Risk: Three lines of defence (3LOD) – Why it’s impossible for Superintendents explanation to work!**
- 505 Management and Employees/ Directors and Senior Management at Lloyds Bank / 2012 Board – **In particular those in senior Audit and Senior Risk**
- 506 CEO Antonio Horta-Osorio / Chief Finance Officer (CFO) George Culmer (both responsible with the Auditors for the SEC Annual F-20 Return Declarations
- 507 Lloyds Banking Group Announces Board Changes – Glen Moreno UKFI to leave – Sir Winfried Bischoff Chairman / Anthony Watson experienced in Asset Management (former member of the FRC/ Financial Reporting Council) and Asian Infrastructure Fund
- 508 **HM Treasury investment in the Group – ability to dispose of certain assets as part of the Groups EU State Aid obligations / write downs/ depressed valuations/ exposure to regulatory scrutiny.**  
**\*\* States to refer to SEC Form 20-F that the bank’s CEO and CFO ARE RESPONSIBLE FOR**
- 509 Gordon Brown loses second banking advisor as Glen Moreno quits – acting director of UK Financial investments  
 Sir James Crosby resigns as Deputy Chair FSA/ HBOS/ Mr Moreno appears to have been heavily involved in tax dodging in Liechtenstein?
- 510 Mr Moreno – accused of facilitating large-scale off-shore tax avoidance / Gordon Brown/ FSA have powers to penalise but don’t - Treasury refuse to stop RBS banker bonuses
- 511 The City cesspit stinks of corruption – UBS mentioned in investigation – Swiss bank that Mr Budenberg was at - / **squalid illegal from deregulation of the “City of London”** – PwC/ HBOS KPMG / JP Morgan – Tony Blair £2m pa – Morning Star article

- 514 Robert Buckland Secretary of State for Justice expressed the opinion that suspects accused of serious crimes should be granted anonymity. Mr Buckland edits and owns the “Swindon Business News” and has featured 51 articles for PwC since 2010
- 515 The Swindon Business News – Owned and Edited by the Rt Hon Robert Buckland UK Minister for Justice – Article on PwC – Article about ‘New West of England office senior at PwC Bristol’
- 517 Robert Buckland was asked by opposition Chris Elmore for the Serious Fraud Office to step in to investigate. But sadly Mr Buckland deflected concern?
- 518 FRAUDS WERE COVERED UP BY FALSE AUDITS AND MISSING INFORMATION TO GIVE MIS-INFORMATION - About PwC/ PricewaterhouseCoopers International Limited based in London/ Some PwC Audit Frauds as shown on Wikipedia
- 519 On Wikipedia; PwC show associated to audit wrongs in the section on “Controversies”
- 521 Article involving PwC where a Whistleblower alleges ‘largest sustained cooking of the books in British financial history / Scottish Widows (LBG), article makes reference to the FSA, the ICAEW and the Treasury Select Committee
- 523 Watchstone brought a Law suit following Lord Lupton’s Greenhill & Co secret meeting with PwC. PwC sued over ‘conspiracy’
- 524 PwC infiltrates Treasury – Mark Hoban – Osborne, LSE, UKFI, Lobbying bankers to avoid Vickers proposals
- 528 PwC chief Kevin Nicholson head of tax denies lying over tax / DLA Piper calls in PwC for overhaul of partnership
- 530 New director appointment bolsters DLA Piper’s government outsourcing team/ PwC
- 531 DLA Piper has officially moved to the PwC Tower at Commercial Bay
- 532 Some “others” who link to PwC – Michael Lockwood IOPC / Robin Budenberg / David Grace / Kevin Ellis / Bob Moritz/ Mark Hannam (Lloyds Banks external auditor) / BBRS Samantha Barrass / Elizabeth Austin (BBRS Case Officer CEDR)
- 534 Michael Lockwood IOPC (Independent Office of Police Complaints)
- 535 FOB OFF letter response on behalf of Mr Lockwood IOPC by IOPC Alex Simms
- 536 Email to Alex Simms IOPC questioning IOPC staff failure and competence
- 537 FOB OFF letter from Mark Simmons CEO of the Avon & Somerset PCC – Mr Simmons has since resigned
- 538 PwC Global Chief where article mentions “Common Purpose”
- 541 Part of PriceWaterhouse Letter (7 February 1996) saying to Lloyds Bank *‘In no event shall you be liable for any loss or expense arising from fraud or misrepresentation / instructing use of Burges Salmon’*
- 542 PwC to step away from Lloyds Bank year ending 31 Dec 2021
- 543 Wikipedia on Big Society Capital and the four Big Banks / each agreeing to invest £50m/ Cameron/ Clegg
- 547 Is Robin Budenberg, Brown’s Bail-out Banker or a behind the scenes mastermind manipulating events in the shadows? Man in the middle of the bank bonuses row / UKFI/ Eric Daniels/ Stephen Hester / Sir Edward Watson
- 550 CAMERON AND BUDENBERG’S BIG SOCIETY CHARITY BANK LINKS BACK TO BRISTOL/ CAF Bank
- 551 £85m match-funding given to nineteen foundations including the Lloyds Bank Foundation / Controversial over mental health

- 553 BIG SOCIETY – at a glance
- 555 shows PCC's in Big Society Plan
- 556 BIG SOCIETY – OR BIG FRONT TO LAUNDER LEGACY FUNDS?
- 557 Bristol & Bath Regional Capital / Quartet Community Foundation - £5m commitment
- 558 **A few Examples of “Big Society”/ Bristol & Bath Regional Capital CIC (BBRC) and Merchant Venturer and Quartet Community Foundation Projects**
- 559 Sue Mountstevens announced as new Chair of Quartet **Community Foundation**
- 560 **Project Merlin incorporated Big Society Bank** – Many SME's who received a little of the £76bn were then asset stripped through the banks engineering “Fraud and Bribery” – example Woods v Commercial First (31 March 2021)
- 561 Trauma, Mental Health, Suicides and Children Self Harming / **TV Torture and Mental Health Lies every week**
- 562 Prince William next to Antonio Horta-Osorio at Mental Health at Work event
- 563 Police called in to investigate Richard Alderman former SFO boss over £1m discrepancy
- 565 COERCIVE CONTROL IS A CRIME – The real power of fear / Fear and Social control video
- 569 **Email from the Clerk of Avon & Somerset Police Crime Panel, conceding that matters should pass to the IOPC for investigation / Complaint elevates to Michael Lockwood ex PwC where it is then buried**
- 570 R v Sussex Justices, ex parte McCarthy – conflict of interest means a party can't judge itself
- 571 **Lloyds Bank Bristol BSU, Below Market Value (BMV) Portfolio Sales (THEFTS) – Lord Lupton/ Greenhill & Co / Project Avon / Cerberus**
- 572 BSU Project Avon example and other LBG Projects
- 573 Projects at Lloyds BSU / LDC / Lloyds Development Capital/ Other Lloyds Banking Group Frauds
- 574 The HBOS Reading “**Operation Hornet**” “Light touch” fraud investigation that covered the bigger Board and Government fraud. (ie an earlier whitewash pre “**Op Meadow**”)
- 575 Companies House Form 288c – shows Roger Hawes acting as David Mills attorney
- 576 Regina v Mills / “Operation Hornet” – David Mills / Michael Bancroft / Mark Dobson / Jonathan Cohen / Alison Mills/ John Cartwright – SOUTHWARK CROWN COURT – JUDGE BEDDOE
- 577 Government Legislation requires that the Home Secretary now intervenes under STATUTORY INSTRUMENTS 2011, NO.2744 in particular as the ex City of London Lawyer leading HMICFRS is failing asset stripped victims
- EPIC FAIL – Sir Thomas Winsor (City of London Lawyer) – HM Chief Inspector of Constabulary**
- 578 **The Home Secretary is ultimately responsible for success and failure of policing and has a duty to address failed and corrupt policing under THE Policing Protocol Order 2011 / STATUTOR INSTRUMENTS 2011, NO. 2744**
- 582 PARLIAMENT.UK – EXPECTATIONS OF THE POLICE / **Statement of Common Purpose** and Values for the Police Service. THE ABSENCE OF FRAUD FROM PERFORMANT TARGETS – 10 Nov 2008
- 583 Association of Police and Crime Commissioners – Led by Lieutenant Simon Duckworth – 12 April 2013 City of London Corporation/ PCC's / Rt Hon Theresa May MP Home Secretary
- 587 An overview of the '*Nolan Principles*', which are the basis of the ethical standards expected of public office holders
- 588 Police Forces with “KNOWLEDGE OF CIRCUMSTANCE” of the banking frauds



- 589 Revolving Doors and “Common Purpose” in “Light Touch” and Whitewash Regulators – Win Bischoff/ SEC
- 590 Financial Conduct Authority/ FCA Revolving Doors / new supervision directors including ex HBOS Risk Director
- 591 Revolving Doors – Karina McTeague from Lloyds bank to the FCA
- 592 Revolving Doors – HBOS adviser Karina McTeague crosses the great divide to join regulator – FAILS SEPARATION OF POWERS
- 594 Revolving Doors – FCA investment boss (William Amos) joins PwC, before joining FSA, Amos was an economist at the Bank of England
- 595 Revolving Doors – Megan Butler, Executive Director of Supervision – Investment, Wholesale and Specialist, FCA. Specialist in Financial Crime. In 2013 she joined the Bank of England. 2008 headed supervision at investment banks
- 596 Revolving Doors – but won’t resign / Lieutenant, Close to Andrew Bailey, LCF Collapse, part blame as was at the FCA
- 597 **The Business Banking Resolution Scheme (The BBRS)** a civil resolution with many representatives associated with the banks / **a scheme that won’t engage in resolution of bankers criminal actions (being the elephant in the room)**
- 599 Fears for small firms as banks prepare to claw back billions in Covid loans: **Is history about to repeat the 2008 Banking Crash where the Asset Protection Scheme allowed banks to be bailed out and starved SME’s of promised funds and instead asset stripping kicked in?**
- 601 Some further MPs who victims of bank fraud feel have failed us in Public Office
- \*John Penrose – The Anti-Corruption minister who looks away from Avon & Somerset Bank frauds and a *corrupt police farce*
  - \*Dido Harding (wife of John Penrose) – Close to Cameron and the Court of the Bank of England
  - \* Sajid Javid – Held senior ministerial roles, yet failed bank fraud victims
  - \* Sajid Javid with Theresa May – Held senior ministerial roles, yet failed bank fraud victims
- 602 \* George Osborne
- 603 Common Purpose / JP Morgan Chase Case Studies
- 604 Lloyds Banking Group Asset Theft Frauds
- 604 **A Harsh Reminder of Narcissistic Asset Thefts from the past**
- JEWISH PROPERTY SEIZURES** – Motives / Commercial pressure/ Demands for stronger Action
- 605 ‘Aryanisation’ of Jewish property
- The Nazi Police State**
- 606 *After Kristallnacht*
- Beneficiaries of property seizures:** The majority of seized Jewish property was remitted to the Nazi Government, either through taxes or confiscations
- 608 – 628 **The Solution to Banking Frauds by former HMRC Inspector of Banking by Professor Nigel Harper**
- 617 – 629 **Carmel Butler findings – Banking Crisis Treasury – Memorandum / Report**
- 630 **The “Wetiko” or “Wendigo” - END**

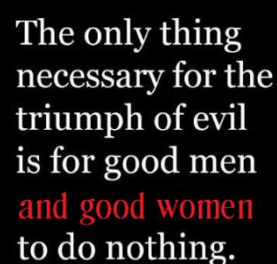
## Summary

In the UK there has been a main leading political group that day to day most people would not notice. It's not blue, yellow or red, but elements of all. It has been a movement hidden in plain sight, yet to most it has been invisible and sadly with us for around three decades. Some will know its members being (some) "**Common Purpose**" graduates, or **Big Society**. Others may not know the pinstripe gangster cabal members by a name. Just simply feel that things are broken, wrong or even corrupt.

During and after the 2008 financial crash, many leaders in the government, police, civil service, along with some (not all) in regulators such as the FSA, SRA, FCA, FOS, FRC, Bank Boards, Treasury, some Ministers and the Asset Protection Scheme/Asset Protection Agency conspired to suppress common and criminal law allowing organised criminals to systemically industrialise white collar crime. Too often victims get stone walled or hit brick walls. Research shows us that it is the pinstripe cabal in place blocking justice and wrongs.

What's worse, corrupt investment bankers playing hard and fast with innocent hard working peoples business and homes and stealing their assets to try and hide the banker's sins and thefts. Or Ministers knowing what happened with HBOS and RBS and allowing the City to take control of audits, financial services and legal services (handed over by Alistair Darling), followed by David Cameron's handing over of policing to orchestrate fraud to a low priority position?

MPs as well as corrupt bankers have a lot to answer for. Starting with Dereliction of Duties to protect the public and our economy from white collar crime and white collar fraudsters.



—Edmund Burke

Following the 2008 HBOS bail-out/Lloyds Bank takeover one of the key documents (**The Project Lord Turnbull Report**) that came to light is the Sally Masterton Audit Report which the Executive Board of Lloyds Banking Group concealed for three years from their Chairman and dismissed the author without (then) compensation which was illegal. When Lord Blackwell received the report he did not show it to the non executive Board. It is understood that the non executive Board only saw the document when the APPG disclosed it.

The HBOS "RIGHTS ISSUE" (2008) was as a result of false audit. The audits were completed by KPMG, however PwC failed due diligence on the takeover. Was this because Gordon Brown and Alistair Darling forced the merger/acquisition of HBOS by Lloyds? What doesn't square...is quite why £4bn in capital was necessary. By end July 2008, HBOS's share price had lost 60% of its value at the beginning of the year and its Credit Default Swaps (CDS) spreads were increasingly wider than those of other large UK banks.

Earlier; following PwC's 2004 report, the supervision team did not carry out any in-depth work on the issues relating to HBOS's risk management framework during the Review Period, the supervision team met regularly with Group Risk throughout the Review Period, typically on a monthly basis. In January 2005, Ms Dawson was appointed to the newly created role of Group Risk Director (GRD). The FSA informed HBOS at that time that her approval to perform control function 10 (CF 10) (261) would be put on hold, pending investigation of the whistle-blowing allegations raised by the former Head of Group Regulatory Risk (GRR), Mr Paul Moore. In consultation with the FSA, HBOS's Audit Committee appointed KPMG to conduct a review of the allegations. HBOS was on a slippery slope which both KPMG and PwC were negligent over.

On 19 January 2005, the manager of the supervision team called Mr James Crosby to raise concerns about Ms Dawson's appointment. The main cause for concern was noted as: 'her behaviour since the decision to appoint her which raised doubts about how open she would be with FSA (particularly ... denying that she and Paul Moore had not seen eye to eye in the past); and the potential conflict of interest she had in providing oversight to her previous area of responsibility (Advisory Sales)'. Mr James Crosby said that he thought Ms Dawson had all the right incentives in place to make the relationship with the FSA work. **In light of the overall conclusion of the PwC report, it was justifiable for the supervision team to place reliance on HBOS's control functions at that point in time.** Controls that later were to compromise Lloyds TSB to the cost of shareholders and SME's.

KPMG's lead investigator told the supervision team on 21 January 2005 that he had spoken to both Mr Paul Moore and Mr Kevin Ellis (PwC) who joined the UK firm's Executive Board in 2008 as Head of Advisory, and was made Managing Partner in 2012. Kevin was elected as Chairman and Senior Partner of the UK and Middle East alliance in 2016. He joined the firm in 1984 on the graduate training programme and qualified as a chartered accountant (ICAEW). To clarify the issues that needed to be covered. KPMG subsequently met the supervision team to discuss the scope of the review. The FSA did not, however, have a formal role in signing off the terms of reference as the review was commissioned directly by HBOS rather than as a s166 Skilled Persons report. HBOS's commercial property book and 'Retail pushing sales at the expense of quality' were also seen as examples of where the FSA saw growth moving faster than controls. The issues raised by Dr Smith (in Risk), together with the FSA's wider concerns about the experience and effectiveness of Group Risk, in retrospect should have prompted the supervision team to question the amount of reliance that could be placed on HBOS's control functions !

The Chair of the Audit Committee said that he was very happy with the function and that the Head of Group Internal Audit was 'doing a great job' !!!

Both the PwC report and comments by Group Risk prompted 'concerns around the effectiveness of the Group Internal Audit' function by the supervision team. This was subsequently an area of focus in the 2007-08 ARROW discovery meetings with HBOS senior management and members of the Board, as well as with both PwC and KPMG. An internal FSA briefing for the ARROW meeting with Group Internal Audit set out that the desired outcome of the meeting was to ensure that the supervision team had 'sufficient information to assess whether the Group Internal Audit function is effective'.

Risk Mitigation Programme (RMP) actions were set by the FSA in April 2008 to ensure that the 'HBOS Group Internal Audit function provides core assurance to management and effective assurance work across the business'. The FSA's informal approach to assessing HBOS's corporate governance was insufficient to identify the failings. Through the contingency planning period that there was an unprecedented level of FSA senior management involvement in the supervision of HBOS, including by the FSA Chairman, Sir Callum, and Chief Executive, Sir Hector Sants, in particular from March 2008.

In his response to the Chairman of HBOS Lord Stevenson, the supervisory Head of Department fell short of criticising the firm's business model: '**Balance Sheet Risk**'. By February 2008, Sir Callum McCarthy (former Chairman of the Financial Services Authority) and Sir Hector Sants held a series of discussions with their opposite numbers in the major banks at this time to convey the seriousness of the situation and to ask questions about what plans were in place to raise capital. A Bank of England paper produced in March 2008 examined options for the takeover of the weaker institutions, with focus chiefly on HBOS, Alliance & Leicester and Bradford & Bingley. An internal FSA email dated 22 March 2008 noted that, in the short term (i.e. within three months), there was an 'unacceptably high risk' that HBOS would become illiquid.

Lord Stevenson told the supervision team during an ARROW meeting on 14 January 2008 that '**he doesn't believe it was helpful having daily [liquidity] calls, not within the public interest and would testify at a Treasury Select Committee regarding this**'.

In June 2008, there was a notable change in the FSA's view of the likelihood of HBOS failing as it considered the possibility of a 'fast burn' scenario arising from one of several of the following: the failure of the rights issue; loss of sufficient wholesale market access; and loss of retail confidence.

On Monday 15 September 2008 at Spencer House, St James, London saw Sir Victor Blank (Lloyds Bank TSB) where the topic was the collapse overnight of Lehman Brothers. The event was hosted by (then) CityBank **Chair Sir Win Bischoff**. CityBank's own shares had dropped 40%. Lloyds Bank did business with Lehman and the estimated write off would be hundreds of £billions. **PM Gordon Brown was at the meeting and stated he wanted to help as Victor Blank suggested HBOS and Lloyds merge**. Brown stated that HBOS could not otherwise survive. Prime minister Gordon Brown scheduled a meeting next morning with Chancellor Alistair Darling and Mervyn King (Governor of the Bank of England). Lloyds Bank was to acquire HBOS.

Not only had Lloyds Bank taken a large hit, but **without consideration of Lloyds customers**, Lloyds was going to be paralysed with the insolvent HBOS balance sheet. PM Gordon Brown denied when he was Chancellor **he did not know the financial and management state the bank was in. At this point Competition Rules no longer applied as the Prime minister had waived them without Competition Due Diligence**.

The biggest banking merger in UK history had just been given the go ahead. Where funding would have to come from the tax payer, and the financial hole later filled by asset rich SME's forfeiting their hard work, businesses, and in cases relationships and homes to fulfil the bankers needs. Not only had Competition Rules been waived, but separation of powers and the consumers rights to be treated fairly, honestly by its **Prime minister who that evening afforded all that the BILL OF RIGHTS 1688 (1689)** stood for.

On the merger, HBoS posted losses of £5bn. Sir James Crosby, Glen Moreno (Senior Director of Lloyds Bank), Andy Hornby (Chief Executive of HBoS) and others errors should be held to account, more so than the HBoS Reading six who were sentenced to 47.5 years in jail.

By September 2008, the assessed probability of the failure of HBOS had risen notably. A draft briefing paper to the FSA's ExCo from the (Executive Committee) supervision team, dated 15 September 2008, recorded that: 'It has ... for some time been our opinion that [HBOS's] current business model is unsustainable in the long-term'. On 18 September 2008, the merger of Lloyds TSB and HBOS was announced.



PM Gordon Brown, the man who gave the go ahead to the HBoS/ Lloyds merger

On 1 October 2008, HBOS was approaching a point at which it was no longer able to meet its liabilities as they fell due and so sought Emergency Liquidity Assistance (ELA) from the Bank of England. Defining this as the point of 'failure' of HBOS for the purposes of this Report is consistent with the approach adopted for The RBS Review.

On 11 February 2009, FSA deputy chairman, Sir James Crosby resigned after it was revealed that he had fired a whistleblower, Paul Moore, who had warned of dangerous lending practices at HBoS when he had been in charge of risk regulation. Sir James Crosby had been appointed deputy chairman when his bank HBOS had been highlighted by the FSA as using risky lending practises.

Chancellor Alistair Darling was fundamental in pushing for the creation of a forum that from the Square Mile would control (away from the House of Commons):

- Legal services,
- Audit and
- Financial services.

**TheCityUK** was established and around the same time fraud was downgraded under a **Statement of "Common Purpose" to low priority** and policing was soon to introduce Labour's "**Policy Exchange**" 2002 policy to introduce Police Crime Commissioners 2011/2012. In doing so David Cameron introduced "The Police Reform & Social Responsibility Act 2011" which the City of London under "**TheCityUK**" too hijacked.

Victor Blank then called Andy Hornby to assemble his executive team and after called (Lord) Dennis Stevenson to say that they had got the go ahead.

Years on, back in 2004 The FSA's early focus on the adequacy of HBOS's risk management framework included the commissioning of an independent Skilled Persons Report by PwC. Mr Mike Ellis (PwC) on the Section 166 review of risk management carried out by PwC in July 2004 noted that 'PricewaterhouseCoopers (PwC) were happy to support the current HBOS **[3LoD]structure**;

ie

**The three lines of defence** is a risk governance framework that splits responsibility for **operational risk** management across three functions. Individuals in the first line own and manage risk directly. The second line oversees the first line, setting policies, defining risk tolerances, and ensuring they are met. The third line, consisting of internal audit, provides independent assurance of the first two lines.

Following PwC's report, the supervision team was content at the time of the December 2004 ARROW that the Group's risk management framework was 'fit for purpose'. A Skilled Persons Report was commissioned from PwC to provide an



independent review of the effectiveness of HBOS's risk management framework and the FSA also increased HBOS's ICR from 9.0% to 9.5%.

However, the use of both of these supervisory tools would have communicated a strong message to HBOS about the adequacy of its control framework. It was described in a letter to the firm from Mr Page, MRGD Director, as 'clearly a significant action for us to take'. Mr Page subsequently met Mr Crosby on 21 January 2004 to discuss the ARROW assessment. A note of this meeting recorded that Mr Page 'stressed very strongly that HBOS was an outlier' and that 'the controls were not adequate and behind the industry'. Mr Page also stressed that Lord Stevenson and Mr Crosby 'had to give a stronger message of the need to balance controls and growth and also to ensure that group controls were adequate'

With the Avon & Somerset banking frauds being rife, the HBOS Reading frauds were growing. With Square Mile financiers gifted control of financial services, legal services, audit and now policing nationally Lloyds Bank up geared its BSU operations and predatory targeting and stealing SME's with high value assets. The Enterprise Finance Guarantee (EFG) was just one of the financiers baits. Loans would be securitised on victims assets and a range of default mechanisms would be orchestrated from tampering with LTV % as aligned with changing consumer contracts, to insisting on various audit partners (often PwC). Often promised loans would only 50% to 60% be provided, leaving victim SMEs further in debt, whilst in too deep to turn back.

Many "**Common Purpose**" (and later "**Big Society**") graduates together with bank auditors played a significant part in gaining authoritative positions (in particular handling or issuing public funds) or advising the Government on policy and opening loopholes for banks to the detriment on many individuals who had their assets targeted and stolen. Away from the senior "**Common Purpose**" graduates many of the lower rankers will not understand the role they played in the bigger scheme that was to lead to PM David Cameron's "**Big Society**" and "**Big Society Capital**". Common Purpose pitches contain "**useful idiots**" and that those in the movement should act in their positions "**beyond authority**"

We now know that funds allocated to the big banks in the crash were also to feed through to small and medium size businesses. Sadly bankers kept the funds, and on top, broke promises to SME's and in highly complex and sophisticated ways pulled the rug via false audits and valuation rigging, forged signatures and concealment of documents and information to collapse victims and proceed in the most evil ways to destroy victims, their businesses, jobs and relationships in order to asset strip targets through acts of fraud and bribery. A good example is the Appeal case **WOOD v COMMERCIAL FIRST – 31 March 2021**. Where **three law lords unanimously confirmed fraud and bribery had taken place**.

As in the two victims (Mrs Wood and Mr Pengelly's) above case. When reported to police, authorities and MP's, all looked away from pressing criminal proceedings. All who looked away are guilty of Misconduct in Public Office and assisting matters, including A&S Police Crime Panel's chair and its clerk who stopped an extraordinary meeting when evidence of fraud had been raised and looked away from by Police Crime Commissioner Mrs Mountstevens, Police Chief Andy Marsh and their Economic Crime Unit (ECU).

Bristol was the ideal place to upscale the national Lloyds BSU unit frauds to as it had already established there from the 1990's under the Commercial First and UK Acorn operations that Lloyds bank had substantial investment and shares in from the shady operations of Des Philips (introducer) and Peter Williams (Burgess Salmon). John Smith (ex Burgess Salmon) partners move into A&S Police as its Chief Executive paved the way for larger scale fraud and bribery cover up to follow.

The "**Merlin Banks**", having played fast and loose, should have been declared insolvent, but were instead bailed-out at the cost of the tax payer. Ministers failed to both protect tax payers' money and pass agreed "bail-out" funding to smaller businesses, instead handed power over to those in the **City of London Corporation** in detriment of the "Bill of Rights [1689]" and failed to adhere to "**Separation of Powers**". The APS Asset Protection Scheme was to follow which banks used and abused, failing to establish and be transparent about the assets therein. Mr Budenberg led the APA Asset Protection Agency.

**The Power Shift from Parliament to the City / Corporation of London: 3<sup>rd</sup> July 2008** saw The Rt Hon Alistair Darling Chancellor (Labour) write to Sir **Hector Sants** the British investment banker. Mr Sants was head of the Financial Services Authority (FSA) from July 2007 until July 2012. From 2010 to 2012 he was also deputy governor designate of the Bank of England and chief executive designate of the Prudential Regulation Authority.

The letter was about establishing a forum to be facilitated in the Corporation of London to leak control of:

- financial services
- legal services and
- auditing

The Chancellor confirmed that the forum would be Chaired by Sir Michael Snyder and Kitty Ussher and taken forward by Sir Win Bischoff (of then Lloyds Bank and later the Financial Reporting Council). The forum was to become “**TheCityUK**”

A further [letter was sent 29 January 2009 from Alistair Darling to the then Governor of the Bank of England](#).

The letter was titled; **ASSET PURCHASE FACILITY**. It states that the Government had authorised the bank of England to create a new fund, the Asset Purchase Facility to purchase £50bn high quality private sector assets under the facility under a risk control framework of the Treasury. The funding was to be for corporate borrowers (ie banks and financial institutions). Performance was to be monitored and regularly be reported. Insistence was that the Bank’s operations should **conform with a risk control framework and only purchase assets that were high quality and investment grade and would be indemnified by Treasury for the financing of the Central Bank facility under the Rt Hon Chancellor Alistair Darlings consent**. The letter was copied in to the Rt Hon John McFall MP who served as Chairman of the House of Commons Treasury Committee.

Today sitting at the top of “**TheCityUK**” includes senior directors of banks, investment companies, auditors and lawyers all from brands connected with the heinous thefts, allowed to carry on and cover up as Parliament which is Sovereign looks away!

Post 2008/2009 complaints of alleged banking frauds at Lloyds, HBOs, RBS GRG and others grew. Lloyds Bank Bristol saw a rise in allegations of fraud as other BSU operations around the UK passed customers who had been distressed in like ways to BSU Bristol (the abattoir). In 2008 Parliament is recorded as having a “**Statement of Common Purpose and Values for the Police Service**”. **The document stated that fraud was to be made low priority!**

<https://publications.parliament.uk/pa/cm200708/cmselect/cmhaff/364/36406.htm>

After complaints to police fell too often on deaf ears, victims started gathering and plotting cases evidences and systemic processes. First on a large wall planner, and onwards to digital format. Patterns emerged and were followed and it was clear that police were either not taking matters serious, or worse were blocking all attempts to expose the frauds.

**Then came the leaked “Op Meadow” peer review**, which had been done by the same senior police officer who oversaw “**Operation Hornet**” conclude. What came from mass data sets and the deconstruction and reconstruction of evidence was shocking and left educated victims and involved experts shocked. .... Officers we had gone to for help, were in fact a large part of the problem which had kept the bankers safe, whilst the banks lawyers continued the charade to hide the large scale fraud on the British people!

**\*In the “Op Meadow” review, D/Supt Nicholas John mentions the “NFIB”** which many might think is the **National Fraud Intelligence Bureau** is a police unit in the United Kingdom responsible for gathering and analysing intelligence relating to fraud and financially motivated cyber crime. The NFIB was created as part of the recommendations of the 2006 National Fraud Review, which also saw the formation of the National Fraud Authority. The NFIB was developed and is overseen by the City of London Police as part of its role as a national lead for economic crime investigation, and is funded by the Home Office. In fact the **“NFIB” in the “Op Meadow”** instance is a private commercial concern which is registered as a ‘private company limited by guarantee’ registered as **ICC COMMERCIAL CRIME SERVICES** Company number **05716642** and NOT a government agency! Which he calls the ‘**National Financial Investigation Bureau**’ which doesn’t exist! ie an artificially created investigative quango. ....

Parliament is the highest authority in England concerning all matters of state. It can enact, amend, alter or repeal any law whatsoever at any time. British Parliament is supreme in its nature as it has the control over the nation, which must again work in favour of the majority of its people and not unlawful allowance of corporations. In the wrongs that have taken place it has to be accepted that some Ministers have acted in **Contempt of Parliament**, by failing the public’s best interest.

Victims now want restitution and for criminals to be brought to justice. Failure of the government should be the reason why Government needs to step in and pay victims for their financial and consequential losses, damages and injuries, hold regulators and senior Cabinet ministers who compromised outcomes to account, jailing those who acted in misconduct to pervert the course of justice and recover from the wrongdoers Proceeds of Crime from their personal assets.

Questions must be asked as to why Avon & Somerset Police and its Police Crime Commissioner Mrs Sue Mountstevens failed. It's Police Crime Panel and the IOPC, the NCA and SFO and COLP (City of London Police). Also why did Superintendent Nicholas John and DS Chris Goodall get "Op Meadow" so wrong. Why was "Op Meadow" a white wash/ false flag and did they do the same with Operation Hornet where only £245m was found and nearly £1bn lost. Di Superintendent Nicholas John lead a cover up on Operation Hornet to protect senior HBoS Reading bankers who didn't go to jail?

How did Dr Andrew Bailey become the Governor of the Bank of England after he and Charles Randell failed at the FCA to protect consumers. Why did the FSA, PRA, FCA and Court of the bank of England fail. Why have senior managers not been hauled in to Government.

How could the actions of auditors PwC and KPMG be left rewarded for their input when victims lost all, leaving SME's in debt post poor and cruel BSU processes on large portfolios at 50-70% LTV when instead of debt, there would have been vast sums over! For over a decade, Ministers have refused to deal with the elephant in the room leaving the banks lawyers in control, when the "Separation of Powers" should not have been handed on a plate to the Square Mile.

Both Sir Hector Sants and Lloyds now **Chairman Mr Robin Budenberg link with UBS/ Swiss banking where Mr Antonio Horta-Osorio is departing the UK. Mr Budenberg, Mr Michael Lockwood (Chair of the Independent Office of Police Complaints)** and others link irrefutably with PwC. A concern when Mr Kevin Ellis came into the HBoS picture for PwC in 2008.

Then comes 5 past Prime ministers who have close ties with Lloyds Bank board seniors and "Common Purpose". For sure the black horses must find it very hard to sleep in their very nice warm stable, that is until the truth comes out.

Victims have been cheated not only by the banks, but also by some in Government who passed powers they had no right to hand over to investment bankers playing fast and loose, whose cover up has included playing regulators in order to prolong cover up with the assistance of "legal" conspirators and double entry book keepers to fiddle the books including (unregulated) shadow banking.

Some in Government allowed the frauds and bribery to happen by defying what the Bill of Rights and Separation of Powers stand for.

HBoS Reading has been a convenient front. But when piecing the evidence and events together, the HBoS six that were jailed doesn't stack up. Especially as **The three lines of defence** is a risk governance framework that splits responsibility for **operational risk** management across three functions.

HBoS was a broke business. Lloyds was likely to have gone that way. BSU Bristol took the HBoS model to full exploitation where the local Police Force under the watchful eyes of a corrupt Economic Crime Unit under corrupt Police Chiefs looks away under the complicity of one of the bad PM David Cameron's creations being a corrupt Police Crime Commissioner called Mrs Mountstevens.

Simply, PM Gordon Brown should have treated HBoS as any other insolvent business and put it to tender and at the same time not have allowed Mr Darling to hand over common law protection as established in Westminster 1688 [1689] when Parliament became Sovereign. This power was NOT given to the financiers in the Square Mile and the Bill of Rights has NEVER been repealed.

The Home Secretary is ultimately accountable to Parliament and charged with ensuring the maintenance of the Queen's Peace within all force areas, safeguarding the public and protecting our national borders and security. The Home Secretary has reserved powers and legislative tools (**Statutory Instruments 2011, No.2744**) that enable intervention and direction to all parties.

Furthermore our current Prime minister must take responsibility for his role and intervention in the formation of “TheCityUK” evidenced by his report when Mayor of London.

## The Financial Matrix

Starting from a few names and companies and as few sheets of paper, The “Financial Matrix” grew with in-depth research over 12-18 months to our current findings.

Surrounding the Bristol hotbed of corruption links evolved between associates in legal services and policing. Research was to identify House of Commons admin where fraud had been made low priority under a Statement of “Common Purpose and Values for the Police Service”

Whilst our (Lloyds Bank Victims Group) work took place; other papers on banking fraud such as the “Project Lord Turnbull Report”, The Forged Signatures Campaign and Judge Cranston’s Review.

\*Interestingly HHJ Ross Cranston is a professor of Law at [London School of Economics](#) (where Dr Andrew Bailey’s wife lectures). Judge Cranston is a retired High Court judge. He is also a former [British Labour Party](#) politician, and served as the [Member of Parliament for Labour](#). Judge Cranston’s report (the Cranston Review) mentions “common purpose” on page 64 of his findings.

<http://www.cranstonreview.com/>

Research of related subject matter and our own victims’ cases surfaced patterns and people involved.

A further breakthrough came with Superintendent Nick John’s (Thames Valley Police) leaking of “Op Meadow” which showed that senior officers at Thames Valley Police had whitewashed the review of Avon & Somerset Constabulary’s false investigations of 11 cases. Our group then added more cases to show systemic evidence of “Bait & Switch” fraud on SME’s assets.

## The “Financial Matrix” highlights Nepotism and Cronyism

**Nepotism** is based on favouritism granted to friends and relatives in various fields, including business, Bribery · Cronyism · Economics of corruption · Electoral fraud · Influence peddling · Kleptocracy; Nepotism; Slush fund · Political scandal **Nepotism** is the practice of favouritism based on kinship, like when the coach chooses his own kid to be the quarterback even if his kid stinks at football. **Cronyism** is the appointment of friends and associates to positions of authority, without proper regard to their qualifications.

## Victims wants

Victims ask that Gordon Brown and the big bankers be hauled in and all legacy cases are investigated by fair judicial review as a collective rather than cases divided to isolate issues. A specialist police team non-related to the “Corporation of London”, independent from “legal” infiltration and that adequate funding is made available as supported by the (now) House of Commons, being the highest Common Law Court in the land as empowered by the Bill of Rights 1688/89 where the voter and their rights must be protected.

There must be questions to the Justice and Police Ministers (past and current) in regards of neglect and dereliction of duties. The Rt Hon Priti Patel said in 2014 at the Westminster debate and in letters; **‘As you know, I said I would refer this to the Government department that is best placed to look into this matter. My officials have engaged closely with the Home Office which considers questions around fraud. I understand the Home Office has agreed to look at this in more**

**detail** - What was the outcome and **what is the Rt Hon Home Secretary going to do now** about A&S Police Constabulary misconduct and failures of senior officers, its PCC and chair and clerk of its Crime Panel and failure of the IOPC?

We ask that our team with overwhelming evidence and extensive insight are invited to work closely with the team that the Government now needs to bring in. Especially as the SFO and NCA too have refused to intervene.

We ask that some level of financial support is put in place for victims and their families that have suffered consequential loss in the same respect that the Ministers bring emergency remedy at times of national and local disasters as at this time we have victims living with illness and mental stress on the streets, in temporary homes such as cold caravans and non-suitable housing and in cars, because their wealth has been stolen and in return their credit is totally impaired, whilst the perpetrators enjoy extremely rich lifestyles from the proceeds of their crime.

*\*The corruption and false accounting now, is no different from the mafia book keeping tax evasion that bought down Al Capone in 1931. Capone was convicted on five counts of income tax evasion on October 17, 1931, and was sentenced a week later to 11 years in prison*

We understand that **Operation Hornet saw Thames Valley Police out of pocket by £millions** and that more funds should have been allowed for investigation. Anthony Stansfeld, PCC of TVP has been a tremendous support backed by his own experience of the HBOs Reading and other frauds. It remains a complete scandal that our Lloyds Victims Group would have made no progress whatever in drawing this matter to public attention, if it had not been for his very considerable assistance.

\*However what came to light with "Op Meadow" is that the main Operation Hornet police officer, whitewashed the Op Meadow case summary findings, and on deeper research Superintendent Nick John's explanation of how six individuals (in particular Lynden Scourfield) executed the HBOs Reading frauds, doesn't stack up when his findings are dropped into a large banks risk alert structure !

Victims want fair redress and to see the CPS investigate (away from the interference of Simon Duckworth, or his replacement James Thomson and/or others at the Corporation of the City of London). Ministers must proceed with prosecutions and for those accused to not be able to use bank / shareholders / victims funds to fight their corner. Also, the Government must retrieve stolen funds under the **Proceeds of Crime Act**. Victims want justice and the return of what was stolen and financial restitution and for the abuse to not happen to others in the future.

Victims also want evolutionary change as to regulators not running conflicted quango processes or abusing conflicted regulatory positions, such as with Eversheds having a senior executive on the board of the Financial Ombudsman Service (FOS), or Blackrock on FOS, or Lloyds Scottish Widows execs sitting on the PRA or its CEO on the Court of the Bank of England, such as Antonio Horta-Osorio or senior Lloyds' Lady Susan Rice (who is senior Common Purpose). Questions must be answered as to why audit trails under the Audit Protection Scheme were allowed to proceed, smoke and mirror cover up is apparent from the Public Audit transcripts, where it is now clear deceit covered up enormous shortfalls on balance sheets. Questions need answering as to why Britain gave rogue bankers bonuses when Iceland jailed bad bankers.

In the bailout (2008/2010) part funding was agreed to be made available to SME's. Instead funding mainly went to the large banks' own coffers and large businesses. Promises were broken, as a result people and businesses were broken.

There is no way SMEs can trust banks, whilst legacy cases remain un-investigated and quango (City of London) related quangos sit as pretend protectors of consumers, when many appear to be part of the brick wall stopping redress. Consumers must have faith in trades and service professionals connected to bankers and legal advisers such as valuers, LPAR, debt collectors, bailiffs, police and court officials. However this today is not the case and people are still being stripped unlawfully of their assets.

How much public funds have and continue to be misappropriated to fund agendas/ buddy contracts and questionable training, which fails to protect the public and takes tax revenue in the process to fuel illicit placements of "Common Purpose" and like candidates in a similar way that Freemasons come under public criticism ?



How many auditors are sculpting via government civil policies only to then offer loopholes to their large banking clients to the detriment of targeting consumers?

## Construction of the “Financial Matrix”

As a collective group of victims of alleged fraud by Lloyds Bank and their associates, we began to see same names and same companies appearing in victims’ cases. This then extended by looking at other cases associated with Lloyds banking Group, initially HBoS elements which then highlighted further crossovers from further covered up legacy cases such as Acorn and Commercial First (which Lloyds had substantial financial interest in).

Patterns started to appear as to modus Operandi and same players.



Image of the original Financial Matrix flow chart

As findings gathered pace we started plotting details in a large flow diagram (over page) that we called the “Financial Matrix”. What became apparent early on were senior persons’ names such as Mr and Mrs Simon and Caroline Duckworth and many of their associates as can be seen on the illustration over page. Mr Duckworth’s power in the fields of policing is comparable to those in banking that Mr Andrew Bailey held at the FCA and now Bank of England. Both are very influential men in the **Square Mile/ the City of London Corporation**.

In other words Mr Duckworth has been one, if not the most senior civil servant over UK Police (along with the Home Secretaries) and is also a senior influencer and controller in most **Corporation of London Authority** concerns. A power that no single person should be at liberty to singularly influence the monopoly of fraud and police services and authorities. An abused position, a “Pretend Protector” in place, who has failed to protect national property/asset owners. Mr Duckworth and also Dr Andrew Bailey have allowed fraud to flourish by neglect and failure of function !

Patterns began to build, including strong links to “Common Purpose” graduates as between Mrs Duckworth and the former MD of Burges Salmon lawyers, Guy Stobart, who in turn linked to John Smith (ex Burges Salmon who became the Chief Executive then Deputy Police Crime Commissioner of Avon & Somerset Police).

With several (not all) “**Common Purpose**” graduates falling into place, this brought in more senior politicians and policy makers such as linking Mr Budenberg with both Gordon Brown and “CP” David Cameron and “Big Society”. Further links naturally came to light thanks to the web, Companies House, Gov.co.uk, Wikipedia and many other credible sources.

The flow chart in part became a crystal ball and an important tool in understanding who linked to what events and other people and commercial concerns that allowed this enormous complex fraud to come to light, which in turn linked other senior Board members of Lloyds Bank such as Lord James Lupton, and Lord Blackwell to past PM John Major and Mr Horta Osorio to two close aides of Tony Blair, being Dr Wendy Piat and Julia Middleton founder of Common Purpose. More senior police and crime commissioners came to light too, along with Regulators and associates of the bank such as lawyers, auditors, and Law of Property Act Receivers

What emerged was a civil (stone) wall of powers that be. Blocking and obstructing rather than investigating victims concerns of criminal activity. Most authorities would say matters were civil, meaning that Parliamentary common law and criminal law were being purposely pushed aside and ignored and victims abused and denied their Human Rights. Both the Bill of Rights [1688] and Magna Carta intended Parliamentary MP’s to protect the people by their exclusive privileged powers that Parliament holds from our electorate.

Over the page is an extract which centres around the powers and control of Simon Duckworth. The bigger matrix is currently approximately 80/100 times larger. What is emerging is that some in the Square Mile have immense power over too many matters that should be retained in full public view and full public scrutiny and domain of Parliament. When such

power is hidden and abused in the hands of a few, the very existence of our compromised **Government must be adjusted to truly be Sovereign and in control again. Today the Square Mile tail, wags the Westminster dog away from the majorities interest.**

## Systemic Police Suppression:

The illustration (over the page) shows researched associations of people, organisations, societies and authorities.

The focus is on Mr (and Mrs) Duckworth and how they link known players and their interests with victims' evidence. Research from public domain such as Wikipedia, LinkedIn, government sites, Companies House, Corporation of London websites and others has made such research very accessible.

Alleged large scale bribery and frauds covered up by police and Government





# Parliamentary Failure:

## 1. Redress of Public Grievances (Complaints):-

The House of Commons is regarded as the final authority to provide relief to the people when they suffer difficulty or meet injustice at the hands of government officials. One hour is fixed for asking questions on every day the House meets.

(i) Victims of banking fraud have exhausted all available police routes and through the “**Police Reform and Social Responsibility Act 2011**” and “**Statutory Instruments 2011, No.2744**”, now require the intervention of the Secretary of State who is ultimately responsible for police failure.

(ii) Justice is sought by victims who bring evidence of systemic criminal fraud following the 2008 Banking Crash under the Bill of Rights [1688/ 1689] whereby many parties accused of fraud have consciously, mindfully and with malice for their own gain and victims loss, wrongly defaulted victims under civil legalese in “**Conspiracies to defraud**” from their Square Mile, City of London abode under the protection of the “Corporation of London” whose powers are below the true rule of the House of Commons.

(iii) The definition of the **Rule of law** is that no one person is above or below the law. Legal is a doctrine that sits below common law “lawful.”

(iv) The United Kingdom has a doctrine of **parliamentary sovereignty**, so the Supreme Court is much more limited in its powers of **judicial** review than the constitutional or **supreme courts** of some other countries. It cannot **overturn** any primary legislation made by **Parliament**.

(v) Parliament has the supreme legal authority in the UK whereby it can create, amend or repeal ~~and~~ any law, or address any unlawful act inflicted on any elector by another. Generally, courts cannot overrule its legislation and no Parliament can pass laws that future Parliaments cannot change. Parliamentary sovereignty is the most important part of the UK constitution.

(vi) Civil Courts and civil regulators associated with the Square Mile are typically not neutral and bring favour to the overpowering financial sector which connects to liveries and historic concerns found in the Square Mile. Historically Roman Civil Law was confined to the Square Mile, in particular The Temple, whilst unbiased Common Law would be heard in Westminster Courts away from Square Mile’s legal influence.

(vii) **Legalese is the enemy of victims**. Contracts and agreements that victims allege have been constructed by the **bank’s auditors and civil (legalese) lawyers** are by design premeditated to allow civil attacks to collapse and asset strip UK businesses. For this reason, victims allegations of banking fraud are discussed in Westminster and not in the domain of the Corporation of London. In doing so the Remembrancer should be removed from the House of Commons along with “The City UK” influence on policy and law. Victims of bank fraud are being failed by the establishment not abiding by the official procedure or system of rules governing affairs of state, being the protocol of “**Separation of Powers**”

(viii) White collar wrongdoing should result in senior managers being held to account (including banks associate company lawyers, valuers, LPA Receivers, secondees and audit staff who all play a part in process.) Evidence and statements should be heard in front of juries to investigate and find outcomes as to negligence/criminality of individuals and those directors responsible for their risk and non-compliance.

2. Victims of the economic crimes presented to the House of Commons demand that Ministers act in the public interest and bring equality of arms under parliamentary sovereignty to protect the electors who have suffered as a result of legalese contracts as deployed by Corporation of London operatives, where consumers have faced torture and financial loss by their predatory “Bait & Switch” and “Conspiracy to Defraud” and theft actions.

\* (i) A good example of this can be seen in “**WOOD v COMMERCIAL FIRST BUSINESS LIMITED**” **Neutral Citation Number [2021] EWCA Civ 471**; where 3 Law Lords found in favour of Mrs Wood and Mr Pengelly.

Multiple Police authorities, SFO, NCA had continuously turned Mrs Wood and Mr Pengelly away. This follows through to what is believed to extend to over 200 similar fraud reports by victims against the same and additional perpetrators.

3. Following the financial crash there have been hundreds of thousands of SME's and consumers caught up in mis-selling scams and frauds by UK and foreign banks. These have substantially damaged the UK economy and yet there seems to have been few if any investigations into allegations of fraud and/or theft against senior bankers and their Boards, in particular white collar operatives located in the Square Mile and its protectors from both criminal and common law justice.
4. The "**Lloyds Bank Victims Group**" has spent 36 months gathering victims' intel and has been constructing a financial matrix. A change point came when Superintendent Nicholas John leaked in error "Op Meadow", a highly sensitive document that was not intended to be seen by victims, let alone to be
  - (i) deconstructed or
  - ii) rebuilt with victims evidence.
5. This document (the Financial Matrix), along with "Op Meadow", provides two volumes with case evidence direct from victims that contradict the summaries of Thames Valley and Avon & Somerset Constabulary's Officers and ASP PCC Office whitewash of what has really happened and been hidden by police and authorities. The documents are highly politically sensitive, complex and show how high value and high level fraud have allowed systematic asset stripping since the 1990's.
6. The Avon & Somerset frauds are too large and too complex for most people to understand. With a complex matrix plotted and real case studies we aim to give insight into what has gone on and what is still being denied by the establishment as a whole.
  - (i) "Op Meadow" scoping by ASP was done in a way to conceal key elements and people from surfacing and in doing so protect individuals who must now finally come under criminal spotlight.
7. To conceal the frauds false audits hide engineered and orchestrated systemic processes by a number of individuals who abused victims' trust, assets and "*legal*" (not lawful) mechanisms were and are used to 'bait & switch' victims from good banking to bad, through to administrative and LTV (via valuation rigging) collapse.
  - (i) Typically, promised funding and facilities are pulled, post the bank gaining a better financial understanding of victims from financial projects that the banks insist on.
  - (ii) Sinister contracts and agreements reveal how the bankers deploy collapse via manipulating loan to value (LTV ) process and engagement of "valuation rigging" or false portfolio audit to orchestrate LTV triggers to engineer defaults.
  - (iii) Such practices include returning monthly payments (making customers go over LTV allowance limits) and leaving properties off mandates to distort LTV defaults.
    - a. Examples include property tile division, ie a (whole) farm title might be divided into two or three titles, such as the i. farmhouse, ii. yard, iii. Land
    - b. Or, in the case of a landlord with portfolio of BTL's (buy to let) the bank, its valuers or auditors may leave some portfolio units out, which then distorts LTV, to a breach of the banks "legalese" lending agreement/ loan documentation.
  - (iv) In many of the cases examined, forged documents and forged signatures were employed if the bounty was big enough.



8. In reality when bankers and lawyers are placed under the spotlight their sentences follow with intricate lies filled with political manipulation and false audit trails **hidden by shadow accounts** and double book keeping. In many cases “**Mark to Market**” accounting profits can even confuse the House of Commons, Committee of Public Accounts, such as in 2011 when the **Chair Mrs Hodge** (Labour), did a stern job of questioning the Lloyds Bank and RBS bankers following the Banking Crash. However even then the **bankers could not answer where assets were, or to what value, where the Bank of England released an estimated figure of £100bn**, yet Stephen Hester thought the **figure was closer to < £10bn**.
- (i) For sure a **massive asset to balance sheet discrepancy** with 100 auditors implicated in accounting manipulation. In the bail out more was to be done by banks for SME’s and business. But they failed and instead shored up their own safety and bonuses whilst depriving consumers.
  - (ii) What has now come to light is that the banks which fell into trouble which should have been treated as any insolvent company would have been treated. Were in fact bailed out by a complex scheme as encouraged by Treasury and Alistair Darling whereby the “Merlin Banks” were propped up in a trade off of public’s assets equity.
  - (iii) Funds were raised in an “**ASSET PURCHASE FACILITY**” / The **ASSET PROTECTION SCHEME**, which was intended to both bail out the banks and feed liquidity into SME’s. However the banks took the bail-out, and starved funding to the SME’s
  - (iv) As a result, SME’s were enticed in to false bank promises of debt support funding secured against their assets. Funding such as the **Small firms Loan Guarantee** (SFLG) Scheme and the **Enterprise Finance Guarantee** (EFG) where after the Lloyds Business Support Units and RBS GRG departments would move the goal posts and the then reliant distressed businesses would be thrown into chaos.
  - (v) What would follow would be business collapse, asset stripping, relationships blighted and in cases, suicides.
9. In the case of Lloyds Bank. **Senior Duncan Parkes stated that the Lloyds BSU operations were “PROFIT CENTRES”**. In reality, they were cruel slow death abattoirs.
10. Sir Nicholas Macpherson stated in a letter to Chancellor Alistair Darling concerns about the APS (Asset Protection Scheme), including:-

..... major concerns were raised about the legality of the scheme and later in 2009, the Chancellor Alistair Darling MP asked the Permanent Secretary of the Treasury, Nicholas Macpherson to authorise a modified version of the APS. On 3<sup>rd</sup> November, Macpherson replied in writing, saying that he continued to have major reservations about its legality and that he refused to sign it off. Darling and Bailey nevertheless went ahead.

11. Following the bank's “**True Sale**” of the mortgages, the bank's contractual relationship with the borrower is extinguished. The Special Purpose Vehicle (SPV), as an assignee, becomes the party that is in privity of contract with the borrower. However, neither the bank nor the SPV inform the borrower of the SPV's ownership of the mortgage contract. The SPV will remain concealed. The borrower is unlikely to discover the SPV's ownership of their mortgage contract because, following the sale to the SPV, the bank and the SPV enter into a contract wherein, the bank agrees to administrate the mortgages on behalf of the SPV and in return, the SPV remunerates the bank for its administrative services. Consequently, whilst the bank has extinguished all its right and title to the consumer's mortgage contract, the bank's connection to the consumer's mortgage is through its administration agreement with the SPV only. Following these legal manoeuvres: (i) the consumer and the SPV are in privity of contract under the mortgages; (ii) the bank and the SPV are in privity of contract through their administration

agreement; and (iii) the world will remain ignorant of these events because the bank continues to service the loans as if nothing has happened.

12. Therefore, the bank's only interest in the loans following its **"True Sale"** of the mortgages is that of a mere administrator and servicer of the loans. The SPV is the bank's client from whom the bank earns its servicing fees and from whom it receives its instructions. Consequently, the bank's loyalty is to the SPV client only. The power to set the borrowers interest rates is a contractual power contained in the mortgage contract: a fortiori when the contract is sold to the SPV, the contractual power to set the borrowers interest rates is vested in the SPV and not the bank. Therein is the reason why the banks have not passed-on the interest rates cuts. It is simply because: they cannot. They must, in accordance with their administration agreement with the SPV, implement the interest rate policy of their client, the SPV.
13. A primary purpose of a securitisation is to remove the credit risk from the bank's books. The bank, under a **'true sale'** will sell all its rights and title in the mortgages to the SPV and the SPV will in return pay the bank cash for the mortgage assets. This plain truth has remained elusive because under the terms of the true sale contract, the bank and the SPVs have unlawfully agreed to keep the transaction concealed from the borrower and, from H.M. Land Registry. Thus the world is given the false appearance that the banks still own the mortgages.
14. In the process, whereby the bank fails to update the Land Registry **"Originators Charge"**, this becomes a void representation and thus a **"false instrument"** whereby a bank's lawyers will proceed in court to attempt to take what they have securitised/sold on.
15. Consumers have suffered since then. The fallout that followed resulted in good hard working people suffering and in cases suicide. And what of the **bailed-out "Merlin Banks"**? The banks which were to link to Big Society Capital and its connections with a number of sub smaller banks that took the Merlin banks redundant funds in accounts that had been dormant for 15 plus years. Was this an integral part of the onward fraud to launder funds through to **"Crony" friends**?
16. What followed the 2008 crash was the installing of the banks auditors and many **"common purpose"** graduates into financial regulators, quango redress schemes and the hijacking of national law and order to cease future investigations into those connected with banking economic crime.
17. In 2011 we saw new policing structures created including Conservative David Cameron's **Police and Crime Commissioners** (as per **Labours earlier 2002 Policy Exchange want**) run by civil servants taking over policing, and taking control away from Westminster to the City of London and it's paymasters in the Corporation of London, the banks and other financial institutions.

- (i) We can see this evolving (2008/2009) in the letters from Alistair Darling to Sir Hector Sants and Mervyn King (Governor of the Bank of England). This is where Sir Win Bischoff is brought in to the Corporation of London forum which became **"TheCityUK"**
- (ii) Thus, there must be a re-introduction of Parliamentary **"Sovereign Powers"** as introduced via the **"BILL OF RIGHTS 1689"** to control the **"legalese"** abuse of **"Bait & Switch"** contracts of the Corporation which operates in the **"City of London"**
- (iii) COLP (City of London Police) are part funded by the banks. In 2018 Lloyds Bank gave £1.5m to COLP and

James Hurley from the Times (25 February 2019) reported **"City of London police took £29m from insurers and banks"**.

COLP control and direct **Action**(less) **Fraud**. COLP runs under the Corporation of London, with little to no interference of the Home Secretary as shown in **the Police Reform & Social Responsibility Act 2011**,

## Statutory Instruments 2011, No.2744.

(iv) However, Statutory Instruments states that police are the ultimate responsibility of the Home Secretary who must now take on board vast police failure and in particular the Law Lords findings that Bribery and Fraud took place in **WOOD v COMMERCIAL FIRST** (31 March 2021) under the failings of Avon & Somerset Constabulary.

18. Even now we see the banks favouring redress through a “civil” business banking resolution scheme (**BBRS**) rather than a more apt criminal route which *legally*, **but unlawfully excuses bankers from jail** and allows them free to carry on gaining big bonuses.
19. And is the Asian Infrastructure Investment Bank (**AIIB**) David Cameron and his Cronies latest Treasury purse designed to move large sums of tax payers funds about? After stepping down as Prime Minister, David Cameron also formed strong business links with China as vice-chairman of the £1billion UK China Fund. While in government, Cameron and former chancellor George Osborne (who is reported to receive £650,000 a year from investment managers Blackrock) – promoted stronger ties to Beijing.
20. They were criticised for clearing a £2 billion investment from the secretive communist dictatorship in the UK’s Hinkley Point nuclear power station. Jon Trickett, Labour’s Shadow Cabinet Office Minister, slammed the “revolving door” between big business and politicians. He said: “Since being kicked out of Parliament by voters, Danny Alexander has been rewarded with a knighthood and become head of a Chinese investment bank, while others who lost their jobs are still paying the price for austerity policies he concocted. This ties in with Big Society and Blair & Co’s “Common Purpose”.
21. A spokesman for the SNP added: “*Danny Alexander spent five years helping the Tories as they inflicted austerity on our public services – so it’s little surprise if they wanted to thank him with a top job after he was ejected by the electorate.*” The AIIB wanted a candidate with at least 20 years’ experience in international finance for Alexander’s job in 2016. In the end, they opted for a man whose finance experience was five years working as George Osborne’s deputy in the coalition.
22. The AIIB have been highly controversial on the global stage. The US refused to join amid fears they will become a secretive Chinese controlled rival to the US-led World Bank. ACBA approved Alexander’s post on the condition he did not exploit the “privileged information” he picked up in Government. At the time, a spokesman said they “*took into account that the UK Government actively supports the AIIB, is a shareholder and was one of their founding members*”.
23. Are the British SMEs and public simply the cattle at any cost for whatever those in charge decide to take out of the purses public put their trust in such as Lloyds, RBS, HSBC and Barclays?
24. “**Project Merlin**” failed (in particular Lloyds and RBS) to deliver the lending promises set out, which left SMEs with no solution to finance problems. In an even more frustrating turn of events for SMEs, the findings of **Project Merlin** show that banks gross lending facilities hit £214.9 billion for the period, 13 per cent above the committed amount of £190 billion, however the likes of Lloyds favouring lending to big business which left SMEs deeper in debt against a challenging backdrop. It seems catastrophic that the powers that be could not rally themselves to support small and medium enterprises which were the backbone of our country, with most remaining in economic crisis having had to sell or place what assets they possessed to the demise of ruthless bankers. Bankers who typically do not lend. Bankers who sell and broker bad debt for the trade off of high cost loans or collapse via court cases where bankers do not update Land Registry “originator charges” to conceal that they typically do not own the funds they pretend to lend.
25. Charges that conceal they don’t have original paperwork in many cases. Paperwork that conceals “True Sale” sold on debt to SPV’s (special purpose vehicles).
26. **Qui Bono? Who benefits? The banks and the SPVs.**

The banking-crisis has undoubtedly been the greatest heist of public money at the hands of money-men wielding

their power in the guise of victimhood. In reality it is passive-aggressive intimidation. Power is being concentrated in the hands of the few remaining banks that have successfully dispensed with competition, leaving the public at the future mercy of a cabal of bankers and the attendant possibility of a concealed cartel. The golden rule will prevail. He who holds the gold—Rules! Private foreign companies and their investors have also done exceptionally well. The SPVs are being capitalised by the public purse through bank consolidated balance sheets and consequently, the public purse will carry any SPV losses. The investment paradigm appears to have shifted. Historically, investors capitalised their companies and received high returns for taking risk and, if the risk manifests, investors lost their investment; but now, the Investors still receive high returns but, the public capitalise their companies and guarantee the investors' returns.

27. Without checks and balances and honest disclosures, financial engineering dysfunctions to the detriment of the consumer and ultimately the economy. Transparency is essential, together with openness and honesty from the financial institutions in particular the Square Mile, and for government to step in under common law when civil law is abused in “Bait & Switch” scenarios that are harmful to the economy and deceitfully destroys lives.
28. The contractual relationship is not one of equals, it is one of David and Goliath without the slingshot and stone! The scales of justice are in urgent need of recalibration. To restore the equilibrium between the contracting parties the remedy is: the faithful application of the rule of law. The failure of British courts to give effect to consumer rights makes the UK a most creditor friendly jurisdiction (and therefore a most debtor unfriendly jurisdiction) in the world attracting the highest creditor friendly rating of A1. This high rating is achieved not through the lack of consumer protection law, but rather through the lack of consumer law enforcement. Consumers do not necessarily need new protection laws, consumers need empowerment to enforce their contractual rights and the consumer laws that exist.
29. As the only member state with a global finance centre, and the EU's most prominent common law system, the UK suffered disproportionately from **the incompatibility of the EU's civil law based approach**. The UK often found its attempts to advance its agenda as a financial services hub thwarted by politics, rather than economic or legal good sense which banks and their auditors have abused to predatorily entrap asset rich consumers.
30. Competitiveness has been damaged by laws to which it would never have been subject had it not been in the EU and under the EU's imperfect legal architecture. The effectiveness of the UK's financial services regime has, as a result, been undermined allowing fraud to flourish.
31. There is now a strong feeling that white collar fraud by the banks has become acceptable by the powers that be in this country and industrialised, where the **City of London Corporation Police** have hijacked and abused their UK responsibility to investigate economic fraud under Commissioner Ian Dyson and Commander Karen Baxter. Overwhelming evidence justifies intervention by the Home Secretary under reserved statutory powers.
32. Parliament and not the **“Corporation”** of London must radically reform the nature of regulation, how regulators operate and how they are held accountable for their rulings. Regulators at the **FSA, FCA, FOS, FRC** and the **Institute of Chartered Accountants in England and Wales** appear compromised and populated with those dominated by former auditors and the big corporate customers of auditors via revolving doors of governance where it appears they work in favour of criminal financiers and where Ministers are under the thumb of the Square Mile, whereby fraud is made a low priority.
33. The focus should be on optimising our law system, particularly because common law tends to lead to superior economic results and fairer consumer “equitable” outcome over anti-consumer civil practices such as the predatory targeting of debt lending secured by unfair legalese charges on assets via “Bait & Switch”, where the banks gain is too often to the consumers loss. The task, therefore, is to reclaim the benefits of the UK's legal heritage and unpick the undesirable elements of law from the UK's system. The UK should adopt the pure common law method across its legal and regulatory framework.
34. In 2011 **Prime minister David Cameron introduced Labour policy** from the **Policy Exchange** (2002) to evolve flawed policing under the **“Police Reform & Social Responsibility Act 2011”** and on the whole ineffectual Police Crime Commissioners, who have allowed criminal asset stripping to become very profitable and unaccountable. *This is*



with exception of PCC Anthony Stansfeld who above all has tried to make aware the establishment of the mafia style economic mess that will make it impossible for SMEs to rebuild post Covid, and after all, what SME would want to risk decades when white collar criminals can step in and **simply steal assets on the trickery of false promises and initiatives like the Small Firms Loan Guarantee** that was phased out in 2009 and the subsequent government backed **Enterprise Finance Guarantee scheme (EFG), Covid loans over £250k, secured by asset charges from often a lifetimes hard work.**

35. For the system to serve consumers fairly, the system must be rebalanced to make for greater accountability and oversight by a specialist Parliamentary committee, assisted by the necessary expertise. New mechanisms are required to ensure that regulatory supervision reflects common law practices, including the use of case law precedent. The drafting of regulatory rules should be subject to Parliamentary oversight and judicial review, and the regulators' actions should be subject to legal challenge in the courts and Upper Tribunal, a superior court of record whose powers include the ability to exercise judicial review of the financial regulators. Adopting such an approach will restore the full benefits of the UK's traditional legal system, for customers, financial firms and the UK economy.
36. Westminster needs to take back control from the Square Mile and hold to account failure of senior police, abusers of office within the Square Mile and ministers who by definition have inflicted irreparable damage on British businesses and SME's by allowing asset thefts. ***The Square Mile's tail has been wagging the Westminster dog!***
37. **These frauds must be considered as complex and high value as past frauds such as:**

❖ **Enron ("Mark to Market"** *The Enron scandal drew attention to accounting and corporate fraud as its shareholders lost \$74 billion. Enron orchestrated a scheme to use off-balance-sheet special purpose vehicles (SPVs), also known as special purposes entities (SPEs), to hide its mountains of debt and toxic assets from investors and creditors. The primary aim of these SPVs was to hide accounting realities rather than operating results. Several of Enron's executives were charged with conspiracy, insider trading, and securities fraud. Enron's founder and former CEO Kenneth Lay were convicted on six counts of fraud and conspiracy and four counts of bank fraud.*

❖ **Madoff "PONZI" Scandal** was a major case of stock and securities fraud discovered in late 2008. Prosecutors estimated the size of the fraud to be \$64.8 billion, based on the amounts in the accounts of Madoff's 4,800 clients. The U.S. Securities and Exchange Commission (SEC) was criticized for not investigating Madoff more thoroughly. Madoff gained preferential access to Washington's lawmakers and regulators. The Securities and Exchange Commission (SEC) is said to have missed "red flags" and failed consumers.

\* The CEO of Lloyds Banking Group **Antonio Horta-Osorio** placed around \$3bn of customers money into the **Madoff** business when he was at Santander.

❖ **Providence Investment Fund.** **PwC tried to quash the claim**, but a judge at Guernsey's Royal Court threw out the auditor's appeal. The fund's administrators claimed it was run as a 'fraudulent Ponzi scheme' and that PwC, which gave Providence's books a clean bill of health in 2013 and 2014, should have sounded the alarm. Providence claimed to invest money in the Brazilian debt market but instead most of investors' cash was fraudulently funnelled into other parts of the group or companies controlled by its boss, Antonio Buzaneli. He was jailed for 20 years in the US in 2019 for orchestrating a £122million Ponzi scheme, which prosecutors said 'targeted hundreds of victims worldwide, many of whom were elderly and vulnerable'.

❖ **Wirecard** (Red flags were raised as early as 2008 when the head of a German shareholder association attacked Wirecard's balance sheet irregularities. The **Wirecard scandal** is a series of accounting scandals that resulted in the insolvency of Wirecard. After initially defending **BaFin's actions**, its president Felix Hufeld later



admitted the Wirecard Scandal is a "complete disaster").

- ❖ **The Volkswagen emissions scandal** (also known as **Dieselgate** or **Emissionsgate**, began in September 2015. In April 2017, a US federal judge ordered Volkswagen to pay a \$2.8 billion criminal fine for "rigging diesel-powered vehicles to cheat on government emissions tests". The "unprecedented" plea deal formalized the punishment which Volkswagen had agreed to. Winterkorn was charged in the United States with fraud and conspiracy on 3 May 2018. As of 1 June 2020, the scandal had cost VW \$33.3 billion in fines, penalties, financial settlements and buyback costs.
  - \* **European Investment Bank's involvement** In January 2016, documents obtained by CEE Bankwatch Network provided more details for a **European Investment Bank** statement that its loans to Volkswagen may have been connected to the car makers **use of cheating devices to rig emission tests**.
- ❖ **HSBC** (*drugs money laundering through London, yet no UK bankers jailed*)
- ❖ **Ford Pinto** (*where Ford equated the **cost of lives was a calculated commercially acceptable trade-off for monetary gain**, compared to a few dollar recall part. Internal company documents showed that **Ford** secretly crash-tested the **Pinto** more than forty times before it went on the market and that the **Pinto's** fuel tank ruptured in every test performed at speeds over twenty-five miles per hour. This rupture created a risk of fire).*)
- ❖ **Fincen Files** (*Britain's biggest bank moved the money through its US business to HSBC accounts in Hong Kong in 2013 and 2014. The leak shows how money was laundered through some of the world's biggest banks and how criminals used anonymous British companies to hide their money*)
- ❖ **LCF** (*London, Capital & Finance*) **The Treasury Select Committee is investigating failures of the Financial Conduct Authority**, which regulated some of its activities but has been accused of failing to protect the public from its dangerous activities. LCF raised money from mostly older people after aggressively marketing its products known as mini-bonds through sophisticated social media advertising campaigns. Its investment strategy turned out to be catastrophic as it apparently invested much of the money in dubious projects involving its own associates. **The Serious Fraud Office is investigating and is known to have made five arrests.**
- ❖ **Grenville Tower** – (*In the early hours of **14 June 2017** a devastating fire engulfed the Grenfell tower block in North Kensington, west London. The building burned for several hours and **72 people** were eventually confirmed to have lost their lives. All entities are required to operate humanely and the fact corners were cut for commercial interest is a fraud on moral and Human Rights, including those who survive long after the dirty deed is done).*)
- ❖ **Op Hornet/ HBoS Reading fraud** – (*where £850m remains unaccounted for and the £245m that was found went mainly to UK Treasury. Also it is now known that LBG/HBoS Board would have known due to bigger bank Risk and Compliance Directors and KPMG's auditors either hiding what fully happened, over the account Superintendent Nicholas John gave which doesn't hold water for the risk and security measures a bank must operate).*)
- ❖ **Pentagon Papers** – (Daniel Ellsberg was a senior civil servant in America and was privy to internal government policy and audit papers that showed Nixon and four prior presidents at any cost to save face would go to any limit for their own purpose. Ellsberg released controversial and **politically sensitive "Top Secret"** papers about the abuse in the Vietnam War to public domain in "**Public Interest**" that he had accessed from his work within the Pentagon, letting the American people know how it's government was sacrificing the people's money and

their soldiers lives. It is believed this act for Humanity led to the impeachment of President Nixon).

**\* To date Lloyds Victims Group is aware of 27 calls from persons claiming to be suicidal.** This includes teens in families that are going through or have been asset stripped, where incredible financial and mental pressure for some is just too much to carry on.

38. This report has been compiled by victims, experts in banking, audit, police and advisors on fraud from research and evidence of the overwhelming alleged claims that asset stripping and fraud has taken place. Support is available from press coverage, Hansard, and research evidence. Additionally, some cases have solicitors, barristers' or Queens Counsel opinion that criminal acts have been committed.
39. **Evidence includes communications from PwC to indemnify Lloyds Bank and their solicitors from both negligence and fraud should it arise.** Evidence also shows communications to and from Avon & Somerset head of fraud Dr Kirstie Cogram where lawyers advised that their client would welcome the assistance of the police to give the impression in public of no wrongdoing
40. Victims allege **economic crime cases have been white washed, in particular by officers in the Thames Valley Police/Avon & Somerset Police Constabularies in both "Op Meadow" and now Op Hornet as additional support cases, new evidence and views of experts highlight how the** fraud and serious negligence have been engineered and orchestrated via the below financial services providers, in particular Lloyds Banking Group in the Bristol Business Support Unit (BSU) under John Holliday, Nicholas Wilson, Andrew Pavey, their auditors PwC and associates where victims have been financially and financially abused for those engineering and orchestrating grave wrongs:
- Lloyds BSU (Business Support Units)
  - UK Acorn,
  - Commercial First
  - HBoS Vavasseur
  - Lloyds HBoS (Halifax/Bank of Scotland)
  - Lloyds Development Capital
  - Royal Bank of Scotland (RBS)
  - Auditors
  - Law of Property Act Receivers (LPAR)
  - Estate agents, valuers and surveyors
  - Lawyers, barristers
  - Bailiffs
  - MP's
  - Civil Servants
  - Police and those who are suppose to regulate police
41. **Lloyds Banking Group's Board assumes responsibility for establishing the purpose of the Company, setting its strategy, establishing its culture, and determining the values to be observed in achieving that strategy**
42. The Board retains ultimate responsibility for ensuring adequate resources are available to meet agreed objectives and strategy, and ensures such resources are responsibly and effectively deployed. The management of risk is central to the Company's strategy, supported by the Group's enterprise risk management framework. The Chair has overall responsibility for the leadership of the Board and for ensuring its effectiveness in all aspects of its operation. These responsibilities are formalised within the Corporate Governance Framework. Lord Blackwell and Robin Budenberg were both independent on appointment.

43. **The Chair, supported by the Group Company Secretary**, is duty bound to ensure that Board members receive appropriate and timely information. The Group provides access to the services of independent professional advisers in order to assist Directors in their role. Board Committees are also provided with sufficient resources to discharge their duties.
44. The Chair leads the training and development of Directors and the Board regularly reviews and agrees with each Director their individual and combined training and development needs. The Chair personally ensures that on appointment each Director receives a full, formal and tailored induction. The emphasis is on ensuring the induction brings the business and it's issues alive, taking account of the specific role the Director has been appointed to fulfil and their skills and experience
45. As shown in the bank's annual return (2020) **the Board delegates a number of responsibilities to the Audit Committee, including oversight of financial reporting processes**, the effectiveness of internal controls and the risk management framework, whistle blowing arrangements and the work undertaken by the external and internal auditors. The Audit Committee reports regularly to the Board on its activities, and its report for 2020, confirming how it has discharged its duties. **The Board is supported in this by its Audit Committee and a sign off process.**
46. Following the announcement of **Lord Blackwell's** intention to retire, the Board initiated a search process at the start of 2020, led by the Senior Independent Director, to identify his successor. Following a competitive tender process, Heidrick & Struggles were appointed to assist the Board in identifying a diverse list of potential candidates with the experience and personal qualities to become Chair. The Senior Independent Director kept the Board and the Committee informed on progress, with regular discussions being held throughout. A long list of candidates was considered and narrowed down. All interested candidates had preliminary meetings with the Senior Independent Director and were interviewed by **Heidrick & Struggles**. Further detailed consideration of each interested candidates led to a final shortlist of three for interview, with each being scored and assessed formally against defined competencies. **Robin Budenberg** was identified as the preferred candidate on the basis of his broad experience in both financial services and other strategic advisory roles, combined with his knowledge of the Group.
47. Once the Chair succession was in place, **António Horta-Osório** informed the Board of his intention to step down as Group Chief Executive during 2021. Timing of this would help support a smooth transition and allow the new Group Chief Executive to work with the new Chair in the next stage of the Group's development and transformation. The Committee delegated authority to the (now former) Chairman and Deputy Chair, working closely with **Robin Budenberg**, to begin the process. After a competitive tender process Russell Reynolds were appointed, with an instruction to produce a diverse list of individuals with the experience and personal qualities to become Group Chief Executive. Emphasis was also placed on strategic capabilities and relevant experience to lead the organisation through the significant technology transformation currently in progress. A long list of potential candidates was identified and narrowed down to an initial short list with diverse backgrounds, characteristics and experience. A series of rounds of interviews led to a final shortlist of three, who were further considered by Committee members. Following this process, the Committee recommended to the Board that **Charlie Nunn** be appointed as the new Group Chief Executive.
48. Central to the Group's approach to **succession planning is an ongoing assessment, led by the Chair, of the collective Board's technical and governance skill set**. From this, the Chair creates a Board skills matrix which is used to track the Board's strengths and identify any gaps in the desired collective skills profile of the Board. Various factors are taken into consideration such as the Group's future strategic direction, and helping ensure due weight is given to diversity in its broadest sense. The skills matrix is considered in the appointment of all Board members. The Group's diversity commitments and outcomes of the annual Board Evaluation process are also taken into consideration
49. **Chair of the Audit Committee is Sarah Legg**. The purpose of the Committee is to monitor and review the Group's financial and narrative reporting arrangements, the effectiveness of the internal controls (including over financial reporting) and the risk management framework, whistle-blowing arrangements and each of the internal and external audit processes, including the statutory audit of the consolidated financial statements and the

independence of the statutory external auditor. The Committee reports to the Board on how it discharges its responsibilities and makes recommendations to the Board

50. Sarah Legg is a Fellow of the **Chartered Institute of Management Accountants and of the Association of Corporate Treasurers, with extensive knowledge of financial markets, treasury, risk management** and international accounting standards. She is a member having recent and relevant financial experience for the purposes of the **UK Corporate Governance Code, and is the Audit Committee financial expert for SEC purposes.**
51. **Importantly;** The Committee reported in its 2020 annual SEC return that it was satisfied that internal controls over financial reporting were appropriately designed and operating effectively. **\*This rings alarm bells following gathering of evidence which shows “Op Meadow” was a “false flag” / false instrument to offset concerns about frauds that had taken place in Avon & Somerset**, where senior Thames Valley officers have covered up failure of Avon & Somerset Police Constabulary and it’s Police Crime Commissioner (PCC) Mrs Sue Mountstevens failure to hold the likes of Chief Constable Andy Marsh plus his Economic Crime Team (ECT) to account over the overwhelming asset frauds.
52. Mrs Legg is responsible for the success and failure of the Assessed Group Internal Audit’s resources and skills **(supplemented by externally sourced subject matter experts as required)** as adequate to fulfil its mandate. Group Internal Audit reports on its detailed internal skills assessment including the availability of specialist skills. The Group Internal Audit Quality Assurance function separately reports to the Committee giving a view on the adequacy of Group Internal Audit resource and skills. In January 2020, the Committee amended its non-audit service policy (the Policy) to reflect changes to the FRC’s rules on auditor independence and to require Deloitte, who will be appointed as the Group’s auditors during 2021, to comply with the Policy.
53. **PricewaterhouseCoopers (PwC) has been the “external auditor” of the Company and the Group since 1995**, and in accordance with legal and regulatory requirements, will be resigning as auditor following completion of the audit for the year ended 31 December 2020. The Committee oversees the relationship with the external auditor including its terms of engagement and remuneration, and monitors its independence and objectivity; PwC was the Group’s auditor for the year ended 31 December 2020.
54. **Mark Hannam has been PwC’s senior statutory audit partner for the Group and the Company since the beginning of 2016**, and attends all meetings of the Committee. During 2020, the Committee reviewed PwC’s audit plan, including the underlying methodology, and PwC’s risk identification processes. In its assessment of PwC’s performance and effectiveness, the Committee has considered: PwC’s interactions with the Committee; the responses to a questionnaire issued to the Group’s businesses, Finance, Risk and Internal Audit; and the Financial Reporting Council’s (FRC) Audit Quality Inspection Report published in July 2020. In addition, the FRC’s Audit Quality Review team reviewed PwC’s audit of the Group’s 2019 financial statements as part of its latest annual inspection of audit firms. The Committee received a copy of the findings and discussed them with PwC. **It was reported that some areas of PwC’s audit procedures were identified as needing improvement.**
55. **Catherine Woods, Chair of Board Risk Committee:** With effect from 1 January 2021. The overriding purpose of the *“Risk Committee”* is to assist the Group’s Board in fulfilling its risk governance and oversight roles and responsibilities. The Committee is also responsible for ensuring the risk culture is fully embedded and supports at all times the Group’s agreed risk appetite, covering the extent and categories of risk which the Board considers as acceptable for the Group. In seeking to achieve this, the Committee is responsible for reviewing and reporting its conclusions to the Board on the Group’s risk management framework, which embraces risk principles, policies, methodologies, systems, processes, procedures and people. It also includes the review of new, or material amendments to risk principles and policies, and overseeing any action resulting from material breaches of such policies.

## 56. **DISCLOSURE, CONTROLS AND PROCEDURES:**

As of 31 December 2020, Lloyds Banking Group, under the supervision and with the participation of the Group’s management, including the **Group Chief Executive** and the **Chief Financial Officer**, performed an evaluation of the



effectiveness of the Group's disclosure controls and procedures. Based on this evaluation, the Group Chief Executive and Chief Financial Officer concluded that the Company's disclosure controls and procedures, at 31 December 2020, were effective for gathering, analysing and disclosing with reasonable assurance the information that Lloyds Banking Group is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. Lloyds Banking Group's management necessarily applied its judgement in assessing the costs and benefits of such controls and procedures, which by their nature can provide only reasonable assurance regarding management's control objectives.

57. On its annual 2020 return **Lloyds Bank shows Co-sponsorship of the National Economic Crime Centre (NECC) Fusion Cell and maintains partnerships with key partners such as City of London Police, Trading Standards, Global Cyber Alliance and North East Business Resilience Centre.**
58. The bank's audits are quoted to be in accordance with the **standards of the Public Company Accounting Oversight Board (PCAOB)**. Those standards require that the bank plan and "perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud".
59. The **PCAOB** is a non-profit corporation created by the Sarbanes–Oxley Act of 2002 to oversee the audits of public companies and other issuers in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection. All PCAOB rules and standards must be approved by the U.S. Securities and Exchange Commission (SEC)
- Recently, the SEC charged PwC LLP with violating **Auditor Independence Rules** and engaging in **improper professional conduct** in connection with 19 engagements on behalf of 15 SEC-registered issuers and violating auditor independence rules regarding engagements for one issuer *where the firm performed prohibited non-audit services*.
60. *"PwC repeatedly provided non-audit services without having effective quality controls in place for monitoring whether the services impaired its independence on audit engagements and were properly disclosed to audit committees."*
61. **The SEC's orders find that PwC and another violated the auditor independence provisions of the federal securities laws** and caused one audit client to violate its obligation to have its financial statements audited by independent public accountants. The order also finds that PwC and another engaged in improper professional conduct within the meaning of Rule 102(e) of the SEC's Rules of Practice.
62. The Lloyds Bank Board and the police have continued to lie and deny about fraud. In **"Op Meadow"** the leaked *'highly sensitive'* 33 page review by Thames Valley Police of Avon & Somerset Police failings, experts have pieced together over 60 cases to establish a *'modus operandi'*, the main players and systemic engineering and orchestration of elements used to defraud customers in a series of unlawful **"Bait & Switch"** processes.

The report examines how victims' complaints are dealt with, **or rather in most cases, how efforts are made to block investigation, and cover up serious high level asset-stripping thefts**. Asset thefts that the Board of the bank has a duty to explain why risk and compliance failed.

63. When matters have exhausted all police levels, PCC's, Crime Panels and the IOPC, the last resort is for the Home Secretary to step in. The Rt Hon Priti Patel has known about the Avon and Somerset Banking frauds since 2014 when she made comment in a Westminster debate quoting **'that the Home Office was the right department to deal with banking frauds'**. In particular how complaints flow in UK police hands, where more effort is given to blocking fraud exposure, than police acting on their oath to protect public, SME's and property.
64. Questions too need to be asked as to why agencies such as the Serious Fraud Office and the NCA look away. As this report describes, around 500 forged signatures and false instrument documents after 18 months still sit with Lynne Owens uninvestigated. Yet like many at the top who should be acting in the public interest, Lynne Owens was



appointed **Dame Commander of the Order of the Bath** (DCB) in the 2021 New Year Honours for service to law enforcement. In fact her services to victims of bank fraud have been an utter disgrace.

65. The Bath and Bristol areas appear to be a hotbed of banking fraud, linking City of London Police to Avon & Somerset Constabulary. Typically victims of the Lloyds BSU national units end up at the Bristol BSU abattoir. There the main BSU operatives operate assisted by lawyers, and LPA Receivers such as Alder King. Although the frauds are not new and connect to Lloyds as far back as the 1990's via Acorn Finance and Commercial First and typically then Nick Burd LPAR and lawyers such as Burges Salmon, which traces back to Guy Stobart then MD who also pre "**Common Purpose**" Caroline Duckworth, Mr Stobart was leader of "**Common Purpose**" Meridian South West. Mrs Duckworth is married to Mr Simon Duckworth and as the Financial Matrix shows, Simon Duckworth sat over most main police entities involved in blocking investigations.
66. Another key person is John Smith, the deputy Police Crime Commissioner in Avon & Somerset who connected to Avon & Somerset Constabulary for many years whilst a partner at Burges Salmon. As a lawyer there is no excuse for him to have assisted victims, rather than look away.
67. The Financial Matrix goes hand in hand with "Op Meadow" peer review final notes of Superintendent Nicholas John, which from the police perspective looked at just 11 cases and excluded "Acorn Finance" cases! On gathering evidence for rebuttal from victims it was obvious that the review was a white wash created outcome to "false flag" appear that businesses simply failed and entered predominantly Lloyds Banks Recoveries as a matter of course.
68. However the rebuttal was run past an ex CID Police Officer, a police lawyer, a banking professor, the lead Police Crime Commissioner on UK fraud, 2 experts on commercial fraud, a chartered accountant and all agreed that the 33 page document had been engineered to clear both Avon & Somerset Police, its Crime Commissioner, DPCC, Chair of A&S Police Crime Panel and many senior officers in Avon & Somerset Constabulary.
69. The Financial Matrix looks at many others too who we allege are complicit and responsible. This investigative report highlights the lack of individual authoritative oversight, accountability and flaws for the unjust enrichment of a few. It also looks at the "**Common Purpose**" graduate elements, "**Big Society**" and associated vehicles that appear to be used to manipulate and move laundered funds around. Questions have to be raised why Police Ministers such as the Rt Hon Kit Malthouse and the Rt Hon Nick Hurd whilst aware of the frauds, do nothing. Similarly, the Minister for Justice the Rt Hon Robert Buckland who failed to insist that the SFO intervened back in 2017 when concern was raised by The Rt Hon Chris Elmore MP. Mr Buckland was appointed as **Solicitor General for England and Wales** in July 2014 and at the time attracted media attention after it was revealed **he had been found guilty of professional misconduct** by the Bar Standards Board in 2011. Is he really the right man to be Secretary of State when he has failed to dispense justice to victims leaving the prosecution of persons by the **Corporation of the City of London's grandees**. These grandees sit in Control by corporate vote over the City of London Police who are manipulating national reports of fraud by the ironically named "**Action Fraud**" (as previously led by Commissioner Ian Dyson, Commander Karen Baxter, James Thomson and Simon Duckworth). *Quis custodiet ipsos custodies Who watches the watchers?*
70. The questions which require an answer from Westminster include:-
- Since the inception of the National Fraud Intelligence Bureau (NFIB) and the centralizing of Fraud reports via Action Fraud to the City of London Police in 2012/13, how many independent investigations has the Government undertaken to check the efficiency of these services and have reports been produced?
  - How many fraud reports by the NFIB and Action Fraud were received from 2016 to 2019 and how many prosecutions were instigated by these services in those same years?
  - With the City of London Police (COLP) being employed and reporting to the City of London Corporation (COLC) in which about 90% of its constituents and employees are employed within banking and financial services, what conflicts of interest checks and policies are in place?

- Does the Home Office place any restrictions on the involvement of, or seconding in, of employees from major UK banks to the NFIB or Action Fraud?
- Since 2019 when the Times produced its article on concerns over Action Fraud and the NFIB computer algorithm turned most crime reports into 'information only' reports, what independent checks have been undertaken to analyse that algorithm and its efficiency on detecting actual fraud cases and have any improvements been made?

Should government Public Accounts, in true public interest look at associations between current and past Lloyds Board directors, present and past senior government appointments and **JP Morgan** and **Black Rock** associations over the last two decades, as research shows **many doors appear to have revolved around them?**

\* The Chancellor the Rt Hon Alistair Darling MP made it very clear in his letter (29 January 2009) that public reporting should provide a transparent account.

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## However in the Committee of Public Accounts 2 February 2011 as chaired by the Rt Hon Margaret Hodge concerns as were raised below:

1. **Tom Scholar said:** **The role of the FSA is to look at both prudential regulation and conduct of business in relation to retail business in this country.** Any allegation of **any kind of criminal activity clearly would be for law enforcement agencies**, but would not be a matter of financial regulation.
2. **Sir Nicholas Macpherson said:** **Certainly, some quite serious questions have to be asked about the accounts that were signed off during that period.**
3. **Sir Nicholas Macpherson said:** **A number of assets were excluded from the scheme on the basis of the information that we had.** The problem was that even after those seven, eight or nine months of work, we did not have enough information to take a view on every single pound of assets.
4. **Tom Scholar said:** I cannot recall the percentage figure. I think it was a small percentage about which we were directly concerned, **but given what we discovered about the quality of risk management and the poor systems and controls within the business, we were concerned that there might be other problems which had not come to light.**
5. **Joseph Johnson said:** So, it was a general blanket letter to the Chancellor at the time, saying that there was an **unspecified amount of assets that might be fraudulent?**
6. **Matthew Hancock said:** Hold on. That says that in order to keep the taxpayer ownership down, you charge a lower fee than you might otherwise have done, so you did not have to recapitalise as much, **which is not very good for taxpayer value for money in a narrow sense, is it?**
7. **Sir Nicholas Macpherson said:** I am acutely aware of the problems that small businesses have at present in accessing loans and so on.
8. **Sir Nicholas Macpherson said:** **In the case of Lloyds, it was part of a wider package that involved private investors taking on more risk as part of the rights issue for Lloyds**

9. **Mr Bacon said:** **This crunch has already been described as worse than what happened in the 1930s.**
10. **Sir Nicholas Macpherson:** First things first: I would love it if RBS could exit the scheme. It just takes **another massive contingent liability off our books and they would have to pay us a fat fee** to do it.
11. **Sir Nicholas Macpherson:** **Once the scheme was set up we handed it over to the Asset Protection Agency What the Treasury really need to retain is the ability to ask the difficult questions of our regulator.** The bank will be responsible for regulation, but the **Treasury needs to have sufficient expertise to be an intelligent interlocutor**, and to take care of, and nurture, the system **as a whole because we will remain responsible for legislation.**
12. **\*Sir Nicholas Macpherson:** I have always believed that **\*Parliament's role is critical**

**[ COULD THIS BE DUE TO \*THE BILL OF RIGHTS 1689 AND \*SEPARATION OF POWERS ] ?**

13. **Stephen Barclay said:** You are suggesting it was perhaps the unreasonable request of the Treasury asking for information in a particular form that was different. Look at what Tom Scholar said when he gave evidence: **"Given what we discovered about the quality of risk management and the poor systems and controls within the business, we were concerned that there might be other problems that had not come to light."**
14. **Austin Mitchell said:** Just in passing, I see from Private Eye , which is an infallible source on banking matters, that the head of UK Financial Investments is **Mr Robin Budenberg** who was a great giver of bonuses at UBS. He **had his bonuses at UBS channelled through Jersey so he did not pay tax. The bank has lots of subsidiaries in tax havens like Jersey**

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# Tom Scholar Wikipedia Profile

WIKIPEDIA

## Tom Scholar

**Sir Thomas Whinfield Scholar** KCB (born 17 December 1968) is a British civil servant currently serving as Permanent Secretary at HM Treasury.<sup>[1]</sup> Scholar was previously the Prime Minister's Adviser on European and Global Issues in the Cabinet Office from 2013 to 2016.<sup>[2]</sup>

### Contents

- Early life and education
- Career
- Personal life
- References

### Early life and education

Son of civil servant Sir Michael Scholar, non-executive chairman of the British government's Statistics Board and former President of St John's College, Oxford, Scholar was educated at Dulwich College (1979–1986),<sup>[2]</sup> Trinity Hall, Cambridge (where he read Economics<sup>[3]</sup>) and the London School of Economics.<sup>[2]</sup> He has two younger brothers, Richard and John.

### Career

Scholar joined HM Treasury in 1992, rising to Principal Private Secretary to the Chancellor of the Exchequer in 1997, serving Gordon Brown for four years until 2001. Following that posting, Scholar served as the British representative on the boards of the International Monetary Fund and the World Bank, attached to the British Embassy in Washington as Minister for Economic Affairs for six years.<sup>[2]</sup>

In 2007, following Brown taking over the leadership of the Labour Party and thus the office of Prime Minister, Scholar returned to the UK taking over the two roles of Downing Street Chief of Staff from Jonathan Powell and of Principal Private Secretary to the Prime Minister from Oliver Robbins.<sup>[2]</sup> After six months, Scholar left Number 10 to return to the Treasury as the Managing Director of its International and Finance Directorate in January 2008. The next year, Scholar was promoted to be the Second Permanent Secretary at the Treasury, taking over from John Kingman.<sup>[4]</sup> In this role, Scholar was a director of the nationalised bank, Northern Rock.<sup>[5]</sup>

Four years later, in 2013 Scholar returned to Downing Street, now under David Cameron, to run the European and Global Issues Secretariat in the Cabinet Office. As such he was the Prime Minister's most senior adviser on international affairs until his appointment on 11 March 2016 as Permanent Secretary to the Treasury.<sup>[2]</sup><sup>[6]</sup><sup>[7]</sup> As of September 2015, Scholar was paid a salary of between £150,000 and £154,999, making him one of the 328 most highly paid people in the British public sector at that time.<sup>[8]</sup>

In March 2016 the government announced that Scholar would succeed Sir Nick Macpherson as Permanent Secretary to the Treasury in April 2016.<sup>[1]</sup> Scholar was replaced at the Cabinet Office by Oliver Robbins, who took over the role as a "post-Brexit" unit in June 2016,<sup>[9]</sup> which the next month became the Department for Exiting the European Union when Theresa May created her first Cabinet.<sup>[10]</sup>

He was appointed Knight Commander of the Order of the Bath (KCB) in the 2017 Birthday Honours.<sup>[11]</sup>

<b>Sir Tom Scholar</b>	
KCB	
<b>Permanent Secretary of HM Treasury</b>	
Incumbent	
Assumed office	
June 2016	
Monarch	Elizabeth II
Prime Minister	David Cameron Theresa May Boris Johnson
Chancellor	George Osborne Philip Hammond Sajid Javid Rishi Sunak
Preceded by	Nicholas Macpherson
<b>Prime Minister's Adviser for Europe and Global Issues</b>	
In office	
2013–2016	
Prime Minister	David Cameron
Preceded by	Jon Cunliffe
Succeeded by	Oliver Robbins
<b>Second Permanent Secretary of HM Treasury</b>	
In office	
2009–2013	
Chancellor	Alistair Darling George Osborne
Preceded by	John Kingman
Succeeded by	Sharon White
<b>Principal Private Secretary to the Prime Minister of the United Kingdom</b>	
In office	
27 June 2007 – 23 January 2008	
Prime Minister	Gordon Brown
Preceded by	Olly Robbins
Succeeded by	Jeremy Heywood
<b>Downing Street Chief of Staff</b>	
In office	
27 June 2007 – 23 January 2008	
Prime Minister	Gordon Brown
Preceded by	Jonathan Powell
Succeeded by	Stephen Carter
<b>Personal details</b>	
Born	17 December 1968
Nationality	British

## Failure to separate the financial, auditors and legal services industries from Government policy makers and supervisors by allowing Revolving Doors and Cronyism

Below are a few examples where in recent decades industry rather than Westminster common law has come into play and not for the better interest of Joe Public.

For example JP Morgan has seen financial ties between very senior ministers as they leave Government positions. Ie George Osborne, Sajid Javid etc

The phenomenon of the “**revolving door**” refers to the movement of people into and out of key policymaking posts in the executive and legislative branches and regulatory agencies. This can carry the risk that it increases the likelihood that those making policies are overly sympathetic to the needs particularly of business—either because they come from that world or they plan to move to the private sector after working in government.

The revolving door is an issue that is part of a wider concern about transparency in policy making and privileged access to policy making and regulation. Such relationships and positions can sanction system failures such as the City of London’s control over national fraud via Action(less) Fraud and Avon & Somerset Constabulary and the SFO and NCA refusal to investigate decades of fraud allegations about main banks (in particular Lloyds Bank and their brands).

Four main types of ‘**revolving door**’ include:

- **Industry to Government**, through which the appointment of corporate executives to key posts in government or regulatory agencies raises the possibility of a pro-business bias in policy formulation and regulatory enforcement.
- **Government-to-Industry**, through which public officials or civil servants move to lucrative private-sector positions in which they may use their government experience and connections to unfairly benefit their new employer.
- **Lobbyist-to-Government** through which lobbyists move from the consultancy sector, think tanks or trade associations into advisory or decision making positions in government.
- **Government-to-Lobbyist**, through which former lawmakers and executive-branch officials become paid advocates and use inside connections to advance the interests of corporate clients.

Example Concerns:

- **JP Morgan** from its top downwards appears to support many “Common Purpose” views and comments and many top government officials appear connected, having spent time in senior UK government.
- The same is true of the very top of Lloyds board connected to controlling Lloyds financial and audit controls. Ie Lord Blackwell was a chief adviser to PM John Major and Lord Lupton Conservative Treasurer (and main Donor to PM David Cameron) sits on Lloyds Board and took advantage of taking BMV assets from customers’ losses under the thefts at Lloyds BSU Bristol. The “Common Purpose” brochure shown later shows Lady Susan Rice (LBG senior) attending Downing Street and other important Government linked associations where Government was supporting relations, when the same bank had again ripped customers off we allege £billions of pounds.
- Government Public Accounts, in true public interest look at associations between current and past Lloyds Board directors and regulators such as the **Court of the Bank of England, the PRA, FRC, FSA** and the FCA? Names such as Hector Sants, “HBOS’s weak risk culture meant that controls could be overridden when



convenient”

- Should government Public Accounts, in true public interest look at associations between current and past Lloyds Board directors and the banks various **group auditors** in particular PwC and KPMG in respect of HBoS
- Should government Public Accounts, *in true public interest look at associations between* current and past Lloyds Board directors and PwC and JP Morgan’s and the banks various “**Common Purpose**” and “**Big Society**” associations
- Should government Public Accounts, *in true public interest look at* the above and see *which* risk and compliance operations and off shore trusts are run from the UK (in particular the City of London) by foreign nationals and organisations. For instance “**rehypothecation**” is **capped at 140% in the USA, yet a US company can operate this process in the UK without a cap!** Such companies are also well placed to move £billions into tax havens.

71. Victims of the Avon & Somerset banking frauds have elevated matters through all levels of police authority available, without any satisfaction. The Independent Office of Police Complaints (**IOPC**) under **Director General Michael Lockwood (ex PwC) has had written complaints** when he has declined to arbitrate / intervene.
72. Burges Salmon acted as the solicitors for Lloyds Recoveries Bristol until 2010, when the bank was obliged to drop them, following the two-year SRA investigation into the firm (2008-2010) and the subsequent mass exodus of partners and staff. However, Burges Salmon has continued to act for Crown Estates and we have written describing alleged wrongdoing to Robin Budenberg, who is the Chairman both of Lloyds Banking Group and of Crown Estates and to HRH The Prince of Wales and his private secretary. Burges Salmon seemingly has violated six of the ten principles by which solicitors in the UK are held to account. However, the Solicitors Regulation Authority (SRA) has acted to cover up its frauds and has refused to release to the Thames Valley Police & Crime Commissioner, Anthony Stansfeld a copy of the report, which it commissioned Bevan Brittan LLP to undertake, into their investigation of 70 partners and staff of the firm.
73. The SRA investigation into Burges Salmon is believed to have uncovered extensive wrongdoing and its senior partner, other partners and numerous staff left the firm during the investigation including John Smith. Once it had been concluded no-one was ever prosecuted. Nevertheless, even after some of those professionals had moved to another firm, Michelmores, they continued to try to exert influence over A&SP. For example, they attempted to lead the Police force, concluding a letter in August 2013.
74. There have been a number of public representations at A&SP Police & Crime Panel meetings to protest against misconduct and cover up by Chief Constable Marsh and PCC Mountstevens, Deputy PCC Smith, the A&SP head of fraud, Dr Kirstie Cogram, Marc Milliner, Constable Niki White and others. These protests have coincided with some members of the Police Crime Panel resigning in protest including Andrew Sharman and Joseph Mullins.
75. A request was made to hold an extraordinary meeting of the A&S Police & Crime Panel (PCP) and four members of the committee supported the request. A date for the meeting was fixed and the PCP clerk invited the TVP Police & Crime Commissioner, Anthony Stansfeld and Professor Nigel Harper, a banking expert, to attend. However, the Chairman of the Panel, Richard Brown then cancelled the meeting, which he lacked the authority to do, given the serious nature of the allegations being made including misconduct in public office and perverting the course of justice. The PCP Chairman later stipulated that, if it were held, the meeting would not discuss the alleged frauds conducted by Lloyds Banking Group, thereby intentionally destroying its original purpose.
76. Due to the complete breakdown and failure of policing throughout the UK in respect of £billions of pounds damage to the economy and businesses the **Home Secretary must engage the available legislation and now step in** under “**The Police Reform & social Responsibility Act 2011**”, **Statutory Instruments 2011, No. 2744** and take back powers by which individuals appointed to the COLP Economic Crime Committee have countenanced abuse on British electorates rather than protect once again the criminal cabal that has hijacked law and order.

77. Interestingly parliamentary records show that fraud was changed to low priority police response in 2008 under “Common Purpose”.
78. In 2002 it was the “Policy Exchange” under Tony Blair’s reign which called for the creation of PCCs in their very first report as a think tank: ‘Going Local: Who should run Britain’s police?’. However this was to take 10 years to come in under PM David Cameron which put senior civil servants in control of £billions of tax payers money and gave a main say on “crime plans” with the ability to remove Chief Constables. From this point banks and their lawyers had a free hand to asset-strip. Police would also become involved in false evictions, being paid often to attend to remove property owners as the criminal associates of the bankers literally in some cases deployed asset thefts in front and with the assistance of police as hired hands. Here police failed to uphold their Oath of Office and protect victims’ property and Human Rights.
79. The complaint against A&S Police was then elevated to the IOPC. However, the independent Police regulator responded by referring the matter back to the A&S Police Crime Panel, which would enable to act as the judge over its own and associated wrongdoings. Instead, we note the recent comments by the former High Court judge, Sir Richard Henriques in relation to Operation Midland, in which four of the five officers in question were never interviewed by the IOPC, two of the five were exonerated within three months and the IOPC found no evidence of misconduct. Nevertheless, the Metropolitan Police paid out more than £1m to victims. If there had been no misconduct or failure on the part of the Police, why has the Metropolitan Police paid significant compensation ? Sir Richard Henriques has called for a public inquiry into how the IOPC carried out its investigation and his lack of confidence in the IOPC has substantiated our own.
80. Whilst not all officers are corrupt, the above Constabularies and the NCA and SFO and Bank of England, FOS, BBRs, SRA, FRC and the PRA and other quango regulators are refusing to address criminal fraud and bribery!

## Some of the Police Forces that have acted against victims’ interest include:

However more victims are coming forward highlighting refusal from more officers in more national Constabularies



81. Earlier frauds again show auditors played a large part in allowing bankers to run out of control as reflected in the **“PROJECT LORD TURNBULL REPORT”**. Lloyds denied wrongdoing had happened for years; however the **Turnbull Report** exposed by LBG Auditor; senior Risk Officer Sally Masterton showed serious breaches and failure in the bank’s risk and compliance processes. Further connections with prosecuted frauds by connected parties include the HBos Vavasseur frauds, which saw perpetrators of the frauds go to prison.
82. In most cases, deception is concealed for years, and hard to unpick, as the fraud engineers use auditors such as **KPMG (HBos)**. Others include **Price Waterhouse Cooper (PwC)** and **Grant Thornton** to conceal in audits where consumers have been forced into collapse and in the Lloyds BSU cases, PwC played a large part including auditing and inspecting accounts and then preparing Lloyds Banking Groups (LBG’s) annual **SEC (Securities and Exchange Commission) Form 20-F** returns. Returns were then signed off by LBG’s CEO and CFO.
83. **MP Austin Mitchell** during a parliamentary debate called a **Lloyds Bank, PwC** and the **ICAEW** in relation to one of his constituency victims **“Premier Motor Auctions”** fraud as **‘Mafia’**

## 84. On Wikipedia it shows PwC associated to audit wrongs in the section on **“Controversies”**. They appear implicated in many cases around the world such as:

- ✚ In 2014, it came to light that PwC had developed a tax avoidance scheme for **Caterpillar Inc.**
- ✚ **Northern Rock**, In 2007, PwC was criticised by the UK Treasury Select Committee over Northern Rock over risk awareness failure during the financial crisis.
- ✚ **JP Morgan Securities** audit: In 2012, the Accountancy and Actuarial Discipline Board (AADB) UK fined PwC for wrongly reporting matters to the Financial Services Authority.
- ✚ In 2013 **Cattles plc** brought a legal action against PwC in the UK in respect of 2006 and 2007 audits, claiming that PwC had failed to carry out adequate investigations where control weaknesses were found
- ✚ **Connaught plc**: was put into administration in 2010 after reporting material losses. In 2017, the Financial Reporting Council (FRC) severely reprimanded PwC and its audit partner following an investigation
- ✚ In 2014 **Tesco**, announced that it had overstated profits by £263m by misreporting discounts with suppliers. The Financial Reporting Council started an investigation into accounting practices at Tesco and into the conduct of PwC in carrying out its audits in 2012, 2013 and 2014. Two members of Tesco's Audit Committee, responsible for monitoring Tesco's relationship with its auditors, had themselves previously worked for PwC, including its chairman, Ken Hanna; he later stood down.
- ✚ In 2014, **The Bank of Tokyo-Mitsubishi UFJ** was investigated by New York banking regulators over its role in routing payments for Iranian customers through its New York branch in violation of U.S. sanctions. It was found that PwC had altered an investigation report .
- ✚ **Luxembourg Leaks**: In 2013 and 2014, PwC UK's head of tax was called before the UK's public accounts committee and was questioned about lying regarding the marketing of tax avoidance schemes. In 2016 PwC initiated charges against two whistleblowers who revealed the LuxLeaks tax controversy, and they were convicted and sentenced with suspended prison sentences and fined.
- ✚ **BHS**: In 2016 PwC in the UK was investigated by the Financial Reporting Council over its conduct in relation to the audit of BHS for the year to 30 August 2014. BHS collapsed the following year with a

substantial deficit in its pension fund.

- ✚ **Angola corruption:** In 2020, the International Consortium of Investigative Journalists (ICIJ) leaked over 700,000 internal documents revealing that PwC had facilitated multiple dealings with Isabel dos Santos, who established a network of over 400 companies to facilitate tax evasion.
- ✚ **Watchstone:** In August 2020, a £63 million-worth suit was filed by Watchstone (formerly known as Quindell) against PwC. PwC is being sued for conspiring against a former client; according to the suit, the company released information about their client to a competitor in the course of a takeover approach.
- ✚ **Providence Investment Fund PwC tried to quash the claim.** But a judge at Guernsey's Royal Court threw out the auditor's appeal. The fund's administrators claim it was run as a 'fraudulent Ponzi scheme' and that PwC gave Providence's books a clean bill of health in 2013 and 2014.

85. The current chairman of Lloyds Bank, **Mr Robin Budenberg is ex PwC**. He was involved in the **Asset Protection Agency** re the **“Merlin Banks”** as bailed out by UK Government at the cost of tax payers. Mr Budenberg spent many years at UBS (a Swiss bank) whilst now **Mr Budenberg is now chair of Lloyds Banking Group** and is aware of the allegations of LBG's involvement of the **Avon & Somerset frauds**. He is also chair of Crown Estates, whose lawyers have been **Burges Salmon**. Mr **Budenberg was a key player in UKFI** the vehicle for **holding the government's stake in “Big Society Capital”** and the **“Oversight Trust”** which became **Big Society's** main shareholder.

- a. Mr Budenberg definitely sits cross party being part of Big Society under David Cameron and also being Gordon Brown's main adviser in the 2008 Financial Crash. Many are starting to question whether Mr Budenberg has become **Chair of Lloyds Bank** to further its cover up of £Billions of pounds of alleged frauds or whether his experience and insight is to finally bring restitution to victims?
- b. Without doubt there are other financier and Prime ministerial links as shown in the Financial Matrix where “Common Purpose” is a component.
- c. An example in particular is Lord James Lupton, a close associate and donor to David Cameron, who in turn put James Lupton forward to become a Lord.

Lord Lupton was part of **Barings Bank** when it failed. **Simon Duckworth** too links to **Barings**. Lord Lupton also co-founded **Greenhill & Co Bank**. Notably Nicholas Wilson at Lloyds BSU Bristol brokered over “Project Avon” a large mixed BSU portfolio (then valued at £540m) and in 2014 transferred over to Lord Lupton's bank at 34.3% below value. The portfolio was then refinanced at 144% LTV and eventually passed to Cerberus who in the UK are unregulated and the vulture fund feared by many an asset stripped bank victim. Together we identified around 20 such projects!

86. Such portfolios would (should) be shown on the banks audits. But as the FRC (Financial Reporting Council) and ICAEW- the Institute of Chartered Accountants in England and Wales refuse to look closer we can only assume both are compromised to act. Findings of valuation rigging, “Bait & Switch”, SWAPs, foul play, hidden credit lines and secret commissions appear when victims' cases and hard evidence are examined forensically.

87. Typically audits must be false as signed off by the bank's CEO and CFO.

88. Examined cases show victims left in debt when their equity was way over any fees or costs that would have concluded. Such victims were promised loans that were not forthcoming. Secondes and shadow directors (including auditors) were brought into companies and in audits, properties were left out to distort LTV ratio's to orchestrate engineered control, collapse and asset theft. These are the matters that a bank's risk alerts and controls should be flagging up!



89. Banks have to submit annual returns to the Securities and Exchange Commission (SEC). These have to be signed off by the CEO and CFO. Ultimately they are responsible for any false accounting such as HBOS Reading and Lloyds BSU Bristol, Birmingham Midshires, Scottish Widows, Halifax and LDC.
90. For example the 2012 returns (according to their public records) were signed off by Mr Antonio Horta Osorio and CFO Mr George Culmer.
91. The result of Board failure has meant that hundreds have suffered financially and mentally. In the process “Conspiracy to Defraud” took place between the likes of John Holliday, Alder King LPAR, Nick Burd LPAR, and many lawyers who sadly played their civil part in these unlawful thefts.
92. The same happened at Commercial First and UK Acorn (in both of which LBG had substantial financial interests), which worked in cahoots with a Nick Burd, who now lives the “Life of Riley” from revenue that must be seen as POCA (proceeds of crime), where he has a very nice farm with equestrian facilities and holiday lets in Portugal. It appears that many of those involved could be classed as by appointment of friends and associates to positions of authority, without proper regard to their qualifications. “**Cronyism**” and “**Nepotism**”.
93. Cases range from south of £1m and can be in excess of £100m’s.
94. Another case covered up came to light in “Op Meadow” in respect of an alleged victim of the **Royal Bank of Scotland (RBS), Bristol**; as blocked by senior officers in Avon & Somerset police and ASP PCC, where Mrs Wookey has two Barristers/Counsels’ opinions as to valuation rigging and criminal theft where the main officer tripped herself up over claiming if the loan was secured the matter would have been fraud, then refusing to comment when caught out.
95. **Police in Avon & Somerset and Thames Valley are accused of serious breaches of “misconduct” and “Perverting the Course of Justice”**

Whilst the white collar criminals at banks are accused of unprofessional conduct and criminal including:

- **Conspiracy to Defraud**
- **2006 Fraud Act**
- **1968 Theft Act**
- **valuation rigging**
- **Forgery & Counterfeiting Act 1981**  
**forged signatures and use of falsely created documents**
- **Perjury**
- **Failure to process SARs (suspicious activity reports)**
- **POCA 2002 (Proceeds of Crime Act 2002)**

96. In many cases, the same Judges’ names repeat where injustice, concealment of documents and failure of due process appears served. We add, that some judges have been fair such as in the case of WOOD v COMMERCIAL FIRST BUSINESS LTD. Including one of the most senior judges Lord Flaux of the Chancery Division High Court and the 3 Law Lords.

\* However, there is grave concern as to civil “Kangaroo Courts” operating to assist in the asset thefts allowing banks based in central London obtaining property by deceit.

97. This torture is paid for by the victims who are further serving life sentences of debt and misery rather than the bankers and their associates being brought to justice to serve criminal sentences.
98. Victims are thus denied remedy or justice and remedy in the process of asset stripping. The banks push cases forward as “civil” when in fact most are criminal and ignored by police officers not acting on their Oaths to protect

victims and their fundamental human rights and property. Victims are harassed, coercively manipulated, or **\*gas lighted**, resulting in ill health and mental health issues. Many victims report email hacking, email deletion and what they believe to be phone hacking whilst fighting the banks and their lawyers.

99. **\*" Gas-lighting** is a form of psychological manipulation in which a person or a group covertly sows seeds of doubt in a targeted individual or group, making them question their own memory, perception, or judgement, often evoking in them cognitive dissonance and other changes including low self-esteem".
100. Whilst there has been a near total breakdown in policing, the Lloyds Victims Group would like for the record to state that Mr Stansfeld, Police Crime Commissioner of Thames Valley Police has championed our plight to seek justice to bring restitution to victims and at the same time bring criminal charges and sentencing to those committing heinous criminal asset thefts and abuse and torture on victims.
101. Victims who retaliate and try to publically name and shame bankers, lawyers and police will often then find their efforts are turned against them in "**SLAPP**" actions by those who have done wrong against them. This creates a second court case, typically alleging harassment and or stalking, in an attempt to further load legal action against the victim.
102. Equally, Westminster should hold Mr Andrew Bailey to account and ask why banks are exempt from their criminal actions under his current and past roles and why he refuses to investigate Lloyds Bank under **s.167 and s.168 audit investigation** reports to examine the bank and their auditors.
103. *Consequently* there is a need to ensure that regulators are constrained in their use of rulemaking, supervisory and enforcement powers and that they operate within a carefully defined framework of law (*as opposed to a regime arising from an environment of their own making*). What is apparent is that a few people at the top of regulation are too chummy with bankers, auditors and lawyers. There is no clear separation between parliamentary rule and commercial policy advisers who operate in favour of auditor and bankers to the detriment of the consumer. The most senior of directors in previously mentioned regulators and the police are currently compromised to the detriment of business and our economy, where lack of fair consumer law enforcement is destroying the businesses needed to rebuild this country post Covid and Brexit.
104. A weak Parliament that bows down to those engineering and orchestrating frauds is a government that is allowing the Golden Goose to be financially Dissected.
105. **So it must be asked: Did our governments fail to learn from the past?** *In the 1930's local businesses were targeted and the predators seized anything of value.* It was also a campaign of organised theft. The wrongdoers carried out a program property seizures that stripped the victims of £billions worth of cash, chattels, housing, businesses and personal belongings. Conservative estimates suggest **£5.7billion** (or \$US 8 billion) was stolen. The vast majority of this stolen property was privately owned. In many cases, the property stolen by the regime or their collaborators was never returned and no compensation for criminal wrongdoing was ever forthcoming.
106. Under false legal grounds, victims were subjected to a range of pressures intended to force them to surrender, have stolen or sell under value their property. These pressures made businesses unviable, so thousands ran at a loss or slipped into bankruptcy at the hands of ruthless insolvency practices.
107. By 1938, many of the predators including the powers that be, further allowed and in cases encouraged business to be transferred for "social enrichment" and the extraction of the targeted SME's from economic life. Some might say "Big Society" has taken from UK SME's and diverted proceeds of crime into Big Society for a "common purpose"
108. Victims of the corrupt financiers would also find at forced evictions that other portable wealth, such as gold, gemstones and jewellery was also acceptable for their bailiffs to take, stripping the last wealth away from some victims.

109. At the time ; a famous conductor, Victor Klemperer, said “*We have become so used to living in this condition of lost rights... that it hardly disturbs us any more*”!
110. Finding it impossible to operate, these businesses either closed down, changed hands or – in the case of large corporations – voted out the original founders and directors and stockholders. Further changes happened as police control from above no longer supported the victims human rights or protected their property and belongings. Instead police would act for the vile predators and in 1938 the police controlled banking (or was it the financiers controlled the police and police funds, resources and policies)?
111. On November 12th, 1938 Decree was passed excluding former business owners Economic Life, which effectively banned victims from conducting any form of retail business. Thousands of shops and stores, which had held out against earlier pressures, were now obliged to close.
112. A further decree on the ‘utilisation of victims’ property’ in December set time limits for the sale, transfer or winding up of the victims companies. The few left who still owned businesses were besieged by associates of the predators, many of them government insiders, offering to purchase them for extortionate prices. Intimidation and blackmail were often used; there were reports of the police and authorities threatening deportation or jail for those who refused to sell. When the deadline expired, any businesses still in the victims’ hands were confiscated by the government and put up for public auction.
113. This corruption was worse in occupied Europe, where there was less oversight and the police and authorities tended to act as a law unto itself. Many high-ranking officials moved into palatial homes confiscated from wealthy businessmen and business women. Officers responsible for administering Reich finances, government contracts and confiscated property benefited from bribes, backhanders and ‘skimming’.
114. The 1930’s and 1940’s are not long ago. But the early thefts that happened then were very real as are the asset thefts today and similar unjust enrichments are operating in the UK today as is highlighted by the “Financial Matrix” and “Op Meadow”. Now that Brexit has taken place. Human Rights must not be forgotten and must remain protected under the UK Bill of Rights to protect the people from abuse and wrong doing of the Corporation of London against the true control of Westminster where lawful control has been hijacked by the City of London Corporation’s legalese and quangos by the failure of the Executives in government and senior Civil Servants.
115. **Human Rights:** These provide that "It is unlawful for a public authority to act in a way which is incompatible with one or more of the Convention rights". This key provision is central to the scheme of the Bill and imposes a general obligation on all public authorities to act compatibly with the Convention, and failure to do so must be seen as Contempt, by dispensing with, and the suspending of, laws controlling the executives of the Corporation of the City of London, as controlled by the financial entities that are accused of being responsible for the alleged frauds.
116. **Consumer Protection Laws must be upheld, along with the Bankers Senior Managers Regime and the FCA’s 11 Principles of Business.**
117. **Protection against the abuse and neglect of governmental powers**

In the decision which is said to have established the rule, *R v the Secretary of Health ex p C*, however, the Court of Appeal accepted that, in doing what any individual may do, a minister may not act unfairly or unreasonably (apparently oblivious of the fact that this also meant that a minister may not do anything that an individual may do). More recently, in *R (Shrewsbury & Atcham BC and Congleton BC) v the Secretary of State for Communities and Local Government and Shropshire CC*, the members of the Court of Appeal were divided on whether ministers may only act “for the public benefit” or for “identifiably governmental purposes”. Richards LJ, whose decision at first instance had been upheld by the Court of Appeal in *ex p C*, considered (consistently with the supposed rule) that there were no such limitations on the purposes for which a minister may act when doing something that an individual may also do. Carnwath LJ considered that there were such limitations (consistent with the development of public law in providing protection against the abuse of governmental powers)

## 118. Corporations and companies act under legalese

As practised under civil Square Mile/City of London Corporation rules rather than “**common law**”. **Westminster should apply justice outside civil judgement** and away from influence of “**The Remembrancer**” in favour of banks and those controlling the **Corporation of the City of London**” as fraud being orchestrated under civil boundaries is abusing true “**common law**” in areas such as hiding and concealing of evidence in civil court cases. As Sir William Wade put it “**legal power is the ability to alter people’s rights, duties or status under the laws of this country which the civil courts of this country enforce**”; *Abused power in the legal sense means doing something which can have an effect on - someone’s legal position*”. It is this conception of a power which underlies his restricted **conception of the prerogative**.

119. \* **Prerogative**, defines as an exclusive or special right, power, or privilege: such as:

- (i) one belonging to an office or an official body.
- (ii) one belonging to a person, group, or class of individuals.

120. On this view there is a fundamental distinction to be drawn between the capacity, freedom or liberty available to the victim who alleges **foul-play through the “civil” predator’s “Bait & Switch”/ entrapment process on the attacked individual(s)** to do something, and the powers of the abusers - passage dealing with their abusive and coercive “contractual” civil powers inseparably entwined corporate “**being**” regarded the ability to do all things as a natural person (which they are not) under those powers. Westminster has succumbed to placing “unjust enrichment” above that of the **conned** “common person”

121. Predator economic fraudsters hide behind corporate brands such as Lloyds Bank, RBS or others. Premeditated **dishonest acts of “Mens Rea” (ie their guilty mind)** should encounter repercussions under **(i) criminal and (ii) common law justice** and NOT civil (in)-justice.

122. Parliament too must risk overseas investors looking closer at the UK banking frauds and ask not just is it safe to invest in the UK, but how hard is it for a company to get back any losses from a corrupt market place that doesn’t even look after its own SME’s?

123. And surely entities such as TheCityUK must come under the spotlight, rather than Parliament letting financial services run riot and when banking crashes happen, Government must ask why, how and hold directors accountable and remove riches of the wrong-doers to compensate those inflicted.

124. The NCA, Action Fraud and SFO have gained unenviable reputations for frustrating and failing victims of main banks. Why is that! – Could it be because the “Corporation of London” controls the orders, rather than the Ministers for Policing or the Home Secretary? Why is Government failing to govern?

## 125. Westminster must regain control and authority under the “Bill of Rights [1688/89]”

The main purpose of the act was unequivocally to declare illegal various practices of James II. Among such practices proscribed were the royal prerogative of dispensing with the law in certain cases, the complete suspension of laws without the consent of Parliament, and the levying of taxes and the maintenance of a standing army in peacetime without specific parliamentary authorization. A number of clauses sought to eliminate royal interference in parliamentary matters, stressing that elections must be free and that members must have complete freedom of speech. Certain forms of interference in the course of justice were also proscribed.

126. In the current flawed system, victims of fraud will be pursued based on agreement of contractual legalese as established by quango regulators and auditor policy makers such as PwC, KPMG, Grant Thornton and EY etc. Those making the rules, are the same as those pulling the strings, and in doing so pulling the rugs. Whilst this imbalance



remains the UK is no longer safe for any business to come here, or for natives to enter into debt to start or expand here. Simply, a system must allow business to operate fairly as defined by un-compromised and independent ministers, rather than cronyism rules, where civil courts align to collapse people where both police and judges refuse to oppose criminal white collar crooks.

127. Victims need to see Westminster take action over the failure of the Executives and pay restitution, damages and consequential losses to victims.

128. Politicians, Judges, Police and Crime Commissioners all sign their name to Oaths of Public Service and none should be above the law to look away for their friends. Above those on Oaths are Human Rights and the Bill of Rights [1688] and various fraud laws that must be upheld, rather than banker bonuses at the cost of those failing and abusing public trust.

## 129. Recovery of funds

Criminal activity should be investigated and processed in Crown Court under provisions of **POCA 2002** and **The Criminal Finances Act 2017**. The Criminal Finances Act 2017 introduced new asset recovery and investigation powers in POCA, and made amendments to existing powers. Instruments such as Confiscation order –an order made against a defendant by the Crown Court following a criminal conviction. The order is for a defendant to pay a sum equivalent to their proceeds of crime from any available assets.

130. **The Criminal Finances Act 2017** targets corruption, money laundering and tax evasion by aiming to recoup criminal assets and is part of the government's strategic approach to reducing financial crime.

- (i) The Act also introduces two new criminal offenses in respect of the facilitation of tax evasion. The new offenses will be committed where a corporate entity or partnership fails to prevent an associated person from criminally facilitating the evasion of tax, whether the tax evaded is owed in the UK or in a foreign country where there is a connection to the UK.

131. **The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017** (MLR17) came into force on 26 June 2017. HM Treasury revised MLR17 to take account of the changes required by the fifth money laundering directive (5MLD). The new legislation was effective from 10 January 2020.

### 132. Restitution/ Justice delayed is justice denied:

Due to the many decades of distress and legalese "civil" abuse, Parliament for its very being to protect the public tax payer must seek to swiftly bring restitution (including financial) to victims of the failure of the Executives to uphold and protect people from white collar criminals under "common law" and "Criminal Crown Courts" outside the Square Mile and recover losses from the civilly protected perpetrators.

## "Parliamentary sovereignty" over corporate unlawfulness

The term '**Parliamentary sovereignty**' is normally defined as the '**legislative supremacy of Parliament**'. Since the constitutional settlement brought about by the **Bill of Rights 1689**, the UK Parliament possesses unchallenged authority to create primary law. Parliament's legislative supremacy means therefore, that there is no competing body with equal or greater law-making power and there are no legal limits on Parliament's legislative competence.

Parliament has broad legislative power but does not make immutable statutes, and a current parliament can reverse laws made by a previous parliament. **Nobody but Parliament can override Acts of Parliament**. The Enrolled Bill rule requires that, if a Bill has received royal assent having passed through both the Commons and the Lords, the courts will not enquire

into what happened before or during the legislative process.

## The Cabinet

Originally The Cabinet was the committee of the **privy counsel** which became too large for administration work. The Cabinet is the driving force of the administration. At the end of the general elections the Monarch invites the leader of the majority party in the House of Commons who then becomes the prime minister and the Monarch asks him to form the cabinet. A list of ministers is then submitted to the Monarch who formally approves it and then the cabinet personnel is announced in the gazette.

The Cabinet is the formulating body for government policy. The Cabinet discusses and holds responsibility over national and partially over international problems. The Cabinet decides the measures which are to receive priority and must not hold priority the unfair and unlawful interests of any commercial corporate company or entity that is to the detriment of the majority voter that the elected Cabinet is there to represent and protect the electorates Human Rights and their Property. Failure of which must be seen as **Contempt of the House of Commons Rule**.

The Cabinet plays the most important role overseeing the tax payers funds that the economy succeeds or fails from. The important role in regard of the victims is for the government to bring restitution of damages and thefts resulting from the bank frauds that stem back 3 decades and furthermore the 2008 crash, prior and beyond.

HM Treasury due to their involvement in the Asset Protection Scheme should compensate victims for their losses and bring restitution from the thefts and fair consequential losses to restore victims to a place should the thefts not have happened. The Government should underwrite this cost and recover the fraudulent gains from those who were in charge and controlled what the banks did and look into their audits. \* Noting that Alistair Darling said the banks were to be accountable and that he has handed over powers to The City that have not been in the interest of the Public, instead The City grabbed this opportunity to form and forge what appeared to be protection, that in fact they abused because the **Bill of Rights 1688/69** was ignored which must be seen as MPs in justice and policing are in breach of public protection and must be seen as in "Contempt of Parliament" as i) law, and ii) policing have been compromised by those given said power have abused their "legalese" and policing controls by being passed authority that the "Separation of Powers" should have fire-walled from delegation.

## Political Sovereignty – which must protect “the people” or for ministers to be accused of “Dereliction of Duties” under “misconduct” of their elected duties by allowing justice to be perverted – Contempt of Parliament

Parliament cannot (and ministers however high must NOT) act against the wishes or best interests of the (innocent) people. The ultimate rulers of England are the people of England as the voters of England can change the parliament itself at the time of next election. However between elections those elected to govern, are entrusted with “**Sovereign**” powers to act in the best interest of the people of the land. Parliament is Sovereign.

A claim that a minister knowingly or negligently acted in bad faith may be rare, but the underlying principle should be that an applicant should be entitled to point to ministerial statements or actions and claim that the minister misled or acted against Parliament against the interest of his or her party, the House and the people, whilst in Office. If there are good grounds for believing this may be so and this is relevant to the issues arising in the proceedings then it is not for lower Courts, but for Westminster in line with the “**Bill of Rights [1689]**” and observing “**Powers of Separation**” and for the House members to look at ministerial statements and actions and outcome to infer that the minister or ministers inadvertently misdirected him or themselves and on that ground set aside his decision or if irretrievable what can be done to bring any harmed parties restitution and co-conspirers’ penalty. When a minister had erred more grievously by knowingly misusing a power or breached Competition Rules. Any question of a minister knowingly misleading the House would also be a serious “**Contempt of Parliament**”, and would have grave parliamentary consequences.

## Press and Public Opinion

The press and public opinion are important checks on the sovereignty of parliament. No parliament should dare pass any law which is opposed by the press or the public opinion or pass over governance to civil quango regulators that fail to address public concerns. Or turn a blind eye to allow the majority voter to be wronged by commercial entities in unlawful ways to bring harm to people's property and Human Rights.

## Protests by Lloyds Bank Victims at the Avon & Somerset and other Police Crime Panel Meetings and failure of the NCA and SFO

So far Lloyds and other alleged victims of banking economic crime have protested in many towns and cities about the banking frauds that police and other law enforcement agencies, ( such as the NCA and SFO ) have refused to act on. Meanwhile, the likes of Lynne Owen gains her "**Order of the Bath**", from the Civil Division, Central Chancery of the Orders of Knighthood. Maybe the current **Great Master of the "Order of Bath"** could step in and question why a senior public servant such as Lynne Owens is failing to serve those who allege white collar crime has taken place. The *Order* of Bath consists of the Sovereign (currently Queen Elizabeth II), the Great Master (currently *Charles, Prince of Wales*) and three Classes of members: Knight Grand Cross (GCB) or Dame Grand Cross (GCB) Knight Commander (KCB) or Dame Commander (DCB)

Victims have carried out hunger strikes up to 10 days around the UK and attended Police Crime Panel meetings in Kent, Dorset, Sussex and Avon & Somerset to no avail, other than dismissal or a "peer review" where Mrs Sue Mountstevens PCC Avon & Somerset wrote her own remit which concluded in negative outcome for victims and a false positive for the police.

Observations have come to light. (i) Police Crime Commissioners where police fail to act, often have a partner or spouse who has been a senior in banking. (ii) Common Purpose, (iii) a common "civil theme" rather than criminal investigative support, (iv) quango civil regulators. (v) City of London Corporation as controlled by the big finance entities employ City of London Police which in turn controls Action Fraud which controls all UK fraud under watered down "common purpose" motions whereby fraud was downgraded in the House of Commons in 2008.



Kent Police Crime Panel  
PCC Mathew Scott



Dorset Police Crime Panel  
PCC Martyn Underhill



Sussex Police Crime Panel  
PCC Katy Bourne



Avon & Somerset Police Crime Panel  
PCC Sue Mountstevens

**Examples: Sue Mountstevens**

Mrs Mountstevens is married to Stephen Robertson, senior financier, (ex) Chair of Hargreaves Lansdown, Bristol (approx £1/2 billion of Lloyds shares held)

**Katy Bourne**

Mrs Bourne is married to Kevin Bourne who was a senior banker at HSBC.

PCC Katy Bourne has targeted a professional witness who presented evidence for victims connecting these and other cases and used force officers to attempt to prosecute the expert witnesses (a SLAPP Action) threatening imprisonment, which resulted in the CPS dropping their support for her. Such abuse of public office must be put under the spotlight when the likes of PCC Mountstevens and PCC Katy Bourne abuse their position in favour of concealing police misconduct and censoring the exposure of economic crimes and other.

In Sussex, police also tampered and concealed evidence, including on one case concerning high calibre fire arms and instead of pursuing the criminals used their efforts to try and silence the victim and his expert witness. From this case, internal police records were leaked which indicated that the main criminal involved was giving a regular kick back to people in the Sussex Constabulary. This would bring in the Bribery Act.

A number of Civil servants such as (some) PCC's and Crime Panels (such as those introduced under PM David Cameron's powers in 2011) and the IOPC are failing to hold Chief Constables and their officers to account in the interest of upholding common, rather than civil rule and law when public taxpayer funds are utilised for supporting and funding the corporations rather than the public then tax payer funds are being *misappropriated to cover up crimes*.

In the case of Katy Bourne, one targeted victim in his 70's was prosecuted on hearsay and concealed evidence. The victim was then intimidated from exercising his right to statutory remedy by the Constabulary's solicitor who with the PCC and Officers fabricated allegations against the victim and his expert witness that then the CPS refused to pursue. Thus abusing their position and his rights. This case began almost 3 decades ago where the victim lost 2 farms. PwC were the administrators. BERR investigated and found fraud by the administrators and the lawyers.

\* BERR: was the Department for Business, Enterprise and Regulatory Reform was a United Kingdom government department. The department was created on 28 June 2007 on the disbanding of the Department of Trade and Industry, and was itself disbanded on 6 June 2009 on the creation of the Department for Business, Innovation and Skills.

Eventually another judge made judgement that the PCC and Force solicitor had no right to remove the victim's statutory remedies.

## Paul Carter Kent County Council Leader lost £263m from the Woodford Fund when he and Kent Police Crime Panel Chair and PCC were warned about Avon & Somersets PCC's husband's connections with Hargreaves Lansdown and the Lloyds Bank Frauds

The whole Crime Panel, especially its Chair **Mr Mike Hill**, OBE was fully aware, along with the **PCC Mr Matthew Scott** who refused to address matters. The protestors attended 4 meetings.

**Mr Carter was told about HARGREAVES LANSDOWN, one to one in the County Hall, Sessions House, Maidstone cafe.** Over the page shows what could have been avoided had Mr Carter listened!





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# Woodford Equity Income Fund manager apologises for locking fund that Kent County Council invested £263m into

By [Paul Francis](#)  
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 Published: 20:05, 05 June 2019

The businessman who suspended trading in a fund in which Kent County Council had a £263m pension investment has issued a public apology.

Fund manager Neil Woodford said he was “extremely sorry” but the action had been necessary to protect remaining investors.



Cllr Paul Carter (11793098)

The leader of Kent County Council Paul Carter has played down the impact on [Kent’s pension fund and the 110,000 scheme members](#).

He said: “We don’t know what the extent of the fund will materialise over the next few months but let’s wait and see; the scale of the problem in relation to the £2bn gain in the value of the fund over the last four and a half years is manageable and scaleable.”

KCC [sought to redeem its £263m investment on Monday](#) but was blocked from doing so because of the decision to suspend trading the same day.

There has been speculation that KCC’s notification that it intended to withdraw the £263m triggered the 28-day suspension.

In an apology posted on You Tube, Mr Woodford who manages Woodford Equity Income Fund, said: "As difficult a decision as this is, and clearly frustrating for you, our investors, we felt this was necessary to protect your interests."

Due to the rising number of investors withdrawing funds, the stock market was "in a way anticipating the fact that we would have to be sellers of stocks to meet those redemptions."

The amount invested by KCC in the fund represented a relatively small amount of its pension fund - around 4% of the council's total investments of £6.4bn.

In a statement, KCC said: "At this stage there is no loss to the pension fund, and whatever the outcome there will be no impact on the council's cash reserves or service provision."



The council said concerns over the performance of the fund were flagged up by its Superannuation Fund committee in March and a decision was made to reconsider the position at a meeting scheduled for June 21.

However, concerns about other investors withdrawing money led to it to bring forward a review and it was decided to withdraw its £263m.

Neil Woodford launched his company Woodford Investment Management thanks to his stellar reputation for getting returns

for investors during his time at Invesco Perpetual.

[Head to our politics page for expert analysis and all the latest news from your politicians and councils.](#)

[Read more: All the latest news from Kent](#)

**If only Paul Carter Leader of KCC had listened to the Lloyds Bank Protestors !**



## Investors who lost money when Neil Woodford's flagship fund collapsed are suing financial adviser Hargreaves Lansdown and corporate director Link in a bid to recoup their savings.

The legal action, led by RGL Management, will centre around losses sustained directly as a result of the failure of the Woodford Equity Income Fund in 2019.



Neil Woodford's investment empire collapsed in 2019

administer and manage" the Woodford Equity Income Fund.

It was reported yesterday that the Financial Conduct Authority (FCA) has refused to hand over its investigation into the failure of Neil Woodford's investment firm to an independent judge, amid calls for the City watchdog to be probed for its own role in the scandal.

Activists have urged the regulator to pass the inquiry to an independent judge who can investigate the FCA's handling of the collapse of Woodford's empire.

However, it has refused to relinquish control of the investigation, saying it "cannot delegate these powers and responsibilities to third parties", the Telegraph reported.

Read more: [Peter Hargreaves to sell £300m worth of shares in Hargreaves Lansdown](#)

RGL said that investment platform Hargreaves Lansdown continued to recommend the fund to its clients up to the day of the collapse, "despite being aware of longstanding portfolio diversification and liquidity issues".

Investors have claimed that Link, the authorised corporate director of the fund, failed to "appropriately

“Only the FCA has powers under the Financial Services and Markets Act 2000 to investigate regulatory contraventions and take enforcement action,” it said in a letter to activists, signed by FCA chairman Charles Randell.

Campaigners Gina and Alan Miller had reportedly written to the watchdog’s non-executive directors saying there is an “urgent and unanswerable case that the Woodford investigation should not only be conducted by an independent third party...but must also include the conduct of the FCA pertaining to the scandal”.

Woodford Equity Income fund, the former star stockpicker’s flagship fund, was suspended in 2019 after becoming overwhelmed by investor withdrawal requests, leading to the investment industry’s biggest crisis in years.

Wealth manager St James’s Place ended its contract with Woodford to manage three of its funds.

His empire imploded when [Kent County Council](#) withdrew a £263m investment mandate from the firm. He then prevented investors from selling holdings in his £3.7bn fund before he was sacked.

Earlier this month it was reported that the FCA had been made aware of problems at Woodford’s firm two years before its failure.

Concerns over the strategy were raised in 2015, just a year after its launch, when chief operating officer Nick Hamilton and chief legal and compliance officer Gray Smith resigned.

Smith and Hamilton were then asked to take part in exit interviews with the City regulator, according to the Financial Times.

Hamilton and Smith were reportedly concerned with the amount of money being committed to unlisted companies, but the FCA did not act on the information they presented.

Last month, Woodford revealed he is preparing to launch a new Jersey-based investment vehicle, Woodford Capital Management Partners.

He pledged not to repeat the mistake of investing ordinary investors’ money in illiquid stocks, which contributed to the collapse of his former business.

**Read more:** [MPs urge FCA to set date for Woodford investigation end](#)



# Burges Salmon and UK Acorn Finance in the Rt Hon Jacob Rees Mogg MP Area

**IS MR REES MOGG ASLEEP ON THE JOB?** At a meeting at Avon and Somerset Police Headquarters, Portishead, on the 21 June 2013 the attendees included DC Niki White, Dr Kirstie Cogram and Jacob Rees-Mogg MP.

Abuse goes back to the 1990's. For example, in a 2006/2007 investigation by DC Niki White and Officer Peter Wood, both of Avon & Somerset Constabulary was opened on referral of a complaint to the SRA dated 11 August 2006 against Burges Salmon Solicitors the following Search Warrants executed on the 15 January 2007 at the offices of:

- Burges Salmon Solicitors
- UK Acorn Finance (mortgage brokers and lenders)
- Carver Knowles (Chartered Surveyors & valuers )

In one instance concerning reports of fraud by victims of UK Acorn, Burges Salmon (solicitors), Carver Knowles (valuers) and Commercial First case was closed suddenly by Avon & Somerset Constabulary in 2007 with no explanation as to why !



**Is Jacob Rees Mogg asleep to the Bank Frauds in his area ?**

DC Niki White advised that they had insufficient evidence; but if the matters complained of had occurred after the fraud Act 2006 became law (15 January 2007), **then their enquiries SHOULD** have continued.

Avon and Somerset Constabulary were subsequently offered further evidence which occurred after the 15 January 2007 which DC White declined to receive. Letters from DC White show that Chief Constable Nick Gargan ultimately declined matters to be investigated.

## Police are failing to uphold their Oath to protect the public

**The Police are “servants of the Crown” and have to swear an Oath:** The Office of Constable Swearing allegiance to the Crown In England and Wales those who decide to become police officers take an oath at the point of becoming a constable. The oath, or attestation, is set within the legislation of this country, and is as follows:

### Police Officers Oath

*“I do solemnly and sincerely declare and affirm that I will well and truly serve the Queen in the office of constable, with fairness, integrity, diligence and impartiality, upholding fundamental human rights and according equal respect to all people; and that I will, to the best of my power, cause the peace to be kept and preserved and prevent all offences against people and property; and that while I continue to hold the said office I will to the best of my skill and knowledge discharge all the duties thereof faithfully according to law”*

Every sworn police officer in England and Wales is a Constable, irrespective of rank. It is from the Office of Constable that each officer derives their powers. On appointment each police officer makes a declaration to “faithfully discharge the duties of the Office of Constable.” In England and Wales, **police officers swear an oath of allegiance to the monarch**; this is to ensure the separation of power and political independence of the Office of Constable.

The Office of Constable means a police officer has the additional legal (legalese) powers of arrest and control of the public given to him or her directly by a sworn oath and warrant. These are not delegated powers simply because they have been employed as an officer and officers are not employees, they are not agents of the police force, police authority or government. **Those who hold the Office of Constable are servants of the Crown.**

**Each sworn constable is an independent legal official and each police officer has personal liability for their actions or inaction.** The chief officer of the force to which the constable is attached also has a level of corporate responsibility.

## High Profile “Common Purpose” Cops at Thames valley Police

**Other Police Forces:** For instance **West Midlands** Police and its PCC Office have a heavy “**Common Purpose**” concentration and **South Wales, Dyfed, Norfolk,** and **Bournemouth Police** have also been implicated by those complaining about the Lloyds bank frauds. Concerning, whilst Operation Hornet and Op Meadow where in progress, Thames Valley Police had “Common Purpose” graduates Chief Constables Sara Thornton and Frances Habgood at the helm!

Over the page a letter was sent from Derek Thomas MP to Chief Constable Habgood citing fraud and conspiracy mentioning that there was a dossier of evidence. Chief Habgood ignored the communication?



Letter to “Common Purpose” graduate Chief Constable Francis Habgood about the Lloyds BSU, Bristol frauds from MP Derek Thomas which was ignored.

DI / 03063/18.

## DEREK THOMAS MP

Francis Habgood  
Chief Constable for Thames Valley Police  
The Farmhouse  
Thames Valley Police Headquarters  
Oxford Road, Kidlington  
Oxon, OX5 2NX

**Constituency**  
Wharfside Shopping Centre  
Penzance  
TR18 2GB  
Tel: 01736 363038

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House of Commons  
London  
SW1A 0AA  
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2<sup>nd</sup> November, 2018

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**RE: David and Helen Laity**

Dear Chief Constable,

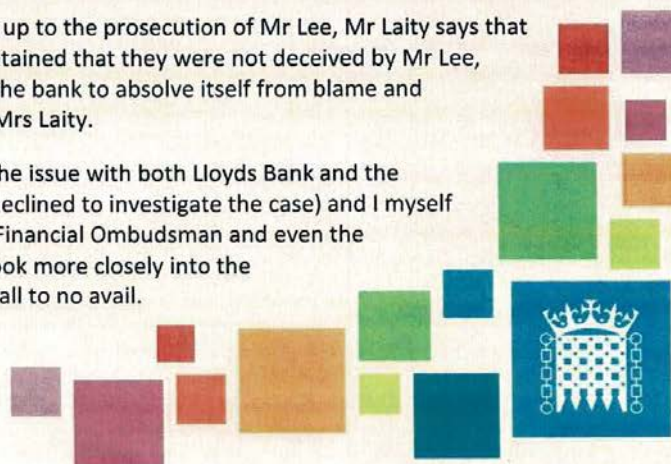
I am writing to you in support of my constituents David and Helen Laity in the hope that Thames Valley Police will launch an investigation into the circumstances of a loan for £210,000 which they negotiated with the Penzance branch of Lloyds Bank in April 2015 and the consequent trail of events which has left them facing possible bankruptcy.

The loan was structured to include builder Keith Lee as a partner in order to pay for the construction of two new homes at Rosudgeon, near Penzance. Unfortunately, Mr Lee soon began to default on his share of the loan repayments and has since pleaded guilty at Crown Court to a charge of forgery in connection with the loan.

The Laitys believe that Lloyds Bank set up the loan incorrectly and unfairly and were negligent in the way they safeguarded the funds, allowing a third party (ie Mr Lee) to access funds using forged documents. They also allege that the bank failed to check a number of invoices that would have shown from an early stage that Mr Lee had no intention of complying with the conditions of the loan.

During the police enquiries leading up to the prosecution of Mr Lee, Mr Laity says that Lloyds Bank have consistently maintained that they were not deceived by Mr Lee, a claim which he believes enables the bank to absolve itself from blame and recover losses solely from Mr and Mrs Laity.

The Laitys have repeatedly raised the issue with both Lloyds Bank and the Financial Ombudsman (who have declined to investigate the case) and I myself have written letters to Lloyds, the Financial Ombudsman and even the Justice Secretary, urging them to look more closely into the circumstances of the Laitys' loan – all to no avail.



I believe Mr Laity has contacted Thames Valley Police, with a formal crime complaint citing fraud and conspiracy and I add my support to his request that he and his wife's case are fully investigated.

Mr Laity, who has been assiduous in compiling a comprehensive dossier of documents which he believes will prove his allegations, says that you may be his last chance for someone to investigate his case properly and enable him to get on with his life.

Yours sincerely,

Derek Thomas, MP for West Cornwall & the Isles of Scilly (St Ives)

## Police and Parliament are failing to protect victims under “Common Law”

Instead; Mindful blocking of fraud investigations must be blamed on the **Corporation of the City of London** who control Action(less) Fraud. Parliament is allowing civil thefts of assets to take place by passing over their powers to protect us “the people”.

Time and time again the system by design fails and allows unlawful evictions, triggered and supported by “legalese” Roman Catholic “civil” and NOT “Common Law” The banks’ civil henchmen and thieves are allowed to trespass onto and into people’s properties with police in attendance, watching over as civil bailiffs enter property to take wrongful and unlawful possession.

**Police in effect are assisting burglaries and theft** when property has been taken under fraudulent processes. Police are failing their Oath to just uphold the peace and protect victims property and **Human Rights. Article 1, Protocol 1**.

With those at the top of policing serving Oath to the Crown, and the likes of senior authority such as **Lynne Owens**

**Director General of the NCA** being party to the **Order of Bath**, are our police seniors serving the monarchy or Corporation of London rather than the “Bill of Rights [1688]” being the protection of the people via the House of Commons?

Under today’s “**Order of Bath**” rules and tradition, the situation today is that membership may be cancelled or annulled, and the entry in the register erased, by an ordinance signed by the Sovereign and sealed with the seal of the Order, on the recommendation of the appropriate Minister. Such cancellations may be subsequently reversed.



YouTube image of actual Lloyds eviction





Article

Talk

Read

# Strategic lawsuit against public participation

From Wikipedia, the free encyclopedia

**"SLAPP Actions / SLAPP suits"** redirects. A strategic lawsuit against public participation (SLAPP) is a lawsuit intended to cancel, intimidate, and silence critics by burdening them with the cost of a legal defence until they abandon their criticism or opposition.

In the typical SLAPP, the plaintiff does not normally expect to win the lawsuit. The plaintiff's goals are accomplished if the defendant succumbs to fear, intimidation, mounting legal costs, or simple exhaustion and abandons the criticism. In some cases, repeated frivolous litigation against a defendant may raise the cost of directors and officers liability insurance for that party, interfering with an organization's ability to operate. A SLAPP may also intimidate others from participating in the debate. A SLAPP is often preceded by a legal threat. SLAPPs bring about freedom of speech concerns due to their chilling effect and are often difficult to filter out and penalize because the plaintiffs attempt to obfuscate their intent to censor, intimidate, or silence their critics.

To protect freedom of speech some jurisdictions have passed **anti-SLAPP laws** (often called SLAPP-back laws). These laws often function by allowing a defendant to file a motion to strike and/or dismiss on the grounds that the case involves protected speech on a matter of public concern. The plaintiff then bears the burden of showing a probability that they will prevail. If the plaintiffs fail to meet their burden their claim is dismissed and the plaintiffs may be required to pay a penalty for bringing the case.

Anti-SLAPP laws occasionally come under criticism from those who believe that there should not be barriers to the right to petition for those who sincerely believe they have been wronged, regardless of ulterior motives. Hence, the difficulty in drafting SLAPP legislation, and in applying it, is to craft an approach which affords an early termination to invalid, abusive suits, without denying a legitimate day in court to valid good faith claims. Anti-SLAPP laws are generally considered to have a favourable effect, and many lawyers have fought to enact stronger laws protecting against SLAPPs

## Balancing the right of access to the courts

The SLAPP penalty stands as a barrier to access to the courts by providing an early penalty to claimants who seek judicial redress. In recent years, the courts in some states have recognized that enforcement of SLAPP legislation must recognize and balance the constitutional rights of both litigants. It has been said:

Since Magna Carta, the world has recognized the importance of justice in a free society. *"To no one will we sell, to no one will we refuse or delay, right or justice."* (**Magna Carta, 1215.**) This nation's founding fathers knew people would never consent to be governed and surrender their right to decide disputes by force, unless government offered a just forum for resolving those disputes.

## Banks, Lawyers and Police

Whilst **"SLAPP actions"** are accepted as existing in the USA, not many people understand them in the UK. However when litigants voice concern and raise in public the unlawful things banks, police and lawyers do. Such parties then use "SLAPP tactics" and create false secondary law suits against the inflicted as to overload them with extra court defence paperwork

and costs in an attempt to break and destroy victims.

## “Op Meadow”; after the protests and media concerns through to Superintendent Nicholas John whitewashing

“Op Meadow” was as a false flag cover up of the frauds by Superintendent Nicholas John of Thames Valley Police to cover up on PCC Sue Mountstevens and Chief Constable Andy Marsh’s watch.

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**B** News ▸ Bristol News ▸ Avon and Somerset Constabulary

By [Adam Postans](#) Local democracy reporter 14:24, 14 MAR 2019

# Watchdog to grill head of police in Lloyds Bank fraud probe

Avon and Somerset Constabulary is accused of failing to investigate an alleged bank fraud



Police watchdogs will grill the elected head of Avon and Somerset Constabulary at a showdown next week into “failures” by the force to investigate an alleged multi-million pound banking scam, whose [victims include TV star Noel Edmonds](#) .

The meeting was announced as campaigners handed members of the police and crime panel a dossier of evidence they claim shows “criminality” at Lloyds Bank headquarters in Bristol.

***Victims accuse police and crime commissioner (PCC) Sue Mountstevens of failing to hold the force to account*** by not ensuring it carried out a thorough investigation amid allegations of a “cover-up” by officers.

Last month, panel members, who scrutinise the PCC’s actions, agreed to launch an inquiry into the complaints after Mr Edmonds alleged in a written statement there had been “systemic criminality” at Lloyds Banking Group and widespread “collusion” to conceal it.



The company, which has consistently denied the claims, is accused of “criminal asset stripping” and forcing businesses to close in order to recover millions of pounds in loans and fees.

At the panel’s latest meeting on March 12, victims said the scam, called bait-and-switch, hoodwinked them into taking out loans against their homes and some of the transactions were made fraudulently by “corrupt” bankers using customers’ incorrect personal details



A statement by one victim, Alan Richards, said: “Avon & Somerset’s PCC has failed to secure sufficient funding for economic crime, knowing full well the high level of complaints against Lloyds Bank and Bristol BSU (Business Support Unit).

“We now have over 200 cases of criminality by Lloyds Bank.” ***‘It’s our money and we’ve been robbed’***

Another, Mike McGrath, told members: “Thames Valley’s PCC has said there’s more alleged fraud at Lloyds Bank in Bristol than there was at HBOS in Reading.

“An investigation should be started immediately.

“The two victims, out of the 200, who were investigated by Avon and Somerset Police were told there was no fraud.

“That position has drastically changed given the evidence of the victims and should be re-investigated.”

Lloyds customer Bryan Henderson told the panel: “*There is a loan in my name and it’s held with a charge on my house.*

*“I’ve never had that loan. It has the wrong date of birth. That’s not me. “This is all getting out of hand. You’ve got to pick up the gauntlet.”*



He said people had taken their own lives because of the stress it had caused. *“It’s our money and we’ve been robbed. These people need to go to prison,”* Mr Henderson added.

Another victim, Trevor Mealham, said: *“I have evidence showing criminality of bankers involving a £250,000 loan I never had, yet the police don’t seem interested. My home is at risk. We want something done now. I don’t feel I can trust sending evidence to Mrs Mountstevens. Will someone take it and submit it to the police?”*

Panel acting chairman Councillor Mark Weston replied: *“You’re a complainant so yes, we can take that.”*

*“We are meeting with the commissioner on March 22. We have had correspondence from several members of the public which will help inform the inquiry we will be doing. That’s our first port of call. We don’t have the authority to force the police to reopen an investigation.”*

*“We can make sure the PCC is ensuring a robust investigation and look at what she is doing.”*

Mr Mealham asked Ms Mountstevens if anything was laid out in the force’s police and crime plan to “look at corrupt bankers at Lloyds BSU”. She replied: *“That’s a very valid question. I would say I don’t believe the constabulary is fully funded.”*

*“I will respond to your question specifically in writing.”*

*“I’m looking forward to meeting with the panel on March 22.”*

**Mr Mealham told her: “It’s no good saying you haven’t got funding when it’s your job to allocate funding.”**

Lloyds set aside £100million in compensation for victims of a major fraud at HBOS, which it subsequently took over, but has repeatedly denied any wrongdoing regarding its Bristol operations.

Corrupt financiers from HBOS in Reading were jailed in 2017 for a £245million loans scam which destroyed numerous businesses, including Noel Edmonds’ firm Unique Group.

Despite an offer by Thames Valley PCC Anthony Stansfeld to assist its investigations, Avon & Somerset Police declined and insisted it had found no evidence of crime at Lloyds in Bristol.

Later **“Op Meadow”** was leaked showing Thames Valley Police seniors had produced **33 pages of whitewashed notes** that covered up police failure and criminal frauds for the bank and **misconduct to pervert the course of justice** by seniors at Avon & Somerset Constabulary



Superintendent Nicholas John who white-washed "Op Meadow" notes



# Thames Valley Police and past “Common Purpose” graduates



Two key senior “Common Purpose” Officers at the highest levels:

The first **Sir Francis John Stapylton Habgood QPM**, now a retired senior British police officer.

He was the Chief Constable of Thames Valley Police over S/D Nicholas Johns and left just after the “Op Meadow” review was complete!

Chief Habgood had done his “CP” training in 1996/1997. Francis Habgood took over Chief Policing role 2015.

	2003-2004		Inquiry Centre		Police, Kidlington
<a href="#">Habgood, Francis</a>	Leeds - 1996/97	Leeds	Matrix	oxfordshire	Thames Valley Police, Kidlington
<a href="#">Data</a>			Assistant Chief		Thames Valley

The Second; **Chief Constable Sara Thornton CBE QPM**. Ms Thornton has worked in policing since 1986, when she joined the **Metropolitan Police**.

During her 33 year career within policing she served as Chief Constable of Thames Valley Police from 2007 until 2015 (during the HBOs Reading fraud period) and was appointed the first Chair of the NPCC in 2015

Over the page is a Thames Valley Police Conference 4-6 July 2011, featuring Sara Thornton with a promo for;

**Revised Statement of Common Purpose.**



# Knowledge for Change

Chief Constable Sara Thornton CBE QPM

Cambridge Evidence Based Policing Conference  
4-6 July 2011

Serving with pride and confidence

## APP Products

Revised Statement of **Common Purpose** and Values

### Core Practice

- Cross cutting themes that are common to a wide range of policing activities

### Specific Practice

- Areas where **additional national standards** and/or practice are required for reasons of high risk, interoperability and partnership working

**Reference Material** : All other doctrine will be 'Reference material'

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## Avon & Somerset PCC Cover-up by the “False Flag” Op Meadow Review

Further to press exposure and more protests, PCC Sue Mountstevens, her deputy John Smith and A&S Police Chief Andy Marsh caved in to our groups request for a review. However they played a flanker in delivering something tailored far from an honest promise. Very cleverly they grabbed the situation that was gaining media coverage to present a lie, a false “peer review” of no value to justice. Instead a false outcome report. A false flag as overseen by Superintendent Nicholas John and DS Chris Goodall. As such senior Thames Valley Police were to collude in presenting a whitewashed report to cover up serious misconduct and pervert the course of justice by abuse of position of senior ASP and ASP PCC Office with the further assistance of Richard Brown and Patricia Jones (Chair and Clerk) of ASP Crime Panel.

In public sight they agreed that an investigation into A&S constabulary would take place to assess if misconduct had taken place undertaken by an external police force. This failed to happen as victims were tricked into a worthless “peer review” which we learned was called “**Op Meadow**”

The outcome by Supt/D Nicholas John and DS Chris Goodall, both of Thames Valley Police who reviewed the Avon & Somerset 11 selected cases (Op Meadow) was that the crimes could not be seen. After Supt/D Nicholas John leaked by accident his 33 page notes, victims deconstructed Nicholas John’s report and reapplied evidence that contradicted his findings.



What came to light from experts including an ex CID investigator and a police lawyer and other experts in fraud advisory was that Nicholas John had painted a picture on each case to remove key and trigger words and happenings and associations. The original scoping / **Terms of Reference (ToR)** made clear that on fraud being found the cases must remain with the ECU (Economic Crime Unit) for further investigation.

### Terms of Reference

Following a series of meetings between A&S and TVP a terms of reference (ToR) was agreed focusing on a numbers of areas.

The specifics of the ToR<sup>2</sup> set out 3 priorities as below;

1. Thames Valley Police will review the decisions, actions and outcomes taken by Avon and Somerset Police in respect of allegations received about Lloyds Recoveries and other financial institutions and assess whether they were proportionate and balanced.
2. Thames Valley police will review the banking allegations to identify if there are any links or crossovers with their Op Hornet (phases 1-6).
3. Thames Valley police will work in partnership with Avon and Somerset police to review a list of 200 names provided by a third party to understand whether there are any new allegations specifically for Avon and Somerset police to investigate.

Whilst clear within the ToR, TVP were not re-investigating the cases identified, this was a review of the decisions taken by A&S at the time and based on the information they knew at the time. However, it must be noted that since commencing this review, those named, as well as a significant number of others, have provided TVP with various documents



Due to whitewashing the review, D Supt Nicholas John (TVP) stated he was unable to report any crimes had been committed. Offers of professional assistance in respect of audit controls and chartered accountancy procedures along with banking expertise were declined. A false impression was concluded (even though further evidence came to light) which police alone would not have the expertise to understand the importance of without outside help.

\* Scoping/ Terms of reference stated that the below criteria would place cases for further investigation with the ECT (Economic Crime Team). The rebuttal and additional cases meet at least one or more of the below criteria.

appropriate ensure cases that will remain with the ECT to investigate are those that meet in the following criteria:

- Complex
- High value
- Involve persons of public interest / political nature
  - Election Fraud
  - Bribery and corruption

*By controlling the “Peer Review” PCC Sue Mountstevens and her accomplices and TVP officers controlled the outcome to cover-up “Misconduct in Public Office” of ASP Constabulary.*

All referrals from National Financial Investigation Bureau (NFIB) are received into the ‘Incident Assessment Unit’ and each record is allocated for further investigation by the force area by the Detective Sergeant on the ECT.

The NFIB (National **Financial** Investigation Bureau) website is found at: <https://www.icc-ccs.org/index.php/icc/fib> which shows: FIB conducts enquiries and investigations into matters associated with money laundering, fraud and suspect documents. **Our members include:**

- International Banks
- Financial Institutions
- National Financial Intelligence Units (FIU)
- National Regulatory & Oversight Authorities
- Law Enforcement Agencies

When searching for “The NFIB (National **Financial** Investigation Bureau) website” this appears ?





The NFIB (National Financial Investigation Bureau) / ICC Commercial Crime Services referred to by Supt Nicholas John has charges in place by Lloyds Bank and RBS

All referrals from National Financial Investigation Bureau (NFIB) are received into the 'Incident Assessment Unit' and each record is allocated for further investigation by the force area by the Detective Sergeant on the ECT.



Companies House does not verify the accuracy of the information filed

## ICC COMMERCIAL CRIME SERVICES

Company number **05716642**

Follow this company

File for this company

Overview

Filing history

People

Charges

More

### Filter charges

Outstanding / part satisfied

### 2 charges registered

2 outstanding, 0 satisfied, 0 part satisfied

#### Charge code 0571 6642 0002

Created	Delivered	Status
12 June 2015	16 June 2015	Outstanding

#### Persons entitled

Lloyds Bank PLC

#### Brief description

26 wapping high street. London. E1W 1NG...

#### Legal mortgage

Created	Delivered	Status
24 July 2007	28 July 2007	Outstanding

#### Persons entitled

National Westminster Bank PLC

#### Short particulars

The property known as 26 cinnabar wharf london together...

**Mrs Mountstevens Deputy PCC is John Smith, who previously worked under Guy Stobart, MD of Burges Salmon who links to HBOS which links to the 6 Lloyds bankers who received sentencing of 47 years and the HBOS criminal frauds.** Mr Stobart was also Chair of “Common Purpose” SW Meridian and this position was taken over by **Mrs Caroline Duckworth, wife of Simon Duckworth** ( see [mini Matrix flowchart on page 18](#) ) who is a central connecting person, who too should have been notified as he sits above City of London Police and on the Association of Police & Crime Commissioners. One must question, why Mr Duckworth did not intervene. Caroline Duckworth worked in retail and private banking for over twenty years.

*A “false flag operation” is an act committed by a party with the intent of disguising the actual source of responsibility, by concealing key facts and deflecting the pinning of blame on a second party or covering up the blame upon themselves to conceal wrongs.*

“False Flag” operatives attempt to convince readers and observers that a square is a circle, by hiding, concealing and lying about situation facts to allow them give false findings to events that actually happened. The A&S Review now forms the next False Flag in the latest Lloyds Bank BSU and RBS concealment of fraud that has taken place in Bristol and the City of London under the questionable watch of ASP. “Knowledge of Circumstance” mindfully perverted means justice is being denied. This is a serious allegation whereby Mrs Mountstevens has at tax payers cost distorted truth and justice !

## Perverting the Course of Justice

Perverting the course of justice is a serious offence. It can only be tried on indictment and carries a maximum sentence of life imprisonment. The offence is committed where a person:

- does an act (a positive act or series of acts is required; mere inaction is insufficient);
- which has a tendency to pervert; and
- which is intended to pervert the course of public justice.

The course of justice includes the police investigation of a possible crime (it is not necessary for legal proceedings to have begun). A false allegation which risks the arrest or wrongful conviction of an innocent person is enough. The word pervert can mean “alter” but the behaviour does not have to go that far – any act that interferes with an investigation or causes it to head in the wrong direction may tend to pervert the course of justice. The prosecution must prove there is a possibility that what the complainant has done “without more” might lead to a wrongful consequence, such as the arrest of an innocent person.

Intention is not the same as motive. However, the motive of the complainant is likely to be important if the public interest stage is reached. The prosecution must prove an intention either to pervert the course of justice or to do something which, if achieved, would pervert the course of justice. All that is necessary is proof of knowledge of all the circumstances, and the intentional doing of an act which has a tendency, when objectively viewed, to pervert the course of justice.

## Misconduct in public office

Misconduct in public office is a common law offence: it is not defined in any statute. It carries a maximum sentence of life imprisonment. The offence requires that: a public officer acting as such; wilfully neglects to perform his or her duty and/or wilfully misconducts him or herself; to such a degree as to amount to an abuse of the public’s trust in the office holder; without reasonable excuse or justification.

## Abuse of “civil” NDA’s to hush victims from speaking out and fighting back

Many victims of economic crime; including banking fraud are coerced into signing Non-disclosure-agreements when in civil courts. Many victims feel this restricts what they can do and what they can say !

- In effect victims coerced into hiding elements of a fraud become complicit in hiding the offence
- In effect this action becomes a further offence to hide the crime and annexes the act as a further “false instrument” to cover the criminal wrongs up, which further protects the culprits.

Business Minister Kelly Tolhurst (Sunday 21 July 2019) announced plans for new legislation which would, for the first time, prohibit NDAs being used to **prevent individuals from disclosing information to the police**, regulated health and care professionals, or legal professionals, such as a doctor, lawyer, or social worker.

### The updated legislation will also:

- ensure employers make clear the limitations of a confidentiality clause, in plain English, within a settlement agreement and in a written statement for an employee, so individuals signing them fully understand what they are signing and their rights
- extend current legislation so that individuals signing NDAs will get independent legal advice on the limitations of a confidentiality clause – including making clear that information can still be disclosed to police, regulated health and care professionals, or legal professionals regardless of an NDA
- introduce new enforcement measures to deal with confidentiality clauses that do not comply with legal requirements - for example, an NDA in a settlement agreement that does not follow new legislative requirements will be legally void

### Business Minister Kelly Tolhurst said:

The vast majority of businesses comply with the law and use NDAs legitimately – from protecting commercially sensitive information to preventing information being shared with competitors. As we have seen in the news recently, there are a handful of employers using NDAs to cover-up criminal acts in the workplace, including sexual harassment, assault and racist discrimination.

**We will not tolerate the use of NDAs to silence and intimidate victims from speaking out.** The new legislation will stamp out misuse, tackle unacceptable workplace cultures, protect individuals and create a level playing field for businesses that comply with the law.



Chief Executive of the Equality & Human Rights Commission Rebecca Hilsenrath said: **Harassment and discrimination should never go unanswered and unchallenged just because victims are prevented from speaking out.** This new legislation will help to end ambiguity about rights and stop the misuse of NDAs to protect corporate and personal reputations and obstruct justice.

Currently, confidentiality clauses, or NDAs, cannot prevent an individual from reporting wrongdoing in the public interest, known as making a protected disclosure or ‘whistle blowing’. **These could include a criminal offence**

## The City of London Freedom of Information Request about Policing

A Freedom of Information request ( [see over the page](#) ) was sent to the City of London Police. The response Confirms that City of London Police report into, and have policies set by, the City of London Corporation and not the Home Office, so effectively the banks private police force dictate the economic crime assessments on financial fraud in the UK

- *The local authority for the City, namely the City of London Corporation, is unique in the UK and has some unusual responsibilities for a local council, such as being the police authority. It is also unusual in having responsibilities and ownerships beyond its boundaries. The Corporation is headed by the Lord Mayor of the City of London (an office separate from, and much older than, the Mayor of London). The Lord Mayor, as of November 2019, is William Russell. The City is made up of 25 wards, with administration at the historic Guildhall. Other historic sites include St Paul's Cathedral, Royal Exchange, Mansion House, Old Bailey, and Smithfield Market. Although not within the City, the adjacent Tower of London is part of its old defensive perimeter. Bridges under the jurisdiction of the City include London Bridge and Blackfriars Bridge. The City is a major business and financial centre, and the Bank of England is headquartered in the City.*
- *About three-quarters of the jobs in the City of London are in the financial, professional, and associated business services sectors. The legal profession forms a major component of the northern and western sides of the City, especially in the Temple and Chancery Lane areas where the Inns of Court are located, of which two—Inner Temple and Middle Temple—fall within the City of London boundary.*
- The City Corporation is the largest individual funder of the TheCityUK and is heavily involved in its work. TheCityUK is a relatively new body but has rapidly established itself as the cross-sectoral representative body for the UK's financial services industry.





3. We do not record data in this format.

4. Special grant funding <https://www.gov.uk/government/publications/police-funding-special-grant-guidance/special-grant-guidance> may be requested. No such funds have been sought by City of London Police in the last 5 years.

\*\*

5. City of London Corporation <https://www.cityoflondon.gov.uk/> \*\*

In keeping with the Freedom of Information Act, we assume that all information can be released to the public unless it is exempt. In line with normal practice we are therefore releasing the information which you requested, via the City of London Police website.

I hope that this information meets your requirements. I would like to assure you that we have provided you with all relevant information that the City of London Police holds.

The City of London Police is responsible for an extremely small part of London, comprising of the financial square mile in the centre of the City. The resident population is also extremely small, comprising of fewer than 9,000 individuals.

If you are dissatisfied with the handling of your request, or the decision which has been reached, you have the right to ask for an internal review. Internal review requests must be submitted within two months of the date of this response and should be addressed to:

Freedom of Information  
Information Management Services  
Bishopsgate Police Station  
182 Bishopsgate  
EC2M 4NP  
E-mail: [foi@city-of-london.pnn.police.uk](mailto:foi@city-of-london.pnn.police.uk)

Please mark your complaint clearly and remember to quote the reference number in all correspondence. You have the right to ask the Information Commissioner (ICO) to investigate any aspect of your complaint. However, please note that the ICO is likely to expect internal complaints procedures to have been exhausted before beginning his investigation.

Thank you for your interest in the City of London Police.

Yours sincerely



Bradley Skinner

The FOI letter shows at points 4 and 5 that the banks private police force dictates the economic crime assessments on financial fraud in the UK.

Action Fraud is controlled by City of London Police which answers to the companies with most influence in the Square Mile which equals the large financial concerns and banks and not Westminster.

**The Square Mile tail is Wagging the Westminster dog!** And this includes success and FAILURE to investigate national fraud (or ignore, or block investigations) as evidence shows.

# FOI Request to the Legal Services Directorate, Avon & Somerset Police as to the Acorn and Commercial First Frauds

From: milespengelly [redacted]  
To: [redacted]  
CC: ahstansfeld [redacted]  
Subject: A&S FOI  
Date: Thu, 18 Feb 2021 15:29

Hi [redacted]

Below is an excerpt from a FOI request concerning UK Acorn et al. You will note that the 8 complaints have been filed as fraud. At the time there were c.44 complaints about them but A&S refused to take evidence, instead producing the now infamous 'scoping/scanning exercise'. I can presume that had they taken the evidence then there would have been incontrovertible proof of fraud. It might be that the 8 cases were what the SFO were briefed to investigate, but again had they used all 44 I think they would have reached a different conclusion.

Interestingly the last complaint is about the solicitors.

Miles

## **Re: Request for information dated 18<sup>th</sup> January 2021 under the Freedom of Information Act**

I write in connection with your above request where you asked as follows:-

*I am writing to make an open government request for all the information to which I am entitled under the Freedom of Information Act 2000*

*Please send me:*

- 1. Details of any complaints, and follow up investigations in connection with [...] of [...] and his former offices at [...]*
- 2. Details of any complaints, and follow up investigations in connection with any of the businesses connected to [...] Namely UK Country Capital, Acorn Country Capital, UK Farm Finance Ltd., UK Building Services (Somerset) Ltd., UK Mortgages and Finance Services Ltd.*
- 3. Details of any criminal convictions against [...].*

*Some details from you request has been removed as it contains personal information*

### Amended request

*I am writing to make an open government request for all the information which I am entitled to under the Freedom of Information Act 2000.*

*Details of any complaints or follow-up investigations about the following companies, UK Country Capital, Acorn Country Capital, UK Farm Finance Ltd, UK Building Services (Somerset) Ltd., UK Mortgages and Finance Services Ltd.,*

*This is not a request for information about an individual*

### **Our response:**

A search of the companies listed in your request has returned a total of eight results. These have been broken down below.

Company Name	Count
UK Farm Finance	3
Acorn Finance	5

This does not include the 11 "Op Meadow" cases



UK Farm Finance + Acorn Finance

8 Recorded cases of Fraud

Please find below the Modus Operandi (MO) we have identified, in relation to the occurrences mentioned above, and the outcome of the each. All occurrences were recorded as Fraud.

MO	Outcome
Inft believes that he has been misled by those involved in the various loan deals into signing up for loans which were not with the lender he had been told. As a result he has been charged fees for non-existent services	Filed
Fraud / Forgery - Mortgage Related Fraud. Victims have taken out a bridging loan with the promise of longer term finance at the end of the loan period. At the end of the bridging loan period, victims were not provided the longer term finance as promised.	Filed
Fraud / Forgery - Mortgage Related Fraud. Victims have taken out a bridging loan with the promise of longer term finance at the end of the loan period. At the end of the bridging loan period, victims were not provided the longer term finance as promised.	Filed
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Fraud / Forgery - Mortgage Related Fraud. Victims have taken out a bridging loan with the promise of longer term finance at the end of the loan period. At the end of the bridging loan period, victims were not provided the longer term finance as promised.	Filed
Complainant alleges solicitors committed fraud by false representation by providing false figures during to the vendors during the purchase process of a farm	OC15 - Evidential difficulties (suspect identified; victim supports action)

This does NOT include:  
HBoS or Lloyds BSU or RBS

Avon and Somerset can neither confirm nor deny that it holds information regards to UK Country Capital, UK Building Services (Somerset) Ltd, UK Mortgages and Finance Services Ltd as the duty in Section 1(1)(a) of the Freedom of Information Act 2000 does not apply, by virtue of the following exemptions:

- Section 30(3) – Investigations
- Section 31(3) – Law Enforcement



# COLC Police Authority Board and Economic Crime Committee alike Simon Duckworth, James Thomson comes from banking and now sits senior over UK Policing

James Thomson is now head of both the **COLC Police Authority Board and Economic Crime Committee**. Mr Thomson is also CEO of Keepmoat, a developer who regularly had land and property virtually gifted to it by Hull City Council, whilst the Council claimed poverty and said it had a lack of social housing. The last major development drive between Hull CC & Keepmoat left hundreds of £M's of regeneration funding unaccounted for.



**pwc**

Mr Thomson trained as a **Chartered Accountant with PricewaterhouseCoopers** and spent **10 years in investment banking at HSBC and Deutsche Bank**. At HSBC he spent 3 years in South Africa advising the

ANC-led Government of National Unity. Mr Thomson is a ward Councilman and Free Man of the City and a Warden of the Worshipful Company of Grocers, which pre dates Freemasons but would seem to be a similar type of organisation.

\*He is also a signatory to:

- **The City of London Corporation Members' Diversity Charter**
- **Finance Committee.**
- **Performance and Resource Management Committee of the City of London Police Authority Board**
- **Chairman of the Police Authority Board Policy and Resources Committee(Ex-Officio Member)**
- **Professional Standards and Integrity Committee of the City of London Police Authority Board**
- **Resource Allocation Sub (Policy and Resources) Committee**



## City of London police meetings are held in private away from public scrutiny as is common with Secret Societies!

Meetings tend to be away from public sight. Held under City rules: **EXCLUSION OF THE PUBLIC MOTION - That under Section 100(A) of the Local Government Act 1972**, the public be excluded from the meeting for the following item(s) on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.



**Commissioner Ian Dyson**



**Commander for Economic Crime Karen Baxter**

## COLP Lieutenant's failure to investigate fraud from the top

If there was an award for the failure to run an efficient national fraud investigative operation in respect of stopping and bringing to justice white collar economic criminals. The award would have to go to those at the very top of City of London Police Force

Both should be hauled into Westminster and properly held to account, which the Rt Hon Nicky Morgan (the TSC Chair) and Police Minister Kit Malthouse failed to do back on Thursday 14 September 2017



## Economic Crime Academy



academy.cityoflondon.police.uk  
 academy@cityoflondon.pnn.police.uk  
 020 7601 6846

[https://academy.cityoflondon.police.uk/documents/prospectus\\_2018](https://academy.cityoflondon.police.uk/documents/prospectus_2018)

### Dr Andrew Bailey, The Bank of England and the Economic Crime Academy:

So if the Bank of England partners with the UK's lead in preventing economic fraud. Why is the BOE Governor Andrew Bailey who was CEO of the FCA and senior at the FSA and over the PRA (**Prudential Regulatory Authority**) not supporting victims and installing ways to combat criminal asset stripping?

Andrew Bailey is well aware of the banking frauds, yet is another who fobs victims off and fails to act in public interest. With insider information is Mr Bailey complicit for his "**Knowledge of Circumstance**" of these frauds whilst failing to act in public interest against those in the "**Corporation of the City of London**"



## Dr Andrew Bailey sits over the Prudential Regulation Authority (PRA)



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



BANK OF ENGLAND

# Prudential regulation



The Bank of England prudentially regulates and supervises financial services firms through the Prudential Regulation Authority (PRA).

## Who are we

As part of the Bank of England, we are responsible for the prudential regulation and supervision of around 1,500 banks, building societies, credit unions, insurers and major investment firms.

Our rules require financial firms to maintain sufficient capital and have adequate risk controls in place. Close supervision of firms ensures that we have a comprehensive overview of their activities so that we can step in if they are not being run in a safe and sound way or, in the case of insurers, if they are not protecting policyholders adequately.

Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA T +44 (0)20 7601 4444 [www.bankofengland.co.uk](http://www.bankofengland.co.uk)





From: [REDACTED]members@googlegroups.com  
On Behalf Of [REDACTED]  
Sent: 14 March 2021 12:49  
To: Chris Gordon <[REDACTED].com>  
Subject: Re: [Ban Founding Members] [REDACTED]

Wow.

This is a real smoking gun!!!

We now know Bailey was up to his ears in organising GRG and that when he went to the FCA he had a real conflict when it came to RBS. We all thought that but had no evidence. He should never have gone to the FCA. He was like Dr Frankenstein - there was no way he could permit his creation to be compromised. All roads led to RBS being protected. A complete recipe for supporting RBS against its customers. Bailey used the customers money as RBS's equity. Simple and undisclosed.

Hopefully some journalist will pick up on this (or directed to do so) and join the dots.

Best

[REDACTED]

From: st [REDACTED].co.uk>  
Date: Sunday, 14 March 2021  
Subject: RE: [E [REDACTED].  
To: '[REDACTED]@gmail.com>,'

Cc: [REDACTED]  
mer [REDACTED]  
Ncs [REDACTED]

Add in Charles Randell drafting the Asset Protection Scheme contract and his firm Slaughter & May running the scheme before he went on to the PRA and then Chair of the FCA...

[REDACTED]



In the foi 7771 attached it says "

We do not hold records of the FCA Board being informed, during the period that Andrew Bailey was CEO of the FCA, that Mr Bailey and/or Jon Pain partially designed either the Asset Protection Agency or the Royal Bank of Scotland Global Restructuring Group."

The proof Andrew Bailey helped to design the Apa is also in the attached foi (7771)

Q2406 Mr Love: Governor, can I come to the Asset Protection Scheme? There has been some concern expressed by the banks that to pay the insurance fees related to the protection scheme will either cause further significant dilution of their shareholdings or lead to—and the words that are used are—"creeping nationalisation." Are you concerned about that?

Mr King: I do not think in first order I am particularly concerned about that. I think the banks need to have this protection scheme and I think the taxpayer is entitled to take their share of the returns if they put in money to underwrite the balance sheet. The person who has been working most closely with the Treasury on the design of this is Mr Bailey, so perhaps he can comment.

Mr Bailey: I would just echo the Governor's point)

Bailey - APS - APA  
3 docs

From: [REDACTED]  
To: [REDACTED]  
CC: [REDACTED]

**Subject:** RE: Bailey/ Asset Protection Scheme/ APA

**Date:** Mon, 15 Mar 2021 13:39

**Attachments:** Eu commissions report on RBS bailout and asset protection agency ..pdf (394K),  
RBS Part 1-3 -Treasury APA case for a bad bank part 114092020-1-4.pdf (5284K),  
assets that were actually in the asset protection agency to be kept confidential from customers.jpg (214K),

The attached Eu doc shows what was agreed re the non core businesses being busted in return for the Govt injection of capital in Oct 2008

The Rbs 1-3 doc shows who the parties were to the apa agreement

The screen grab shows it was to be kept confidential from us that we were in it and subject to their disgusting rules re no further lending etc etc .

Senior Valuer

Phone: 0[REDACTED]  
Email: [REDACTED]  
Website: www.[REDACTED]  
[REDACTED], Co L'Derry, BT [REDACTED] AF

See: ① ② ③



EUROPEAN COMMISSION

1

Brussels, 14.12.2009  
C(2009)10112 final

**Subject: State aid No N 422/2009 and N 621/2009 - United Kingdom  
Restructuring of Royal Bank of Scotland following its recapitalisation by  
the State and its participation in the Asset Protection Scheme**

Sir,

#### 1 PROCEDURE

- (1) By decision of 13 October 2008, the Commission approved a package of financial support measures to the banking industry in the UK (State aid case N 507/2008)<sup>1</sup>. Modifications to this scheme were approved on 22 December 2008 (State aid case N 650/2008)<sup>2</sup>.
- (2) These decisions permitted the UK to implement a recapitalisation scheme, as well as a guarantee facility, for financial institutions, subject to several conditions. The Royal Bank of Scotland (hereinafter RBS) was recapitalised, on 1 December 2008, under the terms of this scheme.
- (3) On 26 February 2009, the UK authorities and RBS announced the bank's intended participation in the Asset Protection Scheme (APS) and the associated recapitalisation of the group by the State<sup>3</sup>.

<sup>1</sup> OJ C 290, 13.11.2008, p.4.

<sup>2</sup> OJ C 54, 7.3.2009, p.3.

<sup>3</sup> [http://www.hm-treasury.gov.uk/press\\_19\\_09.htm](http://www.hm-treasury.gov.uk/press_19_09.htm)  
<http://www.investors.rbs.com/news/releasedetail.cfm?ReleaseID=367753>

The Rt Hon David MILIBAND  
Secretary of State for Foreign Affairs  
Foreign and Commonwealth Office  
King Charles Street  
London SW1A 2AH  
United Kingdom

Commission européenne, B-1049 Bruxelles – Europese Commissie, B-1049 Brussel – Belgium  
Telephone: 32 (0) 2 299.11.11



2

#### THE PARTIES ;

1. The Commissioners of Her Majesty's Treasury of 1 Horse Guard Road, London SW1A 2HQ (the "Treasury")
2. The Royal Bank of Scotland plc, a public limited company incorporated in Scotland with register number **SC0390312**, whose registered office is at 36 St Andrews Square, Edinburgh, Midlothian EH2 2YB (the "Participant" and
3. The Royal Bank of Scotland Group plc, a public Limited Company incorporated in Scotland with registered number **SC045551**, whose registered office is at 36 St Andrews Square, Edinburgh, Midlothian EH2 2YB (the "Initial Parent")
4. Asset Protection Agency, an Executive Agency of HM Treasury, Eastcheap Court, 11 Philpot Lane , London EC3M 8UD.

Bank of England and Financial Services Authority, who supported the HM Treasury in the early design of the Scheme and in producing the economic scenarios.

Ulster Bank Ireland Designated Activity Company (DAC) incorporated in Irish Republic no **25766** with its registered office at Georges Quay, Dublin, Republic of Ireland (Registered in Dublin 4 December 1967).

Ulster Bank Ireland Designated Activity Company (DAC) Limited, incorporated in the UK 1<sup>st</sup> **October 2009 BRO14002** , 11-16 Donegall Square East, Belfast.

Ulster Bank Limited Company number **R0000733** , 11-16 Donegal Square East, Belfast. Registered 1867.

#### EUROPEAN COMMISSION ;

Subject ; State aid no N 422/2009 and N621/2009 – **United Kingdom** Restructuring of Royal Bank of Scotland following its recapitalisation by the State and its participation in the Asset Protection Scheme.



3

The main function of the APA is to operate the Scheme on behalf of the Treasury.

The APA's principal responsibilities are:

A) ensuring that each participating financial institution complies with the terms and conditions attaching to its participation in the Scheme, including through: o proactive and timely exercise of the Treasury's rights under the Scheme; and o engagement with participating financial institutions to determine appropriate asset management strategies for covered assets.

B) forecasting potential future payouts under the Scheme; and

C) verifying losses and recoveries on covered assets and advising the Treasury on any payments to be made under the Scheme. Under the terms and conditions of the Scheme, participating financial institutions are required to manage and administer covered assets (and certain related assets) in accordance with a specified asset management objective. This objective is to maximise the net present value of the relevant assets, including by minimising losses and potential losses and maximising recoveries and potential recoveries in respect of them.

The Chancellor will exercise his/her responsibilities by:

- agreeing this Framework Document and any revisions to it;
  - approving the strategic objectives for the APA;
  - approving the APA's Business Plan, including the key performance targets and any necessary in-year revisions following consultation with both Treasury officials and the Chief Executive of the APA;
  - monitoring of the APA's performance against targets (financial and non-financial)
- ; • taking certain decisions relating to the Scheme that have been reserved by the Treasury; and • approving any communication or disclosure to Parliament or the wider public, including of the APA's annual report and accounts, except where this responsibility has been delegated to the Chief Executive of the APA.

The Chancellor may delegate some or all of these responsibilities to a Treasury Minister or Ministers.

**Asset Protection Agency Annual Report Accounts 2010 – 2011**

**Page 65 CONFIDENTIALITY; NO DISCLOSURE TO CLIENTS/THIRD PARTIES.**

**The information that an asset or exposure is a Covered Asset, Protected Asset or Related Party Asset is confidential information and must not be share. In particular this information must not be disclosed to clients or RBS Group or any third parties and is subject to the detailed confidentiality restriction in the Conditions**





*Asset Protection Scheme*

## Bank of England Governor Andrew Bailey 'helped to design' debt scheme in RBS scandal, raising concerns in the industry

- Andrew Bailey helped design a controversial financial crisis debt scheme
- The scheme has been blamed for putting pressure on RBS to aggressively recover the debts from small business customers

By ADAM LUCK, FINANCIAL MAIL ON SUNDAY

PUBLISHED: 21:50, 13 March 2021 | UPDATED: 21:05, 14 March 2021

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Bank of England Governor Andrew Bailey helped design a controversial financial crisis debt scheme that ultimately led to thousands of small businesses being crippled in a major City scandal, The Mail on Sunday can reveal.

Documents uncovered in a Freedom of Information request show that in 2009 Bailey – the Bank's chief cashier at the time – worked 'on the design' of the Government's so-called Asset Protection Scheme.

This insurance scheme was a vital safety net to protect £280billion of toxic RBS loans that threatened to topple the bank.

But the scheme – along with its controlling body, the Asset Protection Agency – has

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since been blamed for putting pressure on RBS to aggressively recover the debts from its small business customers.



**Input: Andrew Bailey had key role at Bank of England, above, in dealing with toxic loans**

The bank's notorious Global Restructuring Group (GRG) allegedly pushed small firms to default on their loans and then sold off their property and assets to boost the bank's profits.

It is not known which aspect of the scheme Bailey was involved in designing, and there is no suggestion that he was responsible for any wrongdoing.

However, his links to the scheme will raise concerns because a decade later Bailey was in charge of the City watchdog when it published a heavily-criticised review into the GRG scandal.

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He was made Deputy Governor of the Bank of England before being appointed chief executive of the Financial Conduct Authority in 2016.

After a series of investigations, the FCA's final 2019 report on the GRG scandal was described by some MPs as a 'whitewash' because it failed to hold any senior RBS managers to account for sending thousands of businesses to the wall.

Bailey returned to the Bank of England as Governor in 2020. In response to an FOI request, the FCA revealed it 'did not hold records of the FCA board being informed during the period that Andrew Bailey was CEO' that Bailey had 'partially designed' either the Asset Protection Agency or the GRG.

The FCA referred to a Treasury committee hearing in 2009 involving several Bank of England officials including Governor Mervyn King and Andrew Bailey. A transcript of the meeting confirms that Bailey helped the Treasury design the crisis scheme.

In the hearing, King is asked a question about the Asset Protection Scheme and replies: 'The person who has been working most closely with the Treasury on the design of this is Mr Bailey, so perhaps he can comment.'

The FCA said that it was 'a matter of public record that HM Treasury, the Bank of England and the (then) Financial Services Authority were involved in the creation of the Asset Protection Scheme and the Asset Protection Agency'.

But Kevin Hollinrake MP, chair of the All Party Parliamentary Group on Fair Business Banking, said: 'It is disgraceful, I can hardly believe it. I did not know [Bailey] was involved in the design of the Asset Protection Agency because no one did.'

'In public life you are meant to declare your interests because the FCA was leading this investigation into GRG and it was a complete whitewash. We need a proper investigation and he needs to answer in public why he did not disclose this.'

A Bank of England spokesman said: 'Andrew Bailey had no role in the creation and scoping of the GRG Review which was then undertaken by Promontory [an external company].'

'These decisions were taken prior to Andrew becoming chief executive of the FCA. He was not a decision maker in respect of any decision by the FCA on whether or not to undertake enforcement action.'

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# Bank governor under fire for role in RBS scandal

By Andy Verity  
BBC Economics correspondent

🕒 3 minutes ago



**The governor of the Bank of England has come under new criticism for failing to declare a potential conflict of interest in a scandal that saw thousands of bank customers mistreated.**

The Royal Bank of Scotland (RBS) was accused of benefitting as it left some of its customers in financial ruin.

Now, it is reported that Andrew Bailey did not reveal his role in the scandal.

That is despite being asked about it when he was appointed to his previous job as head of the city watchdog.

The Bank of England said there was no interest to declare.

## Financial ruin

RBS, now called Natwest, was accused of putting its own interests ahead of its clients when it moved 16,000 small business customers to its Global Restructuring Group (GRG).

More than 90% of those customers suffered some form of mistreatment and many were financially ruined between 2009 and 2013.

Internal emails later emerged highlighting **abusive attitudes** to small business customers, including one in which a banker wrote: "Rope: sometimes you need to let customers hang themselves."

A government body, the Asset Protection Agency, was accused of driving the scandal after it pressured the bank to withdraw loans from business customers and obtain their assets.

Some of those customers lost not only their livelihoods but also their marriages, which took a heavy toll on their physical and mental health.

- **RBS escapes action over controversial unit**
- **Treasury had role in controversial RBS unit**

Mr Bailey was asked about the GRG scandal in 2016 when he appeared before a Treasury Select committee to vet him for conflicts of interest before he was made chief executive of the Financial Conduct Authority.

Now, The Times reports in that, and in other more recent hearings, Mr Bailey failed to mention his role helping the Treasury design the body that oversaw the troubled division of RBS.

According to court testimony given by the former boss of the scandal-hit division, the Asset Protection Agency pressured the bank to withdraw loans from business customers and obtain their assets.

The agency, a division of the Treasury, had close oversight of GRG, **signing off key decisions** and pressuring staff to withdraw loans from customers rather than maintain support.

The former boss of the RBS division, Derek Sach, has previously testified that the Asset Protection Agency had no interest in customers and would have preferred the bank to "flog" businesses rather than support them.

And in October 2016, BBC Newsnight and BuzzFeed revealed a cache of



internal documents showing GRG was seeking to benefit financially by withdrawing support from business customers.

Kevin Hollinrake, co-chairman of the all party parliamentary group on fair business banking, told The Times Bailey "must explain" why there was no disclosure of the potential conflict of interest.

"On Andrew Bailey's watch, the FCA repeatedly avoided the opportunities to publish key evidence about the GRG scandal and failed to hold anyone to account," he said.

"That Bailey failed to declare his interest and involvement in the agency when it featured in the FCA report as a potential cause of the scandal or to [MPs] when questioned about it is extremely disturbing."



In 2013, the Financial Conduct Authority (FCA) was ordered to investigate the scandal and it commissioned two firms of consultants, Promontory and Mazars, who reported back three years later, although their findings were not disclosed.

The contents of the report only became public when the BBC obtained a copy of the document, which showed that over 90% of GRG customers had suffered mistreatment. Mr Bailey still refused to publish the report and instead launched a hunt for the leaker.

In 2018, after taking the second phase of the investigation in-house, the FCA decided not to take any enforcement action.

The Bank of England said Mr Bailey was not a decision maker in respect of that



decision.

Mr Bailey's role in designing the agency that oversaw GRG will add to pressure on the governor after he was named in a report by an Appeal Court judge who **criticised the FCA's handling** of the £238m London Capital and Finance scandal, where thousands of retail investors lost large sums.

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29 January 2019

# WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN

By William May

## The Asset Protection Scheme



April 2021

WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN - BY WILLIAM MAY

1

Following the 2008 banking crisis, the Government on the advice of Andrew Bailey and HM Treasury did something it should never have done. In January 2009, it introduced the Asset Protection Scheme (APS), which despite its deliberately misleading name, allowed the two taxpayer-owned banks, Lloyds Banking Group and Royal Bank of Scotland (RBS) to turn on their business customers and seize their assets for the benefit of the banks' own balance sheets.

During the year, major concerns grew about the legality of the APS and in November 2009, the Treasury's most senior civil servant, Nicholas Macpherson refused to sign off a modified version of the scheme. However, Chancellor Darling and Mr Bailey went ahead regardless. RBS remained in the scheme but Lloyds paid £2.5bn to leave it and reverted to its own version.

The APS lasted for three years. Then, a comprehensive cover up was enforced, with Mr Bailey being appointed to the Financial Conduct Authority (FCA) in 2016 to ensure that the cover up held.

While the wrongdoing and fraud undertaken by the banks has been heinous, so too has been its cover up. This has involved senior ministers, regulators, prosecutors and the Police – all engaged on the wrong side of the law. The Rule of Law has been trampled underfoot with very serious consequences.

**This truly is Britain's Watergate, but conducted on a larger scale and lasting much longer than its US counterpart.**

**Mr Bailey has been a key figure in this prolonged illegality and deception. The FCA is now totally discredited and the reputation of the City of London is under unprecedented threat. The first step in the long process of recovery from this abject low in our country's fortunes will be for Mr Bailey to resign.**



## **WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN**

### **In 2009, the Government sanctioned the defrauding of its own citizens**

- Following the 2008 banking crisis, the Government authorised something, which no Government should ever have done – the defrauding of its own citizens.
- In January 2009, HM Treasury introduced the Asset Protection Agency (APA), which operated the Asset Protection Scheme (APS). This had been designed by the current Governor of the Bank of England, Andrew Bailey. In the following month, Lloyds Banking Group agreed to include £260bn of assets in the scheme.
- The APS permitted the taxpayer-owned banks, Royal Bank of Scotland (RBS) and Lloyds Banking Group, which had been bailed out by the Government, to pursue certain business customers whom they had targeted and pressure them into default in order to steal their assets for the benefit of the banks' own balance sheets.
- **However during the year, major concerns were raised about the legality of the scheme and in November 2009, the Chancellor Alistair Darling MP asked the Permanent Secretary of the Treasury, Nicholas Macpherson to authorise a modified version of the APS. On 3<sup>rd</sup> November, Macpherson wrote back, saying that he continued to have very significant reservations about its legality and that he refused to sign it off. Darling and Bailey nevertheless went ahead and implemented the scheme.**

## The Macpherson letter – terminal for Mr Bailey

This letter has remained hidden until the present day, but will now seal the fate of Mr Bailey, because it confirms that Darling and Bailey broke the law by implementing the APS.

When asked to approve the modified version of the scheme, the Treasury's most senior civil servant replied as follows to the Chancellor:

HM TREASURY

From: N I Macpherson

Team: PERM

Ext: 4360

Date: 3 November 2009

Chancellor

### Asset Protection Scheme: Direction

This minute seeks your formal direction for me to authorize activation of the Asset Protection Scheme. If you agree that it should proceed, please give me written instruction to do so. A draft for the purpose is attached. I will then send the Comptroller and Auditor General copies of our formal written exchange. (This is the standard process for handling all directions.)

- *I will attach interpretation / translation to each paragraph in italics. The above is self-explanatory.*

2 You have decided to support the Royal Bank of Scotland (RBS) through a modified version of the Asset Protection Scheme as detailed in Stephen Evans and Helen Chamberlin's submission of 2 November. I need your direction to proceed **because it will be impossible to make the scheme work without providing insurance for some tainted assets – that is assets whose legality may not be certain.**

- *The significant point is acknowledgment that "some" (most) assets are tainted.*

3 This problem was not foreseen when you initially decided to offer the banks protection through the APS in February, though the Treasury was aware there would be challenges in covering assets about which at the time we had little knowledge. **The scale of the problem emerged gradually as officials assembled information about the assets to be covered. Various options to reduce the risk of impropriety have been considered including excluding such assets from the scheme altogether. As the analysis continued, it became clear that RBS's own systems could not confidently distinguish assets which it is unsuitable for the public sector to deal with from the outset. So in turn it was not possible to gain adequate assurance that tainted assets could be**



excluded. Furthermore, excluding all assets that may be tainted with legal defects would significantly reduce the effectiveness of the APS, threatening its viability to deliver its key objective of financial stability.

- Acknowledges the “scale of the tainted asset with legal defects” problem is significant.
- If tainted assets were excluded, key objective financial stability would be undermined.
- Acknowledges RBS doesn’t know which assets are tainted and can’t determine either.
- Acknowledges that due to impropriety and inability to achieve assurance, these assets are unsuitable for the Public Sector to deal with.

4 There are, however some basic precautions which can be taken. The scheme will allow the Treasury to deny cover for assets affected by material or systemic criminal conduct on the part of any member of the bank groups, or its branches or offices or any of their directors, officers, or employees but leaves the responsibility for identifying such assets with the banks. The rules now require each of the banks to:

- On behalf of HM Treasury, Macpherson openly and unequivocally acknowledges that many of these assets are “affected by material or systemic criminal conduct on the part of the... banks... by... directors, officers, or employees.....”
- No mention of impropriety by customers. He refers ONLY to “criminal conduct” of the banks and their staff.
- However, HM Treasury has found a neat, if entirely duplicitous, solution..... the creation of some false rules with trigger parameters that can never be met to legitimize that which Macpherson has just acknowledged is completely illegitimate and problematic to the point it should cannot be done!

(i) Give a contractual confirmation at the time of accession to the APS that so far as it is aware after all due and reasonable enquiry, there is no such material or systemic criminal conduct affecting the covered assets;

- Banks are to self-certify their own fraudulence or lack thereof, after “reasonable enquiry” (using a usefully unspecified non -specific amorphous assessment) !
- Banks are permitted to define any conceivable systemic criminal conduct and then declare to HM Treasury that they didn’t participate in it, and assert to the APA that the insured loans are free from any “material or systemic criminal conduct” affecting the covered assets (N.B. systemic criminal conduct – by Banks – as acknowledged in the preceding paragraph!)

(ii) Report annually whether it is aware of any assets have been affected by such material or systemic criminal conduct; and

- The Banks are to re-confirm their self-certification of innocence on an annual basis!

(iii) Will notify the Treasury in the event that any material or systemic conduct affecting covered assets comes to the bank’s attention between times.

- The Banks are invited to declare if any criminal misconduct affecting the assets has come to their attention... Did they? Of course, not!

WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN - BY WILLIAM MAY



5 If the bank notifies HM Treasury of any such material or systemic criminal conduct or fails to do so, it risks termination of cover for the relevant assets.

- *If any impropriety is reported by the Bank, it may “risk”, not definitely will lose, asset cover.*
- *But then again since HM Treasury owned 84% of RBS, what would be the point of cutting off its nose to spite its face and damaging the value of its shareholding that the Government were fixated on, as a way of validating their actions to the public. Where it was perceived as a way of UK plc “getting its money back.” Nothing was further from the truth, the share value represented less than 5% or less of funds injected and at risk to the Bank, making the share value a useless and wholly misleading false matrix to mislead public perception, given the true monies sunk into the principal UK Banks.*

6 Examples of the sort of activity for which cover for losses could be denied are where that activity has resulted in the conviction of the bank or its senior directors.

- *An empty vacuous hurdle that was never on the cards, which sounded convincing but in truth, was an entirely implausible false deterrent which has never happened.*

7 These measures should remove the most obvious of the inherent risks on this front but will not eliminate them entirely. **It will never be possible to gain complete assurance that all the assets which may qualify for insurance are of good quality, contracted legally, and of a nature that the public sector can be confident of dealing with. This means that some assets on which the APS will pay out may well not fulfil the standard requirements for commitment and payment of public funds set out in the manual Managing Public Money (Chapter 4, box 4.4) These include acting within the law, not tolerating fraud, illegality or corruption, and operating controls to ensure these things. They are the basic protections for proper deployment of public funds common to everyone working in central government, promulgated by the Treasury.**

- *Macpherson effectively admits that the sham precautions (paragraphs 4-6) will not remove the inherent problem and risks.*
- *To the innocent, it might appear that the risk has been mitigated. However, we know that the assets are:*
  - *tainted,*
  - *not contracted legally,...*
  - *are not of the required good quality*
  - *do not meet our own standard requirements for Public funds, which require that we...*
  - *act within the law,*
  - *do not tolerate fraud,*
  - *illegality or corruption and...*
  - *operate controls to ensure these things...*
  - *The deployment of public funds prohibits any & all of this by everyone in central government, as promulgated by your / our own department... HM Treasury!*

WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN - BY WILLIAM MAY

8 **In short, there is no way of controlling to obtain assurances that the residual risk after using the safeguards at the Treasury's disposal will be negligible. As accounting Officer for the Treasury I must satisfy myself on this front and I find I cannot do so.**

- *Acknowledging the scheme cannot meet HM Treasury's own required standards of anti-corruption and assured propriety,...*
- *something I must satisfy myself as the Accounting Officer of the Treasury...*
- *I unequivocally cannot / will not be part of this decision.*

9 **This is why I am not free to balance this problem against the wider public interest. There is however no barrier to your doing so and indeed it is entirely proper for you to take a broader view. If that is your decision, I will authorize the implementation of the scheme within the safeguards I have described."**

- *However, by purposeful nefarious circumvention of our own rules and standards, Macpherson indicated how the Chancellor is free to judge whether the scheme is in "the wider public interest".*
- *As Chancellor, you can affirm your support for the illegality and impropriety by the Banks acknowledged within this letter... because our "sham" precautions leave you free to do, that which I cannot sign off.*
- *You can apply a "broader view" and sanction acknowledged impropriety and manifestly unlawful acts by the Banks.*

signed

N I Macpherson

## **Lloyds Banking Group initially participated in the APS – then opted out**

- Prior to the banking crisis, Lloyds Banking Group (LBG) turned its Business Support Unit into a profit centre in January 2007. Then in the same month, October 2008, that the Government bailed out Lloyds and Royal Bank of Scotland, Duncan Parkes the head of Lloyds BSU confirmed that his unit was indeed a profit centre. In March 2009, LBG agreed in principle to join the Asset Protection Scheme and to include £260bn of assets (loans), in return for a fee of £15.6bn, through the issuance of non-voting shares.
- However, as concerns grew during the summer about its legality and when HM Treasury's most senior civil servant, Nicholas Macpherson refused to sign off the modified version of the scheme in November 2009, Lloyds immediately paid £2.5bn to opt out of the APS. However, the bank knew exactly how the scheme worked and simply reverted to its own version but without the controls which would have been placed on it, including restrictions on executive pay. Lloyds also launched the UK's largest rights issue to date, enabling it to

WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN - BY WILLIAM MAY



comply with its Basel capital requirement obligations.

- The serious banking fraud associated with Lloyds Business Support Unit and its associates in its own version of the scheme has been equally or more serious to that undertaken by RBS, which remained in the APS. Some fifteen separate criminal charges are alleged by victims against Lloyds Business Support Unit and its related professionals.

## Explains the subsequent cover up

- The implementation of the modified version of the APS, which the Permanent Secretary had refused to authorise because of its illegality, explains the comprehensive cover up, which has since been undertaken by successive Governments and every arm of state. **Senior ministers, regulators, prosecutors and the Police have all been involved – on the wrong side of the Law.**
- As the instigator of the scheme, Mr Bailey has understandably performed a central role in the cover up, as Chief Executive of both the Prudential Regulation Authority (2013-2016) and the Financial Conduct Authority (2016-2020).
- In 2016, Mr Bailey was appointed to head the FCA to keep the lid tightly sealed on extensive banking fraud. Together with FCA Chairman Randall, he has personally overseen the cover up, often stating that matters lay outside the FCA's regulatory perimeter and therefore that it could take no action. This was deliberately untrue. He ensured that major instances of wrongdoing were not properly investigated, victims were denied justice and when certain matters came to a head, that reviews were commissioned in order to play for time. The latter was intended to deny victims justice by timing out complaints wrongly categorised as civil under the Civil Procedure six year rule. He has also lied or distorted the truth in front of the Treasury Select Committee, knowing that there was no penalty for doing so.
- Mr Bailey's multiple and invariably deliberate failures at the FCA included:
  1. Failure to investigate the detailed allegations in the Turnbull report regarding HBoS / Lloyds.
  2. Authorising the Griggs review; manipulating and corrupting the Cranston review and establishing the Foscett re-review panel into HBoS Reading fraud. All reviews of which were unnecessary.
  3. Failing to penalise Bank of Scotland over HBoS Reading in a timely manner.
  4. Withholding publication of the Promontory s.166 report into RBS' Global Restructuring Group (GRG).
  5. Failure to investigate widespread wrongdoing involving RBS-GRG and Lloyds Business Support Unit, while UK Finance & Investments (UKFI) was simultaneously selling shares in these banks.
  6. Failure to recommend criminal prosecutions over LIBOR manipulation; suspected collusion with Serious Fraud Office (SFO) over this matter.

WHY THE GOVERNOR OF THE BANK OF ENGLAND MUST RESIGN - BY WILLIAM MAY



7. Failure of oversight over the Interest Rate Hedging Products (IRHP) redress scheme and wrongfully commissioning the Swift review.
8. Collusion with National Crime Agency (NCA) & SFO to frustrate investigation of extensive evidence of bank signature & document forgery.
9. Failure to respond to numerous red flags over London Capital & Finance.
10. Other FCA scandals have included Woodford, Lendy, Blackmore Bond, Aramco etc.

## Explains shutting the door on banking complaints

- Having launched the flawed and illegal APS scheme, the same actors HM Treasury and Mr Bailey developed the **Business Banking Resolution Service (BBRS)**, following the Walker review in November 2018. This totally biased and deliberately unjust scheme has been set up to euthanase bank victims left standing. Limited compensation is expected to be awarded, following closed door discussions between the BBRS and the banks concerned and critically, a BBRS webinar stated that it would not consider any cases which involved alleged criminal conduct, for it was criminal conduct on the part of Mr Bailey, which started the illegal APS off in the first place. Finally and unsurprisingly, all bank wrongdoing is to be sealed away from public gaze, with each victim's supposed resolution sealed with a non-disclosure agreement (NDA).
- With full Government and Establishment support, Mr Bailey has violated the Rule of Law and denied justice to the victims of serious banking fraud for many years. The consequences of his actions have been broken lives, shattered families, countless suicides, viable businesses destroyed and immense economic damage.

## Bailey must resign

**Mr Bailey brought the UK's leading financial regulator to a new reputational low and is now disgracing the Governorship of the Bank of England. He must resign immediately, before he drags the City of London and our country's reputation down with him.**

## Andrew Bailey was shaken by an extraordinary line over the LCF savings scandal



### *Judge vs. Governor: Andrew Bailey shook in an extraordinary line over the LCF savings scandal*

Andrew Bailey's reputation was hit hard after a line between the Bank of England Governor and a former judge.

Bailey, who took command of the bank last March, denied trying to remove his name from reports condemning the failure at the Financial Conduct Authority (FCA) in front of a panel of parliamentarians on Monday.

However, report author and former Court of Appeal judge Dame Elizabeth Gloster counterattacked yesterday, claiming that it was wrong for Bailey to tell a member of the Finance Commission that there was a "fundamental misunderstanding."

Former Court of Appeal Judge Dame Elizabeth Gloster argued that it was wrong to tell MP that Andrew Bailey had a "fundamental misunderstanding" about the LCF scandal.



She added that it would be misleading to say that Bailey was ready to confront her mistakes.

Tory MP Kevin Chulainn Lake, a prominent voice on fair business banking, called the line "extraordinary."

He said: "This completely undermined Andrew Bailey's credibility. He is part of a surprisingly important financial sector, and of course he has to take responsibility for his mistakes."

Gloucester's report, published last December, addressed the FCA's failure associated with the collapse of London Capital & Finance at the time when Bailey was CEO of City Watchdog.

The report accused Bailey of overseeing an ineffective culture and not making changes fast enough to protect rescuers in the LCF scandal.

Bailey added that he tried to persuade Gloucester not to name him personally responsible. The former judge decided that he was "disappointed" and refused permission.

Bailey said this week that the Treasury Special Committee had a "fundamental misunderstanding" and took full responsibility for the failure. He said he was "angry" at the proposal to edit his name completely.



He drew a distinction between responsibility and blame, so he said he wanted to remove his name only if there was a suggestion that he was personally responsible for the failure.

Bailey said he was happy to be nominated when the ambiguity between responsibilities was removed from the draft report.

But Gloucester said in a letter to Finance Commission Chairman Mel Stride on Monday that Bailey made a mistake when talking to the Commission.

She writes:

She quoted from a submission sent to her by Bailey's lawyer. One person said:

"This is an independent reason to remove Bailey's reference to liability."

Andrea Hall, who heads the action group for LCF bondholders, told Bailey that the victims were "beyond upset and frustrated."

She said: '6.7 million pounds of public funding was spent on the investigation. We have the ability of world-class CEOs to express themselves in a clearly, relevant and factual manner, even if they are not defensive or offensive, while making a proper claim. I expect you to be there.

"LCF bondholders are scared of this latest development."

The Bank of England said: 'As the Governor revealed in Congress, his legal statement was made in the context of a draft report that was not clear on the distinction between personal liability or condemnation and liability.

If it had been made clear in the draft report, the governor would not have had to make a statement. By no means was his intention to imply that he was not fully responsible.

"He fully accepted all the responsibilities that occurred during his time at FCA and welcomed the opportunity to repeat it yesterday and the apology to bondholders."

## How 12,000 people lost their shirts

Approximately 12,000 savers have faced losses of up to £ 237m since the bankruptcy of London Capital & Finance (LCF) in early 2019.

Investors, many of whom are elderly, were sold by LCF on so-called mini bonds, promising high returns with relatively low risk.

They were told that as soon as their money was lent to a fast-growing business band, they would reap interest.

After a series of warnings and worrisome calls from industry insiders and customers, the FCA finally banned LCF marketing materials and frozen assets just weeks before the collapse.

The company turned out to have invested its customers' money in a few speculative businesses.

Currently, LCF managers are suing various individuals involved in the company.

The Serious Fraud Office is proceeding with a criminal investigation, alleging that the money of the saver was used to buy assets such as helicopters and members of Mayfair's private club

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# Darling, Brown, Bailey and the “new-type” City of London (Corporation) Lord Lieutenants

Until 2009/2010 the City of London Lord Lieutenants had traditionally come from Military and Naval backgrounds. Their role for Centuries had been to stand in positions of defence should the City or Country come under attack.

## After the banking bail-out (2008) things changed.

Whilst it appeared Gordon Brown PM and Chancellor Alistair Darling agreed to bail out RBS and merge Lloyds TSB with HBOS, instead something very dark, sinister and corrupt was to emerge that would ignore Competition Rules and **pass ultimate Parliamentary Control and Powers to the Lieutenancy control in the Square Mile.**



## Dr Andrew Bailey helped design the Asset Protection Scheme which saw banks bailed out and SME’s sold out

David Cameron PM passed control of UK Policing to Lieutenant Simon Duckworth under City of London Police (the Square Mile) in 2012 under “The Police Reform and Social Responsibility Act 2011. Avon & Somerset Police covered up asset stripping banking frauds for decades. The Constabulary was to move into overdrive in covering up frauds and bribery

In the letter (July 2008) from Chancellor Alistair Darling to Hector Sants. The UK’s most senior Cabinet Ministers were conspiring to create a “**High Level Group**”/forum which was to be led by Sir Win Bishchoff in the **Corporation of London to take control of;**

- legal services
- audit and
- financial services

One big exception appears to be Major General (a true army man) Keith Cima who claims to have been framed 2009/2010 where Cannabis was found growing at his front door? But then around this time his background would not have fitted that of the three categories!

Over the page is a list of Lord Lieutenants related to the Square Mile.

- Those highlighted “**orange**” relate to legal services, audit and financial services

## Her Majesty's Commission of Lieutenancy for the City of London



Clerk:

Lieutenant Colonel P L d'A Willis

### Her Majesty's Commission of Lieutenancy for the City of London

Her Majesty's Commission of Lieutenancy for the City of London is unique in that it is the only Lieutenancy in the country which includes some *ex officio* members, and all members are specifically appointed by the Crown as Lieutenants within the City of London with no Lord Lieutenant or Deputy Lieutenants as such, unlike the practice elsewhere in the United Kingdom.

#### 1. The *ex officio* appointments are:

- The Lord Mayor, who presides, *primus inter pares*
- Past Lord Mayors who are still Aldermen
- The senior Alderman below the Chair
- The Recorder of London
- The Common Serjeant
- The Governor of the Bank of England
- The head of another major financial institution
- The Commissioner of the City of London Police
- The Chairman of the City of London Reserve Forces' and Cadets' Association

As *ex officio* appointments, the status as a Lieutenant of the City of London ceases when the holder no longer occupies any of the offices above.

#### 2. Responsibilities of the Lord Mayor:

- a. To preside at the Special Court, usually held in March or April.
- b. On the advice of the Standing Committee, to nominate one person to be appointed a Lieutenant for the City of London.

#### 3. Appointments for life

Each year, one name is submitted to the Lord Chancellor with a request that he/she recommends to Her Majesty The Queen that that person be appointed one of Her Majesty's Lieutenants for the City of London. It is understood that the person nominated should be someone who is supportive of the Reserve Forces. They are likely to have served in one of the Services, Regular or Reserve, or have served with distinction in their community. This follows the pattern for appointment as a Deputy Lieutenant in one of the County Lieutenancies.

The Lieutenants are appointed annually by Letters Patent under the Great Seal to serve from Christmas Day to Christmas Day. Those appointed *ex officio* serve until the Christmas Day after they cease to be an Alderman or relinquish the job that caused them to be appointed. Those appointed by nomination are reappointed annually for life.

#### 4. Roles of the Commission of Lieutenancy

Allen

ment



This body as presently constituted owes its origins to the Second Militia Act of 1662. The Commission is issued annually under the Great Seal and is applied for by the Clerk.

It is the sole remaining Authority still empowered to levy a Trophy Tax. Under the 1662 Act Lord Lieutenants had been vested with full power and authority to array, arm and munition the Militia. To pay for the training and embodiment of the men, Trophy Money was levied locally.

The Clerk to Her Majesty's Commission of Lieutenancy for the City of London makes application on behalf of HM's Lieutenants, signed by nine of them, for the levying of the tax by submitting audited and notarised accounts to the Ministry of Defence, and requesting that a Royal Warrant be served on the Corporation of London for the payment of £4666 13s 4d. This sum was once levied monthly but was reduced to an annual payment and has remained in this amount since 1820.

The successors of the Militia, the City of London Reserve Forces' and Cadets' Association, applies to the Lieutenancy for grants from the money so levied. The list of grant applications from the volunteer units of the City is submitted to the Lieutenants for approval. Such grants are made for financing recruiting, the building of floats for the Lord Mayor's Show, and the purchase of equipment not provided by the Ministry of Defence but considered necessary by the units concerned.

This money continues to be levied in the City of London for the benefit of the descendants of the Militia which restored the monarchy to the throne in 1660.

#### 5. Responsibilities of the Lieutenants

To strengthen the links between the Lieutenants and the Reserve Forces, they subscribe to a society which, every two years, holds a dinner to which it invites a number of guests, usually the Commanding Officers or Officers Commanding the units which the Lieutenancy supports.

The Commission of Lieutenancy, through the Jubilee Shooting Prize Fund, has donated the winners' and runners' up prizes (engraved silver salvers) for the annual competition, run by the City's Reserve and Cadet units, in which City firms and organisations take part in a military skills competition. At the Special Court the Lord Mayor will require a Lieutenant to present the prizes at this competition.

#### 6. The Clerk to the Commission of Lieutenancy

The Clerk keeps the books and records and administers the Lieutenancy. The nature of the business of the Special Court of Lieutenancy and the Standing Committee is outlined in the Standing Orders.

## HER MAJESTY'S COMMISSION OF LIEUTENANCY FOR THE CITY OF LONDON

Although Greater London has a Lord Lieutenant and a number of Deputy Lieutenants, the Reserve Forces Act 1980, which consolidated most of the Lieutenancy legislation, also recognised the City as a separate county for the purposes of Lieutenancy and the Militia. Her Majesty's Commission of Lieutenancy for the City of London is unique in that it is the only Lieutenancy which includes some ex officio members, and all members are named by the Crown as Commissioners of Lieutenancy (HM's Lieutenant) with the Lord Lieutenant or Deputy Lieutenants as such. The Lord Mayor presides, primus inter pares.

This body as presently constituted owes its origins to the Second Militia Act of 1662. The Commission is issued annually under the Great Seal. It is the sole remaining Authority still empowered to levy a Trophy Tax. Under the 1662 Act Lord Lieutenants had been vested with full power and authority to array, arm and munition the Militia. To pay for the training and embodiment of the men, Trophy Money was levied locally. The Clerk to Her Majesty's Commission of Lieutenancy makes application on behalf of the Commissioners, signed by nine of them, for the levying of the tax by submitting audited and notarised accounts to the Ministry of Defence, and requesting that a Royal Warrant be served on the Corporation of London for the payment of £4666 13s 4d. This sum was once levied monthly but was reduced to an annual payment and has remained in this amount since 1820. This money continues to be levied in the City of London for the benefits of the descendants of the Militia which restored the monarchy to the throne in 1660.



- The Rt Hon The Lord Mayor Alderman William Russell - Financier, Sheriff, Merrill Lynch.
- Alderman Nicholas Anstee - chartered Accountant.
- Sr John Bond - Chair HSBC Holdings
- Mark Carney Esq - Governor Bank of England.
- Major Barney Cockcroft LVO DL -
- Rear Admiral Sir Jeremy de Halpert KCVO CB -
- \* Colonel Simon Duckworth OBE DL OC - Finance, Investment, Police, Chair Economic Crime \* Fidelity
- Colonel Nigel Easton QVRM TD - Scandinavisk Bank, SG Warberg
- Alderman Sir Roger Gifford MA - links to PwC via Green France + Senior Bankers
- Captain Paul Hill RD RNR -
- Colonel Brian Kay OBE TD DL -
- Professor Roy Leighton DSc - Financial Services Practitioner Panel, Senior Banker, NYMEX, RIE Investment Exchange.
- His Honour Judge Richard Marks QC -
- Major General Randal Munro CBE TD VRDL - connects to Bristol University - legal background.
- Paul Orchart Esq MA "The City UK" - Financial Services Council, Commonwealth Bank.
- Air Commodore Delva Patman FRCSA CI Arb FRSA -
- Colonel Nigel Pullman - Senior financier Japanese links
- Colonel Dominic Reid OBE -
- Viscount Trenchard DL
- Sr Brian Williamson CBE MA } former Chairman LIFFE - FSA - HSBC
- Alderman Sir David Wootton MA "The City UK" - Director International Dispute Resolution President "IoD", Lawyer, City of London Law Society
- Colonel John Barkshire OBE TD JP DL - first Chairman of LIFFE + Mercantile House Holdings.
- Alderman Sir Charles Bowman PwC, accountant, Chair ICAEW, China British Business Council.
- \* Major General Keith Cima CB MA MBA - Framed 2009 - Pushed out
- Dame Elizabeth Corley CBE - Morgan Stanley, Pearson PLC, Allianz, Chair Impact Investing Institute
- Paul Double Esq LVO Remembrancer } 300 Clubs } Connects to Treasury, PwC, FCA, BOE
- \* Commissioner Ian Dyson QPM - COLP - Corporation of London Police, Action (loss) Fraud
- Dr Christopher Gardner-Thorpe MD FRCP FACP -
- Colonel Mark Hatt-Cook OBE RD
- Major William Hunt TD FCA BA - Chartered Accountant
- \* Alderman Vincent Keaveny - DLA Piper - Sheriff of London 2018/2019.
- Alderman Ian Luder CBE BSc (Econ) - Arthur Andersen, Grant Thornton
- Colonel Sir Clive Martin OBE TD DL -
- Major Tony O'Hagan TD DL -
- Alderman Dr Sir Andrew Parmley -
- Major John Phipson TD -
- Sr William Purves CBE DSO - HSBC Senior Banker - RBS
- Vice Admiral The Rt Hon the Lord Sterling of Plaistow GCVO CBE
- Colonel Michael Upson OBE TD MA MSc -
- Dame Fiona Woolf DBE BA Hon LLD DL - Past President Law Society, Honorary Bencher Middle Temple, Advised World Bank!
- Alderman Sir Alan Yarrow Chartered FCS (Hon) - Investment Banker - Chartered Institute for Securities + Investment (CISI).  
British Bankers Association Deputy Chair FSA
- Clerk to the Commission:
- Lt Col Peter L d'A Villiers Northfield House, Wildhern, Andover, Hampshire SP11 0JE

## Livery Companies of the City of London

A website principally intended for the members of the Livery Companies, and their Clerks

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### Her Majesty's Commission of Lieutenancy for the City of London

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The u/m are members of the Society of Lieutenants, who collectively fulfil a role in the City of London akin to the Lord Lieutenant of a county (see notes at foot of page). They do so under the chairmanship of the Lord Mayor.

All past lord mayors are appointed to the Commission for the duration of their time as aldermen (ie usually until their 70th birthday), along with the current LM and his/her likely successor. The other appointees (e.g. Recorder, Common Sergeant, Bank Governor, Police Commissioner, RFCA chairman etc) relinquish their lieutenancy on leaving their office.

By custom, each outgoing LM nominates one suitable new lieutenant (shown as "nominee" in the list below), and they serve for life. Occasionally, a retiring alderman is so nominated (eg Martin and Woolf below).

#### Role & Year appointed

(NB for past LMs the year shown is also date of appointment to the Commission, not the year they served as LM, which is usually the following year)

Alderman Nick Anstee	Past LM 2008	- chartered Accountant / clearing banks / law
Mr Andrew Bailey	Governor Bank of England 2020	- BoE / FCA / PRA / FSA
<del>Colonel John Barksdale</del>	Nominee 1989	
Sir John Bond	Nominee 2000	- Banker HSBC
Sir Charles Bowman	Past LM 2016	- PwC - As Lord Mayor launch "The City UK"
Major General Keith Cima	Nominee 2009	- pushed out! reported as framed
Major Barnaby Cockcroft	Nominee 1992	
Dame Elizabeth Corley	City business 2018	- Coopers & Lybrand (PwC) close to BOE
Rear Admiral Sir Jeremy de Halpert	Nominee 2005	
Mr Paul Double	Nominee 2018	- Remembrancer / Middle Temple
Colonel Simon Duckworth	Nominee 2010	- Police Authorities
Commissioner Ian Dyson	Police Commissioner 2016	- Police COLP



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<del>Colonel Nigel Easton</del>	Nominee 2003	
Alderman Peter Estlin	current LM 2017	- Cooper Lybrand (PwC) - Rothschild - Ball & Road Bristol Alumni - Initiative.
<del>Dr Christopher Gardner-Phelps</del>	Nominee 1981	
Alderman Sir Roger Gifford	Past LM 2011	- links to PwE via Green Finance Initiative + senior banker
<del>Colonel Mark Hatt-Cook</del>	Nominee 1998	
Captain (RN) Paul Hill	Reserve Forces & Cadets Association 2017	
<del>Colonel John Holtkamp</del>	Nominee 1991	
Major William Hunt	Nominee 2012	- City Chartered Accountant
<del>Colonel Brian Kay</del>	Nominee 1994	
<del>Professor Roy Leighton</del>	Nominee 2006	
His Honour Judge Mark Lucraft	Recorder of London 2020	
<del>Alderman Ian Luder</del>	Past LM 2007	
His Honour Judge Richard Marks	Common Serjeant 2015	
<del>Colonel Sir Clive Martin</del>	Nominee 1984	
Major General Ranald Munro	Nominee 2015	- General Counsel for Lombard International Insurance
<del>Captain Colin Murray</del>	Nominee 1992	
<del>Major Tony O'Hagan</del>	Nominee 2007	
<del>Mr Paul Orchard</del>	Nominee 2012	
Alderman Sir Andrew Parmley	Past LM 2015	
<del>Air Commodore Delya Patman</del>	Nominee 2011	
<del>Captain Sir John Perring</del>	Nominee 1963	
Major John Phipson	Nominee 2004	Solicitor Supreme Court, C of L Solicitors Linklaters.
<del>Colonel Nigel Pullman</del>	Nominee 2013	- senior financier.
Sir William Purves	Nominee 1996	HSBC Banker
<del>Colonel Dominic Reid</del>	Nominee 2008	
Alderman William Russell	likely next LM 2018	financier
Vice-Admiral The Lord (Jeffrey) Sterling	Nominee 1995	
Air Commodore The Viscount (Hugh) Trenchard	Nominee 2014	financier (Japan)
<del>Colonel Michael Unson</del>	Nominee 1986	
<del>Sir Brian Williamson</del>	Nominee 2002	
Dame Fiona Woolf	Nominee 2012	- past President Law Society. Honorary Banker Middle Temple - Clifford Chance lawyer advised Governments + World Bank
Alderman Sir David Wootton	Past LM 2010	- City UK - Director International Dispute Resolution President City LOD, C of L Law Society - Lawyer
Alderman Sir Alan Yarrow	Past LM 2013	investment banker - chartered Institute for Securities and Investment (CISI) British Bankers Association Deputy Chair FSA.

The post of Lord-Lieutenant of a county or major city is an honorary but significant appointment, whose origin dates back to King Henry VIII. A Lord-Lieutenant's responsibilities are wide ranging, and to assist him in these he may appoint a Vice Lord-Lieutenant and Deputy Lieutenants. The size and complexity of Greater London has resulted in some specific arrangements for its Lieutenancy.

Uniquely, the City of London stands apart from Greater London in this respect, having neither Lord Lieutenant nor Deputy Lieutenants. In their place, a Commission of Lieutenancy acts on behalf of the Sovereign in areas where a Lord Lieutenant would



6/1/2020

Her Majesty's Commission of Lieutenancy for the City of London | Livery Companies of the City of London

normally operate. Each year, on Christmas Day, **The Queen appoints an additional Lieutenant for the City of London**. He or she holds that appointment until death, and so the number of Lieutenants in the City of London varies from year to year.

The work of the City's Lieutenancy is administered by its Clerk - [details at this page](#)

Although Greater London has a Lord Lieutenant and a number of Deputy Lieutenants, the Reserve Forces Act 1980, which consolidated most of the Lieutenancy legislation, also recognised the City as a separate county for the purposes of Lieutenancy and the Militia. Her Majesty's Commission of Lieutenancy for the City of London is unique in that it is the only Lieutenancy which includes some ex officio members, and all members are named by the Crown as Lieutenants within the City of London. The Lord Mayor presides, *primus inter pares*.

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This note was compiled by Nigel R Pullman, as noted, one of the above listed Lieutenants.

June 2019

Was this note helpful? Do you have comment? Email [nrpullman@btinternet.com](mailto:nrpullman@btinternet.com)

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# One of Lloyds Banks main lawyers: The top of the “City of London” influenced by DLA Piper Co Chair who sits on the Committee of the “City of London” Law Society – failure of Separation of Powers that Chancellor Alistair Darling gave away in July 2008

**Vincent Keaveny** is a partner at international law firm, **DLA Piper LLP**, at their offices in the Ward of Farringdon Within. Until May 2019 he served as **International Co-Chair of the Financial Services Sector at the firm.**



He advises banks and companies throughout the UK and Europe on banking, finance and capital markets matters. He is a highly rated practitioner in his practice area by the leading legal directories. Vincent served on the Committee of the **City of London Law Society** from 2006 to 2013 and was President of the Society in 2014/15.

Vincent was born and raised in Ireland. He has degrees from University College Dublin (BCL) and Trinity College, Dublin (MLitt). Vincent was recognised as UCD’s Law Alumnus of the Year in 2018. He was admitted as a **Solicitor of the Senior Courts of England & Wales in 1992** and has spent his practising career in the **City of London.**



He is also a trustee of the Sir John Soane’s Museum, where **he chairs the Museum’s Audit and Risk Committee.**

Vincent served as one of the two **Sheriffs of the City of London** in 2018/19, alongside his fellow Sheriff Liz Green. He stepped down on 27 September 2019. Throughout the year Vincent and his wife Amanda (and their labrador, India) lived in the Old Bailey, at the heart of the Ward of Farringdon Within.

The **central role of the Sheriffs is to support the Lord Mayor.** Alongside this, the Sheriffs contribute to the implementation of the Corporation’s Corporate Plan. The third area of Shrieval activity is the promotion of the **Rule of Law** and, in particular, the support of HM Judges at the Central Criminal Court. This strand of activity runs through the Sheriffs’ year as a constant and visible feature. It is embedded in many of the events hosted by the Sheriffs that take place in the Old Bailey during the year.

In a very busy year, Vincent attended, hosted and spoke at business, livery and charity related events every day. A few of the many highlights of the year included:

- hosting the dinner preceding the **UK-Ireland Financial Services** Dialogue
- opening Invest Northern Ireland’s new City office
- giving the opening address at the Invest in Jordan conference in Guildhall
- hosting an awards reception for the Magistrates Association **at which Lloyds TSB** was recognised as ‘employer of the year’
- hosting the final of the inter-schools Sheriffs’ Challenge debating competition in Court No. 1 at the Old Bailey
- hosting Leadership Through Sport and Business’s mock trial competition in the Old Bailey
- visiting Feltham YOI and HMP Little Hey
- organising the Sheriffs’ Ball in Guildhall to raise funds for The Lord Mayor’s Appeal
- the Sheriffs’ Horse Ride around the City of London when Vincent and Liz along with members of the HAC’s Light Cavalry and the **City of London Mounted Police** toured 15 Livery Halls on horseback, with 30 volunteer walkers, raising funds for the Old Bailey’s in-house charity, the Sheriffs’ & Recorder’s Fund



India was a key focus of Vincent’s year as Sheriff. He attended and spoke as the **City representative at several India-related business events and joined the Lord Mayor on his visit to India** in September 2019.

Vincent also travelled to Manchester and Sheffield with the Lord Mayor in July 2019, **supporting the Corporation’s Regional Strategy.**





HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

3 July 2008

Hector Sants  
Chief Executive  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Dear Hector

**HIGH-LEVEL GROUP ON FINANCIAL SERVICES: FUTURE ARRANGEMENTS**

I am writing to follow up from the useful discussion we held at our last meeting on how we might organise the work of the High-level Group in the future.

At that meeting there was support for the High-level Group continuing to meet broadly at the same frequency as now, supplemented with smaller groups taking forward specific issues related to the City competitiveness agenda.

As I made clear in my speech to the Mansion House, I am committed to working in partnership with you and others in the financial sector to keep London the leading international financial centre, and I announced the establishment of the two groups that we discussed at our meeting.

At our meeting, we agreed to set up a forum to consider the medium-term challenges to London's continued competitiveness in financial services against the changing global economic landscape and the emergence of new financial centres. I am grateful that Sir Win Bischoff has agreed to take this work forward and we will be jointly chairing the first meeting of this group.

Of course, the High-level Group's role goes beyond financial services, and I am pleased that Sir Michael Snyder has agreed to jointly chair, with Kitty Ussher, a group that will look at the medium-term challenges to London's continued competitiveness in professional services, including legal and accountancy services.

Page one





I propose that these two groups looking at medium-term global challenges would report back to the High-level Group by Spring 2009. I am grateful to the City of London Corporation for agreeing to provide assistance in running those groups. I propose to write to you again shortly with a more detailed mandate for the groups.

We also agreed last week to bring together senior industry players to look at the efficiency of our capital-raising process, in particular rights issues and associated short-selling. This will be taken forward jointly by the FSA and the Treasury, and the group will be led by Hector Sants and Kitty Ussher. My officials are already in touch with those of you who have expressed an interest in this group.

Attached to this letter is a full list of Groups working on financial services issues, many of which report to the High-level Group.

In addition to the work on City competitiveness, I propose, as part of my commitment to raise the level of engagement with the sector, to create two further groups that I will chair, to complement existing engagement on a range of issues with the banking sector, including my six-monthly meetings with retail bank CEOs:

- A wholesale markets group, representing both buy- and sell-sides, and infrastructure providers; and
- An insurance group, representing both life and non-life providers.

Finally, as I mentioned in my letter of 3 June, I would like to bring to your attention an event we are planning in the near future that will focus on the role that the UK banking sector might play, in collaboration with the European Investment Bank, in helping small businesses raise capital, particularly in the current credit climate. I am grateful for Stuart Fraser, Chairman of the Policy and Resources Committee and the City of London Corporation for offering to host this event and I will be in touch about this separately in the near future.



**ALISTAIR DARLING**

page two

## HIGH-LEVEL GROUP ON FINANCIAL SERVICES

### LIST OF GROUPS CURRENTLY REPORTING TO THE HLG

#### High-level Group

Chair: Chancellor of the Exchequer, Rt Hon Alistair Darling MP  
Remit: Steers Government-industry work on issues relating to the competitiveness and overseas promotion of the UK-based financial sector.  
Meets: Every 6-8 months

#### Financial services global competitiveness group (new)

Joint chairs: Sir Win Bischoff and the Chancellor of the Exchequer  
Remit: Medium-term challenges to London's continued competitiveness in financial services against the changing global economic landscape and the emergence of new financial centres (remit to be further refined).  
Meets: To be confirmed – to report to the HLG by Spring 2009

#### Professional services global competitiveness group (new)

Joint chairs: Sir Michael Snyder and Economic Secretary to the Treasury  
Remit: Medium-term challenges to London's continued competitiveness in professional services against the changing global economic landscape and the emergence of new financial centres (remit to be further refined).  
Meets: To be confirmed – to report to the HLG by Spring 2009

#### Efficiency of capital raising process (rights issues) (new)

To be steered by: Hector Sants and Economic Secretary to the Treasury  
Remit: To examine current market practices concerning equity capital raising by public companies and recommend whether it appears necessary for changes to be made to UK company law, market practices or regulatory requirements in order taken to make equity capital raising more efficient and orderly, promoting financial stability.  
Meets: To be confirmed - to report to HMT/FSA in October 2008

*page three*



### **Islamic Finance Experts Group**

Chair: Economic Secretary to the Treasury  
Remit: To advise the Government in achieving its policy objectives in support of Islamic Finance.  
Meets: Every 6 months

### **Carbon Markets Experts Group**

Chair: Co-Chaired by the Economic Secretary to the Treasury, Kitty Ussher MP and Exchequer Secretary to the Treasury, Angela Eagle MP  
Remit: To establish areas where Government and industry in partnership can further facilitate growth in London as the centre for the global carbon market, and where there are risks to its current leading role; and to help inform the development of Government policy on carbon markets.  
Meets: 3 times a year.

### **IMA Asset Management Group**

Chair: Senior HM Treasury official (Mike Williams)  
Remit: Established by then Economic Secretary to the Treasury to follow up on recommendations in the Investment Management Association/KPMG report on *Taxation and the Competitiveness of UK Funds*, in particular to explore with the industry reform of aspects of the tax system for funds which currently impedes UK competitiveness as a fund location, and to enhance relations between the Financial Services Authority, HMRC, HM Treasury and the financial services industry. Reports to the Economic Secretary.  
Meets: The group was launched in 2007 and three meetings took place. It is intended that two meetings will take place in 2008.

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United Kingdom  
Debt Management  
Office

(/)

## UK Debt Management Office (DMO)

Who we are (<https://www.dmo.gov.uk/about/who-we-are/>)

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HM Treasury (<https://www.dmo.gov.uk/about/who-we-are/hm-treasury/>)

Bank of England (<https://www.dmo.gov.uk/about/who-we-are/bank-of-england/>)

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### About the DMO

The UK Debt Management Office (DMO) was established on 1 April 1998 and responsibility for government wholesale sterling debt issuance was transferred from the Bank of England to the DMO. This re-organisation followed the transfer of operational responsibility for setting official UK interest rates from HM Treasury to the Bank of England in May 1997. The DMO's remit is to carry out the Government's debt management policy of minimising financing costs over the long term, taking account of risk, and to minimise the cost of offsetting the Government's net cash flows over time, while operating in a risk appetite approved by Ministers in both cases.

In institutional terms, the DMO is legally and constitutionally part of HM Treasury (HMT) and, as an executive agency, it operates at arm's length from Ministers. The Chancellor of the Exchequer determines the policy and financial framework within which the DMO operates, and delegates to the Chief Executive operational decisions on debt and cash management, and day-to-day management of the office.

The separate responsibilities of the Chancellor and other Treasury Ministers, the Permanent Secretary to the Treasury, and the DMO's Chief Executive are set out in a published Framework Document (</media/8092/fwork040405.pdf>). The Document also sets out the DMO's strategic objectives (see below) and its Chief Executive's lines of accountability to Parliament. The Chief Executive is accountable for the DMO's performance and operations, both in respect of its administrative expenditure and the Debt Management Account (DMA) which records all the DMO's issuance and trading transactions. The DMO publishes its Business Plan in April each year and this sets out a series of long-term targets for the year derived from the DMO's strategic objectives. The DMO's strategic objectives and its operational targets for the current financial year can be accessed via the following two links.

[Current Strategic Objectives \(/media/16634/strategic-objectives-2020.pdf\)](/media/16634/strategic-objectives-2020.pdf)

[Current Operational Targets \(/media/16633/operational-targets-2020.pdf\)](/media/16633/operational-targets-2020.pdf)

Between 2008 and 2012 the DMO had an additional responsibility of auctioning carbon allowances on behalf of the Department of Energy and Climate Change (Decc).

**Please note:** The DMO does not provide personal debt advice. For information on managing personal debt please refer to the UK Government (<https://www.gov.uk/browse/tax/court-claims-debt-bankruptcy>) website.

## Organisation and Resources

The organisation of the DMO is illustrated in its functional structure diagram (</media/15529/organogrammay2018.pdf>). Training and development are central to ensuring that the DMO has the right skills available to a high standard. The DMO is accredited as an "Investor in People".

The Corporate Governance (<https://www.dmo.gov.uk/publications/corporate-governance/>) publications section of this website provides further details on the operation of the DMO and its Chief Executive's lines of accountability.

## Transacting with the DMO

As part of HMT, the DMO transacts on behalf of the United Kingdom sovereign under the official name of The Lords Commissioners of HM Treasury, with the Legal Entity Identifier (LEI) number ECTRVYYCEF89VWYS6K36, full details of which can be found here (<https://www.gleif.org/lei/ECTRVYYCEF89VWYS6K36>).

## Business Continuity

The DMO has plans in place to ensure its business continuity in the event that its office is not available for use. Should the DMO have to invoke these plans it will notify its gilt and cash market counterparties of the situation and of further information relevant to the continued operation of the DMO's business.

## Key Contacts

- Press Office: Press Office (<mailto:pressofficer@dmo.gov.uk>) (020 7862 6532)
- Website Manager: Web Strategy (<mailto:webstrategy@dmo.gov.uk>) (020 7862 6740)

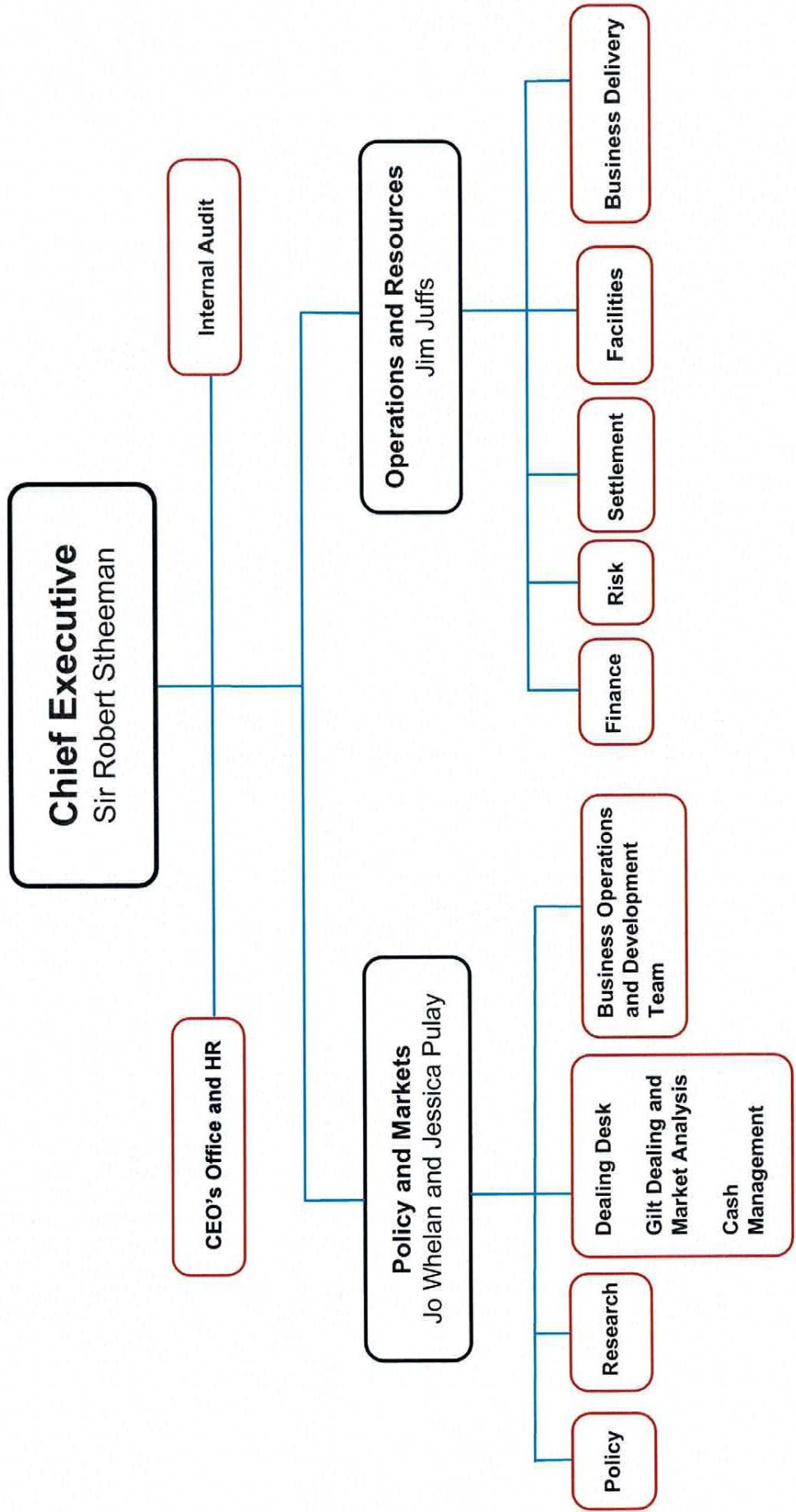


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# Organisation Chart





# UK Debt Management, Jo Whelan | Bank of England 1688

## William and Mary **The Glorious Revolution**

- BOE
- Treasury

<https://www.dmo.gov.uk/about/who-we-are/bank-of-england/>

### A brief history of the Bank of England

The following is based on material from the Bank of England's website.

From the middle of the 17th century the need for a national bank became pressing. England and, in particular, London was on the brink of a tremendous expansion of trade, however, what was needed was a "**fund of money**" or a term familiar today - **liquidity**, in order to drive the trade of the country.

The **emergence of a National Bank in England and a funded National Debt**

### **The Glorious Revolution**

In England the argument for a form of bank gathered support after the "**Glorious Revolution**" of **1688 when William of Orange and Queen Mary ascended to the throne of England**.

However, it took a London-based Scottish entrepreneur, named William Paterson to propose an idea that eventually found support. Patterson's proposal for a "**Bank of England**" and a "**fund for perpetual interest**" (without mention of bills) was eventually passed by Parliament. Patterson was supported by two powerful personalities - Charles Montagu, Chancellor of the Exchequer and Michael Godfrey a leading merchant from the City.

The public were invited to invest in the new project and it was these subscriptions totalling £1.2 million that were to form the initial capital stock of the Bank of England and were **lent on to the Government in return for a Royal Charter**.

In the beginning the **Bank was the Government's banker**; managing the Government's accounts and providing and **arranging loans to the Government**. It was also a commercial bank, dealing in bills - the then total equivalent of overdraft finance, furnishing finance for trade and took deposits and issued notes. **The concept "credit" or "imaginary money"** emerged during this period also. It was realised that money could take on new forms, possess no intrinsic value and yet still retain qualities to fulfil payment obligations. Therefore at the same time that **the National Debt was born**, paper money came into existence.





United Kingdom  
Debt Management  
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(/)

## Bank of England



William and Mary 1688

### **The BILL OF RIGHTS [1689]**

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### The emergence of a National Bank in England and a funded National Debt

In England the argument for a form of bank gathered support after the "Glorious Revolution" of 1688 when William of Orange and Queen Mary ascended to the throne of England. However, it took a London-based Scottish entrepreneur, named William Paterson to propose an idea that eventually found support. Patterson's proposal for a "Bank of England" and a "fund for perpetual Interest" (without mention of bills) was eventually passed by Parliament. Patterson was supported by two powerful personalities - Charles Montagu, Chancellor of the Exchequer and Michael Godfrey a leading merchant from the City. The public were invited to invest in the new project and it was these subscriptions totalling £1.2 million that were to form the initial capital stock of the Bank of England and were lent on to the Government in return for a Royal Charter.

In the beginning the Bank was the Government's banker; managing the Government's accounts and providing and arranging loans to the Government. It was also a commercial bank, dealing in bills - the then total equivalent of overdraft finance, furnishing finance for trade and took deposits and issued notes. The concept "credit" or "imaginary money" emerged during this period also. It was realised that money could take on new forms, possess no intrinsic value and yet still retain qualities to fulfil payment obligations. Therefore at the same time that the National Debt was born, paper money came into existence.

During the 18th and early 19th centuries great demands were placed on the Bank for finance; the National

BOE 11



Debt grew from £12 million in 1700 to £850 million by 1815, the year of Napoleon's defeat at Waterloo. However, in creating credit-issuing notes that were not fully backed by cash (gold) in hand, but were partly supported by credit given to the Government or by commerce - rendered itself liable to its depositors wanting all their money returned at once. The Bank therefore, needed to retain a prudent reserve of gold to ensure liabilities could be met on demand. This can be seen as the beginning of a policy of monetary stability.

Eventually, though, prudence and discretion proved insufficient. The Bank was the nation's bank, and at times of natural crisis its gold reserve was needed for national purposes.

### **The Gold Standard: the Bank's notes backed by gold**

Considered by some as the first move towards nationalisation, the 1844 Bank Charter Act was also the key move towards the Bank achieving the monopoly of the note issue. There were to be no new issuers of notes and any existing issuers that lapsed, or who were taken over, forfeited their right to issue. The crucial clause of the Act was a monetary one; it provided that, beyond the Bank's capital of £14 million, its notes were to be backed by gold or bullion. This, together with a fixed price for standard gold, laid the foundation for the gold standard, which during the 19th century, spread world-wide and created a long period of price stability.

### **Bank assumes responsibility for financial stability**

Monetary stability alone, however was not enough and crises inevitably occurred; the 1844 Act had to be suspended in 1847, 1857 and in 1866 to prevent the Bank's collapse. A rescue operation in the form of a guaranteed fund for banks in the Square Mile was established by the Governor of the Bank and more than £17 million was promised, much of it by now powerful joint-stock banks. The Bank therefore had to fully recognise the responsibility it had come to possess for the stability of the banking system as a whole.

### **1931: Britain left the Gold Standard**

As with the French a century before, the First World War saw the link with gold broken and the issue of low denomination notes returned once again. A vain attempt was made in 1925 to return to the discipline of the gold standard but it failed and in 1931 the United Kingdom left the standard for good. The country's gold and foreign exchange reserves were transferred to the Treasury although their day-to-day management was and still is handled by the Bank. The note issue was no longer backed by gold.

The Bank's relationship with the Treasury therefore changed. The funds which the Bank was deploying in its operations in the market were increasingly public funds. As noted earlier, the gold and foreign exchange reserves passed to the Treasury in 1931.

### **1946: Bank of England nationalised**

Nationalisation, after the Second World War, made little immediate practical difference to the Bank. The Bank remained the Treasury's adviser, agent and debt manager. During and for years after the war it administered exchange control and various borrowing restrictions on the Treasury's behalf. However, a revival of interest in monetary policy during the high inflation period of the seventies ultimately led to a re-evaluation of the role of the Bank of England.

### **1997: The Bank was given responsibility for setting interest rates and it was announced that it would no longer be responsible for Government debt management**

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In 1997 the Government announced its intention to transfer full operational responsibility for monetary policy to the Bank of England. The Bank was given its independence as a central bank. It was also announced that the Bank would cease to be responsible for the Government's debt management. The UK Debt Management Office was created in April 1998 as an executive agency of HM Treasury to take over responsibility for debt management.



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## HM Treasury

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### A brief history of HM Treasury

#### The origins of HM Treasury

Today's Treasury dates from around the Norman Conquest. The first "Treasurer" was probably "Henry the Treasurer" who owned land around Winchester, where most of the royal treasure was kept under both the Anglo-Saxons and the Normans. Henry is referred to in the Domesday Book and is believed to have served William the Conqueror.

For the majority of the medieval period the office of the Treasury was within the Exchequer (responsible for managing the royal revenue in addition to collecting and issuing money). As is often the case, wars are expensive and in 1433 war with France led to a deficit of £30,000 - the equivalent of over £100 billion today. Money that the Treasury received was recorded by using tallies. These were sticks with notches marked on them according to the amount of money involved. The stick was cut in two and one half given to the Sheriff as receipt for the money. They were in use until 1834 when a fire destroyed the Palace of Westminster.

#### Debt and more debt

Monarchs tended to bypass the Exchequer because of its ineffectiveness until it was reformed by the Lord Treasurer Winchester and later, his successor, Lord Burghley, under Elizabeth I. By 1584, the deficit had been turned into a surplus equivalent to one year's revenue. In contrast, the Stuarts failed to enforce limits on inflation, war, corruption and extravagant tendencies and were forced into debt again. After the restoration, Charles II, in an effort to rectify the situation appointed a Commission to replace the Treasurer. George Downing (who later built Downing Street) was appointed Secretary to the Commission. Downing was instrumental in major reforms and paved the way for the Treasury to break away from the Exchequer. The principle of the Treasury approving all expenditure was passed at that time and continues to hold today.

Downing was also responsible for raising additional money in the form of selling marketable Treasury orders with a guaranteed repayment date; the origin of our UK Government bonds. During the period tax collection was nationalised under the Commissioners who would then report to the Treasury. In 1694 the Bank of England (<https://www.dmo.gov.uk/about/who-we-are/bank-of-england/>) was founded initially to manage debt finance and in due course came to issue interest-bearing transferable Exchequer bills, payable on demand.

#### The creation of the National Debt

The early 1700s saw the meteoric rise of the banking and financial markets, with the emerging stock market revolving around government funds. The ability to raise money by means of creating debt through the issue of bills and bonds heralded the beginning of the National Debt.

Improved controls over public spending ensured that creditors were more willing to lend money to the government. By the 1730s an early version of the public spending survey and the annual Budget had been established. In its evolution the Treasury had to learn some valuable lessons. In 1711, the Treasury established a scheme whereby it secured government debt by the authorisation of its subscription into the capital of the South Sea Company, with government creditors in return holding stock in the company. In

DMO 11



1720 the South Sea bubble burst and thousands of investors were affected; such was the outrage that the Chancellor of the Exchequer was sent to the Tower of London. The important lesson learnt was that the National Debt (and public finances) had to be managed prudently. The Exchequer was finally abolished in 1833 when the Treasury became a ministerial department under the Chancellor of the Exchequer.

### The twentieth century arrives...

The threat of World War One pushed British banks into crisis; exacerbated further as half the world's trade was financed by British banks and as a consequence international payments dried up. In response to this crisis, John Maynard Keynes (the renowned economist), persuaded the Chancellor Lloyd George to use the Bank of England's gold reserves to support the banks, which ended the immediate crisis. Keynes stayed with the Treasury until 1919. The war years of 1914-18 had seen an increase in the National Debt from £650 million at the start of the war to £7,500 million by 1919. This ensured that the Treasury developed new expertise in foreign exchange, currency, credit and price control skills and were put to use in the management of the post-war economy. The slump of the 1930s necessitated the restructuring of the economy following World War II (the national debt stood at £21 billion by its end) and the emphasis was placed on economic planning and financial relations.

The 1950s and early 1960s saw an increase in authority delegated to departments to spend within predetermined totals although the relatively high period of inflation in the 1970s and 1980s led to the rise the national debt in nominal terms from £36 billion in 1972 to £197 billion in 1987 and then to £419bn at March 1998. Although figures for the national debt are rising sharply in nominal terms it has fallen as a % of GDP from a peak of about 250% of GDP at the end of World War II to around 50% in 1998.

### Which leads us to...

The significant decision in 1997 to transfer monetary policy to the Bank of England while the Treasury retained control of fiscal policy led to the creation of the United Kingdom Debt Management Office (DMO) as an executive agency of the Treasury. Since April 1998, gilts have been issued by the DMO. Other than gilts (and Treasury bills, see below) the National Debt also includes the liabilities of National Savings & Investments and other public sector debt and foreign currency.

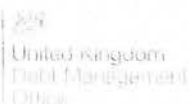
In April 2000 responsibilities for Exchequer cash management was transferred to the DMO and represented the conclusion of the Government's restructuring of the management of monetary and debt policy launched by the Exchequer in May 1997. The DMO assumed responsibility for issuing Treasury bills (very short-dated securities) from this date. In July 2002 the operations of the Public Works Loan Board - now referred to as the PWLB lending facility and operated on behalf of HM Treasury; and the Commissioners for the Reduction of the National Debt (CRND) were integrated with the DMO. The facility lends to local authorities for capital purposes and the CRND's principal function is to manage the investment portfolios of certain public funds. The PWLB lending facility and CRND continue to carry out their long-standing statutory functions within the DMO.

### Pardon?

A brief explanation of where these often used terms come from:

**Exchequer:** The name "exchequer" derives from the chequered table (based on the abacus) that was used from about 1110 for calculating expenditure and receipts. Exchequers were normally held twice a year when the Chief Justice, the Lord Chancellor, the Treasurer and others sat round the chequer board, auditing the accounts of each local sheriff who collected and spent money on behalf of the crown.

**Budget:** The word "budget" derives from the term "bougette"- a wallet in which either documents or money could be kept.



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## Commissioners for the Reduction of the National Debt

The **Commissioners for the Reduction of the National Debt (CRND)** is a statutory body of the UK Government, whose main function is the investment and management of government funds. The current **Comptroller General** is Jo Whelan.

### History

The CRND was established in 1786 by the **National Debt Reduction Act 1786**, and was originally a non-ministerial government department.

The 1786 Act provided that the Commissioners were to be the **Speaker of the House of Commons**, the **Chancellor of his Majesty's Exchequer**, the **Master of the Rolls**, the **Accountant-General of the Court of Chancery** and the **governor and deputy governor of the Bank of England**.<sup>[1]</sup> The **Life Annuities Act 1908** provided that the **Chief Baron of the Court of Exchequer** (or in his absence any of the Barons of the Court of Exchequer) was also to be a Commissioner.<sup>[2]</sup> The Chief Baron was replaced by the **Lord Chief Justice** by the **Supreme Court of Judicature Act 1881**.<sup>[3]</sup> The **Paymaster General** replaced the **Accountant-General of the Court of Chancery** by virtue of the **Court of Chancery (Funds) Act 1872**,<sup>[4]</sup> and was in turn replaced by the **Accountant-General of the Supreme Court**.<sup>[5]</sup> The most recent change in composition has been as a result of the **Bank of England Act 1998**, which provided for additional deputy governors of the Bank to be Commissioners.<sup>[6]</sup>

**Commissioners for the Reduction of the National Debt**  
**Welsh: Comisiynwyr dros Leihau Dyled y Wlad**

#### Statutory body overview

<b>Formed</b>	1786
<b>Jurisdiction</b>	United Kingdom
<b>Headquarters</b>	London, EC3 United Kingdom
<b>Statutory body executive</b>	Jo Whelan, Comptroller General
<b>Parent Statutory body</b>	UK Debt Management Office
<b>Website</b>	<a href="http://www.dmo.gov.uk">www.dmo.gov.uk</a> 

The statutory functions of CRND have been carried out within the **UK Debt Management Office** since July 2002.

### Operations

The CRND manages the investment portfolios of a number of government and public bodies including **HM Revenue & Customs (National Insurance Fund)**, **National Savings and Investments (National Savings Bank Fund)**, **Her Majesty's Courts Service (Court Funds Investment Account)**, the **Department for Culture, Media and Sport** and the **(National Lottery Distribution Fund)**. It also manages some residual operations relating to the **National Debt** including donations and bequests and the **3.5 per cent Conversion Loan Sinking Fund**.

### References

1. National Debt Reduction Act 1786, section 14.
2. Life Annuities Act 1808, section 34.
3. Supreme Court of Judicature Act 1881, section 25.
4. Court of Chancery (Funds) Act 1872, section 4.
5. Supreme Court of Judicature (Consolidation) Act 1925.
6. Bank of England Act 1998, section 9.

### External links

- **Official website** 



## A closer look at the Alistair Darling Letter that creates the City of London forum which was to become “TheCityUK”



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

3 July 2008

Hector Sants  
Chief Executive  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Dear Hector

### **HIGH-LEVEL GROUP ON FINANCIAL SERVICES: FUTURE ARRANGEMENTS**

I am writing to follow up from the useful discussion we held at our last meeting on how we might organise the work of the High-level Group in the future.

At that meeting there was support for the High-level Group continuing to meet broadly at the same frequency as now, supplemented with smaller groups taking forward specific issues related to the City competitiveness agenda.

As I made clear in my speech to the Mansion House, I am committed to working in partnership with you and others in the financial sector to keep London the leading international financial centre, and I announced the establishment of the two groups that we discussed at our meeting.

At our meeting, we agreed to set up a forum to consider the medium-term challenges to London's continued competitiveness in financial services against the changing global economic landscape and the emergence of new financial centres. I am grateful that Sir Win Bischoff has agreed to take this work forward and we will be jointly chairing the first meeting of this group.

Of course, the High-level Group's role goes beyond financial services, and I am pleased that Sir Michael Snyder has agreed to jointly chair, with Kitty Ussher, a group that will look at the medium-term challenges to London's continued competitiveness in professional services, including legal and accountancy services.



Alistair Darling abused his position which was to fail the protection of the public under

Separation of powers refers to the division of a state's government into branches, each with separate, independent powers and responsibilities, so that the powers of one branch are not in conflict with those of the other branches.



"Separation of Powers"  
"Bill of Rights 1689"

I propose that these two groups looking at medium-term global challenges would report back to the High-level Group by Spring 2009. I am grateful to the City of London Corporation for agreeing to provide assistance in running those groups. I propose to write to you again shortly with a more detailed mandate for the groups.

We also agreed last week to bring together senior industry players to look at the efficiency of our capital-raising process, in particular rights issues and associated short-selling. This will be taken forward jointly by the FSA and the Treasury, and the group will be led by Hector Sants and Kitty Ussher. My officials are already in touch with those of you who have expressed an interest in this group.

Attached to this letter is a full list of Groups working on financial services issues, many of which report to the High-level Group.

In addition to the work on City competitiveness, I propose, as part of my commitment to raise the level of engagement with the sector, to create two further groups that I will chair, to complement existing engagement on a range of issues with the banking sector, including my six-monthly meetings with retail bank CEOs:

- A wholesale markets group, representing both buy- and sell-sides, and infrastructure providers; and
- An insurance group, representing both life and non-life providers.

Finally, as I mentioned in my letter of 3 June, I would like to bring to your attention an event we are planning in the near future that will focus on the role that the UK banking sector might play, in collaboration with the European Investment Bank, in helping small businesses raise capital, particularly in the current credit climate. I am grateful for Stuart Fraser, Chairman of the Policy and Resources Committee and the City of London Corporation for offering to host this event and I will be in touch about this separately in the near future.



**ALISTAIR DARLING**

In this letter, Alistair Darling is about to compromise public economic safety to the hands of the bankers that should in fact remain supervised to protect public assets.

By conspiring to work with the "Corporation of London" this handing over of power was to become harmful to the banks customers and their assets against the intent of the "Bill of Rights" [1689] from "Sovereign" Parliament.

## Alistair Darling wrote to the Governor of the Bank of England to facilitate the asset purchase facility

The basis was for funding should have gone via banks to business customers.



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

29 January 2009

Mervyn King  
Governor  
Bank of England  
Threadneedle Street  
London  
EC2R 8AH

Dear Mervyn

### **ASSET PURCHASE FACILITY**

In my statement to Parliament on 19 January 2009, I announced that the Government had authorised the Bank of England to create a new fund, the Asset Purchase Facility.

I am writing to set out the terms of the authorisation. I am asking the Bank to set up and operate this facility, consistent with the framework set out in this letter, including a risk control framework agreed with the Treasury.

The Bank will be accountable for the operation of this scheme, and I would like you to put in place the internal governance arrangements you intend to follow for managing the facility.

The objective of this facility is to increase the availability of corporate credit, in order to support the Bank of England's responsibilities for financial stability and monetary stability in the United Kingdom. Asset transactions by the Bank could increase liquidity and trading activity in some UK financial markets, and could stimulate issuance by corporate borrowers and the resumption of capital market flows.

As we set out in the market notice issued on 19 January, I authorise the Bank to purchase up to £ 50 billion of high quality private sector assets under this facility. The Government will indemnify the Bank and the fund specially created by the Bank of England to implement the facility from any losses arising out of or in connection with the facility.





The following sterling assets will be eligible for purchase by the Asset Purchase Facility: paper issued under the Credit Guarantee Scheme (CGS), corporate bonds, commercial paper, syndicated loans and asset backed securities created in viable securitisation structures. The Bank should be satisfied that there will be a viable private market demand for the types of assets that it buys.

The list of eligible assets will be authorised by the Treasury, informed by the Bank's assessment of market conditions. The Bank may propose that this list be amended, by writing to me, requesting my approval of their proposed changes.

The Bank's transactions should be guided by an assessment of which transactions would be most likely to restore the flow of finance to corporate borrowers. It should be satisfied that there will be a viable private market demand for the types of assets that it buys when conditions in financial markets return to normal.

Under this facility, the Bank should only purchase assets that are high quality and of equivalent standard to investment grade. The Bank's operations should conform with a risk control framework, that is agreed with the Treasury, to ensure that risks on assets purchased on this facility are managed appropriately.

This facility will be financed by the issue of Treasury bills and the DMO's cash management operations. The Bank should provide Treasury officials with the information necessary for them to monitor the operation and financial performance of the facility.

You will also need to ensure that regular public reporting of the scheme provides a transparent account of the Fund's operations, together with an assessment of developments in corporate debt markets.

The aim of this facility is to improve levels of liquidity in some UK financial markets. I expect the Bank to wind down the fund as normal conditions return. The facility will consequently be withdrawn when it is no longer needed. Having consulted the Bank, I will confirm at each Budget whether I intend to authorise the continued operation of the facility in the following financial year.

As announced on 19 January, this facility provides a framework for the Monetary Policy Committee of the Bank of England to use asset purchases for monetary policy purposes should the Monetary Policy Committee conclude that this would be useful for meeting the inflation target.





Given the range of assets that will be purchased and the indemnity that HM Treasury is providing, financing of this facility by Central Bank money will require my consent. In the event that the Monetary Policy Committee were to consider this necessary, you, as Chairman of the Committee should write to me setting out the Committee's reasons. I will reply to the Committee and I will also advise Parliament that I have given such consent and I shall also keep Parliament informed in relation to any changes to this authorisation that I might make. This could include changes to the maximum amount of assets that can be held by the fund and the assets that are eligible to be purchased.

I am copying this letter to the Rt. Hon John McFall MP.

*Yours sincerely*

Deputy Speaker of the House of Commons

*AD*

ALISTAIR DARLING

Dr Andrew Bailey, current Chair of the Bank of England is the current Chair of the Monetary Policy Committee, responsible for the Government's monetary policy framework.

**FSA + FCA + PRA + BOE + APS + Asset Purchase Facility + Monetary Policy Committee**

**= The "SECRETS" of The Poisoned Chalice held by Dr Andrew Bailey**

**Failure to restore "Separation of Powers" and the refusal of MPs to protect the public under the Bill of Rights = Contempt of Parliament.**

**The Corporation of London is not above the House of Commons and Common Law**

## The development of the City of London as a representative body

The City of London Corporation has the functions of a local authority in the Square Mile, but it is heavily involved in many other areas including arts and culture, open spaces, private education, food markets, **the judiciary, policing** and State events. The **City Corporation** also **has a representative role for “the City”**, a shorthand **expression for the UK’s financial services industry**. **This role involves setting out the City position and seeking to influence public policy in the UK**, Europe and globally. Why the City Corporation is involved in non-local authority functions is bound up in history, and partly reflects the financial resources at its disposal. This paper seeks to explain why and how the City has come to exercise its representative role.

## The representative role of the “City” today

It is helpful briefly to set out the nature of the City Corporation’s current representative role, before beginning to analyse how that role developed. The work today includes –

- The Lord Mayor’s overseas programme, which is largely promotional although there is some **representative work on policy issues**. This also applies to the Lord Mayor’s role in receiving foreign visitors.
- The **Policy Chairman is involved in frequent meetings with politicians, think tanks and other opinion formers in the UK**, and also on the international stage – in the EU, China, India and the US. The objective of this work is to influence policy, (lobbying as some would call it).
- The **City Corporation** conducts and sponsors research and events and **makes policy representations** on a limited number of issues, generally cross- sectoral.
- **The City Corporation is the largest individual funder of the “TheCityUK “** and is heavily involved in its work. TheCityUK is a relatively new body but has rapidly established itself as the cross-sectoral representative body for the UK’s financial services industry

## Why does the City have a representative role?

Following the “what”, the more important question is the “why”. There is no law that says that the City Corporation has a representative role and no one has appointed it to have this role. Here it is necessary to understand how the policy making process works and the role of representation in that process. It would be nice to think that policy making is a logical process – policy makers doing the necessary analysis and consultation and then producing proposals that are in the national interest. But the process is not like this in reality.

The policy makers are primarily concerned with winning the next election, so short term considerations have an unduly important influence. Some groups of people have far more political clout than others, and the media have a disproportionate influence. And, finally, the government is not the only source of knowledge and expertise. So a wide range of organisations **seek to influence the political process**, from trade associations representing particular sectors, to pressure groups (eg Greenpeace), think tanks (eg, the **Policy Exchange** and **Institute for Public Policy Research**) and individuals.

The influence any group has depends on a combination of factors –

- Its **“representativeness”** – does it in practice represent a significant and relevant interest group and is it recognised as such?
- The quality of its representations, which depend partly on the quality of its evidence and partly on its understanding of and **ability to be involved in the policy making process**.

- Its **influencing skills**, which depend partly on the characteristics of the people running the group.
- **Political “clout”**, which may well represent personal factors – **such as connections with policy makers or ability to use the media**

## The early development of the representative Financial Services role

**The City of London Corporation, has no remit to represent a sector as wide as the UK financial services industry**, any more than Grimsby Council could represent the fishing industry, or Aberdeen City Council could represent the offshore oil industry. But, in practice, the City Corporation now has an accepted representative role. So when and how did this come about?

Research began with perhaps the definitive publication – the “Statement on the Origins, Constitution and Functions of the Corporation of London”, published in 1974. This did not mention representation or for that matter even the financial services industry. There was mention of a Parliamentary and Policy Committee, although this was clearly of little significance, and presumably purely dealt with internal City Corporation matters.

The Policy and Resources Committee, which now is responsible for the representative work, was established in 1979. But its initial terms of reference were entirely concerned with the **City Corporation, and made no reference to representing the financial city. The significant development of the representative role occurred in the early 1990s and can be attributed to a number of inter-related factors. The first was changes in local government in London.** In 1986 the Greater London Council was abolished, leaving London without a strategic authority and an elected body able to speak for the whole of the wider city. There was also seen to be a challenge to the existence of the City Corporation itself, culminating with a threat by the Labour Party to abolish the City of London Corporation. The then City fathers recognised that the City had to play a wider role in promoting the interests of London as a whole, both in representative terms and also through initiatives such as establishing the City Bridge Trust, supporting the establishment of London First in 1992 and generally working with neighbouring boroughs.

**The second point related to a change in the role of the Bank of England.** Previously, it had had a de facto role of representing the interests of the wider City, but for various reasons the Bank was less and less able to fulfil that role. The City Corporation duly moved into this space, although whether this was encouraged or merely grudgingly accepted by the Bank is open for debate.

There was therefore a clear market need for a body to have a representative role in representing London generally and the financial city specifically. The City of London Corporation was an obvious candidate to undertake this role, aided by its non-party political approach. It also had, through the City’s Cash, access to funding to develop that role. But it needed much more than a market and some money to adopt a representative role. It required strong and far-sighted leadership, bearing in mind that many in the City Corporation are strongly wedded to traditions and to the past.

That leadership was provided by a number of people, notably Sir Brian Jenkins, Lord Mayor in 1991/92, and Michael Cassidy, Chairman of the Policy and Resources Committee from 1991 to 1996.

On financial services representation, the new Policy and Resources Committee quickly performed a de facto widening of its remit, recognising the need to take a London-wide view, particularly in respect of financial services.

Even before Michael Cassidy became Chairman of the Policy and Resources Committee, in October 1990 the Court of Common Council agreed a Report of the Committee recommending the creation of an 'Institute for Financial Markets' and the establishment of a Formation Committee. A Governing Board was set up under the Chairmanship of Stanislas Yassukovich, and a number of prominent persons in the business City, together with Peter Rigby and Michael Cassidy, agreed to serve. This became known as the City Research Project (CRP) and began one of the most substantial programmes of coordinated research ever undertaken into the City's international competitive position. The London Business School was appointed to manage the CRP and brought in sector experts from many of London's other leading centres of business study and research. Over the three year life of the project, 22 separate subject papers were produced, covering almost all



of the key areas of City activity. The final report was published in 1995 with great fanfare with consecutive events in the world's three leading international financial centres at that time - London, New York and Tokyo.

**The City Research Project firmly put the City Corporation on the map as a voice of UK's financial services industry, and what has happened since then has been a steady expansion of this role.** An Economic Development Office was set up in 1994 and it expanded to handle the growing work in London and the increasing representative role. Similarly, the Public Relations Office, originally established in 1987, was strengthened, to work closely with the Economic Development Office in getting the City's message over. The City Corporation has been effective because its approach has always been measured and evidence-based – with no party-political angles. Its ability to convene events has also played a part, helped by the ability to fund events.

In short, the City Corporation saw a need for a representative role and skilfully positioned itself to exercise that role effectively, because if it had not done so its voice would not be heard, its events would not be attended and its status generally would be diminished.

## Brussels, China and India

The next major move was the establishment of a Brussels office in 2003, aimed at helping organisations to present their views more consistently and effectively about cross-border sectoral issues.

A major issue was how to avoid the Office making representations on specific issues that could cut across or duplicate existing representations being made by individual trade associations and practitioners or through affiliated European representative organisations. The answer was to use an Advisory Group in London to steer the work of the office in Brussels. Again, a key leadership of British Insurers which is particularly concerned about giving the office only a City of London identity when a significant part of the UK financial services sector does most of its business elsewhere in the UK. They also point to the wide range of financial services institutions already represented in some way or other in Brussels and suggest that the office will simply add yet another layer of representation and increase the already huge volume of paperwork. They also suggest that improvements in the recent past mean that existing co-ordination mechanisms here in London should provide an appropriate degree of consistency without having an actual office in Brussels." I quote that in full because I was Director General of the ABI at the time and I wrote those words. Now I see the error of my ways!

After Brussels came the world. In June 2005, the City decided to fund representation in China, initially through two representatives based in Beijing and Shanghai, hired through the China Britain Business Council's Launch-pad scheme and backed by two part-time Senior Advisors based in China. Formal offices were established in 2010. These are supported by a high level China Advisory Council.

In March 2006, the City established a representative office in Mumbai and an Advisory Council for India to steer the work of the Office. The aim, as in China, was to promote the interests of the UK-based financial services sector in India and to strengthen trading and investment links in both directions between India and the UK through the provision of world class financial services and products.

## TheCityUK

TheCityUK was set up following the recommendations of two separate reports. One was by HM Treasury co-chaired by the then Chancellor Alistair Darling and former Lloyds Bank Chair Sir Win Bischoff; the other was commissioned by Boris Johnson when he was London Mayor and chaired by former Merrill Lynch EMEA Chairman Bob Wigley, Co-Chair of the Cross Market Operational Resilience Group at the Bank of England and a member of the UK's Economic Crime Strategic Board and Chairman of UK Finance.

Most victims of economic crime, in particular bank fraud would say "TheCityUK" is quite the opposite to independent from the culprit banks. Many would say separation of powers doesn't exist and from the bail-out the Revolving Doors have been well greased by the assets, businesses, homes and lost opportunities stolen from the victims.

The financial crisis, which began in 2008, threatened the City Corporation's role in several ways. Firstly, the reputation of financial services generally and banking in particular was severely damaged, such that even strong evidence was ignored in the face of a **strong political imperative "to deal with the banks"**. The downturn in banking markets reduced physical activity in the City. And the poor reputation of financial services reduced the influence that the City was able to exert.

**In 2008 the Chancellor of the Exchequer and the Mayor of London** separately set up joint industry working groups to examine the issues and make recommendations for action to ensure that London and the wider UK maintained their international positions. The Mayor of London commissioned Bob Wigley, then Chairman of Merrill Lynch, to examine the position of London. His report, ***London: Winning in a Changing World*, was published in December 2008**. One of his key conclusions was that London's financial services industry was poorly promoted. There were too many overlapping bodies in the field, presenting a confusing message to an international audience. **He recommended that the City Corporation take the lead in the creation of a single, overarching body to bring coordination and strategy to the process**. The City Corporation had been actively involved in the Wigley Review and had responded to the publication of the Wigley report by saying that it would rise to the challenge and take the lead in setting up the new body.

In the period immediately following the Wigley Report, work on a new body took second place to the Professional Services and Financial Services Global Competitiveness Groups (PSGC and FSGC). ***Both these groups were jointly chaired by Treasury Ministers***, in the case of the PSGC with the then Deputy Chairman of the Policy and Resources Committee, Sir Michael Snyder. The FSGC Group report, published in May 2009, called for the creation of a more efficient structure to consider promotional issues. It went on, **"The Government and industry should support work under way to establish an independent body** that is permanent, practitioner-led, politically neutral, strategic and cross-sectorial".

Crucially, the report acknowledged that the new body should have both an EU agenda and play a role in demonstrating the importance of the financial services industry to a broader domestic audience.

**The City Corporation convened a steering group that led to the creation of "TheCityUK"**, which formally began operation in 2010. This also embraced International Financial Services London, the former British Invisibles. The City Corporation's own EU Advisory Group, established to support the Brussels office, morphed into a new International Regulatory Strategy Group, serviced by its staff and a resource for both the City Corporation and TheCityUK. The City Corporation and TheCityUK are inextricably linked.

**The City Corporation effectively established TheCityUK**, the Lord Mayor is president of its Advisory Council and the Policy Chairman is Deputy Chairman and also Deputy Chairman of the International Regulatory Strategy Group. In addition the City Corporation provides total financial support of around £600,000 a year, a reduction from £750,000 a year provided in the first three years. TheCityUK now has a high profile and is generally recognised as doing an excellent job. Had it not got off the ground, which for a time looked possible, this would have reflected badly on the City. But there was also a real risk to the City Corporation of the organisation being successful, as at first sight it was establishing a well-resourced and supported body to do work which it itself had been doing, albeit at lower intensity. The reality is that the City Corporation had little choice but to do what it did. Even without it a body would have been created, but in which the City Corporation would have had no influence at all.

The two organisations are operating in the same space, but they are different and there is the risk of conflict and turf battles. The fundamental difference between TheCityUK and the City Corporation is that the former is a membership organisation, which gives it both credibility and a huge resource on which to draw. The City Corporation is less well-resourced but on some issues can speak more freely. In practice however **TheCityUK and the City Corporation work closely together**, and in so doing are more effective, complementing each other's work. **This has happened because the key people have been determined to make it happen**.

This final point needs developing. If the City Corporation was setting out views that were significantly different from those of **TheCityUK** then the impact of both organisations would be diminished. In general, there should be no reason why the City Corporation should have a view different from that of the UK financial services industry. The City Corporation's views, like those of **TheCityUK**, are not developed by a few people pursuing their own agendas, but rather reflect the research it **undertakes and the extensive contact with City businesses both at meetings with members and officers and at the many informal occasions that occur in the City**.

Of concern is the senior executives who sit on “TheCityUK”. Whose brands played a part in the asset stripping yet they have failed to lobby for the victims. Names such as Sir Win Bishchoff (formerly Lloyds bank and FRC), Sam Woods PRA, BOE, Rachel Lord (BlackRock, large Lloyds bank shareholders), Susan Revell (BNY Mellon), Jeroen Ouwehand (Clifford Chance), David Mathers (Credit Suisse, which links with many Lloyds Bank seniors), Simon Levene (DLA Piper one of LBG’s main lawyers), Peter Horrell (Fidelity), Charles Randell (FCA), Edward Braham (Freshfields Bruckhaus Deringer BOE lawyers), James Palmer (Chair Herbert Smith Freehills, LBG lawyers), Mark Tucker (HSBC, ex HBOs), Viswas Raghaven (JP Morgan), Bill Michael (KPMG auditors of HBOs from the bail-out), Gideon Moore (Linklaters), Normon Blackwell (former LBG Chairman), Kevin Ellis (PwC LBG long term auditors) PwC also gave HBOs a clean bill of health pre bail-out. Peter Harrison (Schroders who sit in partnership with LBG; *Schroders* Personal Wealth is a joint venture between *Lloyds Banking Group*).

## Formalising reality

It was only in 2011, in a comprehensive review of governance, that the City Corporation’s role as a representative body was formally recognised in the terms of reference of the **Policy and Resources Committee** – “the support and promotion of the City of London as the world leader in international financial and business services and to oversee, generally, the city of London Corporation’s economic development activities, communications strategy and public relations activities.”

## Conclusion

The City Corporation may have been **around for 800 or more years, but its role in helping to represent the UK’s financial services industry is just 20 years old.** But it is entirely in accordance with the traditions of the City – both the Corporation and the industry. London is one of the great cities of the world, a centre for business, culture, tourism and sport. Its problems are those of a rising population, a place where people want to live and work. It is multicultural where people from all countries and backgrounds can become Londoners within days. The financial City exemplifies this – a Canadian governor of the central bank, a French chief executive of the Stock Exchange, an Australian and two Maltese chairing our major insurance companies, a New Zealander and a **Portuguese [Antonio Horta Osorio] running our two state owned banks.**

The financial City has been open and well run, in relative terms at least, attracting business and people. **Much of this would have happened without the City of London Corporation,** but the City Corporation, like the financial institutions, saw a gap in the market, recognised the need to provide representation for the financial city and London as a whole and notwithstanding the absence of a legal remit provided that service. **This has facilitated the growth of the financial city and is widely recognised as a valuable role by government and the finance industry alike.**

This has not always been without controversy but generally the role is well accepted. Sir Brian Jenkins and Michael Cassidy saw the need and built the foundations, which their successors have developed to make the City of London Corporation what it is today – a multifunctional body with representation for the financial city being a key function.

Paper given by Sir Mark Boleat at Guildhall Historical Association  
20 January 2014 (Accreditation)

Sir Mark John Boleat (born January 1949) is deputy chairman of the **City of London Corporation's Policy and Resources Committee.** He has previously been director general of the **Building Societies Association,** the **Council of Mortgage Lenders** and the **Association of British Insurers.** [https://en.wikipedia.org/wiki/Mark\\_Boleat\\_-\\_cite\\_note-1](https://en.wikipedia.org/wiki/Mark_Boleat_-_cite_note-1) He is a Common Councilman for **Cordwainer Ward** and trustee of **Centre for London.**





TheCityUK was set up by industry leaders in 2010, following the recommendations of two separate reports. One was by **HM Treasury**, co-chaired by the then **Chancellor Alistair Darling** and former Citigroup **Chairman Sir Winfried Bischoff**; the other was commissioned by Boris Johnson when he was London Mayor and chaired by former Merrill Lynch EMEA Chairman Bob Wigley.

The reports, published in 2008 and 2009, proposed the formation of an independent body to represent the broad spectrum of sectors across the financial and related professional services industry to sustain London's reputation as a global capital of finance. Its remit would cover the promotion of the UK as a world-leading international financial centre at home and overseas, the anticipation of strategically important trends, and the promotion of the industry's value and contribution to the UK.

TheCityUK is the industry-led body representing UK-based financial and related professional services, an industry that contributes over 10% of the UK's total economic output, is the largest tax payer and employs 1 in 14 people across the country – two thirds of whom are based outside London. It is also the biggest exporting industry, generating a trade surplus equivalent to all other net exporting industries combined.

**"...TheCityUK, Britain's most powerful financial lobby group..."**

Reuters

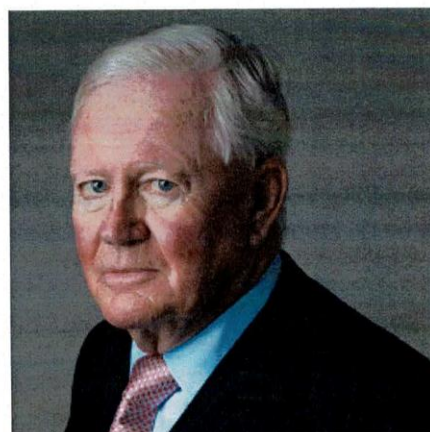
## Leadership

### Board Chairman



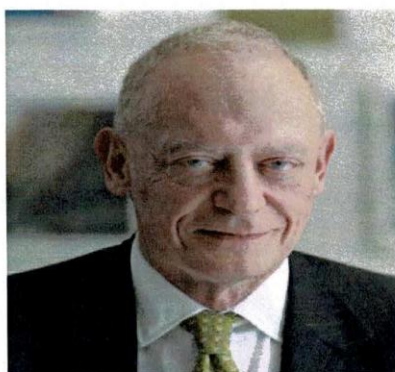
**Stuart Popham**  
Senior Partner, Clifford Chance  
2010 - 2012

### Advisory Council Chairman



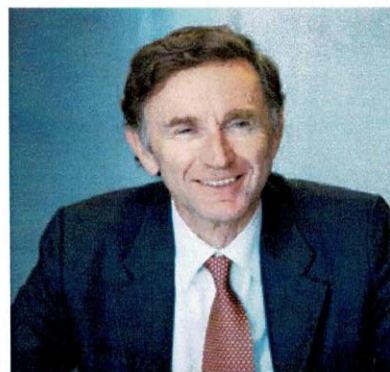
**Sir Winfried Bischoff**  
Chairman of Lloyds Banking Group  
2010 - 2014

**Board Chairman**



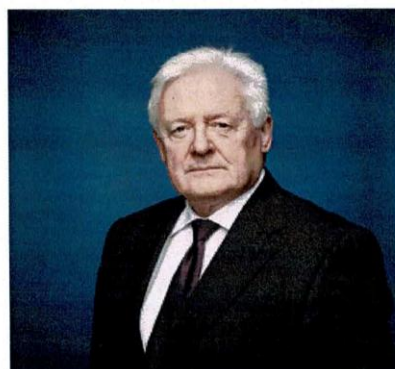
**Sir Gerry Grimstone**  
Chairman of Standard Life  
2012 - 2015

**Advisory Council Chairman**



**Lord Green of Hurstpierpoint**  
Ex Group Chairman of HSBC and ex  
Minister of State for Trade and Investment  
2014 - 2015 (Stepped down and succeeded  
by Sir Gerry Grimstone in February 2015)

**Board Chairman**



**John McFarlane**  
Chairman of Barclays  
2015 - 2019

**Advisory Council Chairman**



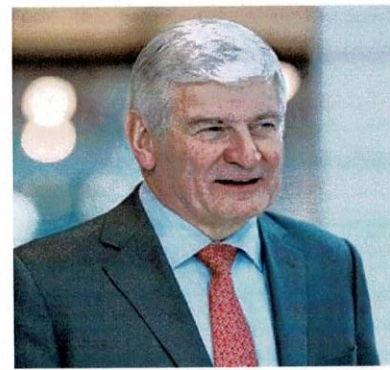
**Paul Manduca**  
Chairman of Prudential  
2015 - 2019

**Board Chairman**



**Mark E Tucker**  
Group Chairman of HSBC  
2019 to date

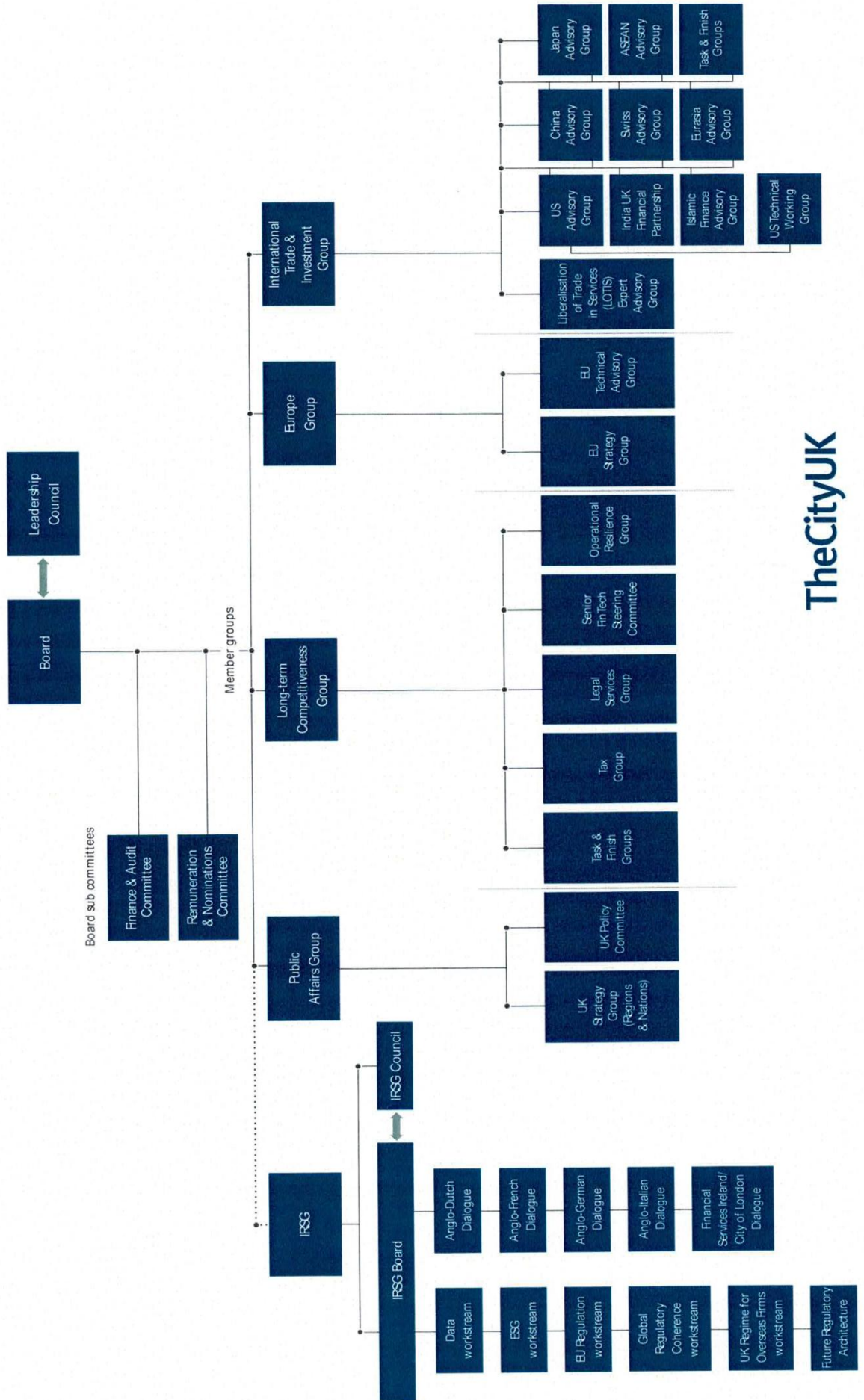
**Leadership Council Chairman**



**Sir Adrian Montague**  
Chairman of Aviva  
2019 to date  
(Advisory Council renamed  
Leadership Council in 2020)



# Governance Structure



TheCityUK





## Leadership Council

Our Leadership Council is our most senior and influential member forum. It convenes the senior leadership from across the industry, **including Chairs, CEOs and Managing Partners and is the place where senior government ministers, regulators, ambassadors and other leading stakeholders** come to address and engage with the industry and share insights. The Leadership Council works closely with our Board and its members lead on major pieces of work and senior engagement with government and senior stakeholders.

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## Board

Our Board comprises senior leaders from across the various sectors of the industry. It sets and oversees our strategy, ensures the effective delivery of our work and is accountable to our members for good governance in its management of the affairs of the company.

We also have a number of **senior member-led committees** that task and oversee our activity and programmes of work. These cover our priority themes, markets and sectors

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## Membership

***Our purpose is to champion and support the success of the UK-based financial and related professional services ecosystem, and thereby our members.***

Through membership of **TheCityUK**, UK-based financial and related professional services firms can advance their business priorities, influence key policy debates and ensure their voice is heard at all levels of government, by policymakers and key industry stakeholders here in the UK and overseas.

**"They are as effective an organisation as there is. I have a very high regard for them."**

**TheCityUK member**

## Why join TheCityUK?

- We are the only industry-led body that represents all sectors of the financial and related professional services industry, from accountancy and advisory firms, asset managers and banks to consultancies, insurers, law firms and market infrastructure. We are renowned for providing a **unified voice for the ecosystem**.
  - We bring the industry together. Our senior forums – in particular our **Leadership Council** – are where **senior ministers, policymakers and stakeholders from across the UK**, Europe and the rest of the world come to consult, engage and address the wider industry.
  - Our forums, extensive programme of events, and respected evidence-based research offers members the opportunity to gain **valuable policy insights and play a key role in shaping the future direction of the industry, regulation and policy**.
  - Our members are at the heart of everything we do and **our agenda is shaped by industry leaders from across the UK**.
-



## A vision for the industry's transformation

Against a backdrop of rapid global change and with an eye to the future beyond Brexit, **in collaboration with PwC**, we set out a bold roadmap to secure the UK's future as a world-leading international financial centre in the award-winning report: **'A vision for a transformed, world-leading industry'**. Recognising the great challenges facing the industry, interviews with **senior practitioners, policymakers, regulators** and other **key stakeholders** confirmed the appetite for change and transformation.



The roadmap ahead has set clear expectations around where the industry needs to make progress **and the priorities of members**, and has underpinned our work. **Supported by good engagement and dialogue with government, regulators and industry**, strong momentum is being made across the breadth of recommendations which include everything from FinTech, innovation and enhanced trade and investment through to skills, talent, **tax, regulation** and overall competitiveness.



## Taking action on operational resilience

With a growing number of operational threats, a firm's approach to preventing or recovering from these and how they protect their customers is critical to their future competitiveness, sustainability and reputation. This was made clear in our 2019 **with PwC: 'Operational resilience in financial services: time to act'**, which set out a series of recommendations for both industry and regulators to become more operationally resilient. The launch event featured a keynote from the **Deputy CEO of the PRA**, who commented that the report was "an important milestone in a drive towards improving the operational resilience of the UK financial services sector".



Subsequently, the report has been distributed across the global network of an international bank to inform its operational resilience planning and management; and a major market infrastructure company is using it to shape its approach to enhancing its operational resilience.



## A renewed UK immigration system

With sights firmly fixed on the industry's global competitiveness post-Brexit, alongside EY, we made clear the urgent need for reform to the UK's immigration system in our 2018 award-winning report 'The UK's future immigration system and access to talent'.

While the report focused on the needs of the financial and related professional services industry, its nine practical recommendations set out a dynamic approach for a renewed immigration system that is applicable to all sectors. Many of those recommendations – developed through engagement with senior practitioners, key stakeholders, and senior policymakers – have since been aligned with Migration Advisory Committee recommendations and government announcements in this area, including offering flexible visa-free travel to visitors from the EU and reviewing the administrative burden associated with immigration.

Given the importance for the industry of being able to continue to attract, recruit and retain vital talent from across the EU and the rest of the world, we will continue to push for provisions for mutual access to skills and talent, streamlined employee immigration and visa-free short-term business travel.



Supporting the development of the Astana **International Financial Centre (AIFC)**



We played a central role in helping establish core capabilities for the international financial centre in Astana (now Nur-Sultan) and had a prominent role in its official launch in 2018.

We brought firms from across the industry to Astana to work alongside key Kazakh stakeholders, senior ministers and officials to develop a draft corporate governance code and roadmap for implementation; publish a Board Steerage Code; and support the training of AIFC judges who now preside over English language courts in the financial centre, established under the principles of English common law and based on the UK dispute resolution procedures. We continue to broaden our support of the AIFC across all areas of the industry, led by the interests and objectives of our members.



## Partnering with government to develop high-growth initiatives

We were the industry partner to the HM Treasury's Financial Services Trade and Investment Board (FSTIB) since its inception in 2013 until 2019. Its goal was to inform the government's financial services trade and investment priorities, support UK firms to export abroad, attract inward investment and bolster the sector's competitiveness.

Through our market advisory groups (MAG), we supported the delivery of the UK-US, UK-China and UK-India workstreams – each focused on enhancing financial cooperation – and the FinTech workstream, which strengthened the UK's position as a world-leading FinTech hub. Key outputs across all workstreams have helped to progress the FSTIB's aims.

A recent example, in mid-2019, was the high-profile UK-China Financial Services business summit and programme of activity developed and run by the China MAG as part of the UK-China Economic and Financial Dialogue between the Chancellor and the Chinese Vice-Premier – a key forum to progress financial cooperation and industry issues, raise industry profile and build important bilateral networks.



## Influencing the shape of India's insolvency law

We are the driving force on the UK side of the India-UK Financial Partnership (IUKFP), established in 2014 by the Chancellor of the Exchequer and Indian Finance Minister. Working with Kotak Mahindra Bank in India, our members and Indian financial and related professional services firms, nine policy papers have been published on topics aligned to the Government of India's reform priorities.

Many of the recommendations made in those have either been implemented or are being discussed with a view to implementation. For example, the recommendations to India's Bankruptcy Law Reform Committee (BLRC) when it was considering reforming India's complex insolvency landscape were used in its draft bankruptcy law and passed into statute by the Indian Parliament in May 2016. We continue to help drive forward the IUKFP's work to deepen bilateral relations, influence policy outcomes, build networks and lay the foundations for greater business opportunities for our members.



## Financial Services Skill Taskforce

In his 2018 Mansion House speech, the Chancellor of the Exchequer announced the creation of a new industry-led Financial Services Skills Taskforce which he asked us to convene and former City Minister, Mark Hoban – a TheCityUK Board Director – to lead. Against a backdrop of unprecedented technological and social change, the Chancellor's aim was to ensure the sector has the skills and talent it needs to remain globally competitive into the future.



The work – undertaken **in collaboration with the City of London Corporation** and EY – shines a light on the significant challenges facing the sector in terms of its changing skills needs and the aspirations of the people it employs. It calls for transformational, system-wide change and sets out a roadmap for how some of the major issues identified through its research can and will be addressed. Among the recommendations of the Taskforce’s final report was the establishment of an independent body to deliver the necessary actions. **With the support of HM Treasury, the Financial Services Skills Commission** has been set up to take this work forward.



## Research that delivers insight and outcomes

We have long produced thought-leading research and economic data, providing essential facts about the contribution and value of the industry to the UK economy and its **strength across the country’s regions** and nations and insights about its opportunities to extend this into the future. Facts such as: ‘2.3 million people are employed in the industry – **two thirds outside of London**’ and ‘**one in 14 people are employed in the industry across the UK**’ and ‘**nearly 50% of financial services exports are generated outside London**’ are regularly cited by Ministers and policymakers; the City Minister called the International Key Facts report “brilliant research” on Twitter.

A recommendation made in a 2017 report to improve the quality and quantity of regional economic data led to the ONS embarking on an extensive statistics transformation programme which included lots of new regional economic data. The reports have also led to the Chief Economist being invited to give oral evidence to both the House of Commons International Trade Committee and the House of Lords EU Financial Affairs Sub-Committee. The programme continues to expand into new and burgeoning areas, with strong collaboration with members, and underpins work across the organisation.



## Partnering with Switzerland to scope our industries’ future bilateral relationship

Through our **Swiss Market Advisory Group’s** work with Swiss industry body **economiesuisse**, we have **lobbied both Governments to focus on expanding existing services links and investment bilateral ties**. Together we produced a joint paper in early 2018 on industry priorities for the UK/Swiss relationship and a second paper published in April 2020 outlines joint industry asks for a bespoke UK-Swiss industry agreement post-Brexit.

Industry in both markets have committed to working **collaboratively to support both governments** in achieving an ambitious agreement. This would be both a template for other future agreements and a demonstration of how major financial centres can work together to achieve frictionless industry engagement with potential major benefit to both markets.



## Embedding a US-UK Financial and Professional Services Coalition

Together with the **US Securities Industry and Financial Markets Association (SIFMA)**, we have established the **US-UK Financial and Related Professional Services Coalition** to strengthen trade and cooperation between the two countries in this industry.

This forum now includes 17 industry trade associations from both sides of the Atlantic and provides a platform through which the UK and US financial and related professional services industries are working together to come up with joint asks for UK-US regulatory cooperation. By making sure that the UK and US industries speak **with**



one voice on how they would like to work together, the Coalition is providing significant support for future UK-US trade and regulatory dialogues.



## Influencing a rethink of a 'lawyers' levy'

In the face of increasing pressures on the UK's justice system and a growing budget shortfall, the then **Lord Chancellor** and Secretary of State for Justice and Ministry of Justice officials identified a levy on the top 100 law firms as a potential solution. With grave concerns about the impact this would have on the international competitiveness of UK legal services, we executed a successful campaign to make clear the proposal's potentially damaging consequences and implications with a range of senior government stakeholders. The levy was ultimately not introduced, with our role in helping to deliver this outcome widely acknowledged by the industry.

## The Economic Secretary's keynote speech to "TheCityUK" 2020 Conference

John Glen set out the government's vision for a more open, technologically advanced and greener financial services sector at TheCityUK's annual conference and closer links with Switzerland. First published: 19 November 2020



John Glen is a friend to the bankers and not victims of banking fraud

## "TheCityUK" and the Financial Services Trade and Investment Board

TheCityUK sits on the government's **Financial Services Trade and Investment Board**. The Financial Services Trade and Investment Board (FSTIB) is part of **HM Treasury** and is a partnership between the **UK government and industry**. The board meets on a quarterly basis to develop high-growth initiatives such as **Renminbi internationalisation**, green finance and **fintech**. Its aim is to strengthen Britain's position as the centre of **global finance** and deliver jobs and growth across the country.

The FSTIB was formed by **Chancellor George Osborne** in Budget 2013 to promote the UK's financial services industry. The Board first met on 8 October 2013 and was charged with leading the government's drive to promote external trade, attract inward investment and lift market access barriers for the UK's financial services sector.

In July 2015, the Chancellor re-launched the FSTIB with a new board composed of senior representatives from across government and industry.

- *developing the UK as a western hub for Islamic finance*
- *delivering the Investment Management Strategy to create a simpler tax regime for the sector*

- *launching the Insurance Growth Action Plan (GAP) to expand British insurers into key emerging markets cementing the UK's world-leading position in financial technology*
- *establishing the UK as the centre for Renminbi business outside China*
  - ***The Renminbi is the official currency of China and one of the world's reserve currencies.***  
The yuan is the basic unit of the Renminbi, but the word is also used to refer to the Chinese currency generally, especially in international contexts.

**See also AIIB Bank** - The Chancellor of the Exchequer, George Osborne announced 12 March 2015 that the UK intended to become a prospective founding member of the Asian Infrastructure Investment Bank (AIIB). In doing so, the UK was the first major Western country to seek to join the AIIB.

Once fully operational the AIIB **has supported access to finance for infrastructure projects across Asia**, using a variety of support measures - including loans, equity investments, and guarantees - to boost investment across a range of sectors including transportation, energy, telecommunication, agriculture and urban development. This support can complement the work already done in the region by existing Multilateral Development Banks such as the World Bank and Asian Development Bank.

Whilst able to have assisted UK banking fraud victims. Those in particular involved in putting UK tax payers funds off-shore include:

- ***David Cameron***
- ***Danny Alexander (who sits No.2 on the AIIB Banks Board)***
- ***George Osborne !***

## TheCityUK Boards and committees

### Board of Directors

- **John McFarlane (Chairman, TheCityUK) (Chairman, Barclays Bank plc)**
- **Miles Celic (Chief Executive, TheCityUK)**
- **Catherine McGuinness (Chairman of Policy and Resources Committee, City of London Corporation)**
- **Galina Dimitrova (Director, Capital Markets, The Investment Association)**
- **Craig Donaldson (Chief Executive Officer, Metro Bank)**
- **Huw Evans (Director General, Association of British Insurers)**
- **Mark Hoban (Chairman, Flood Re)**
- **Andrew Kail (Head of Financial Services, PwC)**
- **Simon Lewis (Chief Executive, Association for Financial Markets in Europe)**
- **Sean McGovern (Chief Risk Officer and General Counsel, XL Catlin)**
- **Clare Woodman (Chief Operating Officer, Morgan Stanley & Co. International plc)**
- **Sir David Wootton (Alderman, City of London Corporation)**
- **Omar Ali (Managing Partner, UK Financial Services, Ernst & Young)**
- **Tracy Clarke (Regional Chief Executive, Europe and Americas, Standard Chartered)**
- **John Heaps (Chairman, Yorkshire Building Society)**
- **Stephen Jones (Chief Executive Officer, UK Finance)**
- **Rachel Lord (head of EMEA, BlackRock)**
- **Jon Whitehouse (Group Head of Government Relations, Barclays)**



## TheCityUK Leadership Council

TheCityUK's Leadership Council brings together a cross-sectoral group of the most senior leaders from the industry. The Council approves TheCityUK strategy and its members can be appointed to lead on major programmes of work. These meetings are regularly attended by Government Ministers, senior regulators, Ambassadors and other leading stakeholders.<sup>[11]</sup>

- **The Rt Hon Dr Charles Bowman (Present, TheCityUK Advisory Council) (Lord Mayor of London, City of London Corporation)**
- **Paul Manduca (Chairman, TheCityUK Advisory Council) (Chairman, Prudential)**
- Nicolas Aubert (Head of Great Britain, Willis Towers Watson)
- Andy Baldwin (Global Financial Services Leader, EY)
- James Bardrick (Country Officer UK, Citigroup)
- **Sir Win Bischoff (Chairman, Financial Reporting Council (FRC))**
- **Lord Norman Blackwell (Chairman, Lloyds Banking Group)**
- **Edward Braham (Senior Partner, Freshfields Bruckhaus Deringer)**
- Andy Briggs (Chairman, Association of British Insurers)
- Donald Brydon (Chairman, London Stock Exchange)
- Bruce Carnegie-Brown (Chairman, Lloyd's of London)
- **James Charrington (EMEA Chairman, BlackRock)**
- Dominic Christian, (Executive Chairman, Aon)
- Michael Cole-Fontayn (Chairman, Association for Financial Markets in Europe (AFME))
- Geoff Cook (Chief Executive, Jersey Finance)
- Stephen Cooke (Senior Partner, Slaughter and May)
- Constantin Cotzias, (Director, Bloomberg Europe)
- David W. Craig (President, Financial & Risk, Thomson Reuters)
- **Andrew Croft (Chief Executive, St. James's Place plc)**
- **Sir Howard Davies (Chairman, Royal Bank of Scotland)**
- **David Duffy (Chief Executive Officer, Clydesdale Bank)**
- Robert Elliot (Partner Consultant, Linklaters LLP)
- **Kevin Ellis (Chairman and Senior Partner, PwC)**
- **Mark Garvin (Vice Chairman, Corporate and Investment Bank, J.P Morgan UK)**
- Richard Gnodde (Vice Chairman, Goldman Sachs)
- Sir Gerry Grimstone (Chairman, Standard Life)
- **Peter Harrison (Chief Executive Officer, Schroders)**
- Mark Hoban (Chairman, Flood Re)
- **Peter Horrell (Managing Partner, Fidelity International)**
- Tony Hope (Chairman, American International Group Europe)
- David Hudd (Partner & Deputy CEO, Hogan Lovells)
- Sir George Iacobescu (Chairman and Chief Executive Officer, Canary Wharf Group)
- **Colm Kelleher (President, Morgan Stanley)**
- Simon Kilonback (Chief Finance Officer, Transport for London)
- **Brian Ledbetter (Senior Partner, McKinsey & Company)**
- **Tiina Lee (Head of Global Markets UK, Deputy CEO UK, Deutsche Bank)**
- **Simon Levine (Global Co-Chief Executive, DLA Piper)**
- Jonathan Lewis (Chief Executive, Nomura International & Nomura Europe Holdings plc)
- Professor Marianne Lewis (Dean, Cass Business School)
- Michel Madelain (Vice Chairman, Moody's Investors Service)
- **David Mathers (Chief Financial Officer, Credit Suisse)**
- Bernard Mensah (President of EMEA and co-head of Global FICC Trading, Bank of America Merrill Lynch)
- John McFarlane (Chairman, Barclays Bank plc)

- **Catherine McGuinness (Chairman of Policy and Resources Committee, City of London Corporation)**
- Rick McVey (Chairman and Chief Executive Officer, MarketAxess)
- **Bill Michael (UK Chair-elect, KPMG)**
- Sir Adrian Montague (Chairman, Aviva plc)
- Andrew Moss (Chairman, Parker Fitzgerald)
- Tulsi Naidu (UK Chief Executive Zurich Insurance Group)
- Afonso Nascimento (Partner & Managing Director, Boston Consulting Group)
- Elizabeth Nolan (CEO, EMEA, State Street)
- **Andrea Orcell (President, Investment Bank, UBS)**
- Patrick O'Sullivan (Chairman, Old Mutual)
- **James Palmer (Chair and Senior Partner, Herbert Smith Freehills)**
- Jim Pettigrew (Chairman, Scottish Financial Enterprise)
- Daniel Puyo (Senior Country Officer, Crédit Agricole)
- **Charles Randell (Chairman, Financial Conduct Authority and Payments Systems Regulator, Financial Conduct Authority)**
- Barnabas Reynolds (Head of Financial Institutions Shearman & Sterling)
- **Susan Revell (Deputy Chair, EMEA, General Counsel, BNY Mellon)**
- Sadia Ricke (Group Country Head, Societe Generale)
- Sushil Saluja (Senior Managing Director, Financial Services, EMEA & Latin America Accenture)
- Andrew Schlossberg (Chief Executive, Officer Invesco Perpetual)
- Martin Scicluna (Chairman, RSA Insurance Group)
- Michelle Scrimgeour (Chief Executive Officer, Europe, Middle East & Africa, Columbia Threadneedle Investments)
- Kester Scrope (Chief Executive, Odgers Berndtson)
- David Sproul (Senior Partner and Chief Executive, Deloitte UK)
- Malcolm Sweeting (Senior Partner, Clifford Chance)
- Lyndon Trott (Chairman, Guernsey Finance)
- **Mark Tucker (Chairman, HSBC) – Court of the Bank of England/ ex HBoS**
- Andreas Utermann (CEO & Global Chief Investment Officer, Allianz Global Investors)
- Tomás Varela (Group Chief Financial Officer, Banco Sabadell)
- Anne Marie Verstraeten (UK Country Head, BNP Paribas)
- Andre Villeneuve (Chairman, ICE Benchmarks Administration)
- Richard Weil (Chief Executive, Janus Henderson Investors)
- Bob Wigley (Chairman, NetOTC)
- Stuart Williams (President, ICE Futures Europe)
- **Sam Woods (Deputy Governor, Prudential Regulation and CEO of the PRA, Bank of England)**

## Independent Economist Group (IEG)

TheCityUK's Independent Economists Group (IEG) meets quarterly, giving organisation access to the leading City economists, as well as of academics and public-sector experts who occasionally join IEG meetings as guests. Chaired by **Dr Andrew Sentance, Senior Economic Adviser at PwC**, the group currently includes members from about 20 leading financial and related professional services firms with a UK presence, including: **City of London Corporation, EY, KPMG, Nomura Group.**

The group discusses economic issues that affect the industry. The research arising from these discussions provides a macroeconomic perspective on many of the key issues facing the UK financial and related professional services sector



## International Regulatory Strategy Group (IRSG)

The International Regulatory Strategy Group (IRSG) is a practitioner-led body composed of leading UK-based figures from the financial and related professional services industry. Within an overall goal of promoting sustainable economic growth, it seeks to identify opportunities for engagement with governments, regulators and European and international institutions to promote an international framework that will facilitate open and competitive capital markets globally. Its role includes identifying strategic issues where a cross-sectoral position can add value to existing industry views. The Group is currently Chaired by [Mark Hoban](#) (Chairman, [Flood Re](#)).

The IRSG is made up of three core decision-making bodies the Council which sets the high level strategic direction for the IRSG; an Executive Board which sets the priorities for the IRSG and oversees delivery of its work programme; and the Experts and Engagement Group, which gathers together technical experts and practitioners to discuss priority issues and to staff the many work streams that the IRSG undertakes.

### The following government departments and regulatory bodies sit as observers on the IRSG Council:

- *HM Treasury*
- *Foreign and Commonwealth Office*
- *Department for Business, Innovation and Skills*
- *Prudential Regulation Authority*
- *Financial Conduct Authority*
- *Financial Reporting Council*



**Keynote speech:**  
**John Glen MP**, Economic Secretary to the Treasury

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## Kit Malthouse: Minister for Policing / Chartered Accountant and other justice and police roles whilst criminal bankers asset stripped victims

A British politician, businessman and occasional writer serving as **Minister of State for Crime and Policing at the Home Office** and the **Ministry of Justice** since February 2020.<sup>[3]</sup> He was the **Minister for Crime, Policing** and the Fire Service from 2019 to 2020. A member of the **Conservative Party**, he has served as **Member of Parliament** (MP) for North West Hampshire since 2015.

Malthouse served on the **Westminster City Council** from 1998 to 2006 and was Deputy Council Leader from 2004 to 2006. He served as a Conservative member of the London Assembly for West Central from 2008 to 2016. He represented the **City of Westminster**, the London Borough of Hammersmith and Fulham and the Royal Borough of Kensington and Chelsea. He served under Mayor of London Boris Johnson as **Deputy Mayor for Policing from 2008 to 2012** and **Deputy Mayor for Business and Enterprise** from 2012 to 2015. He trained to be a **chartered accountant** at Touche Ross & Company (now Deloitte), qualifying in 2004. He then left and worked as **Finance Director** of the Cannock Group. He led the management buyout of the part of that group called County Holdings and became chairman of the company.

### Kit Malthouse past Deputy Mayor for Policing (2008–2012)



Kit Malthouse was appointed **Deputy Mayor of London** for Policing by Mayor Boris Johnson with effect from 6 May 2008.<sup>[10]</sup> In October 2008 he was appointed Vice Chairman of the **Metropolitan Police Authority** by Johnson. Malthouse was a member of the board of the **Association of Police Authorities**, and the London Regional Resilience Forum. He was also involved in the Ministerial Steering Group of the London Criminal Justice Partnership.

Malthouse has introduced Met Forward, the Authority's strategic mission for London's police. Alongside the Mayor of London and the then Deputy Commissioner of Metropolitan Police.

Malthouse is also a board member of **London & Partners**, the promotional body for the capital. In July 2019, Prime Minister Boris Johnson appointed Malthouse to the position of **Minister for Policing**, succeeding **Nick Hurd**.

In addition to his role as **Minister of State for Policing**, Malthouse took on additional responsibilities as a **Minister of State** at the **Ministry for Justice** and must again be considered as complicit. (Lord Goddard 1950, "Knowledge of Circumstance")



Nick Hurd MP

### Abuse of Public Funds/ Misappropriation

*Whilst there can be many more breaches of Human Rights, the failure of Police Officers to investigate, and instead assist criminals also brings into question Local Authorities and government abuse of tax payer funds when used against public.*

**Misappropriation of Funds** "Op Meadow" is a great example of police officers being paid to create a "False Flag" to conceal officers being paid to (i) cover frauds up, and (ii) TVP then making all appear well, by distorting criminal cases by leaving out and distorting key evidence.

## Human Rights are being broken

For example:

### **Protocol 1, Article 1 protects your right to enjoy your property peacefully**

Property can include things like land, houses, objects you own, shares, licences, leases, patents, money, pensions and certain types of welfare benefits. A public authority cannot take away your property, or place restrictions on its use, without very good reason. *And fraud is far from a good reason for police officers to assist thefts, when often police officers have looked away from investigation.* This right applies to companies as well as individuals.

### **Article 3 protects you from:**

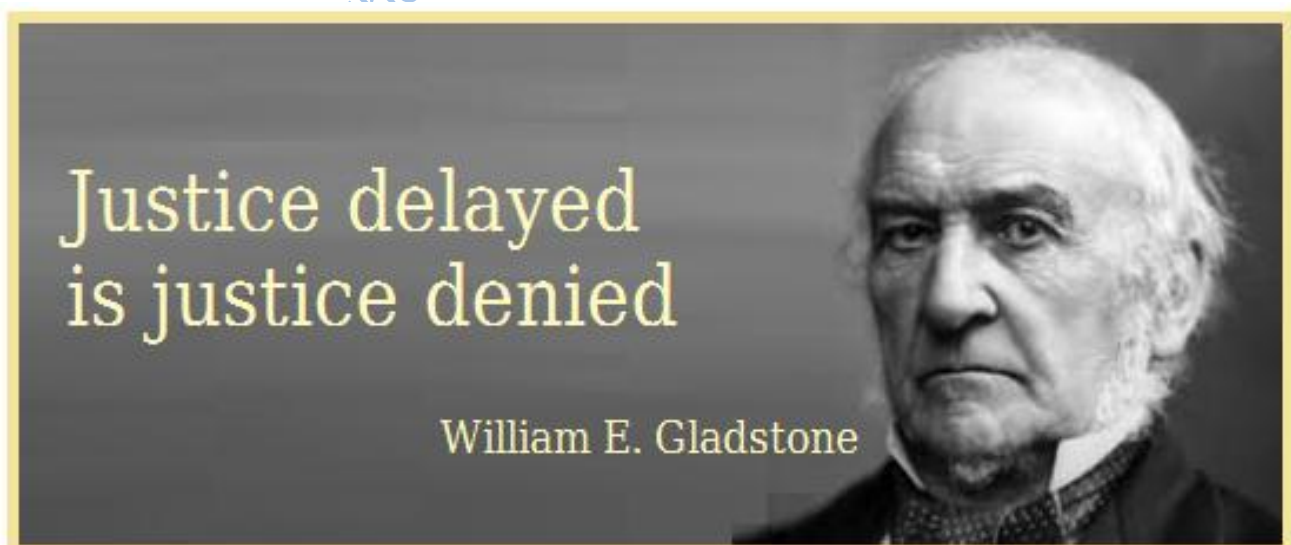
- torture (**mental** or physical)
- inhuman or degrading treatment or punishment, and

As expected, public authorities and police must not inflict this sort of treatment on you. *They must also protect you if someone else is treating you in this way. If they know this right is being breached, they must intervene to stop it. The state must also investigate credible allegations of such treatment.*

**Torture** occurs when someone deliberately causes very serious and cruel suffering (physical or **mental**) to another person. This might be to punish someone, or to intimidate or obtain information from them or their assets/possessions.

### **Article 6: Right to a fair trial**

*In the determination of events that are happening. Police by nature now ignore asset stripping and fob victims off saying matters are civil. This means banks have very deep pockets and bankers and lawyers are not put under criminal spotlight. This is an injustice and fails to provide victims with redress.*





## Law Society president to step down amid dishonesty accusations



▲ David Greene, the outgoing president of the Law Society. Photograph: Jonathan Brady/PA

### David Greene’s resignation follows misconduct proceedings against him being reinstated

The president of the Law Society is stepping down from his role after being accused of dishonesty during a decade-long legal dispute that went to the high court.

David Greene, the head of the professional body that represents solicitors in England and Wales, is facing misconduct proceedings after the high court ruling resulted in action being reinstated against him.

In January senior judges reinstated the proceedings against Greene, the head of litigation at the law firm Edwin Coe, in relation to **allegations of serious misconduct**. The judges ruled that the solicitors disciplinary tribunal (SDT) had been wrong to dismiss a case brought against him by a former client.

On Wednesday Greene said the case against him had been “repeatedly thrown out” and he expected it to be rejected again, but he feared the fact it had been referred back to the SDT would become “a distraction from my role representing the solicitor profession – at a time when it is facing a period of unprecedented challenge”. He will step down on 19 March instead of at the end of his term in October.

Greene has been in a long-running dispute with a former client, David Davies, the director and owner of EcoPower, over fees Greene’s firm said he had failed to pay. Davies has accused Greene of misleading the court during the dispute.



In their ruling in January, Lord Justice Popplewell and Mr Justice Garnham said a decision by the SDT to strike out misconduct proceedings against Greene was “flawed”, adding that it was “at least arguable” that Greene had given evidence that was “not only misleading but deliberately so, and not such as to be explained as a product of mistaken recollection due to the passage of time”. The court said that if the SDT had “properly examined” the correspondence between Greene and Davies, “it would have been bound to find that there was a case to answer”.

They stressed they had not concluded that Greene had “lied or behaved dishonestly or in breach of professional standards”, only that there was a case to answer. Greene is appealing against the ruling, saying the court had not considered any evidence from him. Davies said he was grateful to the high court judges for reviewing the evidence. He added: “It should not matter if you are president of the US or president of the **Law Society; no one should be above the law.**”

Topics **Law** Solicitors / England / Wales / news





 <h2>The City of London Law Society</h2> <hr/> <p>The City of London Law Society is one of the largest local Law Societies in the United Kingdom. There are 17,000 solicitors practising in the Square Mile, who make the 15% of the profession in England and Wales and The City of London Law Society is the professional representative body for solicitors and law firms in the City.</p> <p><a href="http://www.citysolicitors.org.uk">www.citysolicitors.org.uk</a></p> <p>Visit the Society's Website</p>	 <h2>The City of London Solicitors' Company</h2> <p>The City of London Solicitors' Company is the Livery Company for City solicitors. It is unusual among Livery Companies in that it is a working Company and all members are required to <u>practise or to have practised as a solicitor within one mile of the Bank of England or at the Canary Wharf.</u></p> <p>Visit the Company's Website</p>
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## Court Members

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## The pre-emption of Parliament - Constitution Committee Contents

### CHAPTER 3: THE LEGAL BASIS OF PRE-EMPTION

#### Sources of Government power

49. In chapter 1 we outlined the legal framework through which ministers are authorised to act. Of the three sources of ministerial power, the **common law** is perhaps the least understood. We received detailed evidence on the scope of **the Crown's common law powers**, and on their relationship to pre-emption. In this chapter we analyse this evidence, and the relevant case law, and seek to shed light on **what precisely the common law allows ministers to do**.

#### The Ram memorandum

50. The **Crown's common law powers** have been summarised as the power to do things which are ancillary or incidental to the ordinary business of central government.<sup>[48]</sup> The statement of these powers which is frequently relied on by the Government is contained in a memorandum drafted by **Sir Granville Ram, then First Parliamentary Counsel**, in 1945 ("the Ram memorandum"). The memorandum was first published in 2003.<sup>[49]</sup>

51. The Ram memorandum contained advice to the Government of the day about whether legislation was necessary to extend the powers of government departments. The memorandum includes the following **statement of ministerial power under the common law** —

**"A minister of the Crown is not in the same position as a statutory corporation. A statutory corporation ... is entirely a creature of statute and **has no powers except those conferred upon it by or under statute**, but a minister of the Crown, even though there may have been a statute authorising his appointment, is not a creature of statute and may, as an agent of the Crown, exercise any powers which the Crown has power to exercise, except so far as he is precluded from doing so by statute. In other words, in the case of a government department, one must look at the statutes to see what it may not do."**<sup>[50]</sup>

## Status of the memorandum

52. Whatever status the Ram memorandum may subsequently have acquired within **Government**, **it does not of itself possess any inherent legal authority**. Rather, the Ram memorandum is no more than an opinion prepared by a lawyer for his client (in this case the Government).[51] **The Ram memorandum itself is not a source of law, and should not be considered one.**

## Criticisms of the memorandum

53. A large majority of our witnesses agreed that, whatever the position was in 1945, the description of the scope of ministerial common law power in the Ram memorandum is not an accurate reflection of the law today. Lord Brown of Eaton-under-Heywood, a retired Justice of the Supreme Court and former First Junior Treasury Counsel, explained: "**[the common law powers of the Crown] are plainly constrained**. In the 60 years since [the Ram memorandum], the Human Rights Act 1998 has greatly constrained them. The scope of judicial review of Government action has enormously extended." [52] The Attorney General said that **the exercise of common law powers by ministers is also restricted by the rules on financial propriety** as set out in the 1932 concordat.[53] He added that, where statutory power exists within a particular area, **the Crown is unable to operate under its prerogative powers or its common law powers in the same area.**[54] Professor Sir Jeffrey Jowell KCMG QC, Director of the Bingham Centre for the Rule of Law, suggested that, in addition, *the Crown could not exercise its common law powers to pre-empt legislation where the effect of the pre-emption would be: "to disturb the rights or significant interests of those whom the legislation is intended ultimately to affect."* [55] The Treasury Solicitor added that "parliamentary scrutiny, **including by the PAC [Public Accounts Committee]**, is one of the other key elements of constraint in this area." [56]

54. **The Ram memorandum is not an accurate reflection of the law today. In addition to statutory restraints, ministers' ability to exercise common law powers is constrained by: the public law limitations on Government action as enforced through judicial review; human rights law; the pre-existing rights and significant interests of private persons; and rules on financial propriety as set out in the 1932 concordat and *Managing Public Money*.**

## The "Ram doctrine"

55. The Ram memorandum is the source of another, more troubling, **legal fallacy**. This is the so-called "Ram doctrine". This doctrine, purportedly derived from Ram's 1945 memorandum, was presented to us by the Treasury as: "the fact that ministers can do anything a natural person can do, unless limited by legislation." [57]



56. We heard that the Ram memorandum provides no basis for the doctrine which the Treasury has built upon it. Sir Stephen Sedley, a retired Lord Justice of Appeal, said—

**"What appears to be being made in Whitehall, out of Ram, is a fabrication.** Ram never said what is attributed to him. His proposition that government can do anything reasonably ancillary to its explicit functions is completely unobjectionable, but it is nowhere near the proposition that appears to have been derived from it in Whitehall that Government can do anything that a private individual can do. The converse is the case."[\[58\]](#)

57. Sir Jeffrey Jowell thought that equating the powers of ministers with those of a private individual is "a constitutional heresy. Even if it were a settled convention, it would be overridden by a **constitutional principle, which has higher authority: namely, the rule of law.**"[\[59\]](#)

58. The Attorney General appeared to agree with these criticisms of the Ram doctrine—

"I think that Sir Granville Ram was emphasising that the Crown is not a creature of statute. Therefore, it has inherent powers that it can exercise, apart from prerogative powers, as if it were a natural person. But ... **it is circumscribed by public law; by propriety; by human rights** ... I do not think that Whitehall thinks the Government can do everything a private individual can do, because it is circumscribed by those very things I have just listed."[\[60\]](#)

59. It is clear that the description of the scope of Government power denoted by the term "Ram doctrine" is unhelpful and inaccurate: **it does not reflect important restrictions on ministerial powers under the common law, and creates an impression that ministers possess greater legal authority than is the case.** It also fails to recognise that, whereas lawful expenditure incurred by a private person involves his or her own money, *expenditure by the Government does not: it is public money.*[\[61\]](#)

60. **The description of the common law powers of the Crown encapsulated by the phrase "the Ram doctrine" is inaccurate, and should no longer be used.**

### **The scope of the common law powers of the Crown**

61. We heard more general evidence on the scope of the **Crown's common law powers.** Some witnesses viewed the common law powers as limited to those powers ancillary or incidental to express statutory or prerogative functions. For example, Lord Lester of Herne Hill said—

"If the Crown has common law as well as statutory or prerogative powers then I agree that they are *ancillary only and extend to such matters as entering into contracts*, paying rents or salaries



and conveying property. They do not extend so far as to enable the Government to pre-empt Parliament's legislative process, and to contend otherwise would be contrary to the rule of law."<sup>[62]</sup>

62. Others argued that, though the common law powers of the Crown are subject to the public law restraints described above, they are wider than being merely ancillary to statutory or prerogative powers. Lord Brown of Eaton-under-Heywood, for example, said, "central government ... have the powers to govern the state in the public interest in general terms."<sup>[63]</sup> Similarly, the Attorney General said, "I do not entirely agree ... that [the common law powers of the Crown] are just 'reasonably ancillary' to its express functions, because I think that the powers are more extensive than that. But the powers are also circumscribed by the principles [of public law]".<sup>[64]</sup>

### Decisions of the courts

63. There are two decisions of the Court of Appeal which are of particular relevance to the scope of the Crown's common law powers. In *R v Secretary of State for Health, ex parte C*<sup>[65]</sup> the issue was whether it was lawful for the Secretary of State to maintain a list of persons unsuitable to work with children. There was no express statutory authority for the list to be maintained, and neither is there a prerogative power to maintain such a list. Hale LJ<sup>[66]</sup> for a unanimous Court of Appeal cited the following statement contained in *Halsbury's Laws of England*: "At common law the Crown, as a corporation possessing legal personality, has the capacities of a natural person and thus the same liberties as the individual". Hale LJ also cited with approval a passage from Wade and Forsyth's *Administrative Law*, which observed that the Crown's common law powers include the powers to make contracts, employ servants and convey land. Hale LJ ruled that private persons could have maintained a list such as that maintained by the Secretary of State and that, therefore, the Secretary of State was acting lawfully. Maintenance of the list did not of itself interfere with the rights of others.

64. The issue was revisited by the Court of Appeal in *Shrewsbury and Atcham BC v Secretary of State for Communities and Local Government*,<sup>[67]</sup> in which Carnwath and Richards LJ expressed divergent views on the matter. At issue was whether the Secretary of State had acted lawfully in embarking on an exercise of local government reorganisation before the relevant statutory powers had been enacted. The Court of Appeal held unanimously that the Secretary of State had acted lawfully, having accepted that it was bound by the decision in *ex parte C*. However, Carnwath LJ<sup>[68]</sup> expressed a number of reservations about that decision. First, he noted that the scope of the common law powers of the Crown was a matter of "continuing academic controversy". Secondly, he expressed "some sympathy" with the suggestion that the clock should be rewound

"to a time when the accepted wisdom was that Ministers had only two sources of power: statute or prerogative". Thirdly, he noted that the passage from Wade and Forsyth's *Administrative Law* which Hale LJ had cited with approval in *ex parte C* was "of limited assistance". For Carnwath LJ, powers such as those to make contracts and convey property are "in the nature of ancillary powers, necessary for the carrying out of any substantive ... function". He added that "The obvious need for such powers to my mind throws no light on what, if any, non-statutory substantive functions the Crown retains".<sup>[69]</sup> Carnwath LJ stated that "analogies with the powers of natural persons seem to me unhelpful ... The Crown is not a creature of statute. As a matter of capacity, no doubt, it has power to do whatever a private person can do. But as an organ of government, it can only exercise those powers for the public benefit, and for identifiably 'governmental' purposes within the limits set by the law".<sup>[70]</sup> He cited with approval the following statement in *De Smith's Judicial Review*: "The extension of the Ram doctrine beyond its modest initial purpose of achieving incidental powers should be resisted in the interest of the rule of law".<sup>[71]</sup> The matter is not clear-cut, however. Carnwath LJ's remarks in this case were *obiter dicta* and in his judgment in that case Richards LJ expressly distanced himself from what Carnwath LJ said.<sup>[72]</sup>

#### References in Government publications

65. **The true extent of the common law powers of the Crown may be definitively determined only by the (Common Law) courts.** What is clear is that, although the Crown possesses powers under the common law, and so **is in a qualitatively different position from statutory public bodies such as local authorities,**<sup>[73]</sup> the exercise of its powers is constrained by the public law principles described in this chapter. However, the constrained nature of the *Crown's common law powers is seldom made clear in Government documents.* **We note in particular that the Cabinet Manual describes the power of a minister to exercise "any of the legal powers of an individual",<sup>[74]</sup> but makes no reference to the fact that, whereas private individuals are free to exercise their powers irrationally (for example), ministers are not. We recommend that, where Government publications refer to the Crown's common law powers, it is made clear that these powers are limited by the restraints of public law and constitutional principle.**



# Masters of the Bench

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## Paul Double Esq



Full Title: Paul Double Esq  
 Category: Ordinary Bencher  
 Bench Call Date: 6.6.2017  
 Call Date: 23.7.1981

**Bio:**

Paul Double has been Remembrancer of the City of London since 2003. The Office was created in 1571 as the official channel of communication between the City, the Royal Households, Parliament and the London Diplomatic Corps. He studied at the Universities of Bristol and Aston, and at University College, London. He was secretary of the government sponsored (with the CBI and TUC) Printing Industry Advisory Committee during the transition of the newspaper industry from traditional Fleet Street practices to the adoption of 'new technology' and was concurrently a member of the government's legislation review unit tasked with developing modern plain language legislation in the employment field.

He was called by Middle Temple in 1981. Between 1983 and 1997 he was a visiting lecturer for London University's undergraduate law programmes. He is consulting editor for Halsbury's Laws of England on London Government and the City Corporation's sponsor of the Financial Markets Law Committee, a trustee of the Magna Carta Trust, a member of the board which oversaw the Global Law Summit to coincide with the anniversary of Magna Carta in 2015, a director of the Lord Mayor's Show and a governor of Sutton's Hospital in Charterhouse.

## The Remembrancer

The Remembrancer is one of the City of London Corporation's Chief Officers; the role dates back to 1571.

His traditional role is as the channel of communications between the Lord Mayor and the City of London on the one hand and the Sovereign, Royal Household and Parliament on the other. The Remembrancer is also the City's Ceremonial Officer and Chief of Protocol.



Paul Double (Remembrancer) with Commissioner of City of London Police, Ian Dyson



## 2018 Lloyds Bank and (COLP) London police team up

The City of London Police signed a partnership agreement with Lloyds Banking. The partnership saw the bank **invest £1.5m** in several projects over a three-year period. Delivering cross training for financial investigators with the intention of sharing best practices and expertise across both organisations.



### LLOYDS BANKING GROUP AND CITY OF LONDON POLICE SIGN THREE YEAR PARTNERSHIP IN JOINT EFFORT TO FIGHT ECONOMIC CRIME

- City of London Police and Lloyds Banking Group join forces to combat economic crime.
- A joint working partnership and sponsorship agreement has been signed today which will complement the work that the City of London Police already does with industry partners.
- Lloyds will sponsor City of London £1.5 million over three years to deliver unique projects to counter economic crime.

The City of London Police, the national policing lead for fraud and Lloyds Banking Group signed a partnership agreement which will see the bank invest £1.5 million in unique policing initiatives to tackle economic crime.

The money will be allocated to several projects over a three year period, with the goal being to strengthen UK financial capabilities to detect criminals and to protect the public and businesses. For example the partnership will deliver cross training of financial investigators with the intention of sharing best practices and expertise across both organisations to enhance capability in the detection, prevention and awareness of economic crime.

In addition, a programme of secondments and exchanges between the City of London Police and Lloyds Banking Group will take place, helping investigators and analysts to better understand criminal methodologies and banking practices and how this affects law enforcement.

During the three year period an economic crime panel of experts will be established, which will allow for a group of volunteer specialist economic crime advisors to come together and share expertise and best practice.

**Brian Dilley, Group Director of Fraud and Financial Crime Prevention for Lloyds Banking**

**Group said:**

"This is an important partnership with the City of London Police and part of Lloyds Banking Group's commitment and priority of keeping our customers' money safe. By working collaboratively under a public-private partnership, Lloyds Banking Group and City of London Police will be more effective in reducing the harm caused to our communities by criminals."

**City of London Police's Assistant Commissioner, Alistair Sutherland said:**

"Developing partnerships to tackle fraud is a cornerstone of our overall approach. This is a fantastic opportunity to work closely with a highly regarded, international private sector partner and to share our expertise and knowledge.

"We want to do everything we can to prevent economic crime from ruining lives and businesses, and this sponsorship agreement will help us to do exactly that."

**Notes to Editors**

**About Lloyds Banking Group:**

Lloyds Banking Group is the UK's biggest lender to SMEs, a leading mortgage provider to first time buyers and operates the UK's largest digital bank.

The Group's main business activities are retail and commercial banking, general insurance and long-term savings, provided under well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows.

**About the City of London Police:**

The City of London Police is responsible for policing the City's business district, the 'Square Mile' in the historical centre of London. In addition, it holds national responsibility for Economic Crime and under this remit is host to Action Fraud (the national fraud and cybercrime reporting service), the National Fraud Intelligence Bureau, the Economic Crime Academy, the Insurance Fraud

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# NEBRC - Revolving doors Lloyds Bank + FCA ????

**Brian Dilley ex FCA Head of Lloyds Bank Fraud in Partnership with City of London Police/COLP Commissioner Ian Dyson**

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NEBRC

Dec 17, 2020

## Brian Dilley, current Group Director of Fraud & Financial Crime Prevention for Lloyds Banking Group

Updated: Jan 25

**Chair of the NEBRC Board, Brian Dilley, the current Group Director of Fraud & Financial Crime Prevention for Lloyds Banking Group, reflects on cyber fraud in his blog below.**

Fraud has been one of the most prevalent crimes in the UK since 2014 (1). You are now more likely to be the victim of fraud than any other crime and 54% of fraud incidents [reported to Action Fraud] in the year ending March 2019 were cyber-related (2).

Meanwhile, the press continues to be filled with stories of cyber-attacks and data breaches. So why do many organisations still think fraud and cyber are different things? Fraud nowadays is largely committed online; a so-called cyber-enabled crime which can be increased in scale by using computers.

However, cyber-dependent crimes, which can only be committed through the use of online devices and where the devices are both the tool to commit the crime and the target of the crime, are also used to harvest data and information that is then used to socially engineer victims into parting with their money in Authorised Push Payment scams.

Whilst defences against cyber attacks are usually the remit of IT departments that have the skills to erect firewalls and other access controls within systems, it is essential that the sharing of intelligence, investigation and threat response to cyber and fraud is coordinated within organisations, and across police and intelligence agencies.

That is why it is welcome news to hear that, in August this year, the City of London Police Commissioner, Ian Dyson has been appointed as the National Police Lead for Cyber. This is in addition to the CoLP taking the lead nationally on fraud and economic crime, which includes delivering the UK's national fraud and cyber-crime reporting centre, Action Fraud.

Fraudsters have shown their adaptability during the COVID-19 pandemic, quickly changing the narrative of their crimes to PPE and Test and Trace, and creating a sense of urgency in victims that reduces their ability to think clearly. In addition, the threat picture has changed with a 62% (3) increase in contactless payments. Whilst the digital world has brought many positive changes, it has also connected cyber criminals, allowing them to work across different jurisdictions and target victims and beneficiaries





**Brian Dilley**

Group Director of Fraud & Financial Crime Prevention at Lloyds Banking Group  
Enfield, United Kingdom · 500+ connections

*Brian Dilley*



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### Experience



**Group Money Laundering Reporting Officer**

Lloyds Banking Group  
Apr 2015 - Present · 6 years



**Global Head of AML Services, Partner**

KPMG  
Oct 2007 - Mar 2015 · 7 years 6 months



**Global Head of AML Compliance**

UBS Investment Bank  
2004 - 2007 · 3 years



**Head of Department, Enforcement**

Financial Services Authority  
May 1999 - Jan 2004 · 4 years 9 months

*NEBRC*

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# House of Commons/ “Common Law” has been set aside to unjustly favour “Civil City of London Corporate Rule”

During the 12th and early 13th centuries the law was taught, in the **City of London**, primarily by the clergy. But a papal bull (being an order of the Pope, a decree or charter) in 1218 prohibited the clergy from practising in the secular courts (where the English common law system operated, as opposed to the Roman civil law favoured by the Church).

As a result, law began to be practised and taught by laymen instead of by clerics. To protect their schools from competition, first Henry II and later Henry III issued proclamations prohibiting the teaching of the civil law within the City of London. The common law lawyers migrated to the hamlet of Holborn, as it was easy to get to the law courts at Westminster Hall and was just outside the City. They were based in guilds, which in time became the Inns of Court.

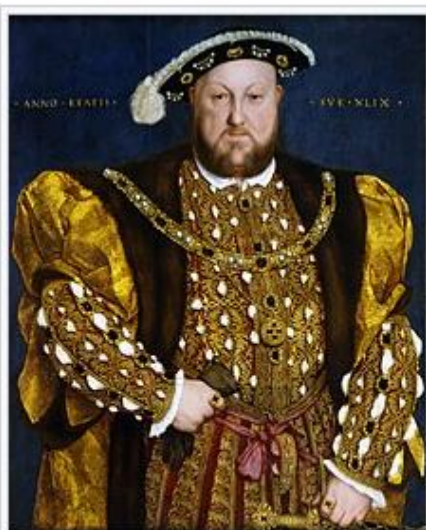
The **Middle Temple** is the western part of "The Temple", which was the headquarters of the Knights Templar until they were dissolved in 1312. There have been lawyers in the Temple since 1320, when they were the tenants of the Earl of Lancaster, who had held the Temple since 1315. The Temple later belonged to the Knights Hospitaller. In 1346 the knights again leased the premises to the lawyers – the eastern part (which became Inner Temple) to lawyers from Thavie's Inn, an Inn of Chancery in Holborn, and the western part to lawyers from St George's Inn. The Cross of St George is still part of the arms of **Middle Temple** today.



## Chancery Court: Jurisdiction: Trusts and the administration of estates

The idea of a trust originated during the Crusades of the 12th century, when noblemen travelled abroad to fight in the Holy Land. As they would be away for years at a time it was vital that somebody could look after their land with the authority of the original owner. As a result, the idea of joint ownership of land arose.

The Common Law Courts did not recognise such trusts, and so it fell to equity and to the **Court of Chancery** to deal with them, as befitting the common principle that the Chancery's jurisdiction was for matters where the common law courts could neither enforce a right nor administer it. The use of trusts and 'Uses' became common during the 16th century, although the "Statute of Uses" dealt a severe blow to these forms of conveyancing" and made the law in this area far more complex. The court's sole jurisdiction over trusts lasted until its dissolution.



Henry VIII of England, who devised the Statute as a way of alleviating his financial problems.

The **Statute of Uses** (27 Hen 8 c 10 — enacted in 1536) was an Act of the Parliament of England that restricted the application of uses in English property law. The Statute ended the practice of creating uses in real property by changing the purely equitable title of beneficiaries of a use into absolute ownership with the right of seisin (possession).

The Statute was conceived by Henry VIII of England as a way to rectify his financial problems by simplifying the law of uses, which moved land outside the royal tax revenue (ie., through royal fees called feudal incidents), traditionally imposed through seisin. His initial attempt in 1529, which would have removed uses almost completely, were stymied in Parliament by members of the House of Commons, many of whom were landowners (who would lose money) and lawyers (who benefited in fees from the confusing law on uses). Academics disagree on how the

Commons were brought around, but an eventual set of bills introduced in 1535 was passed by both the Lords and Commons in 1536.

The Statute invalidated all uses that did not impose an active duty on trustees, with beneficiaries of the use being held as the legal owners of the land, meaning they had to pay tax. The Statute partially led to the ***Pilgrimage of Grace***, (*a rebellion of the people*) and more importantly the development of trusts, but academics disagree as to its effectiveness. While most agree that it was important, with Eric Ives writing that "the effect which its provisions had upon the development of English land law was revolutionary", some say that by allowing uses and devises in certain areas it not only failed to remove the fraudulent element from land law but actively encouraged it.

From its foundation, the **Court of Chancery could administer estates, due to its jurisdiction over trusts**. While the main burden in the 16th century fell on the ecclesiastical courts, their powers over administrators and executors was limited, regularly necessitating the Court of Chancery's involvement. Before the Statute of Wills, many people used feoffees to dispose of their land, something that fell under the jurisdiction of the Lord Chancellor anyway. In addition, in relation to the discovery and accounting of assets, the process used by the Court of Chancery was far superior to the ecclesiastical one; as a result, the Court of Chancery was regularly used by beneficiaries. The common law courts also had jurisdiction over some estates matters, but their remedies for problems were far more limited.

Initially, the Court of Chancery would not entertain a request to administer an estate as soon as a flaw in the will was discovered, rather leaving it to the ecclesiastical courts, but from 1588 onwards the Court did deal with such requests, in four situations: where it was alleged that there were insufficient assets; where it was appropriate to force a legatee to give a bond to creditors (which could not be done in the ecclesiastical courts); to secure femme covert assets from a husband; and where the deceased's debts had to be paid before the legacies were valid



WIKIPEDIA

# Papal bull

A **papal bull** is a type of public decree, letters patent, or charter issued by a pope of the Catholic Church. It is named after the leaden seal (*bull*) that was traditionally appended to the end in order to authenticate it.

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## History

Papal bulls have been in use at least since the 6th century, but the phrase was not used until around the end of the 13th century, and then only internally for unofficial administrative purposes. However, it had become official by the 15th century, when one of the offices of the Apostolic Chancery was named the "register of bulls" ("*registrum bullarum*").<sup>[1]</sup>

By the accession of Pope Leo IX in 1048, a clear distinction developed between two classes of bulls of greater and less solemnity. The majority of the "great bulls" now in existence are in the nature of confirmations of property or charters of protection accorded to monasteries and religious institutions. In an epoch when there was much fabrication of such documents, those who procured bulls from Rome wished to ensure that the authenticity of their bull was above suspicion. A papal confirmation, under certain conditions, could be pleaded as itself constituting sufficient evidence of title in cases where the original deed had been lost or destroyed.<sup>[1]</sup>

Since the 12th century, papal bulls have carried a leaden seal with the heads of the Apostles Saint Peter and Saint Paul on one side and the pope's name on the other. Papal bulls were originally issued by the pope for many kinds of communication of a public nature, but by the 13th century, papal bulls were only used for the most formal or solemn of occasions.<sup>[2]</sup> Papyrus seems to have been used almost uniformly as the material for these documents until the early years of the eleventh century, after which it was rapidly superseded by a rough kind of parchment.<sup>[1]</sup>

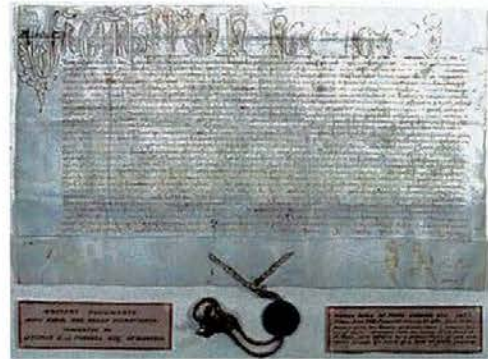
Modern scholars have retroactively used the word "bull" to describe any elaborate papal document issued in the form of a decree or privilege, solemn or simple, and to some less elaborate ones issued in the form of a letter. Popularly, the name is used for any papal document that contains a metal seal.

Today, the bull is the only written communication in which the pope will refer to himself as "*Episcopus Servus Servorum Dei*" ("Bishop, Servant of the Servants of God"),<sup>[3]</sup> For example, when Pope Benedict XVI issued a decree in bull form, he began the document with "*Benedictus, Episcopus, Servus Servorum Dei*".

While papal bulls always used to bear a metal seal, they now do so only on the most solemn occasions. A papal bull is today the most formal type of public decree or letters patent issued by the Vatican Chancery in the name of the pope.

## Format

A bull's format formerly began with one line in tall, elongated letters containing three elements: the pope's name, the papal



Papal bull of Pope Urban VIII, 1637, sealed with a lead *bull*



The Apostolic constitution *Magni aestimamus* issued as a papal bull by Pope Benedict XVI in 2011 which instituted the Military Ordinariate of Bosnia and Herzegovina



Printed text of Pope Leo X's *Bull* against the errors of Martin Luther, also known as *Exsurge Domine*, issued in June 1520



title "*Episcopus Servus Servorum Dei*" ("Bishop, Servant of the Servants of God"), and its incipit, i.e., the first few Latin words from which the bull took its title for record keeping purposes, but which might not be directly indicative of the bull's purpose.

The body of the text had no specific conventions for its formatting; it was often very simple in layout. The closing section consisted of a short "*datum*" that mentioned the place of issuance, day of the month and year of the pope's pontificate on which issued, and signatures, near which was attached the seal.

For the most solemn bulls, the pope signed the document himself, in which case he used the formula "*Ego N. Catholicae Ecclesiae Episcopus*" ("I, N., Bishop of the Catholic Church"). Following the signature in this case would be an elaborate monogram, the signatures of any witnesses, and then the seal. Nowadays, a member of the Roman Curia signs the document on behalf of the pope, usually the Cardinal Secretary of State, and thus the monogram is omitted.

## Seal



Lead *bullae* (obverse and reverse) of Gregory IX, pope 1227 to 1241

The most distinctive characteristic of a bull was the metal seal (*bullae*), which was usually made of lead, but on very solemn occasions was made of gold, as those on Byzantine imperial instruments often were (see Golden Bull). On the obverse it depicted, originally somewhat crudely, the early Fathers of the Church of Rome, the Apostles Saint Peter and Saint Paul, identified by the letters *Sanctus PAulus* and *Sanctus PETrus* (thus, *SPA •SPE* or *SPASPE*). St. Paul, on the left, was shown with flowing hair and a long pointed beard composed of curved lines, while St. Peter, on the right, was shown with curly hair and a shorter beard made of dome-shaped *globetti* (beads in relief). Each head was surrounded by a circle of *globetti*, and the rim of the seal was surrounded by an additional ring of such beads, while the heads themselves were separated by a depiction of a cross.<sup>[4]</sup> On the reverse was the name of the

issuing pope in the nominative Latin form, with the letters "PP", for *Pastor Pastorum* ("Shepherd of Shepherds"). This disc was then attached to the document either by cords of hemp, in the case of letters of justice and executory letters, or by red and yellow silk, in the case of letters of grace, that was looped through slits in the vellum of the document. The term "*bullae*" derives from the Latin "*bullire*" ("to boil"), and alludes to the fact that, whether of wax, lead, or gold, the material making the seal had to be melted to soften it for impression.

In 1535, the Florentine engraver Benvenuto Cellini was paid 50 *scudi* to recreate the metal matrix which would be used to impress the lead *bullae* of Pope Paul III. Cellini retained definitive iconographic items like the faces of the two Apostles, but he carved them with a much greater attention to detail and artistic sensibility than had previously been in evidence. On the reverse of the seal he added several *fleurs-de-lis*, a heraldic device of the Farnese family, from which Pope Paul III descended.

Since the late 18th century, the lead *bullae* has been replaced with a red ink stamp of Saints Peter and Paul with the reigning pope's name encircling the picture, though very formal letters, e. g. the bull of Pope John XXIII convoking the Second Vatican Council, still receive the leaden seal.

Original papal bulls exist in quantity only after the 11th century onward, when the transition from fragile papyrus to the more durable parchment was made. None survives in entirety from before 819. Some original lead *bullae*, however, still survive from as early as the 6th century.

## Content

In terms of content, the bull is simply the format in which a decree of the pope appears. Any subject may be treated in a bull, and many were and are, including statutory decrees, episcopal appointments, dispensations, excommunications, Apostolic constitutions, canonizations, and convocations.

The bull was the exclusive letter format from the Vatican until the 14th century, when the papal brief appeared. The brief is the less formal form of papal communication and was authenticated with a wax impression, now a red ink impression, of the Ring of the Fisherman. There has never been an exact distinction of usage between a bull and a brief, but nowadays most letters, including encyclicals, are issued as briefs.

## See also

- Abbreviator
- Bull of the Crusade
- Canonical Coronation
- Edict
- Encyclical
- Fatwa
- Golden Bull
- Heirloom Seal of the Realm
- Great Seal of the Realm

# Feoffee (definition from Wikipedia)

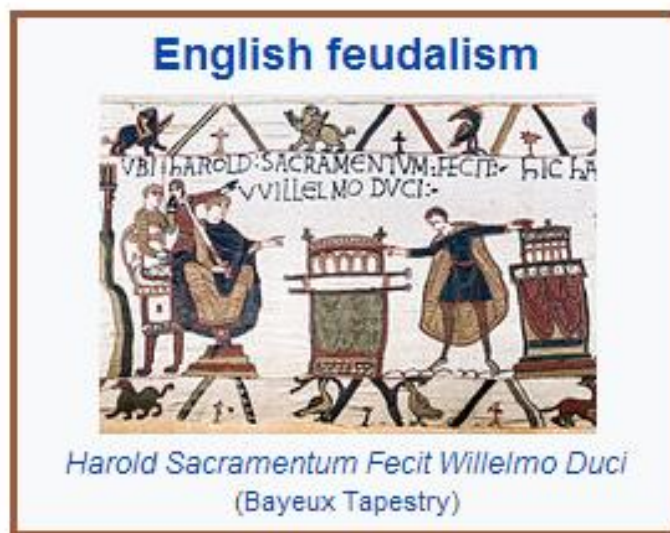
Under the feudal system in England, a **feoffee** is a trustee who holds a fief (or "fee"), that is to say an estate in land, for the use of a beneficial owner. The term is more fully stated as a **feoffee to uses** of the beneficial owner. The use of such trustees developed towards the end of the era of feudalism in the Middle Ages and declined with the formal ending of that social and economic system in 1660. Indeed the development of feoffees to uses may have hastened the end of the feudal system, since their operation circumvented vital feudal fiscal mechanisms.

## Development

The practice of **enfeoffing** feoffees with fees, that is to say of granting legal **seizin** in one's land-holdings ("holdings" as only the king himself "owned" land by his **allodial title**) to a group of trusted friends or relatives or other allies whilst retaining use of the lands, began to be widespread by about 1375.<sup>[1]</sup> The purpose of such an action was two-fold:

- Akin to modern **tax avoidance**, it was a legal loophole to avoid the suffering of the customary **feudal incidents**, namely the payment of **feudal relief** on an inheritance, the temporary loss of control of a **fiefdom** through **wardship** where the landholder was under the age of **majority** of 21, and the forcible marriage of a young heiress. Nor could the land-holding **escheat**, that is to say revert permanently to the overlord, as was customary where the land-holder died without a legal heir. When the fiefdom was held by a group of feoffees, the death of the beneficial holder was legally irrelevant to its continued holding by them. They simply allow the lands to continue to be used by the deceased's heir. The feoffees are "an undying corporation which never suffered a minority and could not be given in marriage" (McFarlane, p. 146). The feudal overlord, the king himself if the land was held **in-chief**, was not entitled to exact feudal relief from the new beneficiary nor was he entitled to seize control of the lands and their revenues until such heir was of full-age, nor was he entitled to sell the heiress in marriage or to marry her to one of his own sons. This had a considerably deleterious effect on the royal finances, which state of affairs was rectified by the aggressive and imaginative new fiscal measures taken by **King Henry VII** after his accession in 1485.
- The land-holder was able effectively to bequeath his land to whomsoever he wished, and was no longer bound by the custom of **primogeniture** where the eldest son alone had the right, on payment of the appropriate **feudal relief**, to inherit, that is to demand to be re-enfeoffed with his father's land-holdings by his father's overlord.

The effect was that on a man's death he appeared to hold little or no land, whilst in reality he had full use of it and of the revenues derived from it. If he was thought by the county **escheator** to have been a **tenant-in-chief**, a jury for an **Inquisition post mortem** would be convened to enquire into what manors he held from the king and who was his legal heir. Frequently the verdict of such inquisitions even in the case of the decease of the most influential men of the county, was "he holds no lands of the king in this county". Such reports can be a major source of confusion to the modern historian or biographer who is unaware of the operation of feoffees to uses. As McFarlane summarised "it can make a great landowner (sic) appear to die a landless man".



Feoffee (definition from Wikipedia)



## Procedure for creation

To effect such an arrangement a sealed charter was usually drawn up which specified all relevant matters, such as who the feoffees were to be, to whose use the feoffees were to hold the lands, for what period, who were the desired heirs of the **settlor**, what provision should be made for his widow, etc. Such charter appears as a

conveyance or alienation, and may be mistaken as such by the unwary modern researcher. Likewise, such a charter may be misinterpreted by the modern observer as signifying that those named as recipients of the conveyance are themselves beneficial owners in the form of a commercial partnership, and therefore may be mistaken for wealthy men.

## Legal status

**Feoffee** is thus a historical term relating to the **law of trusts and equity**, referring to the owner of a **legal title of a property** when **he is not the equitable owner**. Feoffees essentially had their titles stripped by the **Statute of Uses 1535**, whereby the legal title to the property being held by the *feoffee was transferred to their cestui que use*. The modern equivalent of a *feoffee to uses* is the trustee, one who holds a legal and managerial ownership in trust for the enjoyment benefit and use of the beneficiary.

## Modern usage

The term is still in use today to mean a trustee invested with a freehold estate held in possession for a purpose, typically a charitable one. Some examples include: the trustees of the Chetham's Hospital charity in Manchester, [https://en.wikipedia.org/wiki/Feoffee\\_-\\_cite\\_note-3](https://en.wikipedia.org/wiki/Feoffee_-_cite_note-3) in the towns of Colyton, Devon and Bungay in Suffolk, and the trustees of the Sponne and Bickerstaffe charity in Towcester, Northamptonshire. The Feoffees of St Michael's Spurriergate are the trustees of a charity that helps with the restoration of churches in York. In Ipswich, Massachusetts, the Feoffees of the Grammar School have been trustees of a piece of land donated for the use of the town since the 1600s. [https://en.wikipedia.org/wiki/Feoffee\\_-\\_cite\\_note-6](https://en.wikipedia.org/wiki/Feoffee_-_cite_note-6) In the village of Ecclesfield, South Yorkshire, the feoffees contribute to looking after the fabric of the church, Church of St Mary, Ecclesfield and also make other donations for the benefit of the local population but in the past they used to have responsibility for law and order, punishment of the guilty and upkeep of the roads.

A "**cestui que use**" is an archaic term of **Property Law** that describes one who has a beneficial interest in land held by someone else. Title and possession as well as the duty to defend the land is held by another, but the *cestui que use* has the right to rents, profits, and other benefits from the land

*Other examples are the companies of the Selby Feoffee and Welfare Charity and the Chittlehampton Feoffees.*

*There are 135 active Feoffees registered at the Charity Commission in Britain & 4 Feoffees registered at Company's House.*

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\*In 1660 Parliament abolished all remaining feudal incidents associated with land in the Statute of Tenure. This obviated the need for a Statute of Uses because there no longer was any need to evade feudal incidents. The Statute of Uses was **finally repealed by Parliament in 1925 by the Law of Property Act (12 & 13 Geo. 5, ch. 16, sec. 1(7))**.

Feoffee (definition from Wikipedia)

## Westminster has lost control – The tail is wagging the dog. ...

The City of London, the Square Mile, the Corporation of the City of London is really running the UK following the Banking Crash 2007-2008, where the big banks (Lloyds Banking Group, RBS, Barclays and HSBC) also known as the “Merlin Banks” were bailed out by the Treasury on allowance of Westminster who failed to fully insist on audit transparency.

Further cloaking of what was alleged as suspicion of £multi-billion asset frauds as raised in the 2011 Audit Committee. **Committee of Public Accounts: HM Treasury: The Asset Protection Scheme Thirty-first Report of Session 2010-12** failed to address failure of the bank’s boards to introduce part of the bailout funds to businesses and SME’s to re-establish economic growth and stability. Instead what happened is the Square Mile “tail” hijacked the situation claiming the banks were too big to fail, and the tail went on to wag the “Westminster dog” – what followed was a decade of further asset stripping frauds as the likes of Lloyds had mastered 2 decades prior in Avon & Somerset via UK Acorn and Commercial First and HBOs.

Sovereign Westminster has become a slave to the legalese rule of those in control of the City of London, the UK’s financial centre. Westminster now simply provides the appearance of governance but in fact its powers have become hijacked to the rules of the City and it’s quangos such as FOS, the FCA, **Action(less) Fraud**, FRC, IOPC, the civil BBRS etc. to give an impression of democracy and fairness, when in fact such quangos come with set rules which in general block honest redress. In doing so, even those in Westminster go along with the illusion that victims of economic crime can get redress, when what’s offered is simply smoke and mirrors to cloak the crimes that are stealing consumers assets.

The corporate banks through the City of London have even hijacked policing and oversight of fraud and economic crime. Putting legalese in the driving seat over the protection of common law. Common law in crime has been removed from policing. In the process fraud was made low priority, eradicated from criminal statistics and removed from Westminster’s ability to protect consumers.

Successive governments will have the public believe that they are effectively combating the laundering of money. The reality is different. A lot of legislation, such as the Criminal Justice Act 1993, has been introduced. But robust, independent and effective regulators have not accompanied it. Money laundering, like other white-collar crime, thrives on secrecy. The biggest check against it is greater openness and increased public accountability. Yet the UK governments have been devoted to rolling back corporate accountability.

The powerful City of London, by removing economic crime in civil courts, FOS and BBRS, has given criminal bankers carte blanche to breach the 2006 Fraud Act, 2010 Bribery Act and to allow Conspiracy to Defraud to operate commercially in agreements as between banks, lawyers, auditors, law enforcement, the courts and consumers.

Legalese has become a standard way for banks and rogue lawyers to entrap consumers from their assets including; money, property, intellectual rights and chattels. In the process banks are concealing evidence and mindfully deceiving audit ledgers, balance sheets and Land Registry as to rights issues.

Parliament now bows down to the **unjust enrichment** of those running the civil systems that manipulate consumers, instead of Parliament controlling the City. National fraud should not be governed or abused by the City of London Corporation and no City of London representative such as Simon Duckworth should be able to hold more than any one or two senior police positions. At retirement or preferably removal from such police positions, no control should again be given to any one individual as control of crime has been hijacked and abused to the detriment of consumers and their families and staff to the injury of public justice.

Powerful Square Mile power grab has made it impossible for Joe Public to get justice from criminal acts when the hijacked State and Parliament bow down to the only option of unjust civil rule. UK Policing has been inflicted by senior “Common Purpose” graduates and influenced by ancient lodges and Aldermen. Even the SFO director David Green left under a shadow of £1m unexplainably going missing. Which maybe asserts that the SFO and the NCA which has had 500 signatures alleged as forgeries found in civil cases, should in fact be investigated by Parliament and in particular the Home Office which fails to see flaws in the disinterest of Action Fraud, the SFO, NCA and police and PCC’s in general as to criminal economic crime and those in the City overseeing from both the authoritative quangos and those at the top and above the banks.

Simply the policing and criminal investigating authorities should not have any influence to either block or control consumer redress.

Parliament could and should take back control and reintroduce Common Law to serve and restore justice. 20,000 more police are promised. Victims of bank fraud do not want the problems amplified 20,000 times. Public want the Police Oath restored to uphold fundamental Human Rights rather than civil obstructions, because fair policing should be free. The citizen pays tax for a range of services. Justice from criminal activity should not come at civil legal cost and failure. Failure of policing comes at a dual cost to victims. Initially from the tax extracted and secondly when assets are civilly stolen in abuse of process rather than lawful process. The message this sends out is that the City will give bonuses and protect criminals whilst police through misappropriation of public funds protect criminals through misconduct and perversions of the course of justice, whilst quango redress schemes allow the City to asset strip to benefit their off shore trusts.

## The Police Oath should stand to protect people and their property. But it doesn't.

The wall that once stood tall around the Square Mile should be rebuilt, not to keep the peasants out, but to keep the asset stripping financier criminals in and detached from UK consumers wide.

Rogue bankers, auditors, vulture asset fund managers and civil lawyers control our lives from a place where the bigger and greedier the wealth, the bigger is their say on how laws are interfered with by civil control and how the public's liberties, assets, wealth and lives are affected as failed by Westminster, where even the City is allowed the "Remembrancer" to wonder and whisper the City's thoughts and influences to those thinking they are in power, yet failing the victims of economic crime.

When victims say they hit a brick wall, that is exactly what happens. The bricks are best represented by the quangos such as FOS, Action Fraud, the PRA, FCA and the BOE and for civil redress only, the BBS when it comes. All the bricks in the blocking wall, are designed to obstruct due process, fail justice and enrich those operatives and financial entities that sit above. In our research such quangos appear to have a growing number of "Common Purpose" graduates in senior positions controlling the gates.

Simply, Westminster no longer protects people and their property. Westminster should take back control and restore Common Law Courts to protect common men and women against the very real corrupt civil courts which are ultimately controlled by those in the Square Mile.



Portrait of King William and Queen Mary; 1690 Etching



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*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

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## Bill of Rights [1688]

### 1688 CHAPTER 2 1 Will and Mar Sess 2

An Act declareing the Rights and Liberties of the Subject and Setleing the Succession of the Crowne.

<sup>XI</sup>Whereas the Lords Spirituall and Temporall and Comons assembled at Westminster lawfully fully and freely representing all the Estates of the People of this Realme did upon the thirteenth day of February in the yeare of our Lord one thousand six hundred eighty eight present unto their Majesties then called and known by the Names and Stile of William and Mary Prince and Princesse of Orange being present in their proper Persons a certaine Declaration in Writeing made by the said Lords and Comons in the Words following viz

#### **The Heads of Declaration of Lords and Comons, recited.**

Whereas the late King James the Second by the Assistance of diverse evill Councillors Judges and Ministers imployed by him did endeavour to subvert and extirpate the Protestant Religion and the Lawes and Liberties of this Kingdome.

#### **Dispensing and Suspending Power.**

By Assumeing and Exerciseing a Power of Dispensing with and Suspending of Lawes and the Execution of Lawes without Consent of Parlyament.

#### **Committing Prelates.**

By Committing and Prosecuting diverse Worthy Prelates for humbly Petitioning to be excused from Concurring to the said Assumed Power.

#### **Ecclesiastical Commission.**

By issueing and causing to be executed a Commission under the Great Seale for Erecting a Court called The Court of Commissioners for Ecclesiasticall Causes.

#### **Levyng Money.**

By Levyng Money for and to the Use of the Crowne by pretence of Prerogative for other time and in other manner then the same was granted by Parlyament.

#### **Standing Army.**

*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

By raising and keeping a Standing Army within this Kingdome in time of Peace without Consent of Parlyament and Quartering Soldiers contrary to Law.

#### **Disarming Protestants, &c.**

By causing severall good Subjects being Protestants to be disarmed at the same time when Papists were both Armed and Employed contrary to Law.

#### **Violating Elections.**

By Violating the Freedome of Election of Members to serve in Parlyament.

#### **Illegal Prosecutions.**

By Prosecutions in the Court of Kings Bench for Matters and Causes cognizable onely in Parlyament and by diverse other Arbitrary and Illegall Courses.

#### **Juries.**

And whereas of late yeares Partiall Corrupt and Unqualified Persons have bene returned and served on Juryes in Tryalls and particularly diverse Jurors in Tryalls for High Treason which were not Freeholders,

#### **Excessive Bail.**

And excessive Baile hath bene required of Persons committed in Criminall Cases to elude the Benefitt of the Lawes made for the Liberty of the Subjects.

#### **Fines.**

And excessive Fines have bene imposed.

#### **Punishments.**

And illegall and cruell Punishments inflicted.

#### **Grants of Fines, &c. before Conviction, &c.**

And severall Grants and Promises made of Fines and Forfeitures before any Conviction or Judgement against the Persons upon whome the same were to be levyed. All which are utterly directly contrary to the knowne Lawes and Statutes and Freedome of this Realme.

#### **Recital that the late King James II. had abdicated the Government, and that the Throne was vacant, and that the Prince of Orange had written Letters to the Lords and Commons for the choosing Representatives in Parliament.**

And whereas the said late King James the Second having Abdicated the Government and the Throne being thereby Vacant His [<sup>x2</sup>Hignesse] the Prince of Orange (whome it hath pleased Almighty God to make the glorious Instrument of Delivering this Kingdome from Popery and Arbitrary Power) did (by the Advice of the Lords Spirituall and Temporall and diverse principall Persons of the Commons) cause Letters to be written to the Lords Spirituall and Temporall being Protestants and other Letters to the severall Countyes Cityes Universities Burroughs and Cinque Ports for the Choosing of such Persons to represent them as were of right to be sent to Parlyament to meete and sitt at Westminster upon the two and twentyeth day of January in this Yeare one thousand six hundred eighty and eight in order to such an Establishment as that their Religion Lawes and Liberties might not againe be in danger of being Subverted, Upon which Letters Elections haveing bene accordingly made.

#### **The Subject's Rights.**



*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

And thereupon the said Lords Spirituall and Temporall and Commons pursuant to their respective Letters and Elections being now assembled in a full and free Representative of this Nation taking into their most serious Consideration the best meanes for attaining the Ends aforesaid Doe in the first place (as their Auncestors in like Case have usually done) for the Vindicating and Asserting their auntient Rights and Liberties, Declare

#### **Dispensing Power.**

That the pretended Power of Suspending of Laws or the Execution of Laws by Regall Authority without Consent of Parlyament is illegall.

#### **Late dispensing Power.**

That the pretended Power of Dispensing with Laws or the Execution of Laws by Regall Authoritie as it hath beene assumed and exercised of late is illegall.

#### **Ecclesiastical Courts illegal.**

That the Commission for erecting the late Court of Commissioners for Ecclesiastical Causes and all other Commissions and Courts of like nature are Illegall and Pernicious.

#### **Levyng Money.**

That levyng Money for or to the Use of the Crowne by pretence of Prerogative without Grant of Parlyament for longer time or in other manner then the same is or shall be granted is Illegall.

#### **Right to petition.**

That it is the Right of the Subjects to petition the King and all Commitments and Prosecutions for such Petitioning are Illegall.

#### **Standing Army.**

That the raising or keeping a standing Army within the Kingdome in time of Peace unlesse it be with Consent of Parlyament is against Law.

#### **Subjects' Arms.**

That the Subjects which are Protestants may have Arms for their Defence suitable to their Conditions and as allowed by Law.

#### **Freedom of Election.**

That Election of Members of Parlyament ought to be free.

#### **Freedom of Speech.**

That the Freedom of Speech and Debates or Proceedings in Parlyament ought not to be impeached or questioned in any Court or Place out of Parlyament.

#### **Excessive Bail.**

That excessive Baile ought not to be required nor excessive Fines imposed nor cruell and unusuall Punishments inflicted.

#### **Juries.**

That Jurors ought to be duely impannelled and returned . . . <sup>F1</sup>

#### **Grants of Forfeitures.**



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That all Grants and Promises of Fines and Forfeitures of particular persons before Conviction are illegall and void.

#### **Frequent Parliaments.**

And that for Redresse of all Grievances and for the amending strengthening and preserveing of the Lawes Parlyaments ought to be held frequently.

#### **The said Rights claimed. Tender of the Crown. Regal Power exercised. Limitation of the Crown.**

And they doe Claime Demand and Insist upon all and singular the Premises as their undoubted Rights and Liberties and that noe Declarations Judgements Doeings or Proceedings to the Prejudice of the People in any of the said Premisses ought in any wise to be drawne hereafter into Consequence or Example. To which Demand of their Rights they are particularly encouraged by the Declaration of this Highnesse the Prince of Orange as being the onely meanes for obtaining a full Redresse and Remedy therein. Haveing therefore an intire Confidence That his said Highnesse the Prince of Orange will perfect the Deliverance soe farr advanced by him and will still preserve them from the Violation of their Rights which they have here asserted and from all other Attempts upon their Religion Rights and Liberties. The said Lords Spirituall and Temporall and Commons assembled at Westminster doe Resolve That William and Mary Prince and Princesse of Orange be and be declared King and Queene of England France and Ireland and the Dominions thereunto belonging to hold the Crowne and Royall Dignity of the said Kingdomes and Dominions to them the said Prince and Princesse durezza their Lives and the Life of the Survivour of them And that the sole and full Exercise of the Regall Power be onely in and executed by the said Prince of Orange in the Names of the said Prince and Princesse durezza their joynt Lives And after their Deceases the said Crowne and Royall Dignitie of the said Kingdomes and Dominions to be to the Heires of the Body of the said Princesse And for default of such Issue to the Princesse Anne of Denmarke and the Heires of her Body And for default of such Issue to the Heires of the Body of the said Prince of Orange. And the Lords Spirituall and Temporall and Commons doe pray the said Prince and (<sup>X3</sup>) Princesse to accept the same accordingly.

#### **New Oaths of Allegiance, &c.**

And that the Oathes hereafter mentioned be taken by all Persons of whome the Oathes of Allegiance and Supremacy might be required by Law instead of them And that the said Oathes of Allegiance and Supremacy be abrogated.

#### **Allegiance.**

I A B doe sincerely promise and swear That I will be faithfull and beare true Allegiance to their Majestyes King William and Queene Mary Soe helpe me God.

#### **Supremacy.**

I A B doe swear That I doe from my Heart Abhor, Detest and Abjure as Impious and Hereticall this damnable Doctrine and Position That Princes Excommunicated or Deprived by the Pope or any Authority of the See of Rome may be deposed or murdered by their Subjects or any other whatsoever. And I doe declare That noe Forreigne Prince Person Prelate, State or Potentate hath or ought to have any Jurisdiction Power Superiority Preeminence or Authoritie Ecclesiasticall or Spirituall within this Realme Soe helpe me God.

**Acceptance of the Crown. The Two Houses to sit. Subjects' Liberties to be allowed, and Ministers hereafter to serve according to the same. William and Mary declared King and Queen. Limitation of the Crown. Papists debarred the Crown. Every King, &c. shall make**



*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

### **the Declaration of 30 Car. II. If under 12 Years old, to be done after Attainment thereof. King's and Queen's Assent**

Upon which their said Majestyes did accept the Crowne and Royall Dignitie of the Kingdoms of England France and Ireland and the Dominions thereunto belonging according to the Resolution and Desire of the said Lords and Commons contained in the said Declaration. And thereupon their Majestyes were pleased That the said Lords Spirituall and Temporall and Commons being the two Houses of Parlyament should continue to sitt and with their Majesties Royall Concurrence make effectuall Provision for the Setlement of the Religion Lawes and Liberties of this Kingdome soe that the same for the future might not be in danger againe of being subverted, To which the said Lords Spirituall and Temporall and Commons did agree and proceede to act accordingly. Now in pursuance of the Premisses the said Lords Spirituall and Temporall and Commons in Parlyament assembled for the ratifying confirming and establishing the said Declaration and the Articles Clauses Matters and Things therein contained by the Force of a Law made in due Forme by Authority of Parlyament doe pray that it may be declared and enacted That all and singular the Rights and Liberties asserted and claimed in the said Declaration are the true auintient and indubitable Rights and Liberties of the People of this Kingdome and soe shall be esteemed allowed adjudged deemed and taken to be and that all and every the particulars aforesaid shall be firmly and strictly holden and observed as they are expressed in the said Declaration And all Officers and Ministers whatsoever shall serve their Majestyes and their Successors according to the same in all times to come. And the said Lords Spirituall and Temporall and Commons seriously considering how it hath pleased Almighty God in his marvellous Providence and mercifull Goodness to this Nation to provide and preserve their said Majestyes Royall Persons most happily to Raigne over us upon the Throne of their Auncestors for which they render unto him from the bottome of their Hearts their humblest Thanks and Praises doe truely firmly assuredly and in the Sincerity of their Hearts thinke and doe hereby recognize acknowledge and declare That King James the Second haveing abdicated the Government and their Majestyes haveing accepted the Crowne and Royall Dignity [<sup>x4</sup>as] aforesaid Their said Majestyes did become were are and of right ought to be by the Lawes of this Realme our Sovereigne Liege Lord and Lady King and Queene of England France and Ireland and the Dominions thereunto belonging in and to whose Princely Persons the Royall State Crowne and Dignity of the said Realms with all Honours Stiles Titles Regalities Prerogatives Powers Jurisdictions and Authorities to the same belonging and appertaining are most fully rightfully and intirely invested and incorporated united and annexed And for preventing all Questions and Divisions in this Realme by reason of any pretended Titles to the Crowne and for preserving a Certainty in the Succession thereof in and upon which the Unity Peace Tranquillity and Safety of this Nation doth under God wholly consist and depend The said Lords Spirituall and Temporall and Commons doe beseech their Majestyes That it may be enacted established and declared That the Crowne and Regall Government of the said Kingdoms and Dominions with all and singular the Premisses thereunto belonging and appertaining shall bee and continue to their said Majestyes and the Survivour of them dureing their Lives and the Life of the Survivour of them And that the entire perfect and full Exercise of the Regall Power and Government be onely in and executed by his Majestie in the Names of both their Majestyes dureing their joynt Lives And after their deceases the said Crowne and Premisses shall be and remaine to the Heires of the Body of her Majestie and for default of such Issue to her Royall Highnesse the Princess Anne of Denmarke and the Heires of her Body and for default of such Issue to the Heires of the Body of his said Majestie And thereunto the said Lords Spirituall and Temporall and Commons doe in the Name of all the People aforesaid most humbly and faithfully submitt themselves their Heires and Posterities for ever and doe faithfully promise That they will stand to maintaine and defend their said Majesties and alsoe the Limitation and Succession of the Crowne herein specified and contained to the utmost of their Powers with their Lives and Estates against all Persons whatsoever that shall attempt any thing to the contrary. And whereas it hath beene found by Experience that it is inconsistent with the Safety and Welfare

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Allen



*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

of this Protestant Kingdome to be governed by a Popish Prince <sup>F2</sup>... the said Lords Spirituall and Temporall and Commons doe further pray that it may be enacted That all and every person and persons that is are or shall be reconciled to or shall hold Communion with the See or Church of Rome or shall professe the Popish Religion <sup>F3</sup>... shall be excluded and be for ever uncapable to inherit possesse or enjoy the Crowne and Government of this Realme and Ireland and the Dominions thereunto belonging or any part of the same or to have use or exercise any Regall Power Authoritie or Jurisdiction within the same [<sup>X5</sup>And in all and every such Case or Cases the People of these Realmes shall be and are hereby absolved of their Allegiance] And the said Crowne and Government shall from time to time descend to and be enjoyed by such person or persons being Protestants as should have inherited and enjoyed the same in case the said person or persons soe reconciled holding Communion or Professing <sup>F4</sup>... as aforesaid were naturally dead [<sup>X6</sup>And that every King and Queene of this Realme who at any time hereafter shall come to and succede in the Imperiall Crowne of this Kingdome shall on the first day of the meeting of the first Parlyament next after his or her coming to the Crowne sitting in his or her Throne in the House of Peeres in the presence of the Lords and Commons therein assembled or at his or her Coronation before such person or persons who shall administer the Coronation Oath to him or her at the time of his or her takeing the said Oath (which shall first happen) make subscribe and audibly repeate the Declaration mentioned in the Statute made in the thirtyeth yeare of the Raigne of King Charles the Second Entituled An Act for the more effectuall Preserueing the Kings Person and Government by disableing Papists from sitting in either House of Parlyament But if it shall happen that such King or Queene upon his or her Succession to the Crowne of this Realme shall be under the Age of twelve yeares then every such King or Queene shall make subscribe and audibly repeate the said Declaration at his or her Coronation or the first day of the meeting of the first Parlyament as aforesaid which shall first happen after such King or Queene shall have attained the said Age of twelve yeares.] All which Their Majestyes are contented and pleased shall be declared enacted and established by authoritie of this present Parliament and shall stand remaine and be the Law of this Realme for ever And the same are by their said Majesties by and with the advice and consent of the Lords Spirituall and Temporall and Commons in Parlyament assembled and by the authoritie of the same declared enacted and established accordingly

#### Annotations:

##### Editorial Information

- X1** The Bill of Rights is assigned to the year 1688 on legislation.gov.uk (as it was previously in successive official editions of the revised statutes from which the online version is derived) although the Act received Royal Assent on 16th December 1689. This follows the practice adopted in *The Statutes of the Realm*, Vol. VI (1819), in the Chronological Table in that volume and all subsequent Chronological Tables of the Statutes, which attach all the Acts in 1 Will and Mar sess 2 to the year 1688. The first Parliament of William and Mary (the Convention Parliament) convened on 13th February 1689 (1688 in the old style calendar - until 1st Jan 1752 the calendar year began on March 25th). It appears that all the Acts of that Parliament (both sessions) were treated as being Acts of 1688 using the old method of reckoning, according to which, until 1793, all Acts passed in a session of Parliament with no specified commencement date were deemed to be passed in the year in which that session began (see Acts of Parliament (Commencement) Act 1793 (c 13)). [The Short Titles Act 1896 \(c. 14\)](#) gave to chapter 2 of 1 Will and Mar sess 2 the title "The Bill of Rights", without attributing it to any calendar year. In the Republic of Ireland, the Short Titles Act 1896 (c 14) has been amended to add "1688" to the short title of [The Bill of Rights as it continues to have effect there](#) (see Statute Law Revision Act 2007, Act of the Oireachtas No 28 of 2007, s 5(a)).
- X2** Variant reading of the text noted in *The Statutes of the Realm* as follows: Highnesse O. [O. refers to a collection in the library of Trinity College, Cambridge]
- X3** Variant reading of the text noted in *The Statutes of the Realm* as follows: and O. [O. refers to a collection in the library of Trinity College, Cambridge]



*Changes to legislation: There are currently no known outstanding effects for the Bill of Rights [1688]. (See end of Document for details)*

- X4 interlined on the Roll.
- X5 annexed to the Original Act in a separate Schedule.
- X6 annexed to the Original Act in a separate Schedule.

**Amendments (Textual)**

- F1 Words repealed by (E.W.) Juries Act 1825 (c. 50), s. 62 and (N.I.) Statute Law Revision Act 1950 (c. 6), **Sch. 1**
- F2 Words in s. 1 omitted (26.3.2015) by virtue of Succession to the Crown Act 2013 (c. 20), s. 5, **Sch. para. 2(a)** (with Sch. para. 5); S.I. 2015/894, **art. 2**
- F3 Words in s. 1 omitted (26.3.2015) by virtue of Succession to the Crown Act 2013 (c. 20), s. 5, **Sch. para. 2(b)** (with Sch. para. 5); S.I. 2015/894, **art. 2**
- F4 Words in s. 1 omitted (26.3.2015) by virtue of Succession to the Crown Act 2013 (c. 20), s. 5, **Sch. para. 2(c)** (with Sch. para. 5); S.I. 2015/894, **art. 2**

**Modifications etc. (not altering text)**

- C1 Short title "The Bill of Rights" given by Short Titles Act 1896 (c. 14), **Sch. 1**
- C2 Act declared to be a Statute by Crown and Parliament Recognition Act 1689 (c. 1)
- C3 S. 1 amended by Accession Declaration Act 1910 (c. 29), s. 1

**II Non obstantes made void.**

Noe Dispensation by Non obstante of or to any Statute or any part thereof shall be allowed but the same shall be held void and of noe effect Except a Dispensation be allowed of in such Statute . . . <sup>F5</sup>

**Annotations:**

**Amendments (Textual)**

- F5 Words repealed by Statute Law Revision Act 1948 (c. 62), **Sch. 1**

**III** ..... <sup>F6</sup>

**Annotations:**

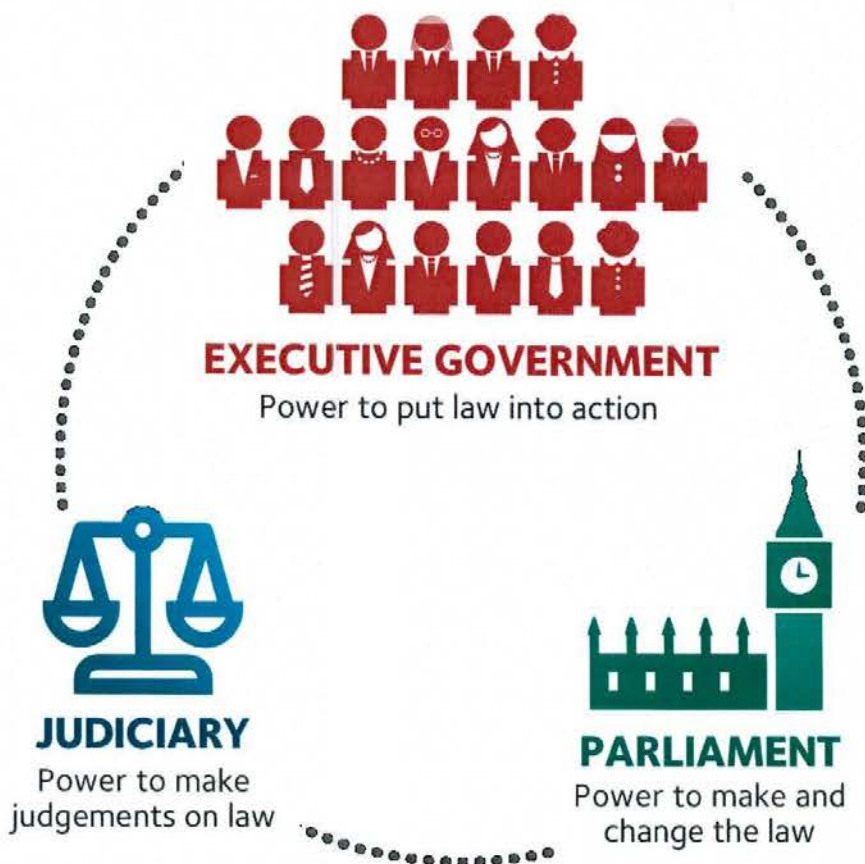
**Amendments (Textual)**

- F6 S. 3 repealed by Statute Law Revision Act 1867 (c. 59)

**Changes to legislation:**

There are currently no known outstanding effects for the Bill of Rights [1688].

# SEPARATION OF POWERS



## SEPARATION OF POWERS

The doctrine of the separation of powers under the “ **Commonwealth (Latimer House) Principles on the Three Branches of Government** “ requires that the three principal institutions of state - executive, legislature and judiciary - should be clearly divided in order to safeguard citizens’s liberties and guard against tyranny.

**To quote Montesquieu in 1748 “ When the legislative and executive powers are united in the same person , or in the same body of magistrates , there can be no liberty... there is no liberty if the powers of judging is not separated from the legislative and executive... there would be an end to everything, and if the same man or the same body... we’re to exercise those three powers.”**

Parliament must be allowed to operate independently to serve the People fairly and appropriately underlining the fundamental values that should govern the relationship and not in contempt by the judiciary , which includes the House of Commons, the highest Court , being influenced by and under the control of the “ Square Mile” in breach of the “Separation of Powers “ between the three principal institutions of state under the Commonwealth ( Latimer House) Principles on the Three Branches of Government and Bill of Rights [1688] / 1689 ,E.C.H.R. and H.R.A. 1998



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**Opinion**  
Financial sector

Mon 31 Oct 2011 21.00 GMT

• This article is more than 9 years old

## The medieval, unaccountable Corporation of London is ripe for protest

*George Monbiot*

Working beyond the authority of parliament, the Corporation of London undermines all attempts to curb the excesses of finance



### The medieval, unaccountable Corporation of London is ripe for protest

*Working beyond the authority of parliament, the Corporation of London undermines all attempts to curb the excesses of finance*

It's the dark heart of Britain, the place **where democracy goes to die, immensely powerful, equally unaccountable**. But I doubt that one in 10 British people **has any idea of what the Corporation of the City of London is and how it works**. This could be about to change. Alongside the Church of England, the Corporation is seeking to evict the protesters camped outside St Paul's cathedral. The protesters, in turn, have demanded that it submit to national oversight and control.

What is this thing? Ostensibly it's the equivalent of a local council, responsible for a small area of London known as the Square Mile. But, as its website boasts, "*among local authorities the City of London is unique*". You bet it is. There are *25 electoral wards in the Square Mile*. In four of them, the 9,000 people who live within its boundaries are permitted to vote. In the remaining 21, the votes are controlled by corporations, mostly banks and other financial companies. The bigger the business, the bigger the vote: a company with 10 workers gets two votes, the biggest employers, 79. It's not the workers who decide how the votes are cast, but the bosses, who "appoint" the voters. Plutocracy, pure and simple.

There are four layers of elected representatives in the Corporation: common councilmen, aldermen, sheriffs and the Lord Mayor. To qualify for any of these offices, you must be a freeman of the City of London. To become a freeman you must be approved by the aldermen. You're most likely to qualify if you belong to one of the City livery companies: medieval guilds such as the worshipful company of costermongers, cutpurses and safecrackers. To become a sheriff, you must be elected from among the aldermen by the Livery. How do you join a livery company? Don't even ask.

To become Lord Mayor you must first have served as an alderman and sheriff, and you "must command the support of, and have the endorsement of, the Court of Aldermen and the Livery". You should also be stinking rich, as the Lord Mayor is expected to make a "contribution from his/her private resources towards the costs of the mayoral year."



This is, in other words, an official old boys' network. Think of all that Tory huffing and puffing about democratic failings within the trade unions. Then think of their resounding silence about democracy within the City of London.

The current Lord Mayor, Michael Bear, came to prominence within the City as chief executive of the Spitalfields development group, *which oversaw a controversial business venture in which the Corporation had a major stake*, even though the project lies outside the boundaries of its authority. This illustrates another of the Corporation's unique features. It possesses a vast pool of cash, which it can spend as it wishes, without democratic oversight. As well as expanding its enormous property portfolio, **it uses this money to lobby on behalf of the banks.**

The Lord Mayor's role, the Corporation's website tells us, is to "open doors at the highest levels" for business, in the course of which he "expounds the values of liberalisation". **Liberalisation is what bankers call deregulation:** the process that caused the financial crash. The Corporation boasts that it "handle[s] issues in Parliament of specific interest to the City", such as banking reform and financial services regulation. It also conducts "extensive partnership work with think tanks ... vigorously promoting the views and needs of financial services." But this isn't the half of it.

As Nicholas Shaxson explains in his fascinating book *Treasure Islands*, **the Corporation exists outside many of the laws and democratic controls which govern the rest of the United Kingdom. The City of London is the only part of Britain over which parliament has no authority.** In one respect at least the Corporation acts as the superior body: it imposes on the House of Commons a figure called the remembrancer: an official lobbyist who sits behind the Speaker's chair and ensures that, whatever our elected representatives might think, the City's rights and privileges are protected. The mayor of London's mandate stops at the boundaries of the Square Mile. There are, as if in a novel by China Miéville, two cities, one of which must unsee the other.

Several governments have tried to democratise the City of London but all, threatened by its financial might, have failed. As Clement Attlee lamented, "over and over again we have seen that there is in this country another power than that which has its seat at Westminster." The City has exploited this remarkable position to establish itself as a kind of offshore state, a secrecy jurisdiction which controls the network of tax havens housed in the UK's crown dependencies and overseas territories. This autonomous state within our borders is in a position to launder the ill-gotten cash of oligarchs, kleptocrats, gangsters and drug barons. As the French investigating magistrate Eva Joly remarked, it "has never transmitted even the smallest piece of usable evidence to a foreign magistrate". It deprives the United Kingdom and other nations of their rightful tax receipts.

It has also made the effective regulation of global finance almost impossible. Shaxson shows how *the absence of proper regulation in London allowed American banks to evade the rules set by their own government.* AIG's wild trading might have taken place in the US, but the unit responsible was regulated in the City. Lehman Brothers couldn't get legal approval for its **off-balance sheet transactions** in Wall Street, **so it used a London law firm instead.** No wonder priests are resigning over the plans to evict the campers. The Church of England is not just working with Mammon; it's colluding with Babylon.

If you've ever dithered over the question of whether the UK needs a written constitution, dither no longer. Imagine the clauses required to preserve the status of the Corporation. **"The City of London will remain outside the authority of parliament.** Domestic and foreign banks will be permitted to vote as if they were human beings, and their votes will outnumber those cast by real people. Its elected officials will be chosen from people deemed acceptable by a group of medieval guilds".

**The Corporation's privileges could not withstand such public scrutiny.** This, perhaps, is one of the reasons why a written constitution in the United Kingdom remains a distant dream. **Its power also helps to explain why regulation of the banks is scarcely better than it was before the crash,** why there are no effective curbs on executive pay and bonuses and why successive governments fail to act against the UK's dependent tax havens.

But now at last we begin to see it. It happens that the Lord Mayor's Show, in which the Corporation flaunts its ancient wealth and power, takes place on 12 November. If ever there were a pageant that cries out for peaceful protest and dissent, here it is. Expect fireworks – and not just those laid on by the Lord Mayor.

The Guardian





By Real Britain columnist  
**Ros Wynne Jones**

00:00, 8 MAY 2013

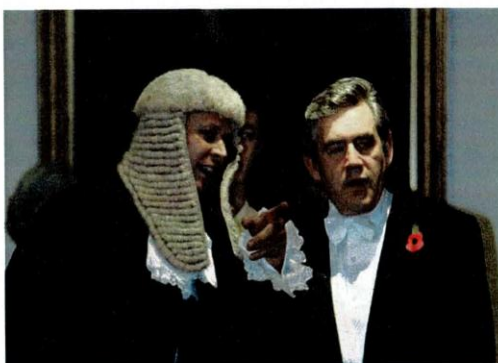
UPDATED 01:04, 8 MAY 2013

SHARE



## Kick privileged bankers' man The Remembrancer out of Parliament

When Parliament is sitting The Remembrancer has a special seat to the right of the Speaker in the House of Commons



As Elizabeth II takes to the throne in the House of Lords for the Queen's Speech today, a little-known figure will be taking his special seat close by – all the better to scrutinise every new piece of legislation for how it benefits or damages the banks.

He's the only non-MP or civil servant with a seat in the House of Lords and House of Commons. His job dates back to Henry VIII.

He has a budget of £5.3million, a staff bill of £500,000 – including a team of six lawyers – and he represents bankers' interests at the heart of our democracy.

He's called **The Remembrancer**.

And – as the banks get away scot free and disabled people pay for the banking crisis, as millionaires get tax cuts while poor people get taxed on how many bedrooms they have – a new campaign by pressure group Avaaz called "Kick Bankers Out of Parliament" is beginning to ask exactly why he's still allowed the special privileges he has.

The shortest explanation is this: over 1,000 years, kings, queens and governments have been saved by loans from the City of London – the 1.2 square miles at the heart of Britain's financial centre.

**In exchange the City of London has extracted great privileges that still distort our democracy.**

The current Remembrancer is a man called Paul Double, a former barrister.

He has held the post since 2003 but has never done any interviews about his role. A few weeks ago I contacted the City of London to ask for one.

They took several days to reply, during which Margaret Thatcher died – and then said he was busy with arrangements around her funeral, which took place inside City of London jurisdiction.

One of the Remembrancer's roles is to appear at a ceremony involving a red cord on the City's boundary whenever the Queen makes a "state entry" as she did for the funeral. This, as it turns out, is one of the Remembrancer's less troubling duties.

Nicholas Shaxson, who wrote the brilliant investigation into the City of London, Treasure Islands, calls him the "world's oldest institutional lobbyist".

As if having 18 millionaires in the Cabinet isn't enough to advance big money's interests, when Parliament is sitting he has a special seat to the right of the Speaker in the House of Commons.

He also has a mirror image seat in the Lords.

Shaxson says a previous Remembrancer boasted his role was to "oppose every bill which would interfere with the rights and privileges enjoyed by the Corporation".

The post dates back to some trouble the City had with Henry VIII's adviser Cardinal Wolsey commandeering the armour and plate of its livery companies.

In 1571, it created the post of Remembrancer to "remind the king of his debt" and make sure the City's interests were never again affected by Parliament.

Paul Double's modern-day role is officially described as "looking after the City of London Corporation's interests in Parliament".

**The Corporation is the governing body of the City of London.** It's an elected body, but unlike your usual local council, it's not just residents that vote, it's businesses – **including over 500 banks.**

Its boss is the Lord Mayor – not to be confused with London Mayor Boris Johnson who presides over the Greater London Authority.

Mind you, the City's Remembrancer, also "tracks the work of" the GLA.

In February, he went to Buckingham Palace to be made a Lieutenant of the Royal Victorian Order by Prince Charles – as part of the Queen's Diamond Jubilee Honours.

Last year, The Bureau for Investigative Journalism showed the Remembrancer's Office had submitted evidence to 16 separate select committees in the past 18 months, **including the Treasury's Tax Principles report.**

The City of London press office said they hoped I wasn't going to write a piece about how "mysterious" the Remembrancer is.

I replied that an interview would definitely stop him being mysterious, but my follow-up requests have been ignored.

As the ConDems' savage cuts deepen and it becomes ever clearer who is paying the price of austerity – not the bankers who caused it but the ordinary people of Britain – Avaaz's campaign to abolish the Remembrancer's special privileges couldn't be more timely.

This is no longer the era of Cardinal Wolsey, or of Wat Tyler, the peasant leader killed by the Lord Mayor and his men after challenging the City's might.

We are no longer serfs who have to suffer an unelected vested interest at the heart of our democracy.

We have the right to tell the City to start lobbying like any other special interest group and give up its privileged status.

***Like punishing those responsible for the bank crisis, abolishing The Remembrancer's privileges would send a message to the City and banks that the most vulnerable will not pay any more for their mess.***

**"Over and over again we have seen that there is in this country another power than that which has its seat at Westminster,"**

Clement Attlee complained bitterly of "those who control money" in 1937. More than 75 years on his words have never rung more true.

[www.avaaz.org/en/bankers\\_out\\_of\\_parliament\\_uk/](http://www.avaaz.org/en/bankers_out_of_parliament_uk/)

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## MENU

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# GREEN PARTY CALLS FOR REMEMBRANCER TO BE EXPELLED FROM THE HOUSE OF COMMONS

29 April 2013

The Green Party has stepped up its campaign to end the undemocratic special privileges enjoyed by the City Of London, and through it Britain's financial industries.

Green Party MP Caroline Lucas has written to the Speaker of the House of Commons, John Bercow, asking him to consider removing the City Remembrancer from the floor of the House of Commons, and to end the Remembrancer's special privileges in viewing legislation as it is being drafted.

Green Party leader, Natalie Bennett, said: "The fact that the City Remembrancer is the only non-MP allowed on the floor of the House of Commons is an historical anachronism\*. The presence of the City Remembrancer on the floor of the House of Commons, gives the Corporation of the City of London and, by association, the financial industries, what seems to amount to an undue and undemocratic level of access and representation. No other industry or body has such special access to Parliament."

The House of Commons library has advised that the rules on access to the Chamber are not a matter of legislation, but under the control of the Speaker.

Natalie noted that the London City elections took place last week, and the votes of the 9,000 were dwarfed, as always, by the 32,000-strong business vote, and that a survey by Bloomberg had shown how unrepresentative the business vote was of the workers, its alleged reason for existing. \*\*

Natalie continued: I'd like to see the Remembrancer excluded from the Commons, as a highly symbolic act that would signal Parliament's independence from the Corporation and all it represents.

Ms. Bennett added: "The Green Party has been leading the way on campaigning to rein-in the powers of the City of London. It was Labour Party policy until Tony Blair reversed it just before 1997, it has been Lib Dem policy in the past.

"The strength of the arguments for ending this feudal anachronism and bring the City of London within the framework of London – together with the large nestegg of the City Cash, which could be put to the benefit of the people of London rather than the global financial industries – have been clear for more than a century\*\*\*.

"Removing the Remembrancer from Parliament would be a real start on this process."

\*This dates back to 1571.

\*\* <http://www.bloomberg.com/news/2013-03-25/sexism-in-the-city-of-london-as-men-rule-in-elections.html>

\*\*\* Since a Royal Commission that reported in 1894.





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ISSUES



ACTION



# THE INFLUENCE OF THE CITY OF LONDON - WHY WE NEED AN INQUIRY

Monday, November 25, 2013

THE INFLUENCE OF THE CITY IN PUBLIC LIFE – WHY WE NEED AN INQUIRY

CAROLINE'S BLOG

PARLIAMENT

#PUBLICNHS

#THRIVINGECONOMY

#SAFECLIMATE

Today I've joined with other MPs and activists in writing to the Committee on Standards in Public Life calling for an inquiry into the influence of The City in Parliament.

The full text of the letter is below:

## Renewal of the relationship between Parliament and the City of London.

We the undersigned write to draw to your attention, and that of your committee, to the relationship **between the British Parliament** and the **City of London Corporation**. It has become **a matter of serious concern to us**.

Given the three identified areas of concern and associated evidence outlined below (and elsewhere) **we suggest that the relationship between Parliament and the City Corporation, in its particular capacity as "lobbyist" alongside its other capacities, may compromise the Nolan principles of public life.**

We are formally requesting, therefore, by means of this letter that your Committee investigates our concerns by commencing the appropriate consultative process<sup>[1]</sup> to this end. Concurrently with this letter we are publicly petitioning the leaders of the main political parties and the speakers of both Houses of Parliament to promote and facilitate any such process.

**The City uses various, unparalleled means at its disposal to shape the UK policy environment that may impact the life of the financial services or the City.** It does this, for example, by employing a public affairs consultant (such as Lord Cunningham of Felling from 2006 to 2009 at a cost of £36,000 p.a.<sup>[2]</sup>) or through the strategic use of "ceremonial", where the aim is *"to increase the emphasis on complementing hospitality with business meetings consistent with the City Corporation's role in supporting the City as a financial centre."*<sup>[3]</sup>

More recently public attention - via the national media and mass public advocacy campaigns such as the "Avaaz" network<sup>[4]</sup> - is now being drawn to **the exceptional role and activities within the Parliamentary estate and the chambers of both Houses of Parliament of the "City Remembrancer" and his office.**

The role of the City Remembrancer was created in 1571 in order that *"he shall gather together and keepe all the Bookes of the Citye and reduce the same into Indices, Tables or Kalenders"*<sup>[5]</sup>. This administrative role expanded into the running of a Parliamentary office, scrutinising and **shaping all legislation that may impact upon the City of London**. Here we see the way a lobbying role hides within a constitutional role.

In the context of wider **awareness of the levels of lobbying of Central Government openly conducted by the City of London Corporation and closely associated bodies** – including the recent estimation of an **enormous annual "£93 million lobbying war chest"**<sup>[6]</sup> and the volume of Parliamentarians in direct remuneration from City companies<sup>[7]</sup> - it is

## THE INFLUENCE OF THE CITY OF LONDON - WHY WE NEED AN INQUIRY



surely the time to review how appropriate it is for the City of London to retain dedicated, unfettered, **un-monitored institutional access to all parliamentarians in a manner that is unrecorded and hidden from public scrutiny.**

It is noteworthy that, despite his daily, un-monitored access to the very highest levels of the **British legislature, the City of London Corporation** rejects any media interview request outright with the Remembrancer. A recent response to requests made (under the Freedom of Information Act) to list the number of meetings with parliamentarians of all levels states:

*"This request does not fall within the scope of the Freedom of Information Act as it does not relate to the discharge by the City of London Corporation of its functions as a local authority, police authority or port health authority (the functions specified in Schedule 1, Part II, paragraph 9 of the FOIA) ... **The Remembrancer will have regular informal contact with Secretaries of State, Ministers, Members of Parliament or Members of the House of Lords either in the parliamentary estate or at events in the City of London.**"*

Here we see an occasion where the City, in separating its lobbying role from its function as a local authority, removes itself from the scope of the FOIA. Given recent reports stating that the office of the Remembrancer: *"has a budget of £5.3million, a staff bill of £500,000 – including a team of six lawyers – and **he represents bankers' interests at the heart of our democracy**[8]"* and the significant public reaction to similar stories, it now seems advisable to review this matter.

We are further concerned that the *"Lobbyists (Registration of Code of Conduct) Bill 2013-14"*[9] currently in parliamentary passage will not include any measures to monitor or make publicly transparent the constant lobbying activities of the office of the Remembrancer and his staff; indeed, it appears that his office will remain exempted from this legislative device, should it receive royal assent.

In light of this we suggest that the continuing presence of the **Remembrancer in Parliament in his role as agent for the City may offend** (at the very least) **the Nolan principles of integrity, accountability and openness.**

In the same context as outlined above - **that is to say the extremely high levels of central government lobbying known to be "openly" conducted by the City of London Corporation – attention should be given to the volume of lobbying (including ministerial meetings) conducted by the "independent" body "City UK"**[10].

**An inspection of department by department cabinet office transparency data**[11] reveals extremely high levels of meetings between representatives of **City UK** and central government ministers and senior departmental civil servants. Upon further examination, the frequency and patterns of these meetings and the **close symmetry with City of London Corporation meetings reasonably suggest co-ordination between the Corporation itself and that "independent body".**

As has been revealed in a new documentary on the subject[12] **the "City UK" was established by the City of London Corporation in 2008, at a time when the banking crisis had erupted and major financial services identities fully realised their activities would be under greater public and media scrutiny** that at any time in modern history.

Documentation revealed for the first time by the film shows that five years ago **the City of London Corporation assigned "City UK" an annual grant of £500,000 (now estimated at £800,000 annually).**

**Chair of the City UK Advisory Council**[13] is the Lord Mayor of London (City of London Corporation) and Deputy Chair of its Board of Directors[14] is Mark Boleat (Chairman of Policy, City of London Corporation) and both bodies contain a number of City of London Corporation figures, as well as many commercial identities directly associated with some of the more controversial activities directly connected to the City, **including systemic global tax avoidance.**

## **THE INFLUENCE OF THE CITY OF LONDON - WHY WE NEED AN INQUIRY**



Here the direct relationship between the **City of London and global tax evasion and tax avoidance is absolutely central to the public interest**. A recent report in the Economist stated<sup>[15]</sup>:

*‘Although Britain likes to lecture the world’s tax havens on their need for transparency and reform, its own financial sector owes its modern success to the country’s willingness to host an opaque, tax-evading capital market’*

The **enlargement and promotion of the tax avoidance industry within the square mile**, and the live role of City UK in this respect<sup>[16]</sup> (**widely recognised by independent experts and senior academics**) **calls into question the level of influence and lobbying conducted by this indirect City of London identity**, protected as it is from any FOIA scrutiny by virtue of being a private body.

The national and international ramifications for sovereign economies and populations of the enlargement of these offshore networks – most topically in Nairobi, Kenya - are of course, very negative indeed.

Given the range and reach of its lobbying effort and **the City UK’s institutional association with the City of London, not to mention its reliance on such financial support from the City of London, we believe that this relationship compromises those who are party to it and similarly breaches the Nolan principles of integrity, accountability, openness and honesty**.

Given the reach that the City of London enjoys in the UK and internationally through the Lord Mayor’s foreign visits, and given the resources at its disposal, we need also to look at the extent to which the City of London, as a democratic body, is accountable to its own constituency. ***In whose interests is the City acting?*** Who votes in the elections and on what basis?

The reason that this is a matter for Parliament is that the City gave quite specific undertakings to Parliament during the passage of the City of London (Ward Elections) Act 2002 - a piece of legislation intended to reform the franchise. The City may not currently be meeting these undertakings to Parliament. Following the elections in the City of London of March 2013 questions have emerged which suggest that ***the City of London Corporation is failing in its duty to satisfy the provisions of the Act***, particularly Clause 4, which requires that voting “appointments” should reflect the composition of the workforce as far as is practicable.

The most concerning findings are set out in the letter dated 15 June 2013 from the City Reform Group to the Lord Chancellor<sup>[17]</sup> which suggests that “*qualifying bodies commonly appoint their board of directors, senior management team or partners*” to vote, effectively disqualifying employees on lower pay grades. Moreover, according to Bloomberg News<sup>[18]</sup>, certain qualifying bodies within the City of London are only selecting male employees to vote.

Clause 7 of the Act allows Parliament to require a report from the City on the progress of the report. Despite a statement to Parliament of 25<sup>th</sup> May 2006 by the former Lord Chancellor Lord Falconer, who acknowledged the possible necessity for a further report on the City of London Corporation’s compliance with the 2002 Act, no such report has been required by Parliament.

The changing demands of our global economy and the transnational powers that operate within the City’s jurisdiction mean that we need to re-imagine the role that the City of London Corporation plays within our polity.

Above all **we wish to see it ensure that the financial services provide a high level of product for their customers and that, taken together, their operation serves the common good and the consumer**. There is much in the City that we wish to celebrate.

However, taken together, it seems to us that these three areas of City life indicate a problematic arrangement that has built up within our democratic institutions. This relationship has been left unexamined. **Public confidence in Parliament is key. However, disregard for Parliamentary statute, the need for public accountability and disproportionate levels of influence over central government will only serve to weaken public trust** in our national institutions.

## **THE INFLUENCE OF THE CITY OF LONDON - WHY WE NEED AN INQUIRY**

We hope that you place this relationship between the City of London Corporation and yourselves in an open, independent, authoritative forum - to isolate any imbalance or unacceptable culture inherent in the relationship between Parliament and City of London Corporation. We look forward to the advance of a new relationship mediated, in part, through Parliamentary statute.

We wholeheartedly recommend the engagement of your Committee - either via open consultation, public hearing or the commission of independent research - to this important end.

We firmly believe a transparent process of scrutiny driven by widespread and growing civic concern and conducted within the auspices of the Committee would very clearly serve the public interest and greatly improve the quality and transparency of our democratic processes.

Yours faithfully,

[1] <http://www.public-standards.gov.uk/about-us/what-we-do/>

[2] "The Conduct of Lord Cunningham of Felling" – a report by the House of Lords Committee for Privileges on Lord Cunningham's relationship with the City of London, 21 July 2009

[3] How the City explains the aims of the use of "ceremonial" in the City's Cash account

[4] [http://www.avaaz.org/en/bankers\\_out\\_of\\_parliament\\_uk/](http://www.avaaz.org/en/bankers_out_of_parliament_uk/)

[5] Preface, Index to Remembrancia 1579-1664

[6] <http://www.thebureauinvestigates.com/2012/07/09/revealed-the-93m-city-lo...>

[7] <http://www.guardian.co.uk/business/2012/jul/10/city-lobbying-lords-finan...>

[8] <http://www.mirror.co.uk/news/uk-news/kick-bankers-man-remembrancer-out-1...>

[9] <http://services.parliament.uk/bills/2013-14/lobbyistsregistrationofcodeo...>

[10] <http://www.thecityuk.com/>

[11] <https://www.gov.uk/government/publications?departments%5B%5D=hm-treasury...>

[12] <http://theukgold.co.uk>

[13] <http://www.thecityuk.com/about-us/who-we-are/advisory-council/>

[14] <http://www.thecityuk.com/about-us/who-we-are/board-of-directors/>

[15] <http://www.economist.com/news/leaders/21580467-eurobonds-50th-birthday-h...>

[16] <http://www.thecityuk.com/uk-financial-services-overseas/overseas-article...>

[17] A copy of this letter is enclosed.

[18] <http://www.bloomberg.com/news/2013-03-25/sexism-in-the-city-of-london-as...>

## THE INFLUENCE OF THE CITY OF LONDON - WHY WE NEED AN INQUIRY



1. Home (<https://www.gov.uk/>)
2. Crime, justice and law (<https://www.gov.uk/crime-justice-and-law>)

Press release

## Appointment of Chancellor of the High Court

Her Majesty The Queen has been pleased to approve the appointment of The Rt Hon Sir Julian Flaux as the Chancellor of the High Court with effect from 3 February 2021.

From:

Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>)

Published:

19 January 2021



Her Majesty The Queen has been pleased to approve the appointment of The Rt Hon Sir Julian Flaux as the Chancellor of the High Court with effect from 3 February 2021. This appointment follows the elevation of Sir Geoffrey Vos as Master of the Rolls.

### Background

#### Biography of candidate

The Rt Hon Sir Julian Flaux was called to the Bar in 1978 and took Silk in 1994. He started his judicial career as a Recorder in 2000. He was appointed a Deputy High Court Judge in 2002 and a High Court Judge (Queen's Bench Division) in 2007. He was the Judge in Charge of the Commercial Court between 2014 and 2015 and a Presiding Judge on the Midland Circuit between 2010 and 2013. In 2016, he was appointed President of the Special Immigration Appeals Commission. He was elevated to the Court of Appeal in 2016. He has been Supervising Judge of the Commercial Court since 2020.

#### The Appointment

The appointment of the Chancellor of the High Court is made by Her Majesty The Queen on the advice of the Prime Minister and the Lord Chancellor following the recommendation of an independent selection panel chaired by Lord Burnett of Maldon, the Lord Chief Justice. The other panel members were: Lady Black (Justice of the Supreme Court), Professor Lord Kakkar (Chairman of the Judicial Appointments Commission [JAC]), Ms Sue Hoyle OBE (Lay JAC Commissioner) and Ms Jane Furniss CBE (JAC Commissioner). The Chancellor of the High Court (CHC) is one of the most senior judges in England and Wales and holds day-to-day responsibility for the operation of the Business & Property Courts (B&PCs) in London and its seven city centres across the country, in consultation with the President of the Queen's Bench Division. The B&PCs are a global centre of excellence for the resolution of business disputes and hear some of the most complex and high-profile domestic and international specialist civil claims in the world.

The CHC has full responsibility for the Chancery lists of the B&PCs, which includes the Business List, the Insolvency and Companies List, the Intellectual Property List (including IPEC), the Property Trusts and Probate List, the Competition List, the Financial List (jointly with the Commercial Court) and the Revenue List. Those responsibilities include the deployment of the specialist judges who conduct the hearings and the allocation of cases.

Originally created as the office of Vice-Chancellor in 1813 and having undergone a number of changes in role since then, the CHC also presides in the Court of Appeal (Civil Division) and sits at first instance in the B&PCs.

Published 19 January 2021



WIKIPEDIA

# Julian Flaux

**Sir Julian Martin Flaux PC** (born 11 May 1955), is the Chancellor of the High Court.

He was educated at The King's School, Worcester and Worcester College, Oxford. He was called to the bar at Inner Temple in 1978. He was made a QC in 1994, recorder from 2000–2007, and judge of the High Court of Justice (Queen's Bench Division) since 2007. He was a Presiding Judge on the Midland Circuit from January 2010 to December 2013, later appointed as a Legal Member of the Special Immigration Appeals Commission in 2013. Following a spell as Judge in Charge of the Commercial Court he was appointed a Lord Justice of Appeal in December 2016 and sworn of the Privy Council. He was appointed Chancellor on 3 February 2021.

In 2020, he was party to allowing Shamima Begum returning to the UK to fight her citizenship case together with 2 other judges.<sup>[1]</sup>



In Woods v Commercial First.  
The assignees appeal against the orders for rescission, with the permission of Flaux LJ

<b>The Right Honourable Lord Justice Flaux</b>	
<b>Chancellor of the High Court</b>	
<b>Incumbent</b>	
<b>Assumed office</b>	
3 February 2021	
<b>Preceded by</b> Sir Geoffrey Vos	
<b>Lord Justice of Appeal</b>	
<b>In office</b>	
2016–2021	
<b>Personal details</b>	
<b>Born</b>	11 May 1955
<b>Alma mater</b>	Worcester College, Oxford
<b>Occupation</b>	Jurist

## References

- Profile (<http://legalconferencespd.com/construction/speakers/mr-justice-flaux/>), legalconferencespd.com; accessed 4 January 2016.

Retrieved from "[https://en.wikipedia.org/w/index.php?title=Julian\\_Flaux&oldid=1009030548](https://en.wikipedia.org/w/index.php?title=Julian_Flaux&oldid=1009030548)"

## Joining the dots of “all” UK banking fraud with the City of London and the need for the Secretary of State to now intervene

The alleged frauds in Bristol can be traced back to the 1990’s when Hill Samuel (as taken over by Lloyds Bank) predatorily went after farmers such as Terry King, the case being handled by Burges Salmon. In 2002 another case (Mr Jeff Lampert) suffered loss at the “dirty hands” of his Lloyds Bank manager through a perjured affidavit.

This appears to be around the same time that the “City of London Corporation’s” influence was being restructured and extended to dominate UK financial services and policing. What followed was the now very sophisticated “TheCityUK” structure which extended the ability to influence police zones such as Avon & Somerset, in which to this day, the likes of PCC Sue Mountstevens and her Constabulary refuse to investigate the public’s complaints of high level asset thefts.

As time moved on, the expanse of alleged corruption grew deeper and wider with false instruments becoming sophisticated and expanded through greater brands. For instance in 2008 **Lloyds Bank injected £40m into Commercial First.**



Chief Constable Andy Marsh & PCC Sue Mountstevens

A recent case involved secret commissions (bribery as defined by 3 Law Lords 31 march 2021) and unfair credit relationships.

The case is known as: **Wood v Commercial First Business Limited (in liquidation) 2019**

The case was supported by the judge on grounds of:

- Secret commissions (bribery); and
- Unfair relationship under the Consumer Credit Act 1974

**The Judges Decision:** James Pickering (sitting as a Deputy High Court Judge) granted judgment to the Claimant (Wood) on the basis of the above grounds. The judgment is particularly useful in reviewing the law on secret commissions. In terms of remedies, the Judge held that Claimant was entitled to recover from the Defendant sums equivalent to the secret commissions and was entitled to rescission.

A secret commission is a commission paid by one person (D) to the agent (B) of the person with whom he is dealing (C) without all of the details of that commission being disclosed to C

Commercial First / Greater ownership by the specialist commercial arm of Lloyds Banking Group:

**On 31<sup>st</sup> March 2021: In the England & Wales Court of Appeal Neutral Citation Number: [2021] EWCA Civ 471 / Case Nos: A3/2019/2949 and A3/2020/1424**

**Before: i) Lord Justice David Richards ii) Lord Justice Males iii) Lady Justice Elisabeth Laing**

Found in favour of Mrs Frances Elizabeth Wood that acts of a) fraud, and b) bribery had been committed against her by key people at Commercial First and UK Acorn.

- i. Mrs Wood, alike many others had taken her allegations to Avon & Somerset Police, its Economic Crime Unit and its Police Crime Commissioner, only to be turned away, time and time again, where the PCC's Office refused to support Mrs Wood

\* Mrs Wood is CASE FIFTEEN IN "OP MEADOW" – CASE FIFTEEN shows letters to Dr Kirstie Cogram (ASP ECU) showing that Mrs Wood raised serious concerns over A&S Police failure. Mrs Wood also complained in writing to PCC Mountstevens on numerous occasions

- ii. The judgement front page is here



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## England and Wales Court of Appeal (Civil Division) Decisions

You are here: [BAILII](#) >> [Databases](#) >> [England and Wales Court of Appeal \(Civil Division\) Decisions](#) >> Wood v Commercial First Business Ltd & Ors [2021] EWCA Civ 471 (31 March 2021)  
URL: <http://www.bailii.org/ew/cases/EWCA/Civ/2021/471.html>  
Cite as: [2021] EWCA Civ 471

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Neutral Citation Number: [2021] EWCA Civ 471  
Case Nos: A3/2019/2949  
and A3/2020/1424

IN THE COURT OF APPEAL (CIVIL DIVISION)  
ON APPEAL FROM THE HIGH COURT OF JUSTICE  
IN THE BUSINESS AND PROPERTY COURTS IN BRISTOL  
PROPERTY TRUSTS AND PROBATE LIST (ChD)  
Mr James Pickering (sitting as a Deputy Judge of the High Court)  
and  
APPEALS (ChD)  
Mr Justice Marcus Smith  
[\[2020\] EWHC 2002 \(Ch\)](#)

and A3/2020/1424  
Royal Courts of Justice  
Strand, London, WC2A 2LL  
31/03/2021

Before:

LORD JUSTICE DAVID RICHARDS  
LORD JUSTICE MALES  
and  
LADY JUSTICE ELISABETH LAING

Between:

FRANCES ELIZABETH WOOD

Claimant/  
Respondent

- and -

COMMERCIAL FIRST BUSINESS LIMITED  
(1) BUSINESS MORTGAGE FINANCE 5 PLC  
(2) BUSINESS MORTGAGE FINANCE 7 PLC

First Defendant  
Defendants/  
Appellants

And between:

BUSINESS MORTGAGE FINANCE 4 PLC

Claimant/  
Appellant

- and -

RICHARD MILES PENGELLY

Defendant/  
Respondent

David Lord QC and Stuart Cutting (instructed by Moore Barlow LLP) for the Appellants  
Stephen Meachem (of Law Tribe) for the Respondent Frances Elizabeth Wood  
William Hopkin (instructed by Coodes LLP) for the Respondent Richard Miles Pengelly

Hearing dates: 11-12 November 2020

HTML VERSION OF JUDGMENT APPROVED

Crown Copyright ©

*Covid-19 Protocol: This judgment has been handed down by Lord Justice David Richards remotely by circulation to the parties' representatives by way of e-mail, by publishing on [www.judiciary.uk](http://www.judiciary.uk) and by release to BAILII. The date and time for hand down will be deemed to be Wednesday, 31 March 2021 at 10:30.*

Lord Justice David Richards:



# Fob off letter from Dr Kirstie Cogram sent from Avon & Somerset Constabulary's Head of Fraud as under the Chief Constable Nick Gargan

**[ WOOD V COMMERCIAL FIRST ] - 3 Law Lords decided 31 March 2021 that both fraud and bribery had taken place ! Police Misconduct to Pervert the Course of Justice to assist the ongoing cover ups**

Pippa Page  
Parliamentary Researcher to Sir Nick Harvey MP (North Devon)



Headquarters CID  
PO Box 37, Valley Road, Portishead, BRISTOL BS20 8QJ  
Telephone: 01275 816641 Fax: 01275 816449

5th November 2013

Dear [REDACTED]

Re: UK Farm Finance, Acorn Group and others

Following the information that you have provided in respect of the above, you will be aware that our Chief Constable, Mr Nick Gargan, undertook that Officers would conduct a scanning exercise in relation to possible fraudulent activity on the part of UK Farm Finance, Acorn Group and others.

A comprehensive review of the information provided has taken place and I am writing to let you know that we have concluded that there is insufficient evidence to support a Police investigation.

Following that decision, we have been in discussion with other regulatory agencies. The purpose of this was to look at whether there are any other opportunities to address the situation or to influence regulation of this kind of activity in the future. Unfortunately, we have currently been unable to identify an agency that would have the remit to progress this further.

It is of concern to us that the members of the public that we aim to protect are vulnerable to business practices and the law appears powerless and we are willing to brief those interested Members of Parliament in respect of our conclusion.

Unfortunately, that is all that we are able to offer at this time. If I can be of any further assistance, please do not hesitate to contact me.

Yours sincerely



Dr Kirstie Cogram  
Manager – Financial Investigation and Economic Crime  
Headquarters CID  
Avon & Somerset Constabulary

UK Parliament Disclaimer:

# MORTGAGE STRATEGY

## “Commercial First” gets £40m cash injection from Lloyds TSB

By [System Administrator](#) 22<sup>nd</sup> May 2008 4:05 pm

Commercial First has successfully refinanced its business with a £40m three year working capital facility from Lloyds TSB.

The investment complements the additional £12m in shareholder equity raised in December and May.

The working capital facility together with the equity raising has enabled the business to secure long term stability after it was forced to temporarily suspend new originations as a result of the credit crunch.

While the refinancing does not mean an immediate return to new lending, it does ensure the business is well funded to continue to effectively manage the existing £1.6bn portfolio for the benefit of investors, bond holders and various banking partners, and allows us to direct our efforts towards a return to market.

Philip George, managing director at Commercial First, says: “I am delighted that, despite the incredibly difficult market conditions, we have secured this substantial facility from Lloyds TSB and the continued financial support of our shareholders.

“It’s fantastic to see that they share our passion and belief in this great company, and it enables us to continue to manage the business successfully for the benefit of all our stakeholders.”

# Commercial mortgage lender to offer loans again after months in hibernation

Commercial First, the Essex-based mortgage lender that was forced into hibernation after closing its doors to new business last year, is set to recommence lending to its customers.

The lender, which is run by David Johnson, the Grand National winning horse-owner, is believed to have struck a deal with a number of banks that will allow it to advance loans once again.

Before the de facto closure of the **securitisation markets**, Commercial First was lending more than £1.5bn to small- and medium-sized enterprises.

The group's ability to lend once more is another sign that the worst of the credit crunch could be over.

Commercial First is 28 per cent owned by Lloyds Development Capital the private equity arm of Lloyds Banking Group. The remainder of the company's equity is held by Mr Johnson and management. The lender said earlier this year that it was in talks with a Mid Eastern company, that could have led to a partial sale.

The group lobbied the Government heavily last year asking for assistance to begin lending once again.



## Unfair relationships

Under the Consumer Credit Act 2006, the earlier "extortionate credit" regime under the CCA was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except regulated mortgage contracts under the FSMA, and also applies to (as described above) "consumer credit back book mortgage contracts".

If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee (such as the mortgages trustee), to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or anyone acting on behalf of the creditor) before and after making the agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair".

However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published 59 by the FSA and, subsequently, the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary. *Plevin v Paragon* [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

In March 2017, the FCA published final rules and guidance with respect to payment protection insurance complaints in light of *Plevin*. The rules will not apply to borrowers with regulated mortgage contracts. The FCA rules came into force on 29 August 2017 and require that firms that sold payment protection insurance (PPI) must write to previously rejected mis-selling complainants who are eligible to complain again in light of *Plevin* in order to explain this to them by 29 November 2017.

The FCA rules state that if the anticipated profit share and commission or the likely range of profit share and commission on a PPI contract was not disclosed to the borrower before the PPI contract was entered into, the firm should consider whether it can satisfy itself on reasonable grounds that an unfair relationship did not arise.

A firm should make a rebuttable presumption that failure to disclose commission gave rise to an unfair relationship if the anticipated profit share plus the commission known or reasonably foreseeable at the time of sale was, in relation to a single premium payment protection contract, more than 50% of the total amount paid in relation to the PPI contract or in the case of a regular premium PPI contract, at any time in the relevant period or periods more than 50% of the total amount paid in relation to the PPI contract in respect of the relevant period or periods.

The FCA cites, amongst others, an example of such presumption being rebutted by the lender not having known and not being reasonably expected to have known or foreseen the level of commission and anticipated profit share.

Where the firm concludes that the non-disclosure of commission on a PPI contract has given rise to an unfair relationship, the firm should remedy the unfairness by paying the complainant a sum equal to the total commission paid by the complainant for PPI plus an amount representing any profit share payment, minus 50% of the total amount paid by the complainant for the PPI.

The firm should also repay interest received by it in relation to that sum, where relevant and also pay simple interest on the whole amount. If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the loans and ordered that financial redress be made in respect of such loans or if redress was due in accordance with the FCA rules and guidance on PPI complaints, such redress may adversely affect the ultimate amount received by the issuing entity in respect of the relevant loans.



## Fannie Mae Explains Securitization and Distribution of Ownership of Debt

Posted on April 16, 2019 by Neil Garfield

As a quasi government agency Fannie Mae is forced to be forthcoming about its role in lending. But the wording of disclosures mostly come from Wall Street investment banks.

In the latest description of Fannie's current activities the wording is carefully crafted to avoid referring to ownership of the debt, but the substance is the same. By shifting the 95% risk of loss to investors they are transferring ownership of the debt and legal standing to those investors. By using separate agreements that are often described as "bets" they maintain the false illusion that they are not selling the debts, and that therefore they can sell 3000% of any debt because they are only selling "risk."

The reason legal standing is at issue is simple. Only an injured party can sue. In this case Fannie retains a nominal interest while the investors move into Fannie's shoes after Fannie has moved into the shoes of an originator by paying the investment bank that actually funded the loan. The investment bank is paid with certificates issued in the name of a "bankruptcy remote trust" that are then sold through brokers to pension funds and other types of investors.

If there are defaults on borrower obligations it is the investors who suffer a loss, directly or indirectly but not the investment bank, not the trust, not the trustee and not the "lender."

But which investors? Apparently all of them. When Fannie acquires a loan it is described as "depositing" the loan into a "bankruptcy remote trust." Fannie usually retains the role as "Master Trustee" but the named Trustee on the Bankruptcy Remote Trust is your familiar US Bank et al. Here is the kicker: the reason it is "bankruptcy remote" is that it doesn't own any loans and doesn't manage any loans and doesn't handle any money. It is a legal fiction to take advantage of some tax avoidance structure in the Internal Revenue Code.

That doesn't grant it legal standing. Like the NINJA loans, if there is no income, no assets and no business the trust doesn't exist and even if it was construed to be an inchoate trust, it still doesn't own the loan nor suffer any injury if a borrower doesn't pay on the debt.

In Rogue Trusts this infrastructure is presented without any reality. No loan was acquired by anyone. But the risk of loss on non performance of the debt is scattered in hundreds or thousands of instruments including but not limited to those falsely described as "mortgage backed securities" and "risk sharing instruments."

Thus when a foreclosure is filed the lawyers are using a name that is either concocted out of thin air or appointed by some unauthorized party who sounds "institutional." The proceeds of foreclosure never go to the named claimant. Some portion of the proceeds might find its way to

4/16/2019

Fannie Mae Explains Securitization and Distribution of Ownership of Debt

investors but a large portion of then proceeds are simply retained by the investment bank and hidden in the category of "trading profits."

Look no further than the following link to find that all the "competitors" on Wall Street are actually in tacit or express agreements as co-venturers in a scheme that only looks like securitization because the investment bank insulates itself from liability if it appears to be only an intermediary. In reality it is the principal and it sells off virtually all aspects of the debt to investors who are relying on the illusion.

see <http://www.fanniemae.com/portal/funding-the-market/credit-risk/conn-ave.html>

For purposes of foreclosure the chain started by the investment bank thus links to either no creditor or a nominal creditor with no risk of loss or shared risk of loss on debts. This means that standing might exist for many parties, because they are diversified, but not for one party. It also means that standing exists for parties who have not been identified and probably cannot be identified without recourse to the actual contract documents under which the investor counterparties assumed various portions of the risk of loss.

A tally of all such instruments far exceeds 100% of the debt so the chain started by the investment bank is all paid off with no standing and no financial injury.

But discovery of those documents is blocked by parties claiming the information is private and proprietary — until some enterprising and highly aggressive lawyer pierces through those specious arguments and gets an order from a judge requiring the documents to be delivered. At that point the case settles under seal of confidentiality and the public none the wiser continues to think that securitization is real and that most foreclosures are actually properly done and result in paying down the debt of a borrower.

Rinse and repeat. Every borrower starts from scratch whereas the banks and servicers continue to promote their schemes.

### **Spread the word**



# Practical Law

This is Google's cache of [https://uk.practicallaw.thomsonreuters.com/1-501-1955?\\_lrTS=20171015032002623](https://uk.practicallaw.thomsonreuters.com/1-501-1955?_lrTS=20171015032002623).

8 Sep 2020 19:00:00 GMT.

## Structured finance and securitisation in England and Wales

### overview

by **Rupert Wall** and Freddie Glebocki, [Sidley Austin LLP](#)

A Q&A guide to structured finance and securitisation in the UK (England and Wales). This Q&A provides an overview of, among others, the markets and legal regimes, issues relating to the SPV and the securities issued, transferring the receivables, dealing with security and risk, cash flow, ratings, tax issues, variations to the securitisation structure and reform proposals.

### Market and legal regime

1. Please give a brief overview of the securitisation market in your jurisdiction. In particular:

- How developed is the market and what notable transactions and new structures have emerged recently?
- What impact have central bank programmes (if any) had on the securitisation market in your jurisdiction?
- Is securitisation particularly concentrated in certain industry sectors?

The securitisation market in England and Wales remains one of the (if not the) largest and most developed securitisation markets in Europe. As at the end of H1 2019, sources estimated the UK to be the most active jurisdiction for securitisation in Europe (by jurisdiction of collateral securitised) reflecting an estimated EUR20.6 billion of EUR93.1 billion total new asset backed securities (ABS) issuance in Europe over the first six months of the year. The UK also has by far the largest amount of outstanding securitised product (by country of collateral) with about EUR324 billion outstanding as at end H1 2019, representing about 26% of all European outstanding securitised product.

While the securitisation market in England and Wales is therefore well established and one of the largest in Europe, both UK and European issuance in 2019 remained depressed when

disclosure and transparency requirements contained in the Securitisation Regulation applying to SPVs incorporated in the EU).

- Taxation of the issuer and its assets in that jurisdiction, including corporate tax on any minimum required retained profits, deductibility of interest payments made by the issuer, and issues relating to withholding tax (including availability of tax treaty relief in relation to interest and other payments on underlying assets as well as payments of interest on the securities issued by the SPV), VAT or other taxes.
- Licensing and authorisation requirements.
- Insolvency law considerations.

## Ensuring the SPV is insolvency remote

6. What steps can be taken to make the SPV as insolvency remote as possible in your jurisdiction? In particular:

- Has the ability to achieve insolvency remoteness been eroded to any extent in recent years?
- Will the courts in your jurisdiction give effect to limited recourse and non-petition clauses?

Typical measures taken to make the SPV as insolvency remote as possible include:

- Establishing a new entity with no operating history and a limited number of known (or potential) creditors.
- Ensuring the SPV will operate as a distinct entity with a separate legal personality to other transaction parties (*see Question 7*).
- Restricting the purpose and activities of the SPV in constitutional and transaction documentation, to reduce the risk of liabilities being created outside the securitisation.
- Limiting the ability of the SPV (or its members) to voluntarily file for insolvency proceedings.
- Ensuring the transfer of assets from the originator to the SPV is on a true-sale basis, so that there is limited risk of the assets being held to be interests of the originator in its insolvency (*Question 16*).
- Including non-petition language in any agreement between the SPV and a third party restricting such third party's ability to initiate insolvency proceedings against the SPV.
- Including limited recourse language in agreements between the SPV and a third party restricting the SPV's liability to a creditor to the secured assets of the SPV.

Despite the above measures, an SPV will never be fully insolvency-proof as there is no restriction on a third-party creditor not bound by the above contractual provisions (for example a tax authority) taking insolvency action against the SPV.

It has generally been accepted under English law that contractual limited recourse language, providing that creditors have their recourse limited to specific assets of the debtor, is a relevant factor in achieving insolvency remoteness. Despite this, an English court has held that it would be just and equitable to wind up a company (and that it was insolvent on a balance sheet and cash flow basis) despite a contractual limited recourse provision which provided that the company was not liable to pay its bondholders more than its available funds, although the relevant judgment is capable of being limited to its context on a number of factual and legal grounds and an English court may not come to a similar conclusion on an opposed and fully argued application.



## Ensuring the SPV is treated separately from the originator

7. Is there a risk that the courts can treat the assets of the SPV as those of the originator if the originator becomes subject to insolvency proceedings (substantive consolidation)? If so, can this be avoided or minimised?

The equitable remedy of substantive consolidation, which permits the court to treat the assets and liabilities of one entity as though they were those of another, is not recognised by the English courts. Only in circumstances where the assets and liabilities of two companies are indistinguishably amalgamated together and where to do so would be in the interests of both companies' creditors, may a court sanction an arrangement reached by the insolvency official and those creditors.

The separate legal personality of a company will only be ignored in very limited circumstances, such as:

- Fraud or concealment of illegal activities.
- A company being formed as a sham or façade to evade contractual obligations or practice a deception.
- An agency or nominee relationship being found to exist.

Securitisation transactions habitually attempt to minimise the risk of a court treating the assets of an SPV as those of an originator or other third party, or of a creditor or liquidator of a third party company being found to have a claim on the SPV's assets, by ensuring (either structurally or contractually) that some or all of the following apply:

- There are no grounds for setting aside any transaction entered into between the SPV and another company under the Insolvency Act.
- The SPV has not given any surety or security for the obligations of another company.
- There are no grounds for holding that one company is a shadow director of the other and could be held to be liable for wrongful or fraudulent trading if the other company is in liquidation.
- No financial support direction or contribution notice could be issued under UK pensions legislation and the SPV is not jointly and severally liable with any other company under any relevant tax legislation.
- Corporate activities of the SPV are kept separate from those of other transaction parties and constitutional and other decision-making formalities of the SPV (such as board minutes) are accurately kept and filed separately from those of any other party.
- There is limited or no pooling or intermingling of assets (with the SPV having segregated and/or ring-fenced bank accounts).
- The corporate veil is not used for improper or dishonest purposes (such as to conceal illegal activities, deception or evasion of certain SPV obligations).
- The SPV has, and holds itself out as having, a distinct, independent existence and can acquire and hold assets and carry on business in a manner separate to any other party (achieved, among other things, by the SPV conducting its business in its own name, paying debts out of its own funds and maintaining arm's length relationships with other parties).
- The SPV has independent directors or other management and produces separate (non-consolidated) accounts.



## The securities

With limited exceptions, there has been a focus in recent years on familiar and well understood assets and structures, such as RMBS, CLOs, credit cards and auto receivables (and in certain jurisdictions, limited number of new CMBS), due to:

- The availability of government subsidised wholesale funding.
- An increase in the supply of large portfolios of residential mortgage loans which have been sold by governments and financial institutions and which have subsequently been securitised.
- Comparatively penal regulatory capital charges for holding ABS investments.
- Uncertainty around the impact of future, tighter regulatory measures affecting the securitisation market.

The Securitisation Regulation which has applied from 1 January 2019 prohibits the securitisation of self-certified mortgages, although the prohibition applies only to securitisations issued after 1 January 2019, and to underlying mortgage loans that were originated after the entry into force of the Mortgage Credit Directive (MCD) (other than for STS transactions for which purposes all self-certified mortgages are prohibited). The Securitisation Regulation also prohibits re-securitisation, namely, the creation of securitisations which include securitisation positions in the pool of assets.

### Transferring the receivables from the originator to the SPV

12. How are receivables usually transferred from the originator to the SPV? Is perfection of the transfer subject to giving notice of sale to the obligor or subject to any other steps? The most common method of transferring receivables is by way of assignment (equitable or legal). To perfect an assignment of receivables express notice in writing is required to be given to the obligor (see also [Question 27](#) and recent decisions of the English courts assessing certain elements of any such notice).

The giving of such notice will not in itself result in the assignment becoming a legal rather than equitable assignment and certain other formalities are also required under section 136 of the Law of Property Act 1925 (LPA), namely the assignment has to be:

- In writing and signed under hand by the assignor.
- Of the whole of the debt.
- Absolute and not purporting to be by way of charge only.

Where the sale of a receivable falls short of these requirements it will take effect as an equitable assignment and any subsequent assignment effected by the seller and notified to the obligor before the date on which the original assignment is notified to the obligor will take priority.

Alternative methods to transfer receivables include:

- A novation (which transfers the rights and obligations in respect of the receivables and requires written consent from each of the obligor, transferor and transferee).
- A declaration of trust over the receivables, or over the proceeds of the receivables (coupled with a power of attorney).
- A sub-participation (essentially a limited recourse loan to the seller in exchange for an economic interest in the receivables).



Specific statutory requirements may also apply for assignments of certain receivables, such as intellectual property rights and certain policies of insurance.

13. Are there any types of receivables that it is not possible or not practical to securitise in your jurisdiction (for example, future receivables)?

Subject to certain exceptional categories of receivables differentiated mainly on public policy grounds (see [Question 15](#)), it is possible to transfer any type of receivable, including future receivables arising out of an existing contract, provided that the receivables can be described with sufficient specificity to be distinguished from the remainder of the seller's estate at the moment of transfer.

It is possible to securitise future receivables. An assignment for value of an identifiable receivable, which does not exist at the time of the receivables purchase agreement but which will be clearly ascertainable in the future, is treated as an agreement to assign which gives rise to an equitable assignment of the receivable as soon as it comes into existence.

Where a receivables purchase agreement provides that no further action is required by the seller for the receivables (including receivables arising in the future) to be transferred, the agreement will generally continue to be effective to transfer the receivables even after the initiation of insolvency proceedings. However, either party could exercise a contractual right to terminate and, in certain circumstances, a liquidator may, under the Insolvency Act, be able to disclaim (and thereby terminate) an ongoing receivables purchase agreement if it is considered to be a transaction at an undervalue, a preference, an extortionate credit transaction or a transaction defrauding creditors.

Where the agreement requires further action from the seller, the insolvency official may choose not to take that action and, in that situation, the buyer's remedy is likely to be limited to an unsecured claim in any insolvency proceedings.

Subject to the operation of the Business Contract Terms (Assignment of Receivables) Regulations (SI 2018/1254) (see [Question 15](#)) it is also possible to restrict a specific assignment of receivables of any asset class by imposing contractual restrictions on their transfer.

The Securitisation Regulation also imposes certain limitations on receivables that cannot be securitised (see [Question 11](#)).

14. How is any security attached to the receivables transferred to the SPV? What are the perfection requirements?

Security for a receivable can typically be assigned in the same manner as the receivable itself, but it will depend on how the security is constituted. The perfection of a transfer of some types of security may require additional formalities such as registration or payment of a fee. For example, with respect to mortgages over real property in England and Wales, as well as giving notice, certain other formalities (such as registration of the transfer at HM Land Registry) must be complied with to effect a legal assignment.

### **Prohibitions or restrictions on transfer**

15. Are there any prohibitions or restrictions on transferring the receivables, for example, in relation to consumer data?

### **Contractual restrictions**

The most commonly encountered prohibition or restriction on transferring receivables is contractual. If a contract is silent on assignability, the contract and the receivables under it are freely assignable. However, contractual restrictions on transfer by one method (such as



## Equitable Charges Over Land

**Equitable charge refers to a security interest in property granted by a debtor. Equitable charges are similar to mortgage interests, and may be enforced by court order for sale. It does not grant ownership or possession to a creditor but gives him or her the right to the judicial process for recovery of the loan amount in case of non-payment.**

### Equitable Interests in Land

It is commonly thought that there are only two interested parties, when land ownership is concerned, the owner/s on the certificate of title, and the bank. However there are a number of ways in which equitable interests in land can be created, and can exist separate to the legal interests registered over the property. This is because the law of equity *regards as done that which ought to be done* and acts to ensure that parties receive the benefit from property that they are rightly entitled to, whether they are legally registered or not. It is important to understand equitable interest in property when you or a person with an interest in your property is facing bankruptcy.

### Creation of Equitable Interests

The most common way that an equitable interest is created in a property is where the legal title is held on trust for another person. For example, A may hold the entire legal title to a house which both he and B have paid for, legally he holds 100% of the title, but at equity 50% of the title belongs to A, and 50% is held on trust for the benefit of B.

Another equitable interest which can arise is an equitable charge over land. An equitable charge over land is a form of security for payment which is not usually registerable (other than via caveat). A common example of an equitable charge arising is where B in the above scenario borrows money from C and secures the loan over her equitable title to her house. C can then claim against the property in the event that B does not repay the loan.

In general, the law of equity will recognise an equitable charge where there is sufficient evidence to show that the parties intended that certain property will act as collateral for a loan from lender to the borrower. Courts have previously found that sufficient evidence of this can be found in agreements which allow for registration of a caveat, or grant interest in property upon default of a borrower.

In the absence of any express agreement equity will look to other factors such as the legal division of title, the actual contributions of both parties to the property, and any valuable consideration which passes between parties in relation to the property. To continue with the above example; where A invests more into the property than B such as paying off a mortgage, A holds a charge over B's equitable interest in the property, so upon sale of the property A will be entitled to more of the sale proceeds than B.

### Disputes

Disputes over the existence or the value of equitable interest over land usually arise where a lender makes a call on their security or where the property in question is sold and the equitable charge holder seeks to enforce their rights to the proceeds of the sale.

It is important to get prompt and accurate legal advice if someone is claiming an equitable interest in your property.



Rozi Jones - 5th November 2014

## UK Asset Resolution successfully concludes sale process for a portfolio of “Commercial First” mortgages for £2.7bn



### Pepper appointed as servicer on securitisations

Pepper UK Limited has been appointed as the servicer on the recently announced Slate No. 1 and 2 residential mortgage backed securitisation issues, believed to be the largest transaction of its type globally this year and the largest European transaction in over 3 years.

Slate 1 & 2 comprise over £2.7 billion of residential mortgages recently acquired by a consortium of investors led by **J.P. Morgan** and **Commercial First Group Limited** from **UK Asset Resolution Limited**, the holding company for Bradford & Bingley plc and NRAM plc. Commercial First Mortgages Limited has also been retained by the securitisation issuers as Servicing Consultant.

The portfolios consist of performing residential mortgage loans from the legacy books of NRAM, B&B and Mortgage Express, secured on residential property assets in the UK. They were sold as part of UKAR's on-going process to manage down the closed mortgage books of both B&B and NRAM whilst maximising value for the taxpayer. Pepper will board the portfolios in stages over the next 12 months.

### Commenting on the latest success for Pepper, Richard Klemmer, UK CEO, says:

“Pepper is absolutely delighted to have been awarded this mandate. The Slate securitisations are ground breaking and signify renewed appetite from investors in UK RMBS on a global scale. Pepper looks forward to working with all parties to ensure the highest possible service standards are maintained for all customers and investors”.

Pepper currently has over £4.5 billion of assets under management, rising to over £5.0 billion by the end of 2014; with the addition of the Slate assets Pepper's total AUM will reach £8.0 billion, involving in excess of 60,000 loan accounts.

Solicitor Peter Williams who was linked to financial suicides was struck off

# The Sunday Telegraph

## Solicitor linked to farm finance suicides is struck off

January 2017



**Peter Rhys Williams, 61, has denied all wrongdoing**

It is not the first time Mr Williams' integrity has been called into question.

An investigation was launched by the SRA in 2010, following complaints from farmers and other rural businesses about Mr Williams, then a Partner at Bristol law firm Burges Salmon.

It was claimed that Mr Williams, who operated with a business partner, had given negligent advice which resulted in them being misold loans with interest rates as high as 22per cent, accompanied by high arrangement and redemption fees.

With no prospect of paying off the loans many clients were driven into bankruptcy, with some said to be so desperate they took their own lives.

In one case, a dairy farmer Robert Cowling, 49, was found dead in a field on January 21, 2014, after suffering fatal gunshot wounds at little Crap ell Farm, near Wells.

Former MP Elfyn Llwyd, who was one of the first to bring Mr Williams' alleged activities to the attention of the authorities, said: It was one of the worst financial scandals I have ever come across.

"At least 80 farmers were involved, many lost their farms as a result of these loans, and some became so desperate at their livelihood being taken from them that they took their own lives."

Mr Llwyd, a barrister and former Plaid Cymru MP for Meirionnydd Nant Conwy, called for the Serious Fraud Office to investigate with a view to assessing whether criminal charges should be brought.

He alleged: "He would tell them. That no bank would take them on and that they would need a short-term high-interest rate loan which he could provide.

" He would then tell them that this would soon be switched to a longer-term low-interest rate loan, but that never happened, leaving his customers with cripplingly high monthly repayments."

Mr Williams was until recently head of the agriculture team at Devon based Michelmores Solicitors, which he joined in October 2012. He is the author of a definitive textbook on the law of agricultural holding.

When contacted by

Mr Williams "vehemently denied" what he called "baseless allegations" about his loans operation.

He added: "I do not propose to make further comment until after the hearing of my appeal."



**A** prominent agricultural solicitor whose strike-off was overturned can return to practice from next month, the High Court has ruled.

Mrs Justice Carr had already quashed the decision of the Solicitors Disciplinary Tribunal to ban Peter Rhys Williams after discovering 'serious procedural irregularity' in the dishonesty finding.

Following another hearing last week, Carr opted against remitting the case to the SDT and imposed a nine-month suspension, effective from December 2016.

She also quashed the order that Williams pay £195,000 (70%) towards the SRA's prosecution costs, reducing that bill to £60,000. The SRA will have to pay the remainder of the total costs of £279,000.

Williams had been banned in December 2016 for his role in advising a client on a property sale. He was found by the Solicitors Disciplinary Tribunal to have acted dishonestly and without integrity in hiding money made from a property sale from a mortgage lender. Williams, a published author on agricultural holdings law, was with Wiltshire firm Wilsons Solicitors at the time of the misconduct and went on to join Devon firm Michelmores.

The dishonesty element was found in court to be unproven, but the allegations of failing to act with integrity and failing to maintain public trust in the profession were retained.

The SRA maintained Williams should still be struck off, while his lawyers argued that he had effectively been 'punished enough'.

In *Williams v Solicitors Regulation Authority*, Carr said Williams had made four separate misrepresentations to Northern Rock in two letters sent in 2011. The judge said he was not attempting to make any personal gain, but he had intended to create a false impression about the property price and was directly responsible.

She added that Williams had not 'come close' to showing insight into the finding of lack of integrity, but he had made some concessions and did co-operate in the investigation.

'Although there is a need to protect both the public and the reputation of the legal profession from future harm by Mr Williams by removing his ability to practise, neither the protection of the public nor the protection of the reputation of the legal profession justified striking off the roll,' said Carr. 'Mr Williams' professional performance, including a lack of sufficient insight on his part, demonstrates the need to underline the gravity of his conduct. Nine months is a term that will both punish and deter whilst being proportionate to the seriousness of the misconduct. Public confidence demands no lesser sanction.'





# UK Asset Resolution successfully concludes sale process for a portfolio of mortgages for £2.7bn

14 Oct 2014

## UK ASSET RESOLUTION LIMITED

UK Asset Resolution Limited (UKAR), the holding company for Bradford & Bingley plc (B&B) and NRAM plc (NRAM), has concluded a competitive sales process for the sale of a portfolio of performing residential mortgage loans to **Commercial First** as part of a consortium led by **J.P. Morgan** for £2.7bn. **UKAR was advised in the process by Credit Suisse.**

The portfolio comprises performing residential mortgages from the legacy books of B&B, NRAM and Mortgage Express (MX) and is secured on residential property assets in the UK.

The sale was based on the portfolio position as at end May 2014, from which point the buyers acquired the risks and rewards of ownership. The proceeds include a c.£55m premium over the book value at that point in time, representing good value for the taxpayer.

The full transfer of legal title and servicing of these accounts will be phased over the next 12 months. Until such time as a customer's mortgage is transferred, B&B, NRAM or MX will remain responsible for servicing that mortgage and for setting the interest rates and any charges that apply.

The continued fair treatment of customers was a key consideration for UKAR in selecting the winning bid. The sale will not affect the terms and conditions of the mortgages in this portfolio and the **c.27,000 customers impacted will be contacted directly by B&B, NRAM or MX and the new lender at the point at which servicing responsibility transfers.**

This action forms part of UKAR's on-going process to manage down the closed mortgage books of both B&B and NRAM whilst maximising value

## Lloyds Bank, Acorn and Commercial First and Failure of their Receivers in many, many cases. ...

With the variety of John Holliday Lloyds BSU Bristol signatures I am holding, *it can be said all signatures supposing to be John Holliday are not his.*

This relates to John Holliday's signature of the Appointment of Receivers Documents, which are in turn used to sell customers properties.

An LPA Receiver can repossess a Commercial Property without any recourse to court proceedings, which is the case with a number of the properties Lloyds have sold, my property being only one of many, so the validity of John Holliday's signature becomes very important.

When we take out a mortgage/charge against our property, usually we go to our legal representative and sign the DEED at our solicitors, this then puts a charge against our property.

Whether the bank puts us into default deliberately or not, is not relevant for this document.

For whatever reason our loans are called in, and usually without telling the customer Lloyds Appoints an LPA receiver, in the paperwork I have that is either Nicholas Burd of Luscombe Trehane, who no longer seems to be operating (I wonder why), Julian Smith and Andrew Hughes from Alder King, and Harry Dunger from Colliers, I suspect there are a lot more.

Interestingly with one of the appointment documents I have there is a letter from Julian Smith to his solicitor requesting if they think the Appointment Document is correct, so he clearly was suspicious. My own solicitor also questioned the validity, and Lloyds replaced The M's Appointment Document during their Possession Proceedings. We have also told 2 people under recent proceedings, and Lloyds have back tracked, so I think I am right. Also John Hughes the author of the book on LPA receivership has said it is incorrect.

In my case, Nick Burds so called legal representative, Mary McKenzie, an unqualified person from Lyons Davidson Solicitors, has written to all and sundry, including Hampshire Trading Standards, stating Nick Burd was my Attorney and could act as such. This was not true, as he was only appointed against my farm, and nothing else. The Charge does give the Bank Attorney over dealing with the Charged Property, but for this to be passed to the Receiver, he would have to be Appointed by DEED, which Lloyds do not do. This would be covered by **The Power of Attorney Act 1971**.

Of the Appointment Documents I am holding, I am the only person to have been sent the last page, which gives by DEED the power for a person at Lloyds to sign the Appointment of the Receiver, the very fact that 1. No-one is given the Appointment Document, and 2. No-one is given the Articles of Association, is in fact an offence under **The Misrepresentations Act 1967**. If you do not know the correct person that can sign the document, how can you possibly know the document has been falsely execute, even worse if you do not know a receiver has even been appointed how can you fight the possession process. This certainly is an **Abuse under Human Rights 1998**.

Under the **Companies Act 2006**, correct execution of DEEDS, requires a company like Lloyds to sign DEEDS, either by 2 Directors, or a Director, and a Company Secretary.

The Law requires all dispositions of land to be by DEED, so a receiver who signs Terms and Conditions regarding the sale of Property to act as Attorney and sign, would need to be Appointed by Deed. So as in my case, Nick Burd unlawfully signed the Terms and Conditions at Carter Jonas Estate Agents to allow the sale of my property. I assume the same with the other Appointed Receivers. This also has a knock on effect as to the Money Laundering requirements under various **Money Laundering Law**.

My documentations shows, the seller to be Burd's Company Luscombe Trehane, an entity, and not someone on the Appointment Document, the other people who have given me their Appointment Documents, confirm that the seller has been the receiver, which I think we can assume if not Appointed by DEED, could not sell, so therefore, these would be Unlawful property sales.

Despite Burd signing the Terms and Conditions of the property sale, Land Registry documents in my case, and one other, confirm, that the seller was in fact NOT Burd, but Lloyds Bank, and the Conveyancer, was in fact an Unqualified individual working in Lyons Davidson, Solicitors, again something which breaches the [Legal Service Act 2007](#).

Land Registry Documentation then shows the Sale Transfer to be executed by only a manager at Lloyds, and the witness, only an Assistant, something which certainly does not meet the requirements of the [Companies Act 2006](#).

Having had a long conversation with Land Registry, for a sale to be executed by a receiver, [Land Registry Practice Guide 36A](#) would have to be followed, which nether Receiver or Lloyds are doing. Therefore, Lloyds are actually the sellers

We now go on to the fact that in cases where Lloyds are repaid the debt, and money is left over, which a number of people never see, good protocol says a DS1 be executed, this seems to be done by Lloyds, but they keep it 'In House', and do not send to Land Registry. The DS1 is the document that discharges the original charge, showing that the charge has been repaid. To get a loan in the future without this discharge, it would be very difficult, as the debt is still against you even if it has been removed from the charged property. Lloyds have made the most of a loophole in LR, as LR will transfer all or part of a property on a TR/TP (Transfer All or Transfer Part) document under Power of Sale without the need for a DS1 (Discharge of Charge Document).

This then begs the question, when the charged property is sold to a new purchaser, because if the new purchase is borrowing from a bank other than Lloyds, they will require a DS1 to ensure the charge has been removed, as there is NOTHING on the Transfer Documents to show the removal of the charge. So why in my case, and in at least 2 other cases did the purchasers solicitor NOT request the DS1. The answer to that is easy, because Lloyds were actually funding the purchase, making the sale not the require 'Arms Length Sale' which is looked for in a Receivership Sale. This then questions the whole validity of the Sales of the Properties in Receivership by Lloyds Bank

Taking all of this into consideration I think I can be fairly certain that Lloyds is not only breaking the law, but unlawfully selling people's property fraudulently on a substantial scale.

As stated, I have the documents to lead through the above process.

Carolyn Shires



## # Lloyds chief António Horta-Osório to chair Credit Suisse

# Portuguese banker to take over at Swiss bank in wake of spying scandal

Credit to: [Kalyeena Makortoff](#) Banking correspondent

Tue 1 Dec 2020 11.48 GMT Last modified on Wed 2 Dec 2020 04.37 GMT

Outgoing Lloyds chief executive António Horta-Osório is to join Credit Suisse in May next year. The outgoing boss of Lloyds Banking Group is taking over as chairman at Credit Suisse, where he will deal with the fallout of the Swiss lender's spying scandal.

Credit Suisse announced on Tuesday it had chosen António Horta-Osório to replace Chairman Urs Rohner, who promised to step down earlier this year after the bank ousted ex-chief executive Tidjane Thiam after the corporate espionage row.



The 56-year-old Portuguese banker, who will take over in May, will face the challenge of boosting Credit Suisse's image following the scandal, which has sent shockwaves through the country's secretive banking industry and is being investigated by Swiss regulators.

Credit Suisse admitted to hiring private detectives to track two of its executives last year. While it blamed – and sacked – its former chief operating officer Pierre-Olivier Bouée over both incidents, lawyers hired by Credit Suisse have reportedly uncovered two previous incidents in which the bank separately had staff followed in Asia and New York in 2017 and 2018.

Credit Suisse said it does not condone spying on staff. "Due to the ongoing enforcement proceedings by [Swiss regulator] Finma, with which [Credit Suisse](#) has been cooperating since the beginning, we are not commenting further on the matter at this time."

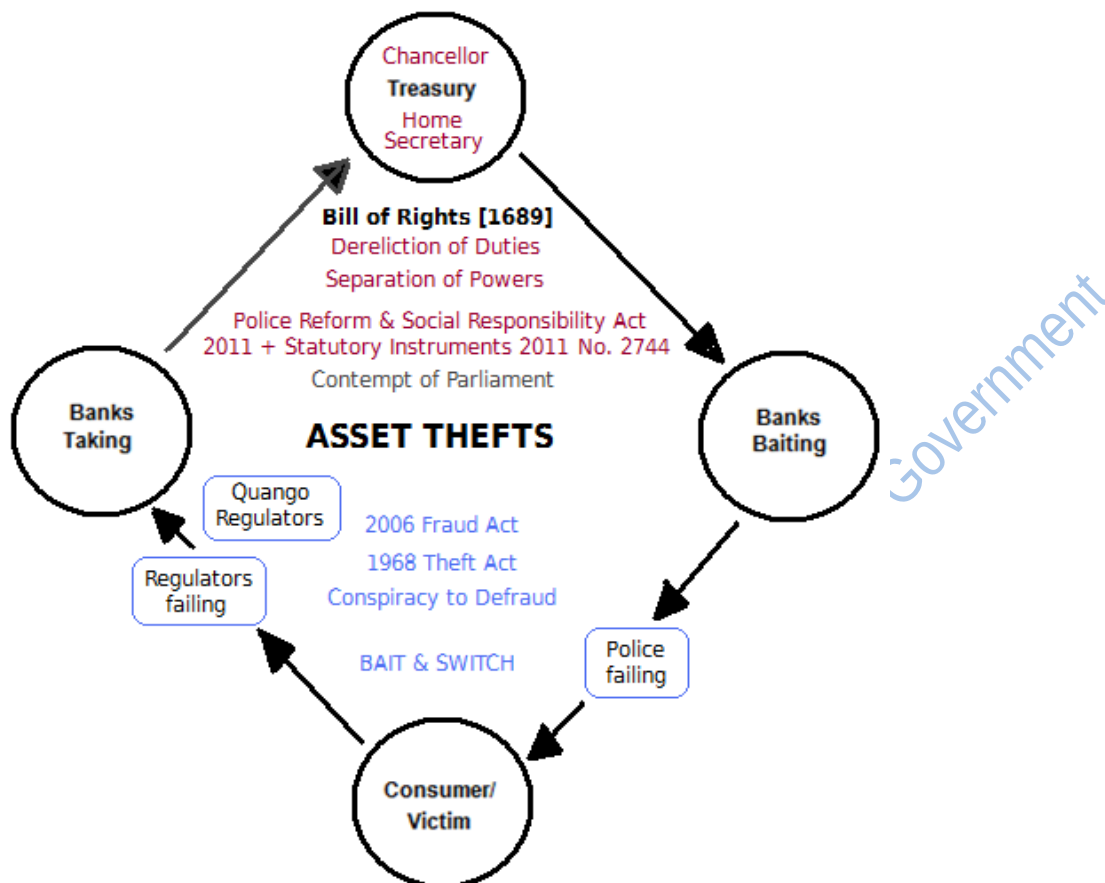
Thiam's ousting has also raised concerns about alleged discrimination in the Swiss banking sector. In one incident, Thiam, who was the only black boss of a big global bank, reportedly walked out of Rohner's Studio 54-themed birthday party last November when a black performer dressed as a janitor danced on stage. Rohner's friends also performed a number, all of them wearing afro wigs.

Credit Suisse [later apologised](#) for "any offence caused".

Horta-Osório will leave behind a separate scandal at [Lloyds Banking Group](#), which is still dealing with a compensation programme linked to a £245m loan scam at the HBOS Reading branch that pre-dated his appointment in 2011. Six people were jailed in 2017 over the scam.

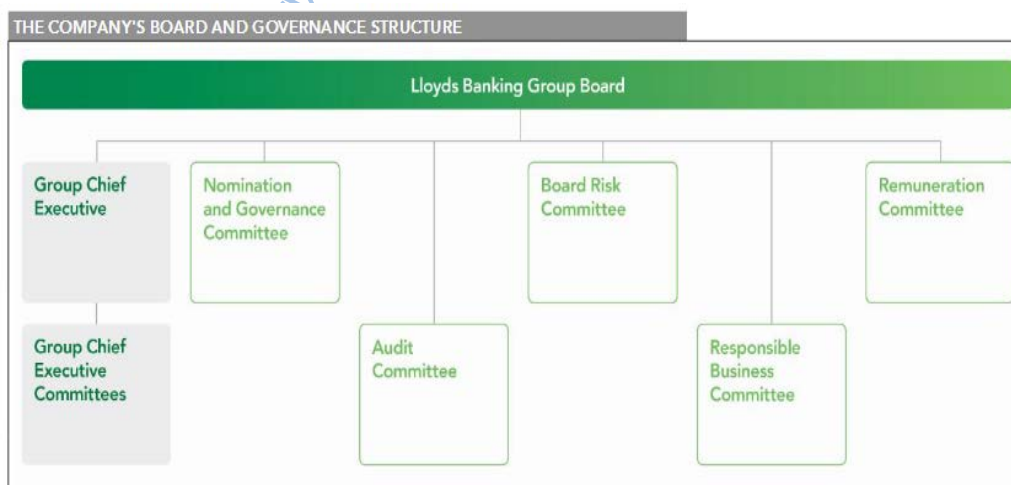
Lloyds – which rescued HBOS from collapse in and subsequently took a £20.3bn state bailout in 2008– is also awaiting the results of an inquiry into issues including whether Lloyds tried to cover up the scandal.

# Vampire Economics



*“For too long, a small group in our nation's capital has reaped the rewards of government while the people have borne the cost”*

## Lloyds Banks Governance Structure



The bank's customer protection is covering up fraud in partnership with police – and the establishment is allowing them


The **Corporation of London** is run by financiers. Westminster “fail-safes” have and continue to fail whilst MP's allow the City of London to hijack control away from the “**Bill of Rights [1689]**” and allow policy makers and auditors to abuse the “**Separation of Powers**” – It's time for the Home Secretary to step in.

### LLOYDS BANKING GROUP STRUCTURE

The following is a list of the principal subsidiaries of Lloyds Banking Group plc at 31 December 2017. The audited consolidated accounts of Lloyds Banking Group plc for the year ended 31 December 2017 include the audited accounts of each of these companies.

Name of subsidiary undertaking	Country of registration / incorporation	Percentage of equity share capital and voting rights held	Nature of business	Registered office
Lloyds Bank plc	England	100%	Banking and financial services	25 Gresham Street London EC2V 7HN
Scottish Widows Limited	England	100%*	Life assurance	25 Gresham Street London EC2V 7HN
HBOS plc	Scotland	100%*	Holding company	The Mound Edinburgh EH1 1YZ
Bank of Scotland plc	Scotland	100%*	Banking and financial services	The Mound Edinburgh EH1 1YZ

\* Indirect interest

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EXHIBIT 12.1

#### Certifications required under Section 302 of the Sarbanes-Oxley Act

I, António Horta-Osório, certify that:

1. I have reviewed this annual report on Form 20-F of Lloyds Banking Group plc (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the



statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and


presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ A Horta-Osório  
A Horta-Osório, Group Chief Executive  
Date: 9 March 2018

c90223\_ex12-2.htm 

**Certifications required under Section 302 of the Sarbanes-Oxley Act**

I, George Culmer, certify that:

1. I have reviewed this annual report on Form 20-F of Lloyds Banking Group plc (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;




- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a

significant role in the  
Company's internal control  
over financial reporting.

/s/ G Culmer  
G Culmer, Chief Financial Officer  
Date: 9 March 2018

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EXHIBIT 13.1

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

This certification set forth below is being submitted in connection with the Annual Report on Form 20-F for the year ended 31 December 2017 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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rio, the Group Chief Executive, and George Culmer, the  
Chief Financial Officer

, of Lloyds Banking Group plc, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lloyds Banking Group plc.

9 March 2018

/s/ A Horta-Os

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Group Chief Executive

/s/ G Culmer

G Culmer  
Chief Financial Officer

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Exhibit 15.1

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-211791) of Lloyds Banking Group plc of our report dated 9 March 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 20-F. We also consent to the reference to us under the heading "Selected Consolidated Financial Data" in the Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 20-F.

PricewaterhouseCoopers LLP  
London, United Kingdom  
9 March 2018

[lyg-20171231\\_cal.xml](#)

Additional Files

File	Sequence	Description	Type	Size
0000930413-18-000875.txt		Complete submission text file		48563820
lyg-20171231.xml	70		EX-101.INS	13148543
lyg-20171231.xsd	71		EX-101.SCH	547500





lyg- 20171231_de f.xml	73	EX-101.DEF	1743895
lyg- 20171231_la b.xml	74	EX-101.LAB	2070779
lyg- 20171231_pr e.xml	75	EX-101.PRE	1754261

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SEC CFR Title 17 of the Code of Federal Regulations.

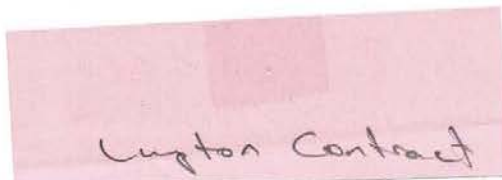
ENT> EX-4.(B)(XIV) 3 c90223\_ex4b-xiv.htm

Exhibit 4(b)(xiv)

Lord Blackwell  
Chairman

2 March 2017

Private & Confidential  
The Lord Lupton CBE



Dear James

### Non-executive Director Appointment – Lloyds Banking Group plc

Following our recent discussions, I am pleased to confirm that the Board of Lloyds Banking Group plc ("the company") has approved in principle your appointment as a non-executive director.

All directors of the company also serve on the principal subsidiary boards of Lloyds Bank plc, HBOS plc and Bank of Scotland plc. This letter also covers your appointment as a non-executive director of those companies. The boards generally meet simultaneously.

I can confirm that the Board of the company has also approved in principle your expected appointment as Chairman of Lloyds Bank's Non-Ring Fence Bank subsidiary, ("NRFB"). The NRFB is intended to be a wholly-owned subsidiary of the company, carrying on the non-ring fenced banking business of the group comprising the company and its subsidiaries ("the Group"). Prior to the NRFB subsidiary Board becoming accountable, you will be a member and Chairman of the preparatory Board which will provide advice to the accountable executives. These appointments are discussed further in paragraph 1 below ("Appointment").

Your appointments are subject to the terms and conditions set out in this letter.

#### 1. Appointment

Your appointment to the Group Board and membership of the NRFB preparatory Board will commence on or after 1 June, 2017 depending on the conclusion, to the satisfaction of the Board, of discussions with the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") (together, "Regulators") concerning your proposed future appointment as Chairman of the NRFB. Your appointment to the Group Board is for an initial term of three years, expiring at the Annual General Meeting (AGM) of the company in 2020. Appointments are reviewable annually. Subject to satisfactory performance and Board approval, you will be invited to stand for annual re-election by shareholders at the AGM in each year of your appointment.

Subject to a review of performance and the requirements of the Board at the time, non-executive directors may be invited to serve for a further term.

Continuation of your appointments is subject to:

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- approval by the Regulators, at such time as they may specify, of your appointment as Chairman of the NRFB and to this approval being maintained. As a director requiring such approval in respect of the NRFB, you will be required to adhere to certain standards set by the Regulators. A copy of the applicable standards is included in your appointment pack. You must inform the company and PRA and FCA of any significant changes in your personal circumstances which may have an impact on your approved status;
- satisfactory performance and contribution to the Board and any Board committees on which you serve;
- election and re-election as a director by the company's shareholders in general meeting as required by the company's articles of association and codes to which the company subscribes, in particular, the Financial Reporting Council's UK Corporate Governance Code.
- satisfactory performance as Chairman of the NRFB Preparatory Board (as defined below) and the NRFB.

The establishment of the NRFB is a process which will depend on the approval by the Regulators of an application for a banking licence and the conclusion of a court process for the transfer to the NRFB of parts of the banking business of the Group. The timing of the formal approval by the Regulators of the appointment of directors to the NRFB is a matter which remains to be agreed with the Regulators.

On appointment, you will join the Group Board immediately. You would also become Chairman of the NRFB Preparatory Board.

The other members of the NRFB Preparatory Board would be the other directors-designate of the NRFB and the Group's Chief Financial Officer. The role of the NRFB Preparatory Board will be to provide advice and support to the responsible Group Executive (George Culmer), the designated NRFB Executives, and yourself as Chairman designate of the NRFB Board in establishing the NRFB as a fully operational banking subsidiary of the company, with effective board governance.

The NRFB Preparatory Board would be expected to meet regularly to review the development of the NRFB and its governance, including:

- The business model and its commercial relationship with other parts of the Group
- Financial plans and resilience – balance sheet, capital, liquidity, profitability
- Operational plans, including services dependent on the Group and IT resilience
- Key risks and controls, including second and third line risk structures and other organizational reporting lines
- Management information and board reporting
- Future governance requirements, including operation of NRFB Board Risk and Audit Committees, matters reserved and the handling of any conflict areas
- Transitional arrangements and matters for escalation

For clarity, the NRFB Preparatory Board will not be the formal board of directors of the NRFB. Prior to the NRFB directors-designate becoming directors of the NRFB, responsibility for executive decisions will rest with the executive directors-designate of the NRFB, who will be accountable through the normal executive lines to the Group Executive Committee, the Group Chief Executive, the Chief Financial Officer and the Group Board.

The NRFB Preparatory Board will be succeeded by a formal NRFB Board at a time approved by the Regulators with NRFB board members then taking the responsibilities



incumbent on them as directors and with governance arrangements within the Group as then defined. Formal appointment as a Director and Chairman of the NRFB will be the subject of a separate letter at that time.

## 2. Termination

You will cease to hold the office of director if:

- (i) you resign from your appointment or choose not to stand for re-election;
- (ii) the company terminates your appointment or chooses not to propose you for re-election;
- (iii) shareholders fail to elect or re-elect you;
- (iv) you fail to meet, on an ongoing basis, the standards expected of a person performing your role; or
- (v) the articles of association or any law or regulation prevents you from continuing in office.

In the case of (i) and (ii) above, there is no entitlement to notice or to compensation for loss of office. However, the company will endeavor to give you reasonable notice where appropriate. You are requested to make the Chairman aware of any intention not to seek re-election so that the board can plan for orderly succession.

In the case of termination under (iii), (iv) or (v) above, your appointment will terminate automatically with immediate effect and without compensation.

## 3. Board Committees

In addition to your appointment as a non-executive director you will be required to serve on at least two Board Committees which may be subject to rotation. Initially, you will serve as:

- Member, Risk Committee
- Member, Audit Committee

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- It is proposed that, on appointment, you would become a member of an adhoc Non-Ring Fence Bank Committee of the Group Board established to address issues arising from the formation of the NRFB which create conflicts within the Group or, for other reasons, need escalation within the Group.

#### 4. Role

Your duties will be those required of a non-executive director. Non-executive directors have the same legal responsibilities as other directors.

The Board is collectively responsible for promoting the success of the company by directing the company's affairs. As members of the unitary board, all directors are required to:

- provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed.
- set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives, and review management performance; and

Page | 3

- set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

In addition, as Chairman of the NRFB Preparatory Board you will be responsible for leadership of the NRFB Preparatory Board in the light of the role of the Preparatory Board as set out above. Subsequently, as Chairman of the NRFB, you will be responsible for the leadership of the NRFB, including:

- **running the NRFB Board and setting its agenda**
- ensuring that directors of the NRFB receive accurate, timely and clear information and that the NRFB Board as a whole is devoting its time to the right matters;
- managing the NRFB Board and facilitating a culture of open debate, ensuring that sufficient time is allowed for discussion of complex or contentious issues;
- ensuring that the composition of the NRFB Board is appropriate for the efficient running of the business;
- evaluating the overall effectiveness of the NRFB Board, including the collective and individual performance of directors.

## 5. Responsibilities and accountabilities

Your more specific responsibilities and accountabilities are reflected in the group's wider governance framework and will include, to the extent relevant, any responsibilities prescribed pursuant to UK regulation and as notified to the PRA and/or FCA, details of which are available from the Company secretary.

## 6. Time Commitment

As a non-executive director, you are required to devote such time as is necessary for the effective discharge of your duties. The likely minimum time commitment for your role is approximately 65 – 75 days per annum which is made up as follows:

- |   |                |
|---|----------------|
| • Base time commitment for LBG non-executive directors:                         | c.25 - 28 days |
| • Additional time for membership of Risk Committee                              | c.5- 6 days    |
| • Additional time for membership of Audit Committee                             | c.5- 6 days    |
| • Additional time for Chairmanship of the NRFB Preparatory Board/the NRFB Board | 30 – 35 days   |

The estimated time commitment includes scheduled Board and Committee meetings relevant to your role, plus strategy sessions (including a 2 - 3 day offsite meeting), attendance at the AGM and preparation for meetings. A schedule of Board and committee meetings is included in your appointment pack.

The above minimum time commitment is based on planned events. From time to time, you may be required to attend meetings at short notice. In such cases, you will be required to make yourself available as appropriate.

In your capacity as a director of Lloyds Banking Group plc and/or as Chairman of the NRFB, you may be required to attend or represent the Group at meetings with the Regulators, the Government, investors or other third parties as appropriate.

Depending on your other commitments, you may be expected to relinquish other appointments to ensure that you can meet the legal and time commitments of the role. Legislation limits a director of a financial services company to holding a maximum of four non-executive director roles.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations of your role to the satisfaction of the board.

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The agreement of the Chairman should be sought before accepting additional commitments in order to discuss whether they might affect your ability to meet the time commitments necessary to discharge your duties and enable potential conflict issues to be identified and resolved.

## 7. Fees and Expenses

The following annual fees are payable in respect of your appointment:

• Non-executive base fee	£
	76,50
	0
• Additional fee for membership of Risk Committee	£
	32,00
	0
• Additional fee for membership of Audit Committee	£
	32,00
	0
• Additional fee for Chairmanship of the NRFB Preparatory Bank/NRFB	£135,
	000

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Total fee payable : £275,500

You will also be entitled to claim for reimbursement of reasonable expenses incurred in the course of your duties as a Director so long as these conform to the expenses policy agreed by the Board.

## 8. Outside Interests

It is accepted and acknowledged that you have business interests other than those of the company. As a condition of your appointment you are required to declare any such directorships, appointments and interests to the board in writing. If you take on any additional business interests or become aware of any potential conflicts of interest, these must be disclosed to the board as soon as they arise or become known to you. If at any time you are considering acquiring any new interest which might give rise to a conflict of interest with the company you must first discuss the matter with the Chairman and obtain a resolution of the board authorising such interest. Regardless of any approval given in relation to outside interests, it is your responsibility to ensure that you can meet the time commitment required by the role.

You have disclosed that, while you will resign from all board positions in the Greenhill Group before joining our board, you will retain a role as a Senior Adviser. You will, accordingly, take active steps to avoid exposure in the NRFB Preparatory Board, the NRFB and the Board of the company to any information relating to individual corporates in circumstances where access to such information could give rise, or be perceived to give rise, to a conflict of interest.

## 9. Confidentiality

You will not use or disclose to any person, firm or organisation (except as required by law or to carry out your duties under this letter) any trade secrets, know-how, business information or other private or confidential information relating to the business, finances or affairs of the company or any member of the Lloyds Banking Group, or any customer of the company or any other information provided on the basis that it is confidential. You will use your best endeavours to prevent the unauthorised use or disclosure of any such information.

This restriction will continue to apply after your appointment ends without limit in time but will not apply to information which becomes public, unless through unauthorised disclosure by you. After your appointment ends you will return all documents and information (whether written, visual or electronic) under your control which belong to the company or any member of the Group.

Your attention is also drawn to the requirements under both legislation and regulation relating to the disclosure of price sensitive information. You should avoid making any statements or engaging in any dealings that might contravene these requirements. The Company Secretary can provide further information and advice on these matters if required. Company policy is that all external communication on company affairs is restricted to the Chairman, Chief Executive and Corporate Affairs Director only.

## 10 Induction

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Following appointment, the company will provide further tailored induction to the extent required. You are entitled to request any additional information or briefings to assist you in the execution of your duties.

## 11 Evaluation and review of performance

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The performance of individual directors and the board and its committees is evaluated annually. In the interim, if there are any matters which you wish to discuss in relation to your role, please feel free to contact me.

## 12 Directors' Liability Indemnity and Insurance

.

To the extent permitted by law, directors are entitled to be indemnified by the company against all costs and liabilities incurred by them in execution of their duties. A deed of indemnity is included in your appointment pack for signature and return.

You will also have the benefit of any directors' and officers' insurance cover maintained from time to time by the company (but this shall not oblige the company to maintain any such cover either at all, or on current terms).

## 13 Independent Professional Advice

.

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director and it will be appropriate for you to consult independent advisers at the company's expense. The company will reimburse the full cost of expenditure incurred.

## 14 Disclosure and Dealings in Shares

.

The company may be required to include in its annual accounts a note of any material interest that a director may have in any transaction or arrangement that the company has entered into. You must disclose any such interest as soon as possible but no later than the board meeting at which the transaction or arrangement is first discussed so that the Board can note your interest and, if appropriate, approve any conflicts. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

During the continuation of your appointment you will be expected to comply (and to procure that your spouse and any connected persons comply) where relevant with any rule of law or regulation of any competent authority or of the company from time to time in force in relation to dealings in shares, debentures and other securities of the company and the unpublished price sensitive information affecting the shares, debentures and other securities of the company.

Details of the procedure for dealing in shares, together with explanatory notes on the code of market conduct/model code, will be in your appointment pack.

## 15 Shareholdings

.

All directors are encouraged to hold shares in the company. If you would like to receive whole or part of your monthly fee in shares, we would be happy to make the necessary arrangements for you.

Please acknowledge receipt and acceptance of the above terms by signing and returning the enclosed copy of this letter.

Please do not hesitate to contact me for any assistance in any matters during the term of your appointment. I look forward to welcoming you to the Board.

Best regards

/s/ Norman Blackwell

I acknowledge receipt of the letter dated 2 March, 2017 of which this is a copy and accept the terms of appointment.

Sign  
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**Exhibit 4(b)(xv)**

**Lord Blackwell**  
Chairman

5 December 2017

**Private & Confidential**  
The Lord Lupton CBE

Dear James,

**Chairman - Lloyds Bank Corporate Markets plc**

My letter of 2 March, 2017 requires me to write to you following your formal appointment as a Director and Chairman of Lloyds Bank Corporate Markets plc ('LBCM') from 3 August 2017, following receipt from the Prudential Regulatory Authority of a conditional banking licence with restrictions with effect from 25 July 2017.

Your appointment to the Board of LBCM follows your role as Chairman of the Non-Ring Fence Bank Preparatory Board.

The terms and conditions of your appointment as a Director and Chairman of LBCM are as set out in my letter of 2 March, 2017 save that you will also serve as Chairman of the LBCM Nomination Committee (subject to and with effect from receipt of regulatory approval) and as a member on its Board Risk, Audit and Remuneration Committees.

Please acknowledge receipt and acceptance of the above terms by signing and returning the enclosed copy of this letter.

Please do not hesitate to contact me for any assistance in any matters during the term of your appointment.

Many thanks and Best wishes,

/s/ Norman Blackwell

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under number 169628



I acknowledge receipt of the letter dated 5 December, 2017 of which this is a copy and accept the terms of appointment.

Sign  
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Lloyds Banking Group plc is registered in Scotland no. 95000. Registered office: The Mound, Edinburgh, EH1 1YZ

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EXHIBIT 8.1

## Banks do not lend, Land Registry are not informed to update the “Originators entry” in the Registry and Police are not Investigating!

Importantly, banks do not lend, they sell debt via “promissory notes” to SPV’s (special purpose vehicles) using “assignment” as gained from the borrower (obligator), based on personal guarantees (PG’s) and business plans (that we now understand gives the predators insight as to when the business is most vulnerable in order to attack it. In the establishing of the loans and mortgages; over a period of time and changing stages, the consumers are enticed (baited) typically for the promise to be supported, in the victim’s business growth/expansion plan.

Part of the concealment in the frauds is the banks failure to update the Land Registry entry as to beneficial interest in the loan (debts) sold/brokered. Furthermore, to hide “True Sale” ownership, the bank completes a 395 form at Companies House to hide their “originator” / “settler” true status.

Money simply creates from the borrowers signature, where the “promise” is signed by the debtor. Added to this the bank will take out hidden credit lines also known as “**SWAPS**”

Promised lending then fails to fully come through midway to 2/3rds along. Or terms are changed under duress or at times of financial and mental stress, secretly, or hidden in new agreements when the consumer is very vulnerable. Thus, the “switch” stage happens; and as such one of the **31 Banned Practices** of Trading Standards, is achieved known as “**Bait & Switch**” via unlawful and unfair process..

It’s the SPV (Special Purpose Vehicle) investors that fund debt and the bank then abuses its position (section 4 of the 2006 Fraud Act) to “**mindfully and willingly**” manipulate at the victims risk the SME’s position and security on their assets. Assets can be i) bricks and mortar, ii) money, iii) chattels iv) or intellectual property such as a brand or software.

On collapse, the bank’s lawyers in **WBR** (wholesale banking recoveries) present inflated and false costs as created in their **BSU/ LDC** (relating to Lloyds Bank) **commercial departments**. Such false costs are ultimately signed off by the banks CEO, CFO and it’s auditors (PwC) in it’s annual audit and include:

- Lawyers,
- Barristers,
- Valuer/Surveyor reports
- Estate Agent/ Letting Agent fees
- and questionable Property Management costs from Law of Property Act Receivers (LPAR’s)

In the manipulation of bringing in funds, the banks departments such as BSU present false Land Registry entries to their legal teams, along with below market valuation(s) (BMV), as much as 50% below a property’s or portfolios true open market value.

**In realistic perspective, it is impossible that so many cases that ran on 70% LTV debt funding can end up leaving the victim broke or in debt, in a static or rising property market.**

In the LBG BSU cases, evidence shows that BSU John Holliday, Andrew Pavey and Nick Wilson collude with Alder King LPAR and breach Supreme Court Ruling – 2013 under the “**Balance Sheet Test**” under section 123.

In many cases the bank will introduce shadow directors from auditors. In several cases PwC were appointed and one trick was to leave off assets from balance sheets to distort loan to value ratios (LTV) to trigger defaults.



## **SECURITISATION : REHYPOTHECATION : SHADOW BANKING : SEPARATION OF POWERS**

**SECURITISATION** is the conversion of an asset, especially a loan, into marketable securities, typically for the purpose of raising cash by selling them to other investors via a Special Purpose Vehicle.

**REHYPOTHECATION** is a practice where banks use for their own purposes, assets that have been posted as collateral by their Clients.

In the **United States**, rehypothecation of collateral is limited to 140% of the loan amount to a Client under rule 15c3-3 of the SEC.

In the **United Kingdom** an unlimited amount of customers assets can be rehypothecated and there are no customer protection rules.

This is why, in part, the City of London is a global fraud centre attracting large financial institutions and employers, which increases their power and control over the "Square Mile" via the Corporation of the City of London and City of London Police (COLP) over whom the Home Secretary has no Authority under Statutory Instruments 2011, number 2744, the Policing Protocol Order 2011 which represents loss of control by Parliament to protect the people in breach of the Bill of Rights [1688] / 1689.

## **LAND REGISTRY ACT 2002 / TRUSTS of LAND and APPOINTMENT of TRUSTEES ACT 1996**

Disposition of a mortgage (which includes by sale, securitisation or rehypothecation) must be registered on the Title Deed at the Land Registry as a transfer under the Land Registry Act 2002 section 27, which in the case of securitisation or rehypothecation must be accompanied by an irrevocable Power of Attorney, following which the originating lender hold no financial or equitable interest, their locus standing then being that of a "bare or custodial trustee" which the Trusts of Land and Appointment of Trustees Act 1996 does not provide them with the right of repossession.

The securitisation or rehypothecation process requires a Trust Deed between the parties secured by a mortgage or charge must be registered at Companies House on form 395.

Failure to comply with the correct procedures, and evidence has come to light where it appears this has happened regarding Lloyds Bank and Commercial First, results in the mortgage being unsecured and unenforceable with "secret commissions" or bribes being payable to customers which raises serious questions over the value of the "material net economic interest" retained under the Capital Requirements Directive and potential substantial claims from past and current customers of the initial lender and investors in the Special Purpose Vehicle to whom the loans were sold (both in the UK and overseas including the US) and investigation by, inter alia, the US Law Enforcement Agencies.

Evidence indicates some "secret commissions" on securitisation / rehypothecation exceed the initial loan quantum and loan repayments made and the lender is substantially indebted to the borrower when the Lender commences repossession proceedings.

It is considered claims will substantially exceed the market capitalisation of the Banks and other Lenders licensed by the PRA.

On the 27/05/2015 the Financial Conduct Authority published a Statement following the ruling in Plevin v Paragon Personal Finance Ltd that failure to disclose to a client a large commission payment made the relationship between a lender and the borrower unfair under section 140A of the Consumer Credit Act 1974.

Evidence has come to light where although a mortgage is rendered unsecured and interest free by failure to comply with the correct procedures or securitisation including the original borrower not being advised of a (secret) commission by, typically, a Lender to a Broker making the relationship unfair under section 140A of the Consumer Credit Act 1974, the Lender has falsely but successfully claimed in Bankruptcy proceedings the debt is secured, fraudulently prioritising themselves over other creditors.

# Statement on Plevin v Paragon Personal Finance Ltd

Statements | First published: 27/05/2015 | Last updated: 27/06/2019

Share page



In January, the Financial Conduct Authority (FCA) announced that it would be collecting evidence on current trends in complaints on payment protection insurance (PPI).

The FCA will use this evidence to assess whether the current approach is continuing to meet its objectives of securing appropriate protection for consumers and enhancing the integrity of the UK's financial system. The FCA expects to give its view on the evidence collected in the summer and make clear any next steps.

In November 2014, the Supreme Court ruled in *Plevin v Paragon Personal Finance Ltd* (Plevin) that a failure to disclose to a client a large commission payment on a single premium PPI policy made the relationship between a lender and the borrower unfair under section 140A of the Consumer Credit Act 1974.

As a result, the FCA is considering whether additional rules and/or guidance are required to deal with the impact of the Plevin decision on complaints about PPI. The FCA will be engaging with relevant stakeholders in the coming months in respect of this and it expects to announce its views on this, including next steps, at the same time as existing work.

## Notes

1. [Supreme Court Judgment: Plevin vs Paragon Personal Finance Ltd](#)
2. FCA Statement, 30 January 2015: [The Financial Conduct Authority to gather evidence on how the PPI complaints process is working](#).
3. On the 1 April 2013 the Financial Conduct Authority (FCA) became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
4. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.



# SWAPS: An explanation by Steve Middleton

## Over the Counter Derivatives and Margin Lending - 12th June 2020

### Synopsis

1. Over the Counter Derivatives (known as swaps or hedges) were bespoke investment sold by banks to their SME customers, said by banks to protect from expected interest rate rises by fixing the rates. In fact, at the height of the sales (2007-09) all banks knew that rates would drop substantially in the short term and were expected to stay historically low.
2. SME's and 'simpler' less sophisticated consumers were supposed to be protected from such sharp sales practices by European Directives and the FSA's Rules.
3. To purchase an OTC an SME had to have adequate credit facilities backed by security to cover any potential losses over the term of the fixed rate (contingent liabilities). The Rules prohibited unsophisticated SME's from entering into such high-risk arrangements without full knowledge of the risk and their agreement to such.
4. When the new Rules (MiFID) began in November 2007, the banks created documents to try and circumvent the Rules and conned SME's with historical presentations that rate rises were imminent and 'hedge' protection should be bought from them.
5. The banks then sold their customers loss making hedge investments and attached credit facilities to their customers' accounts, without agreement and without disclosing them, to the SME's.
6. By misleading their customers that rates were expected to rise the banks then sold their own loss-making positions at higher rates to their customers with substantial profit margins built in. The expected losses from these trades were covered by the undisclosed credit facilities secured against the customers assets, which ruined the customers viability, ability to lend and credit rating without their knowledge when rates decreased and the credit risk to the SME increased. These SME investment losses were direct profits to the banks which went straight on their balance sheet.
7. Post 2007 I have never seen a single SME win money on these products in what was a huge scam concocted to rescue the balance sheets of particularly the Lloyds and RBS Groups, after their frivolous casino gambling had left them insolvent.

Aller

ment



## Over the Counter Derivatives and Margin Lending - 12th June 2020

1. This note relates to Over the Counter (OTC) derivative trades sold by UK banks, mainly RBS and Lloyds, to Small and Medium sized Enterprises (SME's). Whilst they sound complicated essentially, they are called OTC's because they are bespoke products created by the banks and not available in the open market. The derivatives served to 'fix' customers interest rates at a time when banks told their customers there were risks of interest rate increases (in particular the 2007-09 period), when in fact at this time, all trading platforms in any UK bank were forecasting a substantial decrease in rates in the UK over both the short and long term. The OTC products were commonly called hedges or swaps.

### Pre MiFID-COB Rules

2. Specific Rules controlled the sale of International Swaps and Derivatives Association (ISDA) based trades (derivatives), including ISDA based Fixed Rate Loans and Cap's to SME's who were classed as Private Customers pre the Markets in Financial Instruments Directive (pre November 2007 (Directive 2004/39/EC (MiFID))). MiFID was a European Directive brought in to standardise regulations and practices in the European derivative market, with a focus on greater protection for consumers.
3. If a derivative trade was sold pre-MiFID then the Financial Service Authority's (FSA) Conduct of Business (COB) Rules applied. COB 7.9 considers 'Lending to private customers' for investment purposes and would apply to the submission for additional credit by a bank manager (in terms of derivatives Margin Credit), COB 7.9.1:

*'when it lends money or grants credit to a private customer or arranges for any other person to do so, in the course of, or in connection with, its designated investment business'*

These Rules deal with the extremely 'high level of risk' that would attach to providing a customer credit for an 'investment gamble' e.g. on a contract for differences (derivative). COB 7.9.2 confirms the FCA's Principles for business (emphasis added) should ensure that:

*'a firm lends money or grants credit to a private customer only in appropriate circumstances, ... only if the customer has given prior consent in full knowledge of any resulting interest and fees'.*

### Post-MiFID COBS Rules

4. The largest risk a Retail Client could take would be to borrow money for an investment risk, but that is what any SME who purchased an ISDA based OTC derivative from a UK bank did, without their knowledge, in direct breach of COBS Rules 10 and 14. Whilst OTC derivative products were sold by the banks as insurance for commercial loans to customers, they were in fact stand-alone investment contracts, that would produce profits or losses, based on the interest rate 'gamble' over the term of the investment trade.
5. The investment came with contingent liabilities (expected losses for the customer over the term of the trade covered by a credit line), which were covered by a credit facility (credit line) which was put in place without the

customers knowledge by the lending bank e.g. RBS, NatWest, HBOS etc. The banks then later attempted to mislead customers who found out about the arrangement, that it was an 'internal credit risk', 'a measure of the banks risk in the trade' and not relevant to the customer. There is an element of truth in this because the lending bank, in this case we will say NatWest (NW) would also trade its positions with its own Markets team, in this case that would be RBS Global Banking & Markets (GBM). What NW would not tell its client though is that when GBM sold the NW client a derivative trade, it was acting as a broker for NW and selling NW's trade, the commission (Added Value (AV)) would then be split between the two firms in the Group (and the bank manager). The credit facility was provided by NW to GBM to cover the customers expected losses on the trade, but the customer was always liable for that credit facility and those expected losses. The customer was literally taking on their own bank in a head to head gamble on interest rates, but there was no potential for them to win the investment bet.

6. RBS was in fact, selling their own bad hedge's (high interest rates) with losses attached to their customers and lending them money to cover those losses, without informing the customer of the known losses or the lending credit facility covering those. These deals were then dishonestly marketed as loan 'protection' or insurance, for the customers loans and sold to them along with the loans. The 'protection' statement was a con, the investments were under water at the outset and the projected losses of the customer covered by undisclosed credit lines were immediate balance sheet assets for the Bank. The same credit lines were however, hardcore debts to the SME who had no knowledge this risk was on their credit file and the additional credit risk (which could be as high as 70% or more of the loan value), then often led to a breach of loan covenants (such as Loan to Value) and the insolvency of the SME. By pushing companies into insolvency, the banks could attempt to collect all of the remaining future profits from the swap up front, providing a strong incentive particularly for RBS to 'insure customers' (hedge) and then 'bust them for a profit'.
7. Despite viewing hundreds of files on swaps I have never seen one sale post 2007 where an SME was not buying a loss-making product for the banks benefit, in what remains the largest financial scandal in recent financial services history.

S Middleton  
Dip PFS, CeMAP, Cert PFS (Securities)

BankConfidential

Alleged



## SHADOW BANKING

The Shadow Banking system consists of Lenders, Brokers and other credit intermediaries who operate outside the realm of traditional regulated banking , but often associated to the regulated Bankers , who effectively operate “ two ledgers” or sets of accounts , the shadow account being unregulated and unaudited because they are deemed to operate outside UK jurisdiction by the UK Executives pretending practices including false accounting, manipulating assets ,tax evasion , nefarious use of Trusts market rigging, bribery and kickbacks by Banks , Lawyers , Accountants etc are not taking place by shrouding them in secrecy in offshore Tax Havens including the Cayman Islands , Jersey , Guernsey etc.

The BOE / PRA does not, for example, regulate the London Eurodollar market established by the City of London in the 1950's

The Corporation of the City of London is run by elected members who meet specific criteria is controlled by the large financial institutions attracted to the City by weak or no UK regulation , at the Head of which is the BOE , has its own Police Force and Courts controlled by the four Inns of Court , Middle Temple , Inner Temple , Lincoln's Inn and Gray's Inn , resulting in Bankers being a protected species through light touch regulation and secrecy facilitating offshore secret centres and devious mechanisms.

The City of London is a City within a City, exempt from numerous rules including having a unelected representative in the House of Commons , the Remembrancer , to report back to the Corporation , is very powerful and able to shape and influence policy.

The City of London , a collection of financial interests , is very powerful and can decide and influence policy not decided by the people in contravention of the Bill of Rights [ 1688] / 1689 under which Parliament cannot delegate its authority and responsibility to an unelected Corporation.

Financiers will withdraw their money from the UK, which will cripple the UK economy because sterling is supported by a huge inflow of “ hot “ money , when the full extent of the corruption including “ dirty “ deals being done in London and registered offshore , highlighted by this report, regarding which evidence continues to be received , is revealed.

Alleged large scale bribery ,



# Letter of Concern by the Rt. Hon Elfyn Llwyd MP/ Barrister over “Valuation Rigging” and “Conspiracy to Defraud” to the SFO Director

i)

Mr David Green QC CBE  
Director  
Serious Fraud Office  
2 – 4 Cockspur Street  
LONDON  
SW1Y 5BC

16<sup>TH</sup> January 2014

Dear Sir

I refer to my letters to you dated 26<sup>th</sup> September 2013 and 10<sup>th</sup> December 2013 and also to the dossier of evidence I forwarded. I am becoming increasingly concerned about the situation relating to the multi-million pound fraud involving what appears to be a conspiracy to defraud.

The scam appears to be that of a valuer grossly over valuing property, offering a substantial mortgage and then, within a very short space of time, allied valuers placing a substantial undervalue on the property, and then on a forced sale, selling to a connected party.

I have been contacted by some 20 other Members of Parliament who have constituents in this position and dealing with precisely the same participants.

I am extremely concerned that this is not being looked at by any investigative body and that the fraud is allowed to continue. Repossessions are currently going through and it is felt that time is of the essence.

I would ask that you please commit to an enquiry.

I look forward to hearing from you at your earliest possible convenience and have to say that if I do not now have an urgent response I shall refer the matter to the Attorney General.

Yours faithfully

The Rt Hon Elfyn Llwyd MP  
Dwyfor Meirionnydd

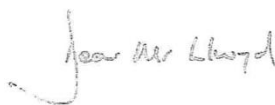
## ii) Response to The Rt Hon Elwyn Llwyd MP/ Barrister by SFO Director David Green



2 - 4 Cockspur Street London SW1Y 5BS 020 7239 7272 www.sfo.gov.uk  
Director: David Green CB QC

Elwyn Llwyd MP  
House of Commons  
London  
SW1A 0AA

Direct Line +44 (0)20 7239 7101  
Direct Fax +44 (0)20 7833 5479  
Your Ref:  
Our Ref: PO-162  
Date: 14 February 2014



Thank you for your letters dated 16 January and 10 February about allegations of a conspiracy to defraud by solicitors and mortgage companies.

First, I can reassure you that it is not the case that no investigative body has been considering this matter. I believe you are now aware that Avon & Somerset Constabulary have been looking into this, and have spoken to officials in the SFO's Intelligence Unit about that this week.

I appreciate that you and other MPs remain concerned. I explained last year that the SFO takes on only a small number of the most serious and complex cases. From our review of information in October, there was insufficient information to suggest that a serious or complex fraud, requiring the SFO's unique set up, had taken place.

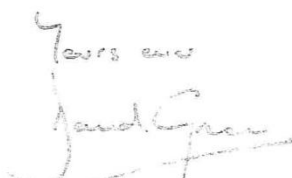
I hope you will understand that it is not possible always to indicate what actions the SFO is undertaking or considering in relation to specific allegations. Doing so can lead to criminals changing their behaviour or otherwise risk prejudicing investigations.

Nonetheless, the time during which a matter is considered for investigation, by the SFO or others, can be a time of considerable anxiety for alleged victims and others with an interest. We of course keep such matters under review and consider any new information sent to us. Wherever appropriate we engage with local police forces and others to keep abreast of developments and identify information that may demonstrate a need for the SFO to investigate.

In this case we are speaking to other police forces to identify any further material. We expect to receive further information about this issue. Once we do so this will be reviewed alongside information already in our possession.

Given your interest in the matter, and that you have raised this a number of times, I will write to you at the point at which we can confirm whether or not the SFO is to take any further action. For the reasons explained above, this may be some time.

In the meantime, the matter continues to be considered by Avon and Somerset. If you have any further information, then please do send this to me.



DAVID GREEN CB QC  
DIRECTOR

Alleged large

Government

## ii) Response from David Green, Director SFO as to UK Acorn and associates alleged Fraud

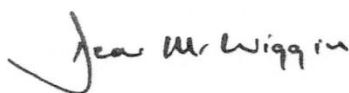


**SFO**

2 - 4 Cockspur Street London SW1Y 5BS 020 7239 7272 www.sfo.gov.uk  
Director: David Green CB QC

Bill Wiggin MP  
House of Commons  
London  
SW1A 0AA

Direct Line +44 (0)20 7084 4543  
Direct Fax +44 (0)20 7833 5479  
Our Ref: DGPO-431.3  
Date: 20 September 2016



Re: UK Acorn Finance

I am writing to let you know that after careful consideration, I have decided not to open a criminal investigation into UK Acorn Finance and associated companies concerning the supply of un-regulated bridging finance between 2004 and 2012.

In December 2014, you wrote to the Attorney General about UK Acorn finance on behalf of your constituents, William and Frances May. In his reply, the Attorney General mentioned the role of the Solicitors Regulation Authority and Bar Standards Board. However, we have also subsequently carried out a review of this case, and I thought you would want to know of my decision, and the rationale for it.

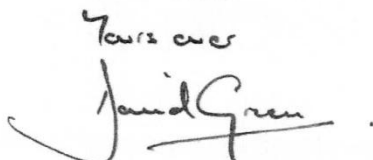
The SFO is a specialist prosecuting authority tackling the top level of serious or complex fraud, bribery and corruption. The SFO may investigate any suspected offence which appears to me on reasonable grounds to involve serious or complex fraud. This means that there must be (1) sufficient evidence to support a reasonable suspicion of criminality, and (2) the criminality must involve serious or complex fraud.

It is in this context that the SFO has considered the detailed facts of the Acorn case, as well as its broader profile. This work has been thorough and objective. It has involved speaking with many witnesses, and liaising with other relevant bodies. These include Avon and Somerset Police, who had previously investigated and further reviewed the matter before deciding that there were insufficient grounds to justify a continued police investigation or to bring criminal proceedings.

The Acorn case has a number of highly emotive aspects to it but the SFO must focus on the facts and available evidence. There may well be concerns about the lender's conduct in a tough commercial environment but we do not believe the available evidence meets the statutory test in (1) above and we have concluded that in any event it would not meet the SFO remit as in (2) above.

I know that the impact on those who have suffered loss has been substantial, but for these reasons the SFO cannot accept the case for investigation.

There has been a lot of interest in this case, and this decision will come as a disappointment to many borrowers. Of course, my decision does not prevent them from pursuing or seeking their own independent advice as to any other remedies available to them.



DAVID GREEN CB QC  
DIRECTOR

Government

Alleged large



## SFO Case Acceptance, Statement of Principle (Criminal Justice Act 1987)

Did David Green, Director SFO fail to protect the interest of those that should have been protected under UK legislation and regulations?

### Guidance, policy and protocols

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### SFO case acceptance: Statement of Principle

---

The Director may investigate any suspected offence which appears to her on reasonable grounds to involve serious or complex fraud.

In considering whether to authorise an investigation the Director will take into account the actual or intended harm that may be caused to:

- the public, or
- the reputation and integrity of the UK as an international financial centre, or
- the economy and prosperity of the UK

and whether the complexity and nature of the suspected offence warrants the application of the SFO's specialist skills, powers and capabilities to investigate and prosecute.

If you wish to make a report, find the right place to report your information or raise your concerns using our [secure reporting form](#).

### Codes and Protocols

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In [codes and protocols](#) are documents which govern the SFO's work and aspects of its relationship with certain other bodies.

<https://www.sfo.gov.uk/publications/guidance-policy-and-protocols/>

17/02/2019

February 11, 2021

## UK Supreme Court Clarifies Scope of SFO's Extraterritorial Powers

Julianne Hughes-Jennett, James McSweeney

Quinn Emanuel Urquhart & Sullivan, LLP

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Contact

The SFO and its unique powers were created by the Criminal Justice Act 1987 and is supervised by the Attorney General.

\* In this instance the SFO powers to obtain evidence failed

**quinn emanuel trial lawyers**  
quinn emanuel urquhart & sullivan, llp

Last week the UK's Supreme Court delivered its judgment in *R (on the application of KBR, Inc) v Director of the Serious Fraud Office* [2021] UKSC 2. In a unanimous decision, the Supreme Court rejected the SFO's argument that it had the power to compel the production of materials held overseas from companies incorporated outside the UK in the context of cross border criminal investigations. In doing so, the Supreme Court overturned the 2018 finding of the High Court that the SFO was so empowered in cases where the recipient of a request had a "sufficient connection" with the UK.

The Criminal Justice Act 1987 ("CJA") provides wide ranging powers to the Director of the SFO to compel the production of materials from a suspect or any other person in connection with an investigation by issuing what is commonly referred to as a "section 2 notice". The SFO issued a section 2 notice to a senior officer of KBR, Inc. during a meeting at the SFO's offices on 25 July 2017. Representatives for KBR, Inc applied to have this section 2 notice quashed on the basis that, *inter alia*, the notice requested material held outside the jurisdiction from a company incorporated in the United States of America, and that the CJA had no extraterritorial application which would allow such a notice to be lawfully issued. On 17 April 2018 the High Court dismissed the application and found that, notwithstanding the lack of express wording within the CJA, the policy underlying the CJA powers must have intended for there to be an element of extraterritoriality. Lord Justice Gross concluded that the relevant sections of the CJA, "extends extraterritorially to foreign companies in respect of documents held outside the jurisdiction **when there is a sufficient connection between the company and the jurisdiction**" (emphasis added). The court found that, as a



result of KBR, Inc.'s UK subsidiary and their connection with the issues under investigation, there was a sufficient connection, and therefore the section 2 notice was lawful.

The Supreme Court unanimously overturned this decision. The Court found that to uphold the finding of a 'sufficient connection' test in this context would, "*usurp the function of Parliament*" and, "*involve illegitimately re-writing the statute*".

Delivering the judgment, Lord Lloyd-Jones referred to the already well established "*machinery*" of mutual legal assistance available to the SFO when seeking materials held outside the jurisdiction, and stated, "*It is to my mind inherently improbable that Parliament should have refined this machinery as it did, while intending to leave in place a parallel system for obtaining evidence from abroad which could operate on the unilateral demand of the SFO, without any recourse to the courts or authorities of the State where the evidence was located and without the protection of any of the safeguards put in place under the scheme of mutual legal assistance*". There was therefore no basis to suggest a judicially developed 'sufficient connection' test applied to the exercise of CJA powers, and the SFO were not entitled to seek production of these materials by reliance on those powers. Instead, the well-established mutual legal assistance framework was the proper mechanism for seeking such materials held outside the jurisdiction.

This important judgment is delivered at a time when cross border criminal investigations are common place, due in large part to a more globally connected and technologically advanced business landscape than existed at the time of the CJA's commencement in 1987, and at a time when the criminal justice agencies in the UK have lost access to certain investigative tools, such as the European Investigation Order, as a result of Brexit. On the one hand, whilst the SFO still has available to it the mutual legal assistance framework, this decision will undoubtedly be a blow to the SFO, who are empowered to seek materials from companies, but must now seek to do so with limited powers. On the other, this decision is an impediment to international cooperation in criminal matters remains subject to the need to preserve State sovereignty and respect for international law.

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## LATEST POSTS



# What the SRA say about Fraud, yet appear to fail to act on



## Recognising fraud and dishonesty

Reviewed 25 November 2019

The greatest [risks](#) posed to the public and consumers of [legal services](#) are fraud and dishonesty. We guard against these risks.

### Gathering information—contact us

We have a unit dedicated to gathering information and intelligence. If you know—or suspect—that a person or [firm](#) regulated by us, or one of their employees, is involved in dishonesty or fraud, [contact us](#) immediately.

Any report you make can be treated with strict confidentiality.

### What should I report?

- Abandonment or sudden closure of a firm or sole practitioner
- Arrest, charge or conviction of a person regulated by us
- Suspected dishonesty

## Fraud

We do not tolerate [fraud](#) from those we regulate. Those we regulate are in a position of trust and often have to hold large amounts of money on behalf of their [clients](#). Personal [integrity](#) is central to their role and they are bound by our [Principles](#) to protect client money and [assets](#), and to act in the [public interest](#).

Some criminals try to use [law firms](#), and those connected to them, in their activities to lend credibility to their actions. Below are common examples of frauds that can involve those we regulate. The person or firm may—or may not—be aware of their involvement.

### Mortgage fraud

This happens when a mortgage is arranged by deliberately giving the lender incorrect information. Misleading information persuades the lender to lend money they would not otherwise agree to lend.

Law firms and [solicitors](#) are gatekeepers of the mortgage market and provide an essential safeguard for lenders. The integrity of a law firm reassures lenders that all necessary checks are carried out before funds are released.

Indications a lender may have been misled

- The true purchase price is not disclosed to the lender.
- The borrower's true financial position is not disclosed to the lender.
- The lender is not told about allowances for [chattels](#), repairs or incentives by builders selling new properties, such as free holidays.

### Money laundering

Money laundering is a process used by criminals to make illegally-obtained money—such as stolen money or the proceeds of a [scam](#)—appear legitimate by passing it through business accounts.

Criminals target law firms because their bank accounts are a secure way of transferring criminal money. Once it passes through a law firm's account, the money looks as if it has come from a legitimate and respectable source. A firm might be unaware that they have been targeted in this way.

If a legal adviser or firm has not provided a [legal service](#) and has simply allowed money to pass

Government

Alleged large

## Hansard and the now Home Secretary Rt Hon Priti Patel MP

- i) Hansard Debate 11 November 2014
- ii) List of Names in Hansard debate
- iii) Victims email to The Rt Hon Priti Patel MP
- iv) Response from The Rt Hon Priti Patel MP
- v) Rt Hon Priti Patel MP to The Rt Hon Elfyn Llwyd MP/ Barrister
- vi) Rt Hon Karen Bradley to The Rt Hon Elfyn Llwyd MP/ Barrister

Alleged large scale bribery and frauds covered up by police and Government

i) Hansard “Westminster Debate” 11 November 2014



This text is reproduced  
faithfully from  
**Hansard**  
Quotes highlighted by the  
Farmjacking Fighback campaign.

*Westminster Hall*  
*Tuesday 11 November 2014*  
*[Mr Andrew Turner in the Chair]*

UK Acorn Finance (Mortgages)  
Motion made, and Question proposed, That the sitting  
be now adjourned.—(Damian Hinds.)  
2.30 pm

MR ELFYN LLWYD (DWYFOR MEIRIONNYDD)  
(PC): It is a great pleasure, Mr Turner, to see you in the  
Chair and to serve under your able chairmanship.

I preface my comments by saying that, as a member of  
the legal profession, I am not given to making serious  
allegations about professional people; in fact, over the  
past 23 years, I might have done  
that twice, so I am not a serial  
offender in that regard. However,  
what I shall detail today is, to my  
way of thinking, one of the worst  
scandals that I have come across in  
all those years.

*...one of the worst  
scandals that I have  
come across...*

I am concerned about the Williams family—a farming  
family from Cwm Pennant, Garndolbenmaen, in my  
constituency. The husband inherited the farm in 1996  
and subsequently transferred it into his name and that  
of his wife, with whom he had been working on the  
farm since 1980. In late 2009, they were introduced  
to Desmond Phillips of UK Acorn Finance Ltd by  
a Mr Peter Baskerville, a financial adviser. On 13  
December 2010, a meeting was held at Mr Phillips’s  
office in Highbridge, Somerset; he then introduced  
them to a Mr Peter Williams, a solicitor who said that  
he would act for them. Their indebtedness at the time  
was approximately £650,000, of which £450,000 was  
owing to the Agricultural Mortgage Corporation plc  
at a favourable interest rate. After my constituents

had made a complete financial disclosure, Mr Peter  
Williams, the solicitor, advised that he could not act for  
them after all as Mr Phillips was his client. That was  
curious.

On 13 January 2011, Mr and Mrs Williams had another  
meeting with Mr Phillips, again in Somerset. He  
introduced them to a Mr Thomas Brennan of Davies  
and Partners, solicitors. Mr Brennan said he would act  
for them; he was a close friend of Mr Peter Williams.  
After that meeting at Highbridge, a Mr Mark Sanders  
of Carver Knowles, on the instruction of Mr Desmond  
Phillips, valued the farm in north Wales at £2.2  
million. Mr and Mrs Williams paid for that valuation.  
Mr Phillips then made numerous promises to them  
to provide additional funding, and on the basis of his  
promises they agreed to consolidate their borrowings  
with a mortgage advance from UK Acorn Finance Ltd.  
Initially, that was to be a short-term bridge for a few  
months, with the assurance that he—Mr Phillips—  
would thereafter transfer it to a cheaper lender. There  
were continual procrastination and delays from  
Phillips, and the transfer to a cheaper lender never  
happened. Instead, Mr and Mrs Williams had no choice  
other than a succession of massively expensive short-  
term bridging loans from UK Acorn Finance Ltd with  
no exit route other than the repossession of the farm.

On 22 April 2011, shortly after the  
charges on the farm were put in  
place in favour of the company, Mr  
Phillips and his daughter, Karen  
Phillips, visited the farm. Mr  
Phillips again promised additional

funding, which never materialised. As a result, the farm  
was financially crippled, but Mr and Mrs Williams were  
assured that the mortgage would soon be transferred  
to a cheaper lender at 4% annual interest. That never  
happened—instead, they received notification shortly  
afterwards of repossession proceedings by UK Acorn  
Finance Ltd.

Mr and Mrs Williams were forced into a succession  
of short-term bridging loans of between three and six  
months with UK Acorn Finance Ltd, with enormous  
arrangement fees and interest costs resulting in a  
vicious spiral of unnecessary debt over which they had  
no control. Mr Phillips’s company was raking in all  
the money. UK Acorn Finance Ltd was owed in excess  
of £1.2 million with an increase of approximately



£550,000 in two years. UK Acorn Finance Ltd has since repossessed the farm.

UK Acorn Finance Ltd always produced legal documentation for signing at the last minute and Mr and Mrs Williams signed it without legal representation or advice. The documents were sometimes driven up from Somerset to be signed and taken back there, Mr and Mrs Williams being told that time constraints made personal visits necessary to achieve the company's deadlines.

Mr Phillips's valuer subsequently reduced the value of the farm to £1.8 million. Mr and Mrs Williams were forced by Mr Phillips of UK Acorn Finance Ltd and his associates into enormous, spiralling mortgage debt. Peter Williams and his associate, the solicitor, knew from the outset that that would happen before their now obvious acts of conflict of interest—and, I believe, of conspiracy to defraud.

The true interest and cost of Mr Phillips's actions have not been calculated, but they are clearly enormous. The reduction in the farm's value from £2.2 million to £1.8 million, according to the valuer appointed by Mr Phillips—presumably to weaken the value ratio against the spiralling mortgage debt to UK Acorn Finance Ltd—and the manner in which the mortgage and financial affairs have been handled by Mr Phillips, his associates and lawyers, have clearly been reckless, if not, as I believe, fraudulent. Obviously, Mr and Mrs Williams's credit rating is now in ruins.

In February 2011, Mr Phillips appointed a Mr N.R.C. Burd as the Law of Property Act 1925 receiver—by the way, Mr Burd appears quite often in such cases as the favoured receiver. Mr Peter Williams, then of solicitors Ebery Williams, acted for Mr Phillips, Mr Burd the receiver, Peter Baskerville and UK Acorn Farm Management Services Ltd, behind which stands Paul Johnson. My constituents were told by Mr Phillips that, although they had received no documentation from him, Williams's company and solicitors had received £48,000. That was without their authority or consent. There were a few small, irregular payments to builders working on the farmhouse, who quickly withdrew their services because they were not being properly paid; Mr Phillips had given an assurance that he would make

payments from money he held on their behalf. Mr Phillips has not accounted for a single penny. The total is believed to be in the region of £148,000, and none of that has been accounted for. The matter was reported to the police.

A Vivienne Williams, whose partner is Mr Peter Williams, the solicitor, now of Michelmores solicitors, previously of Burges Salmon, of Ebery Williams, of Wilsons Law and of Veale Wasbrough, still acts for Mr Phillips's company, UK Acorn Finance Ltd and has succeeded in repossessing the farm and taking away Mr and Mrs Williams's livelihood, their stock and their home. Everything they had on earth has gone.

Mr Peter Williams, of Burges Salmon and the various other establishments, does not stay long with a firm. I understand why. His normal modus operandi is one or all of the following in any particular case. The title deeds are split between the residential house and the land. There are separate mortgages on the house and

the land and the property is then transferred into a limited company and mortgaged in the company's name. The mortgage on the residential property then becomes a commercial transaction and is unregulated. All legal protection rights, including those of minor children, are removed by the above.

*...Mr Phillips, his associates and lawyers, have clearly been reckless, if not as I believe fraudulent...*

The house and land are then repossessed separately, devaluing in favour of purchasers who—believe it or not—are connected to the lender. On the way in, they value the property high to justify the payment of huge sums, which are clearly not sustainable and could not be paid back by the borrowers; on the way out, they undervalue it drastically, so that the person connected to the company can benefit.

The "business plan" in this case was prepared by Paul Johnson, who in reality was there to serve the key players: areas of weakness were exposed, particularly regarding cash flow, for exploitation by Peter Williams, Burges Salmon, UK Group and so on. As I said, a succession of short bridging loans in favour of UK Group was effected at a massive cost—an interest rate of 22%, at this time! Furthermore, fees of 9% were rolled up every six months, plus there were huge fees to solicitors and various agents. There was continual procrastination from them when it came to finding cheaper loans.



JONATHAN EDWARDS (CARMARTHEN EAST AND DINEFWR) (PC): My right hon. Friend is making a powerful case on his constituents' behalf. In Talley in my constituency, there is a case that mirrors the structure of deception perpetrated against his constituents; it involves a company, associated with UK Acorn Finance, called UK Farm Finance Ltd. Does he share my concern that the farming community in particular is targeted and susceptible, because it is cash poor but asset rich? When the bridging loans mount up, people find that the position they are in quickly gets beyond their control.

MR LLWYD: That is precisely the point. The farming community has been through a rather tortuous time in any event, in terms of income streams over the past five to seven years, so my hon. Friend's point is absolutely correct. Farmers are more prone, but they are also in a worse position: unlike someone who loses a house and moves on, they lose absolutely everything. As I said, when they have inherited the property, as in Mr and Mrs Williams's case, it is even sadder and worse.

ROGER WILLIAMS (BRECON AND RADNORSHIRE) (LD): I congratulate the right hon. Gentleman on the forensic way in which he has examined and researched this issue. Does he agree that UK Acorn Finance targets landowners who may be in a vulnerable financial position, offering them help and succour, although its only real purpose is to get possession of the property and make a profit out of that?

MR LLWYD: The hon. Gentleman is absolutely correct. That is certainly the conclusion to which I have come, as have several other Members of Parliament with constituents who have been badly affected by these scams—I can think of a worse word than scam, but not a polite one. As my hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards) said, the farming community is more vulnerable than the average person, or has been.

Burges Salmon, the solicitors, had a charge on my constituents' property for their fees, and endowment policies were assigned. There was also, interestingly, an agreement with the lender for Burges Salmon, the solicitors, to step aside should the lender wish to repossess. As director of the UK Group—they are all

the same creature under these different names, hiding behind the corporate veil as some people choose to do—Mr Phillips had his name on the clients' mortgage, making him a joint owner of the property if the clients were to die; he automatically became the sole owner by survivorship. I think that is hugely unusual.

There were broken promises of funding by Peter Williams and UK Group, upsetting key suppliers to clients, and particularly feed merchants. In effect, they were closing the farm and income stream down, making it impossible for Mr and Mrs Williams to pay the mortgage. That must be the most obvious breach of fiduciary duty there could possibly be, and I hope that the Government—I see that the Minister is listening intently—will be able to do something about this matter. Those are the main points on the way that those involved go about their business.

To my knowledge, there are 44 different complainants, all of whom had complained to Avon and Somerset police by June 2013. The victims are seriously concerned that the police allege that there is no evidence of wrongdoing by any of those involved. The victims have documentary evidence and other evidence that fraud has been committed, as I will now summarise. The police consistently refused to look at the evidence.

There have been fraudulent valuations. A number of valuations are available and in the possession of victims, with widely varying calculations for the same property over very short periods. E-mails and notes also indicate that inflated valuations were being sought by UK Acorn companies in order to lend at a supposedly 70% loan-to-value ratio—but in fact at a much higher LTV or even negative equity. Once money had been paid, minus the huge fees that were withdrawn, there was no chance of escape for the poor people who had entered into the mortgage agreements. Other brokers appear to have been involved; there are numerous companies—I will not go through them all, but they include Commercial First.

Karen Phillips of UK Group—the daughter of Mr Desmond Phillips—has admitted in a hearing in Exeter county court that she substituted execution pages of documents from one document to another. She claimed that she had done so with permission, but could not

*...the farming community in particular is targeted and susceptible...*



provide any proof. The above was common practice at UK Group and went alongside the planting and forgery of signatures—graphologists’ opinions have been sought and that has been proved in at least one or two cases—and deeds not being signed according to the Law of Property Act 1925. Signatures were obtained from victims and witnessed afterwards, in some cases, by people who had never met the signatory.

A number of tricks were regularly used to get loans through without proper advice and before the victim had a chance to understand properly what they were signing. That is disgraceful. There was a churning of mortgages, as I have explained, with numerous short-term mortgages. That churning was commonplace at UK Acorn Finance and the charges to be paid for those activities were not disclosed to victims before the commencement of the series of transactions.

In some documented cases, the changing of the mortgage did not provide the victim with any additional funds at all, merely adding further gross fees for the perpetrators. Surely that is fraud by misrepresentation. Evidence suggests that both the brokers and the lenders were involved in defrauding not only the borrowers, but the lenders to them and in the securitisation of the supposedly long-term documents.

*...All known complaints to the police and those handling this matter remain unanswered, and I have to ask why..?*

Strong documentary evidence also suggests that most of the mortgages were set up to fail and that once executed, the lenders did their best to thwart the victims’ efforts to fund the repayments. The use of LPA receivers was suspect at the very least and it was the same character virtually each time. He certainly did not appear to have aimed to maximise the returns from repossessed properties, further disadvantaging victims. Des Phillips and others associated with him have purchased a considerable number of repossessed properties.

CATHY JAMIESON (KILMARNOCK AND LOUDOUN) (LAB/CO-OP): I am listening very carefully to the right hon. Gentleman, because I was not aware of these circumstances until he brought them to my attention. He has referred to police involvement, but I am wondering whether any of these firms or the people involved had contact either with the Financial Ombudsman Service or the Financial Conduct

Authority, or its predecessors, in addition to the police. I am sure he will have more to say about the police, but did they also have contact with those organisations?

MR LLWYD: Yes, they did, and I want to say a brief word about that towards the conclusion of my remarks. At least 44 cases were reported to the Avon and Somerset police, who unfortunately, took very little interest in what was going on—the chief executive of Avon and Somerset police is an ex-partner of Burges Salmon, by the way, so that is another interesting piece of information. Peter Williams was at one time a partner in Burges Salmon, as was John Smith, the chief executive of Avon and Somerset police, who was appointed in 2009. Avon and Somerset police describe themselves on their website as long-standing clients of Burges Salmon. That article also appears on Burges Salmon’s website.

All known complaints to the police and those handling this matter remain unanswered, and I have to ask

why. Interestingly enough, they said that they could not find any criminal behaviour, but a detective constable, Niki White, of Avon and Somerset police came up to attend the repossession hearing in the Williamses’ case. Why exactly I do not know. On the one hand she was pretending to give some succour or comfort to the Williamses

that the police were doing something, but on the other hand a letter from the manager of the financial investigation and economic crime section of the police to the solicitors acting on behalf of the perpetrators says: “In your letter dated 16th August 2013, you have questioned DC White’s attendance at Court on the 7th August 2013. Her attendance on that day was to ensure that the Court understood the extent of the Police involvement and were not misled into believing that a criminal investigation was already underway.”

That was despite the police at the same time telling the right hon. Member for North Somerset (Dr Fox) that an investigation was under way and that it was an in-depth investigation. But interestingly, a couple of months after that letter, they say that “we have been in discussion with other regulatory agencies. The purpose of this was to look at whether there are...other opportunities to address the situation or to influence regulation of this kind of activity in the future.”



They say that unfortunately they have not been able to progress it further. So they have concerns both on the criminal side, it seems to me, and, as the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) says, on the regulatory side, which I am sure we all share.

However, Avon and Somerset police have consistently blamed the Serious Fraud Office for not opening an investigation. That is ironic, because the police themselves have refused to open an investigation, although they have said to at least one Member of Parliament that they have done so. They have also tried to block Dyfed Powys police in Wales from investigating. I believe that something is amiss in Avon and Somerset police. As I have said, John Smith, the chief executive, is now writing to complainants and making decisions, but not mentioning the fact that he used to be a partner in one of the firms that is, or should be, in the firing line.

Let me say a word about Mr Desmond Phillips. Again, this touches on the important point that the hon. Lady made about regulation. In 1975, at the age of 22, Mr Phillips was made bankrupt. In 1976, he was convicted of theft at Shepton Mallet magistrates court. In 1987, his timber and haulage business collapsed, leaving creditors with a loss of £300,000. In 1991, Phillips's company brokering endowment policies collapsed. Many customers were farmers. Insurance companies claimed that they were owed £300,000 on commissions that had been paid out on policies that failed to materialise or were subsequently cancelled.

In 1992, Phillips underwent his second bankruptcy, owing £170,000. That was discharged in the late 1990s. In 1994, the BBC Radio 4 programme "Face the Facts" was the first programme on Phillips. In 2008, there was a judgment against Phillips at the High Court in Manchester for £250,000 and costs. That was subsequently paid, I believe. In 2010, there was an individual voluntary agreement in respect of all his debts. In 2011, Acorn subsidiary UK Country Capital collapsed, owing £17.3 million to Barclays bank. On 16 April 2014, "Face the Facts" described him as "The Country Rogue".

Two bankruptcies, one IVA and 14 county court

judgments have been recorded against Mr Phillips and, believe it or not, a couple of years ago his licence to lend was renewed by the regulatory authority. That is quite incredible. I have documentation with me to show that Clive Maxwell, chief executive of the Office of Fair Trading, said that he was a fit and proper person to be lending money. I find that utterly incredible and I am sure that the Minister, in due course, will want to consider that aspect. In fact, Phillips's licence was renewed in May 2012, so that was after most of the bad things that had happened and certainly after what had happened in the case of the Williamses.

I have said that I cannot understand why Avon and Somerset police have not researched this matter properly. I have myself dealt with the Serious Fraud Office and the Attorney-General and have met His Honour Judge Geoffrey Rivlin, the senior adviser to the fraud office. I was told by the fraud office that it deals only with very large frauds. In my instance, it is for £1.5 million, but if we multiply that by anything between 30 and 50 constituents or Members of Parliament, it is a massive fraud. No one can deny that.

### *...something is amiss in Avon & Somerset Police...*

I have said that there is a dossier of 44 cases that alleges similar conduct in them all. An especially incriminating document was prepared by Mr Levy, a barrister who specialises in this area. It is

entitled "Appointments under flawed security". He questions why Acorn has persistently used the LPA receiver Mr Burd. The only possible explanation is that Lloyds bank was comfortable with the methods used, because it was lending on to Acorn, as we know, and it was turning a blind eye to all that was happening, in breach of any fiduciary understanding that I have ever come across anyway.

In case anyone thinks that I am just a conspiracy theorist, the following Members of Parliament, to my certain knowledge—I am sure that there plenty of others—are also involved in trying to deal with the matter: my hon. Friend the Member for Carmarthen East and Dinefwr, the hon. Members for Vale of Clwyd (Chris Ruane), for Brecon and Radnorshire, for North Cornwall (Dan Rogerson), for Brigg and Goole (Andrew Percy), for North East Somerset (Jacob Rees-Mogg), for Pendle (Andrew Stephenson), for Penrith and The Border (Rory Stewart) and for Thirsk and Malton (Miss



McIntosh), the right hon. Members for South East Cambridgeshire (Sir James Paice) and for Preseli Pembrokeshire (Stephen Crabb), the hon. Members for Caerphilly (Wayne David), for Wantage (Mr Vaizey), for Folkestone and Hythe (Damian Collins), for North Devon (Sir Nick Harvey) and for Selby and Ainsty (Nigel Adams), the right hon. Member for Bexhill and Battle (Gregory Barker) and the hon. Member for Somerton and Frome (Mr Heath). There is also a Member of the other place who is actively involved in trying to assist people whom he knows.

As I said, I have been in contact with Avon and Somerset police, North Wales police, the Attorney-General, the Serious Fraud Office, the regulators and His Honour Judge Geoffrey Rivlin, the chief adviser to the SFO. So far, very little has been achieved, and it is to my huge regret that that should be so.

The conclusion that I draw from this terribly unhappy affair is that even if the modus operandi of UK Acorn and the allied companies is not fraudulent—I believe that it is—they of course have been in flagrant breach of their fiduciary duties to the borrowers. What that means may be obvious, but I will explain it. There is a fiduciary duty on a lender to ensure that the borrower can sustain the payments under the mortgage; otherwise, it is a straightforward taking of his property. That is an obvious point, but in this case there have been instances in which there has been overvaluation of properties in order to make an advance that would not be sustainable on the business case. That is clear in virtually every case that I am aware of. I think there are elements that are criminal, and I hope that we will be able to shine a light on this behaviour, but even if I am wrong, there have been serious, repeated and consistent breaches of fiduciary duty.

I put to the Government the following points. I know that the Minister is in the Treasury, not the Home Office, but will she please pass some of this information on to her colleagues in the Home Office? I am sure that she will. I ask the Avon and Somerset police to come clean as to why they are not properly investigating or, alternatively, to say that they will now investigate thoroughly these very, very serious complaints. They are complaints that have ruined the lives of, to my knowledge, 44 or 45

families. I am sure that Members of Parliament will know of many other people who were affected, and there will be others who have not complained. There is even a woman who has completely lost her mind and is in prison as a direct result of the situation. I could name her, but I do not want to embarrass her. She is contact with me, and she is still in prison.

There are others who have lost absolutely everything. They have the shirt on their back, and that is about it. In the meantime, Desmond Phillips is still lending money recklessly and making huge amounts of money against the assets of innocent people whom he has duped. I would ask also that the Avon and Somerset police fully assist the Serious Fraud Office to undertake its work. I believe that we are talking about a massive fraud, in which the SFO, if it has any purpose at all, should be involved. I have been trying to persuade Sir David Green to get involved, and I do not know whether the problem is one of resource, or what it is. To my way of thinking, if we send the SFO one file that shows underhand behaviour, the SFO should consider it. We have sent 36 files to the SFO, all of which show similar, if not identical, MOs, which suggests to me that something is really amiss.

*... I believe that we are talking about a massive fraud...*

JIM SHANNON (STRANGFORD) (DUP): I apologise for not being here at the start of the debate. I had some constituents to see and I could not get down in time. I know of a number of families who had difficulties financially and who were referred to UK Acorn Finance Ltd for help. The company took advantage of their circumstances. Does the right hon. Gentleman now feel that it is time for Government to regulate the company? The regulation of loan companies is in the news today, and that company must be regulated as well.

MR LLWYD: Absolutely, and the hon. Member for Kilmarnock and Loudoun made that point earlier. The hon. Member for Strangford (Jim Shannon) made that point well, and I am sure that the Minister heard it. I did not know that the hon. Gentleman also had constituents who were affected, but the case is evidently familiar to even more Members than the large number whose names I read out. I am sure that the Minister will have listened carefully to what the hon. Gentleman had to say.



There is a need, in my view, immediately to withdraw Mr Phillips's licence to work in the financial industry and, crucially, to consider whether the regulatory authorities have done their job well, or at all. There is an obvious rhetorical answer to that question. I would also like to see the investigation and urgent consideration of serious and deep breaches of fiduciary duty. I believe that we owe it to our constituents, many of whom have lost everything they had—their income, their livelihood, their homes, their heirlooms, their livestock and the roof above their heads. My constituents Mr and Mrs Williams believed, perhaps naively, that Phillips and UK Acorn Finance Ltd were on their side. They were clearly wrong, and they have paid an extremely heavy price. To deny them redress is wrong and, in my view, totally unacceptable.

3.3 PM

CATHY JAMIESON  
(KILMARNOCK AND  
LOUDOUN) (LAB/CO-OP):

I congratulate the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd) on securing the debate. He referred at the outset to his profession as a lawyer, and he has more than done justice to the case on behalf of his constituents. He said that he felt frustrated and aggrieved that a solution had not yet been achieved. It is clear from his presentation and the vigour with which he has prosecuted the case that the lack of a resolution of the situation does not reflect a lack of effort on his behalf.

I was not aware of the issue before the right hon. Gentleman brought it to my attention, and I am grateful to him for supplying background information. As the representative of a rural constituency, it occurred to me that many more people may have fallen prey to similar situations but, for various reasons, may not yet have approached a Member of Parliament or felt able to go into the public domain. We can only try to understand what it must have been like for the right hon. Gentleman's constituents to have lost not only their family home and heritage, but their livelihood. Other Members, no doubt, have constituents who have been in similar circumstances.

It was interesting to hear the right hon. Gentleman's description of the process. The Minister may want to

say more about this, but it seemed to me that some of the issues that go back some time might now be caught by changes in the regulatory environment. I hope that is so, and I seek an assurance on that. Sadly, the situation the right hon. Gentleman described mirrors complaints we have heard about the financial services sector and the small business environment. In some cases, there have been suggestions of predatory—I use that word advisedly—activities, in which people came together to try to buy up small businesses that were in difficulty. A collection of people with connections would benefit from that, and they would not have the best interests of the clients at heart.

The right hon. Gentleman put across the point about fiduciary duty extremely well. On a day when we have heard that the Financial Conduct Authority has, at long last, taken steps to deal with some of the worst excesses

in the payday lending industry, it is timely to reflect on what other areas need to be tightened up to ensure that practices such as the right hon. Gentleman described cannot happen. There are parallels between failing to carry out due diligence as to whether people can afford a product and whether it is the correct product for them; and instead of getting people out of a spiral of difficulty, setting them off

on a downward spiral into further debt and increased interest charges, with the subsequent loss of their home and livelihood.

Some of the problems may be picked up by changes in the regulatory regime. However, I am concerned that, as the right hon. Gentleman has indicated, notwithstanding all the concerns about the individual whom he mentioned, that person is still deemed to be a fit and proper person. I am sure the Minister will want to reflect on that and tell us whether anything can be done to bring the matter to the attention of the regulatory authorities. In addition, perhaps the Home Office can be asked to look into the problems with the police. I cannot speak for the police and I do not know what the Home Office or the Serious Fraud Office would do, but a significant amount of evidence has been presented. Even if that evidence had been thoroughly investigated and nothing was found to be wrong, the process should be transparent and should not leave a scintilla of doubt about whether there were conflicts of

*... I would also like to see the investigation and urgent consideration of serious and deep breaches of fiduciary duty*



interest or inappropriate behaviour. At the moment, no one can have confidence that the matter has been fully investigated.

I echo the points that have been made by the right hon. Gentleman and other Members on behalf of their constituents, and I look forward with interest to what the Minister has to say. She may have difficulty commenting on some of the specifics of the case, but I hope she will take up the point about passing information to the Home Office. I also ask her to consider whether anything further can be done to make sure that the Financial Conduct Authority is aware of the concerns raised in the debate. It is important that we assess which of the practices involved in the case would be caught by the changes in regulation, and whether there are any potential loopholes. I have taken a particular interest in having a fiduciary duty in financial services more broadly, and I continue, through Finance Bills and other measures, to try to have it written into legislation that anyone in any circumstances providing financial information and advice should be bound by such a duty, as the right hon. Gentleman suggested.

I look forward to hearing what the Minister has to say. The issue's being considered here today will not undo the wrongs and damage that have been done to the right hon. Gentleman's constituents and others, but I hope it will be of some comfort to them to know that people are interested in it and wish to pursue it, in order to ensure that these things do not happen to anyone else in the future.

3.10 PM

THE EXCHEQUER SECRETARY TO THE TREASURY (PRITI PATEL): It is a pleasure to serve under your chairmanship, Mr Turner.

I congratulate the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd)—I hope my pronunciation is just about correct—on securing an extraordinary debate on what is, it is fair to say, a disturbing issue. He has been assiduous in his campaign to represent his constituents, and I pay tribute to him for the work he has done. I also thank him for sharing with me the background information on this very specific case, and I have read much of it.

Such debates are so important. By highlighting the facts and drawing them to the attention of the House, we can try to effect some change in the right place, notwithstanding the fact that the right hon. Gentleman gave a tremendous list of the organisations that have already been approached to investigate and address the case.

It is deeply disturbing to hear not only about what has happened and its overall impact on the right hon. Gentleman's constituents, but that there are some 44 other cases, spanning about 20 other Members' constituencies, and that so many other individuals have been targeted. I therefore pay tribute to the right hon. Gentleman for raising this distressing case and highlighting the range of issues associated with the individuals he named.

*...I intend to take away all the points he raised and to share them with the Home Office, as he suggested. That absolutely has to happen....*

I hope the right hon. Gentleman and other Members will understand that it is not appropriate for me to comment specifically on the individual case, which is subject to a range of proceedings. However, I should make it clear that I intend to take away all the points he raised and to share them with the Home Office, as he suggested. That absolutely has to happen.

The right hon. Gentleman mentioned a specific individual's history, and their case is quite alarming. He touched on bankruptcies, IVAs and county court judgments—the list is endless. He also mentioned that that individual's licence was renewed in 2012. I will pass the case to the regulator. The Financial Conduct Authority is fully independent, but it will be sent the details he highlighted. It is only right and proper that the FCA, with the full powers that it has, look at this case.

I will share with Treasury and Home Office officials the details the right hon. Gentleman has raised. I will ask them to consider what steps the Government can take to address every concern he has outlined. It is only right and proper that we do that. In the meantime, I hope he and other Members will find it helpful if I set out the approach the Government take on some of the issues he has brought to the attention of the House.

The hon. Member for Kilmarnock and Loudoun (Cathy



Jamieson) mentioned payday loans, which have, thankfully, come under greater regulation today. The legislation the Government have introduced, along with changes that have been made over the past few years, are intended to bring in more robust consumer protections. That is right and proper, because we do not want vulnerable individuals to be targeted in a malicious way. We have heard about one such case this afternoon, but we have seen similar cases with the payday loan industry, and it is right that the right protections are there.

That is why the Government established a strong, independent regulator—the Financial Conduct Authority—dedicated to ensuring that financial services firms treat their customers fairly. Fairness and transparency are absolutely key. We do not want to hear of cases such as this ever again. This is about protecting consumers. However, the protections provided by the FCA do not generally extend to lending to businesses in the same way as they do to consumers, as the right hon. Gentleman highlighted.

MR LLWYD: I must say I am encouraged by the Minister's response, because I believe she will diligently pass on the information about this case, and I am grateful for that. However, on commercial lending being different from domestic lending, there is every reason to leave farms in the domestic area, because if something goes wrong, people do not just lose a house, which is bad enough—they lose everything. The people in this case wanted to absolve themselves from ordinary, proper, decent responsibilities towards borrowers.

**PRITI PATEL:** I fully understand the impact on the individuals. We should be clear that people have lost their livelihood; this is about losing not just bricks and mortar and a roof, but an entire livelihood.

CATHY JAMIESON: When the Minister makes her representations and passes information to the FCA, might she not want to highlight this issue? It appears that the intention has been to use a loophole—redefining a domestic premises as a business premises—potentially to get round some of the regulations.

**PRITI PATEL:** The point is well made. This is clearly about the impact on individuals and their livelihoods.

We need to ensure that loopholes are closed and that individual protections are put in place. The Government are clear about being committed to introducing FCA regulation, where there is a clear case for doing so, in the right and proper way. However, there is a balance: we do not want to impose greater burdens, additional red tape and costs on financial firms, but we want to ensure at the same time that consumers are protected.

Businesses are expected to be better placed than consumers to judge whether contracts they make with other businesses are in their interests, so they do not necessarily need the protection of FCA regulation in the same way. However, the point that has been raised really is valid, because we are talking about the impact on smaller businesses. Of course, such businesses have a different right of recourse—to the Financial Ombudsman Service. This is always about the right kind of protections and information, and making sure that consumers are protected and loopholes closed. At the same time, however, there is, from a regulatory point of view, a fine balance.

*...I want to touch on the subject of FRAUD...*

*Rt Hon Priti Patel MP*

I reiterate that this is a serious and significant case, and there are avenues I can look into—speaking to the Home Office, in particular, and asking Treasury officials to look into the issue.

For micro-businesses—businesses with a turnover of less than £2 million and fewer than 10 employees—the Financial Ombudsman Service is an independent, non-Government body established under statute to provide proportionate representation and independent resolution of complaints against financial services firms. That is predominantly for bank customers. Those decisions are binding, which is to be welcomed. The right hon. Gentleman has made representations on behalf of his constituents, but there seems not to have been the positive engagement he is looking for, so we will address the issue on that basis.

I want to touch on the subject of fraud. If it is believed that a business is a victim of fraud, there is an additional avenue to explore. From April 2013, all reports of fraud are now made to Action Fraud rather than the police. The right hon. Gentleman spoke in some detail about Avon and Somerset Constabulary. Obviously he has engaged with it on behalf of his constituents; but Action Fraud is a Government-supported specialist fraud



reporting and advice service. It is not a law enforcement body and therefore does not investigate crimes, but it provides a portal for the collection of crime reports and information so that they can be analysed. Going by the files and information that the right hon. Gentleman has sent me, there is a lot of information that could be analysed through law enforcement mechanisms. Where viable that would be sent out to the local force. I should be happy to discuss with the right hon. Gentleman how matters could be followed up using that avenue.

Although business lending is not regulated, the major lenders already take steps, as we have heard, to prevent repossessions and insolvencies. I understand the highly specific nature of the case that the right hon. Gentleman has brought to the House today, but there are processes through which businesses affected by repossession and insolvency can work properly with third parties on repayment plans and so on.

CATHY JAMIESON: Given that the case we have heard about today concerned not only a business but a home, will the Minister commit at least to seeing whether anything else should be done about insolvency practice and guidelines in such circumstances?

*...the practices we have heard about are wrong  
...we need to look into every issue*

*Rt Hon Priti Patel MP*

PRITI PATEL: I am sure that the Government can look into that, because small businesses in particular suffer in such circumstances. Small businesses that are closely intertwined with family business become subject to different conditions from those affecting larger ones, and the implications are different for them if they reach the devastating time when they go into insolvency and get an individual voluntary arrangement. The process is traumatising, which takes us back to the point made by the right hon. Gentleman: it is a question of an individual's livelihood, as well as a business.

MR LLWYD: The Minister is, may I respectfully say, very responsive to what has been said. The hon. Member for Kilmarnock and Loudoun made the point that farms are a special case. We have already mentioned that they are often asset-rich but cash-poor; so they are there for the picking. Given that, to my knowledge, there are at least 44 different cases—perhaps 45, or perhaps even more—with roughly the same MO, surely there must now be a redefinition. Otherwise, the same thing will happen again. The people responsible are sharks who will continue to absolve themselves from regulation

and play fast and loose with innocent people, with the disastrous results I have described.

PRITI PATEL: I think I have made it clear that the practices we have heard about this afternoon are wrong; we have heard about their devastating impact. Clearly, the case is distressing and complex, and we will look into every issue the right hon. Gentleman has raised. I will write to him personally once we have done so, and follow things up with him, to see how we can provide support and assistance in pursuing the matter. There is potential to examine definitions as well. I understand the circumstances in question, and the impact and implications of what has happened.

I hope I have been able to reassure the right hon. Gentleman that we are committed to putting in place the appropriate protections. We have really only touched

on some of the areas in which the Government are working to protect consumers. We have heard a lot in the news today about payday loans—one such area. Today the right hon. Gentleman has brought the attention of the House to a very particular case. He has shown tremendous dedication to his constituents in supporting

the affected families. He mentioned that there are potentially 44 other cases, and I would encourage the other Members who have such cases to engage in the issue as well. It is through such a collective evidence base that we will be able to effect change, and through due diligence and due process that we will get the justice needed by the right hon. Gentleman's constituents.

3.25 PM

Sitting suspended.



## ii) List of Names in Hansard debate

### Summary of those named by The Rt. Hon. Elfyn Llwyd MP and Barrister in Westminster Debate on 11<sup>th</sup> November 2014 from Hansard Excluding Constituents of and Members of Parliament

1. **Desmond Phillips** ( UK Acorn)
2. **UK Acorn/UK Acorn Finance Ltd**
3. **Peter Williams** ( Solicitor)
4. **Thomas Brennan** ( Solicitor)
5. **Davies and Partners** ( Solicitors )
6. **Mark Sanders** ( Valuer)
7. **Carver Knowles** ( Valuers)
8. **Karen Phillips** ( UK Group)
9. **Nick. Burd** ( LPA Receiver)
10. **Ebery Williams** ( Solicitors)
11. **Paul Johnson/ UK Acorn Farm Management Services Ltd** ( Business Advisors and Farm Management Services )
12. **Vivienne Williams** ( Solicitor)
13. **Michelmores** (Solicitors)
14. **Burges Salmon** (Solicitors)
15. **Wilson Law** ( Solicitors)
16. **Veale Wasbrough** ( Solicitors)
17. **UK Group** ( Mortgage Brokers and Lenders )
18. **Avon and Somerset Constabulary**
19. **Commercial First**
20. **John Smith** ( Chief Executive of Avon and Somerset Constabulary and former partner of Peter Williams at Burgers salmon Solicitors )
21. **Detective Constable Niki White** (Avon and Somerset Constabulary)
22. **Serious Fraud Office**
23. **Dyfed and Powys Police**
24. **UK Country Capital Ltd** ( Lenders )
25. **Barclays Bank**
26. **Clive Maxwell** ( Chief Executive Office of Fair Trading )
27. **Attorney General**
28. **Lloyds Bank**
29. **North Wales Police**
30. **His Honour Judge Geoffrey Rivlin** (Advisor to Serious Fraud Office )
31. **Sir David Green** ( Chief Executive Serious Fraud Office ) via Modus Operandi provided by The Rt. Hon. Elfyn Llwyd MP
32. **Home Office**
33. **Financial Conduct Authority** ( formerly Financial Services Authority)
34. **The Treasury**
35. **Financial Ombudsman Service**

### iii) Victims email to Rt Hon Priti Patel MP

**From:** [REDACTED]@talktalk.net  
**To:** Anthony Stansfeld <Anthony.Stansfeld@thamesvalley.pnn.police.uk>, [REDACTED]  
[REDACTED]@aol.com>  
**Subject:** PRITI PATEL  
**Date:** Fri, 13 Nov 2020, 8:29 am

---

This was the letter sent for the response I sent you earlier

Best

[REDACTED]

ernment

----- Original Message -----

**From:** [REDACTED]@talktalk.net  
**To:** priti.patel.mp@parliament.uk  
**Date:** 12 November 2014 at 19:25  
**Subject:** UK Acorn

Dear Ms Patel,

I am writing with regard to yesterdays debate on UK Acorn. Mr Llwyd gave a very good representation of the UK. Acorn victims, and I know he slightly touched upon Lloyds Bank, but there does not seem to be an understanding of how far this behaviour spreads into Lloyds SME customers.

As a group we have at least 10 Lloyds customers, all farmers, who have been the victims of the same appalling behaviour by Lloyds BSU as the UK Acorn victims, this is not really surprising, as Lloyds insist on using the same receiver, Mr Nick Burd of Luscombe Trehane, and a director of one of the Acorn companies. I have contacted my own MP, Mr Jeremy Hunt, who has followed up my complaints, with very little success, after this debate I will now be contacting him again, as there are also far more serious issues used to get our properties repossessed which are of great concern, as Mr Burd seems to be using government departments to help him remove people from their properties rather than take people to court, because he knows what he is doing is not within his remit.

My own case with Lloyds, as with other people, has been what I can only say as horrendous, Believe me several of us have offered money back to Lloyds, and have been blatantly refused in favour of selling our properties. Our properties have been sold at drastic under values, in my case my property was sold and I was informed 2 weeks after exchange of contracts. The above is just a small part of the horrendous actions that have been used against myself, others have had even worse, this is disgusting when we are talking about a high street bank, owned by the government, and very disconcerting when we hear you telling the debate yesterday that there are safe guards in place, because none of US have been offered them, and at the moment one of our group is fighting to keep their family farm from losing it to Lloyds, in yet they are working around the clock. As a group, we do hope an investigation into the goings on at Lloyds can also be instigated as well as UK Acorn.

I hope you will be able to help us as a group

With Regards

[REDACTED]

Alleged



## iv) Response from The Rt Hon Priti Patel MP



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

██████████  
██████████@talktalk.net

November 2014

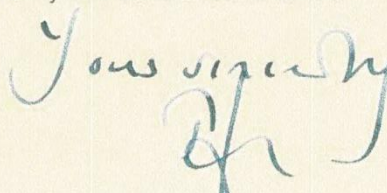
*Dear ██████████*

Westminster Hall Debate: Acorn Finance

I was very sorry to hear from Elfyn Llwyd MP in the Westminster Hall debate of 11 November about the difficulties you have faced, a situation that seems to be shared by a number of others. These circumstances have clearly been very distressing to the businesses and families involved and I thank you for raising them with Government.

I said that I would refer this to the Government department that is best placed to look into this further. My officials have engaged closely with the Home Office, which considers questions around fraud. I understand that the Home Office has agreed to look at this in more detail and will be in touch with your MP in due course.

Let me again thank you for raising these important issues. I have written to Elfyn Llwyd MP, encouraging him to also write to other MPs who have constituents with similar cases to engage them in this debate. I am also copying this letter to the Financial Conduct Authority and Serious Fraud Office.



PRITI PATEL MP  
EXCHEQUER SECRETARY TO THE TREASURY

## v) The Rt Hon Priti Patel MP to The Rt Hon Elwyn Llwyd MP/ Barrister



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Rt Hon Elwyn Llwyd MP  
House of Commons  
London  
SW1A 0AA

November 2014



Westminster Hall Debate: Acorn Finance

Thank you for bringing important the issues you raised in the Westminster Hall debate of 11 November to the Government's attention. I was sorry to hear about your constituent's situation, a situation that seems to be shared by a number of others. These circumstances have clearly been very distressing to the businesses and families involved and I thank you for raising them.

As you know, I said that I would refer this to the Government department that is best placed to look into this further. My officials have engaged closely with the Home Office, which considers questions around fraud. I understand that the Home Office has agreed to look at this in more detail and will be in touch in due course. I am copying this letter to Karen Bradley MP, Parliamentary Under-Secretary of State and Minister for Modern Slavery and Organised Crime.

In the meantime, I thought it would be helpful to provide you with some more information on some of the points I made during the debate.

You raised the possible failings with regards to the issuance of a lending licence to an individual with a number of County Court Judgments. Responsibility for granting lending licences has moved from the Office of Fair Trading to the Financial Conduct Authority (FCA). As the FCA is an independent organisation, I would suggest that the best course of action would be to refer the complaint to the FCA so it can look into the matter further.

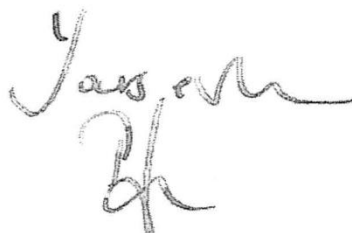
You may also be interested to know that, although business lending is unregulated, the major lenders do already take a number of steps to prevent repossessions and insolvencies. For example, the Lending Code is a voluntary code of practice which sets standards for banks to follow when they are dealing with their personal and small business customers in the UK. It provides protections for customers and explains how firms are expected to treat customers on a day to day basis and in times of financial difficulty.



The Code sets out a number of things banks can do to support businesses facing financial difficulties. These include reducing or stopping interest payments, establishing repayment plans, setting up an independent review of the businesses to establish future prospects, and providing assistance through a specialist adviser.

Let me again thank you for your important action on behalf of your constituents. I would encourage you to write to other MPs who have constituents with similar cases to engage them in this debate.

I am also copying this letter to the FCA and the Serious Fraud Office.



PRITI PATEL MP  
EXCHEQUER SECRETARY TO THE TREASURY

Alleged large scale bribery and

ernment



## vi) Karen Bradley MP Letter to The Rt Hon Elfyn Llwyd MP/ Barrister



Home Office

Karen Bradley MP  
Minister for Modern Slavery  
and Organised Crime

2 Marsham Street,  
London SW1P 4DF  
www.homeoffice.gov.uk

Rt Hon Elfyn Llwyd MP  
House of Commons  
London  
SW1A 0AA

12 JAN 2015

*Dear Elfyn*

I am writing in response to the issues raised in the recent Westminster Hall debate on Acorn Finance and subsequent letter to you from the Exchequer Secretary to the Treasury of November 2014. As the Minister for Modern Slavery and Organised Crime, I am responding on the criminal matters raised.

Please accept my sincere sympathy to your constituents who have been affected by this very unfortunate experience. I appreciate that this must be very traumatic for those affected.

As you will be aware, the Home Office and its Ministers are unable to intervene in individual cases. However, I am aware that a police investigation into this issue by Avon and Somerset Police in 2006 noted that there was insufficient evidence of criminality.

I also understand that a formal appeal has been made by a number of complainants to the Independent Police Complaints Commission (IPCC) about the finalised complaint investigation into the conduct of Police Officers and Staff. This appeal is currently with the IPCC. It would, therefore, be inappropriate for me to comment further.

This case does, however, raise a number of questions about commercial lending and the context in which this takes place, including the scope for recourse for those who feel that their experiences are unsatisfactory. As these matters are most directly the remit of the Treasury and Department for Business, Innovation and Skills, I have asked my officials to raise this with their counterparts to see what more could be done. You may also be aware that we are currently consulting on reforms to the police complaints procedure, which would include strengthening the role of the IPCC. We have also proposed introducing a system of 'super-complaints', which would allow complaints to be made on behalf of particular groups of people, or where systemic failures are identified.

I am copying this letter to the Treasury who lead on the regulatory aspects of this work, and to the Department for Business, Innovation and Skills which has a close interest in the implications for businesses. I understand that the Treasury have also raised the licensing aspect of this with the Financial Conduct Authority.

*Karen Bradley*

Karen Bradley

## NCA Failure to act, resulting in Concealment of the Frauds

To complete the concealment of the frauds, victims from around the UK discovered that we all ended up at Action Fraud (as controlled by the City of London), at which point our cases would be passed to Avon & Somerset Police. Then A&S Police failed to act and it's officers fobbed off victims. Complaints were raised to its Police Crime Commissioner, Sue Mountstevens. She too failed to act thereafter complaints were raised to the Police Crime Panel and evidence given.

### i) **The National Crime Agency**

The National Crime Agency was founded on 7<sup>th</sup> October 2013. The elected officer responsible is The Rt Hon Priti Patel MP, Home Secretary. Under The Rt Hon Theresa May MP and "Common Purpose" Prime Minister David Cameron MP appointed



### ii) **Lynne Owens CBE QP MMA, Director General National Crime Agency Letter to The Rt Hon Amber Rudd MP, then Home Secretary**

The below letter states: „*The scale of the alleged offending..... is concerning*’



OFFICIAL

Rt. Hon. Amber Rudd MP  
Member of Parliament for Hastings and Rye  
House of Commons  
London, SW1A 0AA

5 January 2018

Dear Home Secretary,

Thank you for your letter of 21 December concerning your constituent [REDACTED]

The scale of the alleged offending described in the enclosed correspondence is concerning and I have asked my Deputy Director General - Operations, Matthew Horne, to look into the matter. Matthew will engage with our law enforcement partners to understand what material is already held and what investigations / assessments have been made to date. He can then make a recommendations to me about what, if any, more can or should be done and by whom.

I will respond back to you with an update once I have received that recommendation.

Kind regards

Lynne Owens CBE QPM MA  
Director General  
National Crime Agency

Lynne Owens is responsible for the NCA. Concerningly the NCA have sat on 19 files of alleged forged signatures for over 18 months to the frustration of victims and the Thames Valley Police Crime Commissioner Anthony Stansfeld (lead portfolio on fraud in England and Wales).

i) **The “Bank Signature Forgery Campaign” Letter to Lynne Owens of the NCA, asking why nothing is happening?**

The below letter shows that 21 files being 427 formal crime reports of evidence as supported by the APPG Fair banking and PCC Anthony Stansfeld have been handed to Head of the NCA Lynne Owens



**Statement by the Bank Signature Forgery Campaign 30<sup>th</sup> November 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. On Wednesday the Campaign delivered a further 65 formal crime reports and evidence to Ms Owens. In accordance with the Treasury Committee’s letter, the Campaign has now delivered 427 formal crime reports and 21 files of evidence to Lynne Owens.

The crime reports and evidence sent in by customers to the Campaign include banks:

- forging bank and customer signatures (including a dead customer) on court documents, loan agreements, deeds, charges etc
- fabricating evidence and concealing evidence from customers and the Courts in order to win court cases against customers
- authorising the signing of Statements of Truth on Court documents such as Claim Forms, Particulars of Claim, Witness Statements etc in full knowledge that the documents contained false statements and representations to the Courts
- using the same signature on over 130 documents signed in the names of 41 different individuals or 5 different organisational departments for 6 different UK and international companies from 2011 – 2019
- creating loan accounts in the customer’s name without the customer’s knowledge or consent

A group of over 50 bank whistle-blowers including current and former bank managers has previously confirmed to the Campaign that signature forgery, fabricating evidence and concealing evidence by banks in cases against customers is endemic.

The inconvenient truth is that the largest serious organised economic crime against the British public is being committed by some UK banks.

The Campaign therefore welcomes the Treasury Select Committee’s announcement of an inquiry into economic crime against consumers. On Thursday the Campaign delivered a report to the Committee and would welcome appearing before the Committee.

As Anthony Stansfeld, the Association of Police & Crime Commissioners national lead on fraud, previously stated *“The evidence is clear and compelling. This is serious organised crime by banks against the UK public... 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.”*



# High Level Fraud Document by Police Crime Commissioner Anthony Stansfeld, Thames Valley Police

## HIGH LEVEL FRAUD

18 October 2020 - by Anthony Stansfeld Police Crime Commissioner  
Portfolio Lead on Fraud.

Fraud is now costing the UK economy nearly as much as the entire NHS. The annual figure for fraud given by the National Crime Agency is over £190Bn based on figures from three years ago. This is almost certainly an underestimate. The NHS in the same year cost £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.

PPI, LIBOR, and the extensive money laundering of the assets of major criminal enterprises, have resulted in banks being fined heavily. However this penalty falls on the totally innocent shareholders of the banks. No senior bank executives are ever held responsible for these massive criminal frauds, and they continue to receive not only large pay packets, but also massive bonuses.

Even more serious has been the deliberate destruction of individuals and companies by banks to pillage their assets. There has been little effort or enthusiasm by the many regulatory authorities, notably the Bank of England's Prudential Regulatory Committee (PRC), 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 June last year the Treasury Select Committee asked the National Crime Agency (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. There are now 19 files of evidence with the NCA. As of now no investigation has moved forward further than an 'assessment' of the evidence. In the last week the TSC has gone back to the NCA and asked why there has been no progress on this. 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 Serious Organised Crime (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. The FCA fined Lloyds Bank £45m for concealing the fraud, but 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 born 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 4 months after the Turnbull Report was given to the Executive Board of Lloyds. 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 Lloyd's 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 were not 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 Ros 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 Lloyd's treatment of those defrauded was 'neither fair nor reasonable'. The internal Lloyds scheme under a 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 inquiry is an internal Lloyd's inquiry 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 inquiry 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, **what went on in other branches of Lloyds is being ignored.**

In the current economic climate it is clearly necessary to support the banking system, **but that does not mean that corrupt senior bankers should be supported. Ideally 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.

However in the current circumstances the better option maybe is to have a number of smaller low key inquiries that interlink. Those bankers clearly implicated should be asked to resign quietly, without bonuses and titles. Those that have the most senior positions should be told that unless they co-operate with the inquiries they are liable to have a full criminal investigation launched into their activities. There should be a clear direction that non-executive boards are there to hold the bank executives to account, not only for profitability, but also integrity. The current non-executive boards have knowingly failed in their duties, and should, in some banks, notably Lloyds, be replaced in their entirety. It should become widely known in the City of London that fraud will be investigated, and prosecution will follow. At the moment fraud is seen as a safe way to make money. In both the US and Australia they have tackled this problem, and they now have a far less corrupt system than we do in the UK.

There should also be a look into how the bankruptcy courts are being manipulated, and why the Land Registry and Insolvency Services have 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.

The sorting out of flagrant frauds within the UK banking system, without damaging it yet further, will be a difficult balancing act. However it cannot be allowed to continue. **The present economic situation has given banks the opportunities to go on behaving in the same way that they did after the crash in 2008.** 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. This will need a proper fraud division to be set up within the NCA. The current small team has no capability to take on international banking fraud. **The governance of the NCA needs a radical rethink. It has clearly been complicit, with the City of London Police, in its failure to take on major fraud.**

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  
Portfolio Lead on Fraud.





# Letter from PCC Stansfeld of the Avon & Somerset Constabulary Investigation of alleged frauds at Lloyds BSU and RBS Bank, Bristol



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

FAO Trevor Mealham

Date: 5 October 2020  
Our Ref: AS/CR

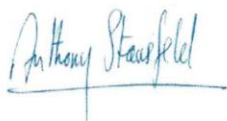
## Statement on Thames Valley Police Review of Alleged Fraud.

In early 2020 Avon and Somerset Police (ASP) asked Thames Valley Police (TVP) to look at 11 cases of alleged fraud by Lloyds Bank and Royal Bank of Scotland that had been dealt with by ASP. On the paper work submitted by them to TVP no fault could be found with the actions of ASP. TVP did not investigate the cases or initially meet any of those claiming to be defrauded.

Subsequently TVP did meet one of the victims, Mr Kashif Shabir. He produced paperwork that strongly indicated that a major fraud had been committed against him. This paperwork was not given to TVP by ASP. TVP suggested to ASP that this case should be reinvestigated. I do not know what subsequent actions have been taken by ASP.

It must be emphasised that TVP only gave the cases a clean bill of health on the evidence given to them by ASP. TVP did not investigate the cases, and if evidence was withheld by ASP, or was not available to ASP, it would put a wholly different complexion on any findings by TVP.

Yours sincerely



Anthony Stansfeld  
Police & Crime Commissioner for Thames Valley

The Farmhouse  
Thames Valley Police Headquarters South  
Oxford Road  
Kidlington  
Oxon OX5 2NX  
Tel: 01865 541948

Office of the Police and Crime Commissioner The Farmhouse Force Headquarters Kidlington OX5 2NX  
Tel: 01865 541948 E: [pcc@thamesvalley.pnn.police.uk](mailto:pcc@thamesvalley.pnn.police.uk) W: [www@thamesvalley-pcc.gov.uk](http://www@thamesvalley-pcc.gov.uk)

## Conspiracy to Defraud

**Section 12 of the Criminal Justice Act 1987** provides that common law **conspiracy to defraud** may be charged even if the conduct agreed upon will involve the commission of a statutory offence. In England and Wales, it is clearly the law that an agreement by two or more by dishonesty to deprive a person of something which is his or to which he is or would be entitled and an agreement by two or more by dishonesty to injure some proprietary right of his, suffices to constitute the offence of **conspiracy to defraud**.

### “Misconduct in Public office” / Crown Prosecution Service definition

Definition of the Offence as shown on the CPS website states this is when a person wilfully neglects to perform his duty and/or wilfully misconducts himself; to such a degree as to amount to an **abuse** of the **public's** trust in the **office** holder; without reasonable excuse or justification. **Misconduct is an offence at common law** and carries a maximum sentence of life imprisonment .

### Conspiracy to Pervert the Course of Justice:

A conspiracy to pervert the course of justice is when two or more people agree to a course of action that will result in justice not being served on somebody. It may be one of the parties involved in the offence or another third party.

This offence is more about making the plan rather than acting out the prevention of justice being served. Even if the planned event does not take place, the mere act of planning to get involved in justice prevention is enough to be put through a court trial and sentenced to a term in prison if found guilty and therefore convicted.

As in any court case, the role of the prosecution is to prove that the accused are guilty. The prosecution needs to prove to the jury and Judge that without doubt, the people involved were acting together. This agreement might be implied or assumed, but the intention was to cause a perversion to the course of justice.

### What is the average sentence for conspiracy to pervert the course of justice?

Conspiracy to pervert the course of justice is a grave offence in law. If found guilty and convicted, your punishment may be a prison sentence of up to 7 years.

# Farmers Shocked by Inadequacy of SRA's Burges Salmon "Inquiry"

Below article accredited to Ian Fraser

Thursday, September 23rd, 2010 | Posted by [Ian Fraser](#)

## Farmers shocked by inadequacy of SRA's Burges Salmon "inquiry"

September 23rd, 2010

(Updated October 2nd, 2010)



Talk about foot-dragging.

The Solicitors Regulation Authority has been investigating the Bristol-based law firm [Burges Salmon LLP](#) and its partner [Peter Williams](#) for more than three years over the alleged misselling of unregulated commercial loans to cash-strapped farmers. The loans, often priced at usurious annual interest

rates of 22% or more, have financially crippled many farmers across the UK, causing several to commit suicide.

Joanna Osborne, a partner at law firm Edwin Coe initially acting for the farmers, has said Burges Salmon's advice had resulted in "expensive and inappropriate loans being taken from institutions, leading to substantial liabilities". Osborne represented Geoff and Joyce Bean from Yorkshire, and Pamela Ward-Jones, from East Sussex, but said many farmers were in similar predicaments.

One might have thought that the SRA, a quasi-independent subsidiary of the Law Society of England & Wales, would have reached a conclusion by now.

The conflicts of interest involved are clear cut. As well as advising farmers to take out the usurious loans — which were provided by by Commercial First via UK Group subsidiary [UK Farm Finance](#) — Burges Salmon, according to [Iain Dey in The Sunday Times](#), also had UK Group as a client!

Geoff Bean, a farmer from Kirkbymoorside in Yorkshire, one of the many victims of the scandal, is growing increasingly exasperated by the SRA's wilful blindness to the potential fraud and conflict of interest that are so clearly involved in this matter. He suspects the SRA wants to protect errant solicitors by effectively kicking the whole scandal into the long grass — a common tactic where professions are trusted to regulate themselves.

Bean has written to his MP, [Anne McIntosh](#), to express his dismay about the SRA's handling of the inquiry. In the letter he invited McIntosh to urge the SRA and/or Lord Chancellor, Kenneth Clark, to provide some answers as to when the inquiry can be expected to be completed and the most likely way forward. Bean wrote:-

"The SRA has proved to be unfit for purpose and remains oblivious to the ongoing and ever-escalating suffering caused by this deliberate and calculated destruction of the livelihoods and homes ... of innocent and trusting victims over 20 years... It still appears to be the dedicated determination of the SRA

<https://www.ianfraser.org/farmers-question-seriousness-of-sras-three-year-burges-salmon-probe/>



to protect and defend [Burgess Salmon and its partner Peter Williams] in spite of the overwhelming, ever-increasing and widespread evidence against [them.]

However McIntosh made clear she has no intention of doing anything to help. Bean suspects this is related to McIntosh's former career as a lawyer and Scottish advocate. He suspects that she is prioritizing the protection of the legal profession over and above ensuring constituents are treated honourably and fairly. Bean points out that McIntosh's reluctance to intervene on behalf of the many farmers rendered destitute by this scandal is in sharp contrast to the approach taken by her predecessor, and fellow Tory, John Greenway MP.

Of course Burgess Salmon — whose former partner Roger Hawes is a close friend of [David Mills](#) and a director of the suspected fraudster and money launderer's "serially-phoenixed" office products group, [Concord Filing Products](#) — will have told the SRA it has done nothing wrong. That doesn't mean the SRA should automatically believe it.

This farmers' loan scandal is the sort of thing to which business secretary Vince Cable was referring when he told the Liberal Democrat conference that he wants to "shine a harsh light into the murky world of corporate behaviour." If the SRA is to have continued legitimacy, it ought to be taking this scandal more seriously. Otherwise, I suspect it won't be long before Vince's floodlight starts shining harshly its way...

In an article published in the [Solicitors Journal](#) on September 29th, the SRA blamed its tardiness on the fact it had "trolley loads" of files to work through.

*Note: Desmond Phillips' new company is called UK Acorn Finance*

Here's what the *Mail on Sunday* had to say about the Burgess Salmon / UK Farm Finance scandal two years ago:-

## **Loans carried huge set up fees and high interest rates of up to 22% and high payment terms for redemption.**

### **Correspondence between Michelmores Solicitors and Dr Kirstie Cogram Avon and Somerset Police about UK Acorn Finance to give the impression in public of no wrongdoing:**

On the 7<sup>th</sup> August 2013 DC Niki White, Avon & Somerset Constabulary (A&S) attended a UK Acorn repossession hearing in Mold County Court subsequent Michelmores Solicitors whom Peter Williams, a former partner with John Smith with John Smith at Burgess Salmon Solicitors, had joined and who were acting for UK Acorn Finance Ltd. (UKAF) wrote to Dr Kirstie Cogram and advised their client would welcome the assistance of the police to give the impression in public of no wrongdoing.

Extracts from the letter follows:

Dr Kirstie Cogram  
Avon and Somerset Constabulary CID  
PO Box 37  
Valley Road  
Portishead  
Bristol  
BS20 8QJ

VMW/wlc/92930/14

16 August 2013

Dear Madam

**UK ACORN FINANCE LIMITED**

Thank you for your letter of 9 August, received On 14 August.

Our Client company , UK Acorn Finance Limited (UKAF) , has asked us to draw certain matters to the attention of you and DC Niki white.

- 1 It is accepted by UKAF that, as a consequence of the activities of a particular individual, a large number of clients of UKAF have been contacted and actively encouraged to make complaints in relation to UKAF.
- 2 Faced with such complaints which, without any foundation in fact, freely refer to the word "fraud", it is entirely appropriate for the Police to look into these matters.
- 3 The Directors of UKAF recognise that what is currently happening is to some extent reprising the events of 2007 wen some of the same Directors were involved in relation to lending by another company , UK Country Capital Limited ( UKCC - which was primarily funded by Barclays Capital), and the same individual who is heavily engaged in the complaints now was at the centre of complaints made than.
- 4 Those matters were investigated by the Avon and Somerset Constabulary at the time and the Police concluded that there was no criminal case to answer.
- 5 The five complainants involved at the time were also clients o the firm of Burges Salmon. The Solicitors Regulation authority subsequently carries out a detailed investigation. That investigation continued until September 2010 when it concluded with no action taken.
- 6 The difference between what happened in 2007 and what is happening now is publicity. The scoping enquiry, being led by DC White, prior to her reporting to the Chief Constable, has been given widespread publicity by complainants and a small number of professional advisors involved in the affairs of the complainants.

Alleged

utilise in connection with Court proceedings which have already been determined in favour of UKAF. A copy of the letter is attached.

17 The involvement of DC White is being portrayed by complainants such as [REDACTED] and [REDACTED] as if the Police have already determined that there is a criminal case for directors of UKAF to answer. That of course is not the position. The position is, as DC White has stated, she is engaged in a scoping enquiry for the purposes of reporting to the Chief Constable.

18 Also, regrettably, in other cases Defendants are seeking to rely on the Police's involvement as grounds for an adjournment of civil proceedings.

19 The overall prominence which the scoping inquiry has been given and the way that it is portrayed, has a fundamentally adverse impact upon our client's business. Inevitably it undermines confidence of existing and future investors in the business. Accordingly, our client is anxious to minimise unnecessary adverse publicity. Our client would welcome the assistance of the Police in this regard.

20 As we have said, the directors of UKAF fully respect the fact that the inquiry must be carried out in the light of the complaints. As stated in our letter of the 23 July, there is an offer of full co-operation with regard to the current scoping inquiry. That is made on the basis that it is absolutely clear that at all times the directors of UKAF have acted entirely properly. Those directors remain prepared to assist in the scoping inquiry.

21 Plainly the best way of dealing with this is for the scoping inquiry to conclude and for the Chief Constable to agree that there is no wrongdoing and no case to answer. If any uncertainty remains, then UKAF accepts that the position may need to be reviewed following the determination of Judge Jarman in the UKAF /Williams case. However, our client hopes that this will not be necessary and the file can be closed now.

We look forward to hearing from you in due course.

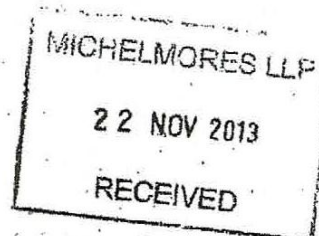
Yours faithfully

Michelmores LLP

Following receipt of the above letter, Dr Kirstie Cogram wrote to Michelmores Solicitors on the 19 November 2013 advising there is insufficient evidence of fraud offences (in her opinion) to support a police investigation

The letter has since been used as a instrument to assist in the denial of wrongdoing by Acorn Finance as a false flag in public and Court scenarios.





**Headquarters CID**  
**PO Box 37, Valley Road, Portishead, BRISTOL BS20 8QJ**  
**Telephone: 01275 816641 Fax: 01275 816449**

**Michelmores LLP**  
Broad Quay House  
Broad Quay  
BRISTOL BS1 4DJ

19th November 2013

Dear Sir / Madam

Your reference: VMW/wlc/92930/5  
**UK ACORN FINANCE LIMITED**

I have previously responded to your letter dated 23<sup>rd</sup> July 2013 and I am in receipt of your letters dated 16<sup>th</sup> and 20<sup>th</sup> August 2013.

You are aware that we have received a number of reports in relation to your clients and that our Chief Constable, Nick Gargan undertook for officers to carry out a review of the information available.

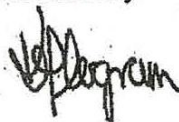
I am writing to let you know that the review has been concluded and the decision is that there is insufficient evidence of fraud offences to support a Police investigation.

In your letter dated 16<sup>th</sup> August 2013, you have questioned DC White's attendance at Court on the 7<sup>th</sup> August 2013. Her attendance on that day was to ensure that the Court understood the extent of the Police involvement and were not misled into believing that a criminal investigation was already underway.

Also, in your letter dated 16<sup>th</sup> August 2013, you have asked for the Chief Constable to agree that there is no wrong doing and no case to answer. I am sure you will understand that we are unable to make such a statement as we cannot comment on matters and information that may not be available to us.

I can confirm that on the information that we currently have available, Avon & Somerset Constabulary have insufficient evidence and grounds to commence a criminal investigation.

Yours sincerely



**Dr Kirstie Cogram**  
Manager – Financial Investigation and Economic Crime  
Headquarters CID  
Avon & Somerset Constabulary

Fob off letter (conspiring to pervert outcome) sent from Dr Cogram Avon & Somerset Constabulary's Head of Fraud as under the Chief Constable Nick Gargan

**[ WOOD V COMMERCIAL FIRST ] - 3 Law Lords decided 31 March 2021 that both fraud and bribery had taken place ! Police Misconduct to Pervert the Course of Justice to assist the ongoing cover ups**

**Pippa Page**

Parliamentary Researcher to Sir Nick Harvey MP (North Devon)



Headquarters CID  
PO Box 37, Valley Road, Portishead, BRISTOL BS20 8QJ  
Telephone: 01275 816641 Fax: 01275 816449

5th November 2013

Dear [REDACTED]

Re: UK Farm Finance, Acorn Group and others

Following the information that you have provided in respect of the above, you will be aware that our Chief Constable, Mr Nick Gargan, undertook that Officers would conduct a scanning exercise in relation to possible fraudulent activity on the part of UK Farm Finance, Acorn Group and others.

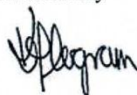
A comprehensive review of the information provided has taken place and I am writing to let you know that we have concluded that there is insufficient evidence to support a Police investigation.

Following that decision, we have been in discussion with other regulatory agencies. The purpose of this was to look at whether there are any other opportunities to address the situation or to influence regulation of this kind of activity in the future. Unfortunately, we have currently been unable to identify an agency that would have the remit to progress this further.

It is of concern to us that the members of the public that we aim to protect are vulnerable to business practices and the law appears powerless and we are willing to brief those interested Members of Parliament in respect of our conclusion.

Unfortunately, that is all that we are able to offer at this time. If I can be of any further assistance, please do not hesitate to contact me.

Yours sincerely



Dr Kirstie Cogram  
Manager – Financial Investigation and Economic Crime  
Headquarters CID  
Avon & Somerset Constabulary

UK Parliament Disclaimer:



# Acorn, Minutes of meeting (22 Jan 2014) at Portcullis House, Westminster, between Avon & Somerset Police and MPs

Minutes of meeting 22 Jan 2014

**MINUTES**  
**Avon & Somerset Constabulary briefing – UK Farm Finance & Others**  
22<sup>nd</sup> January, 2pm Room M, Portcullis House  
2014

*In attendance:*

Niki White – Detective Constable, Economic Crime Team, ASC  
Dr Kirstie Cogram – Manager, Economic Crime Team, ASC  
Sue Scott – Detective Superintendent, Economic Crime Team, ASC

Nick Harvey MP (North Devon)  
Pippa Page (Office of Nick Harvey MP)  
Beth Finch (Office of Jacob Rees-Mogg MP)  
Oliver Diamond (Office of Ed Vaizey MP)  
Roger Williams MP (Brecon & Radnorshire)  
Paul Edgeworth (Office of Dan Rogerson MP)  
David Heath MP (Somerton & Frome)  
Chris Ruane MP (Vale of Clwyd)  
James Jeffreys (Office of Stephen Crabb MP)

Sue Scott explained that the point of the meeting was to come and speak to MPs with an overview of the actions that ASC had taken, and explore what opportunities there may be going forward. The team want to be able to support MPs in supporting their affected constituents in future dialogue.

Kirstie Cogram said that around the end of 2006 and beginning of 2007 the Constabulary launched an investigation. They executed a number of search warrants but ultimately they couldn't bring charges to the CPS. As part of this process they engaged with the Serious Fraud Office. In June 2012 they met with Jacob Rees-Mogg about his constituent who claimed 5 instances of fraud in relation to his case. After this, ASC agreed they would look at the case and carry out a scoping exercise to see if there was anything new they could do. After this, they were inundated with complainants from across the country, spanning a number of years (as a result of the attendance at the same meeting of [REDACTED]). In the particular case of Mr Rees-Mogg's constituent, they didn't find anything that explicitly amounted to breaking the law.

Niki White said they were tasked with documents provided by accountant [REDACTED] at this meeting, and many people contacted with evidence. The team set about looking for evidence of criminal offences but what they had was insufficient. There wasn't enough overarching circumstances to represent whole allegations of fraud.

Chris Ruane asked if the police team interviewed companies as part of the exercise.

Niki replied by saying no, as this enquiry was specifically a scoping and scanning exercise rather than going into details. Interview would come at the next stage if an investigation was commenced.

Nick Harvey asked whether they intuitively felt that they could 'smell a rat'?

Niki said yes, there was definitely a rat in the room. They were made aware by a complainant's son, in a case in Nick's constituency of Sir Nick's interest and felt, that the laws and specifically regulation of this financial activity needed to be changed.

Nick Harvey said this is why [REDACTED] focussed his efforts on solicitors as the 'weakest links'. He and Paul Tyler met Burges Salmon Solicitors and didn't get very far with



them. [REDACTED] charged the solicitor with acting for both parties with a conflict of interest. In their defence, they said that the complainants signed something to say they agreed that was the case. When Nick questioned the constituent on this he was incredibly upset – it was a rouse pulled on each case.

**Niki White** said the police compiled a report from the 2006-7 evidence, which was a summary with recommendations. The Solicitors Regulation Authority (SRA) took it up but at the end of the day there wasn't enough overarching evidence. It was also sent to the Office for Fair Trading and the Financial Services Authority.

**\*\*ACTION\*\*** - *Niki to circulate report to the group.*

**Chris Ruane** asked if there was a comparison between those who signed away their rights and those who didn't, and if anyone had examined this.

The general consensus was that there wasn't, because those who hadn't weren't known to the police.

**Kirstie Cogram** pointed out that of all the farmers they've heard from, the main complaints are around high fees and interest rates.

**Nick Harvey** said this was absolutely right, but the ability to lure farmers into contracts with Burges Salmon was concerning.

**Roger Williams** said it seemed to him that one farmer in his constituency was particularly targeted by the company because of the desperate situation he was in financially, and lured him into agreement. The company wanted to foreclose on him – it was a ploy.

**Nick Harvey** agreed and said that was the precise modus operandi in all cases.

**Sue Scott** said that these people have no choice but to go to these options and this group has clearly been exploited. **Roger Williams** added that this was particularly the case with land prices rising.

**Sue** added that the frustration is that it doesn't fit within current legislation where people are exploited but bodies don't seem to have responsibility for it, and the legislation and regulation isn't there to protect them.

**Niki White** put forward the term 'predatory lending', which is used in the United States, and suggested that we should have some kind of similar regulation that bodies can take on.

**Chris Ruane** suggested we asked for a select committee inquiry into this.

**David Heath** said BIS would be the obvious choice, as it is similar to the payday loans issue.

**Chris Ruane** said the MPs could do a joint letter to the BIS Select Committee asking them to hold a 1 day enquiry, if the police were able to provide them with some text and recommendations.

**David Heath** suggested there could be other parliamentary opportunities for us to exploit and point out where there are gaps in the legislation.

**Nick Harvey** asked about regulation. If you borrow money from a high street bank, there is a lot of regulation. But these companies seem to be a law unto themselves.

Government

Alleged lar

**Niki White** explained that the loans are commercial loans, so they are not regulated. It is a different framework from personal loans. While a farm is a business, farmers live in that business and the land is in their family, so it is their entire livelihood, but it is classed as a commercial loan so is largely unregulated.

**Oliver Diamond** asked how predatory lending legislation was used in the US.

**Kirstie Cogram** replied that it is not an offence on its own, but the term is used to cover a number of broader aspects and is regulated federally. But the term really seems to fit with what we are discussing.

**Nick Harvey** raised the problem of chartered surveyors giving inflated quotes. **Niki White** said there are bodies that regulate this but they didn't find anything wrong in the cases we described.

**Nick** said surely a pattern could be demonstrated. A surveyor he recalled was based in Taunton but complaints about him came from far afield – was he going to Yorkshire, Sussex, etc? Because that in itself a bit odd.

**Sue Scott** said the police would condense information and consolidate it into a report, run it through their legal department and then let the group have sight of it.

The group also spoke about the creation of a welfare fund for victims. **Oliver Diamond** asked how many cases there were. **Niki** replied that there were 52 overall in similar circumstances but did include different lenders.

**Paul Edgeworth** asked what we could tell constituents who contacted MPs with more evidence.

**Sue Scott** affirmed that the scoping exercise was complete and there was insufficient evidence to proceed with a fraud investigation. She said it was key to manage expectations but wanted to help people in the long-term in taking things forward. The police have to be firm as they can't keep communicating and they have taken this as far as they can.

## a) Notes about the Minutes of meeting 22 Jan 2014

The 2006/2007 investigation by DC Niki White and Officer Peter Wood, both of Avon & Somerset Constabulary was opened on referral of a complaint to the SRA dated 11 August 2006 against Burges Salmon Solicitors following Search Warrants executed by the Constabulary on the 15 January 2007 at the offices of:

- Burges Salmon Solicitors
- UK Acorn Finance (mortgage brokers and lenders)
- Carver Knowles (Chartered Surveyors)

Carver Knowles (valuers) was closed suddenly in 2007 with no explanation why apart from DC Niki White advising they had insufficient evidence but if the matters complained of had occurred after the fraud Act 2006 became the law the 15 January 2007, then investigation would have continued.

Avon and Somerset Constabulary were subsequently offered evidence of at least one similar fact case which occurred after the 15 January 2007 which DC White declined to receive.

At a meeting at Avon and Somerset Police Headquarters, Portishead, on the 21 June 2013 the attendees included DC Niki White, Dr Kirstie Cogram and Jacob Rees-Mogg MP.

At the meeting on the 21 June 2013 Chief Constable Nick Gargan expressly stated complainants should provide DC Niki White with a brief summary of their complaints (which at that time related principally to Burges Salmon Solicitors, UK Acorn Finance, Carver Knowles and Commercial First) with no supporting evidence. **DC Niki White then prepared a report for the Chief Constable and advised complainants an investigation would not be opened due to insufficient evidence.**

The constituent (a farmer) of Jacob Rees-Mogg who attended the meeting 21 June 2013, like other complainants offered to provide DC Niki White and Dr Cogram with substantive evidence, offers which were declined.

DC Niki White was provided with a copy of a small file seen by the constabulary in 2007, on the 21 June 2013 and a small update file relating to the same case on the 24 June 2013 which included evidence of alleged valuation rigging by an associated valuer (Carver Knowles).

There is evidence that not all loans were commercial loans – there is evidence some where regulated loans provided by unregulated lenders in breach of the Financial Services Act 2000 (FSMA2000) and MCOB. Rules.

## b) Barristers letter (24 Jan 2017) to the Serious Fraud Office

[Redacted]

Chambers of [Redacted] QC and [Redacted] QC  
Temple EC4 [Redacted]

24 January 2017

Your reference [Redacted]

Dear Mr Lambert,

Re UK Acorn Finance

We have been instructed to advise [Redacted] and have been forwarded your letter to her dated 3.1.17 that was in response to her letter to you dated 19.12.16 and her subsequent email to you that same day where she set out her contention that she and her husband had been swindled out of £1,661,295.

We have also been instructed by 38 other individuals' who are each claiming that they too have been cheated out of their homes and businesses by dishonest practices of an identical nature to that involved in the case of [Redacted]

In [Redacted]'s letter to you, our client raised a number of concerns of serious wrongdoing with respect to UK Country Capital Ltd and Commercial First Business Ltd brokered by UK Mortgage & Finance Ltd.

You will of course also now know that there has been a significant development in this case in that findings of dishonesty were made against the person said to be at the centre of this criminal wrongdoing, namely the (now struck off) solicitor Peter Rhys Williams, by the SRA.

Grave concern is expressed that Mr Williams had a professional connection with Avon and Somerset Constabulary and has been wrongfully protected by them from proper investigation.

It is accepted that A&S police executed search warrants back in 2007 and that what was said to be a "scoping exercise" did take place some years later. However, we are extremely concerned that in this process there was a blanket refusal to accept and consider witness statements and accept and consider primary evidence in support of criminal wrongdoing from a very large number of victims. These victims were subsequently written to by A & S Police and were informed that there was insufficient evidence to proceed with a prosecution.

Alleged large scale

Government



You have stated in your letter that, "On any view Avon & Somerset were aware of Acorn and carried out much police work looking at Acorn". This is most certainly not our view. Mrs Wensak and our numerous other clients contend that this was a demonstrably flawed and inadequate investigation that deliberately failed to consider the available evidence. We are greatly troubled that the approach by the SFO has apparently been to allow this demonstrably flawed investigation to let potential wrongdoers, connected to A & S Police, off the hook.

As you will appreciate these are not fanciful concerns as these issues were considered at length in the House on 11 November 2014 and serious conclusions were reached. We invite you to consider the full debate and have included a transcript of the debate for your assistance.

In your letter, you informed Mrs Wensak that, "The connections between UK Country Capital and Commercial First were known, as were the low prices realized from land and property sales. These factors and the other issues you mention are matters on which you could take or may already have taken advice as to what remedies if any are available".

Our client has of course done so.

It is our contention that in accordance with the Statement of Principle governing the approach and required intervention of the Director of the SFO that;

- a) This apparent criminality undermines UK PLC commercial and financial interests in general.
- b) That the financial loss involved is high.
- c) That there is significant public interest element arising.
- d) That this does amount to a new species of fraud.

It is our contention based upon the combined position of each of our clients, that this may amount to one of the largest frauds perpetrated within the UK.

Accordingly, we now make formal request that the Director of the SFO provide us with a fully reasoned decision as to whether or not the SFO will now consider all the evidence available to investigate these issues.

Yours faithfully,

Stephen Chippeck

Alleged

### Statement of Principle: Principle 4 - Fraud and Dishonesty

The SRA published in 2019 their "Principle 4" requirement for solicitors to act with honesty and the test they apply when deciding if a person is dishonest. The SRA quote the below:

#### General

Principle 4 requires you to act with honesty. While someone acting dishonestly can be said to be acting without integrity, the concept of integrity is wider than just acting dishonestly.

The courts have made clear that the standard of honesty required for solicitors is that they may be "trusted to the ends of the earth" (**Bolton v Law Society [1993] EWCA Civ 32**). This is because solicitors, for example:

- are relied on by the courts to be honest in how they deal with cases
- often give important evidence in court cases
- deal and advise on large amounts of other people's money and valuable assets such as their home or pension fund
- help people in difficult and distressing situations which involve sensitive information, such as divorce, child protection and criminal charges.

A finding that someone we regulate has acted dishonestly is a serious matter. The courts have indicated that confidence in the legal profession, as a whole, is more important than the interests of one lawyer (**Bolton v Law Society [1993] EWCA Civ 32**). For that reason, as well as making sure the public is protected from any repetition of the offending behaviour, a finding of dishonesty against a solicitor is likely to result in the most serious disciplinary sanction, being struck off the roll.

It may also act to protect the public more widely. For example, if the person intends to work in another industry such as financial services, where public protection is also very important, our finding can be taken into account by another regulator in deciding whether to allow them to work (**Elliott v Financial Services Authority [2006] UKFSM FSM027**). Where the person already works in another profession, or regulated industry that regulator may also take action based on our decision.

#### The test we apply

Many different behaviours may be considered dishonest. Some examples include:

- taking or using someone else's money without their knowledge or agreement. There may be dishonesty, even if the solicitor did not intend to permanently deprive the other person of their money (**Bultitude v Law Society [2004] EWCA Civ 1853**)
- lying to, or misleading someone, such as telling a client that their case is going well when it has failed
- knowingly bringing a false case to a court
- helping other people to act improperly, such as by giving credibility to a dubious or suspicious investment scheme run by others
- giving false information to their firm's insurer (**Ijomanta v Solicitors Regulation Authority [2013] EWHC 3905 (Admin)**)
- misleading a court, tribunal, a regulator (**Solicitors Regulation Authority v Spence [2012] EWHC 2977 (Admin)**).
- lying on a CV and misleading partners in their firm (**Solicitors Regulation Authority v Dennison [2012] EWCA Civ 421**)
- backdating or creating false documents.

When considering if conduct is dishonest, we apply a two-stage test. This requires us to ask the following questions (Ivey v Genting Casinos (UK) Ltd t/a Crockfords [2017] UKSC 67):

- First, what was the individual's genuine knowledge or belief as to the facts at the time?
- Second, in view of their knowledge or belief at the time, was their conduct dishonest by the standards of ordinary decent people?

The first question requires us to ascertain what the individual genuinely knew or believed at the time. The reasonableness of their belief or knowledge is relevant to us determining whether it is genuinely held, but there is no additional requirement that it must be objectively reasonable.

Once we have determined the individual's state of mind, we then consider their conduct in light of it. The test is to objectively judge if they acted dishonestly by the standards of ordinary, decent people. There is no additional requirement that they have to appreciate that what they have done was dishonest. This second test means that while a person's state of mind is relevant, they cannot escape a finding of dishonesty based on a warped personal belief they were honest.

On the other hand, it also means that because we must consider their state of mind in the context of ordinary, decent people, we take account of the context in which the conduct happened.

The courts have rejected arguments that the standard of honesty can be based on how others in the same profession or industry behave (R v Hayes [2015] EWCA Crim 1944). While in one medical case it was decided that the test for professional disciplinary proceedings should refer to the standards of 'reasonable and honest doctors' this was held in another case to have no practical effect. The standards of regulated professionals, who have to comply with rules that set high ethical standards are, "at least as scrupulous about integrity in [their] professional work than the population at large might be" and what is important is to "attribute to any theoretical arbiter enough knowledge of the context and purpose of the activity involved to allow an informed judgment to be developed" (Hussain v General Medical Council [2014] EWCS Civ 2246; Dowson v General Medical Council [2015] EWHC 3379 (Admin)).

However, the way colleagues and peers behave, might be relevant to asking, "what was the person's genuine belief at the time?" (R v Hayes [2015] EWCA Crim 1944). In considering this, we look at the person's state of mind at the time and take account of the context.

Even if a person we regulate is not found to have acted dishonestly, they may still have lacked integrity where, for example, they did not appreciate the distinction between honest or dishonest standards or were reckless as to the issue (Scott v Solicitors Regulation Authority [2016] EWHC 1256). If so, we may take action against them to protect the public, as can be seen in example 1 (See also Bryant v Law Society [2007] EWHC 3043 (Admin); Law Society v Waddingham [2012] EWHC 1519 (Admin)).

- Banks are not able to do unlawful asset stripping without false instruments, concealing evidence, facts, or in cases forgery. Big banks can spend approaching £1bn pa on defending litigation. It's the victim customers, shareholders and the wider economy who ultimately pay !

### **SRA Principles State: A lawyer must act:**

1. in a way that upholds the constitutional principle of the rule of law, and the proper administration of justice.
2. in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.
3. with independence.
4. with honesty.
5. with integrity.
6. in a way that encourages equality, diversity and inclusion.
7. in the best interests of each [client](#).



## The Seventh HBOS (Connected) Jailing was Lloyds Banking Groups Jessica Harper, Head of Lloyds Banking Groups Fraud Operations:



The banks risk criteria's were not protecting public funds even after the HBOS Reading frauds!

**Lloyds at the time was 39.7% state-owned after being bailed out by the government during the financial crisis.**

Published - 7 August 2012: BBC

### **The former Lloyds Bank worker in charge of online security has admitted carrying out a fraud worth more than £2.4m.**

Jessica Harper, 50, had been accused of submitting false invoices to claim payments between 2007 and 2011. At the time she was working as head of fraud and security for Lloyds Bank digital banking and made false claims totalling £2,463,750. Harper, of South Croydon, south London, was sentenced on 21 September 2012.

At Southwark Crown Court, Harper admitted a single charge of fraud by abuse of position by submitting false invoices to claim payments. **'Very simple fraud'** She also admitted a single charge of transferring criminal property, the money, which she had defrauded from her employers.

Harper was arrested on 21 December last year, before being charged in May. Antony Swift, prosecuting, did not open the facts of the case but said it was a "a very simple fraud". He added Harper had already repaid £300,000 and was in the process of selling her house for about £700,000. "That will be some £1m out of £2.5m that's gone missing," he told the judge. Carol Hawley, defending, said: "She appreciates the seriousness and has made full admissions in interview. "She understands perfectly well on the next occasion she will be facing imprisonment of some length."

#### ***Breach of trust***

Judge Nicholas Loraine-Smith granted Harper bail on the condition she stays at her current address, obeys a 21:00 to 07:00 curfew and hands in her passport. Sue Patten, head of the Crown Prosecution Service, Central Fraud Division, said: "Jessica Harper has today been convicted of the type of crime the bank employed her to combat. "The evidence in the case was clear and left Harper with little choice but to plead guilty.

"In doing so, she has admitted to a huge breach of trust against her former employer."

\* In the Lloyds Victims investigations, we have learnt that Jessica Harper was also processing dodgy mortgages and debt funding through Lyndon **Scourfield** who was one of the six financiers in the HBOS Reading Frauds who defrauded and destroyed countless viable, but vulnerable, business customers who were supposed to be under his and his associates care.

# Lloyds Banking Group PLC and Lloyds Bank PLC Are Liable for the “Unlawful” acts of Their Agents



**£75.3m (or \$105m) fine for Unlawful LBG / HBOS Senior Management in the bank’s London Operations - And this isn’t about the HBOS six that went to Jail. But a pay off that stopped others from Criminal repercussions**

HBOS had to reach settlement with the United States of America’s Commodity Futures Trading Commission or face criminal sanctions. **Lloyds Banking Group had lied about their position to regulators.** Lloyds TSB's and HBOS's **lack of specific internal controls and procedures** concerning their submission processes for LIBOR, and their overall inadequate supervision of money market trading desks allowed this conduct to occur to create a market **perception that HBOS was relatively financially healthy and not a desperate borrower of cash.**



## Violation:

The Commodity Futures Trading Commission ("Commission" or "CFTC") had reason to believe that **Lloyds Banking Group PLC and its subsidiary Lloyds Bank PLC (collectively, "Respondents") violated Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act (the "Act" or the "CEA"), 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006).**

Lloyds Banking Group PLC ("Lloyds Banking Group") is the entity **resulting from the acquisition in 2009 of HBOS PLC ("HBOS") by Lloyds TSB Group PLC.** Lloyds Bank PLC, formerly known as Lloyds TSB Bank PLC ("Lloyds TSB"), is the current parent of HBOS.

## Offer of Settlement:

In anticipation of the institution of an administrative proceeding, the Respondents (Lloyds Banking Group) submitted an Offer of Settlement

## The Commission found:

From mid-2006 through 2009 (the "relevant period"), **Lloyds bank (the Respondents), by and through Lloyds TSB and HBOS, committed certain acts of manipulation, attempted manipulation and false reporting** in connection with the London Interbank Offered Rate ("LIBOR") for Sterling, U.S. Dollar, and Yen. LIBOR is a leading global benchmark interest rate that is critical to U.S. and international financial markets. Trillions of dollars of financial instruments are priced based on LIBOR.

### Senior Leadership

*Refers to Chairmen and Chief Executive's since 2009, when Lloyds Banking Group was formed.*

### Leadership

- *Chairman: Robin Budenberg (2021–)*
- *Chief Executive: António Horta-Osório (2011–)*

### List of Former Chairmen

1. *Sir Victor Blank (2009)*
2. *Sir Winfried Bischoff (2009–2014)*
3. *Lord Blackwell (2014–2020)*

### List of Former Chief Executives

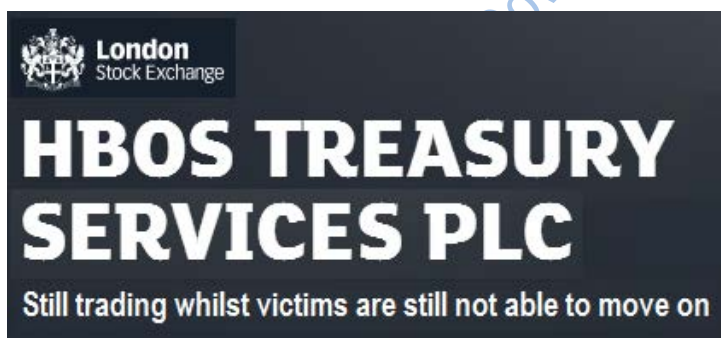
1. *Eric Daniels (2009–2011)*

The rates contributed by the panel banks are supposed to reflect each bank's honest assessment of the cost of borrowing unsecured funds in the London interbank market. Over the relevant period, Lloyds TSB and HBOS violated this fundamental precept and undermined the integrity of LIBOR for Sterling

From at least mid-2006 to October 2008, the **Lloyds TSB Yen LIBOR submitter colluded** with the Yen LIBOR Submitter at Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank") to adjust their respective Yen LIBOR submissions in order to benefit the trading positions of Lloyds TSB and Rabobank.

Prior to 2009, Lloyds TSB and HBOS, through its subsidiaries, **HBOS Treasury Services PLC** until September 2007 and, thereafter, Bank of Scotland PLC, were members of LIB OR panels for several currencies. Upon their consolidation under Lloyds Banking Group in early 2009, **they continued to make separate submissions for these currencies until HBOS's removal from the LIBOR panels** on February 6, 2009.

HBOS Treasury Services Ltd			
HBOS Treasury Services Limited offers risk management services. The Company operates in the currency and money markets to manage market risk for the retail and corporate banking operations. HBOS Treasury Services serves customers globally.			
SECTOR	INDUSTRY	SUB-INDUSTRY	FOUNDED
Financials	Banking	Banking	02/26/1992
ADDRESS	PHONE	WEBSITE	NO. OF EMPLOYEES
33 Old Broad Street London, EC2N 1HZ United Kingdom	44-20-7574-8000	--	--



# The bank lied to hide its shortage of cash

During the global financial crisis in the last quarter of 2008, HBOS, through the acts of its submitters and a manager, improperly altered and lowered HBOS's Sterling and U.S. Dollar LIBOR submissions to create a market **perception that HBOS was relatively financially healthy and not a desperate borrower of cash**. Specifically, the manager who supervised the HBOS Sterling and U.S. Dollar LIBOR submitters directed the submitters to make LIBOR submissions at the rate of the expected published LIBOR so that the bank did not stand out as a material outlier from the rest of the submitting banks. The submitters followed these instructions, making submissions through the end of the year that did not reflect their honest assessment of HBOS's cost of borrowing unsecured interbank funds, and, accordingly, were not consistent with the BBA LIB OR definition.

## Lloyds Bank conveyed false, misleading or knowingly inaccurate reports

By basing their submissions, in whole or in part, on Lloyds TSB's and HBOS's trading positions and HBOS's market reputation concerns, Respondents knowingly conveyed false, misleading or knowingly inaccurate reports that their submitted rates for Sterling Respondents attempted to manipulate and knowingly delivered, or caused to be delivered, false, misleading or knowingly inaccurate reports concerning Sterling, U.S. Dollar and Yen LIBOR, which are all commodities in interstate commerce. In a few instances, Respondents, by and through Lloyds TSB's actions, were successful in their attempts to manipulate Sterling and Yen LIBOR



## Company Formation as understood by the Commodities Futures Trading Commission

**Lloyds Banking Group PLC is a United Kingdom-based financial services group**, providing a wide range of banking and financial services. Lloyds Banking Group resulted from the January 19, 2009 acquisition by Lloyds TSB Group PLC (**the parent company of Lloyds TSB Bank PLC**) of **HBOS (the parent company of Bank of Scotland plc)**. After the acquisition, Lloyds TSB Group PLC changed its name to **Lloyds Banking Group PLC and became the ultimate holding company of Lloyds TSB Bank PLC and HBOS**.

**Lloyds Bank PLC, formerly called Lloyds TSB Bank PLC, is a United Kingdom retail and commercial bank** and the principal subsidiary of Lloyds Banking Group. **In 2013, it became the parent company of HBOS, which is its principal subsidiary.** HBOS is the parent company of Bank of Scotland PLC, which is also a United Kingdom retail and commercial bank.

## LIBOR and the Fixing of LIBOR

LIBOR is the most widely used benchmark interest rate in the world and affects market participants and consumers throughout the world, including in the United States. LIBOR is used as a barometer to measure strain in money markets and is often a gauge of the market's expectation of future central bank interest rates. **LIBOR is used in interest rate transactions, including loans, over-the-counter swaps, and exchange-traded interest rate futures and options contracts.** The products indexed to LIBOR have an approximate notional value of \$500 trillion.

## Lloyds continued to make organised submissions when it shouldn't as HBOS ceased to be LIBOR panel approved

Until its acquisition in January 2009, HBOS, through its subsidiaries **HBOS Treasury Services PLC** until September 2007 and thereafter Bank of Scotland PLC, was likewise a member of the BBA and was one of the panel banks that submitted rates for the determination of LIBOR in Sterling, U.S. Dollar, and other currencies. Following the acquisition, Lloyds TSB and HBOS continued to make their respective LIBOR submissions until February 2009, when HBOS ceased to be a LIBOR panel member. Lloyds TSB continued to make LIBOR submissions on behalf of Lloyds Banking Group, who became the representative member on the BBA LIBOR panels. Lloyds TSB and HBOS made their money market traders in London responsible for making the banks' LIBOR submissions. The money market traders at each bank were organized. During the relevant period, Lloyds TSB and HBOS failed to adequately supervise their senior staff.

## Lloyds TSB and HBOS Made False Reports, Attempted to Manipulate and Manipulated Sterling LIBOR to Benefit Their Cash and Derivatives Trading Positions

## In the order the Commodity Futures Trading Commission added:

**June 28, 2007:** (emphasis added)

Lloyds TSB Sterling Submitter: No, no, because my book predominantly is fucking one month.

Broker 1: [ . . . ]  
No, you're very much tied to 1 month, totally.  
[ . . . ] Yeah, because all your assets are 1s, yeah.

Lloyds TSB Sterling Submitter: **If I didn't have my LIBOR slightly higher than I usually did, we wouldn't even make-- if I have my LIBORs where LIBORs are, in 1s, I wouldn't make anything.**

In another telephone call made in August 2007, he stated that, because he had no positions resetting that day, he could submit his LIBORs "wherever I fucking want to put them, mate."

# Lloyds TSB was successful in manipulating Yen LIBOR through the false and unlawful submissions

## HBOS experienced serious funding and liquidity issues

During the global financial crisis in 2008, HBOS experienced serious funding and liquidity issues and was perceived by the market to be in financial trouble. By the middle of 2008, certain HBOS managers recognized that market participants viewed LIBOR submissions as a reflection of a panel bank's liquidity and financial viability. In response, the supervisor of the HBOS LIBOR submitters directed the submitters to make the bank's U.S. Dollar and Sterling LIBOR submissions at rates that ensured it would not be an outlier relative to the other panel banks' LIBOR submissions. Accordingly, from late 2008 through the end of the year, HBOS's U.S. Dollar and Sterling LIBOR submissions did not accurately or solely reflect or relate to HBOS's assessment of the costs of borrowing funds in the relevant interbank markets.

On May 6, 2008, an HBOS senior manager in an email to two other HBOS senior managers and other HBOS personnel, including the senior manager of the LIBOR submitters, reported that "it will be readily apparent that in the current environment no bank can be seen to be an outlier. The submissions of all banks are published and we could not afford to be significantly away from the pack." Later, **on August 8, 2008, the same HBOS Senior Manager circulated to HBOS managers and senior managers a presentation in which he stated**, inter alia, that:

As a bank we are extremely careful about the rates we pay in different markets for different types of funds as paying too much risks not only causing a re-pricing of all short term borrowing but, more importantly in this climate, **may give the impression of HBOS being a desperate borrower and so lead to a general withdrawal of wholesale lines.** (emphasis added)

By the **middle of September 2008, after Lehman Brothers collapsed, HBOS's financial difficulties worsened**, and its share price plummeted. On September 18, 2008, Lloyds TSB announced the terms of an offer to acquire the struggling HBOS. This offer was generally understood by the market and by the HBOS LIBOR submitters and their supervisor to be a rescue of HBOS. **Due to the financial crisis conditions and HBOS's worsening financial status**, the HBOS U.S. Dollar LIBOR Submitter began to increase his U.S. Dollar LIBOR submissions because he believed his submitted rates represented a reasonable attempt to approximate the rates at which 14 HBOS would be able to borrow such funds.

..... **at 11 a.m. in London**, HBOS wanted its LIBOR submissions to be at or around the Sterling LIBOR fixing to avoid frightening away potential "buyers of [HBOS] paper." Such buyers might not have been willing to lend money to HBOS- or might have demanded higher rates-had HBOS's Sterling LIBOR submissions reflected the actual rate at which HBOS believed it could borrow.

For the remainder of 2008 through to the acquisition of HBOS in January 2009, the HBOS LIBOR Supervisor did not withdraw the directives to the HBOS U.S. Dollar and Sterling LIBOR submitters, or instruct them to begin making submissions based on the rate at which HBOS could borrow or were offered funds in the interbank money market. As a result, the HBOS U.S. Dollar and Sterling LIBOR submitters continued to follow these directives. Accordingly, from late 2008 through the end of the year, HBOS's U.S. Dollar and Sterling LIBOR submissions did not accurately or solely reflect or relate to HBOS's assessment of the costs of borrowing funds in the relevant interbank markets

**HBOS knowingly delivered, or caused to be delivered, false, misleading or knowingly inaccurate reports** concerning U.S. Dollar and Sterling LIBOR, which are commodities in interstate commerce. Lloyds TSB and HBOS Attempted to Manipulate Sterling LIBOR to Benefit Their Respective Trading Positions

**Respondents, by and Through Lloyds TSB and HBOS, Made False, Misleading or Knowingly Inaccurate Reports Concerning the Costs of Borrowing Unsecured Funds in Violation of Section 9(a)(2) of the Act** **Section 9(a)(2) of the Act** **makes it**

unlawful for any person "knowingly to deliver or cause to be delivered for transmission through the mails or interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce .... "

U.S.C. § 13(a)(2) (2006); United States v. Brooks, 681 F.3d 678, 691 (5th Cir. 2012); United States v. Valencia, 394 F.3d 352,354-55 (5th Cir. 2004); see also CFTC v. Johnson, 408 F. Supp. 2d 259,267 (S.D. Tex. 2005). Respondents, by and through Lloyds TSB and HBOS, through the transmission of their daily submissions to Thomson Reuters, the service provider of the BBA

## **Lloyds Banking Group PLC and Lloyds Bank PLC are Liable for the Acts of Their Agents**

Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2012), provide that the act, omission or failure of any official, agent or other person acting for any individual, association, partnership, corporation or trust within the scope of his employment or office shall be deemed the act, omission or failure of such individual, association, partnership, corporation or trust. Pursuant to Section 2(a)(1)(B) of the CEA and Commission Regulation 1.2, strict liability is imposed on principals for the actions of their agents. See, e.g., Rosenthal & Co. v. CFTC, 802 F.2d 963, 966 (7th Cir. 1986); Dohmen-Ramirez & Wellington Advisory, Inc. v. CFTC, 837 F.2d 847, 857-58 (9th Cir. 1988). Lloyds Banking Group PLC and Lloyds Bank PLC are liable for the acts, omissions and failures of the traders, managers and submitters who acted as their employees and/or agents or the employees and/or agents of their subsidiaries in the conduct described above and accordingly, violated Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006), as set above. v. **FINDINGS OF VIOLATIONS** Based on the foregoing, the Commission finds that Respondents violated Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006).

### **ORDER**

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006) of the Act.
- B. Respondents, jointly and severally, shall pay a civil monetary penalty of One Hundred Five Million Dollars (\$105,000,000) within ten (10) days of the date of entry of this Order (the "CMP Obligation").<sup>11</sup> If the CMP Obligation is not paid in full within ten (10) days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006). Respondents shall pay the CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission  
Division of Enforcement  
ATTN: Accounts Receivables  
DOT/FAA/MMAC/AMZ-341  
CFTC/CPSC/SEC  
6500 S. MacArthur Blvd.  
Oklahoma City, OK 73169  
(405) 954-7262 office  
(405) 954-1620 fax  
[nikki.gibson@faa.gov](mailto:nikki.gibson@faa.gov)

If payment is to be made by electronic funds transfer, Respondents shall contact Nikki Gibson or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondents and the name and docket number of this proceeding. The paying Respondents shall simultaneously

<sup>11</sup> Effective June 18, 2008, the Act imposes a \$1,000,000 civil monetary penalty for each act of attempted and completed manipulation in violation of the Act. Certain of Respondents' violations of the Act for attempted and completed manipulation occurred after June 18, 2008.



## Lloyds Board saved criminal prosecutions by buying off the American Government in settlement at \$105m to save face in the Criminal Court

### 6. PUBLIC STATEMENTS

Respondents agree that neither they nor any of their successors and assigns, agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents' (i) testimonial obligations, or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.

- D. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission of partial payment of Respondents' CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

**The provisions of this Order shall be effective as of this date.**

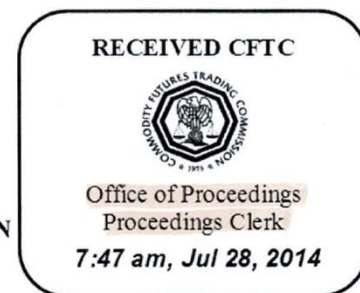
By the Commission.

  
Christopher J. Kirkpatrick  
Acting Secretary of the Commission  
Commodity Futures Trading Commission

Dated: July 28, 2014

Alleged large scale bribery and

ment



UNITED STATES OF AMERICA  
Before the  
COMMODITY FUTURES TRADING COMMISSION

In the Matter of: )  
)  
)  
Lloyds Banking Group plc and ) CFTC Docket No. 14 – 18  
Lloyds Bank plc, )  
)  
Respondents. )

ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT,  
MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission (“Commission” or “CFTC”) has reason to believe that Lloyds Banking Group plc and its subsidiary Lloyds Bank plc (collectively, “Respondents”) have violated Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act (the “Act” or the “CEA”), 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006). Lloyds Banking Group plc (“Lloyds Banking Group”) is the entity resulting from the acquisition in 2009 of HBOS plc (“HBOS”) by Lloyds TSB Group plc. Lloyds Bank plc, formerly known as Lloyds TSB Bank plc (“Lloyds TSB”), is the current parent of HBOS. Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein, and to determine whether any order shall be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying the findings or conclusions herein, except to the extent Respondents admit those findings in any related action against Respondents by, or any agreement with, the Department of Justice or any other governmental agency or office, Respondents herein consent to the entry and acknowledge service of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings and Imposing Remedial Sanctions (“Order”).<sup>1</sup>

<sup>1</sup> Respondents consent to the entry of this Order and to the use of these findings and conclusions in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings or conclusions in this Order, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to

What follows is just 3 of the pages of the Order. But enough to show that if banks access enough funds they can avoid criminal sentences

### III.

The Commission finds the following:

#### A. Summary

From mid-2006 through 2009 (the “relevant period”), Respondents, by and through Lloyds TSB and HBOS,<sup>2</sup> committed certain acts of manipulation, attempted manipulation and false reporting in connection with the London Interbank Offered Rate (“LIBOR”) for Sterling, U.S. Dollar, and Yen. LIBOR is a leading global benchmark interest rate that is critical to U.S. and international financial markets. Trillions of dollars of financial instruments are priced based on LIBOR.

LIBOR, a benchmark interest rate previously owned and managed by the British Bankers’ Association (“BBA”), is fixed each day based on rates submitted by a select panel of banks. The rates contributed by the panel banks are supposed to reflect each bank’s honest assessment of the cost of borrowing unsecured funds in the London interbank market. Over the relevant period, Lloyds TSB and HBOS violated this fundamental precept and undermined the integrity of LIBOR for Sterling, U.S. Dollar, and Yen.

- Before the acquisition of HBOS in January 2009, the Sterling and U.S. Dollar LIBOR submitters at each bank individually altered LIBOR submissions on occasion to benefit the submitters’ and traders’ cash and derivatives trading positions. Upon the consolidation of the two companies, the submitters, who were located in separate offices, coordinated with one another to adjust LIBOR submissions to benefit their respective trading positions.
- From at least mid-2006 to October 2008, the Lloyds TSB Yen LIBOR submitter colluded with the Yen LIBOR Submitter at Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“Rabobank”) to adjust their respective Yen LIBOR submissions in order to benefit the trading positions of Lloyds TSB and Rabobank.<sup>3</sup>

the use of the Offer or this Order, or the findings and conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

<sup>2</sup> Prior to 2009, Lloyds TSB and HBOS, through its subsidiaries, HBOS Treasury Services plc until September 2007 and, thereafter, Bank of Scotland plc, were members of LIBOR panels for several currencies. Upon their consolidation under Lloyds Banking Group in early 2009, they continued to make separate submissions for these currencies until HBOS’s removal from the LIBOR panels on February 6, 2009.

<sup>3</sup> On October 29, 2013, the Commission issued an Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions against Rabobank, finding, among other things, that the Lloyds TSB Yen Submitter — identified in the Order as the Panel Bank C Yen Submitter — and the Rabobank Yen Submitter colluded in their attempts to manipulate and falsely report Yen LIBOR. See *In re Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*, CFTC Docket No. 14-02 (CFTC filed October 29, 2013); at



- During the global financial crisis in the last quarter of 2008, HBOS, through the acts of its submitters and a manager, improperly altered and lowered HBOS's Sterling and U.S. Dollar LIBOR submissions to create a market perception that HBOS was relatively financially healthy and not a desperate borrower of cash. Specifically, the manager who supervised the HBOS Sterling and U.S. Dollar LIBOR submitters directed the submitters to make LIBOR submissions at the rate of the expected published LIBOR so that the bank did not stand out as a material outlier from the rest of the submitting banks. The submitters followed these instructions, making submissions through the end of the year that did not reflect their honest assessment of HBOS's cost of borrowing unsecured interbank funds, and, accordingly, were not consistent with the BBA LIBOR definition.
- In 2006, Lloyds TSB and HBOS submitters on certain occasions increased their bids for Sterling in the cash market in an attempt to manipulate the published Sterling LIBOR fixing higher, thereby benefitting specific trading positions that were tied to Sterling LIBOR.

LACK OF CONTROLS & PROCEDURES

Lloyds TSB's and HBOS's lack of specific internal controls and procedures concerning their submission processes for LIBOR, and their overall inadequate supervision of money market trading desks allowed this conduct to occur.

The profitability of a bank's trading positions or a bank's reputational concerns are not legitimate or permissible factors on which to base a bank's daily LIBOR submissions. Benchmark interest rates submissions convey market information about the costs of borrowing unsecured funds in particular currencies and tenors, the liquidity conditions and stress in the money markets and a bank's ability to borrow funds in the particular markets. By basing their submissions, in whole or in part, on Lloyds TSB's and HBOS's trading positions and HBOS's market reputation concerns, Respondents knowingly conveyed false, misleading or knowingly inaccurate reports that their submitted rates for Sterling, U.S. Dollar and Yen LIBOR were based on and solely reflected the costs of borrowing unsecured funds in the relevant interbank markets. Accordingly, Respondents attempted to manipulate and knowingly delivered, or caused to be delivered, false, misleading or knowingly inaccurate reports concerning Sterling, U.S. Dollar and Yen LIBOR, which are all commodities in interstate commerce. In a few instances, Respondents, by and through Lloyds TSB's actions, were successful in their attempts to manipulate Sterling and Yen LIBOR.

Knowingly false reports

\*\*\*\*\*

In accepting Respondents' Offer, the Commission recognizes Respondents' cooperation during the Division of Enforcement's investigation of this matter.

<http://www.cftc.gov/ucm/groups/public/@lrenforcementactions/documents/legalpleading/enfrabobank102913.pdf>

## It's time for ministers to re-call the main directors of HBoS / Lloyds Bank. Evidence now shows the same police officers white wash "Op Meadow" as dealt with "Operation Hornet"

With the revelations that have come to light supported by victims rebuttal evidence and additional support cases in reference to the leaked "Op Meadow" Review, showing senior officers at Thames Valley whitewashed the Avon & Somerset police investigations to cover up the Lloyds BSU, Bristol, Acorn and Commercial First and an RBS/Natwest case.

The same officers who dealt with the HBoS Reading Fraud "Op Hornet". We can now see that the recorded outcome fails when proper risk policies are in place in a large bank.

In the Commodity Futures Trading Commission findings we can see that HBoS / Lloyds will pay at any cost to avoid senior staff going into criminal Courts. ....

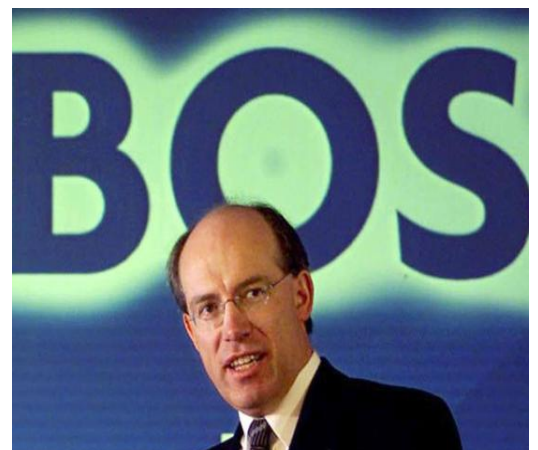
There now needs to be a true investigation into the Avon & Somerset frauds, and a re-opening of the HBoS Reading frauds:

**Why didn't the Bank of England and the Financial Conduct Authority (FCA) open a proper investigation into HBOS ?**

**And why are the Bristol/ Avon and Somerset Frauds being covered up by many police seniors ?**

**Recall over HBoS should include:**

**James Robert Crosby.** He was Deputy Chairman of the Financial Services Authority from January 2004 until he resigned on 11 February 2009. He had previously been the chief executive of Halifax Bank until its merger with Bank of Scotland to form HBoS, of which he was Chief Executive until 2006. On 3 December 2012, Crosby was required to appear before Britain's Parliamentary Commission on Banking Standards. Crosby was knighted for services to the financial industry in 2006, but offered to renounce his knighthood in 2013 following the official report into the collapse of HBoS. His knighthood was formally cancelled and annulled on 6 June 2013. **Dubbed Gordon Brown's favourite banker**



Lord Henry Dennistoun (**Dennis**) **Stevenson** took £815,000 a year as chairman of HBoS. He would later infuriate the banking commission with the claim that the collapse of HBoS was not his fault because he was 'only there part-time'. Like Crosby, the Scottish-born businessman had close links to New Labour and is a friend of former spin chief Lord Mandelson. He was chairman of HBoS from May 2001 until its downfall seven years later.

**Sir Charles Dunstone**, who chaired the retail risk committee at HBOS between 2006 and 2008.

Paul Moore the qualified auditor and whistleblower said:

*‘Even more extraordinary than this, Charles Dunstone himself admitted to me and my colleague one day words to the effect that he had no real idea how to be the Chairman of the Retail Risk Control Committee!’*



**Mike Ellis** - Disgraced HBOS board member who was the CFO who retained a senior banking role in Britain.

**Andy Hornby** - chief executive of Halifax when it merged with Bank of Scotland and was the head of HBOS when the banking crash hit A protégé of Crosby, Hornby was accused by the banking commission of being ‘unable and unwilling to change course’. Being held partly responsible for one of the UK’s biggest banks does not appear to have harmed his career. Shortly after Lloyds rescued HBOS, Hornby become chief executive of Alliance Boots in 2009, picking up £2.1million in pay and bonuses. He is now reported to receive more than £500,000 a year as boss of bookmaker Coral. A report by the Parliamentary Commission on Banking Standards found that Hornby was ‘unable or unwilling to change course’ at HBOS after his predecessor Sir James Crosby set the bank on the road to ‘disaster’.




A separate report by the Prudential Regulation Authority and Financial Conduct Authority, which is also expected to expose the disastrous blunders of Hornby



**Peter Cummings** – Known as the ‘man who broke HBOS - Bank of Scotland as Senior Loan Office and Chief Executive of the Corporate Division and held various directorships in real estate, hotels, and private equity participations. The only senior HBOS banker that faced financial penalties for his part in the bank’s ruin – Mr Cummings, **former head of corporate lending, was fined £500,000 in 2012 and given a lifetime ban from working in the financial services industry.**

**However he has returned back to financial services and works as Chairman of West Coast Capital.** He is also the Chairman and Trustee of The Hunter Foundation and holds various directorships and consultancies in private health care, hotels and construction.



 **Companies House**

[Companies House does not verify the accuracy of the information filed](#)

# Peter Joseph CUMMINGS

Filter appointments

Total number of appointments **27**



Current appointments

Date of birth

July 1955

## WEST COAST CAPITAL LIMITED (SC212249)

Company status

**Active**

Role **ACTIVE**

Director

Correspondence address

**Marathon House, Olympic Business Park, Dundonald**

Appointed on

**6 January 2021**

**Trading in Financial Services again whilst victims still fight Lloyds Banks vulture lawyers and frauds to try and keep their homes as MP's have looked away from the wrong-doers**

## HBOS Timeline

**May 2001** Halifax and Bank of Scotland merge to create HBOS, a "new force in banking".

**January 2004** Mike Ellis, the then finance director, tells the board the Financial Services Authority (FSA) is concerned the bank is an "accident waiting to happen". This subsequently emerges in the parliamentary commission on banking standards (PCBS) report in 2013.

**Late 2004** According to the PCBS, a so-called "Arrow" review by the FSA found the risk profile of the bank had improved.

**December 2005** HBOS issues an upbeat trading statement.

**January 2006** James Crosby resigns as chief executive and Andy Hornby is named as his successor.

**January 2006** HBOS makes big push into the Republic of Ireland.

**June 2007** HBOS's share of new mortgage lending halves to 8%, its lowest level for seven years. Pricing errors are blamed.

**August 2007** Dividend raised by biggest amount since HBOS was created, as half-year profits rise by 13% to nearly £3bn.

**February 2008** HBOS reports full-year profits for 2007 down 4% to £5.4bn.

**March 2008** HBOS shares plunge in dramatic day on the stock market amid rumours about its financial health. City regulators launch an investigation into the share price movements.

**April 2008** The bank launches a £4bn cash call to bolster its capital. Some investors question the need for the extra resources. "Ours is a strategy for all weather, good or bad," chairman Lord Stevenson tells shareholders.

**July 2008** The rights issue flops, and the big City firms underwriting it are left with all but 8% of the shares.

**August 2008** Profits plunge 70% and HBOS warns house prices could tumble 18% in next 18 months.

**September 2008** Lehman Brothers collapses in the US and HBOS gets caught up in the turmoil. Lloyds TSB makes £12bn takeover offer, which the FSA says would "enhance finance stability".

**October 2008** Government announces bailout of the banking system.

**November 2008** Hornby, who had initially been sidelined in the rescue takeover, offered £60,000 a month consultancy role with the enlarged Lloyds Banking Group, nicknamed the Bank for Britain.

**December 2008** Profits warning as bad debts in HBOS's corporate division hit £3.3bn.

**January 2009** Deal with Lloyds completes.

**February 2009** Lord Stevenson, former chairman of HBOS, and Hornby apologise at the Treasury select committee.

**November 2009** Bank of England admits that HBOS was given a secret lifeline during the 2008 crisis, peaking at £25.4bn on 13 December 2008, which was repaid on 16 January 2009.

**September 2010** Arrests made over allegations of fraud at HBOS in Reading.

**March 2012** FSA says the Bank of Scotland arm of HBOS committed "very serious misconduct" in the run-up to the crisis and prioritised risk over prudence.

**September 2012** Peter Cummings, former head of HBOS's corporate arm, is fined £500,000 and banned from the City. He hits back, accusing the FSA of "tokenism at its most sinister" with regard to his punishment. Work on the FSA's wider report into the crisis at HBOS begins.

**March 2013** Treasury select committee appoints experts to review the FSA report. They are Stuart Bernau, former chairman of Chelsea building society, and Iain Cornish, former chief executive of Yorkshire building society.

**April 2013** Crosby, Hornby and Stevenson accused of "colossal failure" of management by the PCBS.

**July 2013** The HBOS report had been scheduled to be published before the FSA was disbanded. However, at the last public meeting of the FSA, Bank of England deputy governor Andrew Bailey indicates the report will now be published at the end of 2013.

**July 2014** Andrew Green QC appointed to consider the "reasonableness" of the decision to take action against Cummings.

**July 2015** Bank of England reveals the HBOS report runs to 500 pages and that the investigation has received 1,425 representations from more than 35 individuals and their lawyers.

**November 2015** Bank of England publishes report, which lays the blame for the near-collapse of the bank on its board and management. It also criticises the FSA regulators.



## The good guy - Paul was best known as the HBOS whistleblower following his dismissal from Halifax Bank of Scotland in 2004.

Paul Moore was the bank's Head of Group Regulatory Risk and was fired from the role by HBOS Group Chief Executive Office James Crosby following his warnings to the Board about HBOS's risky sales strategies.

In 2009 Moore's evidence about HBOS was presented to the UK House of Commons Treasury Select Committee and resulted in James Crosby resigning as Deputy Chairman of the Financial Services Authority (now the Financial Conduct Authority). Crosby, who was also an adviser to the then British Prime Minister Gordon Brown

After becoming a barrister he became the in-house lawyer in the product development department of Allied Dunbar in December 1984. He left in December 1988 to join Kleinworth Benson as its in-house lawyer but was only there until April 1989 when he was head hunted by start-up firm Ellastone. In February 1990 he moved to American Express subsidiary Acuma as General Counsel and Head of Compliance and was there until February 1994. In February 1995 Moore joined accountancy firm KPMG becoming its top-performing Partner.

In November 2004 Moore was dismissed by HBOS. He claimed this was because he had told HBOS's board that the bank was taking excessive risks with its aggressive sales culture which was out of balance with its systems and controls. He passed his concerns about HBOS to the FSA, who had it investigated by KPMG, whose conclusion, that HBOS had appropriate risk controls in place, was accepted by the FSA. Following his dismissal the bank replaced him with a retail sales manager.

He sued HBOS for unfair dismissal on the basis that the reason for his dismissal was actually his warnings of excessive risk, which if followed would have reduced the bank's profits while protecting it from what proved to be the all-too-real risk. The bank settled his claim for over half a million pounds in mid-2005.

In 2008, HBOS was forced into a merger and then bailed out by a multibillion-pound infusion of capital from the Treasury.

Although Moore had agreed to the non-disclosure agreement as part of his settlement, he decided to speak out after the crisis because he believed it to be in the public interest and on 10 February 2009 Moore submitted a memorandum of evidence to the UK's Treasury Select Committee



# Paul Moore HBOS whistleblower statement

Memorandum from Paul Moore, Ex-head of Group Regulatory Risk, HBOS PLC -

## 1. My background and credentials

1.1 I was Head of Group Regulatory Risk (GRR) at HBOS between 2002 and 2005. I reported to the CFO, Mike Ellis. I had formal responsibility for the bank's policy and oversight of executive management's compliance with FSA regulation.

1.2 From an FSA perspective, I was the Approved Person at the relevant time for the Control Functions 10 (Compliance Oversight) and 11 (Anti Money-Laundering).

1.3 Prior to joining HBOS, between 1995 and 2002, I was a Partner in KPMG's Financial Sector Practice in London specialising in regulatory services where I advised quite a number of FTSE100 clients on regulatory matters.

1.4 I have been involved in UK Financial Sector regulation since it began in 1986. I am a Barrister by profession.

## 2. Executive summary of the main points I wish to make

2.1 My evidence relates to all sections of the Committee's Terms of Reference but is drawn specifically from, and relates specifically to, my personal experiences at HBOS.

2.2 The main points I wish to make are these:-

2.3 I believe that there are important general lessons to be learned from my personal experiences as a risk and compliance professional at HBOS and elsewhere that could assist the Committee and others in the public policy debate about what needs to be changed in the governance and regulatory system to help to ensure that the same risks are mitigated in the future.

2.4 In order to draw out the general points that need to be made, it is necessary to tell at least a part of the rather complex personal story that occurred at HBOS and I request the Committee's forbearance with this because it draws into sharp focus the lessons about the crucial importance of really effective governance. I give a short summary of the key facts of my story at HBOS in this section (2.12 to 2.19 below) and add some further factual information that I would like the Committee to consider in section 3 below.

2.5 The key general points I wish to make are these:-

2.6 In my view, as an experienced risk and compliance practitioner, the problem in finding the real cause of the banking crisis is being made more complex than it needs to be.

2.7 I believe that we are missing the wood for the trees and that the key solutions to prevent such an event happening again are simpler than we think. In relation to policy changes, I make some short recommendations that the Committee may wish to consider in section 4 below.

2.8 But let's start with the cause and this fairly obvious proposition: even non-bankers with no "credit risk management" expertise, if asked (and I have asked a few myself), would have known that there must have been a very high risk if you lend money to people who have no jobs, no provable income and no assets. If you lend that money to buy an asset which is worth the same or even less than the amount of the loan and secure that loan on the value of that asset purchased and, then, assume that asset will always rise in value, you must be pretty much close to delusional? You simply don't need to be an economic rocket scientist or mathematical financial risk management specialist to know this. You just **need common sense**. So why didn't the experts know? Or did they but they carried on anyway because they were paid to do so or too frightened to speak up?

2.9 What **my personal experience of being on the inside as a risk and compliance manager has shown me is that, whatever the very specific, final and direct causes of the financial crisis, I strongly believe that the real underlying cause of all the problems was simply this - a total failure of all key aspects of governance**. In my view and from my personal experience at HBOS, all the other specific failures stem from this one primary cause.

2.10 In simple terms this crisis was caused, not because many bright people did not see it coming, but because there has been a **completely inadequate "separation" and "balance of powers" between the executive and all those accountable for overseeing their actions and "reining them in" i.e. internal control functions such as finance, risk, compliance and internal audit, non-executive Chairmen and Directors, external auditors, The FSA, shareholders and politicians.**

2.11 As I recently commented on the BBC Money Programme called HBOS: Breaking the Bank "Being an internal risk and compliance manager at the time felt a bit like being a man in a rowing boat trying to slow down an oil tanker." If we could turn that man in the rowing boat into a man with a tug boat or even the Pilot required to navigate big ships into port, **I feel confident that things would have turned out quite differently.**

2.12 When **I was Head of Group Regulatory Risk at HBOS, I certainly knew that the bank was going too fast (and told them), had a cultural indisposition to challenge (and told them) and was a serious risk to financial stability (what the FSA call "Maintaining Market Confidence") and consumer protection** (and told them).

2.13 I told the Board they ought to slow down **but was prevented from having this properly minuted by the CFO**. I told them that their sales culture **was significantly out of balance with their systems and controls.**

2.14 I was told by the FSA, the Chairman of the Audit Committee and others that I was doing a good job.

2.15 Notwithstanding this I was dismissed by the CEO (he wrote that it was "...his decision and his alone"). I sued HBOS for unfair dismissal under the whistle blowing legislation. Ironically, I was also the "Good Practice Manager" for whistle blowing purposes at HBOS but could hardly report my case to myself!

2.16 HBOS finally settled my claim against them for substantial damages in mid 2005. **I was subjected to a gagging order but have decided so speak out now because I believe the public interest demands it.**

2.17 At this point I want to stress in the strongest possible way that I am simply not interested in blame and I don't think it really ever works. I was ultimately fairly compensated by HBOS. What I am very interested in is the future. As I wrote once at to my boss at HBOS itself what we need this crisis to do for us is "to create a watershed here so we can move on from the issues of the past (from which we can learn but not blame) to the brave new world of the future." **Although, key people at HBOS did do wrong**, I am also sure that their intentions were usually good and, in a sense, they were also caught up themselves in what the Greek tragedies would call the "ineluctability of fate".

2.18 Returning to my story: after I was dismissed and to prove **just how seriously HBOS took risk management, I was replaced by a new Group Risk Director who had never carried out a role as a risk manager of any type before. The individual concerned had primarily been a sales manager and was a personal appointment of the CEO** against the initial

wishes of other Directors. You can't blame her for accepting the job as it got her on the Group Management Board and shortly afterwards the main Board.

2.19 On **any reasonable interpretation, this appointment could not have met the FSA's "fit and proper" requirements for the roles of CF 10 (Compliance Oversight) and CF14 (Risk Assessment)** which are as follows:-

"In determining a person's competence and capability, the FSA will have regard to matters including but not limited to.....whether the person has demonstrated by experience and training that the person is able, or will be able if approved, to perform the controlled function."

2.20 All these matters were reported to the HBOS Non Executive Chairman of the Audit Committee as well as the FSA. I was given no protection or support. A supposedly "independent report" by HBOS's auditors said HBOS were right but failed even to interview key witnesses.

2.21 I believe that, had there been highly competent risk and compliance managers in all the banks, carrying rigorous oversight, properly protected and supported by a truly independent non-executive, the external auditor and the FSA, they would have felt comfortable and protected to challenge the practices of the executive without fear for their own positions. If this had been the case, I am also confident that we would not have got into the current crisis. I believe that my personal story of what happened at HBOS demonstrates this exactly.

2.22 To mix a few well known similes / metaphors / stories, **the current financial crisis is a bit like the story of the Emperor's new clothes**. Anyone whose eyes were not blinded by money, power and pride (Hubris) who really looked carefully knew there was something wrong and that economic growth based almost solely on excessive consumer spending based on excessive consumer credit based on massively increasing property prices which were caused by the very same excessively easy credit could only ultimately lead to disaster. But sadly, no-one wanted or felt able to speak up for fear of stepping out of line with the rest of the lemmings who were busy organising themselves to run over the edge of the cliff behind the pied piper CEOs and executive teams that were being paid so much to play that tune and take them in that direction.

2.23 I am quite sure that many, many more people in internal control functions, non-executive positions, auditors, regulators who did realise that the Emperor was naked but knew if they spoke up they would be labelled "trouble makers" and "spoil sports" and would put themselves at personal risk. I am still toxic waste now for having spoken out all those years ago! I would be amazed if there were not many executives who, if they really examined their consciences closely, would not say that they knew this too.

2.24 The real problem and cause of this crisis was that **people were just too afraid to speak up** and the balance and separation of powers was just far too weighted in favour of the CEO and their executive.

3. A brief factual summary of my experiences at HBOS

3.1 As Head of Group Regulatory Risk at HBOS I was required to be the Approved Person who exercises the key significant influence function for the "Controlled Function 10" i.e. "compliance oversight". This role requires the incumbent formally to oversee the adequacy and effectiveness of the systems and controls in place around the entire HBOS Group for ensuring compliance with FSA requirements. The role is rightly regarded by the FSA as an important safeguard of the firm's compliance with the regulatory regime.

3.2 By its very nature the role of Head of GRR requires the incumbent to challenge the HBOS Group in relation to any aspect of its systems and controls, where those systems or controls are, or may be, inadequate to ensure that the Group complies with FSA requirements. In addition, he is required to raise challenge in relation to the way in which approved persons carry out their responsibilities and, in particular, **in relation to their integrity, due skill, care and diligence. Failure to raise such challenge in appropriate circumstances would not only be a dereliction of duty to HBOS** but could also lead to personal disciplinary action against the incumbent by the FSA.



3.3 It follows that there is a natural tension between the need to raise legitimate challenge on the one hand, and the likely reaction of those individuals who are the subject of the challenge. There is also the risk that the individual who raises the challenge will be criticised for the style or tone of the challenge.

3.4 During my period as Head of GRR at HBOS, at the beginning of 2004 the regulatory risk profile of HBOS was higher than it had ever been; and higher than the Board's appetite for such risk should have been. By November 2003, the FSA had assessed key parts of the Group as posing high or medium-high risks to the achievement of its statutory objectives of maintaining market confidence and protecting consumers. They wrote that they were concerned that "...the risk posed by the HBOS Group to the FSA's four regulatory objectives is higher than it was perceived".

3.5 The FSA also wrote in relation to the Halifax (called "Retail") "There has been evidence that development of the control function in Retail Division has not kept pace with the increasingly sales driven operation..." and "There is a risk that the balance of experience amongst senior management could lead to a culture which is overly sales focused and gives inadequate priority to risk issues."

3.6 My operating plan for GRR was accepted by the Group Audit Committee and the FSA. That stated that there were three prerequisites for success. These were:

- "The strength, depth and quality of our relationships and communications with the FSA. This requires much more work so that all the requisite parts of the group are working in harmony, with one strategy and a completely different level of coordination...."
- "The credibility of Group Risk functions operating as a truly effective second line of defence. This depends on the standards and policies they set, the depth and quality of the oversight they perform and the strength of the relationships they have which allow them to provide functional and technical leadership. But even more important, it will depend crucially on the FSA's confidence in this work."
- "The demonstrable and enthusiastic engagement of the operating divisions in the work carried out by Group Risk functions."

3.7 It is impossible and would be inappropriate in this memorandum of evidence to set out more than the very briefest summary of the evidence of what happened during that period. It was a very busy time and the facts are very complex. Our focus was specifically to improve the regulatory standards and policies of the Bank and **increase the depth and quality of the oversight my department performed. In particular we focused our attention on compliance with the FSA's first three Principles for Business. i.e.**

**1 Integrity A firm must conduct its business with integrity.**

**2 Skill, care and diligence A firm must conduct its business with due skill, care and diligence.**

**3 Management and control A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.**

3.8 Suffice to say that given the circumstances, I was obliged to raise numerous issues of actual or potential breach of FSA regulations and had to challenge unacceptable practices and the conduct of others in fulfilling their obligations under the Principles for Approved Persons including very senior executives. Understandably and however hard we tried to be polite, fair, and evidential, the work we carried out was bound to upset some people. It was inevitable.

3.9 Just to give a flavour of some of the key facts but without providing all the supporting corroborative documentation, I can testify as follows:-

**3.10 My team and I experienced threatening behaviours by executives when carrying out its legitimate role, in overseeing their compliance with FSA regulations. At this point I would just like to quote from an email I sent to Mike Ellis the CFO in June of 2004 which gives a flavour of the culture with which we had to contend in carrying out our**

legitimate (and required) oversight activities:-

Mike,

We have spoken at some length this morning on this and more generally about the current issues in dealing with Retail. We really do have to do something...and you may wish to lead this...to change the whole tone of engagement. **This is not a battle of wits but a joint attempt to do what is right for the organisation.** Yes, now that people with a huge amount of external experience are now accountable in GRR for oversight, it is not surprising that the level of enquiry is going to be more detailed - that is to be expected...and actually welcomed.

**Some behaviours are going to need to change, particularly the sentiment that constantly questions the competence and intentions of GRR carrying out its formal accountabilities for oversight** plus the ever present need to be able to prove beyond reasonable doubt as if we were operating in a formal judicial environment. The more we adopt this approach, the more adversarial it all becomes, the more emotional it becomes, the more personal it becomes and the worse the relationship becomes. It becomes a vicious circle which needs to be broken. **We need you and Andy [Hornby] to intervene here to create a watershed here so we can move on from the issues of the past** (from which we can learn but not blame) to the brave new world of the future. Actually, the responsibilities for getting into the current position are held all around the organisation and not just in Retail...**and I include Group Risk functions in this.** What would be absolutely fatal would be if there was ever a perception - explicit or implicit - that different parts of GF&R took different views. Then you get the "divide and rule" happening. We must all be as one and communicate as such.

We will get there but there will also be some pain in the process of change.

Paul"

3.11 The CFO to whom I reported failed constantly to provide adequate support when issues arose.

3.12 He strongly reprimanded me for suggesting at a Group Audit Committee that a person with my role should be protected by having a direct reporting line to the non-executive in case they had to raise criticisms of the executive.

3.13 He (along with others apparently) strongly reprimanded for raising issues relating to a "cultural indisposition to challenge within certain parts of the firm" when reporting to the Group Audit Committee. I said - "I would not want the Committee to be under any illusion as to how strong the tensions were as GRR carried out its oversight work and I have to say that there have been some behaviours which I would consider to be unacceptable." The KPMG Audit Partner told someone who reported back to me that he thought I had a "death wish" following this meeting.

3.14 The Company Secretary failed to minute crucial comments I made at a formal Board Meeting which I attended to

report on a detailed review that **Group Regulatory Risk had carried out to determine whether the sales culture at HBOS had got out of control**. It had. The minute should have read

"That from a strategic perspective, very careful consideration should be given [by the Board] in the development of Retail's operating and strategic plans as to exactly what level of sales growth is achievable, given current capacity, without putting customers and colleagues at risk."

When I raised this with the CFO he suggested in writing that I would be wrong to request an amendment. He wrote:-

Paul,

HBOS minutes are not a record of verbatim comments as this would be incredibly time consuming and repeat a lot of what is in the agenda papers and, therefore, a matter of record. We encourage open discussion at meetings and wouldn't wish people to be speaking - just for the record. If there is something important that is said and not covered in documents of record - then it should be minuted - but I thought that the Board minute was OK. You should be under no doubt that we do and always will adopt proper procedure. I can't comment on the Retail RCC as I wasn't there.

If you have concerns, I suggest that you discuss the same with the Company Secretary (ie Harry Baines not his secretary Pamela) who can advise you more fully on the minuting process. The Board minutes for July were approved at the September meeting.

3.15 I was strongly reprimanded by the CFO for tabling at a **Group Audit Committee meeting the full version of a critical report by my department making it clear that the systems and controls, risk management and compliance were inadequate in the Halifax to control its "over-eager" sales culture**. Mysteriously, this had been left out of the papers even though I had sent it to the secretary. When I sent it out as a late paper to the distribution list for the Group Audit Committee papers, he wrote as follows:-

Paul,

This really looks bad and just look at the circulation list! There was no need to attach the appendices to your report in the first instance as they have already been seen/made available to all Board members. But if you were going to do so we ought to have got it right. People will be wondering why we are circulating separately a document they've already seen - it looks like we're making an issue of it when we're not.

3.16 I was making an issue of it! The Chairman of the Group Audit Committee thanked me for tabling the full version of the report and said that he now understood how serious the issues were.

3.17 As I have said, it is not surprising with all the difficulties that there were going to be people who would be upset. In a sense, the very nature of challenge is this and openness to challenge is a critical cultural necessity for good risk management and compliance - it is in fact more important than any framework or set of processes.

3.18 Notwithstanding the difficulties we had faced, Group Regulatory Risk received excellent feedback from almost all quarters for the work it had done including:-

- The FSA were positive and said on 26 November 2004, "Our relationships with GRR in particular have been good...We are quite comfortable to rely on GRR...and that is the real test".
- Mr Tony Hobson the Chairman of Group Audit Committee said in November 2004 that he could not "believe the turn-around in our relationships with the FSA".
- MORI reported that the major organisational change in GRR had been effected highly successfully.
- PwC concluded in a report on the effectiveness of risk management at HBOS that "We have been impressed with the



limited number of senior personnel that we have interviewed in GRR". I was amongst those they met.

- On 30 November 2004, another main Board Director wrote "An excellent year all round building on a similar result in 2003." On 30 November 2004, Mr Tony Hobson added to this, "Thanks for the opportunity to contribute and to see your views [on GRR]. Very helpful. It's obviously very positive feedback for Paul and the team and I can only reiterate your positive views."

3.19 Notwithstanding the positive feedback, as explained in section 2 above I was then summarily dismissed (portrayed as "redundancy"). James (now Sir) Crosby, the then CEO of HBOS contrary to HR policy, HBOS's own **internal ethics policy called "The Way We Do Business"** as well as all other principles of fairness (let alone employment law) wrote - "The decision was mine and mine alone". He said that I had lost the confidence of key executives and non executives but refused to explain why. I claimed that my dismissal was unfair and that I had a claim both for unfair dismissal and for a claim under s.48 of the Employment Rights Act 1996. In other words, I had a "whistle-blowing claim" under that Act for raising Protected Disclosures.

3.20 HBOS finally settled my claim against them for substantial damages in mid 2005 and I signed a gagging order at the time in our settlement agreement.

3.21 As I stated above in section 2 above, a supposedly "independent report" by HBOS's auditors said HBOS were right but failed even to interview key witnesses. No doubt they and the FSA would rely upon this report. In relation to this report, you should be aware that, following the very first response to the report from my lawyers and me which challenged it vigorously, HBOS settled within a very short time.

**3.22 As referred to in section 2 above, on my unfair dismissal a person was appointed as Group Risk Director who was an ex sales manager who had no experience of risk management or compliance. I have already referred to this in some more detail in section 2 above. This was a personal appointment of James Crosby and some might question whether this fulfilled his fiduciary duties as a Director under Company Law or Principle 2 and 3 of the FSA's Principles for Business set out above.**

3.23 My concerns on this appointment were reported to the FSA but despite the clarity of their guidance on assessing fit and properness (see section 2 above) they permitted the individual concerned to become an Approved Person. It is extraordinary in my view that the FSA permitted this, when this role is so important to the fulfilment of their statutory objectives. **Maybe they felt constrained as James Crosby was a non executive director of the FSA at the time?**

3.24 One final interesting but telling anecdote of my personal story relates to Charles Dunstone (founder of the Car Phone Warehouse). Charles was a non-exec director of HBOS which made good sense given their strategy of turning the bank into a retailing operation. He is clearly an outstanding business leader. But, strangely, he was also appointed to be the Chairman of the Retail (Halifax) Risk Control Committee (a divisional audit committee). He admitted to me that he was very friendly with Andy Hornby and that they met quite often socially. Of course, he was supposed to be challenging Andy Hornby. He obviously had no technical competence in banking or credit risk management to oversee such a vital governance committee. Another HBOS non-exec said to me one day of him and his role "Well, they got that appointment wrong, didn't they". Even more extraordinary than this, **Charles Dunstone himself admitted to me and my colleague one day words to the effect that he had no real idea how to be the Chairman of the Retail Risk Control Committee!**

3.25 This just shows how little real regard HBOS had for the importance of the non-executive roles. It is also probably in breach of Principles 2 and 3.

4. Some recommendations for policy analysis and development.

4.1 A very short summary (and not yet fully thought through) of the list of some of the policy points which arise out of my

experience which need to be debated are as follows:

4.2 Remuneration and performance management of executives e.g. regulatory sign off, bonuses held in a trustee account over longer time frames to ensure short termism does not take hold.

4.3 A more detailed policy and rules which allows the FSA to test the cultural environment of organisations they are supervising e.g. tri-annual staff and customer survey. There is no doubt that you can have the best governance processes in the world but if they are carried out in a culture of greed, unethical behaviour and indisposition to challenge, they will fail. I would now propose mandatory ethics training for all senior managers and a system of monitoring the ethical considerations of key policy and strategy decisions within the supervised firms.

4.4 Much more formal qualifications and competencies for risk managers and compliance professionals so that only fit, proper and competent people can be appointed as CF10, CF11 and 14 - Compliance Oversight, Anti-Money Laundering and Risk Assessment. These roles are becoming as important as CFO role and need something like the ICA / Institute of Actuaries to regulate their training and competence.

4.5 Regular formal independent audit of risk management, compliance and internal audit functions to keep them honest - and to make them feel they will be backed up / protected if they do their jobs properly and cause a bit of inevitable friction.

4.6 Risk management and compliance with at least an equally weighted reporting line to a non-exec with sufficient time and profile to balance the executive. The non executive need to be "executive" in relation to their primary accountability of overseeing the executive. No person responsible for a key internal control function can be dismissed without a full and minuted meeting of the non-exec and the incumbent must be given a right of reply. The FSA should formally approve such decisions.

4.7 Much much more focus on competence and independence of non-executives e.g. register of non-work social meetings, pre-appointment investigation of "links" / potential conflicts of interest e.g. cross-board connections..I'm on your remuneration committee if you're on my audit committee, pre-appointment record of reasons why a person is competent for a particular committee.

4.7 Much more involvement of the regulators in the terms of reference of the statutory auditors - the level of cost associated with formal independent audit is inadequate and needs to be radically increased. How can a firm like HBOS be audited for £5m or less?

4.8 Much more rigorous and prescription of the regulation of affordability and suitability requirements for the sale of credit products...to prevent ordinary people who cannot resist the temptation of getting into excessive debt.

4.9 Further development of **Whistle Blowing rules** to make sure that those who raise legitimate issues are not just "bought off" with shareholders money....the case should be reviewed by the regulator and action taken if necessary to ensure those responsible cannot get away scot-free.

4.10 **Much much better pay for senior regulators so that the FSA can recruit the best** - pay twice as much, get four times as much done at eight times the quality.

5. A final observation

5.1 One final observation I would make about the HBOS disaster is this; **wasn't it actually Sir James Crosby rather than Andy Hornby who was the original architect of the HBOS retailing strategy?** At first this was good in that it purported to be a "Customer Champion" strategy. The problem was that a reduced margin strategy is predicated on the need for improvements in cost control and at the same time massive increases in sales. **It is now clear that this disastrous "grow assets at all costs" strategy was what led to HBOS's downfall and humiliating demise by the forced acquisition**

by Lloyds.

5.2 **Sir James is still the Deputy Chairman of the FSA and advises the government on how to solve the mortgage crisis.**

Some might now also question what **his "contribution to financial services" has in fact been when this will have led to millions of people in excessive debt, 10,000s who will lose their jobs and many more whose balance sheets have been impacted** by the precipitous fall of the HBOS share price - apart from the reduction in competition in the retail financial services market threatened by the new Lloyds Group?

5.3 **Shouldn't the Committee, especially James Crosby be called back to testify?**



Lord Stevenson



James Crosby



Andy Hornby



Sir Win Bischoff



(Ex) PM Gordon Brown



(Ex) Chancellor Alistair Darling



# Financial

MAIL ON SUNDAY

**THE CAR  
MAKERS  
DRIVEN  
TO DISTRACTION**



See Page 53

# Secret report: HBOS fraud cover-up went to very top

MoS reveals damning claims contained in the dossier the bank kept under wraps for five years

By Alex Hawkes, William Turvill and Harriet Dennys

TWO chief executives of collapsed mortgage bank HBOS were involved in the cover-up of a notorious fraud that ruined scores of firms, according to a shocking secret report.

A damning internal review seen by The Mail on Sunday alleges that executives at the highest level tried to conceal details of the HBOS Reading fraud.

Those accused include ex-chief executive Andy Hornby, now a multi-millionaire gambling boss, his predecessor James Crosby and Peter Cummings, the disgraced one-time head of corporate banking.

Former chairman Lord Stevenson, now a mental health activist, is also named as one of those allegedly responsible for suppressing facts about the fraud.

Conservative MP Kevin Hollinrake, co-chairman of the All Party Parliamentary Group on Fair Business Banking, named the men in the House of Commons last week. He said: 'Those named as culpable for non-disclosure in the report include chief executive Andy Hornby, chairman Dennis Stevenson, former CEO James Crosby, corporate CEO Peter Cummings and auditors and reporting accountants KPMG.'

The Financial Conduct Authority



**EXPOSED:** We revealed the report's existence in November last year

is investigating the alleged cover-up. The HBOS Reading fraud led to the jailing of six individuals in January 2017 for plundering small firms and the bank for personal gain between 2003 and 2007. A court heard how they indulged in luxury cruises and sex parties with the proceeds of their crimes.

The report, which was kept under wraps for five years until The Mail on Sunday saw it this weekend, claims the HBOS board failed to come clean about the shameful episode.

If the directors had revealed the truth, the report says, it would have 'rewritten history for HBOS, Lloyds and the Government'. It says HBOS was 'hopelessly insolvent by July 2008' and would never have been rescued that autumn

as Lloyds would have been scared off by the prospect of large fraud losses, which the report puts at up to £1 billion. With legal cases ongo-

## THE BOSSES NAMED IN THE DOCUMENTS: WHERE ARE THEY NOW?



### ◀ ANDY HORNBY, 51

HE IS back in the saddle with a top job at bookmaker GVC Holdings, which recently swallowed Ladbrokes Coral. Before the merger his stake was said to be worth £10 million, but his pay is kept out of the public

gaze as he does not sit on the board. After stepping down from HBOS he ran chemist Alliance Boots, earning £1.68 million in pay and bonuses, plus a £400,000 'golden hello', but he quit after less than two years. Boots founder Stefano Pessina said Hornby had taken on a demanding job too soon, following a 'difficult' time.

### PETER CUMMINGS, 62 ▶

KNOWN as the 'man who broke HBOS', Cummings ran the bank's corporate division and remains the only former executive to be punished by regulators. He left the bank in January 2009 after its bailout by Lloyds, with an estimated £6 million pension pot and a £660,000 payoff. He received a lifetime ban and a £500,000 fine from the Financial Services Authority in 2011.



### ◀ JAMES CROSBY, 62

QUIT as chief executive of HBOS in 2006, with an annual pension of £580,000. Knighted the next year, he became deputy chairman of the Financial Services Authority and landed several non-executive director posts. In 2013, a parliamentary report called him the 'architect' of the strategy that led to the HBOS disaster. He gave up his knighthood voluntarily along with a third of his pension.



### LORD (DENNIS) STEVENSON, 72 ▼

THE Scot earned £815,000 a year as HBOS chairman until its downfall in 2008.

Since the financial crisis, his business interests have included a non-executive role at Waterstones and running a family consultancy named after a Roman sewer, Cloaca Maxima. The crossbench peer has suffered depression and founded mental health charity MQ to campaign for better understanding.



ing the final cost to Lloyds remains unclear.

Questions might also have been raised as to whether the fraud was an isolated episode or happening elsewhere in the bank. The report

says shareholders in both banks suffered 'substantial loss' as a result of the concealment. However, investors have found it difficult to prove and win redress for such alleged losses. Calls were

growing this weekend for the full report to be published. Lloyds, and before it HBOS, have always argued they did not know fraud had been committed until the parties were

Turn to Page 52

## In 2009 Lloyds Bank took forfeit rather than face criminal indictment £253m (\$350m) for wilfully violating regulation in New York



THE UNITED STATES  
DEPARTMENT of JUSTICE

Department of Justice  
Office of Public Affairs

FOR IMMEDIATE RELEASE  
Friday, January 9, 2009

### **Lloyds TSB Bank Plc Agrees to Forfeit \$350 Million in Connection with Violations of the International Emergency Economic Powers Act**

WASHINGTON – Lloyds TSB Bank plc (Lloyds), a United Kingdom corporation headquartered in London, has agreed to forfeit \$350 million to the United States and to the New York County District Attorney's Office in connection with violations of the International Emergency Economic Powers Act (IEEPA), Acting Assistant Attorney General Matthew Friedrich of the Criminal Division, Internal Revenue Service (IRS) Commissioner Doug Shulman and Robert M. Morgenthau, District Attorney for the New York County District Attorney's Office, announced today. The violations relate to transactions Lloyds illegally conducted on behalf of customers from Iran, Sudan and other countries sanctioned in programs administered by the Office of Foreign Assets Controls.

A criminal information was filed today in the U.S. District Court for the District of Columbia charging Lloyds with one count of violating the IEEPA. Lloyds waived indictment, agreed to the filing of the information, and has accepted and acknowledged responsibility for its criminal conduct. Lloyds agreed to forfeit the funds as part of deferred prosecution agreements with the Department of Justice and the New York County District Attorney's Office.

Under the IEEPA, it is a crime to willfully violate, or attempt to violate, any regulation issued under the act, including the Iranian Transactions Regulations, which prohibit exportation of services from the United States to Iran, and the Sudanese Sanctions Regulations, which prohibit exportation of services from the United States to Sudan.

According to court documents, beginning as early as 1995 and continuing until January 2007, Lloyds, in both the United Kingdom and Dubai, falsified outgoing U.S. wire transfers that involved countries or persons on U.S. sanctions lists. Specifically, according to court documents, Lloyds deliberately removed material information—such as customer names, bank names and addresses—from payment messages so that the wire transfers would pass undetected through filters at U.S. financial institutions. This process of "repairing" or "stripping," as Lloyds commonly referred to it, allowed more than \$350 million in transactions to be processed by U.S. correspondent banks used by Lloyds that might have otherwise been blocked or rejected due to sanctions regulations or for internal bank policy reasons. According to court documents, the criminal conduct by Lloyds was designed to evade, and to assist its customers in evading, U.S. economic sanctions imposed against Iran, Sudan and other countries.

"For more than 12 years, Lloyds facilitated the anonymous movement of hundreds of millions of dollars from U.S.-sanctioned nations through our financial system," said Acting Assistant Attorney General Matthew Friedrich. "More than \$350 million moved from places such as Iran through locations around the world because Lloyds stripped identifying information from international wire transfers that would have raised a red flag at U.S.



financial institutions and caused such payments to be scrutinized. The Department will continue to use criminal enforcement measures against the knowing and intentional evasion of U.S. sanctions laws, particularly where such conduct has the potential to finance terrorist activities."

"Today's global economy demands this type of high-level coordinated approach by multiple agencies and authorities," said IRS Commissioner Doug Shulman. "The IRS is proud to have shared its hallmark expertise in following the money trail in this and other increasingly sophisticated criminal schemes. Indeed, creating new strategies and models of cooperation among governments on international tax compliance is one of my top priorities for the IRS."

The bank's forfeiture of \$175 million to the United States and \$175 million to New York County will settle forfeiture claims by the Department of Justice and the state of New York related to the misconduct. In light of the bank's remedial actions to date and its willingness to acknowledge responsibility for its actions, the Department will recommend the dismissal of the information in two years, provided Lloyds fully cooperates with, and abides by, the terms of the agreement.

The case was prosecuted by Assistant Chief Mia Levine and Trial Attorney Frederick Reynolds of the Criminal Division's Asset Forfeiture and Money Laundering Section, which is headed by Chief Richard Weber. The case was investigated by the IRS-Criminal Investigation's Washington Field Division.

#### [Joint Motion Containing DPA and Factual Statement](#)

Component(s):

[Criminal Division](#)

Press Release Number:

09-023

Updated September 15, 2014

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## A Different jurisdiction, a different outcome, even though administration was part processed in Lloyds Banks UK operations

The following documentation shows 9 of the 29 pages of Court submission. The USA government stepped up when the UK Government has been looking away from Lloyds criminality.

The auditors for Lloyds are once again PwC for the time period.





Statement attached hereto as Exhibit A and incorporated herein by reference (the "Factual Statement"). Should the United States, pursuant to Paragraph 10 of this Agreement, initiate a prosecution that is deferred by this Agreement against LLOYDS, LLOYDS agrees that it will neither contest the admissibility of the Factual Statement or any other documents provided by LLOYDS to the United States nor contradict in any such proceeding the facts contained within the Factual Statement.

3. **Forfeiture Amount:** As a result of LLOYDS' conduct, including the conduct set forth in the Factual Statement, the parties agree that the United States could institute a civil and/or criminal forfeiture action against certain funds held by LLOYDS and that such funds would be forfeitable pursuant to Title 18, United States Code, Sections 981 and 982. If LLOYDS were convicted of a crime based on the conduct set forth in the Factual Statement, forfeiture of the proceeds of such conduct would be mandatory pursuant to Title 18, United States Code, Section 982. LLOYDS hereby acknowledges that approximately \$350,000,000 was involved in transactions described in the Factual Statement, and that such conduct violated Title 50, United States Code, Section 1705. In lieu of a criminal prosecution that would result in a mandatory order of forfeiture, LLOYDS hereby agrees to pay the sum of \$175,000,000 (the "Settlement Amount").<sup>1</sup> LLOYDS hereby agrees that the funds paid by LLOYDS pursuant to this Agreement shall be considered substitute *res* for the purpose of forfeiture to the United States pursuant to Title 18, United States Code, Section 981, and LLOYDS releases any and all claims it may have to such funds. LLOYDS shall wire-transfer the Settlement

<sup>1</sup> Pursuant to a Deferred Prosecution Agreement with the District Attorney of the County of New York ("DANY") being entered into contemporaneously, LLOYDS has also agreed to pay separately \$175,000,000 to the State of New York for violations of New York State Penal Law Sections 175.05 and 175.10.



Amount in lieu of forfeiture to the United States within five (5) business days of the date of this Agreement.

4. **Court is Not Bound:** LLOYDS and the United States understand that the Agreement must be approved by the United States District Court for the District of Columbia, in accordance with 18 U.S.C. § 3161(h)(2). Should that Court decline to approve this Agreement for any reason, the United States and LLOYDS are released from any obligation imposed upon them by this Agreement, this Agreement shall be null and void, and the United States shall not premise any prosecution of LLOYDS, its employees, officers or directors upon any admissions or acknowledgements contained herein.

5. **Deferral of Prosecution:** In consideration of LLOYDS' willingness to: (a) acknowledge responsibility for its actions; (b) voluntarily terminate the conduct set forth in the Factual Statement; (c) cooperate with the United States as stated in Paragraphs 6 and 7; (d) demonstrate its future good conduct and full compliance with international Anti-Money Laundering and Combating Financing of Terrorism best practices and the Wolfsberg Anti-Money Laundering Principles for Correspondent Banking; and, (e) settle any and all civil and criminal claims currently held by the United States for any act within the scope of or related to the Factual Statement, the United States agrees as follows:

i. the United States shall recommend to the Court, pursuant to 18 U.S.C. § 3161(h)(2), that prosecution of LLOYDS on the Information filed pursuant to Paragraph 1 be deferred for a period of twenty four (24) months, or less at the discretion of the United States, from the date of the filing of the Information referred to in Paragraph 1. LLOYDS shall consent to a motion, the contents to be agreed upon by the



Message Transfer (“MT”) 100 and MT 200 series payment messages relating to USD payments processed during the period from April 2002 through December 2007 through the correspondent accounts held by Iranian banks (also referred to as “the vostro accounts”), in electronic format as well as in the form of a spreadsheet or other electronic summary, and all existing periodic or monthly account statements for the vostro accounts; and

(b) Conduct a review of all available incoming and outgoing USD SWIFT MT 100 and MT 200 series payment messages processed through (i) LLOYDS’ payments processing centers located in the United Kingdom during the period from April 2002 through December 2007, and (ii) LLOYDS’ branch in Dubai during the period from April 2002 through December 2007, and compare such data against the lists of persons and entities designated by OFAC as Specially Designated Terrorists (“SDTs”), Specially Designated Global Terrorists (“SDGTs”), Foreign Terrorist Organizations (“FTOs”) and proliferators of Weapons of Mass Destruction (“WMDs”) who were on such lists at any time during the period from April 2002 through December 2007. LLOYDS will provide in electronic form to DANY and the United States a report containing information relating to any confirmed match, and any other match that cannot be eliminated as a false positive after investigation by LLOYDS and all payments messages and other documentation associated with such matches;

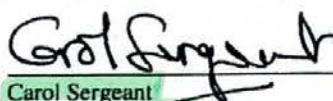
(c) The review shall be performed with the assistance of an independent consultant selected by LLOYDS.

7. LLOYDS agrees that for the term of this Agreement, in accordance with applicable laws, it shall supply and/or make available upon request by the United States

**Acknowledgment**

I, Carol Sergeant, the duly authorized representative of Lloyds TSB Bank plc, hereby expressly acknowledge the following: (1) that I have read this entire Agreement; (2) that I have had an opportunity to discuss this Agreement fully and freely with Lloyds TSB Bank plc's attorneys; (3) that Lloyds TSB Bank plc fully and completely understands each and every one of its terms; (4) that Lloyds TSB Bank plc is fully satisfied with the advice and representation provided to it by its attorneys; and (5) that Lloyds TSB Bank plc has signed this Agreement voluntarily.

Lloyds TSB Bank plc



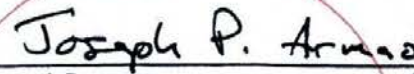
Carol Sergeant  
Chief Risk Director

DATE

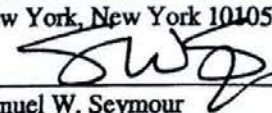
**Counsel for Lloyds TSB Bank plc**

We, Joseph P. Armao and Samuel W. Seymour, the attorneys for Lloyds TSB Bank plc, hereby expressly acknowledge the following: (1) that we have discussed this Agreement with our client; (2) that we have fully explained each one of its terms to our client; (3) that we have fully answered each and every question put to us by our client regarding the Agreement; and (4) we believe our client completely understands all of the Agreement's terms.

JAN. 9, 2009  
DATE

  
Joseph P. Armao /JSWS  
Linklaters LLP  
1345 Avenue of the Americas  
New York, New York 10105

JAN. 9, 2009  
DATE

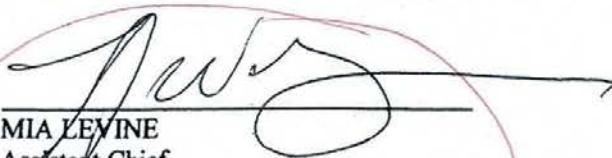
  
Samuel W. Seymour  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004



**On Behalf of the Government**

RICHARD WEBER, Chief  
Asset Forfeiture and Money Laundering Section

1/9/09  
DATE

  
MIA LEVINE  
Assistant Chief  
FREDERICK W. REYNOLDS  
Trial Attorney  
Asset Forfeiture and Money Laundering Section  
U.S. Department of Justice, Criminal Division



**EXHIBIT A**  
**FACTUAL STATEMENT**

**Introduction**

1. This Factual Statement is made pursuant to, and is part of the Deferred Prosecution Agreements (the “DPAs”), dated January 9, 2009, between the New York County District Attorney’s Office (“DANY”) and Lloyds TSB Bank plc (“Lloyds”), and the United States Department of Justice (“DOJ”) and Lloyds.

2. Beginning in or about the mid 1990s and continuing until January 2007, Lloyds, in the United Kingdom, systematically violated both New York State and United States laws by falsifying outgoing United States Dollar (“USD”) payment messages that involved countries, banks, or persons listed as sanctioned parties by the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). In doing so, Lloyds removed material data from payment messages in order to avoid detection of the involvement of OFAC-sanctioned parties by filters used by U.S. depository institutions. This allowed transactions to be processed by Lloyds’ U.S. correspondent banks that they otherwise could have blocked for investigation, or rejected pursuant to OFAC regulations. During the course of the conduct, Lloyds employees commonly referred to this process as “stripping.” Lloyds’ criminal conduct was designed to assist its clients in avoiding detection by filters employed by U.S. banks because of United States economic sanctions against Iran, Sudan, and Libya.<sup>1</sup> Lloyds’ actions caused U.S. banks to provide services to those sanctioned countries, and falsified business records of banks primarily located in New York, New York (“New York”). This resulted in the processing of

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<sup>1</sup> U.S. economic sanctions against Libya were lifted in 2004.

transactions in the United States by U.S. financial institutions which may have otherwise been prohibited.

3. In or around early 2002, facing generally heightened focus on industry-wide anti-money laundering and sanctions issues, and the possibility that the Financial Action Task Force (“FATF”)<sup>2</sup> would recommend to member countries that they require their banks to include originator information on payment messages, concerns were raised within Lloyds about the legal and reputational implications of continuing to provide “stripping” services to OFAC-sanctioned countries and clients. In April 2003, when the issue was brought to the attention of Lloyds’ Group Executive Committee (“GEC”), the GEC decided to withdraw from the USD clearing business on behalf of “U.K. Iranian Banks” (as defined below). Lloyds fully exited that business by April 2004. Notwithstanding the decision to cease providing USD clearing services to the U.K. Iranian Banks, Lloyds continued to perform these services on a smaller scale on behalf of four Sudanese banks until January 2007. Lloyds terminated its last relationship with a Sudanese bank in September 2007.

4. In April 2007, prosecutors contacted Lloyds’ representatives in New York and informed them of an investigation into Lloyds’ USD business on behalf of sanctioned entities, and that there was evidence of violations of New York State and United States laws. Prosecutors requested that Lloyds disclose the nature and extent of its misconduct and provide the evidence of that misconduct. As described herein, Lloyds promptly commenced a thorough internal investigation of its international USD clearing business.

<sup>2</sup> FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF is therefore a ‘policy-making body’ created in 1989 that works to generate the necessary political will to bring about legislative and regulatory reforms in these areas. The FATF has published certain recommendations in order to meet this objective.



## “Project Verde” – Lloyds Board failure to offload of 632 Lloyds Bank branches following the EU’s directive in the bail-out following the banks financial distress

The following 26 pages show official communications as between the board of Lloyds Bank, Co-op and the Chancellor. The trail looks at Win Bischoffs and involvement and Mr Robin Budenberg who in 2021 became Lloyds latest Chairman. It is clear that “risks” in the banks structure were clearly known to the board which highlights failure of due diligence by those involved in the proposed sale !

The trail highlights the Governor of the Bank of England was fully aware following Mervyn King’s meeting with Sir David Walker and Lord Levene. Further meetings with Mark Haban, the Chancellor, Lord Forsyth and David Walker as held at HM Treasury.

Mr Budenberg is noted in 2013 as Chairman of UKFI (UK Financial Investments Limited) stating that confidential conversations with Lloyds took place and that he spoke on the issue with Sir Win Bischoff (thus placing Mr Bischoff and Mr Budenberg in total understanding of one another re the sensitive situation that appears to have been kept very hush.

The auditors to the Co-operative Bank (the proposed purchaser of the 632 branches) were KPMG. KPMG were also the auditors in the HBOS Reading saga.

In the Co-op’s case the auditors failed to uncover the short-fall. The Treasury Committee (as reported by the BBC in 2014) said **‘the black hole in the Co-op Bank’s finances which halted the deal should have been discovered sooner’**. Each of the backstops – Co op Bank itself, KPMG as its auditor and the FSA as it’s regulator – failed to uncover the bank’s capital shortfall. **Even though KPMG had said it’s audits had been robust !**

It was later found to have had a capital shortfall of £1.5bn

At the time, the Chairman of the FSA was Adair Turner (Baron of Turner of Echinswell), and its CEO was Hector Sants until June 2012. Lord Turner did not apologise for the actions of the FSA, which had presided over the near-total collapse of several major banks, and accepted that it had not foreseen the consequences for Lloyds Bank of its merger with the ailing HBOS in September 2008

The FSA closed on the 1<sup>st</sup> April 2013 and its responsibilities were split between the FCA and the PRA of the Bank of England.

On 1 April 2013 Dr Andrew Bailey became the chief executive of the new Prudential Regulation Authority and the first deputy governor of the Bank of England for Prudential Regulation.

On 26 January 2016, it was announced that Dr Andrew Bailey would take over as CEO of the UK Financial Conduct Authority. He replaced Tracey McDermott, who became acting CEO after Martin Wheatley resigned following a vote of no confidence by George Osborne in July 2015.



Robin Budenberg



Lord Adair Turner



Tracey McDermott & Dr Andrew Bailey



Sir Winfried Bischoff



Antonio Lorenzo Lloyds Bank



## TIME LINE

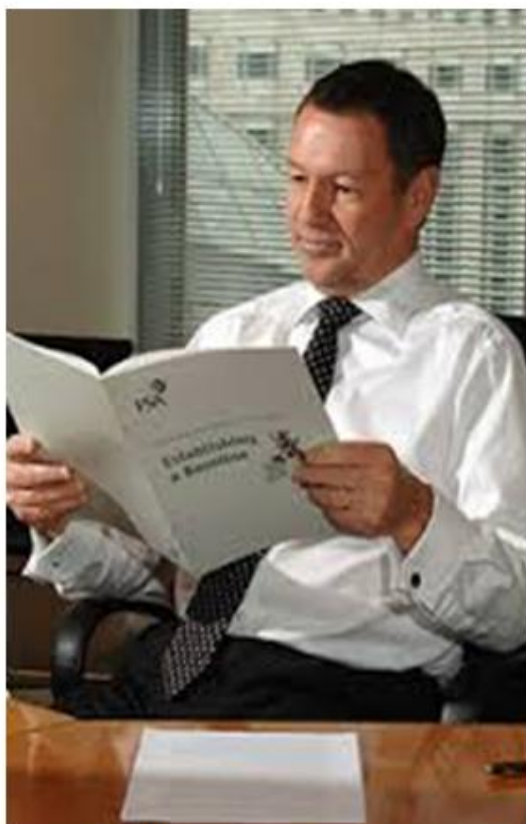
NBNK Investments plc (NBNK) re Verde branch sale by Lloyds Banking Group (LBG)

<i>Serial no.</i>	<i>Date</i>	<i>Detail + relevant documents</i>
	<b>2010</b>	
A	9 July	Meeting with Mr Clive Adamson, Director, Major Retail Groups, FSA re obtaining a banking licence for NBNK
	<b>2011</b>	
B	1 March	New LBG CEO signals acceleration of Verde branch sale.
C	11 June	Verde disposal Process Letter sent out. Bids to be submitted by 11 July.
D	11 July	NBNK submits round 1 bid. Co-op also reported to have bid.
E	23 July	Co-op CEO resigns.
F	4 August	Round 2 Process Letter received. Bid submission dated – 28 September.
G	28 September	NBNK submits round 2 bid. No bid from Co-op.
H	3 November	NBNK submits revised offer on a smaller Verde package
I	4 November	Co-op statement. Intention to submit a round 2 bid.
J	12 December	NBNK makes updated offer to comply with further revisions.
K	14 December	LBG announces Co-op wins auction for Verde.
	<b>2012</b>	
L	27 January	Meeting with LBG. Feedback on bid. Confirmation of exclusivity to end March. At this meeting with Sir Win Bischoff, a paper prepared by NBNK entitled “Key risks to the Co-op and Verde transaction” was handed to him by Lord Levene, <b>previously circulated to the Committee</b> . Gary Hoffman, CEO of NBNK, also attended this meeting and was a witness to the handing of this document to Sir Win.
M	28 March	NBNK submits unsolicited offer to re-enter process on terms set out in December 2011.
N	27 April	<ol style="list-style-type: none"> <li>1. LBG announces end of Co-op exclusivity.</li> <li>2. LBG response to renewed NBNK offer. Request for further information.</li> </ol>
O	14 May	Confirmation of offer by NBNK.
P	28 May	Meeting with Governor of Bank of England, Mervyn King – Lord Levene.
Q	22 June	Letter from Gary Hoffman, CEO of NBNK to Antonio Lorenzo, LBG dated 22 June, <b>see attached</b> .
R	22 June	NBNK final offer in advance of LBG Board meeting to be held on 27 June.
S	27 June	Co-op announced as preferred and exclusive bidder.
T	5 July	Meeting with Governor of Bank of England, Mervyn King – Lord Levene and Sir David Walker. Minutes of meeting <b>attached</b> .
U	26 July	Meeting with Mark Hoban, joined part way through by the Chancellor + Lord Forsyth + Sir David Walker held at HM Treasury.
V	12 September	Meeting with Margaret Hodge, Chairman, PAC.
W	27 November	Letter from Sir Win Bischoff, LBG to Margaret Hodge, Chairman, PAC, <b>see attached</b> .



<i>Serial no.</i>	<i>Date</i>	<i>Detail + relevant documents</i>
	<b>2013</b>	
X	24 April/29 April etc	Correspondence between Lord Levene and Mr Robin Budenberg, Chairman, UKFI, <b>see attached.</b>
Y	28 May	Lord Levene letter to the Chancellor, Rt Hon George Osborne MP, <b>see attached.</b>
Z	31 May	The Chancellor's reply to Lord Levene, <b>see attached.</b>
AA	12 June	Resume dated 12 June written by Lord Levene, <b>previously provided.</b>
BB	24 June	Supplementary evidence to the Committee by Lord Levene <b>previously provided.</b>
CC	24 June	Telephone conversation with Sam Coates, The Times and telephone conversation with Lord Blackwell, LBG, re LBG Press Office reaction concerning the paper entitled "Key risks to the Co-op and Verde transaction" which was handed by Lord Levene and Gary Hoffman to Sir Win Bischoff, LBG on 27 January 2012, <b>see attached.</b>
DD	30 July	Letter to Lord Levene from Dr Cable, <b>see attached.</b>

PKL/ba/13.01.2014



**FSA light touch regulator  
John Tiner**

## No touch regulator John Tiner Financial Services Authority failure

At the time **No touch** regulator **John Tiner** (pictured left) at the **FSA** failed customer victims to get justice or their stolen funds back. Government should look again at the injustice that took place under the **CEO Andy Hornby**, **Sir James Crosby** and it's then **Chair, Lord Stevenson of Coddendam**, along with communications with "**CP**" **Gordon Brown**.

HBOS would have gone insolvent but **Sir Victor Blank** and (then) **Lloyds CEO Eric Daniels** stepped in. Another person to look more closely at is (Common Purpose) **Susan Rice** who connects to **HBOS**, **Lloyds**, **The Court of the Bank of England** and "**Common Purpose**"



**Common Purpose  
Lloyds Senior Susan Rice**



# NBNK Investments

**STRICTLY PRIVATE AND CONFIDENTIAL  
SUBJECT TO CONTRACT**

Mr Antonio Lorenzo  
Director, Wealth & International and Group Strategy  
Lloyds Banking Group  
25 Gresham Street  
London  
EC2V 7HN

22 June 2012

Dear Antonio

Further to the presentation of the updated financials and the recent conversations between NBNK and Toby Rougier, please find below an updated offer for Verde ('22 June Offer').

In setting out our valuation for Verde we note that your revised financial information and analysis for Verde, which underpins our updated valuation, have been produced over a very tight timeframe and as a result, a number of assumptions will require validation. As previously indicated, we are providing a valuation range rather than a point valuation given the uncertainty in the financial projections.

As this letter is an update to our Restated Offer of 12 May, we have not repeated the terms or conditions of our Restated Offer which remain unchanged. In particular, Parts 2 - 9 of Section 2 and Appendices 1 - 6 of the letter dated 12 May remain unchanged, except as set out below.

## 1. Offer assumptions

### Financial Forecast

The Verde financial forecasts as set out in your management presentation of 11 June ('LBG 11 June Forecasts') show a business with a financial profile that would be un-investable (irrespective of divestment route). As a result, we requested a change to the deal perimeter in order to improve the profitability of the Business.

Our Offer is therefore based on a revised perimeter that would exclude the IF portfolio and the C&G branded term deposits (the 'Verde Revised Perimeter'). This would provide a new Closing balance sheet as set out in Appendix A.

In addition, the updated cost base presented to us in the LBG 11 June Forecasts is materially too high for a business of this size and scale. In order to achieve the levels of profitability required by equity investors, we believe the 2015 cost base shown in the LBG 11 June Forecasts will need to be reduced by c.£100m. This is broadly comparable to the £85m estimate of required cost reduction which JP Morgan presented to us on 20 June in their revised forecast for Verde (the 'JPM Forecast').

Validation of the ability to build and maintain a cost base at this reduced cost level, is a key condition of this offer. We have assumed that post 2015 the cost of the IT services provided by LBG (or an alternative external service provider) would be materially in line with our assumed 2015 cost base allowing for inflation and volume growth. As an indication this would require a 2016 cost base broadly in line with the assumptions made in the JPM Forecast.

Timeline item Q (page 1 of 7)



- 2 -

You have explained to us that the Verde financial forecasts, as set out in your LBG 11 June Forecasts, represent an extract from LBG's own projections and do not reflect how a management team would actually run Verde as a standalone business. We have therefore updated your projections to reflect our standalone business plan for Verde ('Standalone Verde Financials'). Set out in Appendix B is a list of these key adjustments compared to the business plan reflected in the LBG 11 June Forecasts.

The aggregate of these changes i.e. i) a revised perimeter for the transaction ii) a reduced cost base and iii) adjustments to reflect standalone financials, should deliver a Verde business capable of achieving an RoE in excess of its cost of capital and broadly in line with the level in the JPM Forecast for 2015, with further upside in 2016.

### **Capital**

We continue to assume a total capital ratio of 15%, comprising 12% Core Tier 1 and 3% Tier 2 at the end of 2014. A higher level of core capital will be required in Verde at Closing to account for the a small after tax loss for 2014, which we estimate to be c.£10m post c.£40m of incremental transition and transformation costs which we would incur post Closing in 2014 and growth in RWAs from Closing to year end 2014. We have assumed that 2013 will be P&L neutral for the period post Closing, given it is unclear when Closing will occur in the second half of the year.

We therefore project an equity requirement of £1.12bn at the end of 2014 based on our projected risk weighted assets at that point, and a requirement of £1.13bn at Closing, if IRB Advanced waivers were to be granted by the FSA. As with our 12 May Offer, if Verde received Standardised treatment for risk weighting of assets at Closing, our bid valuation would not change in £ terms and LBG would be required to deliver Verde with any additional capital required. We confirm that the Capital Repayment Mechanism set out in Appendix 2 of our 14 May Offer, and which may be applicable in such circumstances, continues to be part of our offer.

In addition, we assume that NBNK will incur c.£120m of transition, transformation and transaction costs prior to Closing, which will be for our shareholders' account and will be financed as part of the equity raise. This is our current estimate however if we can reduce these pre-Closing costs then we would pass that benefit onto LBG in additional cash consideration.

Given the reduced size of the balance sheet assumed, we believe a smaller amount of T2 will be required than is reflected in the JPM Forecast. We have assumed c.£340m.

### **Brand**

As with our previous Offer, we have assumed that the ownership of the C&G brand would transfer to NBNK and be available to license to LBG for an agreed period.

Additionally, we would require sole marketing rights to the maturing C&G term deposit customers which do not transfer as part of the Verde Revised Perimeter.

Timeline item Q (page 2 of 7)

22/6/12

## 2. Valuation

Our offer is made up of an amount in cash and c.£340m in the form of Tier 2 capital notes. Based on the assumptions set out above, the cash component of our offer is in the range of £630m to £730m. When coupled with our investment in transition, transformation and transaction costs prior to Closing of £120m, our investors would be paying £750m to £850m, a multiple of the total equity plus Tier 2 delivered at Closing of 0.66x to 0.73x.

A reconciliation of these numerical data points is provided in Appendix C.

## 3. Offer conditions

We believe we have demonstrated that we are best placed to be LBG's partner for the divestment of Verde. We have demonstrated our ability to work collaboratively with your team and we would work rapidly with you to reach an agreement that will satisfy your key criteria of price, minimal execution risk and transaction certainty. In your letter to us of the 9 May you asked us to satisfy you on a number of potential obstacles. We have given you the information you requested and you have confirmed to us that there are no matters outstanding.

However, we have spent c.18 months assessing the Verde opportunity and our Board and investors now require that LBG show a firm commitment to exploring a transaction with NBNK. We therefore require two things from LBG in order to continue in the Verde process:

### i) Announcement of preferred bidder status

We have to be clear both with AIM and our investors that we are not being used as a "stalking horse" for any other transaction. We therefore require that NBNK be given preferred bidder status. We would expect all discussions with other bidders to cease at the time of NBNK being announced as preferred bidder and we will not proceed in this process if this is not the case. We recognise that at the same time, you will continue to pursue the option to IPO.

### ii) Cost cover to agree Heads of Terms

To date we have spent a considerable amount of time and money assessing the Verde opportunity. We have responded promptly and professionally to your information requests and updated our Offer in response to the various iterations of the business plan and management forecasts that have been made available. As set out in my email to you and Toby Rougier dated 7 June, the NBNK Board is reluctant to spend any additional capital in assessing this opportunity given the lengthy process we have been through.

As a result, our Board will require LBG to commit to cover our costs in order to proceed to Heads of Terms. At a minimum we will require LBG to reimburse NBNK for the costs we incur between the date of being announced preferred bidder and the earlier of: i) the date a Heads of Terms is signed; and ii) the date discussions are terminated. Our estimated total cost to get to Heads of Terms is £3m. Should the transaction proceed, NBNK would reimburse LBG for these costs at Closing.

Despite the changes to the transaction structure which we have discussed, we still believe we can reach Heads of Terms by the end of August.

Timeline item Q (page 3 of 7)

- 4 -

#### 4. Next steps

Should this offer be attractive to you, we will need confirmation of your agreement to proceed (on the basis of the terms outlined in Section 3 above) by 29 June so that we can provide an update to AIM. We would then like to schedule a meeting at the earliest opportunity to agree a timeline for progressing to Heads of Terms.

I look forward to receiving your response.

Yours sincerely



Gary Hoffman  
Chief Executive

cc Antonio Horta-Osório, Group Chief Executive, Lloyds Banking Group  
Toby Rougier, Managing Director of Group Corporate Development, LBG  
Lord Peter Levene, Chairman, NBNK Investments

All information contained herein or related to the contents of this letter, including the terms of our proposal and the letter itself, is confidential and has been provided under the terms of the confidentiality agreement signed previously between NBNK and LBG. This letter is not intended to be and, except with respect to the confidential nature of our response to you, is not a binding contract between us and the parties will be jointly bound only in accordance with the terms and conditions to be negotiated and contained in mutually executed definitive documentation.

Timeline item Q (page 4 of 7)



## Appendix A - Verde Revised Perimeter

This offer is based on the Verde Revised Perimeter which excludes the IF portfolio and the C&G branded term deposits as shown:

Dec 2013 (£m)	IF Exclusion	C&G Term Deposits Exclusion
Customer Lending Balances	10,028	0
Customer Deposits	5,262	6,283

The resulting key customer lending and liabilities balances for the revised perimeter as at 31 December 2013 are summarised below:

### Verde Revised Perimeter as at 31st December 2013

	Dec-13 £m
<b>ASSETS</b>	
Mortgages	18,744
Loans	1,366
Cards	592
Overdrafts	262
Other	460
Customer lending balances	21,424
<b>LIABILITIES</b>	
Savings	(16,114)
PCA	(5,293)
Commercial	(862)
Customer deposits	(22,269)

Timeline item Q (page 5 of 7)

## Appendix B – Key changes compared to the business plan reflected in the LBG 11 June Forecasts

NBNK's financial projections for the Verde Business assume a revised perimeter (excluding the IF business and the C&G branded term deposit book) and the following adjustments to the LBG June 11 Forecasts:

### Upside adjustments

- Lending** - higher asset balances due to increased new lending volumes (mortgages, personal loans and credit cards).
- New business margins** - higher average weighted margins on new mortgages reflecting a broader mix of new business.
- Fees** - increased fee income as a result of higher asset balances.
- PCAs** - higher PCA balance growth due to new capability in the C&G branches to acquire PCA accounts
- Tier 2** - lower quantum of Tier 2 required.

### Downside adjustments

- Deposit attrition** – we have assumed some deposit attrition on PCA and savings accounts in first 12 months post Closing/rebranding and such an assumption would be expected by the FSA.
- Impairments** – higher impairments driven by higher lending balances within wider risk appetite, recognising the lack of seasoning of the enlarged front book.
- Overdrafts** - a small reduction in overdraft pay rates has been assumed due to more competitive pricing/challenger bank positioning.
- Liquidity** - the NBNK plan assumes a higher level of liquidity related to contingent assets and a lower return on liquid assets.
- RWAs** - higher capital requirement through use of risk weightings provided by LBG applied to a larger balance sheet.

Time item Q (page 6 of 7)

### Appendix C – Supporting calculation of numbers presented in Section 2 of this letter

(£m except where stated)

Equity required 31 December 2014	1,120	1,120
Losses after tax in 2014 including transition and transformation costs in 2014	10	10
Equity required at Closing	1,130	1,130
Tier 2 note at Closing	340	340
Total capital at Closing	1,470	1,470
<b>Equity capital raising</b>	<b>750</b>	<b>850</b>
Transition, transformation and transaction costs prior to Closing	(120)	(120)
Cash consideration to be paid to LBG	630	730
Tier 2 note at Closing	340	340
Total value paid to LBG at Closing	970	1,070
NBNK shareholder capital raising / TBV at Closing (x)	0.66	0.75
Multiple of equity + T2 at Closing received by LBG (x)	0.66	0.73

Timeline item Q (page 7 of 7)

Alleged large scale bribery and frauds cover



## TIMELINE ITEM T

Meeting with the Governor of the Bank of England  
Thursday, 5 July 2012

Present: Governor of the Bank of England/Sir David Walker/Lord Levene

\*\*\*

David Walker and I arranged to meet with the Governor of the Bank of England this morning. I wanted to express to him our concerns, firstly over the way in which the Verde transaction had been handled and, secondly, the perceived external influences which we believe had significantly influenced the outcome.

I reminded him that he had asked to see me recently and had expressed the view that ours was possibly the only credible bid and, therefore, like him, we were surprised when it was not accepted. I explained that we had serious doubts as to whether the bids were being considered on a level playing field, and what outside influences had been brought to bear towards ensuring that the final outcome was the award of the programme to a mutual.

He said that he was very much aware of such concerns, but that it would be difficult to take any action on this in the absence of substantive proof.

He posed two questions: firstly, was NBNK interested in bidding for any other possible assets and, secondly, whether we were contemplating any legal action. To the first question I replied that we were not aware of any other suitable packages in which we might be interested to bid but that, in any event, we have taken steps to wind up NBNK and so we would not be around as a potential bidder. On the second question as to whether we were contemplating any legal action, I told him that we had decided against this and he said that he was not surprised if only on the grounds of cost.

I explained I was raising the matter with him on a formal basis in his capacity as Governor and forthcoming owner of the FSA since I was concerned that one of our shareholders might reach the same conclusion and ask us what action we were proposing to take about it. He said that it was a very fair question but repeated that it would be very difficult to take much action in the absence of any substantive proof.

He suggested two possible courses of action, one of which was to request a meeting with the Chancellor and to lay the issue in front of him and the second was to take the matter to the EU and to complain to them that the process had not been carried out even-handedly.

I see no reason why we should not request a meeting with the Chancellor and we will try to do that and, as far as the EU is concerned, I think that they would be interested to know what happened but as to whether they would be prepared to do anything about it, I have my doubts. Perhaps Lord Brennan might consider talking to Commissioner Almunia about this to gauge his reaction.

The meeting was cordial and extremely sympathetic but I do not think it has taken us a lot farther forward. I think it was important, however, because if we are approached by any of our shareholders to ask our views on this topic, we can say that we had formally raised it with the Governor and expressed our concerns to him.

PKL/ba 5/7/12

Timeline item T (page 1 of 1)

TIMELINE ITEM W

27 November 2012

Rt Hon Margaret Hodge MP  
House of Commons  
London  
SW1A 0AA

*Dear Mr. Hodge,*

**Verde: Sale to the Cooperative**

I welcomed the opportunity to see you recently to take you through the Board's decision-making process when evaluating the competing bids for the Verde entity. You said you would find it helpful to have a letter confirming our conversation.

The status of the agreement with the Cooperative is that of 'Heads of Agreement'. That is, agreement in principle has been reached, albeit at quite a detailed level; due diligence is being undertaken. The agreement becomes legally binding when the Sale and Purchase Agreement is signed, which we expect to be in Q1 2013.

The second and crucial piece of context is that the sale of the branches and assets comprising the so called 'Verde' business was mandated by the European Commission in compensation for the State Aid received by Lloyds Banking Group (LBG) via HM Government's capital injection when the troubled HBOS plc was acquired in 2008. It is a condition of the agreement between the European Commission and HM Government that the divestment of Verde is completed by November 2013. In the absence of the completion by that date, the Commission has the right to dispose of the Verde business in the manner it best thinks fit.

Given the current state of the UK and global economies, and the prognosis for (at best) slow recovery from recession, this process was never going to attract a significant number of bids. Although a number of parties expressed an interest, it quickly became clear that there were in reality only two credible bidders for this business, and efforts were thus primarily directed at assessing the competing merits of those two bidders.

The Board's decision was driven by the realization of shareholder value. The Board was also mindful of the impact on the 5 million customers affected and the thousands of Lloyds colleagues who will be transferred with the Verde business.

Sir Winfried Bischoff  
Chairman

**LLOYDS  
BANKING  
GROUP**



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Timeline Item W (page 1 of 2)



In terms of nominal value there was relatively little between the bids. Neither was particularly financially attractive and both contained elements of conditionality on the future performance of the Verde business. The Cooperative's bid offered more upside to LBG, although this upside will only be realized over the medium term.

The decisive factor was the relative certainty of delivery of the bid given the tight timetable under which LBG has to dispose of the business. The Cooperative had done significantly more due diligence and their discussions with the regulators both in the UK and in Europe were significantly more advanced, increasing the likelihood that they could deliver on their bid within the timeframe. This view has been reinforced by recent discussions with the European Commission over the delivery of the Verde divestment.

Furthermore the Cooperative had clear and demonstrable financing arrangements in place to underpin their bid. The other bidder had yet to raise the finance on the open market, something that was not a foregone conclusion in the current state of the capital markets.

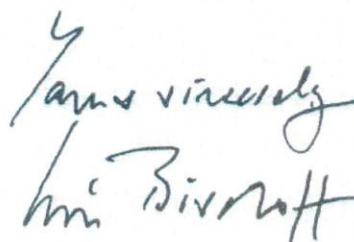
For the above reasons the Board concluded that the Cooperative's bid had a significantly higher probability of delivering the value of the nominal bid and was the lower risk deal for all our shareholders, including the Taxpayer.

The Board was also mindful of the impact on customers and colleagues. For customers whose accounts are at one of the 632 branches being transferred, the divestment is inherently disruptive; they will either have their account transferred to the acquiring bank, or if they wish to remain with Lloyds, to move their account to another branch of Lloyds (or in Scotland, Bank of Scotland) which may be less convenient from a location perspective. The Cooperative Bank is of long standing and has a good reputation for customer service. A sale to the Cooperative is thus likely to be less disruptive to our customers than the alternative.

Similar considerations apply to colleagues being transferred. In addition, the combined Cooperative Bank/Verde entity will be able to offer those colleagues wider career opportunities than could Verde as a self-standing entity.

These are both important considerations, but the principal factor in the Board's decision was delivery of the best shareholder value in light of the forced sale to a rigid timetable.

You said that you might wish to share this letter with some of your colleagues on the PAC and the NAO. We are entirely comfortable if you wished to do so.



Timeline item W (page 2 of 2)



## TIMELINE ITEM X

**UK Financial Investments Ltd**

100 Parliament Street, London, SW1A 2BQ

**Robin Budenberg**

Chairman

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21 May 2013

*Dear Peter,*

Thank you for your letter of 8th May.

I note your concerns about Lloyds' treatment of NBNK during the process and your view that the rationale for Lloyds' decision that I gave you was inconsistent with what you were told at the time. I have discussed this with Lloyds and they have a different interpretation of events than yours.

As a commercial shareholder, our main concern during this process was to make sure that the decisions made by the Lloyds Board and management were reasonable in the context of protecting shareholders' commercial interests. Our role is not to second guess the management in their conduct of such processes or to become directly involved in negotiations. To do so, would be inappropriate for a commercial shareholder unless there were fundamental concerns about the process, in which case we would make representations to the Board rather than becoming directly involved.

We ensured that we were closely briefed on developments throughout the process. At the time of the decision last June to pursue an SPA with Co-op, we met with the Lloyds team to understand their perception of relative value, execution risk and fallback options. We relied on information from Lloyds in reaching our conclusions.

We believe that the decision in June 2012 to pursue discussions with the Co-op rather than with NBNK was a reasonable one given the circumstances at the time. Based on the information provided to us and available at the time, the offer from NBNK was unlikely to result in more value than Co-op's offer. Both offers clearly had considerable execution risk but the risks of Co-op's offer were better defined and addressed. In addition, by pursuing Co-op, Lloyds maintained the option of an IPO as a fallback which was an important factor given the execution risks involved in both options.

You suggest that, as a commercial shareholder, UKFI should not have been prepared to accept the cost of separating Verde. Verde had to be separated due to the EC state aid measure and that separation was always going to be very expensive because of the need to establish an independent platform for the business. This cost did not arise as a result of the decision to pursue discussions with the Co-op or as a

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Its registered office is at 27-28 Eastcastle Street, London W1W 8DH.

Timeline item X (page 1 of 7)

result of their subsequent breakdown. This is because the same level of basic work in establishing a new platform was required for all options.

By keeping an exit through the capital markets as a back-up, Lloyds have retained many of the benefits that NBNK could offer. Whilst such an exit may be challenging, we understood Lloyds' concern that ceding control of the fundraising to NBNK would have increased the risk of the process, in part because of the difficulties of providing prospectus quality information given the stage of build Lloyds were then at.

I am sure that you will continue to feel frustrated by the outcome of this process. But I feel that the actions of the Lloyds Board were reasonable and, even following the breakdown of discussions with the Co-op, the ability to revert to an IPO path has minimised the impact on the commercial interests of shareholders. I also believe that UKFI carried out its role as commercial shareholder in the way envisaged by our mandate with HM Treasury.

I have discussed this response with the Board of UKFI.

Yours sincerely,  
Robin

## Letter of concern to Robin Budenberg (UKFI Chairman)

'How can you of the company set up by HMG to "Manage the Government's Investments commercially to create and protect value" accept this?'



140 Leadenhall Street  
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8 May 2013

Mr Robin Budenberg  
Chairman  
UK Financial Investments Limited  
100 Parliament Street  
London SW1A 2BQ

+ emailed on 8/5/13  
bc: GTH  
GK



re: **Project Verde**

Thank you for your letter of 29 April. I am afraid that I do not think it takes us any further forward and indeed underlines the serious concerns which we had and continue to have about the whole process.

Frankly, I think that what you are now being told by Lloyds is post event rationalization, as it is certainly not what we were told when the decision was made last June. Let me remind you that when AHO took over at Lloyds, he said that he wanted to sign a deal by the end of the year. That was the beginning of 2011!

From publicly available numbers, I believe LBG have spent circa £650m on Verde, the CoOp nearly £60m and NBNK (in good faith) £30m. A deal is not yet signed and it could have been. Different shareholders have not got value and ours were misled, so nearly £750m, two years on.

Indeed at a recent public hearing of Andrew Tyrie's committee, AHO, in answer to a question, said that Lloyds were spending £1bn (billion) after tax (sic) on the Verde process. How can you as the Chairman of the company set up by HMG to "Manage the Government's investments commercially to create and protect value" possibly accept this?

When the decision to go with the CoOp rather than NBNK was communicated to us last June it was not in the terms now expressed in your letter - even though we asked for specific feedback (we thought we were owed that). Rather, Sir Win said to me and Antonio Lorenzo told Gary Hoffman something along the following lines.

Timeline item X (page 3 of 7)



"There is no single item that caused us to choose the CoOp over NBNK. Rather, it was all issues taken together, particularly with regard to execution risk for our customers and colleagues that caused us to make this decision"

In meetings with Toby Rougier and Antonio Lorenzo they said that they had sufficient assurances about our investor support and understood why it could not be underwritten at the stage we were at. We suggested alternative structures but they did not want to explore them. Please remember we were offering cash up front and on signing of an SPA - not waiting for completion.

It is very surprising that, after such a long process, where the goalposts kept moving both in terms of transaction structure and timetable, in order to accommodate the CoOp, you chose not to negotiate in more detail or make further enquiry on the points now set out. The commercial interests of LBG shareholders and public policy surely demanded a higher standard of care. And this not with the "benefit of hindsight" on the CoOp, because we told you, the FSA, HMT, the Chancellor's and Vince Cable's office what would happen. I did not believe that you were fulfilling your remit, and subsequent events have proved this to be correct.

As for what was agreed last June being in the best interests of Lloyds staff and Verde customers and for competition, that is now patently not true. Even then the head of the trade union responsible for Verde in Lloyds wrote to us to say how disappointed he was that we were not being given the chance to see through our plans.

I do not accept your explanation, and if you are not prepared to reconsider, then I expect that others, whose responsibility it is to safeguard the taxpayers' money, will not let this rest.

*Yours sincerely,  
Peter*

Timeline item X (page 4 of 7)

A.

## UK Financial Investments Ltd

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Chairman

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29 April 2013

Dear Peter,

### Re: Project Verde

Thank you for your letter of 25<sup>th</sup> April concerning the Verde sale process.

The responsibility for the sale of Verde rests with the Board of Lloyds. Given the sensitivity of the process, we have requested and been given regular briefings on progress. When we met in October and when we spoke last week, I did not feel it appropriate to share with you details of my conversations with Lloyds which took place in confidence. I undertook last week to speak with Sir Win Bischoff on this issue.

Sir Win has since told me that Lloyds did give you reasons for their decision along the following lines:

- Having made the necessary adjustments, there was not a significant difference in value between the two proposals
- The NBNK proposal was not underwritten and financing would be subject to what would effectively be an IPO process

Lloyds also felt that if they would be doing the work to make the new vehicle ready for a flotation, it did not make sense to hand control of an IPO process to an organisation which would have to consider the interests of its own shareholders, rather than those of Lloyds.

Given this background, whilst NBNK's proposal was considered seriously, the Board felt it was in their shareholders' best interests to pursue the Co-op proposal whilst retaining an IPO process as a back-up option under their own control.

Yours sincerely,



Robin Budenberg  
Chairman

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Its registered office is at 27-28 Eastcastle Street, London W1W 8DH

Timeline item X (page 5 of 7)

Letter to Robin Budenberg quoting; *‘.....the actions of Lloyds’ Board, endorsed by UKFI, would come as a very significant loss to the tax payer’*



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25 April 2013

Mr Robin Budenberg  
Chairman  
UK Financial Investments Limited  
100 Parliament Street  
London SW1A 2BQ

*Dear Robin,*

**re: Project Verde**

We spoke briefly by phone yesterday following the public announcement of the collapse of the transaction between the Co-op and Lloyds Banking Group. You may recall that I last met with you on 2 October when I was accompanied by Gary Hoffman.

When we spoke in October, I told you that together with all of my colleagues at NBNK as well as our professional advisers we were at a total loss to understand why the Board of Lloyds Bank with your support had totally rejected the bid which we had made for the Verde assets, despite the fact that we were aware of the significant differences in price between the two bids.

I asked you then to let us have an explanation as to why you had reached that decision. If I recall correctly, all that you said was that this was the decision of the Board of Lloyds Bank and you endorsed their decision. We said that we found that very difficult to understand.

When we spoke briefly yesterday, I said that we were not in the least bit surprised that the Co-op bid had collapsed because we had never believed that it had any chance of success and that in view of the significant losses that would be incurred by the shareholders of NBNK, as well as the enormous amount of time and effort that had been expended by the directors and management of NBNK, I believe that we have been led on a wild goose chase by the vendors.

You were not prepared to give me any form of explanation or elaborate when I insisted that the actions of the Lloyds' Board, endorsed by UKFI, would come as a very significant loss to the tax payer.

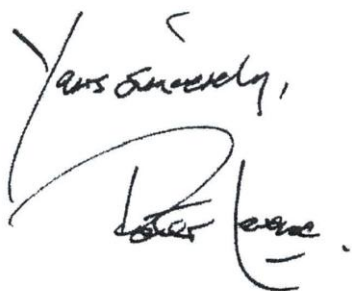
AIK

Timeline item X (page 6 of 7)



As I said to you yesterday, I believe that we are entitled to a full explanation. If nothing else, I think even you might agree that our remaining in the bidding injected a competitive element into the bid, whereas now the total element of competition has been abandoned. I therefore repeat my request to you to provide me with a full explanation as to why the Co-op bid was accepted in preference to the NBNK bid.

I am copying this letter to the Chancellor of the Exchequer and to the Permanent Secretary at the Treasury.

Yours sincerely,  


Timeline item X (page 7 of 7)

## TIMELINE ITEM Y

THE LORD LEVENE OF PORTSOKEN K.B.E.

**140 Leadenhall Street  
London EC3V 4QT**Tel: + 44 20 7398 5087  
email: [peter.levene@starrcompanies.com](mailto:peter.levene@starrcompanies.com)

28 May 2013

The Rt Hon George Osborne MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

*Dear Chancellor,*

I am writing to you to bring to your attention, yet again, the events surrounding the intended sale by the Lloyds Banking Group ("LBG") of a group of 632 branches of Lloyds Bank. As you will recall this sale was mandated by the EU with the requirement that it be completed by December 2013, following the train of events which arose necessitating significant amounts of UK Government State Aid to LBG.

A group of major investors had concluded in 2010 that the retail banking industry in the UK was essentially a valuable area in which to invest. They had a number of discussions to form a group of investors to finance a new company which, at the time, was intended to be chaired by Sir Brian Pitman, former Chairman of Lloyds Bank.

Sir Brian then died, and I was then approached by this group of investors. Basically, they put a proposition to me that, if I were to be prepared to take on the chairmanship of a publicly quoted bid vehicle with the announced intention of buying these 632 Lloyds Bank branches, they would provide adequate financial backing to finance the acquisition and to create a "new challenger bank".

You will no doubt recall that it was an important plank of the policy of the Coalition at the outset that it would do everything possible to promote the formation of a "new challenger bank" and consumer champion.

I agreed to take on the chairmanship and had the initial task of forming a board of directors for the new company, NBK Investments ("NBK"), which was then listed on the Alternative Investment Market.

Timeline item Y (page 1 of 4)

The original group of investors consisted of some of the largest and most respected investment institutions in London. These were: Invesco, Aviva, Moore Capital, Bailey Gifford, Foreign & Colonial, Blackrock and Och Ziff.

The board of directors included Sir David Walker, Lord Forsyth, Lord McFall, Lord Brennan and Gary Hoffman, who was appointed as the CEO.

In March 2011, the Chief Executive of LBG, Antonio Horta Osorio, said that the move to sell these branches, which transaction was to be called Verde, would be accelerated. On 11 June 2011, the process letter was published requiring bids to be submitted by 11 July. On 11 July 2011, NBNK submitted its bid. On 23 July 2011, the Chief Executive of the Co-op resigned. On 4 August 2011, the round 2 process letter was dispatched requiring a bid to be submitted by 28 September 2011. We duly submitted our bid on that date and we were in fact the only bid that was received. Despite this, no further progress was made with LBG and on 4 November the Co-op made a statement that they were going to submit a round 2 bid. On 12 December 2011, we made an updated offer to comply with revisions that had been made to the package and on 14 December 2011, LBG announced that the Co-op had won the competition.

On 27 January 2012, we met with LBG, following which LBG confirmed that exclusivity which had been given to the Co-op would be extended to the end of March 2012. On 28 March 2012 we submitted a new unsolicited offer and on 27 April 2012, LBG announced the end of the Co-op's exclusivity. We provided a new final offer to LBG on 27 June 2012 and on the same day LBG announced the Co-op as both preferred and exclusive bidder.

Throughout the whole of the period our own professional advisors had advised us that in their opinion the Co-op bid was unrealistic, that the Co-op had neither the funding nor the management to take on this proposition and that, without question, it would fail.

It is important at this juncture to compare the offers made by the Co-op and by ourselves (NBNK). The features of the Co-op bid were as follows:

- (a) £350m up front with a further £400m in real terms over a 15 year period dependent upon the future profitability of the branches which had been acquired;
- (b) IT and operations would be provided on commercial terms using LBG's people and systems.

There was no indication, at that stage, that the FSA were content with the Co-op offer.

By comparison, our offer was as follows:

- (a) £750m - £800m in cash paid in escrow as soon as the sale and purchase agreement was signed and well in advance of completion;
- (b) We stated that we would pay at the top of the range if the figures quoted by LBG were confirmed by them.
- (c) Additionally, we said that there would be a further upward price adjustment of £50m dependent on a number of items that might be included in the package.
- (d) We also offered to discuss a further upside for LBG depending on future profitability during heads of terms negotiations.
- (e) We undertook to guarantee no redundancies. The Co-op refused to do that.

2

Timeline item Y (page 2 of 4)



At this stage, we had been advised by the FSA that they were content with the proposals that we had put forward up to that point. We had in place a strong and experienced management team, led by Gary Hoffman, and had carried out a lot of work and, incidentally, spent a lot of money on preparing the new intended company to start operations.

During the whole of this period, UKFI had, of course, been responsible to safeguard the interests of the tax payer in the investments which HMG had made in LBG and the RBS Group inter alia. I wrote to the Chairman of UKFI last month to say that we required a full explanation as to how the decision had been made and, once again, requested an explanation as to why the bid from the Co-op had been accepted.

He replied to me on 29 April saying that he had asked that question of the Chairman of LBG, Sir Win Bischoff, who had told him that they didn't believe there was a significant difference between the two proposals and that NBNK's proposal was not underwritten.

I must say that close examination of the two bids, which I have outlined in this letter, would not lead any reasonable person to that conclusion. Additionally, we had already explained to LBG and they had accepted that, given the names of our shareholders, underwriting at that stage would not be required and we would not need any other form of financing. I therefore replied to Robin Budenberg on 8 May to say that we did not regard this as an acceptable answer and quite coincidentally, just two days later, it was announced that the Co-op had withdrawn from the deal and the finances of the Co-op were then publicly shown to be in very bad shape with its credit rating being severely downgraded to junk status.

It seems clear that there were three major failures here:

1. By UKFI, who let down the tax payer;
2. By Lloyds, who knew that the Co-op bid was not going to work at the very latest by March 2012 (their decision to undo exclusivity indicated just that) but, nevertheless, ploughed on regardless; and
3. By the FSA, who knew that there was very little likelihood of the Co-op bid ever being able to get over the line.

Concurrent with all the above, we had been over the period receiving a number of messages indicating that there had been significant political involvement leading up to the original decision. My attention was drawn to a section of the Coalition Agreement indicating the desire to promote the interests of mutuals in the Financial Services Industry. I was therefore advised that the decision was based on an indication from senior politicians within the Coalition that the Co-op deal was to be the preferred and definitive solution.

I must say that this statement has been made to me by two individuals of unimpeachable status.

We are, therefore, Chancellor, left today in a situation where the policy declared by the Coalition at the outset of its taking office to work for the creation of a "new challenger bank" and consumer champion has failed and in fact no such challenger bank has appeared: this despite the fact that it was precisely what we offered and for which we had clear financial backing and an indication of regulatory approval.

Letter concludes as to concern, loss of public funds, tax payer interests and that it was a POLITICAL DECISION!

\* Nick Macpherson was copied in

Not only does this make no sense commercially, which is a view held throughout the City of London, but it indicates a degree of political involvement for reasons which did not seem to chime with the desired outcome.

In the meantime, as you will know, at NBNK we terminated our operations and have sold the shell together with what cash was left in it. Our shareholders, who loyally supported what they believed to be a very sensible and viable Government policy, have lost money and seen the desired outcome consigned to the waste bin.

We are left with two matters of concern on which I would be grateful for clear answers. They are as follows:

(a) What effective oversight on this potentially very important transaction for the tax payer and the interests of repairing the banking system took place?

(b) Given the now widely held belief within the City of London and even, so I am told, in the Treasury, that this was in essence a political decision, can you now please confirm whether that is correct or not?

I am copying this letter to Nick Macpherson.



4

Timeline item Y (page 4 of 4)

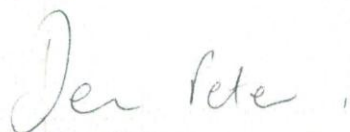


TIMELINE ITEM Z

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

31 May 2013

The Lord Levene of Portsoken KBE  
140 Leadenhall Street  
London  
EC3V 4QT

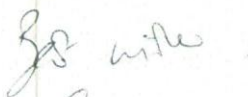


PROJECT VERDE

Thank you for your letter of 28<sup>th</sup> May. I note your concerns about the Project Verde branch divestment process.

It is Lloyds' responsibility to conduct the divestment process which as the sale progressed included the acquirer bidding process and selection of Co-op as their preferred bidder. The selection of Co-op as the preferred bidder by the Lloyds' Board was purely a commercial decision. It was not taken to further the Government's objectives to increase competition and to promote mutuals in the UK banking sector.

The state aid agreement is between the European Commission and the UK Government and as such I have been kept closely briefed by my officials on developments throughout the divestment process, but it is not the Government's role (nor that of UK Financial Investments) to be involved in the commercial negotiations.



GEORGE OSBORNE

Timeline item Z (page 1 of 1)



## TIMELINE ITEM CC

FILE NOTE  
NBNK – Project Verde  
24 June 2013

Today the Times published an article concerning the memorandum which I gave to Sir Win Bischoff on 27 January 2012. The journalist who wrote the article, Sam Coates, Banking Editor of the Times, spoke to me this morning to say that until late yesterday afternoon (Sunday), Lloyds were making a big play of the fact that they were going to denounce our statement that the document had been handed to Sir Win as a total fabrication.

It is, of course, the case, as shown in my note to the Clerk of the Treasury Select Committee, that not only was I accompanied to the meeting with Sir Win by Gary Hoffman, who was a witness to the fact that I handed the paper over, but on the previous day, 26 January 2012, the NBNK Board had discussed this document, which had been prepared by our advisers, and agreed that I should hand Sir Win a copy to ensure that he was well aware of the situation.

I was told by the journalist concerned that the Lloyds' Press Office were putting together a very strong line that this was a fabrication until they suddenly withdrew their claim late on Sunday afternoon.

This morning at 10.15 I telephoned Norman Blackwell who is a member of the Lloyds Board, and whom I know well, to report this to him and to say that had that statement been published we would have taken the strongest possible action against Lloyds. I said that it should be suggested to them that any further comment that they make on this subject should be very carefully checked and that, on reflection, perhaps a "no comment" message would be safer.

Peter Levene  
24/06/2013

cc: Gary Hoffman, Lord Brennan, Lord Forsyth, Lord McFall, Sir David Walker, Ian Bowden

Timelime item CC (page 1 of 1)

TIMELINE ITEM DD



Department  
for Business  
Innovation & Skills

1 Victoria Street  
London  
SW1H 0ET

Lord Peter Levene  
140 Leadenhall Street  
London  
EC3V 4QT

T +44 (0) 20 7215 5000  
E enquiries@bis.gov.uk

www.gov.uk/bis  
Our ref: 341493

30 July 2013



Thank you for your email of 30 June 2013 about the Coop's attempted purchase of the Lloyds's 'Verde' branches.

I am grateful to you for sending me your brief on the attempted Coop / Verde transaction. As the Treasury Select Committee is currently looking into this transaction, I should not comment on the details raised by the brief at this stage. However, I look forward to the Treasury Select Committee report and to the report of Sir Christopher Kelly's independent review into the causes of recent events at the Coop, which should cover relevant related issues.



VINCE CABLE

Secretary of State for Business, Innovation and Skills

*P.S. Clearly there are  
big issues around the failed  
transaction and your answers  
are understandable.*

Timeline item DD (page 1 of 1)

“Project Verde” was a political decision in “bad faith” Lord Levene told the Governor of the Bank of England

# Lloyds Co-Op Deal Denounced By Lord Levene at the Treasury Select Committee

Lloyds Banking Group was "swayed by political considerations" when it chose the Co-operative Group to buy its branches, MPs hear.



**A peer has alleged "bad faith" after a bid he was leading to buy hundreds of Lloyds bank branches lost out to the rival Co-operative Group.**

Giving evidence to MPs at Westminster, Lord Levene, who chaired NBNK Investments which had been seeking to create a new 'challenger' bank, said the bidding process had been unfair. And he accused Lloyds of "unattractive commercial practice".

Lord Levene also claimed he was told in a confidential meeting with the then-Governor of the Bank of England, Mervyn King, that it would be a "political decision". The hearing formed part of the Treasury Select Committee's inquiry into the collapse of the Co-op's acquisition of 632 Lloyds branches.



Lord Levene claimed the bidding process for the Lloyds branches was unfair

Lord Levene appeared alongside Gary Hoffman, the former chief executive of NBNK.



Speaking about the thwarted NBNK bid, Lord Levene told MPs: "It's a matter of great regret to me this didn't happen.

"I think it was a good idea but life goes on and you have to get on with it."

But when asked by committee chairman Andrew Tyrie if the bidding process was fair he said: "No."

Under further close questioning by Mr Tyrie, he was asked if he was alleging bad faith.

He replied: "Yes."

In evidence to MPs, Lord Levene said during the bidding process he was told to look at the reference to financial services in the Coalition agreement, which said one of the goals was "to promote the interests of mutuals".

Lord Levene said: "With the benefit of hindsight there seems to have been a view that if the creation of a new challenger bank was created by a mutual it would be another tick in the box for the goals set out.

"I have no problem with that provided it's done by fair means rather than than foul.

"In our view they chose to concentrate on all the positive aspects of the Co-Op, and none of the positive aspects of our bid."

He said later: "It was like a penny dropped, and we suddenly started to realise where this was coming from."

Lord Levene also accused Lloyds of "unattractive commercial practice", and said the evidence it had given to the Treasury committee was "at best disingenuous".

Lord Levene repeated his claim that the bid by NBNK had been "financially superior".

The peer told MPs he had personally lost £60,000 as a result of the failed bid. Investors collectively lost £30m.

Mr Hoffman said: "The great tragedy out of all of this is that it's been to the detriment of the mutual sector, and that's a great tragedy.

"The other great tragedy is we don't have a challenger bank."

## Some “Common Purpose” graduate connections

The “**Financial Matrix**” establishes that within a few steps, there are three powerful financiers; Mr Duckworth, Mr Robert Stevenson and Lord Lupton. Seniors who are able to block police investigations. These people sit in powerful positions and have the means and ability to move £billions about through prime financial institutions such as Lloyds Bank, Barings, Hargreaves Lansdown, Black Rock, Green Finance, Fidelity International and MXC Capital (a London merchant bank that deals in IT and is offshore and other companies and institutions). Added to this, Mr Duckworth is connected to many IT system companies such as “Adept4”, CBell, and the PLC “Accumuli” which itself has fallen under investigation in the past. Some of these integrate with police systems.

Added to the above Mr Duckworth through his wife **Mrs Caroline Duckworth**, has further reach via “**Common Purpose**” to senior police officers, persons of influence and Chiefs of Police such as Cressida Dick at the Metropolitan Police, the Mayors Office for Policing and **Commander Karen Baxter at the City of London Police Economic Crime Directorate SOCEX**. **Sadiq Khan, Mayor of London also shows support of Common Purpose, as does Deputy PCC John Smith at Avon & Somerset Police**. Simon Duckworth’s reach is immense and extends to the Serious Fraud Office (SFO) and the National Crime Agency (NCA).

The Daily Mail (7 July 2014) reported senior **MET Officers attended Common Purpose training under Assistant Commissioner Cressida Dick**. The article states Thames Valley Officers also attended “CP” training



**Simon Duckworth connects with Lord Lupton via Barings**. A relationship that goes back around 16 years. It has been suggested in main stream media that Lord Lupton will be the next Lloyds Bank Chair. Lord Lupton is in a prime position to directly instruct cover up of these high end frauds and is another big player directly linked in business via Barings and the City to be able to move huge funds about in the UK, or even outside the UK via vehicles such as Lloyds Bank International. Lord Lupton also links to DLA Piper, one of the City big law firms that daily and criminally attacks victims, as do TLT Solicitors, Eversheds, Ashfords Law, Walker Morris, Foot Anstey, Denshams, Herbert Smith Freehills (who tried to block Sally Masterton from releasing the “**Project Lord Turnbull Report**”), Michelmores, Burges Salmon, Osborne Clarke and HBJ Gately (now Addleshaws). Additionally, through victims we have evidence of abuse by barristers at 3VB Chambers and Guildhall Barristers in Bristol and London knowingly misleading proceedings and lying in Court. Many would say **Wetiko, Cronyism and Nepotism** are at play. ..

**Simon Duckworth’s official positions are / were shown as:**

- Deputy Chairman (Policy & Resources at City of London Corporation)
- City of London Police Authority
- Association of Police and Crime Commissioners
- HM Lieutenant (City of London)
- Lieutenant (Greater London)
- Senior Non Exec of the Serious Fraud Office (SFO)
- Chairman, Economic Crime Board (City of London)
- NCA Advisory Group/ Home Office
- Economic Crime Co-ordination Board (Home Office)
- Chair MET Audit Panel/ Mayors Office for Policy and Crime
- Association of Police Authorities

**Cronyism** is the practice of partiality in awarding jobs and other advantages to friends or trusted colleagues, especially in politics and between politicians and supportive organizations. For instance, this includes appointing “cronies” to positions of authority, regardless of their qualifications. Following, the “**Financial Matrix**” has so far highlighted these key players and how they link when we look at who connects to who at what stages. The flow is being plotted from research in a large flow-chart format from reliable sources in a way that bank victims intelligence has never been plotted. Complemented by publicly available information often contributed by the person shown or those who have their access to do so made available for all to see on public domain websites.

# The Bristol “Common Purpose” connections through to City of London Police Lieutenant Simon Duckworth to Deputy PCC John Smith, ASP PCC Sue Mountstevens and Lord Lupton (flow chart)

## Simon Duckworth

Over police Bodies. City of London Senior and connects via Barings to Lord Lupton and Lloyds Bank



## Lord James Lupton

Barings, Lloyds Bank Board DLA Piper. Quoted to be the next Lloyds bank Chair

## Caroline Duckworth

Married to Simon Duckworth. Bristol Common Purpose as taken over from Guy Stobart. Also Merchant Venturers Bristol, Treasurer. Links many players



## Guy Stobart

Former MD of Burgess Salmon Solicitors who moved vast funds about for the HBoS six who were jailed. He went on to Kennedys Lawyers where cases against Lloyds Bank and HBoS dried up. Was Chair of Bristol Common Purpose pre C Duckworth. At Burgess Salmon during Acorn frauds

## John Smith Deputy

Ex Burgess Salmon Solicitor and now Deputy PCC A&S. He controls PCC Sue Mountstevens and good sources say he controls A&S Police



## PCC Sue Mountstevens

Following solid evidence and many cases of fraud reported, Mrs Mountstevens continues to block investigations under guidance of John Smith

## Steven Robertson

Married to PCC Sue Mountstevens A&S Police. As the former Chair of Hargreaves Lansdown which also holds shares in Blackrock. Mr “Mountstevens” ie Mr Robertson controls one of Lloyds Banks biggest shareholdings.





## Simon Duckworth and Deputy Police Crime Commissioner John Smith (ex Burgess Salmon)

Simon Duckworth's wife **Caroline Duckworth** connects "**Common Purpose**" and the **Society of Merchant Venturers Bristol** via **Guy Stobart** and **John Smith**, ie **Burges Salmon Solicitors and Avon & Somerset PCC**. Both gentlemen and another from Burges Salmon, Peter Williams are connected to the HBOs frauds for moving money about for the "HBOS Six" who went to jail for a period of 47 years. Burges Salmon are a key common denominator from the UK Acorn, HBOs and BSU frauds, through to now playing key roles at the PCC's office in Avon & Somerset and Guy Stobart's role at "Common Purpose" as taken over by Caroline Duckworth. Merchant Venturers (for which Caroline Duckworth as Treasurer) links PWC auditor members such as:

- Ian Green (Regional Head of PwC) and Irving Warnett (Director at PwC)

both of whom were key in setting up and masterminding the scams and again link to LBG Antonio Horta Osorio and LBG CFO George Culmer by submitting false annual audits to the SEC (Securities & Exchange Commission).

## Deputy PCC John Smith Avon & Somerset Constabulary

### i) John Smith when at Burges Salmon



## Avon and Somerset Police

**25 March 2008**

Shared services programmes are a major priority within Central and Local Government at the moment in order to bring cost savings and improvements in core services, provide more joined up government and to enable more investment in front line services.

In a deal worth up to £185m over 10 years, the Police Authority is joining with its local partners Somerset County Council and Taunton Deane Borough Council to share in the delivery of corporate support services by Southwest One. The innovative transaction will not only see current services provided at reduced cost but these services will also be greatly enhanced and expanded.

Southwest One is a joint venture between Somerset County Council, Taunton Deane Borough Council, Avon & Somerset Police Authority and IBM. Over the past two years Somerset County Council and Taunton Deane Borough Council have been embarking on a transformation initiative called ISIS (Improving Services in Somerset), the goal of which has been to improve services in the area and by bringing increased efficiencies through sharing the procurement of corporate support services. Avon and Somerset are the first Police Authority to participate in a major joint venture with local authorities in this way. The Burges Salmon team included partner John Smith, Matt Ramus, Al Goodwin, Ben Wootton, Caroline Swale, Dan Bower, partner Adrian Martin on TUPE issues and Stephanie Pritchett on IP and Data Protection issues. The Councils were advised by Veale Wasbrough and IBM by its in-house team led by Robert Marcus and Jamie Fraser.

Partner John Smith commented, "We are delighted to be involved with long-standing client Avon and Somerset Police Authority on this innovative and ground breaking transaction which we hope will improve services for the Police. We see many more shared services projects of this type at Local and Central Government level being carried out in the near future."

ii) John Smith appointed as a new chief executive

## Avon & Somerset Police Authority

**Newsfeed:** Seven days until a new policing era (08 November 2012)...\_

[Home](#) > [News](#) > News details

### New Chief Executive appointment (10th February 2009)

Avon and Somerset Police Authority has appointed a new chief executive.

John Smith is currently a partner of law firm Burges Salmon and will take over in June. His appointment follows the retirement of Moxley Cooper who served the organisation for 13 years.

Police Authority Chair Dr Moira Hamlin said: "John was an outstanding candidate from a strong field, over two days of extensive selection. His background and experience will bring considerable benefits to the Authority, and I am very pleased that he will be joining us. We look forward to working with John on the Authority's main goal to ensure that our community receives the very best possible police service within the resources available to us."

John Smith said: "I am delighted to be invited to take up the role as Avon and Somerset Police Authority chief executive. It is an exciting opportunity to work with the members, staff, constabulary and other stakeholders to ensure the delivery of high quality local policing, in particular to build on the community engagement work and collaborative working initiatives which the Authority is already working on."



John Smith was a partner at Burges Salmon, lawyers who connect with the HBOs Reading six criminals jailed for 47.5 years, UK Acorn Finance, Lloyds Bank and others.

Alleged large sum

## ii) John Smith's declaration on the AS PCC website

Below is John Smith's declaration on the AS PCC website, which fails to show his annuity from Burges Salmon after leaving the firm in May 2009. This omission continued through to February 2016.



### NOTIFICATION OF DISCLOSABLE INTERESTS

I, John Smith, POLICE AND CRIME COMMISSIONER

Hereby give notice in accordance with the Avon and Somerset Police and Crime Commissioner's Code of Conduct of the following disclosable interests.

(Note: Please write "None" if you have no interest of the type referred to)

a) I am employed as

Chief Executive

I carry on business as

None

b) My employer is

Police & Crime Commissioner for Avon & Somerset

I am a partner in the following firm(s):-

I retired as a partner in Burges Salmon LLP in May 2009. Under the terms of the partnership deed I am paid an annuity by Burges Salmon for a period of 8 years from retirement.

I am a remunerated director in the following company/ies:-

None

c) The following person(s) has/have made payments or provided other financial benefits to me in respect of expenses incurred by me in carrying out my duties, or in relation to my election expenses (including any payment or financial benefit from a Trade Union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 within the relevant period.

None

Page 1 of 3

Nov 2012

d) I have a beneficial interest in securities of the following body or bodies where (to my knowledge) it has / they have

(e) place(s) of business or land in the area of the Avon and Somerset elected local policing body

(b) either

(f) the total nominal value of the securities exceeds £25,000 or 1/100<sup>th</sup> of the total issued share capital in each of this/these body/bodies, or

(g) if the share capital of each body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds 1/100<sup>th</sup> of the total issued share capital of that class.

None

e) Each offer of a gift or hospitality made to me will be recorded and published on the gifts and hospitality register, including whether the item was accepted or declined.

I accept

f) I have a beneficial interest in the following land within the area of the Avon and Somerset elected policing body. (Note: Please insert the address or sufficient description to identify the land)

Home address only

g) I have entered into a licence (either alone or jointly with others) for (specify period) to occupy (description of land) within the area of the Avon and Somerset elected local policing body.

None

h) The Avon and Somerset elected local policing body is the landlord of the following land and I am the tenant or the tenant is a firm in which I am a partner, a company of which I am a remunerated director or a body in which I have a beneficial interest (as described in d). (Note: Please insert the address or sufficient description to identify it)

i) I am the director of the company/ies, industrial and provident societies, charities or other bodies listed below

Director of Southwest One Limited (Appointed by the Police Authority)

Governor of Clifton High School

Director of Elwell Estates Limited

SIGNED: *J.P. Smith* DATE: 17/2/16

Office of the Police and Crime Commissioner for Avon and Somerset

UPDATED: DATE:

Page 3 of 3

Nov 2012

## Two of Lloyds Bank's biggest shareholders link to Sue Mountstevens by her husband's roles at Hargreaves Lansdown

The overview (Source: Market Screener, Mar 2020) shows Lloyds Banking Groups top shareholders:

**PCC Sue Mountstevens husband Steven Robertson** links to two of Lloyds Bank's biggest shareholders: Hargreaves Lansdown and Blackrock – thus any mindful gain from victims loss that prospers the *Sue Mountstevens' / Steven Robertson's household from fraud cover up must see sentence as under Proceeds of Crime Act 2002 (POCA 2002) and "Misconduct in Public Office"*

### Shareholders

Total float: 99.7%

- 5.05% Natixis SA & Harris Associates LP HARRIS ASSOCIATES **FOSSIL BANK**
- 2.94% Vanguard Group Inc Vanguard
- 2.40% Norges Bank Investment Management NORGES BANK
- 2.38% Legal & General Investment Management Ltd Legal & General
- 2.33% BlackRock Fund Advisors **BLACKROCK** **FOSSIL BANK**
- 1.73% Artisan Partners LP ARTISAN PARTNERS ASSET MANAGEMENT
- 1.68% Hargreaves Lansdown Stockbrokers Ltd **HARGREAVES LANSDOWN**
- 1.67% Longview Partners LLP **LONGVIEW PARTNERS**
- 1.52% Mondrian Investment Partners Ltd MONDRIAN. INVESTMENT PARTNERS LIMITED
- 1.49% Schroder Investment Management Ltd **Schroders**

Source: MarketScreener, Mar.2020



- (One) for cover up,
- (Two) for abusing their positions and
- (Three) for benefiting from unlawful insider trading.

# The Telegraph

By [Michael O'Dwyer](#) 26 July 2020

## Top cop criticised for failing to disclose husband's Hargreaves Lansdown link



The force has been dogged by accusations it failed to properly probe claims Lloyds' Bristol unit illegally destroyed customers' businesses.

**Hargreaves Lansdown held approaching £1/2 billion of LBG shares**

Bristol's police commissioner was also accused of a conflict of interest after failing for years to disclose her husband's position on the board of a major shareholder in Lloyds (Hargreaves Lansdown, where he left as Chairman) despite long-running claims of malpractice by the bank.

Mountstevens did not announce the connection until last year, seven years after she was first elected as Police and Crime Commissioner for Avon and Somerset. The force has long been dogged by accusations it failed to properly investigate claims that Lloyds' Bristol unit illegally destroyed customers' businesses. Ms Mountstevens is responsible for holding it to account.

Her husband, Stephen Robertson, has been a non-executive director of Hargreaves Lansdown since 2011.

The Bristol-based investment platform has almost £500m of Lloyds shares, held on behalf of its customers rather than on Hargreaves' own account. Kashif Shabir, a property investor and former Lloyds customer who claims his business was bankrupted by Lloyds Bristol, said the link was only disclosed after he made a complaint.

The Bristol restructuring unit has been described as a "mortuary" where viable small businesses were forced into insolvency so Lloyds could slash lending as it scrambled to survive after the 2008 financial crisis. A senior police source said: "There is a conflict of interest if her husband is closely involved as a major investor in Lloyds."

A spokesman for Ms Mountstevens said she goes beyond what is required to be open and transparent in her declarations of interest. He said an independent panel had reviewed the PCC's management of accusations the police mishandled allegations against Lloyds and concluded there is no evidence that calls into question her integrity or reliability. The spokesman said Thames Valley Police (TVP) reviewed claims the police mishandled the investigation, but found it had been appropriate.

Avon and Somerset Police concluded that new evidence received by TVP showed no evidence of criminality.

Lloyds has said it found no evidence to support claims of misconduct or that it fraudulently robbed customers of their businesses. There is no suggestion of wrongdoing by Mr Robertson or Hargreaves Lansdown.

Banks have been fighting to improve their image since the 2008 financial crisis, although the industry has continued to be tainted by scandal. Britain's biggest ever bank fraud took place in the run-up to the crisis at the Reading branch of HBOS, before Lloyds' disastrous takeover of the lender in 2008.



## Police Officers involved: Head of Economic Crime in Avon & Somerset Constabulary – not qualified to investigate criminal fraud

In suppression of investigations, misfeasance should be explored as to police officers including Avon & Somerset's:

**Dr Kirstie Cogram /  
HEAD OF ASP COMPLEX  
FRAUD**

### A DEGREE IN SEAWEED

(an agronomist whose doctorate degree studied the effects of seaweed on plant ).

- **Niki White**
- **Peter Wood**
- **DC Sue Scott**
- **Chief Andy Marsh and his wife assistant Chief Constable Nikki Watson** (which appears a compromised situation for a husband and wife to work so closely in senior police roles)
- **Former Chief Constable Nick Gargan**
- **DS Marc Milliner**

City of London Police; **Karen Baxter** and **Ian Younger + Cressida Dick MET Police/“Common Purpose”** should also be investigated along with those in charge of the **quangos** i) **Action Fraud** and ii) **NFIB (The National Financial Investigation Bureau, real name ICC COMMERCIAL CRIME SERVICES Company number 05716642)** . The **National Financial Investigation Bureau** (as mentioned in “Op Meadow” by D Supt Nicholas John TVP, with acronym “**NFIB**” appears as a **pass off and fob off of the NFIB** (National Fraud Intelligence Bureau).

**False Positives:** Victims accounts of officer Milliner are very different to what he portrays of bank fraud happening in Avon & Somerset. Officer Milliner fails to uncover and investigate the frauds under Dr Kirstie Cogram. Here is a presentation Marc Milliner presented Agenda Item 4: to the Board. He noted the distinct links with Trading Standards

The screenshot shows the ETHOS e-theses online service page for a thesis. The title is "The effects of seaweed extracts on soilborne diseases, soil microbiology and the growth of wheat." The author is "Cogram, Kirstie J." (circled in red). The awarding body and current institution are both "University of Bristol". The date of award is "1994". The abstract is "British Library ETHOS: The effects of seaweed extracts on soilborne..." (circled in red). The page also includes a URL to cite or link to this record in ETHOS: <https://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.336244>. The page footer contains the text "Copyright © The British Library Board" and the URL <https://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.336244>.

**\*PM David Cameron introduced a fast track senior police officer programme where almost anyone with a degree (even in SEAWEED) could soon head up Fraud / Economic Crime Units**

## Policing Education Qualifications Framework (PEQF)

In 2012, the College of Policing was established as a national body to fast track police training to create senior entry level officers in England and Wales drastically.

There were arguments from academics and professionals for acknowledging policing as a graduate level Occupation similar to doctors, teachers, and social workers who need a relevant degree to be qualified for their job



Peter William Neyroud  
CBE QPM

Sir Thomas Winsor  
HMICFRS

David Cameron  
Then Prime minsiter

Theresa May  
Then Home Secretary

The **then Home Secretary, Theresa May, was in favour of this major shift** and asked the College of Policing to develop a qualification framework for police officers to get a degree.

## David Cameron’s coalition government (2010–2015) approved this qualification framework.

It had been suggested that the development of the PEQF was Bolstered by the recommendations of **Peter William Neyroud CBE QPM and Sir Tom Winsor**, both of which promoted closer collaboration between policing and academia in their reports of two government reviews entitled **“Review of Police Leadership and Training and The Independent Review of Police Officer and Staff Remuneration and Conditions”**.

**Peter William Neyroud** is a retired British police officer. He was the Chief Executive Officer for the National Policing Improvement Agency, and **former Chief Constable of Thames Valley Police**. He announced his retirement from the NPIA in March 2010, both of which promoted closer collaboration between policing and academia’ in their reports of two government reviews entitled ‘Review of Police Leadership and Training’ and ‘The Independent Review of Police Officer and Staff Remuneration and Conditions’

In 2016, the College of Policing claimed that new police officers in England and Wales would have to be educated to degree level from 2020 onwards as the Policing Vision 2025. Claiming policing had to be at graduate level occupation.

**Policing Vision 2025**  
Chief Constable Sara Thornton  
Transformation Roundtables  
1 November 2016

The purpose of the **Policing Vision 2025** is to:

- Build on the work undertaken by the 2011-16 Policing Vision
- Provide a common sense of purpose and identity
- Present a medium term ‘direction of travel’ for the police service
- Underpin and streamline police reform
- Enhance stakeholder confidence
- Support the concept of policing being a ‘self-reforming’ sector

**APP Products**  
Revised Statement of Common Purpose and Values

**Core Practice**  
• Cross cutting themes that are common to a wide range of policing activities

**Specific Practice**  
• Areas where additional national standards and/or practice are required for reasons of high risk, interoperability and partnership working

**Reference Material** : All other doctrine will be ‘Reference material’

Chief Constable Sara Thornton  
Serving with pride and confidence

**\*Note the presentations right by “Common Purpose” Chief Constable Sara Thornton**



Operation Signature: Officer Marc Milliner Avon & Somerset Police

# North Somerset Safeguarding Adults Board



## MINUTES/ACTIONS

Date of Meeting	27 <sup>th</sup> June 2017
Venue	Castlewood, Clevedon
Chair	Tony Oliver, Independent Chair
Minutes	Lucy Teteris, Safeguarding Boards Co-ordinator

Agenda Item 4: Presentation: Banking Protocol and Operation Signature  
 Presenting: Marc Milliner, Economic and Cyber Crime Team A&S Police  
 Discussion/Challenge:



Inspector Marc Milliner

## Presentation: Banking Protocol and Operation Signature

Presenting: **Marc Milliner, Economic and Cyber Crime Team A&S Police: FALSE POSITIVE**

Discussion/Challenge: Marc Milliner presented to the Board. He noted the distinct links with Trading Standards

He explained that he started in fraud 15 years ago and was presenting to the Board two processes which have been introduced:

- Vulnerable victims of fraud “operation signature”
- Banking protocol Action Fraud “operation signature” Every single fraud

will pass through Action Fraud. This is a reporting service run by City of London police. It identifies organised crime groups and repeat victims.

The team collate information which is passed to NFIB who then disseminate out to e.g. trading standards, police.

There are hundreds of thousands of cases each year. There is a safeguarding gap. Avon and Somerset receive 140 crime reports a month (35 a week), 600 victims of fraud. Fewer reports are allocated to Forces for investigation by NFIB than are received by Action Fraud.

This is not because they are lost or unresolved but rather that a large proportion are low level frauds or attempts that are resolved or filed at source by Action Fraud because of the huge numbers that are received (eg businesses can 'bulk report' hundreds of frauds whereby there was an attempt to defraud their customers albeit no monies were lost). As Helen said in her presentation, the average age of a fraud victim is 75 years old. He gave a couple of examples:

- An 84 year old man who gave away £100,000k in the belief that he was investing it into a bio-reactor. The man had early onset dementia
- ABE interview of an elderly woman(68) in hospital who invested £750,000k of her grandchildren's trust fund in "carbon credits". She died. She was a repeat victim. Many repeat victims end up in hospital. A lot of people are in denial.

**Operation Signature** was established by Sussex Police between two and three years ago and is deemed to be the best safeguarding process to identify vulnerable victims of fraud. This model is to be rolled out nationally. The purpose of this process is to prevent people from becoming victims and repeat victims of fraud and to identify victims at an early stage. The current computer system is not good enough as the data is always four weeks old, this new system should receive information on a daily basis.

**Banking Protocol.** Orchestrated by the FFA UK and trialled in the MET. To date, **there has been a loophole in this area created by data protection** and staff can not divulge customer information. They ask questions but don't challenge. Banking Protocol is an agreement that staff can report any inkling about someone withdrawing or transferring money. With the agreement of the police they can call 999 and an officer will attend the establishment. The purpose is to identify the victims, prevent fraud, provide appropriate victim support and identify and arrest the fraudster.

## Collab with Avon and Somerset Constabulary



December 2015 - Common Purpose was chosen by Avon and Somerset Constabulary to design and deliver a two-part **Collab** event (a hands-on workshop to develop collaborative working) for 70 of its leaders across the police force.



During part-one of the **Collab session** held in September, participants explored the following challenge taken from the constabulary's Service Promise:

### **How do we work together as a team to deliver the Service Promise for the benefit of the communities of Avon & Somerset?**

Avon and Somerset Constabulary and Common Purpose brought together stakeholders from a range of internal departments from across the Constabulary, all of whom were involved in this challenge either directly or indirectly. Members of the force were provided with opportunities to practise their influencing skills and were able to gain a better understanding of the complications that arise when working collaboratively across a diverse organisation.

Part-two of the *Collab* Common Purpose brought together the constabulary and its external partners to focus on a second challenge: **Collab users focused on collaboration and those affected by mental health issues**

**Karen Mackley, Director, UK Customised**, commented: *"Part-one was a useful and enlightening exercise that identified valuable opportunities and an insight into the barriers and enablers of collaboration. The process encouraged and highlighted the importance of building trust and strong relationships.*

*"I am looking forward to part two where we will further see participants step into each other's shoes to understand a problem from all sides."*

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## **“Common Purpose” in Politics and “Big Society”**

**Former PM David Cameron is a massive “Common Purpose” supporter.** He also nominated Lord Lupton for CBE in 2012 – Lupton also donated £2.9m to the Conservatives.

PM David Cameron also introduced Police Crime Commissioners in 2011. What better way to nationally introduce seniors in control of County/national police crime budgets and police crime plans? And if the need arises, powers to hold the Police Chief to account and sack them if need be. ....

Whilst many PCCs such as Matthew Scott, Kent Police and Dorset's PCC Martyn Underhill have refused to have their police forces engage in any way what so ever to help victims. Victims have found PCC Anthony Stansfeld very understanding and helpful and proactive in assisting. As such Mr Stansfeld knows more about the **“BAIT & SWITCH”** frauds by banks than any other PCC in the UK. His knowledge and insight should be fully supported and funded in bringing justice for victims in 2020, after which he aims to retire.



Lord Blackwell is the current Chair of Lloyds Banking Group. He holds a questionable past in company failure, in particular Interserve PLC where having gained public contracts worth £660m it fell into administration in an apparent repeat of the Carillion fiasco. Many would say Lord Blackwell is not safe or competent to run a tap, let alone the UK's biggest bank, that again is being bailed out via CBILS brokering debt to SME's, having been told by government that Lloyds and RBS would never be bailed out again. Even in 2017, CEO of Lloyds Bank, Antonio Horta-Osorio said that 'the Taxpayers' money must never again be used to bail-out a failing bank'





## How “Common Purpose” UK Prime ministers link in the last 3 Decades with senior Lloyds Bank Directors

### John Major “CP” - 1990 to 1997

1) In 1993 John Major did his speech called “**CONSERVATISM IN THE 1990'S OUR COMMON PURPOSE**” 2) His no.2 was Norman Blackwell, policy advisor having been in Mrs Thatchers policy dept. 3) Blackwell was an adviser to KPMG and after went on to Natwest, then in 2012 he went to the board of Lloyds Bank. Blackwell was also in the “Policy Think Tank”



### Tony Blair “CP” - 1997 to 2007

1) Tony Blair formed New Labour. **Julia Middleton was a close aid. She fronted “COMMON PURPOSE” in 1989** and remains its CEO. Another aid to Blair was Dr Wendy Piatt, who Lloyds CEO Antonio Horta-Osorio had an affair with, both pictured right



### Gordon Brown “CP” - 2007 - 2010

1) In the banking crisis, Gordon Brown had financier **Robin Budenberg** advising him. 2) **Budenberg has worked for Price Waterhouse Cooper (PWC) Lloyds auditors.** 3) He was part of the team that designed the Government Bank Recapitalisation Scheme. 4) in October 2008. It has been announced that Budenberg will return to Lloyds in 2021 as Chairman.



### David Cameron “CP” - 2010 to 2016

1) One of the first things that David Cameron did to distort police investigations, was to push forward the “**EXCHANGE POLICIES**” **2002 policy to introduce Police Crime Commissioners in 2012.** 2) This has meant senior civil servants such as Sue Mountstevens opened, **to control police budgets and crime plans.** 2. Lord Lupton who sits senior on Lloyds Board was one of David Cameron’s largest donors £3.3m. 3) Lupton was made a peer by Cameron. Lupton had Greenhill and Co 1998 to 2018 which has been used to take Lloyds BSU assets under value and sell on to vulture funds and in the process raise anything upto 144% LTV.



### Nick Clegg “CP” - 2010 - 2015 (Deputy Prime minister)

1) Many have long forgot the **David Cameron and Nick Clegg “COMMON PURPOSE” speech Press Conference:** Downing Street on Wednesday 12th May 2010. From Day 1, “Common Purpose” is used in plain sight. Clegg also had numerous Meetings with Lloyds, KPMG and PWC. Nick Clegg sold out Lib Dems for “Common Purpose” Clegg also has very close ties to Baroness Zahida Manzoor who is “Common Purpose” and sits of regulators such as FOS, The Legal Ombudsman, Legal Services Complaints Commission, The Bar Council and The Law Society.



Lord Blackwell is also included in this part of the fraud as he too was in Lloyds Banks Risk Committee and consequently comes into the Senior Managers' Regime.

Norman Blackwell is the ex policy adviser to past PM John Major. John Major too was big "Common Purpose" fan. Evidence of this can be found in John Major's 1993 Speech to the Carlton Club titled:

# "CONSERVATISM IN THE 1990'S – OUR COMMON PURPOSE"

Add to this, George Osborne who was Shadow Chancellor at the time of the 2008 banking meltdown, but post meltdown became very involved in not exposing faults of the collapse and now gets £650k pa from Black Rock. Black Rock always appears close to LBG's financial interests, such as having representation in the FSA under Peter Fisher, and HBoS via James Crosby, and even today infiltrating the BBRs. Seeing a PwC rep there and others connected with Lloyds Bank, makes victims question how fair redress can ever be possible.

Other placement plants (not shown in the smaller illustrations) include a Chair of Eversheds LLP Alan Jenkins who sits on the board of FOS (Financial Ombudsman Services) where remedy has failed all our LBG Victims Group, where large and just claims fail any justice or criminal prosecutions to remove the collective of wrongdoers.

"Common Purpose" is about placing executives in senior authoritative roles. A good example is Eversheds LLP who can be found on the web with many references to support "Common Purpose" agendas.

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## "Common Purpose", Associates and Directors

**STRUCTURE:** Common Purpose was established in 1989 by Julia Middleton (aid to PM Tony Blair) and Sir David Bell. This was supported by many senior MPs and over 3 decades they have worked many civil servants to senior roles in public office. Its meetings are held under the **Chatham House Rule**, which means everything that is said in them is unattributable.

### Think Tanks associated to "CP" include:

- The Policy Exchange
- Demos
- The Fabian Society
- The Social Market Foundation





## Blue David Cameron introduces Labour's "Policy Exchange" directive in 2012 from 2002 on Police Crime Commissioners under the "Police Reform & Social Responsibility Act 2012"



For example the "The Policy Exchange" in 2002 proposed for the introduction of Police Crime Commissioners (PCCs) to take over control of police budgets and the crime plans and have the ability to hold Police Chief Constables to account or remove them if need be. This came to fruition under "Common Purpose" PM David Cameron in 2012 under the "Police Reform & Social Responsibility Act 2011". Failure to police the Lloyds, Acorn and HBOS frauds has left victims without restitution. Victims have raised this many times with i) the Police, ii) Action Fraud s (as under City of London Police), iii) PCCs and iv) Police Crime Panels. (see page 16, photos of victims bringing PCP Meetings to a stop. This now requires the intervention of the Home Secretary.

"Common Purpose", has infiltrated, police, government, civil service, education and media to get it's propaganda out into mainstream news. Sir David bell and Julia Middleton also established the "Media Standards Trust"

**COMMON PURPOSE GLOBAL CUSTOMISED LIMITED** - Company number **08613775**

- Guy Stobart, Burges Salmon (HBoS frauds)
- David Grace, PWC Auditors/ was Global head of fraud
- Philip Wright, PWC Auditors

**COMMON PURPOSE UK** - Company number **03556983**  
Guy Stobart, Burges Salmon (HBoS frauds)

**Media Standards Trust** - Company Number 05514310  
Sir David Bell, Julia Middleton, Baroness Neuberger

Common Purpose appears to place very competent people in senior positions including banks, auditors, high public office, legal services and government policy positions and as can be seen in the following "Common Purpose" brochure extracts.

It appears positions are then abused and public funds are directed in "training", including *Neuro* Linguistic Programming, psychotherapy and *Common Purpose's* Kolb mind training. The Daily Mail reported that Conservative Party Leader David Cameron MP was driving the use of psychometric testing within the Conservative Party. Aside from the unethical 'testing' of individuals personalities by others, the real danger of this testing is that it allows personalities who are susceptible to 'mental reframing' to be identified. Cameron is already linked to Common Purpose and his drive for psychometric testing would facilitate the use of Common Purpose type behavioural or mind reframing, or other mind control techniques and training within the Tory party.



### Founder of Common Purpose Julia Middleton has two favourite sayings

1. 'Beyond Authority'
2. 'Useful idiots'



Susan Rice, Chief Executive of Lloyds Bank and senior “Common Purpose”

## Endorsement by Susan Rice, Chief Executive Lloyds TSB Scotland

### Common Purpose 20:20

High level briefings for national leaders

“There are no easy answers. And Common Purpose is no easy ride. It challenges every personal and professional prejudice you have. **It’s unsettling. It’s also the best learning I’ve ever done.**”

**Susan Rice, Chief Executive,  
Lloyds TSB Scotland**

commonpurpose 



# About 20:20

20:20 is Common Purpose’s programme that brings together senior leaders from across the UK.

Participants explore how these key drivers will affect them, their organisations and the wider community.

## Sir David Bell co-founder of "Common Purpose" and trustee ' *Opportunity to gain an advantage beyond your patch* '

### The result?

Leaders will be better equipped to see the context, adapt fast in new surroundings and produce change wherever they are, enabling them to lead more effectively both within and beyond their authority.

The intensive, five-day programme provides the cross-sector group of senior decision makers with a wide-angle view of the way the UK works, where it sits in an international context and what its long-term future holds.

The programme is demanding - delivering a combination of hard knowledge, practical anecdotes, team activities, 'live' case studies and the chance to cross-examine prominent practitioners. The process of analysing issues of both local and global importance will stretch the long-term thinking and strategic abilities of each participant.

Through briefings from top-level businesspeople, politicians, civil servants and economists, the participant group assesses the economic, political, technological and social trends that will shape the UK in years to come.

The diversity, range and calibre of speakers is a hallmark of 20:20. Each contributor brings another dimension to a fascinating wide-angle view of the UK and how it is likely to change in the years ahead. Global input with insiders from Delhi to Beijing provide additional insights into the minds of thinkers and doers.

**“To succeed in today’s fast-moving world you have to know what’s happening outside your own field, beyond your patch. Common Purpose’s 20:20 programme counters insularity; it’s an opportunity to gain an advantage, to equip yourself to visualise and manage the future. Every executive who has the chance to participate should.”**

**David Bell, Director for People, Pearson plc**

### ' *Briefings for national Leaders* '





## A Typical (Common Purpose) Day

Meetings at: 10 Downing Street, Houses of Parliament, Chinese Embassy, PriceWaterhouseCoopers (PwC)

### What's a typical day like?

7.30am	Breakfast and coach to London
8.30am	Briefing for the day
9.00am	Visit to No. 10 Downing Street Interview: John McTernan, Political Secretary to the Prime Minister, 10 Downing Street
11.00am	Coffee/Tea
11.30am	Videolink Shirlene Goldsborough, Site Director, Global Manufacturing & Supply, GlaxoSmithKline, Beijing
12.45pm	Lunch
1.45pm	Ketan Patel, Chief Executive Officer, Greater Pacific Capital
3.00pm	Visits: <ul style="list-style-type: none"> <li>• BBC</li> <li>• Citibank Trading Floor, Canary Wharf</li> <li>• Houses of Parliament</li> <li>• The Chinese Embassy</li> </ul>
6.00pm	Buffet supper at PricewaterhouseCoopers Hosted by Tish Andrewartha Director, Global Risk Management PricewaterhouseCoopers
8.00pm	Panel Discussion: "Effecting Change" <ul style="list-style-type: none"> <li>• Shami Chakrabarti, Director, Liberty</li> <li>• Sir Derek Higgs, Chairman, Alliance &amp; Leicester</li> <li>• Dr Musharraf Hussain, Senior Member, Muslim Council of Britain</li> </ul>

### Recent speakers

#### Recent speakers have included:

- **Grant Aldonas**, former Under Secretary for International Trade in the Bush Administration, and Managing Director, Split Rock International
- **Helen Alexander**, Chief Executive, The Economist Group
- **Baroness Susan Greenfield**, Director, Royal Institution
- **Liam Halligan**, Economics Editor, The Telegraph
- **Michael Hastings**, International Director – Corporate Citizenship, KPMG
- **Phil Hodkinson**, Group Finance Director, HBOS plc
- **Rt Hon Ms Tessa Jowell MP**, Minister for the Olympics and London
- **Richard Margolis**, Regional Director, Greater China, Rolls Royce International Ltd
- **Geoff Mulgan**, Director, The Young Foundation
- **TN Ninan**, Editor and Publisher, Business Standard India
- **David Normington**, Permanent Secretary, Home Office
- **Chris Patten**, The Rt Honourable Lord Patten of Barnes
- **Ian Pearson**, Futurologist, BT Exact Technologies
- **Dr Hans Reckers**, Board Member, Deutsche Bundesbank
- **Dennis Turner**, Chief Economist, HSBC Bank plc
- **Prof. Kevin Warwick**, Professor of Cybernetics, University of Reading



# Bring the future into focus

## "Beyond Authority"

The book on leadership by Julia Middleton,  
founder of Common Purpose

A one-week investment can pay dividends for years, as the future comes into focus.

Participants of 20:20 assess, from the insights and information that they have gained, the key drivers which will shape the future and in the process, glimpse the political, social and economic landscape of the UK in the next 15 to 20 years.

In the course of this intensive and exciting programme, participants have the opportunity to:

### evaluate

their strategies in the European and global context

### develop

their understanding of the workings of government whether in Westminster, Edinburgh, Belfast or Brussels, so equipping them to work with and influence the decision-making process more effectively

### expand

their horizons and develop their strategic thinking by honing their understanding of international trends

### learn

about the importance and practical implications of managing diversity in the light of demographic changes and increasing globalisation



“The opportunities and threats ahead will not come neatly parcelled to fit the department or division or sector or culture or even country in which we have arranged ourselves. They will cross boundaries and come through walls - and our leaders need to be able to do this too.”

Julia Middleton, Founder and Chief Executive, Common Purpose, from her book 'Beyond Authority: Leadership in a Changing World'

### generate

new ideas that will take their organisations and communities forward

### stand back

back from the day-to-day and consider the long term, thus reducing the risk of getting derailed by the unexpected.

## “Common Purpose”: Is this high profile current “CP” player Lord Nick Stern to capitalise on the “Green Agenda” with Dr Andrew Bailey?



Lord Stern appears in many articles associated with Dr Andrew Bailey endorsing green energy via the Bank of England and the London School of Economics where Dr Bailey’s wife is a professor. **Stern, runs the London School of Economics’** Grantham Research Institute on Climate Change yet victims of banking fraud remain fighting the banks!

He was the Chief Economist and Senior Vice-President of the World Bank from 2000 to 2003.

Stern was then recruited by Gordon Brown, then Chancellor of the Exchequer, to work for the British government where, in 2003, he became second permanent secretary at HM Treasury, initially with responsibility for public finances, and head of the Government Economic Service. Having also been Director of Policy and Research for the Commission for Africa, he was, in July 2005, appointed to conduct reviews on the economics of climate change and also of development, which led to the publication of the Stern Review. At the time, he ceased to be a second permanent secretary at the Treasury though he retained the rank until retirement in 2007; the review team he headed was based in the Cabinet Office. It was reported that Stern's time at the Treasury was marked by tensions with his boss, past PM Gordon Brown

Following links :

- Andrew Bailey and Lord Nick Stern (LSE)
- AIIB (Asian Infrastructure Investment Bank)





## REGISTER OF LORDS' INTERESTS

The following Members of the House of Lords have registered relevant interests of

### STERN OF BRENTFORD, LORD

Category 1: Directorships

Sole owner and Director, jointly with wife, of NS Economics Limited (the company's main business is the Member

's speaking engagements)

Director and Non

-

executive Chair, SYSTEMIQ Ltd (company's purpose is to catalyse good disruptions in critical economic systems)

Category 2: Remunerated employment, office, profession etc.

Member, International Advisory Panel for Asian Infrastructure Investment Bank (AIIB)

Member, Future Fund Range Advisory Board, LGIM Holdings

IG Patel Professor of Economics & Government, London School of Economics (includes LSE academic posts: Director, India Observatory; Chairman, Grantham Research Institute on Climate Change and the Environment; Chairman, Centre for Climate Change Economics and Policy) plus internal LSE responsibilities

Member, International Advisory Panel, Global Carbon Capture and Storage Institute (Australia) Remunerated speaking engagements are organised through CSA Celebrity Speakers Ltd, Burnham SL1 7JT; the Member's speaking engagements form the main activity of NS Economics Limited (see category 1)

Category 4: Shareholdings (a) NS Economics Limited (sole owner, jointly with wife; the company's main business is the Member's speaking engagements: see category 2) Category 4: Shareholdings (c)

NS Economics Limited Category 10: Non

- financial interests (b) Overseas member, Indian Council for Research on International Economic Relations (ICRIER), New Delhi Advisory Member, Governing Board, Sanctuary Nature Foundation, Maharashtra,

India Member, Advisory Board, Generation Investment Management LLP

Co - Chair, Global Commission on the Economy and Climate (GCEC)

Member, Advisory Council, James Martin 21st Century School, Oxford

Category 10: Non

-

financial interests (e)

Trustee, Eva Colorni Memorial Trust

Past President (formerly President), Royal Economic Society



The below was found public domain and is in the authors words

## Common Purpose, a criminal organisation that abuses government posts for gain.

Although it has 80,000 trainees in 36 cities, 30,000 graduate members and enormous power, Common Purpose (CP) is largely unknown to the general public.

It recruits and trains its leaders to work "beyond authority," to abuse their posts and serve Common Purpose, instead of their own departments, which they then undermine. Its members control the NHS, where it wastes £60 billion, much of it going into private pockets; and controls most of Britain's 8,500 quangos which spend £167 billion annually, according to the Cabinet Office. Most of that is waste.

Business rates and tax go up, services go down, the difference is spent on yet more CP quangos.

CP is identifying leaders in all levels of our government to assume power when our nation is replaced by the European Union, in what they call "the post democratic era." They are learning to rule without democracy, and will bring the EU police state home to every one of us.

Common Purpose is a criminal organisation that enables fraud to be committed across these government departments to reward pro European local politicians. Corrupt deals are enabled that put property or cash into their pockets by embezzling public assets.

It has members in the NHS, BBC, the police, the legal profession, the church, many of Britain's 8,500 quangos, local councils, schools, social services, the Civil Service, government ministries, Parliament, and it controls many RDA's (Regional Development Agencies).

Cressida Dick is the Common Purpose senior police officer who authorised the "Shoot to kill" policy without reference to Parliament, the law or the British Constitution. Jean de Menezes was one of the innocents who died as a result. Her shoot to kill policy still stands today.

**Common Purpose trained Janet Paraskeva, the Law Society's former Chief Executive Officer.**

Surprising numbers of lawyers are CP members. It is no coincidence that justice is more expensive, more flawed and more corrupt. Lawyers in secret family courts routinely commit perjury to pervert the course of justice, knowing CP judges will protect them; a fair trial is now rare. When a challenge was made to the signing of the five EU treaties, which illegally abolish Britain's sovereignty, it was no surprise the courts refused to uphold the law.

Common Purpose was backed by John Prescott's Office of the Deputy Prime Minister (ODPM), and its Chief Executive is Julia Middleton. The Head of the Civil Service Commission is a member

It is close to controlling Plymouth City Council, where it has subverted the democratic process. Local people cannot get CP's corrupt activities published, because the editors of local papers are in CP, and refuse to let journalists publish the articles.

The power of councillors is being usurped nationally by council executives, as CP substitutes "expert officers" and swamps councillors with paperwork and directives. The ODPM's councillor monitoring officers can remove councillors who don't comply, or try to stand up for democracy.

CP was formed in 1970 by Ted Heath's Conservative Party as part of joining the European Union Dictatorship. In the 1990's, with its members' cross departmental influence, it was involved with what then became the disastrous New Millennium Dome Company and the squandering of £800 million; it appears £300m of this was diverted into the web of quangos set up by CP. There is a fraud case over this, stalled in the courts thanks to CP's influence in the legal profession.

Over £100 million of our money has been spent on CP courses alone, and its been hidden from the public. No published accounts, and members names are a guarded secret. It charges substantial figures for its courses. Matrix for example costs £3,950 plus VAT, and courses for the high flying 'leader' can be as much as £9,950 plus VAT. This money is ours, paid by government departments financing senior staff to become agents for CP, instead of loyal to their own jobs.

Common Purpose International (Ltd by guarantee No. 2832875) is registered as an educational charity, No 1023384. Given it targets the powerful with expensive fees, its charity status stinks and should be revoked.

Alleged

## Common Purpose - training our future EU rulers - continued

Potential Common Purpose subjects are selected for training. Are they susceptible to being converted; are they in the right job, with the right colleagues and friends? Do they have power, influence and the control of money? The local Common Purpose Advisory Board then decides if they can do the course.

While on the courses candidates are assessed; are they corruptable; will they abuse their positions, commit fraud and lie for Common Purpose? If so they are selected for the inner sanctum; but half are not, and can honestly say they've seen nothing wrong

Trained leaders are encouraged to act as a network, enable other members' plans, and have meetings under the so called Chatham House rules. This effectively means their statements are not attributable to them, nor can attendees reveal information heard at a Common Purpose meeting.

Council Officers are having secret meetings with, for example, property developer Common Purpose friends. No agendas and no minutes. Common Purpose Graduates from the public quango sectors such as the Regional Development Agencies attend, and award large sums of public money to these projects.

It is the worst national example of cronyism, closed contract bids, fraud and corruption. And unseen to the general public.

Common Purpose undermines traditionally effective and efficient government departments with an overwhelming influx of new language, political correctness and management initiatives. The talk is of change, empowering communities, vision, worklessness, mainstreaming (sucking EU money into a project to sustain it), community empowerment, working partnership, regeneration and celebrating diversity etc etc. Documents appear about change, and reorganisation.

As CP "leaders" become more senior they employ countless managers and bureaucrats. In time confusion rules, and things don't seem to work properly. Management decisions are made that seem stupidly destructive. The organisation's performance becomes sluggish. Undermining the NHS is Common Purpose's biggest success so far, with bureaucrats outnumbering hospital staff three to one.

David Cameron, who is an EU plant, uses the language and techniques of Common Purpose against the Conservative Party. By changing, with nothing to change to, he is paralyzing the Conservative party.

Common Purpose specifically targets children from the age of 13, and more recently age 4, for sex or leadership and citizenship training. Yes, it is active in schools, and again the average parent has no idea.

People have contacted us to speak of their experiences with Common Purpose. A common theme is its all sweetness and light, until you fail to follow the direction set by the CP leadership. Then interesting things happen. Ladies in particular have been bullied at work, some have lost their jobs, some have become paranoid and depressed at the pressure from people ganging up on them.

A typical story is a husband describing the decline in his wife from the time she becomes a Common Purpose graduate. Loss of sparkle, enthusiasm, anxious and 'changed', and she initiated a divorce. Other Common Purpose people lie when they are challenged as to their involvement.

Common Purpose candidates are given a two day residential course in which they are 'trained' in a closed residential environment, such as a small hotel. They are encouraged to reveal personal information about themselves, such as their likes, dislikes, ambitions and dreams. Discussions are then controlled by the course leaders. Some participants have likened this to Delphi technique, NLP, or the application of group psychology such as Cognitive Dissonance or brainwashing.

If you suspect Common Purpose is active in your organisation, or see a pattern of incredibly bad decisions, money being wasted, notice bullying, fraud, or threats, note the names of those involved (we've tracked down over a thousand) and please contact us. And publish the truth about Common Purpose as widely as you can.

Brian Gerrish 07841 464187, David Noakes 07974 437097; <http://eutruth.org.uk> for action.





## ASIAN INFRASTRUCTURE INVESTMENT BANK

### # Asian Infrastructure Investment Bank (The AIIB)

Formation	16 January 2016
Headquarters	Beijing, China
Members	103 Countries
Purpose	Multilateral Development Bank to improve economic and social outcomes in Asia by funding energy, transport and infrastructure projects in Asia and the Oceania.

United Kingdom Involvement

1. Co – Founder with China and First Western nation to sign up to the Bank and in 2016 announced initial funding of \$50 million by a grant from HM Treasury to the AIIB Special Fund

#### 2. Principal known UK Politicians Involved in the AIIB

**Sir Danny Alexander** : Chief Secretary to the Treasury 2010 -2015 , appointed Vice President on inception

**George Osborne** : Chancellor of the Exchequer 2010-2016

**David Cameron** : Prime Minister 2010-2016. Fronting \$1 billion UK based UK - China investment Belt and Road infrastructure initiative fund supported by UK Envoy and former HSBC Chairman Sir Douglas Flint CBE and Standard Chartered Bank

**Phillip Hammond** : Chancellor of the Exchequer 2016-2019. Oversaw R5-SHCH Connect, a new service Partnership linking banks in China with London`s Foreign Exchange Market

**Lord Nicholas Stern** : Sits on the AIIB Advisory Panel

#### 3. UK Voting Power 2.9% (China 26.5%: India 7.6%: Russia 6%)

4. AIIB raises funds by issuing Bonds on Stock Markets including the USA represented by Puglial & Associates, based in the Tax Haven of Delaware, and London



Auditors



PriceWaterhouseCoopers (PWC)

AIIB Lending  
Commitments

2016 \$ 1.73 billion to 9 projects in Tajikistan, Bangladesh, Pakistan, Indonesia, Myanmar, Oman, Azerbaijan

2017 \$ 2.24 billion to 14 projects in Indonesia, Bangladesh, India, Georgia, Tajikistan, Egypt, Philippines, Oman

2018 \$2.75 billion to 10 projects in Bangladesh, India, Turkey, Indonesia, Egypt

2019 \$3.25 billion to 23 projects in Bangladesh, Sri Lanka, Nepal, Turkey, Cambodia, India, Pakistan, China, Egypt, Kazakhstan, Russian Federation, Uzbekistan

IT IS NOT UNDERSTOOD HOW THE UNITED KINGDOM HAS OR WILL ECONOMICALLY BENEFIT FROM ITS INVESTMENT OF TAXPAYERS MONEY IN THE AIIB INITIATED BY AND THE ONGOING PERSONAL INVOLVEMENT OF FORMER POLITICIANS DAVID CAMERON AND SIR DANNY ALEXANDER SUPPORTED BY FORMER CHANCELLORS GEORGE OSBORNE AND PHILLIP HAMMOND

Common Purpose

**Common Purpose Asia Pacific Limited with links to Standard Chartered Bank and the UK based Common Purpose Charitable Trust, part of the Common Purpose movement founded in the UK by Julia Middleton in 1989, and CEO Sir David Bell, who also set up the Media Standards Trust in 2006.**

The Group Finance Director of the **Common Purpose Charitable Trust** is **Lloyd Fleming** who worked for **PWC**

A Trustee and Director of the Common Purpose Charitable Trust is **David Grace**, a former **PWC** partner

**Sir Danny Alexander** has links to Common Purpose

Common Purpose is an established and training programme with influence via their Graduates in High Office including former Prime Minister **David Cameron** and patron of Dishea Venture, an initiative run by Common Purpose, with links to the campaign for press regulation

The ASEAN Leaders Programme, an international leadership development organisation with links to the Foreign & Commonwealth Office, has close ties to Common Purpose with links to the AIIB.

**Mr Shaukat Aziz**, former Prime Minister of Pakistan and **Dr Zeti Akhtar Aziz**, former Governor of Malaysia's Central Bank, are Members of the AIIB International Advisory Panel with links to Common Purpose



BANK OF ENGLAND

# Bank of England Flagship Seminar with Professor Lord Nicholas Stern

**i** Professor Lord Stern was in conversation with Governor Andrew Bailey on Monday 18 January at 1:30pm

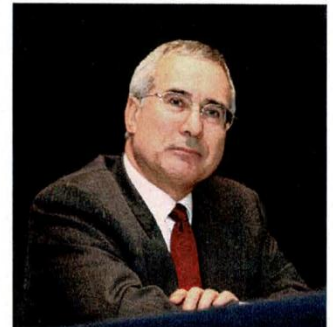
## About the seminar

Sustainable Recovery and Sustainable Growth in the Global Economy: a crucial decade for the world and a year for UK leadership.

During the session Professor Lord Stern discussed the opportunities to create a sustainable recovery, the transition to net zero, and the role and impacts on various economic sectors. There was also an opportunity for participants to submit questions during the session.

This event was hosted as a webinar. The seminar was recorded for those who were unable to attend.

Watch the recording



Professor Lord Nicholas Stern is IG Patel Professor of Economics and Government, Co-Director of the India Observatory, and Chair of the Grantham Research Institute of Climate Change and Environment at LSE. He has previously held posts at various UK & overseas universities and as Chief Economist at both the European Bank for Reconstruction and Development and the World Bank. He was Head, UK Government Economic Service 2003-2007, and produced the Stern Review on the economics of climate change. He was knighted for services to economics in 2004, made a life peer in 2007, and appointed Companion of Honour for services to economics, international relations and tackling climate change in 2017. He is a member of the High-Level Advisory Group for COP26 of the UNFCCC.

If you have any queries please contact



Sustainable Recovery and Sustainable Growth in the Global Economy - slides



**LSE** THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE



### Professor Cheryl Schonhardt-Bailey

Cheryl Schonhardt-Bailey became a lecturer in the LSE Government Department in 1992. From 1989-1993, she was a research officer in the LSE Social Science and Administration Department, and in 1991-92 she taught in the International Relations Department at the University of Keele. She has taught courses in research methods at the Essex Summer School and the Institute of Historical Research (University of London). She completed her undergraduate degree at Boise State University (Idaho) and both her masters and PhD degrees at the University of California, Los Angeles.

Professor Schonhardt-Bailey is the wife Dr Andrew Bailey Governor of the Bank of England

## Amundi teams up with Asian infrastructure bank for \$1bn climate bond fund – Lord Stern sits on the AIIB’s board

By [Nick Reeve](#) 10 September 2019 - [www.ipe.com](http://www.ipe.com)

Europe’s largest asset manager has launched a \$500m (€453m) climate bond fund in partnership with the **Asian Infrastructure Investment Bank (AIIB)**. The organisations are aiming to raise an additional \$500m from other institutional investors for the Asia Climate Bond Portfolio before starting to deploy capital from January 2020, according to a press release published today.

Amundi and **AIIB** have developed an analysis framework for securities aimed at assessing “issuers’ ability to cope with climate change”, taking into account each company’s “green business”. **Lord Nicholas Stern** – an economist and professor at the **London School of Economics** who also **sits on AIIB’s advisory board** – said the fund would “help support the emergence of green leaders in Asia” and mobilise “very large amounts of money for climate action and the energy transition in critical regions of the world”.

---

## How China’s Big Overseas Initiative Threatens Global Climate Progress

By [Isabel Hilton](#) • January 3, 2019 - <https://e360.yale.edu>

**China’s Belt and Road Initiative** is a colossal infrastructure plan that could transform the economies of nations around the world. But with its focus on coal-fired power plants, the effort could obliterate any chance of reducing emissions and tip the world into catastrophic climate change.

Speaking at a meeting in San Francisco in September, **Nicholas Stern**, the prominent British economist, laid out his concerns: “The more than 70 countries that are signed up to the Belt and Road Initiative,” he said, “have an average GDP of around one-third of that of China. If they adopted China’s development model, which resulted in a doubling of China’s GHG [greenhouse gas] emissions in the first decade of the century, it would make the emissions targets in the Paris Agreement impossible.”

---

Now follow various articles that can be found on the world wide web about the AIIB.



# Sir Danny Alexander's Twitter. Former Clegg/Cameron coalition UK Treasury. Now sits No.2 on the AIIB Board

\* Note on his Twitter the \$3bn bond listed by the AIIB on the London Stock Exchange

**Danny Alexander** ✓  
2,682 Tweets

**Danny Alexander** (@dannyallexander) / Twitter

**Danny Alexander** ✓  
@dannyallexander  
Former Chief Secretary to the UK Treasury, now Vice President of AIIB, based in Beijing  
aiib.org/annualmeeting Born May 15 Joined March 2009  
882 Following 31.1K Followers

**Tweets**    Tweets & replies    Media    Likes

Danny Alexander Retweeted

**AIIB** ✓ @AIIB\_Official · 18h  
Our third benchmark bond since making our debut in the #capitalmarkets in 2019 is part of ongoing efforts to support our members and clients' #COVID19response efforts through the AIIB #COVID19 Crisis Recovery Facility: bit.ly/CrisisRecovery....

**London Stock Exchange** ✓ @LSEplc · Oct 1  
We are delighted to welcome Asian Infrastructure Investment Bank's \$3bn 3-year benchmark bond to @LSEplc's Main Market. @LSEplc is home to 629 active bonds from supranational issuers, raising a combined \$240bn equivalent in 44 currencies. @AIIB\_Official

**\$3bn bond**  
listed by Asian Infrastructure Investment Bank on London Stock Exchange

1    2    3

government

Alleged large



WIKIPEDIA

# Asian Infrastructure Investment Bank

The **Asian Infrastructure Investment Bank (AIIB)** is a multilateral development bank that aims to improve economic and social outcomes in Asia.<sup>[4]</sup> The bank currently has 103 members as well as 21 prospective members from around the world.<sup>[1]</sup> The bank started operation after the agreement entered into force on 25 December 2015, after ratifications were received from 10 member states holding a total number of 50% of the initial subscriptions of the Authorized Capital Stock.<sup>[5]</sup>

The United Nations has addressed the launch of AIIB as having potential for "scaling up financing for sustainable development"<sup>[6]</sup> and to improve the global economic governance.<sup>[7]</sup> The starting capital of the bank was US\$100 billion, equivalent to 2/3 of the capital of the **Asian Development Bank** and about half that of the World Bank.<sup>[8]</sup>

The bank was proposed by China in 2013<sup>[9]</sup> and the initiative was launched at a ceremony in Beijing in October 2014.<sup>[10]</sup> It received the highest credit ratings from the three biggest rating agencies in the world, and is seen as a potential rival to the World Bank and IMF.<sup>[11][12]</sup>

Asian Infrastructure Investment Bank	
<b>AIIB</b>	<b>ASIAN INFRASTRUCTURE INVESTMENT BANK</b>
Abbreviation	AIIB
Formation	16 January 2016 (Open for business) 25 December 2015 (Entry into force Articles of Agreement)
Type	Regional Investment Bank
Legal status	Treaty
Purpose	Crediting
Headquarters	Beijing, China
Region served	Asia and Oceania
Membership	102 Members <sup>[1]</sup>
Official language	English <sup>[2]</sup>
Key people	Jin Liqun <sup>[3]</sup> (President)
Main organ	<ul style="list-style-type: none"> <li>Board of Governors</li> <li>Board of Directors</li> </ul>
Website	www.aiib.org (https://www.aiib.org/)

**Contents**

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 - OSBORNE  
 - ASIAN DEV BANK  
 - Chinese led AIIB bank  
 - China connects @ London's FX market  
 - UK Treasury  
 - "BELT & ROAD"  
 - "R5" FinTech FX  
 - Douglas Flint HSBC group chair  
 - Hammond  
 - Common Purpose  
 - Asian Development Bank  
 - "Common Purpose Asia Pacific Ltd"

Asian Infrastructure Investment Bank	
Simplified Chinese	亚洲基础设施投资银行
Traditional Chinese	亞洲基礎設施投資銀行
<b>Transcriptions</b>	
Standard Mandarin	
Hanyu	Yàzhōu jīchǔ shèshī tóuzī
Pinyin	yínháng
<b>Alternative Chinese name</b>	
Simplified Chinese	亚投行
Traditional Chinese	亞投行
<b>Transcriptions</b>	
Standard Mandarin	
Hanyu Pinyin	Yàtóuháng

## History

The proposal for the creation of an "Asian Infrastructure Investment Bank" was first made by the Vice Chairman of the China Center for International Economic Exchanges, a Chinese thinktank, at the Bo'ao Forum in April 2009. The initial context was to make better use of Chinese foreign currency reserves in the wake of the global financial crisis.<sup>[13]</sup>

The initiative was officially launched by China's Paramount leader Xi Jinping on a state visit to Indonesia in October 2013.<sup>[14]</sup> The Chinese government has been frustrated with what it regards as the slow pace of reforms and governance, and wants greater input in global established institutions like the IMF, World Bank and Asian Development Bank which it claims are heavily dominated by American, European and Japanese interests.<sup>[15]</sup>

In April 2014, Chinese Premier Li Keqiang delivered a keynote speech at the opening of the Boao Forum for Asia and said that China was ready to intensify consultations with relevant parties in and outside Asia on the preparations for the Asian Infrastructure Investment Bank.<sup>[16][17]</sup>

The **Asian Development Bank Institute** published a report in 2010 which said that the region requires \$8 trillion to be invested from 2010 to 2020 in infrastructure for the region to continue economic development.<sup>[18][19]</sup> In a 2014 editorial, *The Guardian* newspaper wrote that the new bank could allow Chinese capital to finance these projects and allow it a greater role to play in the economic development of the region commensurate with its growing economic and political clout.<sup>[19]</sup> But until March 2015, China in the ADB has only 5.47 percent voting right, while Japan and US have a combined 26 percent voting right (13 percent each) with a share in subscribed capital of 15.7 percent and 15.6 percent, respectively. Dominance by both countries and slow reforms underlie China's wish to establish the AIIB, while both countries worry about China's increasing influence.<sup>[20]</sup>

In June 2014 China proposed doubling the registered capital of the bank from \$50 billion to \$100 billion and invited India to participate in the founding of the bank.<sup>[21][22]</sup> On 24 October 2014, twenty-one countries signed a Memorandum of Understanding (MOU) regarding the AIIB in Beijing, China: Bangladesh, Brunei, Cambodia, India, Kazakhstan, Kuwait, Laos, Malaysia, Myanmar, Mongolia, Nepal, Oman, Pakistan, Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan and Vietnam.<sup>[23]</sup> Indonesia's joining was slightly delayed due to their new presidential administration not being able to review the membership in time. Indonesia signed the MOU on 25 November 2014.<sup>[24]</sup>

The U.S. allegedly tried to keep Australia and South Korea from becoming prospective founding members, after they expressed an interest in it.<sup>[25]</sup> However, both Australia and South Korea applied to join the bank in March 2015.<sup>[26][27][28]</sup>

Hong Kong's Financial Secretary John Tsang announced in his budget speech in February 2015 that the territory would join the AIIB.<sup>[29]</sup> It did however not



# Jin Liqun Reelected President of AIIB

Beijing, China, July 28, 2020

Jin Liqun has been elected to a second term as President of the Asian Infrastructure Investment Bank (AIIB) by the Bank's Board of Governors. The election result was announced by the Chair of AIIB's Board of Governors during the Bank's fifth Annual Meeting on Tuesday, July 28.

President Jin's second five-year term will begin Jan. 16, 2021.

"It has been a tremendous privilege to lead the Asian Infrastructure Investment Bank during its foundational years," said AIIB President Jin Liqun. "We have established high standards of governance, we are investing in projects that improve lives and livelihoods and we are establishing ourselves in global capital markets. A lot has been achieved thanks to the efforts of our staff and our Board, plus the support granted to AIIB from its Members and the development community."

Under President Jin's leadership, AIIB has grown from 57 founding members to over 100 approved members from around the world. The Bank has also maintained the highest credit ratings with a stable outlook from the largest credit rating agencies — Standard & Poor's, Moody's and Fitch. Permanent Observer status was also granted by the United Nations (UN) in recognition of AIIB's relevance and contribution to the UN's development mandate.

"As we look forward to the next decade, we will expand our investments from core infrastructure to the infrastructure for tomorrow—infrastructure that will tackle climate change, enhance connectivity within Asia and the rest of the world, mobilize private capital and bridge digital divides in our region," said President Jin. "I look forward to continuing to serve our Members and further contributing to the multilateral efforts to help build a more sustainable, more prosperous Asia."

The Presidential election, conducted by acclamation, occurred during the Bank's fifth Annual Meeting of the Board of Governors held on Tuesday, July 28, 2020.

The 2020 election and future elections in the Bank are governed by the Rules for the Election of the President, which were adopted by the Board of Governors in December 2019. Details of the steps of the 2020 election are provided in the Process for Election of the President.



# The Guardian

This article is more than 5 years old

## US anger at Britain joining Chinese-led investment bank AIIB

US statement says of UK membership that it is 'worried about a trend of constant accommodation' of China, in a rare public breach in the special relationship



George Osborne on a 2013 trade visit to China. The chancellor has been a keen backer of closer economic ties. Photograph: Rex Features

**Nicholas Watt, Paul Lewis and Tania Branigan**

Fri 13 Mar 2015 00:12 GMT

The White House has issued a pointed statement declaring it hopes and expects the UK will use its influence to ensure that high standards of governance are upheld in a new Chinese-led investment bank that Britain is to join.

In a rare public breach in the special relationship, the White House signalled its unease at Britain's decision to become a founder member of the Asian Infrastructure Investment Bank (AIIB) by raising concerns about whether the new body would meet the standards of the World Bank.

The \$50bn (£33.5bn) bank, which is designed to provide infrastructure funds to the Asia-Pacific region, is viewed with great suspicion by Washington officials, who see it as a rival to the World Bank. They believe Beijing will use the bank to extend its soft power in the region.

The White House statement reads: "This is the UK's sovereign decision. We hope and expect that the UK will use its voice to push for adoption of high standards."

George Osborne - who has discussed the decision to become a founder member of the investment bank with his US counterpart, Jack Lew - has been the driving force behind developing closer economic ties between Britain and China. The chancellor has led the way in encouraging Chinese investment in the next generation of civil nuclear power plants in the UK and he ensured that the City of London would become the base for the first clearing house for the yuan outside Asia.

**in** Search

**Thierry de Longuemar** · 3rd  
Special Advisor to AIIB President for Financial Affairs chez Asian Infrastructure Investment Bank  
France · 491 connections · [Contact info](#)

**Highlights**

Advising companies, Contracting and freelancing, Paid consulting.

**Activity**  
492 followers

**Congratulation Mimi for this new adventure! Where will you be based?**  
Thierry commented

**Bravo Marie-Laure; qd remarquable !**  
Thierry commented

**Well done Aloysius...Africa will benefit a lot from your experience and wisdom.**  
Thierry commented

**Arunma is just an inci phenomena (world wi**  
Thierry commented

Messaging

Allen

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S-B/A 1 d644843dsba.htm S-B/A

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As filed with the Securities and Exchange Commission on February 26, 2019

Registration No. 333-228613

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**PRE-EFFECTIVE  
AMENDMENT NO. 2  
TO  
REGISTRATION STATEMENT  
UNDER SCHEDULE B  
OF  
THE SECURITIES ACT OF 1933**

**Asian Infrastructure Investment Bank**

(Name of Registrant)

Name and Address of Authorized Representative in the United States:

Puglisi & Associates  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

*Delaware tax haven*

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Paul M. Dudek, Esq.  
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99 Bishopsgate  
London EC2M 3XF  
United Kingdom

Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this registration statement becomes effective.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.



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# FIRST NEW YORK BUSINESS BANK CORP.

Company Number

2138966

Incorporation Date

28 September 1987 (about 33 years ago)

Company Type

Corporation

Jurisdiction

Delaware (US)

Agent Name

DONALD J. PUGLISI

Agent Address

PUGLISI & ASSOCIATES 850 LIBRARY AVE STE 204, NEWARK, New Castle, DE, 19711

[Directors / Officers](#)

- [DONALD J. PUGLISI](#), agent

**Source** Delaware Department of State: Division of Corporations,

<http://www.corp.delaware.gov/>, 31 Aug 2019

[Add data \(website, address, etc\)](#)

on SEC return for AIB.

Tax haven

## Company network

Not yet available for this company. [Click to find out more](#)

## Latest Events

[https://opencorporates.com/companies/us\\_de/2138966](https://opencorporates.com/companies/us_de/2138966)

03/10/2020 14:56

1. Home (<https://www.gov.uk/>)
2. Business and industry (<https://www.gov.uk/business-and-industry>)
3. Trade and investment (<https://www.gov.uk/business-and-industry/trade-and-investment>)

#### Guidance

## Asian Infrastructure Investment Bank (AIIB) Special Fund

The Asian Infrastructure Investment Bank (AIIB) Special Fund is a pre-project preparation facility to help potential borrowers to prepare high-quality projects for financing.

Published 30 September 2019

From:

HM Treasury (<https://www.gov.uk/government/organisations/hm-treasury>)

### Documents

**AIIB Special Fund business case** ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835368/20170311\\_AIIB\\_Special\\_Fund\\_business\\_case\\_FINAL\\_-\\_PUBLISHED\\_VERSION\\_CLEAN.DOCX](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835368/20170311_AIIB_Special_Fund_business_case_FINAL_-_PUBLISHED_VERSION_CLEAN.DOCX))

MS Word Document, 92.8KB

### Details

The Asian Infrastructure Investment Bank (AIIB) is a Multilateral Development Bank set up in 2016, based in Beijing and focused on stimulating economic growth through financing infrastructure in Asia.

The AIIB established a project preparation facility to help potential borrowers to prepare high-quality projects for financing. Project preparation facilities are particularly needed for developing country borrowers, especially the lowest income countries, which often lack the necessary administrative capacity and expertise to prepare high-quality projects, and in the infrastructure sector, where projects are typically large and complex. To bridge this gap, the AIIB set up the Special Fund, which will be used to provide internationally-procured technical assistance and consultancy to Asian developing countries to help them to prepare high-quality infrastructure projects for financing.

The UK's contribution to the AIIB Special Fund is through the UK Prosperity Fund. The Chancellor announced a UK contribution of \$50m to the AIIB Special Fund at the 2016 UK-China Economic & Financial Dialogue, and signed a contribution agreement formalising our participation in the Special Fund at the 2017 EFD. The UK is currently one of four bilateral

# High-Calibre Business Leaders From the UK and India to Tackle the 'Skills Gap' Challenge

NEWS PROVIDED BY  
**Common Purpose** →  
01 Oct, 2012, 10:00 BST

- "Common Purpose"
- Cameron
- Fidelity Investments.
- PWC India.
- Deepak Kapoor chair

A I I B

LONDON and BANGALORE, India, October 1, 2012 /PRNewswire/ --

With employers often frustrated that they cannot find suitably skilled new talent despite the millions of unemployed in search of jobs, how do we ensure appropriate skills development to bridge this apparent gap between education and employability?

This is the challenge that participants on the ~~Dishaa Venture~~, run by leadership development organisation **Common Purpose**, will be tackling this week in Mysore, India. Dishaa aims to expand, enrich and energise relations between India and the UK by investing in the development of the next generation of leaders from the two countries.

Many of the participants are from member organisations of the India UK CEO Forum<sup>[1]</sup>, their presence showing how crucial tackling this challenge will be for stimulating global economic growth.

Business sector participants will be working with those from the public sector and NGOs to foster discussion and build shared approaches to this challenge. The diverse group of participants, 19 from the UK and 19 from

High-Calibre Business Leaders From the UK and India to Tackle the '... <https://www.prnewswire.com/vir> 04/10/2020





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NEWS >

## Questions raised over links between David Cameron's patronage of charity and press regulation

By Angela Haggerty

03 November 2013 10:46am



Questions have been raised over links between Prime Minister David Cameron's patronage of a charity and press regulation after it emerged an "administrative oversight" had prevented him declaring his position.

Cameron is a patron of the Dishaa Venture, a charity which aims to build links between India and Britain, but this was only declared in the latest register of ministerial interests instead of the one before.

The patronage could be seen as controversial because Dishaa Venture is an initiative run by an organisation called Common Purpose, and it has been suggested that there are links between Common Purpose and the campaign for press regulation, the Telegraph reports.



Patron. Questions have been raised over Cameron's charity links



According to the paper, founder and CEO of Common Purpose Julia Middleton and Sir David Bell, trustee and former chairman, set up the Media Standards Trust in 2006.

<https://www.thedrum.com/news/2013/11/03/questions-raised-over-links-between-david-camersons-patronage-charity-and-press>

1/6

2020

Questions raised over links between David Cameron's patronage of charity and press regulation | The Drum

Later, in 2011, a director of the Media Standards Trust, Martin Moore, helped found press regulation campaign group Hacked Off.

When the Leveson Inquiry was launched, Sir David Bell was made one of the assessors to the Leveson panel.

Conservative MP for Shipley Philip Davies told the Telegraph that Common Purpose was a "secretive organisation" that David Cameron should be wary of.

"They are trying to get their tentacles into every nook and cranny of the Establishment to pursue their Leftist, pro-European political agenda," he added.

This article is about: [UK](#), [David Cameron](#), [Press Regulation](#), [Media](#)

Source: [Telegraph](#)

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ASEAN

commonpurpose

AIB



# ASEAN Leaders Programme 2019 Report

Headline sponsor

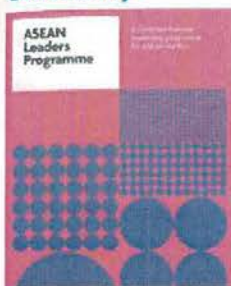
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AIB

**Community**CC  
Di

Demonstrating how the potential benefits of the ASEAN Community are more than just economic, a new initiative has been launched to bring together 70 senior leaders from all sectors and walks of life of all ten ASEAN countries. The inaugural programme will be held in Singapore in May 2016 and will pose the challenge: "What makes a city smart?"

The programme will act as a catalyst, bringing together leaders from the world of finance, manufacturing, civil service, statutory bodies, academia, the not-for-profit sector and more, to spark a robust exchange of ideas.

Over the five-day programme, leaders will have the opportunity to meet and engage with a wide range of people from global and local organizations who are driving innovation in their city.

The ASEAN Leaders Programme is being launched by Common Purpose, an international leadership development organization, with the support of GE and in partnership with the ASEAN Foundation.

For more information, visit [www.commonpurpose.org/asean](http://www.commonpurpose.org/asean)

Press-release at the official ASEAN web-site

↻ ASEAN + COMMON PURPOSE

**IMF and India Host Regional Conference: Advancing Asia: Investing for the Future**

The International Monetary Fund (IMF) and the Government of India will co-host a high-level conference in New Delhi on March 11-13, 2016, to take stock of Asia's strong economic performance, its increased resilience to shocks, and the region's ongoing economic policy challenges.

Advancing Asia: Investing for the Future will bring together senior officials, corporate executives, academics, and civil society representatives from more than 30 countries spanning Asia and the Pacific.

According to IMF Managing Director Christine Lagarde, "As Asia's advanced, emerging market and developing economies move to the next stage of success, they face the key challenge of how to maintain and enhance the region's high growth record while boosting jobs, reducing inequality, accelerating infrastructure and human capital development and implementing other growth-enhancing reforms."

Key topics to be discussed at the conference will include the most effective drivers of growth; income inequality, demographic change, and gender; infrastructure investment; climate change; managing capital flows; and financial inclusion.

Prime Minister Modi and Mme. Lagarde will be among the conference's keynote speakers. Other official sector participants will include Finance Minister Arun Jaitley of India; Takehiko Nakao, President of the Asian Development Bank; Bambang Brodjonegoro, Minister of Finance of Indonesia; and Zeti Akhtar Aziz, Governor of Bank Negara Malaysia.

Attendance will be by invitation. The proceedings will be streamed live, and portions will be broadcast by Indian and regional television broadcasters.

For additional information about Advancing Asia please contact the conference Secretariat at [apd-delhi-conference@imf.org](mailto:apd-delhi-conference@imf.org).

Press-release at the official IMF web-site

**IMF Executive Board Concludes 2015 Article IV Consultation with Bangladesh**

The Executive Board of the International Monetary Fund (IMF) concluded the 2015 Article IV consultation with Bangladesh on January 20, 2016.

Despite global headwinds and episodes of domestic unrest, Bangladesh has had a strong macroeconomic performance in the two years since the last Article IV consultation, supported by prudent policies under the recently-completed Extended Credit Facility (ECF) arrangement with the IMF.

Real GDP growth has remained above 6 percent, a notable performance in the current global context. Headline inflation has eased, international reserves have risen further, and the public debt-to-GDP ratio has remained largely stable at a moderate level. However, tax revenue performance has been weak, with revenues increasing more slowly than GDP. Also, private domestic demand, particularly private investment, has been subdued, partly contributing to a slowdown in credit to the private sector. Various economic activity indicators suggest a slower-than-expected start to the current fiscal year (FY16, July 2015-June 2016). Provided calm prevails, prudent policies remain in place, and structural reforms are implemented as envisaged, the medium-term economic outlook should be positive and marked by continued stability and high growth. In FY16, real GDP growth is projected at 6.3 percent, supported by higher public sector wages and public investment. Growth is



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## APR News

### Asian Infrastructure Investment Bank appoints 5 Vice-Presidents



Sir Danny Alexander was appointed to the position of Vice President, Corporate Secretary. The primary responsibility of the Corporate Secretary is to manage communications between and among the Bank's Management, the Board of Directors (BOD) and the Board of Governors (BOG). Sir Danny Alexander has over 20 years of professional experience. From 2010-2015 he served as Chief Secretary to the UK Treasury.

Dr. Kytack Hong, Chairman and CEO of the Korea Development Bank (KDB) became Vice President, Chief Risk Officer of the AIIB. His primary responsibility is to lead the development and supervision of the Bank's risk management activities, including both operational and financial risk.

Dr. D.J. Pandian who has had an extensive career spanning 30 years with the Indian Administrative Services, holding key positions at the State, National, and International levels in the energy, Infrastructure, finance, and industry sectors will act as Vice President, Chief Investment Officer of the AIIB. His activities will include, in particular, planning and supervision of the Bank's infrastructure investment.

Dr. Joachim von Amsberg who is currently Vice President for Development Finance at the World Bank has been appointed to the position of Vice President for Policy and Strategy. His primary responsibilities will include developing and monitoring implementation of the Bank's strategic agenda as well as developing the policies and procedures for the Bank's operational investment portfolio.

AIIB administration activities, in particular human resources and information technology management will be coordinated by Dr. Luky Eko Wuryanto who has served in senior positions in the Indonesian government for 20 years, where he currently serves as Deputy Coordinating Minister for Infrastructure Acceleration and Regional Development.

[Press-release at the official AIIB web-site](#)

### The 23rd Meeting of the ASEAN-EU Joint Cooperation Committee (JCC) was held in Jakarta on February 4, 2016



The meeting carried on the excellent momentum in strengthening ASEAN-EU relations, following the successful conclusions of the 20th ASEAN-EU Ministerial Meeting held in Brussels on July 23, 2014, the informal ASEAN-EU Leaders' Meeting held in Milan in October 2014 and the ASEAN-EU Post-Ministerial Conference in Kuala Lumpur in August 2015, as well as the Informal ASEAN-EU Ministerial Meeting in November 2015 in Luxembourg.

The discussion of the meeting focused on a wide range of issues, including strengthening trade and investment relations between both regions, joint cooperation in non-traditional security areas, such as maritime security and cyber security, as well as possible adoption of the ASEAN-EU Comprehensive Air Transport Agreement. ASEAN representatives welcomed the increase in EU funding for development cooperation projects from €70 million to €170 million in the period 2014-2020 to help boost ASEAN integration, in support of the implementation of the newly adopted ASEAN 2025: Forging Ahead Together and its Blueprints. ASEAN-EU Dialogue Partnership will celebrate its 40th Anniversary in 2017.

[Press-release at the official ASEAN web-site](#)

[Follow up the meeting statement](#)

### ASEAN Leaders Programme Demonstrates True Potential of the ASEAN

# AIIB Governance

## International Advisory Panel

AIIB has an International Advisory Panel (IAP) that supports the President and Senior Management on the Bank's strategies, policies and general operational issues. The panel meets at least twice a year (physically or virtually), including one meeting held alongside the Bank's Annual Meeting of the Board of Governors.

The President selects and appoints IAP members to an initial two-year term renewable upon completion. Panelists are not salaried but receive a small honorarium. AIIB pays the reasonable costs associated with panel meetings. Here is the current list of panelists:



**Mr. Shaukat Aziz**

Former Prime Minister of Pakistan

His Excellency Mr. Shaukat Aziz was elected as Prime Minister of Pakistan and served from 2004 – 2007, following five years as Finance Minister from 1999. Mr. Aziz was the first Prime Minister of Pakistan to complete a full term in office. His policies were based on the principles of

"CP"



**Dr. Zeti Akhtar Aziz**

Former Governor of Bank Negara Malaysia, Malaysia's Central Bank

Dr. Zeti Aziz served as Governor, Bank Negara Malaysia from May 2000 until April 2016. In this capacity, she successfully managed the repair and resolution of the financial system during the Asian financial crisis and the consequent strong recovery of the economy. In the Asia region,

"CP"



NEWS

## Questions raised over links between David Cameron's patronage of charity and press regulation

By Angela Heggerty  
03 November 2012 10:36am



Read

ic participation

# Common Purpose InnoVenture



AIB

## Innovative solutions to common problems

The demand for new ideas and fresh thinking has seldom been greater – whether to achieve more with less, or simply to achieve more; to break away from standard solutions and see things in new ways. InnoVenture is a technique that brings leaders together and helps organisations to develop innovative solutions to complex challenges. The InnoVenture technique creates surprising and game-changing answers to a wide range of problems.

At Common Purpose, we see four essential ingredients for making innovation happen, which are incorporated into our InnoVenture:

- identify the right complex and compelling challenge to address
- bring people from very different backgrounds, sectors and perspectives together to critically examine and understand the challenge
- curate an environment where diversity is celebrated and trust is established for collaboration
- provide immersive experiences that give participants knowledge and understanding of the challenge from

We have been delivering this on our programmes and courses for over 25 years. Now we have gathered our knowledge and experience to create the Common Purpose InnoVenture, a programme helping organisations develop innovative solutions to compelling challenges.

“How powerful bringing a group of people together can be and understanding that simple conversations break down barriers allowing partnerships to flourish”

**Mat Walker, Station Manager, South Yorkshire Fire & Rescue Service**

“A fantastic experience to work with the most diverse group I have ever met and to explore how together we could solve the improbable. An intense and very demanding week which stretched, challenged and provided me with a fresh perspective of myself and what people can achieve when they come together and see beyond the solutions, to deliver excellence. Very rewarding and highly recommended.”

**Dave Spencer, Staff Officer to the President, Association of Chief Police Officers**



The InnoVenture challenged me to look far beyond the circles I usually move in, to try tackling things in a different way and to see things in a new light. I came away thinking that if you are going to put your time, effort and leadership towards something then make it something that really counts and is important to you for the right reasons.”

**Matt Longman, Geographic Chief Inspector, Devon & Cornwall Police**

**Where?**

We run local programmes for leaders in cities and regions right across the UK and can deliver an InnoVenture in any of these.

**Next steps**

To find out more about or to book an InnoVenture, please contact: karen.mackley@commonpurpose.org.uk

**Why InnoVenture?**

Our InnoVenture process has been used with leaders from Europe, India, China, Zimbabwe, Libya, the Commonwealth and the Arab region. It has produced innovative and practical ideas – many of which have been prototyped.

As a result of our InnoVenture process individuals will:

- develop self awareness and confidence to meet the challenges of leadership
- gain insights into the conditions required for innovation
- increase their Cultural Intelligence – the ability to cross divides and thrive in multiple culture
- become more open to working with different people, in new ways, to solve complex problems
- develop lasting relationships that build trust and encourage collaboration.

Organisations will benefit through:

- improved team building/working
- increased productivity
- greater collaboration across silos
- staff who are more adept at coping with change
- bold innovation and fresh ideas
- employees with better problem solving & critical thinking skills.

[commonpurpose.org.uk](http://commonpurpose.org.uk)

Common Purpose’s experience of leading large, diverse but interdependent groups to rapidly work together in a practical way, makes InnoVentures – and their outcomes – exciting, surprising and game changing.

Previously InnoVenture has successfully developed new solutions in tackling challenges such as:

- What makes a city smart?
- How can we produce the UK’s best wellbeing and care system for older people in Doncaster by 2020?
- Could carbon emissions be reduced by 50% in five years?
- Is a 40% increase in effective water management possible?

“Leadership is about developing a team that is driven, sensitive to diversity, engaged and empowered to produce results in a hyper efficient and enjoyable manner. The InnoVenture workshop, opened us up to thought provoking questions, connected us with an excellent network of individuals, taught us about cultivating relationships and building coalitions, and initiating ideas collaboratively. I look forward to working with the network.”

**Vinai Krishnan, Group CEO Office, Standard Chartered**

**Why Common Purpose?**

Common Purpose runs leadership development programmes that enable people from different backgrounds, sectors, geographies and generations to work together to solve common problems. In the process, we give participants the inspiration, skills and connections to become better leaders, both at work and in society.

Common Purpose runs local programmes for leaders in cities across the world, and global programmes for leaders from over 100 countries across six continents. This year, 4,000 leaders will become Common Purpose alumni.

What makes us different is our long-standing interests and relationships in areas such as healthcare, education or crime, and with the leaders and organisations who tackle them on a daily basis. We have a 50,000 strong, growing, global community of our alumni with exceptional diversity and a huge range of skills, interests and leadership experiences. This means we can bring leaders from the wider stakeholder community into this process who would not otherwise take part.

[commonpurpose](http://commonpurpose.org.uk)



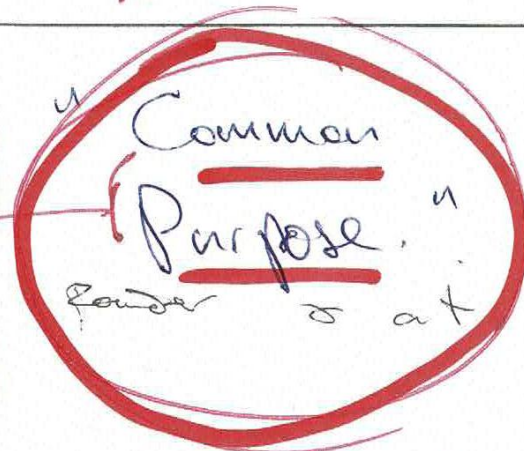
INDEPENDENT BUSINESS ADVISER, INVESTOR AND NON EXECUTIVE DIRECTOR

David Grace

A I I B

"CP"

PWC



"PWC"

David is currently an independent business adviser, investor and non executive director, with a particular focus on social enterprise organizations. He was formerly a partner at PwC.

At PwC he was most recently the Global Head of Financial Crime and also a member of their Global Financial Services Leadership team. David has a law degree from Southampton University and is a chartered accountant.

His involvement with Common Purpose dates back to its very early days when he helped with its original set up as a new Coopers & Lybrand partner. Coopers & Lybrand were one of the original sponsors. More recently he has been actively involved helping with CSCLeaders.

"CP"

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[Privacy \(/privacy-data-protection-policy/\)](#) [Company information \(/about-us/company-information/\)](#)  
[Accessibility \(/accessibility/\)](#)

David Grace Shows on  
Companies Hse  
"CP" Director.





# Common Purpose Asia Pacific - Accounts as done by David Grace ex PwC

A11B

## THE COMMON PURPOSE CHARITABLE TRUST

### TRUSTEES REPORT

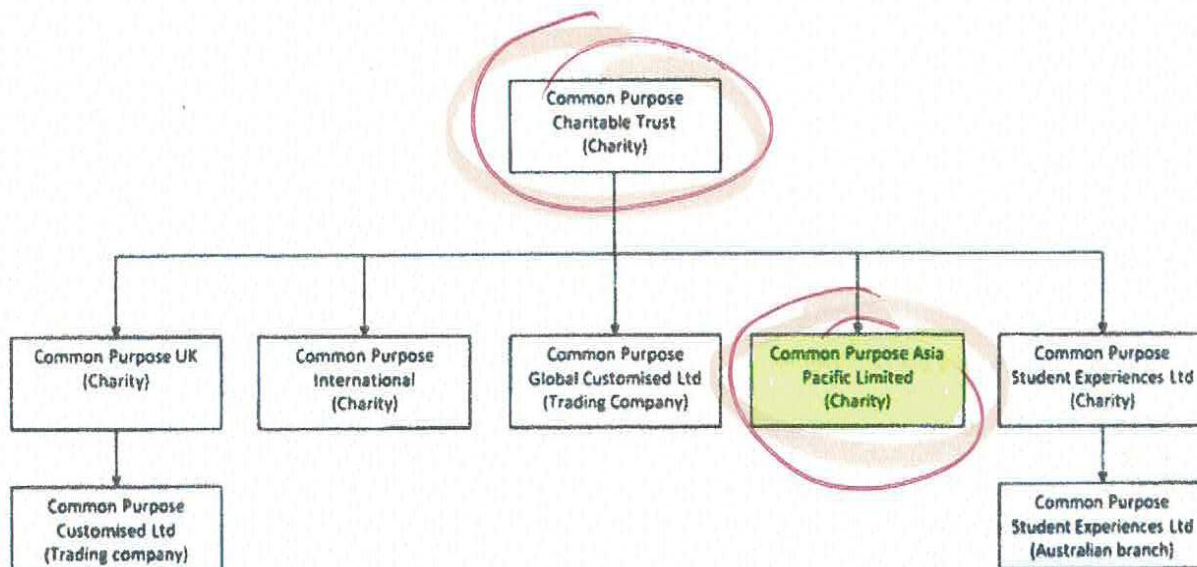
FOR THE YEAR ENDED 31 JULY 2019



## 2. COMMON PURPOSE CHARITABLE TRUST

Common Purpose Charitable Trust is the parent company in a group structure. Most of the Trust's activities are carried out through the subsidiary organisations:

- Common Purpose UK, a charity registered in England
- Common Purpose Customised Limited, a trading company registered in England which delivers customised courses to UK clients. Common Purpose Customised Limited is a wholly owned subsidiary of Common Purpose UK
- Common Purpose International, a charity registered in England
- Common Purpose Global Customised Limited, a trading company registered in England which manages the international licensing arrangements, the provision of services to licensees and delivers customised courses to global clients. Common Purpose Global Customised Limited is a wholly owned subsidiary of Common Purpose Charitable Trust
- **Common Purpose Asia-Pacific Limited, a charity registered in Singapore**
- Common Purpose Student Experiences Limited, a charity registered in England which provides leadership programmes for students from leading universities around the world. Common Purpose Student Experiences Limited established a branch (Foreign Company (Overseas)) in Australia on 5 July 2019.



Summary information about each organisation's objectives, activities and performance is shown later in this report.

THE COMMON PURPOSE CHARITABLE TRUST  
 TRUSTEES REPORT  
 FOR THE YEAR ENDED 31 JULY 2019


A11B

- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


A resolution re-appointing haysmacintyre will be proposed at the AGM in accordance with S485 of the Companies Act 2006.

In preparing this report the trustees have taken advantage of the exemptions available to small companies.

Signed by order of the Board of Trustees on 7 May 2020.

  
 Richard Gharkin  
 Trustee



  
 David Grace  
 Trustee

DAVID GRACE  
 "CP" PwC  
 was head PwC  
 Global Fraud

A11





**A11B**

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As filed with the Securities and Exchange Commission on February 26, 2019

Registration No. 333-228613

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**PRE-EFFECTIVE  
AMENDMENT NO. 2  
TO  
REGISTRATION STATEMENT  
UNDER SCHEDULE B  
OF  
THE SECURITIES ACT OF 1933**

**Asian Infrastructure Investment Bank**  
(Name of Registrant)

*Name and Address of Authorized Representative in the United States:*

**Puglisi & Associates**  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

*Copies to:*

**Robert S. Risoleo, Esq.**  
**Paul J. McElroy, Esq.**  
**Sullivan & Cromwell LLP**  
1700 New York Avenue NW  
Washington, DC 20006  
United States of America

**Thierry de Longuemar**  
**Vice President and Chief Financial Officer**  
**Asian Infrastructure Investment Bank**  
B-9 Financial Street, Xicheng District,  
Beijing 100033  
People's Republic of China

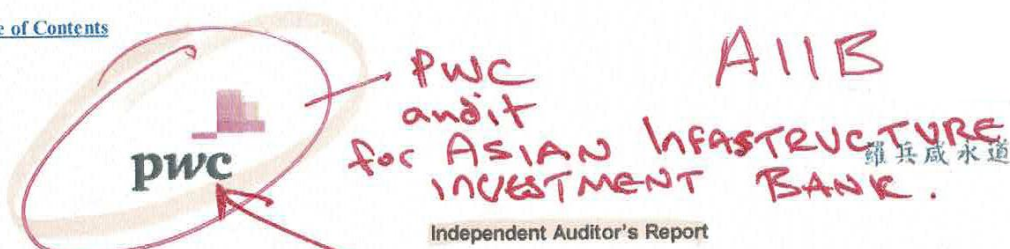
**J. David Stewart, Esq.**  
**Paul M. Dudek, Esq.**  
**Latham & Watkins**  
99 Bishopsgate  
London EC2M 3XF  
United Kingdom

**Approximate date of commencement of proposed sale to the public:**  
As soon as practicable after this registration statement becomes effective.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.



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To the Board of Governors of the Asian Infrastructure Investment Bank:

**Opinion**

*What we have audited*

The financial statements of Asian Infrastructure Investment Bank (the "Bank") set out on pages 1 to 42, which comprise:

- the statement of comprehensive income for the period from 16 January 2016 (date of commencement of operations) to 31 December 2016;
- the statement of financial position as at 31 December 2016;
- the statement of changes in equity for the period from 16 January 2016 to 31 December 2016;
- the statement of cash flows for the period from 16 January 2016 to 31 December 2016; and
- the notes to the financial statements, which include a summary of significant accounting policies.

*Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016, and its financial performance and its cash flows for the period from 16 January 2016 to 31 December 2016 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

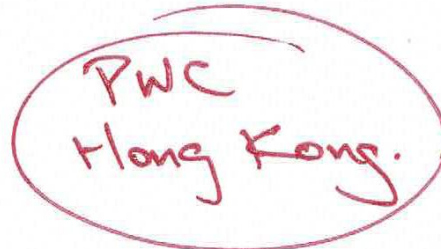
We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determine is necessary to

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

F-49



**Philip Wright**

Director of Allia

Hildenborough, Kent, United Kingdom 500+ connections

Join to Connect

Hilden Vineyard LLP

University of Oxford

## About

Philip is on the Board of Allia, a charity that creates opportunities for people to invest their money for social benefit. He is also a director of Retail Charity Bonds plc, an issuing vehicle created to raise loan finance for charities in the UK through bonds issued to retail and wholesale investors and listed on London Stock Exchange.

In March 2019 Philip joined the board of Euroeyes, a leading brand in the vision correction industry in Germany, Denmark and China. He is an independent director and chairman of the audit committee. EuroEyes is listed on the Hong Kong stock exchange.

In addition he is a director of Beyond Food Foundation, a charity in the restaurant business which seeks to motivate and inspire people who are at risk of or have experienced homelessness to gain meaningful employment.

He is also director of Hilden Vineyard LLP since autumn 2014. This vineyard is increasing in size from 5,000 to 10,000 vines in 2020 with a mixture of the three classic sparkling wine grape varieties, Chardonnay, Pinot Noir, and Pinot Meunier

Philip was Chairman of Digital Theatre in the online media sector from January 2009 to October 2015.

Philip was Acting Chair Of Barts Health from April to July 2015, vice Chair and non-executive from April 2012 to April 2015. Previous to that he was on the board of NHS London from October 2009 to July 2010 and of Barts and The London from November 2010 to March 2012.

He was on the Council of Goldsmiths College, University of London from 2011 to 2017 and chairman of its audit committee from 2013. to 2017.

Philip was a trustee and director of Common Purpose, a charity engaged in leadership development, from 2007 to 2018.

He was Chair of the Lord Mayor's Appeal Committee for 2013/2014.

He is also the author of a book "In Search of Shareholder Value" (1997).

Philip was a Partner at PricewaterhouseCoopers until 2011 where he was responsible for some of the firm's major public and private sector clients. He was also responsible for PwC services to non-executive directors. Between 1997 and 2003 he was first European then Global Leader for Corporate Finance and Recovery. He was also a member of the firm's Global Executive Leadership Team, responsible for PwC's global strategy and operations.

Philip has a background in corporate finance and board level issues, and worked extensively in several countries including Japan, Australia, Hungary and Germany.

# PWC

# Common Purpose

# Lord Mayors Office

# Corporate Finance

# Recoveries.

LinkedIn

Join now [Sign in](#)

*Phillip Wright*

Sep 2014 - Present 6 years 7 months  
Hildenborough, Kent



**Director**

Allia  
2012 - Present 9 years  
Cambridge, United Kingdom



**Non Executive Director**

Retail Charity Bonds plc  
Mar 2014 - Present 7 years 1 month



**Non Executive Director**

EuroEyes  
Mar 2019 - Mar 2021 2 years 1 month  
Hong Kong



**Chairman**

Beyond Food Foundation  
2012 - Mar 2020 8 years  
London, United Kingdom



**Trustee**

Common Purpose  
Jun 2008 - Jan 2018 9 years 8 months  
Trustee and Director



**Member of Council and Audit Committee Chairman**

Goldsmiths, University of London  
2011 - 2017 6 years



**Chairman**

Digital Theatre  
Jan 2009 - Oct 2015 6 years 10 months



**Barts Health NHS Trust**

4 years 9 months



**Acting Chairman**

Apr 2015 - Jul 2015 4 months  
London, United Kingdom



**Vice Chairman and Non-Executive Director**

Apr 2012 - Mar 2015 3 years



**Non-Executive Director**

Nov 2010 - Mar 2012 1 year 5 months



**Chair**

Lord Mayor's Appeal  
Jun 2013 - Nov 2014 1 year 6 months  
London, United Kingdom



**Partner**

PricewaterhouseCoopers  
1975 - 2011 36 years



**Non-executive director**

NHS London SHA  
Oct 2009 - Jul 2010 10 months

Education



# UKFI, Budenberg admitted that he was only interested in the short term performance of the Lloyds and RBS Share price

## O'Neil appointment confirms UKFI's warped priorities

July 19th, 2010 | Posted by [Ian Fraser](#)



**Chinless wonder: UKFI's Robin Budenberg**

The coalition government of David Cameron and Nick Clegg is reverting to type where appointments to UK Financial Investments, the vehicle

established by the previous government to hold the public's stakes in lenders including RBS and Lloyds Banking Group.

Most of the people who work for this hybrid investor are "chinless wonder" former investment bankers. Despite Treasury spin about UKFI being "Fidelity with nukes" their approach to managing and husbanding the public's stakes in the UK's nationalised banks is akin to that of a Victorian absentee landlord. As long as the banks turn in a profit and can be reprivatised quickly, they don't really care how this is achieved.

This became crystal clear on March 9th, 2010 when UKFI's chief executive, [Robin Budenberg](#) (pictured above), admitted to the House of Commons Environmental Audit Committee that his organization doesn't give a damn if the banks it owns make their money in unsustainable ways, for example by funding environmentally destructive energy sources such as tar sands.

Jaws dropped among the members of the Environmental Audit Committee that day, including that of its chairman Tim Yeo, when [Budenberg](#) admitted that UKFI is among the most passive of investors, whilst conceding that all it really cares about is the short-term performance of the RBS and Lloyds share price!

Watching Budenberg and his colleague Sam Woods at the committee hearing was a deeply depressing experience. The pair seem to be throwbacks to the Friedman-esque 1980s, before awareness of corporate and social responsibility even existed — and short-term financial performance was all that mattered.

In other words, the people who run UKFI and the UK government are desperately clinging to the wreckage of the myopic value system that got us into this mess in the first place.

The performance of the two in-denial dinosaurs at the committee session made it clear that the British government has learnt nothing from the banking and financial crisis, and underlined the scale of the opportunity missed by Gordon Brown when he nationalised the UK's failed and failing banks without requiring any behavioural or structural changes in 2007 and 2008.

As Yeo made clear, [speaking to Bloomberg](#) afterwards:

Alleged la

vernment

“The evidence we received made it clear the Treasury was washing its hands of any responsibility to encourage the state-owned banks to operate any kind of environmental policy.”

It also worth noting that, even though UKFI has been informed of an alleged [£1bn fraud](#) inside HBOS’s corporate lending department on at least two occasions, the body prefers to bury its head in the sand where such matters are concerned (even though rooting it out would surely be in its own *long term* financial interests).

After the sorry spectacle at the EAC committee, you can imagine my disgust at today’s announcement that, even under the new Cameron-Clegg coalition government which in some respects is more enlightened than that of Gordon Brown, UKFI has not changed its spots.



UKFI today announced it has appointed Jim O’Neil — one of the posse of Merrill Lynch investment bankers who advised RBS (alongside continental European banks Banco Santander and Fortis) to make their catastrophic €71bn acquisition of ABN Amro in 2007.

For his role in advising RBS and its consortium partners on the ABN Amro deal alongside Matthew Greenburgh and Andrea Orcel, O’Neil trousered a [bonus](#)

[of some £1m](#). Yes £1m. The fact that the deal destroyed at least three of the four banks concerned (RBS, Fortis and ABN Amro), cost the Belgian, British and Dutch taxpayers billions and helped tip the global economy into recession didn’t seem to matter to the likes of Greenburgh and O’Neil. All that mattered was their bonuses!

At UKFI American-born O’Neil is replacing John Crompton, who has jumped ship to HSBC, as the quango’s head of market investments. His main role will be to maximize the value of the government’s shareholdings in the state-owned banks, including overseeing any future IPOs, which will necessitate the appointment of a raft of well-paid investment banks.

For this O’Neil is being paid the princely sum of £180,000 per year, plus bonus, significantly more than the salary of the prime minister David Cameron (who earns £142,500, although he also receives an MP’s salary), even though it is unlikely there will be any flotations in the foreseeable future.

One sincerely hopes that O’Neil’s understanding of value creation has changed somewhat since he helped destroy scores of billions of value for RBS shareholders three years ago!

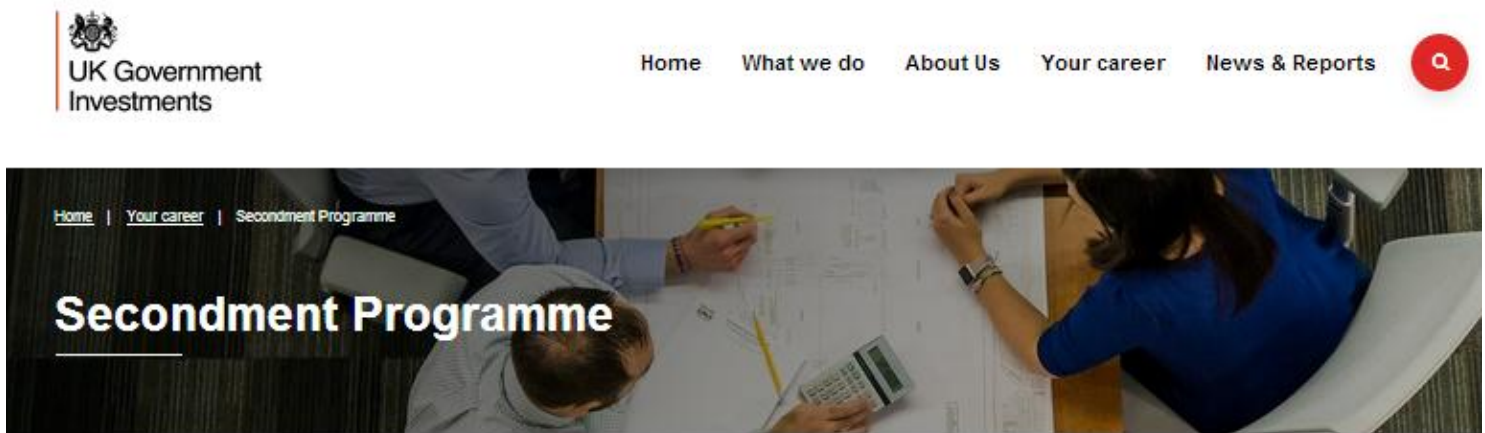
- **To view the video of Robin Budenberg and Sam Woods giving evidence to the Environmental Audit Committee on March 9th, 2010, [click here](#)**

- **To access the official transcript of the EAC session [click here](#)**

Short URL: <https://www.ianfraser.org/?p=1418>



**Secondees; UKGI is owned by the Treasury and connects with the big auditors such as PwC, KPMG and Lloyds Bank on policies and decisions. Failure of “Separation of Powers”**



**Secondees from Government departments and private sector businesses are a crucial part of UKGI’s workforce. Over the last year, more than 50 secondees have joined UKGI bringing expertise from a number of Government departments, corporate finance (Barclays, Lazard, Rothschild), professional services (PwC, Deloitte, KPMG), and legal (Slaughter & May, Dentons, Ashurst) enriching our knowledge with best practice insights. Host organisations, secondees and UKGI all benefit from the different secondment programmes.**

## Insight Secondment Programme

The UKGI Insight Secondment Programme offers private sector corporate financiers and corporate governance practitioners a unique opportunity to work across Government on some of its most interesting and complex commercial tasks. UKGI values the insight and expertise its highly talented secondees bring to the organisation. By bringing together individuals from the public and private sectors, UKGI is able to provide sound advice to Government departments, helping to resolve matters of national interest.

### Benefits for employers

UKGI has developed strong relationships with a number of private sector firms such as Lazard, Rothschild, PwC, Deloitte, Citi, Barclays, EY, KPMG and HSBC. These organisations all recognise the value of secondment as a career development opportunity for their high potential talent:

- We work with secondees to help develop their career whether that is through formal training, mentoring or on the job learning;
- Before the start of the secondment, we ensure clear, bespoke objectives are in place to align with the secondee’s own objectives and those of the parent organisation;
- During the secondment, we provide regular performance feedback to the secondee and the parent organisation; and
- Post secondment, we provide formal feedback on the secondee and support the return of the secondees to the parent organisation.

Secondees return to their sponsor organisation with new knowledge, skills and understanding, as well as a broader network gained from their first-hand experience of working in complex political environment.

We are looking to forge new partnerships with organisations in the private sector. For more information contact [Sandy.Moreira@ukgi.org.uk](mailto:Sandy.Moreira@ukgi.org.uk) or [Jonathan.Ingram@ukgi.org.uk](mailto:Jonathan.Ingram@ukgi.org.uk)





Vivienne Li, Senior Policy Advisor

*"I am looking forward to building relationships with and learning from a diverse group of people with a huge range of backgrounds and expertise. I hope to gain valuable insights and experience that I can utilise to bring fresh perspectives to problems when I return to my home department at the end of my secondment."*



Lucy Hewitt, Manager

*"...since joining UKGI the learning curve has been steep both professionally and personally, but the experience has been so enjoyable! It's really rewarding working on live projects as they are being developed and the phrase 'we're building the plane whilst flying it' summarises the work so well. I have found it so refreshing to see projects through the lens of Government where areas of importance or concern expand that of traditional banking principles. Everyone has been so welcoming and the exposure to the range of stakeholders has increased my knowledge and understanding of different points of view."*



## Civil Service Secondment

Secondees from the Civil Service enrich UKGI's knowledge with best practice insights from across government. The policy expertise that Civil Service secondees bring helps UKGI to navigate Whitehall and provides an important framework for the skills and experience of private sector colleagues.

Secondees benefit from an opportunity to develop core commercial skills which they can apply in their career as civil servants. Read our case studies to understand how colleagues have benefitted from a secondment at UKGI.

Secondment opportunities are advertised on [civil service jobs](#).

Alleged large scale bribery and

# UK Financial Investments Ltd

Glen Moreno



Glen Moreno at Financial Times  
Summer Party 2011

Moreno worked for 18 years at Citigroup in Europe and Asia, running the investment banking and trading divisions and becoming a group executive. Moreno is a director of **Fidelity International**, chairing its audit committee, and was their chief executive from 1987 to 1991.

[https://en.m.wikipedia.org/wiki/Glen\\_Moreno](https://en.m.wikipedia.org/wiki/Glen_Moreno) - cite note-UWE-3



He is said to be largely responsible for the rapid growth of Fidelity during that period.

**UKFI:** Moreno was appointed a non-executive director of **UK Financial Investments Limited (UKFI)**, a company established by the British government to manage its shareholding in nationalised (and part-nationalised) banks. He became the acting chairman of the company when Sir Philip Hampton became chairman of the Royal Bank of Scotland

Moreno's period as chairman of UKFI was controversial because until April 2008 he had been a trustee of the **Liechtenstein Global Trust (LGT)**, a private banking and investment group that has been at the centre of an international investigation into alleged tax evasion.

Moreno had been appointed as a trustee of LGT in 1999, at the same time joining the parent body **Prince of Liechtenstein Foundation**. Moreno sat on the LGT's development and compensation committee, which determined executive pay, and advised on investment strategy and policy. Moreno was remunerated with a salary of Swiss Fr130,000 (£76,000) per year. He has stated that he had no knowledge of the individual LGT clients. [https://en.m.wikipedia.org/wiki/Glen\\_Moreno](https://en.m.wikipedia.org/wiki/Glen_Moreno) - cite note-times2-10 Moreno's continued employment at the head of UKFI was criticised by the **Conservative Party** due to his links with LGT. Further controversy erupted over Fidelity International's donations to the Conservative Party which have amounted to £495,000 since 1994.



## FIDELITY INTERNATIONAL LINKS WITH OTHERS INCLUDING SIMON DUCKWORTH

He was appointed as senior **independent director of Lloyds Banking Group** in February 2010

..... and **Deputy Chairman of the Financial Reporting Council** in November 2010.

LLOYDS  
BANKING GROUP



Fidelity International abandons Tories amid signs of strained relations between party and business. One of the City's biggest funds £300bn including dealings in Asia Pacific, Europe, America and Middle East

# Top City donor Fidelity abandons Tories amid signs of strained relations between party and business

Fidelity International, which manages millions of Britons' pensions, made multiple five-figure donations every year up until March 2017 when the tap was turned off



The Tories have been abandoned by one of their top City donors, *The Independent* can exclusively reveal, in what could be seen as a further sign of strained relations between the party and the business community.



Money manager Fidelity International, which looks after the pension savings of millions of Britons, gave more than £1.1m to the party between 2007 and 2017.

However, the firm has no entry on the Electoral Commission's website after March 2017, when the sum of £20,000 was accepted by the party. *The Independent* has confirmed no donation has been made since then.

The news comes on the same day that the CBI warned the UK car industry faces "extinction" if the UK leaves the EU customs union. CBI president Paul Drescher told the BBC *Today* programme that there was "zero evidence" trade deals outside the EU would be of any benefit to the UK.

*The Independent* has also learned that Fidelity representatives have ceased attending events hosted by the party's "Leaders Club" that offers big donors access to cabinet ministers up to and including Theresa May.

To attend, companies and individuals have to have handed over at least £50,000 annually.

Throughout the decade prior to March 2017, the fund manager, a part of the City's aristocracy, made donations in excess of this, contributing five figures at least twice a year, and sometimes more frequently still.



The payments ranged in value from £10,000, made to the London region in 2014, to as much as £150,000, to the central party in 2010.

Peter Horrell, a Fidelity director, last attended a “Leader’s Group” meal in the first quarter of 2017 when events were also attended by foreign secretary Boris Johnson, Chancellor Philip Hammond, Communities, and now Home Secretary, Sajid Javid, and the prime minister.

The privately owned firm is one of the City’s biggest money managers, handling around £300bn for clients across Asia Pacific, Europe, the Middle East and South America.

It declined to comment on the reasons for it turning off the tap when approached by *The Independent*.

Because of the firm’s prestige, its loss as a donor could be seen as a blow to the party for reasons beyond the simply financial, at a time when the Tories have been seeking to use Jeremy Corbyn’s leadership of the Labour Party as a means of persuading nervous business leaders to fund the party.

Its website urges “party patrons to help us defeat the rise of socialism” and seeks to tempt “business professionals alarmed by Labour’s left wing rhetoric who want to get more involved”.

Despite this, the business community has become increasingly frustrated and disillusioned with the party’s performance, and particularly the uncertainties created by the Brexit processes.

It has seen hardcore Brexiteers including Mr Johnson and Brexit secretary David Davis more or less openly expressing dissent.

Liberal Democrat leader Vince Cable said: “The Conservatives were always supposed to be the party of business but it seems that relationship is fraying as a result of its mistaken policies including the pursuit of a chaotic hard Brexit.”

Other complaints tabled by business include the way the Apprenticeship Levy operates and the difficulties businesses have had in attracting staff with skills that are in short supply from overseas because of the Home Office’s hardline immigration stance.

In a recent letter to the prime minister, the British Chambers of Commerce was moved to say that “the many thousands of firms we collectively represent are clear: business as usual is not good enough at a time of significant uncertainty” while calling for an end to the current “uncertainty”.

Fidelity became an outspoken campaigner for executive pay reform under former investment chief Dominic Rossi.

Its activism could be seen as at odds with its funding of the Conservative Party. Corporate governance watchdog Pirc, for example, routinely advises investors to vote against the annual reports of public companies that make political donations.

The Conservative Party has been approached for comment.

### **More about**

[BrexitTory party political funding](#)[City of London](#)[Fidelity International](#)



## FCA bolsters executive team in post-scandals restructure

The Financial Conduct Authority (FCA) has bolstered its executive team with four new hires as part of a planned overhaul in response to last year's damning reports into the regulator's handling of the **London Capital & Finance (LCF)** and Connaught fund scandals.

In December the FCA promised a raft of "significant and necessary changes" following the publication of the independent reports, which revealed significant failures in the regulator's handling of the multi-million pound scandals.

**Chief executive of the FCA Nikhil Rathi**, who joined the regulator in October, said at the time that the reports had made "sobering reading", and he is "committed to implementing the recommendations and lessons learned".

### FCA hands £3.4m back to unauthorised investment scheme victims

As part of the restructure, the regulator has now hired Stephanie Cohen as COO, Jessica Rusu as its first ever chief data, information and intelligence officer, Sarah Pritchard as executive director for markets, and Emily Shepperd as executive director for authorisations.



The FCA has also promoted Clare Cole to director of market oversight, tasked with leading the regulator's response to Lord Hill's forthcoming Listings Review.

Cohen, who brings over two decades of experience in large financial services firms, including 14 years at BlackRock, will be responsible for the FCA's operations and business performance, systems and infrastructure, and finances.

As COO, she will "play a central part in the FCA's transformation, taking the lead on operational changes to make the FCA more efficient, dynamic, and technologically driven", the regulator said.

Rusu, who was most recently chief data officer at Chetwood Financial, will lead the transformation of the FCA's use of data, intelligence and information to more effectively oversee the 60,000 firms it regulates.

"Jessica will evolve the FCA's relationship with big tech companies, fintechs and the wider data science community and champion the FCA's global Innovate agenda," the regulator said.

Cohen and Rusu, who both join in June, will work closely "to deliver operational excellence and



build the FCA's data and intelligence analytics capabilities, and the technology and infrastructure that underpin them”.

Pritchard, who joins from the **National Economic Crime Centre**, and has previously worked at HSBC and Dechert, will be responsible for the delivery of the FCA's statutory market integrity objective in the combined supervision, policy and competition division.

Shepherd will oversee “the gateway” for firms and individuals applying to undertake regulated financial services activity. She was most recently director of customer services and Change at Aegon UK.

As director of market oversight, Cole is responsible for overseeing the conduct of participants in the primary and secondary markets through the listing, prospectus and market abuse regimes. She has been acting director since December and has worked at the FCA since 2003.

All four new hires will sit on the FCA's executive committee, which includes Rathi, executive director of enforcement and market oversight Mark Steward, executive director of transformation Megan Butler, and executive director of international Nausicaa Delfas.

### **FCA issues warning after investment scams cost savers £78m during 2020**

Rathi said the four new hires “bring with them a deep understanding of the consumers we seek to protect, the markets we oversee, and all have track records for operational excellence”.

He added: “As we continue transforming the FCA – building a data-led regulator – their global experience and leadership, drawn from a variety of backgrounds, will be vital in ensuring we can act more quickly to reduce harm to consumers and ensure market integrity.”

Commenting on her own new role, Cohen said: “Now more than ever, the FCA has a vital role to play in protecting the interests of consumers, and I can't wait to get started.”

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## ADVERSE TAX IMPLICATIONS AND PROPERTY TITLE SEPARATION

1. Ownership of a private residence by a Limited Company results in the loss of CAPITAL GAINS TAX Principal Private Residence Relief, annual exemptions, assessable benefits in kind, National Insurance and potential [double taxation] on the gain on the sale of the asset and withdrawal of the net sale proceeds of the company
2. Victims losses are further increased when residences are separated from the adjoining land, repossessed, sold separately including to sometimes associated purchasers (ie buddy deals under value) in cases 50%/66%. BMV (below market value).

## Cameron's Big Society Idea/ to drive Common Purpose

### “The Big Society”



by Martin Edwards Sunday, 19th June 2011

Is there something rather sinister hidden beneath the fluffy Big Society label that the British public find unpalatable? Where does the Big Society initiative originate and what is its' purpose?

## Cameron's Big Society Idea?

The February, 2011 article [Cameron relaunches 'Big Society'](#) with moral purpose' indicated that sources close to BigDave 'acknowledged that there had been a failure of communication over the Big Society idea which had damaged the Coalition's ability to sell its key policy in a number of areas'.

I ask: - Has the Government's communication strategy failed to inspire a sceptical public to engage in a truly inspirational Government initiative, or, in the alternative, is there something rather sinister hidden beneath the fluffy **Big Society** label that the British public find unpalatable?

When talking about local responsibility in his speech to the Scottish Party Conference in May 2009 Big Dave told his audience:-

*'We are not just responsible to those we know and love. We have obligations to those beyond our front door - to our neighbours and in our community. And we know people will only start connecting to the outside world outside their windows once they know that they can make a real difference. When you say to local people 'this is your street, this is your neighbourhood, if you want to make it better we'll help you and we won't stand in your way', they respond by doing just that.'*

He then tells his audience that:-

*'Community is born through **common purpose** - and we're going to give people the power and control to drive that **common purpose**.'*

In his **March 2010 Conservative Party Conference speech** he announced that

The Big Society is a guiding philosophy - a society where the leading force for progress is social responsibility, not state control. It includes a whole set of unifying approaches - breaking state monopolies, allowing charities, social enterprises and companies to provide public services, making Government more accountable.

Of course this isn't BigDave's idea and neither did it originate within the Conservative Party. The Conservative home blog site itself admits that

This plan is directly based on the successful community organising movement established by Saul Alinsky in the United States and has successfully trained generations of community organisers, including President Obama.

## Who Was Saul Alinski?

What the Conservatives don't tell you is that Saul Alinskli was the aspiring destroyer of capitalism whose book Rules for Radicals was dedicated to Lucifer. Alinski believed there was no right or wrong in politics, only what was necessary to seize power. He advocated subversion by infiltration of political parties and institutions, above all by the use of 'community organisers'. You can examine an extract on Tactics from Chapter 7 of Rules for Radicals.

## The Big Society Is Not A New Idea

I have always found it difficult to grasp the concept of the Big Society. When researching the archive of the Urban Forum website I discovered a link to **'Mutual Action, Common Purpose: Empowering the Third Sector'**.

Former NuLabour Home Secretary, David Blunkett published this document for the Fabian Society in 2008. It sets out a wide range of proposals to support the third sector in the future and it includes recommendations on grants and commissioning, volunteering, and how cooperatives and social enterprises could be used as legal vehicles for the future running of local services such as libraries, community shops and pubs etc. Many of the proposed policies and mechanisms for implementing them, described as the 'third way' under NuLabour have simply been re-branded as the 'Big Society'.

## Secret Big Society Awards

On 2nd January, 2011 the Daily Express published an article **David Cameron's Secret 'Big Society' Awards** in which they drew attention to the fact that The Government has been quietly giving our Queen's honours-style Big Society Awards



every week since November ... The Winners get a letter from David Cameron, a plaque and an invitation to a Downing Street reception later this year.

If the public online comments are a reliable barometer of public opinion the Big Society agenda is likely to attract increasing public resistance. Here are just two examples

The people are starting to realize that every action of Government seems to have one goal: the destruction of Britain, its indigenous people, traditions, religion, morality, economy, housing, education, health, defence, and now transport, as reflected in the damaging new taxes on fuel.

The second commenter writes:

Dave changes the UN-EU term 'Civil Society' into Big Society to conceal Communitarian ideology. Removing rights from individuals and creating rights for groups (collectively known as 'Civil Society') is the central theme of the Communitarian political ideology. Dave doesn't want you to know that he's helping the EU replace individual rights and Democratic law with group rights and communitarian law.

## What Is Communitarianism?

Communitarianism is a 'Third Way' compromise between Capitalism and Communism. Communitarianism is not Fascism nor is it Communism, but a synthesis of these opposing ideologies which preceded it. It draws government-business partnerships from Fascism and employs group decision-making from Communism. Communitarianism will resemble a corporate state (Fascism) in which the elite will work under capitalist rules to continue generating wealth while the working class will be controlled by Communist model laws. The Communitarian synthesis incorporates not only elements of Fascism and Communism but also Globalism.

Communitarians believe that attaining a healthy society involved the successful merger of the 3 sectors of society. It requires a merger of the government sector, the private sector (business) and the social sector (which includes the churches). This merger is also known as "Drucker's 3-legged stool", named after its main proponent, Peter Drucker, who is considered to be the father of modern management. Drucker believed that the only way to persuade the world to accept change is to engage all three sectors of society, working together to effect change.

In Drucker's model the church becomes interconnected with the state and corporate interests - in reality, becoming subservient to these interests.

In the United States one of the main organisations manipulating the Churches into this Communitarian partnership is the Leadership Network. Within the United Kingdom the prime suspect must be the leadership training organisation - Common Purpose.

Let's examine a number of examples of how Common Purpose people slot into 'Drucker's' 3-legged stool' in the context of the Big Society.

## Big Society and Common Purpose

In October 2010 the website Philanthropy UK announced that the Community Foundation for Merseyside had produced a report in response to Prime Minister David Cameron's call for voluntary sector input into the Big Society idea. It was also reported that Professor Phil Redmond CBE, a champion of the area and writer of the Liverpool soap opera Brookside, welcomed the report and said:

Big Society has been around in Liverpool for many years and the people of Liverpool are the definition of Civil Society: co-operating with each other around a common purpose which is to ensure their communities thrive.

Amongst the trustees of the Community Foundation for Merseyside I discovered Rosemary Hawley, Chair of Knowlsey Primary Care NHS Trust, Local Magistrate and Committee Member of Merseyside Common Purpose.

The Community Foundation for Merseyside is reportedly one of the largest charitable grant-makers in Merseyside, having awarded over £39 million of grants to local community groups and voluntary organisations throughout Merseyside in its 11-year history. It is part of the Community Foundation Network UK which claims itself to be Changing Communities - Transforming Society.

## What Is A Community Foundation?

According to Matthew Bowcock, Chairman of the Community Foundation UK, community foundations are:

A natural part of the civil infrastructure of a community and a cornerstone of the Big Society.

The Community Foundation network UK website also tells us that

there are 48 community foundations in the UK, covering all of Scotland, Wales, Northern Ireland and most of England.

A search of the Charity Commission website provided a little more information on **Community Foundation Network UK**. For example, on page 9 of their 2009 accounts we are told that

The principal sources of funding during the year for Community Foundation Network were **'the Office of the Third Sector (Cabinet Office)**.

In addition the accounts also tell us that Community Foundation Network UK has been

Developing relationships with other Government Departments highlighting the scope for bottom up community led responses to issues, specifically, contributing to government consultations on: Quality of Life; Knives and Gangs, Preventing Violent extremism: Community Empowerment.

Amongst the Board Members of the **Community Foundation Network UK sits Graham Tuttle of the Norfolk Community Foundation. Graham** is a 1998 **Common Purpose Matrix Graduate**. LinkedIn tells us that he graduated whilst with Marsh Global Claims Management Company named RECLAIM. In the 'Love Norfolk ..support Norfolk Community Foundation' event held on 27th October 2009 the welcome address was given by Graham Tuttle whilst the 7:45 pm Question Time slot was **Chaired by Simon Delf of Common Purpose**.

My next example of Common Purpose involvement in Community Foundations is found by reference to a BBC press office report. It reads:

Atholl Duncan was 'appointed' Head of News & Current Affairs for the BBC in October 2006. He is currently director of the Hibernian Community Foundation and is a member of the advisory board for Common Purpose.

If we examine the Quartet Community Foundation for the West of England we discover that Deb Appleby was appointed by the Trustees as Chief Executive and took up her position on 12th July 2010. She had been Head of Policy & Performance at Dorset County Council since 2005 and she spent her early career as a chartered accountant before moving on to run **Bristol Common Purpose**. UK Column researchers have also discovered that Ronnie Brown, the Development Director for **Quartet Community Foundation is a Bristol 1996 Common Purpose Matrix Graduate**.

## David Cameron's launch of the Big Society

When launching the **Big Society, in a speech given on 19 July 2010**, David Cameron tells listeners that the **Big Society** is a bottom-up vision, not a government program dictated from the state to citizens. Big Society is about a cultural change

where people “don’t always turn to officials, local authorities or central government for answers to the problems they face but instead feel both free and powerful enough to help themselves and their own communities.

This is as clear an example of the use of Aesopian language as I can imagine. The Big Society is obviously one where the State seeks to cascade its control, via it's networked Common Purpose Graduates, down to every local grassroots organisation in the country. The blurring of the boundaries between the public sector, private sector and the third sector raises fundamental questions surrounding the issues of accountability to the taxpaying public and transparency and openness.

I suspect that Council taxpayer money that should have been allocated to run local libraries, leisure centres etc will be re-



## History

channelled via the network of Community Foundations to be spent on United Nations Local Agenda 21 projects.

Prime Minister David Cameron pledged shortly after the election of the Coalition Government in May 2010 to establish a Big Society Bank using “every penny of the English dormant bank and building society account money ... alongside private sector investment ... [to] make available hundreds of millions of pounds of new finance to some of our most dynamic social organisations”.

### Big Society Capital and The Oversight Trust

**Big Society Capital** was launched in April 2012 as a private sector company, independent of Government, with a governance structure involving **The Oversight Trust** – Assets for the Common Good (previously known as The Big Society Trust), as the guardian of the “mission” of the organisation.

**The Oversight Trust** was established concurrently as the majority shareholder of **Big Society Capital** and it has subsequently become the sole Member of Access - the Foundation for Social Investment (Access) to fulfil a similar governance role for that organisation.



### Dormant Accounts

The **Dormant Bank and Building Society Accounts Act 2008** enabled banks and building societies to voluntarily hand over monies unclaimed for over 15 years left in dormant accounts to a reclaim fund. The **Reclaim Fund** Ltd was established by Co-operative Financial Services (later re-named Co-operative Banking Group (CBG)) in response to a request from **HM Treasury**. It was authorised by the Financial



Services Authority (now Financial Conduct Authority (FCA)) and became fully operational in March 2011 as a not-for profit subsidiary of CBG.

The Reclaim Fund's purpose is to distribute surplus monies for the benefit of good causes (as directed by the Dormant Accounts Act) and always hold sufficient funds to meet reclaims in perpetuity. While the Reclaim Fund is a wholly-owned subsidiary of CBG it operates under a separate regulatory licence, operates independently on an administrative basis and has a **separate Board of Directors**.

**Big Society Capital** is an independent financial institution with a social mission authorised and regulated by the Financial Conduct Authority (FCA).



## Governance

Big Society Capital exists to make a difference. To help create a fair society by improving the lives of people in the UK, and the lives of generations to come.

Big Society Capital's object is to act as a social investment wholesaler and to promote the development of the social investment marketplace in the UK. It also seeks to achieve and maintain financial sustainability.

**Big Society Capital** gets its funds from two streams: English dormant bank account (invested via The Oversight Trust – Assets for the Common Good, previously known as The Big Society Trust) and four major UK high street banks: Barclays, HSBC, Lloyds Banking Group and Natwest Group.

**The Oversight Trust** – Assets for the Common Good acts as the majority shareholder of Big Society Capital to ensure that it remains true to its mission. The four main UK high street banks (Barclays, HSBC, **Lloyds Banking Group** and Natwest Group) are also shareholders and have collectively contributed £200 million by way of equity investment.

### Board of Trustees, Big Society Trust (2016)

- Baroness Jill Pitkeathley – Chair, House of Lords, former Chair of New Opportunities Fund
- Sir Stephen Bubb – Ex Officio, CEO ACEVO, rotating with NCVO
- Peter Holbrook – Ex Officio, CEO Social Enterprise UK
- Helen Stephenson – Ex Officio, appointed by the Accounting Officer for the Cabinet Office
- **Robin Budenberg** – London Chairman of **Centerview Partners**
- Stephen Howard – CEO of Business in the Community,
- John Kingston – Chair of Access: The Foundation for Social Investment
- Harvey McGrath – Chair, Big Society Capital
- David Robinson – Founder Community Links

### Board of Directors (2016)

- Sir Harvey McGrath – Chair, BSC
- Cliff Prior – CEO, BSC
- Sir Ronald Cohen – Non-Executive Director, BSC

- Anne Wade – Director, Heron Foundation
- Dai Powell – CEO, HCT Group
- David Carrington – Independent Consultant
- Danielle Walker-Palmour – Director, Friends Provident Foundation
- Fiona Ellis – Independent Consultant
- Keith Smithson - Managing Director, Treasury at Barclays
- Sarah Smart – Director, SmartCats Consulting
- **Susan Rice** - Chair of Scottish Water / **Lloyds Bank senior/ Common Purpose Senior**

## Membership of the Commission on Unclaimed Assets

- Sir Ronald Cohen (Chair) - Chair, Social Investment Taskforce, Bridges Community Ventures and The Portland Trust, and Honorary President, Community Development Finance Association
- David Carrington –Independent Consultant
- Andrew Gowers – Head of Corporate Communications, Lehman Brothers Europe and former Editor, Financial Times
- Susan Hitch – Chair, Balance Foundation
- Bernard Horn – Former Group Board Member of Nat West Bank
- Ed Mayo –Chief Executive, National Consumer Council
- Baroness Jill Pitkeathly –House of Lords, former Chair of New Opportunities Fund
- Geraldine Peacock – Former Chair, Charity Commission
- Danielle Walker – Palmour –Director, Friends Provident Foundation

In July 2009, the Cabinet Office within the UK government published a consultation on the functions and design of a **Social Investment Wholesale Bank**.

## From Labour to Coalition Government

The last years of the Labour Government were a crucial period for the leading social investment advocates in the UK. Many of the individuals involved had traditionally been affiliated with the Labour Party – in particular, Sir Ronald Cohen (though a former Liberal Party Parliamentary candidate in the 1970s) was famous as a high profile donor to Labour. However, by early

2010, it was looking increasingly likely that Labour would lose power in the forthcoming election. As a result, the focus shifted to lobbying discussions with the then Opposition Conservative Party. Contact was made at the highest level of the Party, as one interviewee commented:

I had a conversation with David Cameron... I also had a long conversation with Steve Hilton, who was a chief advisor. And [we] had a meeting with George Osborne. We also had a meeting with George Osborne’s advisory team. So we invested quite a bit of time getting the Conservative Party on board.

Contact was also made with the ministers who were likely to be responsible for the future social investment bank.



**Nick Hurd**

Former Minister for Charities. Involved in Big Society and former Minister for Policing who failed to investigate Banking Frauds

# Nick Hurd was key as the Minister in charge of Police

**Nick Hurd** was a key figure in this respect, as he was set to assume the position of Minister for Civil Society, along with “**Common Purpose**” **Francis Maude**, as prospective Minister for the Cabinet Office, and **Oliver Letwin** another shadow minister.

**Nick Hurd** was in charge of Policing and is referred to in “**Common Purpose**” articles. Victims contacted **Nick Hurd as Police Minister and he failed to address police failure in the Banking Frauds.**

An important marker of progress was getting a commitment to use the unclaimed assets for a social investment bank into the Conservative’s 2010 election Manifesto:

*‘We will strengthen and support social enterprises to help deliver our public service reforms by creating a **Big Society bank, funded from unclaimed bank accounts**’*

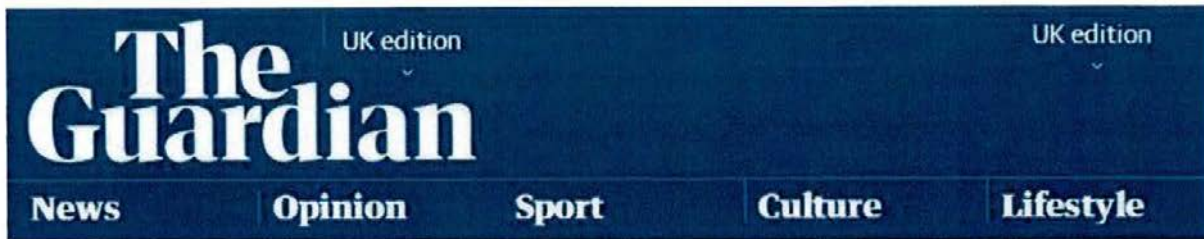
Nick Hurd appears on many web searches with “The Lloyds Bank Foundation”. He also had communications from victims of bank fraud in Avon & Somerset, yet refrained to act.



The Rt Hon Nick Hurd MP with PCC Sue Mountstevens and Chief Constable Andy Marsh, Avon & Somerset Police



FRC – Financial Reporting Council (Sir Win Bischoff, ex Lloyds Bank Chair) and the PRA (Prudential Regulatory Authority) provided governance



Press Association **Regulators**

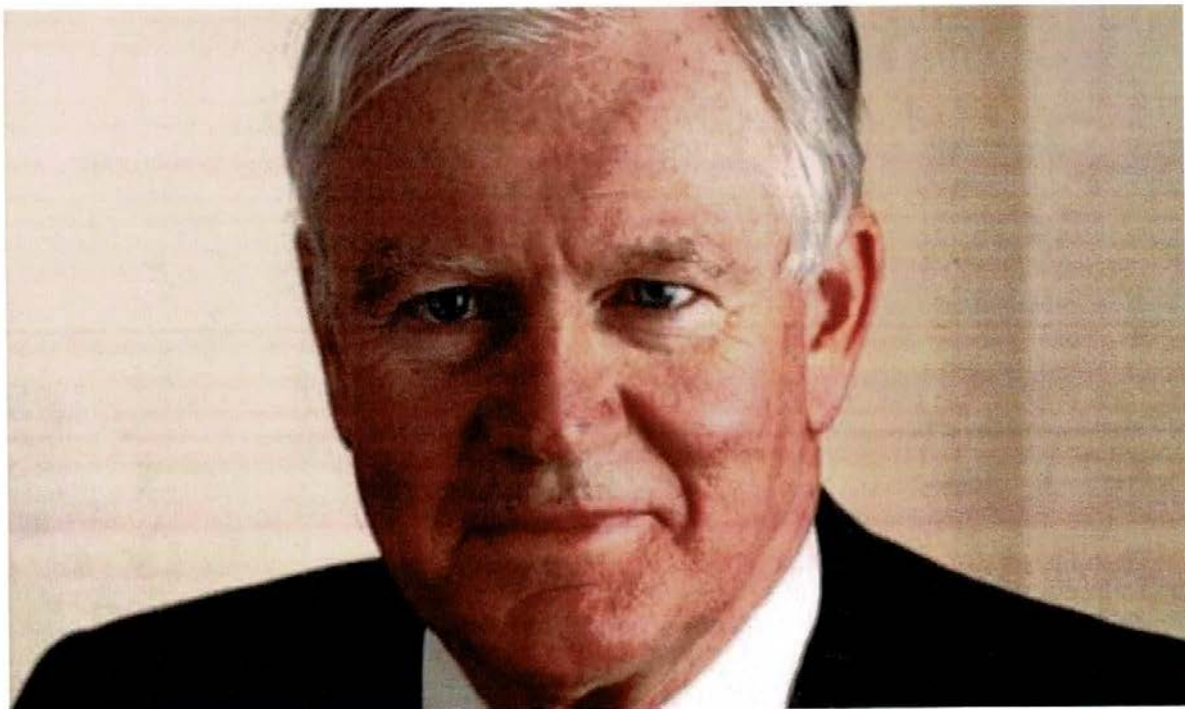
Thu 23 Jan 2014 14.29 GMT

f t e 32

This article is more than 7 years old

# Outgoing Lloyds chairman to head UK accounting regulator

City grandee Sir Win Bischoff will take over at the Financial Reporting Council in May after leaving Lloyds Banking Group



Sir Win Bischoff is to head the Financial Reporting Council.

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**The retiring chairman of state-backed Lloyds** has been named as the next head of Britain's accounting regulator, days after being drawn into controversy over the bank's handling of the proposed sale of more than 600 branches to the Co-op.

Sir Win Bischoff, 72, will be paid £120,000 a year for two days work a week as chairman of the **Financial Reporting Council (FRC)** – which **has just announced an investigation into the Co-operative Bank's accounts**.

The City grandee will take over in May after leaving Lloyds, which is 33%-owned by the taxpayer following its rescue during the financial crisis. Bischoff's appointment, for a three-year term, was announced by business secretary Vince Cable.

A spokesman for the department denied there was any conflict of interest in relation to the FRC's investigation into the Co-op – which is likely to cover a period including the failed Lloyds branch sale, known as Project Verde.

The **deal collapsed after the discovery of a £1.5bn black hole** in the mutual's finances and Lloyds instead hived off the sites under the revived TSB brand, which are expected to be floated later this year.

Bischoff was drawn into the latest controversy over the handling of the deal on Tuesday, when the head of a rival bid rejected by Lloyds told MPs the lender was "swayed by political considerations" when it chose the Co-op.

Lord Levene, former chairman of NBNK Investments, told the Treasury select committee that Lloyds had acted in bad faith and that the assessment of the NBNK bid was not done fairly.

He said key ministers including Cable were champions of a coalition goal to promote the interest of mutuals such as the Co-op – and that this was pointed out to him during the bid process.

In his evidence to the committee, Levene also said he had handed Bischoff a paper setting out "key risks" to the Co-op and the planned deal.

Bischoff responded in a letter saying there had been no record of the document being handed over, and that the paper itself contained no reference to the capital shortfall – as it was not known about at the time – that ultimately scuppered the Co-op bid.

Lloyds has said the process was "fair throughout".

Asked about the controversy and Bischoff's FRC appointment, a spokesman for the Department for Business, Innovation and Skills said: "We don't believe there is any conflict of interest there."

He said Bischoff was chosen by an independent panel with the recommendation signed off by Cable.

An FRC spokesman said he had "excellent board experience" from his career in finance in the UK and overseas and was a "strong advocate for good corporate governance", adding: "Clearly, he is an excellent choice."

Bischoff takes over at the FRC from the outgoing chairwoman, Baroness Hogg.

Cable said his track record meant he was "ideally suited" for the role. Hogg said he was "an inspired choice".

**Bischoff, a former chief executive of Schroders and Citigroup**, was appointed **chairman of Lloyds Banking Group in 2009** and will retire at the end of March.

He said: "The FRC plays a vital role in connecting investors and business in the UK.

"I'm very proud to have been asked to become its next chairman and I look forward to building on the significant and important work achieved under the tenure of Baroness Hogg."

Topics

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[Co-operative Group](#) / [news](#)



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# Lloyds reports a 80pc fall in profit, set to put £250bn in asset protection scheme

Lloyds Banking Group reported an 80pc fall in profit at its Lloyds TSB business in 2008, while the troubled HBOS division suffered a £10.8bn loss.

By Telegraph staff and agencies 27 February 2009 • 07:32 am

Lloyds also confirmed it's in "advanced" talks to dump toxic loans in the Government's asset protection scheme, although it was unable to reach agreement on the terms in time for today's results announcement. The bank is expected to put as much as £250bn of debt in the scheme.

**HBOS and Lloyds TSB merged earlier this year in a Government-brokered deal.** Today's numbers indicate that the combined group made a statutory loss of £10.1bn last year, compared with a combined profit of £9.4bn in 2007, but **chief executive Eric Daniels** still insisted the merger "provides a strong platform" for future growth.

The bank, which is 43pc state owned, had updated the market earlier this month that HBOS was set to report a loss of £10bn for 2008 because of the worsening state of its loan book.

**Lloyds TSB profit dropped to £807m in 2008** and revenue fell 8pc to £9.9bn.

"We know the short-term outlook for the enlarged group is challenging," chairman Sir Victor Blank said. "Our imperative is to manage the business as effectively as possible during these challenging times."

**Sir Victor has said that all of HBOS's bad news is now out in the open.**

**The bank also confirmed talks with the Government on using the asset protection scheme are "well advanced"**, although it did not say how much it planned to put in. Rival Royal Bank of Scotland announced yesterday it would insure £325bn of **riskier assets in the APS**.

RBS, which also revealed on Thursday that it made a record loss of £24.1bn in 2008 because of the credit crunch, **will cover 90pc of losses stemming from the APS holdings**.


Bankers expect Barclays join in, potentially lifting the country's exposure to the bad lending practices of the three British banks to £700bn – half the size of the country's £1.4 trillion economic output.

RBS will pay 6.5 billion pounds to take part in the scheme which is aimed at stimulating bank lending in recession-hit Britain.



# Stephen Wilcke get appointed as new Chief of the Asset Protection Scheme (APS) by the Treasury

**money  
marketing**

MENU 

NEWS PENSIONS REGULATION INVESTMENTS FINANCIAL ADVISER 2B LATEST EDITION PODCAST

By [System Administrator](#) 25<sup>th</sup> September 2009 11:21 am

## Treasury appoints new APS chief

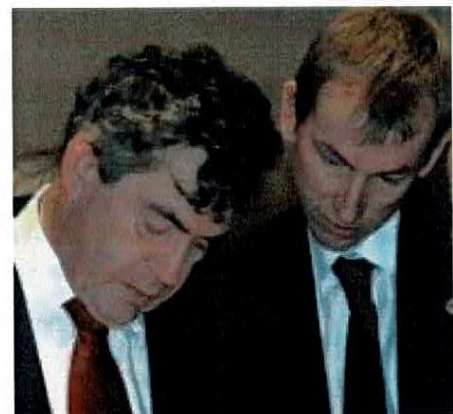
The Treasury has appointed **Stephen Wilcke** as the new chief executive of the Asset Protection Agency, which will run the Asset Protection Scheme.

Wilcke, who joins from credit asset manager Cairn Capital where he was a senior advisor, will be **taking over from Jeremy Bennett. Bennett helped create the APS framework and agreed to act as chief executive up to the point of the establishment of the Agency.**

City minister **Paul Myners** says: **“The APS is a central part of the Government’s efforts to stabilise the financial sector and promote the flow of credit in the economy. This announcement is an important milestone as we move towards implementation of the scheme.”**

Both **Lloyds Banking Group** and **RBS** are in debate with the authorities as to how much of an involvement they will have in the scheme. **Both will swap Government guarantees on their riskier assets** in exchange for non-voting ‘B shares’, which would mean the state owns significantly larger parts of the banks.

Treasury second permanent secretary **Tom Scholar** says: “Jeremy has done an excellent job for the Treasury in setting up the APS and acting as the interim chief executive for which we are very grateful. I am delighted to be welcoming Stephan to this role. He brings a wealth of experience to the role and I look forward to working with him in this capacity.”



Treasury official Tom Scholar

By [System Administrator](#) 25<sup>th</sup> September 2009 11:21 am

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This article is more than **11 years old** [Richard Wray](#) Fri 25 Sep 2009 12.47 BST

# Former private equity boss takes charge of Treasury bailout scheme

## Stephan Wilcke replaces Jeremy Bennett as chief executive of Asset Protection Agency

The Treasury has picked a former management consultant and private equity boss to take charge of its mammoth £585bn toxic asset insurance scheme. Stephan Wilcke, former head of European financial services at Apax Partners, will join the Asset Protection Agency on Monday, leading a team of up to 50 staff who will manage the bailout scheme.



**Jeremy Bennett**

He takes over from Jeremy Bennett, who was integrally involved with the creation of the scheme and agreed to act as chief executive until it was established.

"The asset protection scheme is a central part of the government's efforts to stabilise the financial sector and promote the flow of credit in the economy," said City minister Lord Myners. "The announcement of the APA's chief executive is an important milestone as we move towards implementation of the scheme."

Tom Scholar, second permanent secretary to the Treasury, added: "Jeremy has done an excellent job for the Treasury in setting up the asset protection scheme and acting as the interim chief executive, for which we are very

grateful. I am delighted to be welcoming Stephan to this role. He brings a wealth of experience and I look forward to working with him in this capacity."

The scheme, which was set up in January, has been hit by long delays amid wrangling with the part-nationalised banks. Earlier this year, Royal Bank of Scotland agreed to insure £325bn of toxic assets with the scheme while Lloyds Banking Group was looking to include loans totalling £260bn, but has more recently been looking to limit its potential exposure.

Wilcke has experience of the complex financial products which got the banks into such trouble. His most recent job was with investment group Cairn Capital, a hedge fund set up by former RBS bankers which was heavily involved in the markets for collateralised debt obligations and mortgage-backed securities.

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# PR for Asset Protection Scheme (APS) CEO Stephen Wilcke

## The Asset Protection Agency: Communications Proposal

### Introduction:

The newly formed Asset Protection Agency (APA) is an executive agency of the Treasury charged with supporting the UK financial system by providing protection for the riskiest assets and enforcing the insurance contract of the UK's partly-owned government banks, ensuring that these banks properly manage their impaired loans and assets. The primary focus of the scheme is the Royal Bank of Scotland.

The role and responsibilities of the APA could potentially be misunderstood by a variety of relevant groups such as the media, UK investment community, politicians and the general public. Other key stakeholders for the APA are the employees, customers and shareholders of RBS. As HM Treasury and RBS will naturally have their own communications priorities, it will be important for the APA to properly inform key stakeholders of its mandate.

### Scope of work:

The APA requires an adviser to provide strategic communications advice, handle routine media enquiries, and provide communications management specifically around the release of corporate documents. Kreab Gavin Anderson is well placed to advise the APA and in particular its public spokesperson, CEO Stephan Wilcke on what to say, how to say it, to whom and at the appropriate time. It is understood that the remit of work will follow a peak and trough cycle, with more intense periods requiring a greater level of support and times when there will be limited activity.

### Communication Proposal:

Kreab Gavin Anderson advises that, in the first instance, media engagement should be targeted and limited to three or four background briefing meetings with influential commentators in the top-tier financial print and broadcast media. These meetings will serve to educate key opinion formers on the mandate and work of the APA. As a corollary, these opinion formers will appreciate a deeper understanding of the APA against the backdrop of what will be a story of great media interest. Kreab Gavin Anderson can assist the APA by leveraging our strong media relationships to identify and facilitate meetings with target journalists.

From our meeting, it is understood that in the near future, the release of APA's initial corporate document will attract a great deal of public and media interest. It is also understood that the launch of the APA will be handled solely by the HM Treasury Press Office. Kreab Gavin Anderson will support the APA in positioning with the media subsequent to this release. In addition we can provide an informal feedback mechanism to the APA capturing sentiment from the media and banking analyst community on the announcement.

At all stages during the course of the account, Kreab Gavin Anderson will actively monitor relevant comment and news about the APA as well as issues that may be of potential concern or interest. The information sources we will monitor will include media (print, broadcast, newswires, online) as well City analysts and political opinion formers. Continual tracking of sentiment will serve the purpose of helping to develop an informed and contextual communications strategy during peak times.

In preparation, if appointed by the APA, we would will familiarise ourselves with the APA document and provide advice on a communications strategy for the presentation of this document to relevant stakeholders and media. In addition to this strategic advice, we would



also support the APA in handling routine media enquiries of a technical nature. Questions of policy will be deferred to HM Treasury. This strategic deflection of questions concerning policy will be part of the strategy of positioning the APA as an executive agency rather than a policy making entity.

We have also understood that a significant amount of work by the HMT has gone into developing key messages, Q & A documents and other collateral material. As a strategic advisor, we can offer the APA a second opinion on how these relate to the Agency's own messages and objectives as well as how these messages will be received by the media and other relevant audiences.

Kreab Gavin Anderson is also able to help prepare Stephan as the public face of the APA. Our specialist media training team, led by a former editor of BBC business news, provides expert advice on how to best handle media interviews. Kreab Gavin Anderson can also help Stephan with preparation before appearances of public committees such as the PAC and Treasury Select Committee. Our Public Affairs specialists have expert knowledge on the key areas of interest of the relevant players at public committees and can highlight individual areas of concern.

Kreab Gavin Anderson is well placed to support the APA in managing its public profile during this sensitive period and with its complex remit. We have extensive experience working with UK governmental departments and agencies, including DECC and UKTI. We have previously worked specifically in areas of similarity with the APA, including advising FME representatives during the Icelandic banking crisis as well as supporting the Federal Reserve with media handling on the AIG situation in the United States.

Finally, the team that you met with on Friday will be the core team servicing your account. The strategic management of the account will be led by Byron Ousey and Patricia Hamzahee. In terms of day-to-day management, your first point of contact will be Tom Poston with support from Matt O'Leary who will handle day-to-day routine media enquiries. In addition, the APA will have access on a needs basis to Kreab Gavin Anderson's range of multi-disciplinary specialists.

#### Fees and resources:

For Government and non-corporate clients KGA operates a blended rate of £200 per hour for the whole team and other specialists as required.

KGA propose a fee structure as follows:

A front weighted retainer from November to the end of December of £15,000 to reflect the approximated 75 combined hours including familiarisation with documentation, media engagement programme, and handling of media enquiries. Thereafter a monthly fee of £5,000 for the remainder of the proposed 12 month contract. All fees are quoted ex VAT.

Any out-of-pocket expenses would be charged at cost with the agreement of the APA.

Finally, as a matter of course, we make a record of time spent working on the account. At the end of six months, we will review the collective time spent and should this number far exceed a total 150 hours, we will request a meeting to review fees.

## KREAB & GAVIN ANDERSON WORLDWIDE

### KREAB GAVIN ANDERSON TENDER RESPONSE TO THE ASSET PROTECTION AGENCY

#### INTRODUCTION

Kreab Gavin Anderson was mandated by the Asset Protection Agency (APA) at the end of 2009 to provide strategic advice and executional support to the APA. We advised on, and helped implement, a selective media engagement programme for Stephan Wilcke to meet key commentators and banking/economic correspondents so they could properly understand the work of the newly launched APA.

As part of this process we have built relationships with several directly relevant and high profile journalists at publications including the Financial Times, Sunday Times, The Times, The Wall Street Journal Europe, Reuters Breaking Views, The Banker and the Evening Standard. This has largely resulted in informed, accurate coverage that fairly represented the work of the APA.

So far we have deliberately sought to avoid direct contact with the broadcast media because we felt it would not be the best channel through which to relay the APA's key messages. Most of the contact was undertaken on a background basis with the objective of informing and educating on the complexities of the APA's activities. This policy largely worked, with the APA getting due acknowledgement for its contribution to public service and the £5billion it has provided to the Exchequer. Additionally, we have provided support to the internal team on scripting and preparation of press release material, website content, key messaging and Q&A documentation, as well as acting as a clearing house for incoming enquiries from the media, general public and wider financial community. This routine work would continue if our mandate was extended.

#### UPCOMING CHALLENGES

To date, the work of the APA has not been held up to extreme public scrutiny. In light of the worsening domestic and international economic environment, particularly in the US and the Euro zone, we sense that the work of the APA will increasingly come under the public gaze. Against the backdrop of increased speculation about the coalition government's plans for the stakes it has in banks such as RBS and Lloyds TSB, journalists will certainly put the spotlight on the APA. The Irish banking crisis could draw attention to the APA and we could for the first time see media controversy over the APA's handling of individual assets in the regions.

As a contingency plan it is important to be prepared for any crisis. The Kreab Gavin Anderson team is highly experienced in handling crisis communications for clients and has a very rigorous approach, regularly guiding organisations through fast moving and complex situations, ensuring situations are effectively represented to key stakeholders so that messages have maximum resonance.

Careful preparation of the 2010 annual report will be critical in this context, and the maintenance of existing relationships with key commentators is vital. We believe Mr Wilcke should reinforce his engagement programme with the key group of journalists already identified. We would like to



activate this programme with at least two meetings a month, beginning with a breakfast meeting at the Financial Times to include Patrick Jenkins (Banking Editor), Richard Stovin-Bradford (Lex) and David Oakley (Capital Markets). Following this we would recommend a similar meeting at The Economist lead by Finance Editor Andrew Palmer, and at the Telegraph Group with Damien Reece (Head of Business) and Jeremy Warner (Assistant Editor).

We believe it will eventually be necessary for Mr Wilcke to appear before Parliamentary Select Committees. Our Public Affairs team is well attuned to advising executives on committee appearances and can aid Mr Wilcke in preparing evidence and dealing with the following media interest.

Although we do not advocate proactively seeking broadcast appearances for Mr Wilcke, we do believe it would be valuable for him to have some media training by our in house expert Julian Bailey (Director), formerly a Business Editor at the BBC. Media training is frequently undertaken by clients, even those who regularly engage with the press, as it can serve as a useful refresher and also provides an opportunity to reassess and update key messages.

We will continue to act as a clearing house for all enquiries, deflecting unwelcome attention from the APA and monitoring moving events. To provide maximum value-for-money we will utilise our own existing access to proprietary and subscription databases and alerts rather than incur extra cost with press cuttings providers.

We will maintain our weekly call with Simon Harrington at the APA to ensure a meaningful two-way communication channel, and will help to anticipate communications issues before they become problems. We will continue to assist the APA in crafting key documentation for external consumption as well as fine-tuning content for the website.

#### PRICING & COSTS

Because of our keenness to continue working with the APA, and in line with the government's desire for cuts in contractors' costs, Kreab Gavin Anderson is also pleased to offer the APA a 15% discount on its hourly rates.

Team Member	Position	Normal Rate (£)	Discounted Rate (£)
Byron Ousey	Senior Partner	325	276.25
Tom Poston	Director	250	212.5
Amanda Lapadat	Associate	100	85

*Please note rates above do not include vat*

To keep the APA apprised of the amount of time being used each month, Kreab Gavin Anderson would provide monthly activity reports containing a breakdown of hours and personnel. As an added safeguard we would also propose a monthly hours alarm, so that if hours billed per month looked likely to exceed or near 25, the team would alert the APA and seek approval for further work.



## Mr Robin Budenberg Chair of Crown Estates, UKFI and now Lloyds Banking Group



Robin Budenberg CBE is Chair of the Crown Estate. He is also London Chairman of Centerview Partners, a US based corporate advisory firm and a Non-Executive Director of Charity Bank. Robin was previously Chief Executive and subsequently Chairman of UK Financial Investments, the body responsible for managing the Government's investments in the UK banking industry.

Before that, Robin spent 25 years with S G Warburg/UBS advising major UK companies on strategy and corporate transactions. He also advised the UK Government on a number of issues, including the 2008 bailout of the UK banking industry.

<https://www.bigsocietytrust.com/blog/robin-budenberg>

Mr Budenberg was the CEO and Chair of UK Financial Investments (UKFI) the body responsible for managing the Governments investments and assets in UK Banking. Swiss banker and ex PwC

At the time of the bailout there was much uncertainty over what assets Lloyds and RBS had on their balance sheets and 100 auditors were pulled in. Figures remained unresolved and promised bail out funding meant for the "Merlin Banks" use and for redistribution to SME's saw SME's short changed, where after many ended up in Lloyds Business Support Units (BSU) and the RBS GRG vulture units. Thereafter many good businesses and their owners were destroyed through valuation rigging, failed promises of debt funding (Bait & Switch) and false audits by the likes of PwC.

**Robin Francis Budenberg CBE** (born 1959) is a British Corporate Adviser. Mr Budenberg started his career with **Price Waterhouse** where he qualified as a Chartered Accountant and joined **SG Warburg** in 1984.



HM Treasury

He was a senior investment banker at **UBS Investment Bank** where he worked for over 25 years and oversaw the bank's relationship with **HM Treasury**. He was part of the team that designed the Government Bank Recapitalisation Scheme in October 2008.

From 2010 until January 2014, he was Chief Executive and then **Chairman of UK Financial Investments**, the UK government body that oversees the government's investments in financial institutions bailed out during the banking crisis. Mr Budenberg was **London Chairman of Centerview Partners** between 2015 and 2020 and was also a non executive director of **Charity Ban and Big Society Trust**

He was appointed non-executive Director of **Lloyds Banking Group** on 1 October 2020 and became Chairman on 4 Jan 2021 and was appointed Chairman of **The Crown Estate** [https://en.wikipedia.org/wiki/Robin\\_Budenberg\\_-\\_cite\\_note-2](https://en.wikipedia.org/wiki/Robin_Budenberg_-_cite_note-2) on 9 August 2016 **Non Exec – “Big Society Trust” which rebranded to “The Oversight Trust”**

## Burges Salmon are heavily involved with The Crown Estate



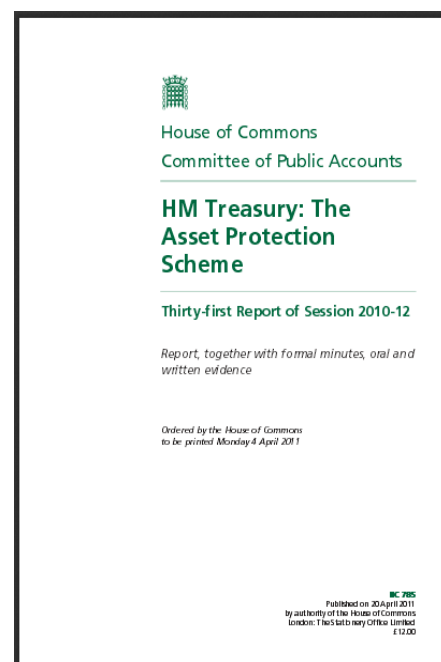
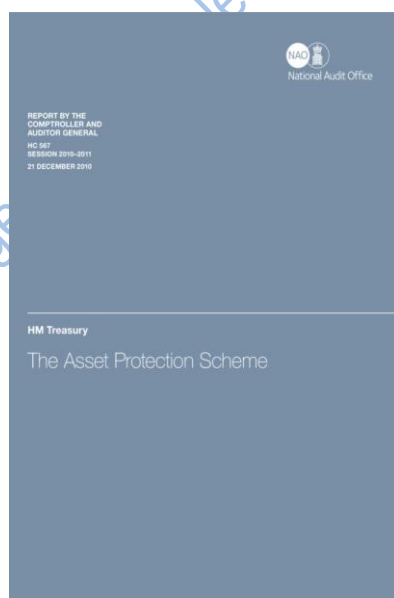
## HM Treasury: The Asset Protection Scheme / APS / APA

The following section brings information from the following sources:

**HM Treasury:** The Asset Protection Scheme - Thirty-first Report of Session 2010-12  
<https://publications.parliament.uk/pa/cm201011/cmselect/cmpublic/785/785.pdf>

**National Audit Office:**  
<https://www.nao.org.uk/report/fact-sheet-whole-of-government-accounts-2010-11/>

Here we look at the findings and recommendations of the Comptroller. The chief authority which audits all receipts and expenditure of the Government. **Asset Protection Agency (APA)** was an executive agency of the Government of the United Kingdom, operating as part of HM Treasury.



The APA was created in response to the late-2000s recession (caused by the financial crisis of 2007–2010) to implement the Asset Protection Scheme (APS), part of the 2009 United Kingdom bank rescue package.



**The APA Chief Executive Officer was Stephan Wilcke** (pictured).

Mr Wilcke was Executive Chairman and Head of the Risk Committee of One Savings Bank, leading the bank to the successful IPO on the LSE. From 2009 to 2011 Mr. Wilcke was Chief Executive Officer of the HMT Asset Protection Agency, managing the UK Government's exposure to GBP 325 Bn of credit assets of RBS. From 2000 to 2007 Mr. Wilcke was head of financial services private equity at Apax Partners. Mr. Wilcke started his career with Oliver Wyman, the specialist financial services consultant. Mr. Wilcke is currently a Non Executive Director of various companies and one regulator; he is a former NED of the Hellenic Financial Stability Fund and Vice-Chairman of Nova Ljubljanska Banka and advisor to the ECB on Lehman Brothers and the failed Icelandic banks.

It closed on 31 October 2012 following the ending of the APS. What went so wrong with Lloyds, RBS and the other banks and why were audits so bad and left so much unexplained?

**Head of UK Financial Investments was Mr Robin Budenberg who was a great giver of bonuses at UBS. He had his bonuses at UBS channelled through Jersey so he did not pay tax.**

It is alarming that two of the UK's major banks were simply unable to provide sufficient data to assure the Treasury that their assets were not linked to fraud or other criminal activity. It raises questions on the management controls within the banks and the quality of audit provided to the banks. The lack of certainty on the nature of the assets put the Treasury in a difficult position and the Accounting Officer had to ask for a Direction from Ministers before proceeding with the Scheme.

The gaps in information on the banks' assets also begs questions about the role played by the auditors of banks ahead of 2008, when the full impact of the financial crisis became apparent.

Sir Nicholas Macpherson stated he felt there had been a problem of "**corporate hubris**" defined as excessive self-confidence or pride, leads CEOs to make overly risky bets, or to ignore relevant warning signs and fail to invoke contingency plans. The problem, of course, is that the difference between justifiable and excessive self-confidence generally becomes evident only after the damage is done.



Following the announcement of the Scheme in January 2009, the Treasury retained flexibility to make changes and revisited earlier decisions to check whether they still provided value for money. Just ahead of signing the deal in November 2009, the Treasury reconsidered its options in the light of market changes, but considered that the Scheme remained the best way to ensure financial stability.

Lloyds was allowed to leave the Scheme and raise capital in the markets and the terms of RBS's participation were recast.



Reviewing decisions in the context of changing circumstances was good practice



and the Treasury should ensure its guidance to departments requires this in all cases.

## ○ PwC were advisors to the Asset Protection Agency (ASP)

**Changes in the regulatory landscape meant that much of the day to day management of any future banking crisis would fall to the Bank of England.** The involvement of public funds would, however, require the Treasury's prior approval.

The Chancellors relevant to this period and onwards were:

### Alistair Darling

Baron Darling of Roulanish, PC is a British Labour Party politician who served as Chancellor of the Exchequer in the Labour Government from 2007 to 2010 and

### George Osborne

Chancellor of the Exchequer from 2010 to 2016 in the Cameron government.

**By early January 2009**, the Treasury had become increasingly concerned about growing risks to financial stability. Its announcement of the **Asset Protection Scheme** (the Scheme) later that month, along with further purchases of shares in both banks, had a beneficial impact on the financial markets, helping the Treasury to achieve its overriding aim.

In the period between the Scheme's announcement and its implementation in November 2009, the Treasury conducted intensive work to analyse and understand the assets that might be covered.



**The Treasury needed assurance on the existence and terms of the assets (for instance, who the debtor was and the banks' rights in the event of a default). Both banks, however, encountered major difficulties providing the Treasury with data on their assets.**

Over a number of years, RBS had expanded its balance sheet through acquisitions, including the purchase of ABN AMRO in September 2007. The bank attributed the delay in submitting data to this acquisition strategy which had left the bank with over 20 different IT systems in operation across the group. As such, its systems had not been designed to provide data in the form required by the Treasury.

However it should have held the information for its own purposes and interests. **Because of the poor state of the IT systems at RBS the Treasury could not be sure that the assets were not tainted in terms of their underpinning legality or even as to fraud as later came out in the case of HBoS.**

Given the level of uncertainty the Treasury's Accounting Officer felt that he needed a direction from Ministers to proceed. RBS gave the Treasury an assurance that there was no material or systemic criminal conduct affecting the covered assets.

The difficulties encountered by the Treasury in obtaining the necessary data raise questions about the internal management of the banks, and the audit and regulation of the banks prior to the crisis. RBS acknowledged that a lot of things had not been done well prior to the crisis, including keeping good books and records, and that significant effort

had since been made to address this. The Treasury acknowledged that important lessons could be drawn from the situation faced by RBS and that, until recently; its focus had been on managing the range of interventions in the banks to maintain stability.

Analysis conducted by the **Asset Protection Agency**, set up by the Treasury to oversee the Scheme, suggests these extreme circumstances would have to involve, for instance, **default rates on loans and other assets held by banks similar to those seen in the Great Depression.**

At its peak, **the Treasury had around 100 people working on the development of the Scheme.** Although staff numbers had reduced considerably following implementation of the Scheme and the **establishment of the Asset Protection Agency**, the Treasury had retained expertise to oversee the legislation needed to make changes in the regulatory system.

As the **Bank of England will now take the lead in resolving banks in difficulty**, the Treasury recognised it needed to retain the experience and ability to ask difficult questions of the regulator and protect the taxpayer.



## Formal Minutes

Report be the Thirty-first Report of the Committee to the House.

**Monday 4 April 2011**

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon  
Mr Stephen Barclay  
Dr. Stella Creasy  
Jackie Doyle price  
Matthew Hancock  
Chris Heaton-Harris

Jo Johnson  
Mrs Anne McGuire  
Austin Mitchell  
Nick Smith  
Ian Swales

Draft Report (*HM Treasury: The Asset Protection Scheme*) proposed by the Chair, brought up and read.

# Witnesses

## Wednesday 2 February 2011

Page

**Sir Nicholas Macpherson KCB**, Permanent Secretary, and **Tom Scholar**, 2<sup>nd</sup> Permanent Secretary, HM Treasury

Ev 1

## Wednesday 16 March 2011

**Stephen Hester**, Chief Executive, **Nathan Bostock**, Head of Restructuring & Risk, Royal Bank of Scotland, **Eric Daniels**, Former Group Chief Executive, and **Tim Tookey**, Group Finance Director, Lloyds Banking Group

Ev 15

# List of printed written evidence

1 HM Treasury

Ev 31:33

# Oral evidence

Committee of Public Accounts:  
Evidence Ev 1

## Taken before the Committee of Public Accounts on Wednesday 2 February 2011

Members present:

Rt Hon Margaret Hodge (Chair)

Mr Richard Bacon  
Stephen Barclay  
Jackie Doyle-Price  
Matthew Hancock  
Chris Heaton-Harris

Joseph Johnson  
Mrs Anne McGuire  
Austin Mitchell  
Nick Smith

**Amyas Morse**, Comptroller and Auditor General, **Gabrielle Cohen**, Assistant Auditor General, **Peter Gray**, Director, and **Paula Diggle**, Treasury Officer of Accounts, National Audit Office, were in attendance.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

**The Asset Protection Scheme (HC 567)**

**Examination of Witnesses**

(Source: <https://publications.parliament.uk/pa/cm201011/cmselect/cmpubacc/785/785.pdf>)



## Many of the questions and comments that show how vulnerable RBS and Lloyds Bank were arose at the Committee of Public Accounts (2 Feb 2011) included:

**Q: 10 - Mrs McGuire:** NAO Report was the fact that a timetable was set, between January and November, for the identification of assets to gather the data, yet they were unable to provide that information within the time frame. Was that because the time frame was too tight, or was it an issue to do with governance of the banks? Alternatively, was it an issue to do with directors being cavalier and non-executive directors not conducting their own due diligence?

**Sir Nicholas Macpherson:** You have to understand why the Royal Bank of Scotland was particularly vulnerable in 2008. It had expanded its balance sheet very rapidly through acquisition, not least of ABN AMRO in October 2007. It became clear when we entered into discussions on the Asset Protection Scheme that the systems of the Royal Bank of Scotland, in terms of really understanding the assets it owned, were not, to put it mildly, well developed. The problem throughout 2009 was that you were looking at several million separate assets and for the Government to satisfy itself on that was a very big task.

**Chair (Mrs Hodge):** What does that tell you? When I read that bit I thought, *“Goodness! What does that tell you about the regulatory framework of banks?”*

**Q: 11 Mrs McGuire:** It is a question of whether it is an issue of regulation or an issue of incompetence on the part of the bank. As a permanent secretary, you have been here on many occasions justifying IT systems that Government operate. Here we have one of our major financial institutions, which we find out has 20 different IT systems, yet it appeared to be a successful business. Given that you have had to defend sometimes very difficult situations in terms of how Government operates, were you not astonished to find out that a leading player among the financial institutions was operating in this way?

**Sir Nicholas Macpherson:** It is fair to say that I was surprised, yes. *This is a classic example of over-expansion taking place too rapidly, hubris and all those things. When the music stopped, RBS was more vulnerable than any other bank.*

**Q12 Mr Bacon:** But is this not what bank regulators are for? For example, I remember that years ago the Saatchis wanted to buy Midland Bank. The Bank of England waggled their eyebrows and said, “Hm. Not really a good idea”, and it did not happen. I know that some of them were abroad, and a lot of the assets ended up being abroad, but regulators talk to each other. Why was it allowed to get to the point where it was not merely too big to fail but too big to manage?

**Sir Nicholas Macpherson:** The first people who were clearly responsible were the board of Royal Bank of Scotland. They had a duty to their shareholders. If I was an RBS shareholder I would feel a little disappointed by that. I have seen different forms of regulation over the years; I was working for Ken Clarke *the weekend Barings went down, and I do not think Barings was a particularly happy example of good regulation.* I do not think that Johnson Matthey or BCCI were.



**Lord James Lupton, boss of failed Barings**

Close contact to Cameron/ Lloyds Bank Board  
Former Chairman of Greenhill Europe and  
Co-Treasurer of the Conservative Party

**Q18 Austin Mitchell:** You have guaranteed all this stuff. In paragraph 11 on page 6 of the Report, it says that *the “banks encountered major difficulties in providing the Treasury” with information.* They do not know what they have got, what it is worth, where it comes from *or whether it is legal.* This is extraordinary. Among it is my mortgage, actually. Although paragraph 11 says that a lot of the problems arose because the computer systems at RBS did not all match up, so they

could not tell you what was there, it could also be that a lot of what you are guaranteeing is actually junk; it could be stuff from the States. It could be collateralised debt obligations; it could be bundled-up subprime debt; it could be simple junk. You could be lumbered with it at the end of the day. Do we know how much is junk?

**Sir Nicholas Macpherson:** We used the period of 2009 to do some serious diligence on those assets.



**Sir Thomas Whinfield Scholar**

Scholar joined HM Treasury in 1992, rising to Principal Private Secretary to the Chancellor of the Exchequer in 1997, serving Gordon Brown for four years until 2001. Following that posting, Scholar served as the British representative on the boards of the International Monetary Fund and the World Bank, attached to the British Embassy in Washington as Minister for Economic Affairs for six years.[2]

In 2007, following Brown taking over the leadership of the Labour Party and thus the office of Prime Minister, Scholar returned to the UK taking over the two roles of Downing Street Chief of Staff from Jonathan Powell and of Principal Private Secretary to the Prime Minister from Oliver Robbins.[2] After six months, Scholar left Number 10 to return to the Treasury as the Managing Director of its International and Finance Directorate in January 2008. The next year, Scholar was promoted to be the Second Permanent Secretary at the Treasury, taking over from John Kingman.[4] In this role, Scholar was a director of the nationalised bank, Northern Rock.[5]

Four years later, in 2013 Scholar returned to Downing Street, now under David Cameron, to run the European and Global Issues Secretariat in the Cabinet Office. As such he was the Prime Minister's most senior adviser on international affairs until his appointment on 11 March 2016 as Permanent Secretary to the Treasury.[2][6][7] As of September 2015, Scholar was paid a salary of between £150,000 and £154,999, making him one of the 328 most highly paid people in the British public sector at that time.[8]

In March 2016 the government announced that Scholar would succeed Sir Nick Macpherson as Permanent Secretary to the Treasury in April 2016.[1] Scholar was replaced at the Cabinet Office by Oliver Robbins, who took over the role as a "post-Brexit" unit in June 2016,[9] which the next month became the Department for Exiting the European Union when Theresa May created her first Cabinet.[10]

He was appointed Knight Commander of the Order of the Bath (KCB)

**Q19 Austin Mitchell:** But that is serious due diligence by a financial institution that is involved in setting up all these things. It is an interested party.

**Sir Nicholas Macpherson:** We reached an agreement in principle to set up the scheme in February. It did not go live until November. We used that period to do really intensive work to try to understand the assets. We did not have 100% knowledge at the end of that process, but in my view we developed enough knowledge for this intervention to make sense, in terms of value for money.

**Q20 Austin Mitchell:** So you can tell us what proportion is junk?

**Sir Nicholas Macpherson:** Subsequent events have borne that out. The Asset Protection Agency is now in charge of it; it has now developed very well-designed models to understand it. They produce regular reports setting out precisely what their expected losses are.

**Q21 Austin Mitchell:** Can you tell us what is junk?

**Sir Nicholas Macpherson:** What we can tell you is the expected loss at this time, or at least at the time the Asset Protection Agency last made an announcement. Tom will tell you what that loss is.

**Tom Scholar:** In last year's annual report, the Asset Protection Agency reported the expected loss—to RBS, not the taxpayer—as of the end of March of last year as £57 billion, which is less than the total amount that they are required to meet themselves.

**Q28 Stephen Barclay:** May I come back to the letter of direction? You said that you conducted really intensive work, yet at the end of 10 months of really intensive work you did not know whether the assets were tainted. If there is a major failure of systems and controls in a firm, would you expect regulatory enforcement action?

[Interruption.] - **Chair (Mrs Hodge):** Saved by the bell.

**Tom Scholar:** **The role of the FSA is to look at both prudential regulation and conduct of business in relation to retail business in this country.** Any allegation of **any kind of criminal activity**

clearly would be for law enforcement agencies, but would not be a matter of financial regulation.

**Q29 Stephen Barclay:** In the interest of declaring, I worked for the FSA for four years, and was an owner of the policy handbook, hence my question on whether you would have expected any enforcement action. As far as I am aware, no individual at RBS or Lloyds has been subject to any enforcement action. There was clearly a failure of systems and controls. You were the architects of the regulatory regime; did you have any discussions with the FSA in terms of individual enforcement actions?

**Tom Scholar:** As you know, the FSA have conducted their own internal review of what enforcement actions they should take, and they have concluded that they will not take any, and have given a commitment to publish a report explaining why they have taken that view. I would not want to prejudge that—nor could I, because that is work that they undertook, rather than us. Throughout this period, we have kept them very closely in touch with our work on the Asset Protection Scheme and what it was telling us about the state of systems and controls and risk management within RBS. That is something that they are concerned about; it is something about which RBS management is also concerned about. Do not forget that it is new management, and in answer to an earlier question, the new management of RBS has been fully co-operative throughout the design and implementation of the scheme. That is something that they are looking to put right, and the FSA have also said that in future they will adopt a much more intrusive approach to regulation.

**Q30 Stephen Barclay:** But no individual has been subject to an individual fine. There have been discussions about the role of the finance director, but as far as I am aware, no individual at RBS or Lloyds has been fined. Is that correct?

**Tom Scholar:** As far as I know. Sitting suspended for a Division in the House. On resuming



**The Lord Macpherson  
of Earl's Court**

Permanent Secretary of HM Treasury

In office 2005–2016

Prime Minister Blair, Brown, Cameron

Chancellor Brown, Darling, Osborne

Preceded by Sir Gus O'Donnell

Succeeded by Sir Tom Scholar

**Q31 Stephen Barclay:** I think we were dealing with the fact that intensive work was done for 10 months, yet a letter of direction was required. Given your concerns about the assets being tainted, what conclusions did you draw about the work of the auditors, Deloitte, on those assets?

**Sir Nicholas Macpherson:**

I do not think it falls to us to assess auditors' performance, but I think there is a generic question about the role of auditors in relation to banks during the banking crisis.

**Q32 Stephen Barclay:** You could not trust the work of the auditors?

**Sir Nicholas Macpherson:** Certainly, some quite serious questions have to be asked about the accounts that were signed off during that period.

**Tom Scholar:** On the technical issue of the direction, the direction related to the standards set out in Managing Public Money, which are the standards typically required in the public sector. Obviously, that is a different test from the one that the auditors must apply.



**Q33 Chair (Mrs Hodge):** Can you expand on that? Several people around the table are interested in that issue of the auditors. What are the questions? Where does that take you, in the Treasury, with responsibility for that?

**Mr Bacon:** And who asks them? You said serious questions have to be asked, not that you would ask them.

**Sir Nicholas Macpherson:** Well, you know—

**Mr Bacon:** I do not know; that is why I am asking the question.

**Sir Nicholas Macpherson:** I think the relevant bodies who oversee auditors and the profession itself perhaps need to ask themselves some questions.

**Tom Scholar:** Inasmuch as this is a matter of financial regulation, **the FSA is the body responsible for looking at standards of auditing and the quality of audit applied to financial institutions.** As a matter of government policy on audit in general, inasmuch as it applies to companies in general, that is a matter for the Department for Business.

**Q36 Mrs McGuire:** I do not think we are asking for a solution here today, Sir Nicholas: I thought my question was pretty simple. I would have thought we would have a more positive response. **At any point over the past two years, have you engaged with the professional bodies that regulate or work with the large firms that audit these very intricate financial institutions?** Has there been a conversation about this? Have you said to them, “Would you like to look at the lessons that the Royal Bank of Scotland and HBOS have thrown up?”? Has there been anything like that?

**Sir Nicholas Macpherson:** I can say that I have not personally directly engaged with the professional bodies.

**Q39 Austin Mitchell:** Do **we know what other services the auditors were selling to the banks?**

**Sir Nicholas Macpherson:** I cannot tell you offhand, but it is in the nature of auditors that they can often provide a number of services.

**Austin Mitchell:** It is also in the nature of auditors that it might colour their perception of the actual accounts. We do not know.

**Q40 Mr Bacon:** Is that something that the Vickers Commission on banking will look at?

**Sir Nicholas Macpherson:** **I do not think the Vickers Commission will be looking directly at auditors. Their remit is to look at the competitiveness of the banking system** and the particular issues around wholesale versus retail banks. I am not aware that they are looking at the audit issues.

**Q42 Stephen Barclay:** I fully accept the point that, at the time, no doubt your team, the regulator and the Bank of England were working very long hours; it was an extremely difficult time, and we need to recognise that, but to go back again to the point at which the letter of direction was sought, **did you seek an indemnity from the bank, in terms of the assets** about which you were concerned? Did you get warranties, in terms of your concerns about those?

**Sir Nicholas Macpherson:** **A number of assets were excluded from the scheme on the basis of the information that we had.** The problem was that even after those seven, eight or nine months of work, we did not have enough information to take a view on every single pound of assets.

**Q44 Joseph Johnson:** What percentage of the £325 billion of RBS assets covered was being referred to in the letter of direction? How big was this pool of junk, as Austin called it?

**Tom Scholar:** I cannot recall the percentage figure. I think it was a small percentage about which we were directly concerned, **but given what we discovered about the quality of risk management and the poor systems and controls within the business, we were concerned that there might be other problems which had not come to light.**

**Q45 Joseph Johnson:** So, it was a general blanket letter to the Chancellor at the time, saying that there was an **unspecified amount of assets that might be fraudulent?**

**Tom Scholar:** Again, we can come back to you with the answer to the specific question about how many assets there were.

**Q46 Chair (Mrs Hodge):** I think it would be really helpful for us to have a copy of the letter of direction that you sent to the Chancellor and his reply, if that is possible.

**Sir Nicholas Macpherson:** Certainly. You should have it.

**Chair (Mrs Hodge):** It probably went to my predecessor.

**Sir Nicholas Macpherson:** All of these were published towards the end of the last Parliament.

**Chair (Mrs Hodge):** The NAO can perhaps provide that for us.

**Q47 Stephen Barclay:** **You are spending many millions on advisers. I was slightly surprised that none of these advisers told you that your lending targets were unenforceable.** Did you not expect them to point that out to you?

**Tom Scholar:** **The advisers were looking at the quality of assets.** That was the only area on which we asked them to work. That was the specialist advice.

**Q48 Stephen Barclay:** **You did not have anyone advising you on the lending targets that you set for the banks? For all the millions of pounds that you were paying for advisers,** none of them were advising you on the targets that you set?

**Sir Nicholas Macpherson:** I think we felt that the advisers could not tell us anything that we did not know.

**Q49 Stephen Barclay:** So you knew **that they were unenforceable, did you? These targets were unenforceable.** It would be pretty bizarre if a bank took the view that it was not creditworthy to make loans to a firm, but they would go ahead and make them because there was a target there. That would be a pretty strange decision for them to make, not to mention that the direction of travel from the regulator was for them to increase their capital base and therefore they would be less likely to be making loans to, say, a construction firm, because that would have capital implications. What I am driving at is whether, when you made this deal with the banks, you got the right concessions and whether the concession that you sought on lending targets, which we know is unenforceable—I would advise that it was known to be unenforceable at the time it was made—**was anything more than cosmetic.** Were you getting advice from your advisers on it, or was that a decision made purely by the Treasury? If so, why was it taken when it was unenforceable?

**Tom Scholar:** That was a Treasury decision. **It was not within the area of expertise of the advisers**, so we did not think they would be able to do that.

**Q50 Stephen Barclay:** Not within their expertise? **The credit risk policy of the bank and the criteria on which it would lend were not within their expertise?**

**Tom Scholar:** I am sorry; I misunderstood. I thought you were talking about the target within the context of macro-policy and macro-conditions in the economy. In terms of the specific credit decisions, the lending commitments explicitly said that they were to apply to lending based on market demand and commercial judgment, so there was nothing in the lending commitment that would make the banks depart from that. What the lending commitment did do was summarise the potential benefit to the lending capacity of the banks of the additional capital cover that the Asset Protection Scheme provided.

**Q51 Stephen Barclay:** But you have a huge hole in your target, which is saying, "We will put it down to the banks; it is the **banks' judgment.**" **The Bank of England said in December 2010 that the dominant influence, in terms of there not being much lending,** was tight credit supply. The issue we all experience with **local businesses in our constituencies, particularly if you look at industries like construction, is that they cannot get loans because the bank credit risk committees say they are not prepared to lend to them;** they are not the right risk. You set a target which left it open to the banks' judgment and therefore was unenforceable. My point is: did you get the right concession? What other concessions were potentially available for you to secure, given that the concession that you did secure was unenforceable?

**Sir Nicholas Macpherson:** I think there are limits to the role of the state in directing lending. As I said earlier, lending agreements were part of the package of these announcements. It was a collective action problem. What we wanted to try to ensure was that banks lent where it was profitable to do so. If you look at the lending, in 2010, according to the National Audit Office, these banks were on target to deliver their lending targets.

**Q52 Chair (Mrs Hodge):** : But you have reduced the target.

**Sir Nicholas Macpherson:** In 2009, they did hit their mortgage lending targets; they did not hit their corporate lending targets because there was a massive repayment of debt by the business sector, largely on the back of a reviving corporate bond market, **which allowed big corporates to borrow very large amounts.**

**Q53 Joseph Johnson:** You are suggesting that there was demand for capital that went unmet, and that there were no businesses going without capital. You are suggesting there was no credit crunch?

**Sir Nicholas Macpherson:** I am not suggesting that at all. As I said earlier, there was the biggest credit crunch in 100 years. Inevitably, in those circumstances, there will be sectors of the economy that will try to restore their balance sheets. **Banks inevitably had to restore their balance sheets to a degree. The policy challenge during that period was: would they seek to restore their balance sheets at such a rate that it would damage the economy?** What the lending agreements tried to do was deal with the collective action problem. Looked at from the narrow perspective of a bank, it might not be

**Banks would have to promise businesses funds they knew they wouldn't have.**

**At the same time they left assets undeclared that concealed audit issues**

**Fraud Anyone ??**



sensible to lend, but this was to try to provide an umbrella to create circumstances where the banks would lend.

**Q69 Matthew Hancock:** Given that by November you knew you would not get full sight of the whole package that you were to take on board, could you not have made that judgment earlier and, therefore, have signed the thing off when you first expected to, before the summer? You would have had less sight, but you still would not have had 100% sight of it by the end of it, if you had gone on forever.

**Sir Nicholas Macpherson:** The important point there is that from the moment it was announced in February, both RBS and Lloyds were getting a benefit in terms of market perception from the **Asset Protection Scheme**, so the intervention was delivering stability well before the scheme went live. Indeed, in Lloyds' case, they ended up having to pay a fee to us for the benefit they received.

**Q70 Matthew Hancock:** So the expectation of the scheme was doing the job?

**Sir Nicholas Macpherson:** Yes.

**Q71 Matthew Hancock:** So it did not matter that you did not have the scheme in place?

**Sir Nicholas Macpherson:** It clearly did matter, because we wanted to nail it down. There were also a whole lot of issues with the European Union around state aid which we needed to resolve, but the lesson from this—and the lesson from the States and Ireland—is that all these interventions always surprise you, in terms of how long they take to get up and running.

**Q72 Matthew Hancock:** Do you think that in future you would make the judgment earlier that you had had enough of a look at it to know how you felt about it, and that you would therefore be able to put it in place, rather than leaving it to drag on for 10 months as you did?

**Tom Scholar:** I do not think it would have been sensible for us to have brought forward the final decision. First, as my colleague says, the promise of the scheme was in any case providing support.

Secondly, the due diligence exercise was an exercise in diminishing returns. In the first few months the numbers moved quite significantly. Simultaneously, we were in discussion with RBS about which assets would go into the pool to be covered. By the time we got into September, October and November, which was also the time of finalising the negotiations with the European Commission, it was moving considerably less, so by the time we got to November, we felt we had sufficient assurance that we could set the first loss—do not forget that the first loss is absolutely critical in driving taxpayer value—at a level that would prove robust to future developments, and it has turned out to be.

**Q79 Matthew Hancock:** **Hold on. That says that in order to keep the taxpayer ownership down, you charge a lower fee than you might otherwise have done, so you did not have to recapitalise as much, which is not very good for taxpayer value for money in a narrow sense, is it?**

**Tom Scholar:** We saw taxpayer value issues as being better protected by keeping the bank as it is now, with a partial private-sector ownership, because we see that **as better protecting the value of the bank** in the long run and as facilitating exit.

**Q83 Chair (Mrs Hodge):** I think it has been very difficult for any of us to second-guess your judgment. One can understand the issues that you took into account as you made the judgment on the fee level. As I read the Report, where the NAO criticism comes is on whether you did all the appropriate work underpinning the taking of that judgment. You knew much better probably than the NAO and certainly than us as to whether that fee was set at about the right amount, but on reflection, should you have done the extra work that the NAO suggests you should in coming to that judgment, or do you think that the way you approached it was okay?

**British SME's were sold out as government bailed the banks out at tax payer cost**

**'Merlin' Banks such as Lloyds and RBS that did not reveal all their asset interests, yet disposed of asset pools**

**Tom Scholar:** As you might imagine, we have looked at this very carefully, **particularly since receiving the Report. I think that it is a fair criticism to say that we could have done more analysis in this area.** However, even with the benefit of hindsight—we have gone over this very carefully—and even with that extra analysis, we still would have ended up with a fee of £2.5 billion, because the critical thing driving that figure were the considerations in paragraph 15—the maximum consistent with financial stability.

**Q84 Matthew Hancock:** I want to ask a bigger- picture question. You referred earlier to trying to get the de-leveraging on an optimal path to satisfy the two competing constraints. It seems to me that in order to execute de-leveraging while keeping the domestic economy in reasonable shape **there should be a focus on foreign asset sales**, because the disposal of foreign assets can reduce your wholesale funding requirement without having a direct impact on the domestic economy. Do you think that the existence of the **APS** has any impact on whether that is a strategy that can be effectively pursued by RBS?

**Tom Scholar:** I do not think it does influence that strategy. It is certainly possible for RBS to dispose of assets that are covered in the scheme. Indeed, they are disposing of them, which is one of the reasons why the pool is shrinking. I do not think that the existence of the scheme in itself distorts that judgment.

**Q85 Austin Mitchell:** I think it has been a very educative session. It makes me think that instead of going into politics I should have taken that trainee job with the Yorkshire Penny Bank all that time ago. **I could now be subsidised by the state, drawing fat fees in the process.** I was intrigued by Sir Nicholas's sensitivity. There you are, the head of the biggest bully Department in the Government, which goes round bullying all the other Departments and snatching money from them, yet you are squeamish and sensitive about the banks; you touch them with a feather duster. **How do you know that you are not being fooled by the banks? They say that they are not lending to business because people are not coming forward to demand loans**, but small businessmen in my constituency, and **I think in every other constituency, say, "The banks won't invest in us; we can't get the money. Everything is grinding to a halt"**, builders particularly. Who is telling the truth in this matter?

**Sir Nicholas Macpherson:** I am acutely aware of the problems that small businesses have at present in accessing loans and so on. The Treasury takes that very seriously.

**Q86 Austin Mitchell:** But there is nothing you can do about it?

**Sir Nicholas Macpherson:** **I do not quite accept the "feather duster" criticism.** Both the last and present Governments have applied special taxes to the banks, first the bonus tax and now a banking levy, which will raise £2.5 billion a year; I do not think the banks are overjoyed by that. I hope that it may indeed influence their behaviour. At the heart of your question is the

***'I am acutely aware of the problems that small businesses have at present in accessing loans. ....'***

***Sir Nicholas Macpherson***

role of the state and its ability to intervene in markets to secure a wider economic benefit.

**Both, Common Purpose graduates and BIG SOCIETY were disasters for SME's**

**Both drained public funds via Government and Civil Servants where in places both assisted in SME assets being taken**

**Q87 Austin Mitchell:** It's not that; that is a theoretical question. **Here are the banks: you are shoving large sums of money into them; you are safeguarding them; you are preventing them from collapse; yet they are not doing what Government wants them to do—lending money to business.** They are lending for mortgages, that is true; but **they are not lending it to business.** As a result, **business has stalled in large parts of the country.** All I am saying is: are you being too sensitive in saying that they cannot lend the money? Should you not push them in some way into lending more to stimulate the economy?

**Chair (Mrs Hodge):** Would you give a quick answer to that, because we have been round that house quite a lot?

**Sir Nicholas Macpherson:** As I said earlier, the Government is in discussions with the banks and I do not want to prejudge those discussions.

**Q90 Jackie Doyle-Price:** To follow that up, would it have been more advantageous to set a lower fee than the Lloyds fee in order to give a signal to the markets that RBS was moving in the right direction? Ultimately, from our perspective it would have meant that the taxpayer's involvement would cease sooner rather than later.

**Sir Nicholas Macpherson:** What you are highlighting is that there is a trade-off here. We are satisfied that the fees charged were reasonable. We wanted to see a reasonable return to the taxpayer, right here, right now. **In the case of Lloyds, it was part of a wider package that involved private investors taking on more risk as part of the rights issue for Lloyds,** but as you say, there is a delicate balance.

**Q91 Joseph Johnson:** I want to sum up for myself what I think is the key message of what you are telling us. The overriding objective, which you achieved handsomely, was to restore financial stability. What I conclude is that a very close second was to do so while avoiding, almost at any cost, full nationalisation of RBS and, if it came to it, Lloyds, even if that came at the expense of value for money for the taxpayer and the **loss of your ability to enforce lending targets.** Do you think that is a fair characterisation of what you are saying?

**Sir Nicholas Macpherson:** No, I do not, because I do not accept that we were trying to avoid nationalisation at any price. Indeed, **we went over the arithmetic several times** to work out whether nationalisation was an option. That informed a lot of our financial interventions from Northern Rock onwards. I guess that what informed our judgment was that 100% ownership carries a cost, in terms of the erosion of value in any institution. This used to be an issue of big political dispute, but I think there is general agreement now that nationalising companies in the competitive sector probably does not do either those companies or the taxpayer much good, so we were factoring in a loss of value there, but that does not mean that there would not have come a point when full nationalisation made sense. We were trying to avoid it, but had the arithmetic really stacked up, we would have gone for it. As for your wider point about lending, this was a massive credit crunch. I think Government interventions and Government policy prevented it from being a hell of a lot worse. If it had been a lot worse, lending would have fallen even more. Could we have fine-tuned our intervention to make it even more effective? I think that will be *a matter for analysis and learned papers for many decades to come.*

**Q92 Joseph Johnson:** Thank you. **Do you accept that the Government would now probably find it easier in their negotiations with the banks vis-à-vis lending if they had 100% control,** or would it make no difference at all, and would



we be having exactly the same conversations with Stephen Hester if we had 100% control as we are now having with 83%? Do you think it makes no difference at all?

**Sir Nicholas Macpherson:** **I think it depends on how Government chooses to exercise that control.** There are certain countries in the world where the state instructs banks to lend. I am quite sure that for brief periods they do it quite successfully, but it carries a cost. The critical thing about lending is that it must be on commercial terms and subject to market demand; otherwise, you start really distorting decision-making. You can take a punt on the state knowing better than the market what to do—and sometimes that is the case; we have seen markets operating pretty imperfectly in recent years at certain times—but generally I would prefer to rely on the market rather than state direction.

**Q93 Mr Bacon:** I agree with you about that. Not only do I not have much faith in the ability of the state to get it right; **the way these banks have been managed over the past 10 to 15 years suggests that we should not have much faith in them either.** I want to ask about the first loss, the second loss and the £60 billion limit, which the Report describes as being based upon the most likely economic scenario. Let us hope that is right. But the **NAO** goes on to say that there is a tipping point at around £73 billion, where the taxpayer's position would be particularly vulnerable, because at that point the incentives would change and RBS would be liable for only 10% of any further losses or, to put it another way, RBS knows that the taxpayer will be picking up the bill for 90% of any further losses. At that point, notwithstanding what is said in 2.22—that any payments made by the Treasury must be paid “by RBS plus interest if it wishes to exit the Scheme”—RBS might very well decide, “That is far too high a price to pay; we’ll carry on as we are, thank you”, and they can do so until 2099. Let us hope this does not happen, and let us all be optimistic about what might happen in the economy, but there are any number of things that could blow one sideways. Are you really prepared to see RBS staying in the scheme for the next 90 years?

**Sir Nicholas Macpherson:** Probably what you are talking about are pretty extreme circumstances. To get to £73 billion, we will probably have had to experience another really serious property downturn, for example. If that happens, I suspect—I do not want to dishearten you—that we shall be in the business of rather bigger banking interventions across the board than just RBS's membership of the scheme. Who knows? At that point, Mr Johnson may be right and nationalisation could conceivably come into play. My main point is that, having looked at the numbers, to get to £73 billion you are getting pretty much off the page in terms of the economic environment.

**Tom Scholar:** I was going to say something very similar. I just add one thing. **In its report last year, the Asset Protection Agency gave various scenarios and sensitivity analyses involving different types of stress and consequences.** To get to a loss of £74 billion, you have to assume default rates similar to those that prevailed during the great depression, plus an additional fall in commercial real estate prices, plus even-lower-than-expected recoveries at that time, so it is a really extreme scenario and, as my colleague has said, some other intervention would become necessary before getting to that point.

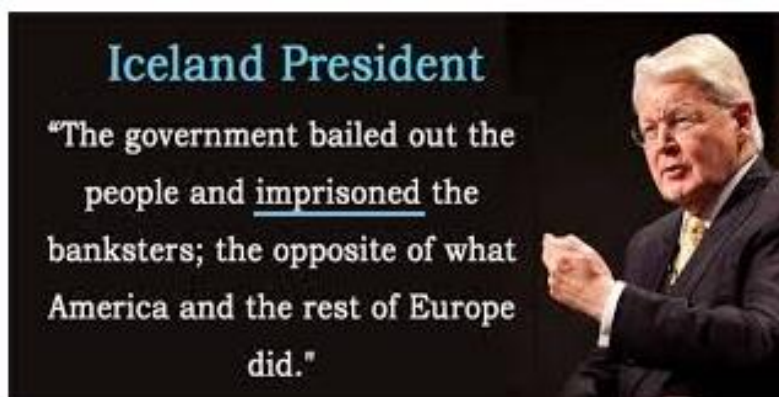
**Q94 Mr Bacon:** **This crunch has already been described as worse than what happened in the 1930s.** What I am getting at is: if this were to happen, and things went that badly wrong, it would be because of being hit sideways by economic circumstances rather than any misunderstanding of the quality of the assets that are already in the scheme. Is that right?

**Tom Scholar:** Yes. When we set the first loss, we expected it to be £60 billion. That subsequently came down to £57 billion. As my colleague said, we have reason to believe that that will come down further.

**This crunch has already been described as worse than what happened in the 1930s**

**Q95 Mrs McGuire:** We have been discussing 2009. Stephen Hester implied that he would see RBS staying in the scheme until 2012. There was a report in the Financial Times a couple of weeks ago that said that currently, RBS officers and officials from the Treasury were examining ways in which RBS could come out of the scheme this year. Would you like to comment? I am not asking you to comment on a leaked story.

**Sir Nicholas Macpherson:** First things first: I would love it if RBS could exit the scheme. It just takes another massive contingent liability off our books and they would have to pay us a fat fee to do it. If they did get to that point, it would be great. I saw the story, like you, and did not immediately recognise some of it. The public position remains 2012, so I think we should continue to operate on that assumption until we get new information.



**Q98 Mrs McGuire:** I am interested in your answer to my question about the FT story. You said you did not recognise some of it. Which parts of it did you recognise?

**Sir Nicholas Macpherson:** I recognised that there was something called the **Asset Protection Scheme** and RBS. I am sorry; there is no inwardness to that statement.

**Q99 Chair (Mrs Hodge):** I think that on the whole this is a report of a job well done within Treasury. We will see what the historical economists make of it, but clearly you have also built up within Treasury good expertise which, in the light of what we see at this Committee all too often, is a rare thing that you want to hang on to. My understanding is that they are all on civil service terms; no one is being paid huge chunks of City-style money. I can see the interest that can be excited in being around during the credit crunch. When things die down, will you hang on to them?

When we were doing the Asset Protection Scheme, we had literally 100 people working on it day and night—poring over the assets

**Sir Nicholas Macpherson:** I hope we will hang on to enough of them. **When we were doing the Asset Protection Scheme, we had literally 100 people working on it day and night—poring over the assets**, doing the calculations and so on. **Once the scheme was set up we handed it over to the Asset Protection Agency** and we did not need those people doing that job any more, but you want to retain a critical mass of expertise. In the coming period, the regulatory system is going to be reformed again; indeed, as a result of legislation by the last Government, the Bank of England is now responsible for resolving banks.

We had to resolve the Icelandic banks, Bradford & Bingley and Northern Rock. I will not trouble you with why that was the case,

but the Treasury had to do that. Now the Bank of England can do it, so we do not need so many people operating in that space. **What the Treasury really need to retain is the ability to ask the difficult questions of our regulator.** The bank will be responsible for regulation, but the **Treasury needs to have sufficient expertise to be an intelligent interlocutor**, and to take care of, and nurture, the system as a whole because we will remain responsible for legislation.

Some perfectly good points were made during this discussion about where we might have done more; all of us have lessons to learn, but there are some people who are incredibly valuable. My friend here could command massive wages in the private sector. I think he has saved the taxpayer many hundreds of millions of pounds. He, like me, chose to forgo any bonus in the last year. Why people want to be public servants is an interesting question. All of you are public servants; you have taken the decision to operate in that space. I guess that is critical to the future of Britain.

**Q100 Chair (Mrs Hodge):** But you really have not answered the question. I can see why people want to be around when the thing is happening; it is a life experience.

**Sir Nicholas Macpherson:** The Treasury is often criticised for being perhaps slightly elitist in Whitehall terms, but we are a very small institution, and to make it an attractive place to work, it kind of has to be elitist, because maintaining that expertise and ability is critical to the taxpayer and, I would argue, this Committee.

**Q101 Chair (Mrs Hodge):** In the new regulatory framework, would it be more sensible if the Bank of England, through the NAO, was accountable to us in a more direct way?

**Sir Nicholas Macpherson:** **As you know, the FSA is now going to be audited by the National Audit Office; the Prudential Regulatory Authority, the new institution, will be audited.**

**Chair (Mrs Hodge):** **And the Bank of England ?**

**Sir Nicholas Macpherson:** This is a policy question. I think it would be inappropriate for me to say anything more, but my views given to Edward Leigh in the past are a matter of record.

**Q102 Chair (Mrs Hodge):** Can you remind us of them, because I do not remember?

**Sir Nicholas Macpherson:** I do not think it would be appropriate to comment on a policy matter as a mere official.

**Q103 Chair (Mrs Hodge):** Perhaps you could give me those views. are you saying that you gave those views to him in private? It is a matter of record.

**Sir Nicholas Macpherson:** **I have always believed that Parliament's role is critical.** I have worked with this Committee and the National Audit Office to expand the NAO's remit to the BBC and the Royal Household. I used to be the auditor of the Royal Household; now my good friend Amyas will be. I see the remit of this Committee and the National Audit Office as critical to value for money.

**Q104 Mr Bacon:** Sir Nick, a minute ago you said something very interesting about the culture and atmosphere of the Treasury and the kind of place it had to be in order to attract people. Without putting on the rose-tinted spectacles of hindsight, there is a view out there that there was a time when the Treasury, with its very flat structure and elitist approach, as you have described it, was a place that nurtured different schools of economic thought—a place where argument was actively encouraged, and there is a view that that, to a considerable extent, had become less the case; thus it became a less intellectually attractive place to work. Is there any truth in that? If so, do you seek to change it?

**Sir Nicholas Macpherson:** I do not recognise that. The economic crisis has forced the Treasury to take a very serious, hard look at how it works. Out of it, a lot of very positive things have happened. I would like to think that the Chancellor, whether it be George Osborne or Alistair Darling, was reasonably impressed by the candid and very open advice provided by officials, and by the capacity of Treasury officials to argue in front of Ministers, often with each other. I think the Treasury is a vibrant institution and I am determined to make it even more vibrant.

**Chair (Mrs Hodge):** Thank you very much. We look forward to that vibrancy next week, when you come back.



The Committee concluded / Examination of the Witnesses next followed

## Examination of the Witnesses

Committee of Public Accounts:  
Evidence Ev 15

Wednesday 16 March 2011

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon  
Stephen Barclay  
Stella Creasy  
Jackie Doyle-Price  
Chris Heaton-Harris  
Joseph Johnson

Mrs Anne McGuire  
Austin Mitchell  
Nick Smith  
Ian Swales  
James Wharton

### Examination of Witnesses

Witnesses that gave evidence:

Nathan Bostock, Head of Restructuring & Risk, RBS,

Eric Daniels, Former Group Chief Executive, Lloyds Banking Group,

Stephen Hester, Chief Executive, RBS, and

Tim Tooke, Group Finance Director, Lloyds Banking Group

**Q105 Chair (Mrs Hodge):** Welcome to you all, thank you for coming, and thank you particularly to Eric Daniels for making probably a last appearance—

**Eric Daniels:** One hopes.

**Chair:** —you hope, before a parliamentary select committee. I am going to start with a very general question. The Bank of England made this estimate of the cost of the subsidy to the UK taxpayer, so theoretical underpinning costs, and they came to £100 billion, across the banking system, as the 2009 cost to the taxpayer. From your point of view, as two leaders of two banks, what value for money has the taxpayer got for that £100 billion underpinning and some direct investment?

**Stephen Hester:** I might have a quick crack at that. Just a couple of comments: in my view there has been an implicit subsidy from Governments around the world to the banking system. It was not the UK alone; it was all around the world. The value of that implicit subsidy I think is impossible to accurately quantify—

**Q106 Chair (Mrs Hodge):** So you do not accept the Bank of England figure?

**Stephen Hester:** No, I do not accept the Bank of England figures. I am not an economist and I am obviously not an econometrician, but research that we have seen, which I think will be published in the coming weeks, and I will provide you with a copy if and when it is, comes up with dramatically smaller figures.

**Q107 Chair (Mrs Hodge):** Could you share with us what you think the figure is, because that is quite interesting. On the whole, one would accept the Bank of England's—

**Stephen Hester:** I have seen figures that are less than a 10th of that amount. But my point is not that one figure or another is accurate. I would accept that there has been an implicit subsidy. One can debate the size of it; I believe it is much smaller.

**How could Stephen Hesters estimate of under £10bn, compare to the Bank of Englands estimate of £100bn?**

**Q108 Stephen Barclay:** Have you published those figures that suggest it is less than a 10th?

**Chair (Mrs Hodge):** They are publishing on Friday.

**Stephen Hester:** I have seen work in progress, but as soon as there is something that is finished we can certainly make it available. But the second point that I would make is that all of these figures are backward looking, however you would calculate it, and clearly one of the most important things that is under way is the reform of the banking system, such that it no longer has any implicit subsidy from taxpayers in any country, whether here or otherwise, and if one forward-projects the

dramatic increases in capital for banks in liquidity and the other reforms like living wills and resolution, I believe that we will get to the place that we should be at, where there is no longer an implicit public subsidy, and we are certainly very supportive of that being the case.

**Q109 Chair (Mrs Hodge):** The job of this Committee is to follow the taxpayer pound and to assure the public that we have had value for money for the investment of that taxpayer pound. The figure that we have been working with is £100 billion—let's not quarrel about the figure—but whatever it is, £10 billion is still, were that correct, a fantastically substantial amount. What value has the taxpayer had out of both the implicit and explicit investment that we have made since the financial crisis?

**Stephen Hester:** Again, I think that there are many different ways to attack that issue. Of course there are series of direct and ongoing receipts that the taxpayer has had through fees paid to the Bank of England and to the Treasury for explicit liquidity support: fees paid on the Asset Protection Scheme, and so on. Hopefully there will be handsome returns from ownership of the shares of RBS and Lloyds, but that is obviously to be seen in the future. Over and above that you then move into broader societal issues about whether the functioning of the financial markets has a benefit to all of society or not, and I think it does. I want to be very clear: my point is not that you can do a mathematical calculation and say, "All is fine." My point is the contrary: all is not fine, such that reform is needed, such that these implicit subsidies disappear, however you might argue about the numbers.

**Eric Daniels:** On the methodology that I understand was behind the £100 billion number, I would somewhat agree with Nick Macpherson who said it depends on the day that you do it.

**Q110 Chair (Mrs Hodge):** It is a 2009 figure. For 2008, the Bank of England said it was a £10 billion implicit and explicit subsidy, total subsidy. But 2009, it was £100 billion. So they looked at calendar years.

**Eric Daniels:** The way in which they approached it was to look at the difference between the standalone rating and the cost associated with funds as a standalone institution versus the support rating. They took that differential and used that as the basis for the calculation. What I would say is that no bank today, or during 2009, was able to raise money at the support rating. The actual cost of funds to the bank was at the standalone rating. I think the idea that using that differential to calculate the so-called subsidy is simply not correct. I challenge the assertion.

**Q111 Chair (Mrs Hodge):** Accepting the challenge, nevertheless we all accept that there is a substantial investment by the taxpayer in supporting the banking system during the banking crisis. Did the taxpayer get value?

**Eric Daniels:** I think I can only repeat what Stephen said, that the explicit support that was given—whether it was liquidity support in the form of CGS or SLS— was, in fact, at very attractive rates for the taxpayer. The investment in the equity of the banks, as Stephen said, remains to be seen, but I think we all believe that the taxpayer will get a very handsome return for that investment.

**Q112 Stephen Barclay:** Just sticking with the Bank of England research, that also commented that the dominant influence in the lack of lending to companies was the reduction in the supply of credits by the banks. Do you accept that finding?

**Stephen Hester:** That would not be the data that we have. I think that the data that is pretty consistent all around the world is that post-recessions, what happens—in the generality, of course; there are individual cases that are different—is that people try to get their borrowing under control. Savings rates go up, deleveraging happens, borrowing goes down, and so in every industrialised country around the world you saw an increase in savings rate, a paying back of borrowing as people desire to be more conservative, and I think that is by far the dominant effect on the lending.

why do you think, in your opinion,  
the Bank of England got it wrong?

**Q113 Stephen Barclay:** Absolutely, the Bank of England cited a number of factors, but within those various factors they said the dominant one was the one I cited. Given that they have access to a wider data set than you do, and they can request your data, and they can request data from the regulator, **why do you think, in your opinion, the Bank of England got it wrong?**

**Stephen Hester:** I do not think my position here is to per se criticise the Bank of England, and indeed I do not have in front of me line by line, if you like, the report that you are citing, with all its context, but all I can say to you is I believe that the dominant influence—not the only influence, but the dominant influence—in the reduction of lending has been people's desire to borrow less in the context of an uncertain economic outlook.

**Q114 Ian Swales:** On this topic, Mr Hester, you talked about the implicit subsidy, based on the Chair's first question, and you seem to be suggesting in one of your remarks that you would see, in effect, that disappearing. Now, as I understand it, one of the main factors behind that is the Government standing behind deposits in the banks, and in effect standing behind international operations as well as UK operations. When you say you see that disappearing in the future, by what mechanism do you think that is going to happen?

**Stephen Hester:** The mechanisms, if you like, that are under way—well advanced, in fact—can possibly be divided into two categories. The first is banks holding huge amounts more capital and liquidity reserves, quite properly—obviously I am not here to defend the past, since I have only been in post two years—and that means that the likelihood of banks needing



external support once those reforms have been fully worked through, the Basel III process, dramatically falls. Then secondly, there is a huge change in what happens in the less likely circumstance that a bank nevertheless fails in the future. What the last crisis unveiled, and I have spoken about this a number of times in advocating reform, is that it was quite hard to pass on losses, pass the shareholder to creditors, which is normally what would happen in any other company, and the state found itself jumping into the middle. There are a whole series of parts of reform around things called Co-Cos and things called bail-ins—sorry to use technical terms—resolution mechanisms, changes in legislation, living wills. There are a series of things in this category that the world’s regulators are advancing, designing and changing, such that in a future crisis not only would a bank be less likely to go under because they had more strength to start with, but there then would then be a smoother recourse to creditors, as opposed to Governments, and not the need for Government intervention. So the combination of those, plus banks managing themselves, learning from the crisis, getting out of risk position, should get us to the position where Government support of the capital variety, is not needed. There will always be a role for central Bank liquidity support, but there should not be a role for capital support, and that is why I have always advocated that these reforms take place. I think we are going in absolutely the right direction, and as they bite that will be the result.

**Q115 Ian Swales:** On a specific, then: retail depositors. Do you see the Government’s scheme to support retail depositors disappearing in this new world that you are describing?

**Stephen Hester:** Obviously retail depositors, or the retail deposit insurance, is funded by the banks through levies. That is true here, it is true in the United States, but I cannot speak for every country. So although the Government can offer an overdraft, in the end it is the banks that pay for that scheme. My guess is that scheme will stay; you could argue for its enhancement, but it has already been enhanced. You can clearly have a debate about its size, but quite properly it is paid for by the banks.

**Q116 Chair (Mrs Hodge):** I want to get you back to this value to the taxpayer. I want to get you back to the value. You believe you have value in the sense that you are paying for the money that we, the taxpayer, are lending you. One of the aspects of the deal, and it would be good if you could both answer this, was that we wanted to keep lending going, both mortgage lending and business lending, and both of you abysmally failed in 2009. RBS was £22 billion short on the business lending and Lloyds £8 billion short, on the figures that we have in front of us. 2010 looks a bit better, but only because we have changed the goalposts, so instead of looking at net lending we are looking at gross lending. I would have hoped one of the ways we could measure value for money for the taxpayer would have been your role in securing growth in the economy, particularly through the SME sector. Why did you fail, and in that context how do you expect us to say you have given value for money?

**Eric Daniels:** I think I would characterise our performances somewhat differently. I am very happy with the performance of Lloyds. We extended over £30 billion of new mortgage lending during the past year. We have helped over 50,000 first-time buyers. We have lent approximately £44 billion, I believe, to corporations and small businesses—£11 billion specifically to small businesses. We in fact exceeded our commitments to Government during this past year.

**Q117 Chair (Mrs Hodge):** Only because the goalposts have changed. I am sorry to interrupt you on that, but when the targets were first set they were net targets—that was 2009—and you both failed abysmally in 2009, which was a key year for growth. In 2010 you are doing better, I accept that, but only because we have changed, and presumably in your negotiations with the Treasury, you are now on gross targets, which I do not think are a terribly helpful measure, but I accept that they are the measure that has been set.

**Eric Daniels:** I think that I would give you two responses. In the first place, we increased our net lending to businesses during the year, so this is not something where it is simply chicanery.

**Q118 Chair (Mrs Hodge):** What is your net lending to business in 2010? I have it down as a negative.

**Eric Daniels:** I believe it is positive. I do not have the number to hand.

**Q119 Chair (Mrs Hodge):** What is it? Does Mr Tookey know?

**Tim Tookey:** It was positive overall.

**Q120 Chair (Mrs Hodge):** What? A billion or something? I think our advice from our officials was it was still a negative.

**Tim Tookey:** I can confirm it was marginally positive on a net basis—

**Q121 Chair (Mrs Hodge):** Can officials help?

**Tim Tookey:** —for SMEs for year two.

**Q122 Stephen Barclay:** Just whilst they are helping, can I just clarify that gross lending to a company can go up, whilst the actual money the company gets, the net lending, goes down? In other words, if I have a first loan with you worth £1 million, and that is **under an existing loan agreement and I pay that back, because of the fee structure in terms of that loan, and I take a second loan from you worth £1.5 million, probably with higher fees, charged with more security, you would present that as gross lending of £1.5 million, but the actual money that I as a company would have from you would be £500,000.** Do you accept that going to gross lending, which is the target for 2010/11, can give quite a misleading position as to the amount of the bank's money that has been placed with a company?

**Eric Daniels:** No, I do not believe it is misleading at all. I think it is a very accurate representation of the banks' willingness to lend. The distortion that the net lending figure causes is, as Stephen pointed out earlier, in a recovery period, when you often see demand for lending go down a great deal, and so you see a lot of repayments. Companies want to get their balance sheets in order. What we see are two factors: one is lots of repayments among mid-sized companies, and among big companies not only repayments but also going to the capital markets directly. So increasing gross lending in that kind of environment I think speaks very well to the banks' willingness to lend.

In other words, if I have a first loan with you worth £1 million, and that is under an existing loan agreement and I pay that back, because of the fee structure in terms of that loan, and I take a second loan from you worth £1.5 million, probably with higher fees, charged with more security, you would present that as gross lending of £1.5 million, but the actual money that I as a company would have from you would be £500,000

**Q123 Stephen Barclay:** Did you not make those points to the Treasury when they set the target?

**Eric Daniels:** There were lengthy discussions with the Treasury when we set the targets.

**Q124 Stephen Barclay:** So some of those criteria would have been factored into the original target that was set?

**Eric Daniels:** No, I think that the original targeting was done at the very last minute of a very complex process, so there was really no thought and no real—

your own remuneration is saying, "Let's get the share price up, because that is what the bonuses will be paid on"

**Q125 Stephen Barclay:** So you signed up to them with very little thought having been put into them?

**Eric Daniels:** No—if you will let me finish please. This was after a very complex negotiation on GAPs. At **the 11th hour we were asked to commit to lending targets, which we did, but we also caveated those, because we were not given enough time to negotiate thoroughly.** We basically agreed that it would be subject to demand—the demand had to be there—it was subject to liquidity, subject to having capital, and subject to creditworthiness. Those were the four conditions, and that was the agreement that we struck. It was not a lengthy negotiation: again, there was no time.

**Q126 Stephen Barclay:** It strikes me that there are relative priorities: on the one hand, **the Government are saying they want you to lend more.** On the other hand, every financial services party is saying they want you build your capital base up. The Bank of England is saying they want you to repay them more quickly, and **your own remuneration is saying, "Let's get the share price up, because that is what the bonuses will be paid on."** What is unclear to me is how you assess those relative priorities, or is it your argument that you can do all four at the same time?

**Q127 Stephen Barclay:** There are four different priorities there. One of those, which we are just looking at, is the lending priorities, which you have missed on the commercial lending. I am trying to understand how you prioritise the lending priorities vis-à-vis what strikes me as different priorities that have been set—your own internal remuneration priority for staff, compared with some of the Government's other objectives and the regulatory objectives, which are pushing in other directions. How do you prioritise those different issues, or are you saying that it is your expectation you will deliver all four at the same time?

**Eric Daniels:** I think you need look no further than last year. Last year Lloyds repaid some £60 billion of Government funding, first, increased its gross and net lending, increased its share price, working for the shareholder, and what was your fourth?

**Q128 Stephen Barclay:** You have regulatory pressure, Bank of England pressure, Government pressure and your own—

**Eric Daniels:** Sorry, we increased our capital by 25% from 8.2% to 10.2%

**Q129 Chair (Mrs Hodge):** Can I get an answer on that lending issue, because my note now tells me Lloyds did have a positive—apologies for that—but RBS had a negative on the net.

**Stephen Hester:** Let me take up your points. I think the first point is that we should be very clear that since I have taken the helm two years ago RBS has done everything it can and continues to do to support its customers in the UK, and is, as a consequence of those efforts, not only lending very large amounts of money but substantially in excess of our national market shares, as was shown on the Merlin figures that were published last month. But if I could shed some light on an important apparent misunderstanding, the lending commitments were legally binding commitments, and if we had failed under them we would, could and should have been sued by the Treasury. My understanding is that the Treasury concluded there were not grounds to do that; i.e. there was no breach of them. I am not surprised that there was no breach of them, because I was heavily involved in the discussions at the time, when I had just arrived, with the last Government, which was obviously concerned to ensure that the recession was not exacerbated by a lack of confidence in financing markets.

**Q130 Chair (Mrs Hodge):** There was a breach. I am really sorry to stop you, you can finish, but there is just this—



Stephen Hester: I am trying to explain, so I hope it will be helpful to you. The key concern of the Treasury and Ministers at the time was that there would be a disappearance of foreign lenders in the UK market and an artificial credit crunch as a result of the disappearance of people who were previously lending a lot of money, and that artificial withdrawal of funds would make the recession worse. That was the concern. What the intervention with Lloyds and RBS was designed to do was to give reassurance that, if the foreign banks all disappeared and if credit demand continued at a very high level, there would be adequate capacity from the domestic banks to make it. The way that the targets—at least I can speak for RBS—were calculated was on a back of the envelope assessment, on short notice, by the Government and Treasury, of the kind of figures that foreign lenders represented, what the gap in the market might be if demand did not go down and foreign lenders disappeared, and therefore what increment might be required. Therefore, we said that we would lend up to this amount if there was a demand on creditworthy terms. Now, in fact what actually happened was two things: number one, demand, as it did in every other country and as it does in every other recession, in fact fell—it did not stay at the high levels; and secondly, foreign lenders did not leave the market in anything like the quantum that was feared. Those were good things, and as a result the lending commitment was met, but was met without the full amount being required, either by borrowers or through the complete flight of foreign lenders, so that is in fact what happened.

**Chair (Mrs Hodge):** Nick wants to come in. We are going to have a vote in two minutes. Do you want to do it before the vote or after?

**Q131 Nick Smith:** Very quickly: in both of your introductory remarks, Mr Daniels and Mr Hester, you talked about a handsome return for the taxpayers owning RBS and Lloyds' shares. What is your latest estimate on what that handsome return will be?

**Eric Daniels:** I do not believe that we can call the—

**Q132 Nick Smith:** I am sorry, I cannot hear you. Can you speak up?

**Eric Daniels:** I do not believe anyone can call the stock market in what will happen in the future. I think all the signs are very good: Lloyds share price increased quite dramatically last year as we returned the bank to profitability. I would hope that, as we continue to enhance profitability, the share price will continue to rise.

**Q133 Chair (Mrs Hodge):** So you agree with John Varley that there is nothing—it sounds to me as we draw this bit to a close—for you to apologise for?

**Eric Daniels:** I beg your pardon?

**Q134 Chair (Mrs Hodge):** You agree with John Varley, Barclays, that there is nothing to apologise for? It sounds to me, out of all this, that you are feeling fairly confident; you feel there is nothing to apologise for.

**Eric Daniels:** I am not sure I can draw the connective tissue from one statement to the other, but if you ask me in general, are we remorseful, or is there a cause for concern in what happened during the banking crisis, I would say absolutely yes. We had clearly a lot of shareholders who were dependent upon our dividends. We clearly have not paid a dividend, and that is disappointing.

**Q135 Chair (Mrs Hodge):** Taxpayer? We are here representing the taxpayer

**Eric Daniels:** Again, as I stated earlier, I believe for the liquidity support that was granted, the CGS and the SLS, the banks

paid at or above commercial rates, so the taxpayer did very well. In terms of the GAPs, which I understood was the primary subject of discussion today, in the case of Lloyds, we never formally entered into the programme, yet we paid £2.5 billion to the taxpayer to get out of the agreement, so I think the taxpayer did very well indeed on that. As for the shareholding, I think I answered that question. I believe that as our share price continues to go up, and the bank continues to become increasingly profitable, the taxpayer will do very well indeed.

**Q136 Nick Smith:** Mr Hester, can you answer my question please, as we seem to be going through the middle of the banker's fight back here: have you got an estimate on what the taxpayer's "handsome return"—your phrase—will be?

**Stephen Hester:** Obviously we have put out details of the fees we pay, but in terms of our future share price I am afraid I am actually legally not allowed to forecast it, nor is it prudent for me to do so, so I am afraid I cannot give you a share price for the future. Of course then it is not in our hands, not just what happens to the stock market, but whether, how, when and in what manner the Treasury, through UKFI, decides to dispose of the shares, so I cannot.

**Q137 Stella Creasy:** Mr Daniels, can we come back to what the taxpayer can expect? When you do expect Lloyds to be paying corporation tax?

**Eric Daniels:** That would be a profit forecast, which I certainly cannot give you. What I would say is that Lloyds is well on its way to absorbing the accumulated losses, and nothing would please me more than having Lloyds pay corporation taxes.

**Q138 Stella Creasy:** So when do you expect to be profitable?

**Eric Daniels:** We are in fact profitable.

**Q139 Stella Creasy:** And yet you are able to defer that liability for corporation tax.

**Eric Daniels:** I beg your pardon?

**Chair (Mrs Hodge):** We are going to go do a vote, and then we will come back and pick it up. I am really sorry that it gets interrupted in this way: it always provides a difficult session. But we will get into it when we come back. Sitting suspended for a Division in the House. On resuming—

**Q140 Chair (Mrs Hodge):** Apologies for that. We had a couple of votes, which is very disruptive, but that is how the cookie crumbles. I just want to get back to this issue of value to the taxpayer, which is our remit, which is why we are focusing on it. You have both really justified that you believe there has been proper value to taxpayers from the fees paid in the schemes in which you have participated. I hope you have had a chance to look at the Report that formed the basis for our inquiry. Have you had that? I am assuming that that has been distributed to you. We have taken evidence on that from Treasury officials: Tom Scholar, who presumably you have dealt with a lot. In his evidence and in the Report, if you have a copy of it, both the Report and his evidence state that the fees were well below commercial prices to get the stability and confidence back into the market. Quite proper good objectives, but nevertheless below commercial charges. Let me just see what he said; this was in evidence to us: "If you look at what subsequently happened to the commercial price of providing a similar guarantee, yes it is true, as the Report says, that the commercial price remained higher for longer than people were expecting." So the price that the Government was charging was lower. If you accept that, and I see that Eric Daniels is frowning, but if you accept that, how do you still come forward and say that you think that there is proper value to the taxpayer—that we have been properly rewarded out of the Credit Guarantee Scheme, for example?

**Eric Daniels:** If I may, Lloyds never entered into GAPs: we simply paid to leave the agreement that we had made in March, so I think the taxpayer got a very good deal.

**Q141 Chair (Mrs Hodge):** And what about you? You are well into it.

**Stephen Hester:** Of course. Forgive me, because at different points, I thought we might have been talking about value to the taxpayer from different things: obviously the Bank of England numbers, the price at which shares were subscribed, or the Credit Guarantee Scheme, but as I understand you now, you are talking very specifically about the Asset Protection Scheme.

**Q142 Chair (Mrs Hodge):** I am now focusing on that.

**Stephen Hester:** Got you. With respect to the Asset Protection Scheme fees, I think truthfully there was no—and indeed is no—private-sector equivalent insurance policy that was viable at the time that would allow you to say that the fee was high or low against something that was demonstrable. So by definition it is a matter of opinion. Clearly the board of RBS recommended entry into the scheme, and as a matter of legal duty could not have done so if it felt that the scheme in the round, in all of its terms, was wrong for its shareholders—82% of whom are of course, in the circular process, the government—and so in that sense we did not feel that the fees were inappropriate. But what I would say is that the Asset Protection Scheme, we believed at the time we entered it, and we said so publicly, was unlikely to cost the taxpayer anything. The taxpayer, we thought, would make a profit. At every stage of reforecast, that continues to be our view. I believe it is also the view of those concerned in the Government, and that is entirely appropriate; it was an insurance policy and I think the taxpayer should make a profit out of it. I have no complaints about that, but it continues to be the case, and as I say I think the taxpayer will make a profit out of that scheme, but I cannot tell you that there was a definite market price which the fees were higher than or lower than; there was not. So it was one entered into by both parties at the time.

**Q143 Chair (Mrs Hodge):** And the Credit Guarantee Scheme, where, if I just read from the Report—I will try not to read the lot—“the fees charged to banks under the Credit Guarantee Scheme to guarantee new wholesale debts were designed to be on a commercial basis, but not so large as to prevent banks from using it, but sufficient to provide a reasonable return ... However, we estimate the benefit”—I am skipping a bit, so apologies for that—“is substantially more than £1 billion.”

**Stephen Hester:** If you mean the benefit to the taxpayer, I do not know, but I know the taxpayer has made a big profit on it.

**Q144 Chair (Mrs Hodge):** I think it was to the banks. That is the benefit to the banks.

**Stephen Hester:** I know that the taxpayer has not had to pay any money at all under the Credit Guarantee Scheme, and the taxpayer has received hundreds of millions or billions—I do not know the answer, but a lot of money—in return. But again, I think that was entirely appropriate, because the taxpayer was providing a guarantee, and you are correct to say that the guaranteed fee—

**Q145 Chair (Mrs Hodge):** It provided you with cheaper money.

**Stephen Hester:** —was calculated in order to represent market prices. But it is also true that that guarantee was not otherwise available from someone else, and so one can have a debate about whether the market prices were theoretical or not.



**Q146 Chair (Mrs Hodge):** But it allowed you access to wholesale funding at a cheaper rate. Or probably wholesale funding full stop, and then wholesale funding at a cheaper rate.

**Stephen Hester:** No, the cost of the wholesale funding plus the guarantee cost was calculated such that it was equivalent to the notional cost that you would have otherwise borrowed without that guarantee. However—and as a consequence the taxpayer has made a profit—what I am saying is that we are dealing in notional cost, and in fact that borrowing would not have been available in those amounts, and therefore it is impossible to know the counterfactual of what you would have borrowed at actually as opposed to theoretically.

**Q147 Stella Creasy:** So you disagree with the Treasury, who acknowledge this subsidy and are reviewing the fees?

**Stephen Hester:** If we are talking about the Credit Guarantee Scheme—

**Stella Creasy:** Yes.

**Stephen Hester:** —I do not know whether I am disagreeing with the Treasury or not.

**Q148 Stella Creasy:** The Treasury recognise that they have subsidised you to the tune of a billion pounds.

**Stephen Hester:** I am saying to you that the Treasury has made a profit, and the value of the guarantee was set in a way that was designed to be market priced. However, there was a degree of theory as opposed to practice to that because it was impossible to test, and indeed it is entirely probable, within the market conditions of the time, the theoretical prices would not have pertained, and so that is what I am saying to you.

**Q149 Stella Creasy:** So there was a subsidy, then, essentially of a billion pounds? You would accept that it was not value for money for the taxpayers?

**Stephen Hester:** Did the taxpayer make a profit? Yes. Was it calculated in a theoretically accurate way? Yes.

**Q150 Stella Creasy:** Did you get a good deal?

**Stephen Hester:** I think that the banks needed that support. The banking system needed that support.

**Q151 Stella Creasy:** So it was a good deal for the banks. But from our perspective, in terms of the value for money of the deal that was done, and the acknowledgement of the Treasury that it needs to be reviewed because it essentially represented a billion pound subsidy to the banks—

**Stephen Hester:** I think just because one side thinks it was the right thing to do does not mean to say it was the wrong thing for the other side. It could be right for both sides, and I would submit to you in this circumstance it has been right for both sides.

**Q152 Stella Creasy:** So you think it is right for us to subsidise the banks to the tune of a billion pounds in the Credit Guarantee Scheme.

**Stephen Hester:** I do not recognise that figure; what I am saying to you is I think it is right that the taxpayer has made a substantial profit out of this scheme, because the taxpayer was giving something valuable to the banks. Theoretically that was priced on an arm's length basis. Whether in reality, and by what amount, it was not, I do not know.

**Q153 Chair (Mrs Hodge):** I have to say that I think you have to take a very narrow view of profit, because the wider impact of the banking crisis can hardly have been a profit. Can I move back to lending, because that was where we were? I just wanted to clear up that point. You both feel that you are lending well now. I have some quarrel with the way the target has been devised. Also, I did not want to intervene too much on you, Mr Hester, but I do have some quarrel to say you did not meet the target set in 2009. Okay, nobody took action against you, but you did not meet it. Recently we have had the Engineering Employers' Federation report, which I assume you have seen and we have too, which accepts that cash is beginning to flow, but what they have said is that about a third of their companies are finding that the costs of borrowing have increased substantially, particularly—and this is the interesting thing—in the last couple of months. The impact will be more on SMEs than it will be on others, the larger FTSE companies, who can raise it through bonds and equities. Again, going back to our remit, the taxpayer's interest, the deal is taxpayer puts money in, and what we hope to get out is better lending to businesses, and particularly the SME sector. What is your comment on the Engineering Employers' Federation finding?

**Eric Daniels:** I do not really have much to comment on; I disagree with it. The cost of borrowing for SMEs has not been this low for many years, and what we are seeing is, in fact, some increase off very low levels, which reflects the higher cost of funding for the banks. As we all know, the markets, over the past year, whether it was last May, last September or more recently in February, got quite jittery when the possibility of contagion from Greece, Spain or Portugal and so on was looming. So the cost of funding for the banks has gone up, and that is reflected in some part—not across the board, but in some part—in new lines and facilities for our customers.

**Q154 Chair (Mrs Hodge):** Do you want to add anything?

**Stephen Hester:** The average cost of SME loans that RBS made last year was 3.5%, and, as Eric says, that of course, by historic standards, is extremely low. What is true is that relative to base rate there have been some changes, but if I can draw an analogy perhaps apposite to the moment, it is a bit like petrol prices going up, and the reason petrol prices have gone up is because the cost of buying oil, out of which petrol is made, has gone up. Exactly the same thing has gone on for banks: the costs relative to base rate for banks to get money has gone up, and so consequently that is passed on, even though the absolute rates are historically low.

**Mrs McGuire:** On this subject, I would quite like to just do a very quick follow-up on what has just been said.

**Chris Heaton-Harris:** Mine is as well.

**Mrs McGuire:** Alright then.

**Q155 Chris Heaton-Harris:** It might even be the same thing. First of all, thank you for coming, because it is not often a group of politicians meets someone less popular than themselves, so it is really kind of you to give us that sort of charitable feel. It is really a question to you, Mr Hester. I imagine most of us around this table have had constituents and companies write to us, small businesses especially, who are having problems securing loans, and in 2009 Peter Ibbetson, who is your Small Business Chairman, said that 93% of SMEs are currently able to roll over overdrafts at RBS at the same or lower rate. I was wondering, if he measured it then, what is that measure now?

**Stephen Hester:** I do not have the precise percentage. I do not think it has changed a lot, but I am very happy to write to you afterwards to confirm that. But our overdraft price promise, which I think is the primary component of what was put in, remains in place.

**Chris Heaton-Harris:** I am happy to pass over to Anne.

**Q156 Mrs McGuire:** I would just like to question the 3.5% average. Obviously Mr Daniels did not give us a figure for Lloyds' average lending to small companies. Frankly, 3.5% lending to small businesses does not chime with what we are hearing out there, and I am wondering whether or not there are other costs that need to be taken into account when small and medium enterprises are trying to access finance. I do not have permission to reveal some of the details here, but certainly the small businesses in my area did not give the impression—and it has been verified with your bank by me, through questioning the bank—that 3.5% was anything like what they had been asked to pay. Are there fees, or have the fees gone up? Have the securities that have been asked for gone up?

**Stephen Hester:** Clearly the figure I gave you was an average, so there will be some above and some below. You are correct to say that for some kinds of borrowing, in addition to that there can be fees associated with taking out the loan, or whatever it might be.

**Q157 Mrs McGuire:** Have those fees increased?

**Stephen Hester:** And those fees, probably on average, have increased.

**Q158 Mrs McGuire:** Once, twice? 50%, 100%?

**Stephen Hester:** I think I can say with great certainty that, even when you take account of fees, the average cost of borrowing for SMEs is amongst the lowest it has been in decades. However, it is higher relative to base rate than it was, for the reasons that I have sketched out. Another way to think about it is, if you like, are the banks profiteering? In other words, are the banks taking, somehow, an inappropriate margin out of the middle between their cost of borrowing and the others?

What I can say, again, is we publish our figures every three months on this, and if we take our Corporate Lending division, our UK division that lends to businesses of all sizes, the return on equity of that division has obviously been loss making through the recession and very low, and so is not a good advertisement for our shareholders, but has now got back to below our target, but roughly to 12%, which we think is roughly our cost of capital. So you can see no evidence either on the bottom line of profiteering, or indeed on the average for businesses. But it is certainly the case that, in the same way that petrol prices have gone up, bank input prices have gone up, and that gets passed on through different means. It has to be.

*.... a farmer in my constituency came to me who had previously had an arrangement fee to sustain his overdraft, or to maintain his overdraft, increased from £500, I think, if my memory serves me correctly, to almost £5,000, that would not be considered profiteering?*

**Q159 Mrs McGuire:** So if I say to you that **a farmer in my constituency came to me who had previously had an arrangement fee to sustain his overdraft, or to maintain his overdraft, increased from £500, I think, if my memory serves me correctly, to almost £5,000, that would not be considered profiteering?** I have to say to you, one of the arguments that is constantly put to Members of Parliament is that as a taxpayer I own 83% of this bank, and people feel that those dramatic increases in arrangement fees are perhaps hiding the true costs of borrowing.

*But they have not gone up 10 times. An arrangement fee from £500 to £5,000 sounds to me like a tenfold increase.*

**Stephen Hester:** As I said, I think our numbers are very transparent, and you could look at them every three months, we publish them as to what our profits



are, and what that is in each of our business lines, so you can see the aggregate. Of course, that does not tell you the answer for any particular borrower, but you can see what the average is. And again, using my petrol price analogy, petrol prices have gone up fast and a lot, but that was because oil prices went up fast and a lot, and exactly the same has happened with the cost of borrowing for banks, which in turn is, if you like, our goods that we sell to customers in the form of lending.

**Q160 Mrs McGuire:** But they have not gone up 10 times. An arrangement fee from £500 to £5,000 sounds to me like a tenfold increase.

**Stephen Hester:** As I said, the total cost of banking services in lending is lower than it has been in decades

**Q161 Chair (Mrs Hodge):** Mr Daniels, do you want to add to that at all on this exchange?

**Eric Daniels:** That is a very complete answer.

**Q162 Mr Bacon:** We have heard different Members from different parts of the country. In my own constituency, which is in East Anglia, in Norfolk, I met with the Federation of Small Business on Monday morning, and the predominant theme that I was told about—it was really for them to talk to me, rather than me give them a speech—was the difficulty in accessing bank lending.

**Austin Mitchell:** The same here.

**Mr Bacon:** When I was first elected in 2001 that was not the case. I did not get business people banging on my door about that, nor in 2002, nor in 2003, and so on until the banks between them crashed the whole world in 2007/08. Obviously there have been huge problems since then—we are all trying to get out of the mess, you are all trying to get out of the mess. I do appreciate that you are being told to do things that are contradictory. I think Mr Barclay alluded to this earlier: you are being told to lend more; you are also being told to conserve your capital—your natural instinct, I suppose, is to protect your capital if you are not sure about the quality or the value of your assets— and you are also being told to strengthen your capital and improve your balances sheets, and it is very difficult to do all of these things simultaneously. In fact, some of them are obviously completely contradictory. But nonetheless it is the case that you are saying that there is a lot of lending happening, and we are all getting the message from different parts of the country that it is very difficult for business owners to access the loans that they need. I had one example of an individual who set up a business three or four years ago. He found it easier to access money then, when he was setting it up, than he does now when it is successful, cash generative, and he wants to invest in equipment because it will help him to get leading edge, blue-chip customers and help him to grow and possibly take on more staff. Why is there this disconnect between these two world views? Mr Daniels, do you want to start perhaps?

**Eric Daniels:** I think that we have a couple of things to look at. One is: what is the real demand for credit? I know there are a lot of anecdotal stories, and if there is a particular member of your constituency that has an issue with Lloyds, I would very much appreciate it if you would write to, in this case, Mr Tookey, but we would be very anxious to hear about that in Lloyds. But I think if you look at the evidence it says that the actual overdraft usage or line utilisation usage—so in other words, we extend the line of credit and you can draw it down any time you wish to—is actually falling. So this is already pre-agreed, there is a pre-agreed price for it, the facility is there, but customers are not drawing down; they are drawing down less than they did before. So that says something about demand. The other thing that I would tell you is that, if we look at the market in 2006/07, which you alluded, to when your constituent was starting up, we had an awful lot of flaky lending in the marketplace. You need look no further than Ireland or Iceland or some of the continental banks that were very much in the SME market in the UK. They were in the mortgage market. It was a lending free-for-all. So covenants came down, conditions were almost non-existent, pricing was ridiculously low: that is not an appropriate way to bank. What was happening was we were seeing an awful lot of competitors—especially not the main competitors—changing conditions and changing the market, and an awful lot of people who probably were not really terribly creditworthy, and if we had been sensible as a society we probably would not have allowed them to get into debt. It was not good for them, it was not good

for the economy and it certainly was not good for the banks. But that was the frenzy that we were in. Today we have hopefully all learned lessons. We have returned to some much more traditional practices and rules around prudence.

RBS would not be here today were it not for support from the state

**Q163 Joseph Johnson:** A question to Mr Hester and Mr Daniels please. You have both, to a greater or a lesser degree, got the dead hand of the state gripping the entrails of your respective organisations. Mr Hester, you have been quite explicit in recent weeks in identifying a certain amount of talent flight from your organisation. I would be interested to know to what extent you feel that is due to the large Government shareholding in your organisation.

**Stephen Hester:** This is in some ways a difficult position, because I think we need to be crystal clear that **RBS would not be here today were it not for support from the state**, and so while some consequences go with that, I think it would be entirely unbalanced to not start with that recognition and say, if there are some consequences, the outcome is worth the consequences. So that would be my first answer. The second point I think is that all businesses, whether or not they are owned or partly owned by Government or by the state, I think have a duty, and it is good business practice, to try to be sensitive to the environment in which they operate, the communities that they serve, and there are sometimes tradeoffs in doing that, and I would like to think that a number of those issues would be true of us whether or not we had compromises, if you like, and whether or not we had state ownership. But in a sense there is a time for everything, and I think what I would say to you is that the time, I believe, is fast approaching when the benefit to both the state and RBS of the state privatising increases. Clearly the state can use the money in terms of budget deficit, and in terms of the symbolism of economic recovery that a privatisation would represent. In the case of RBS, there is the worry that RBS is somehow subject to different, more conflicting and more complex requirements than all of its competitors. So I think the right answer to this is not to, in a sense, bemoan the past—far from it, we have to be grateful for the past—but more to say the right way going forward, the win-win, is to advance privatisation when that is possible.

**Q164 Joseph Johnson:** Can I put the same question to Mr Daniels, please?

**Eric Daniels:** I do not believe that we have lost significant numbers of people. We have a natural attrition in Lloyds of somewhere around 10% of our people per year. We are not seeing anything really remarkably different from that.

**Q165 Joseph Johnson:** Great. The follow-up question to both of you is what top rate of personal income tax do you think is consistent with London maintaining and perhaps enhancing its position as one of the world's important financial centres?

**Austin Mitchell:** It is an optional question.

**Eric Daniels:** I would not begin to know how to answer that question.

**Q166 Joseph Johnson:** You do not have a view?

**Eric Daniels:** I could not begin to answer it.

**Q167 Joseph Johnson:** In what sense?

**Eric Daniels:** I have never studied it; I do not have a basis to offer an opinion. I think it is a complex subject, and if I were to give you an answer, it would superficial at best.

**Q168 Mr Bacon:** How much truth do you think there is in the point—made by a parliamentary colleague of mine who used to be a swaps trader for many years— that a lot of this bonus culture is nonsense in the sense that lots of people would not leave London because they like London too much. London has too much to offer compared with virtually everywhere else. If you are out in Geneva at eight o'clock in the evening it is dead; there is nothing to do. Whereas in London there is plenty to do, everything to do, and it is one of the world's greatest cities, and that in itself has a centripetal force that is probably more important than bonuses, and the talk that somehow you have to keep up the bonuses at the right level, otherwise everyone will suddenly up sticks and get on a plane, is overstated.

**Eric Daniels:** Is there a question?

**Q169 Mr Bacon:** Yes, the question is do you think it is correct that that is overstated?

**Eric Daniels:** I think that that may not be the right measure. I might ask, "How does change happen?" It rarely happens with the bank: it happens over time and it happens on the margin. What we do know is that a particular bank hired more people in Singapore last year than they did in the UK. If you look at the rise of the Dubai financial centre, again, you are seeing more and more jobs going over there. It is not the middle-aged derivatives trader who has two kids in school and so on: it is the young, up-and-coming 25-, 28-year-old who is looking to build a career, and they see that their prospects are brighter elsewhere.

**Q170 Mr Bacon:** So you might not see it other than almost imperceptibly, but if you look back on it several decades later, you might suddenly realise there had been a very big change.

**Eric Daniels:** Yes.

**Q171 Jackie Doyle-Price:** I am just reflecting on what you particularly said, Mr Daniels, about the fact that risk had been in the price for many years in the run-up to the banking crisis, and that is what got us into this mess, and looking also at the targets and the caveats you have placed on it in respect of demand and creditworthiness. Where that takes me is, I am reassured from a taxpayer value-for-money point of view that the taxpayer is not just going to be standing in there supporting poor credit risks. But in that sense, to what extent are those targets having any meaning at all? For you, are they targets, are they aspirations, and how confident are you that you will meet those lending targets for businesses particularly?

**Eric Daniels:** I am absolutely confident I will not since I am no longer in the chair.

**Q172 Jackie Doyle-Price:** As a sector then, how confident, looking at it—can I then conclude that they are meaningless?

**Eric Daniels:** I think that question might be better asked of Mr Hester, who has something to do with it.

**Stephen Hester:** I think that the job of maximising support for customers in the UK is one that, in any event, the banks should be doing the most on because that is their business, and I believe the banks certainly—it is true of RBS—are doing even more than perhaps in any event they would be in response to the obvious needs of society, one manifestation of which is the political dialogue and the lending commitments that are associated with that. We can see that as an example in the context of RBS's market share, but I see that every day in our internal workings. What, however, is unfortunately the case for those who would like a neater world is that no one can tell you today what amount of borrowing UK business can usefully use in the coming year, and we do not have a centrally planned economy, and even if we did I do not think you could answer that question. It is of course the case that an element of what is being done is to build confidence. I think this is a crucially missing bit of the dialogue: crucial to economic growth—and the UK is in trouble if we do not get economic



growth—is confidence. There are lots of bits of confidence: a piece that the banks can help with is the confidence that if people have a good proposition, a bankable proposition, that money is there and people are trying to help them now. Banks have many flaws, there are many individual cases where I am sure they can do better, but I do think that we take it very seriously that it is our job to first give people confidence and second to back that up with substance where it is bankable. What we cannot do is, in a centrally planned way say, “That will definitely be amount of money x or y, and here you can have it regardless of whether you have the right proposition or not.” But this issue of confidence should not be ignored, and I do think that one of the important changes in recent months is that people have realised that looking backwards all the time and recriminating all the time and, if you like, looking on the negative side of life, is not going to help us grow. It is very important to learn from the mistakes and put them right, but in the end what we need to be doing is looking forward, trying to get growth and wealth creation, and the banks have an important role to play in the business confidence to start with, and then in the provision of support when the right propositions come along behind that, and that is what we need to do. We are doing it imperfectly; we need to try to continually perfect that.

**Q173 Jackie Doyle-Price:** And the continued presence of the taxpayer in the banking system is enabling you to do that, let’s be frank. One of the things you said is that you are doing more than perhaps you wanted to. What we have seen is—and you have both made this point in different ways—that many businesses have been reducing their credit exposure and turning to other sources of finance. To what extent is the taxpayer being asked to prop up the riskier side of lending?

**Stephen Hester:** although you could not often tell it from public debate on the subject, I do not believe, when you sweep aside the debating points, that Government is actually asking the banks to go back and do some more reckless lending. I do believe that most people think that the banks should try to lend responsibly and support their customers in that way. In that sense I think the banks are trying to both lend responsibly—as Eric has pointed out, in some instances that means differently than in the past— whilst at the same time trying within that envelope to support their customers. Certainly when I think of the people on the ground in RBS, and again I am sure there are many individual cases where we get it wrong so I am not in any way trying to say that we are perfect, they know that they have to try and find a way to support the customer. We do not always succeed. 85% of the time, if a small business asks us for a loan, we say yes. Sometimes with us that small business has to jump through more hoops than it might have done in the past: more covenants, more financial disclosure. Because the business may be weaker, it may be suffering with the recession; standards may have changed. One way or another we are trying to keep the same flow of money going as we did before, at least in terms of your likelihood of getting a loan.

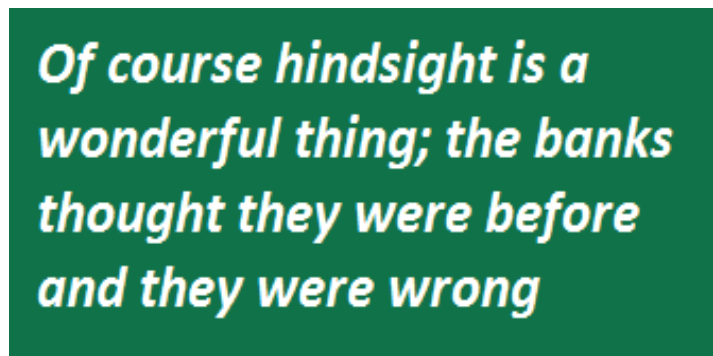
**Q174 Jackie Doyle-Price:** Are you pricing that risk effectively or is the taxpayer supporting that?

**Stephen Hester:** **Of course hindsight is a wonderful thing; the banks thought they were before and they were wrong.**

Right now the banks are trying to price risk effectively. Whether that is indeed what we will have done will take some years to find out, when you look in the rear-view mirror and find out what actually did happen to the economy and so on and so forth. That is certainly the intent.

**Q175 Chair (Mrs Hodge):** Mervyn King said rather worryingly in the interview he gave recently in the Telegraph, which I assume you also saw, “The search for yield goes on. Imbalances are beginning to grow again.” **You paint this rather rosy picture, but the Governor of the Bank of England appears not to agree.**

**Stephen Hester:** I do not know whether this was what he was meaning, because I was not present when he made the remark—I am always nervous about interpreting from newspaper articles—but I think the point is very important to understand, and I think we do all understand: what happened to the world was as a result of a series of unsustainable economic imbalances, many of which are still out there. The banking system had a big part in that but not a sole part in that. It is incumbent upon the whole world to keep working away at economic imbalances, whether it is, in the UK, our fiscal imbalance, our balance of payments imbalance, the imbalance of household saving versus borrowing, **the imbalance**



*Of course hindsight is a wonderful thing; the banks thought they were before and they were wrong*

**that was in banks' balance sheets.** There are a whole series of these things which still have not been corrected and will probably take a lot of years to correct. That is why it is so important that all of us work together to do so.

**Q176 Chair (Mrs Hodge):** Take his comment at face value, which is the only way we can do it; it was in quotation marks so I assume that he did say it. "The search for yield goes on. Imbalances are beginning to grow again". You would challenge that, would you?

**Stephen Hester:** I am not going to comment on remarks that I only read about in the newspaper. I think it is wrong to do that. All I can say to you is: the problem of imbalances in the world has not been fixed. To some extent the first steps of the cure made worse imbalances, because the first steps of the cure in some countries were to increase budget deficits and other kinds of imbalance which then subsequently need to be worked down.

**Q177 Chair (Mrs Hodge):** I do not think he is talking about Government budget deficits, he is talking about banks. If you do not want to answer it, say you do not want to answer it.

**Stephen Hester:** I am doing my best to answer it.

**Q178 Chair (Mrs Hodge):** It is pretty clear to me. Mr Daniels, do you want to comment on that?

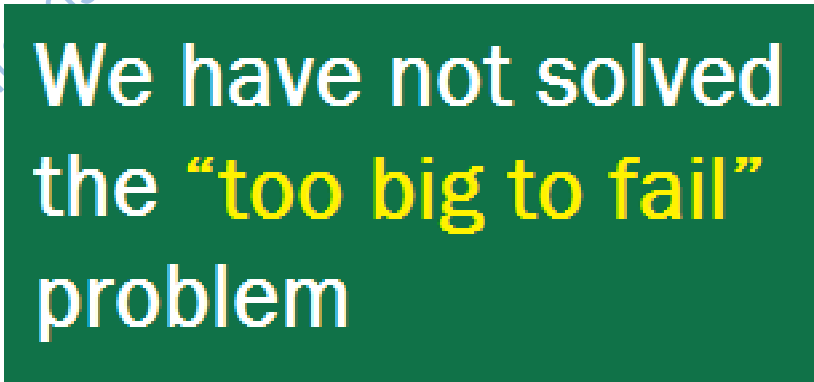
**Eric Daniels:** I have nothing further to add.

**Chair (Mrs Hodge):** What does that mean? Do you think he was right? He is wrong?

**Eric Daniels:** I did not read the article

**Q179 Stella Creasy:** Let's turn to something else he also mentioned in the article, which is a very big debate that is happening here in Parliament and something that I think all of us look at when we look at the value for money of the decisions that were made over the last couple of years to invest in the banks. **We have not solved the "too big to fail" problem.** In fact, let me quote from Mervyn

King directly. He said, "We've not yet solved the 'too big to fail' or, as I prefer to call it, the 'too important to fail' problem. The concept of being too important to fail should have no place in a market economy". If your banks were to collapse, the Government would have to step in to protect your customers. As we have all talked about, many of our constituents are customers of yours and to prevent there being a contagion to other banks is something that we dealt with the first time. Implicitly you are still guaranteed by the taxpayer. **What needs to be done to end the "too big to fail" culture? Is it to break you up into smaller banks?** If not that, what else can be done?



We have not solved  
the "too big to fail"  
problem

**Eric Daniels:** Think about what has happened over the past couple of years in terms of the much stiffer capital requirements; Core Tier 1 did not exist as a concept in 2008, and today all banks run with very high levels of shareholder capital, much higher than there has ever been in the past. In the case of Lloyds, we now carry 10% of Core Tier 1 and 15% overall capital. Those levels were unheard of a few short years ago. In addition to that there has been an enormous amount of work done on liquidity regimes. We all know that banks do not go bankrupt because of capital but rather because of access to liquidity. Again, an enormous amount has been done. The amount of liquidity that any bank holds today is many multiples of what they carried in the past. I think those are two important changes that should not be overlooked. In addition to that, I think there has been a tremendous amount of re-examination of the system of regulation, of

understanding some of the risks that probably were not well understood before. That gives a better safeguard to society in terms of managing those risks. The final thing that I would point out is “too big to fail” is perhaps a misnomer, or perhaps does not aid understanding. What is probably more difficult is when a bank is enormously interconnected and complex. That is what makes a resolution regime very difficult. In the case of Lloyds, for example, we are a very straightforward business. The Bank of England has basically told us that they believe we are in fact straightforward; it is easy for us to be resolved, if you will. I do not think it is a igned issue, it is a complexity issue.

**Q180 Stella Creasy:** Just so I am clear Mr Daniels, you dispute the analysis of Mervyn King. Can I also check, then, whether you think there should be any concerns to us as taxpayers about the size of market share that Lloyds now has as a result of the changes over the last couple of years, that, in terms of competition for consumers, the dominance that you play within the mortgage and savings industry is not a problem? You do not see that there is a problem for us as consumers, that you are too big for the British market now.

**Eric Daniels:** No. I think this is a very, very highly competitive market. It is a good deal less concentrated than many other markets, for example, Canada, Australia, and France. In fact it is less concentrated. I think that every study that I have seen has said that UK consumers get very, very good outcomes in terms of pricing. What really matters is not the size or concentration, it is the contestability. What you see in the UK is a lot of discounting. You see a lot of free offers, a lot of interest free periods and so on. That is because it is such a fiercely competitive market. A zero balance transfer on a credit card is a relatively common thing because the banks fight each other for market share. That leads to very good, top quartile consumer outcomes. I do not believe that the size of Lloyds or any other UK bank impedes competition. Indeed, the OFT is charged with looking and examining whether they think the consumers are getting a worse outcome because of the size or structure of the industry.

**Q181 Stella Creasy:** So the Governor of the Bank of England is wrong and a 30% market share is not a problem. Mr Hester, what is your view about what the Governor of the Bank of England said?

**Stephen Hester:** Again, I am not going to be tempted by your invitation into a slanging match with anyone as distinguished as the Governor of the Bank of England.

**Q182 Stella Creasy:** I am not tempting you to a slanging match at all; I am asking your opinion. Are the British banks too big to fail?

**Stephen Hester:** What I would say to you is as follows. Of course, coming in to RBS as I did at its point of near failure, it was of intense professional interest to me as to what caused failure; what to do about it; using RBS as a specific example, how to make banks safe again, in addition to what parallels there were in the rest of the banking industry. It was something I have spent a great deal of time on and thought on. RBS is, I hope, an exemplar of the things we needed to put right. I believe that I have been very clear that very substantial reform was needed in the banking system. What I have also been clear about, though, is my belief that size and shape are complete red herrings in this debate. When you look at the banks that were weakened and failed, or nearly failed, there is no pattern of size and there is no pattern of shape. In fact, the majority by far were small and simple: Bradford & Bingley, Dunfermline Building Society, Northern Rock. Think of, today, banks that are relatively weak: the Spanish Caixa and so on. **Regardless of size and shape, it has been my view that the banking industry needed very substantial reform that would apply whether you are big or small, simple or complicated.** As I said earlier on, but just simply to reprise it for you, the two components of that were to make each bank safer with more capital and more liquidity—Eric has spoken about that—then to put in place mechanisms that, even if despite that extra safety there was failure, you did not go to the Government for capital support, but you went through Co-Cos, bailouts, your own creditors in a resolution regime. I believe that when the current banking reform process has been completed and the international Basel Committee, on which the UK is well represented, is mid-stream, that we will indeed have achieved those goals and made banking safer for society as we should have done. That would be true whether you are a big bank or a small bank, a simple one or a complicated one.



**Q183 Stephen Barclay:** Firstly can I say, I agree with Mr Hester’s comment that it is important that we learn from the mistakes and look forward. Could I just pick upon something that a senior executive at Lehman Brothers said to the Fed, or was quoted as saying. He said, “We do not know what the value of our derivatives liabilities are, and frankly neither do you”. Just starting with Mr Daniels, what has changed in the way you managed your derivatives liabilities? Was it right to present those in terms of a net position and is that still the case in your approach; I am talking about how you manage your counterparty risk?

**Eric Daniels:** I am not quite sure I grasped the question. You are asking “Have we changed the way in which we manage derivatives?”

Tookey was instrumental in helping Lloyds raise more than £20bn of emergency state funding following its takeover of stricken HBOS during the financial crisis, leaving the taxpayer with a 40pc stake.

**Q184 Stephen Barclay:** What I am asking is: you as a senior executive have to understand what is on your balance sheets, the assets, what we as taxpayers have invested in and the risk that is posed to them. A lot of companies, in term of their derivatives trading, were presenting that in terms of net—you understand these issues very well—for example, in terms of the position between your trades with Barclays. There is a counterparty risk if Barclays goes down and there is a difficulty in terms of how that is quantified, how that is then studied. PRIN 3 and PRIN 4 and SYSC have certain requirements in terms of how you manage your liabilities there. What I am saying is there are clearly faults in the way it was happening two or three years ago. What has changed in your approach?

**Eric Daniels:** I think one of the things that I should clarify before answering is that Lloyds is a commercial and a retail bank. While we will use derivatives, for example, in investment banking products, we use them only really for flow. In other words, if a manufacturer in the Midlands wants to hedge their interest rate—in other words they have a floating rate loan, and they want to lock in the rate of interest—we will sell them a derivative. Once we sell to them we have an open position. We lay that off within an investment bank. So for a very short period, what we will do is in fact have a derivatives exposure. But really the use of derivatives for us is mostly flow to serve customers. We do not use it as a trading position, a proprietary position. Do we in fact have some exposure to it? Yes, of course we do. What we do is we manage our limits very carefully, as we always have.

**Q185 Stephen Barclay:** If you had been here three years ago you would have said you manage your limits. That was not my question. My question was, have you changed your approach? Do you still present that from a net position, or have you changed your approach in term of counterparty risk?

**Eric Daniels:** Tim, I don’t know whether you have anything to add.

**Tim Tookey:** We report this information gross. As Eric said, we manage it very tightly and we know what our positions are and how they are valued on a daily basis. On top of that we very carefully analyse the counterparty risk that you are referring to on the asset side of all exposures, whether that is the company in the Midlands that Eric was using in his example, or indeed the third party to whom the risk would have been laid off.

**Q186 Stephen Barclay:** Perhaps you can help. I am a generalist; I am not an expert as you are in these matters. I just had a scan this morning of your preliminary report from a couple of weeks ago, and on page 125 it says, **“The Group reduces exposure to credit risk by using master netting agreements ... These do not meet the criteria under IAS 32”, whatever that is. What that suggested to me was that you are presenting these in a way that does not meet international accounting standards.** As I say I am not an expert, but **why are you not presenting them in a way that meets international standards?** Are you presenting them in the same way you would have done three years ago?



**Tim Tookey**

**Tim Tookey:** I am very happy to confirm that we do present all of our financial information in accordance with international financial reporting standards. That is the basis upon which our accounts have been done since IFRS were introduced in 2005. Our auditors report publically on the basis of preparation of the accounts, and that is indeed what they have given us.

**Stephen Barclay:** Sure, you go through the various legal checks before one signs those off.

**Tim Tookey:** It is more than that. It is actually a certificate from the external auditors who obviously owe a duty of care to shareholders to ensure that we do indeed comply with international accounting standards.

...they were unable to confirm the validity of what your firm was saying in terms of the assets of the company.

**What does that say about the quality of the external audit work that was done?**

**Q187 Stephen Barclay:** **You bring me very nicely onto the auditors; I was going to come on Mr Hester’s auditors in a moment, but it is timely. After 10 months of intensive work by the Treasury, the Accounting Officer of the Treasury had to seek a letter of direction because—it was before your time I accept—they were unable to confirm the validity of what your firm was saying in terms of the assets of the company. What does that say about the quality of the external audit work that was done?**

**Stephen Hester:** I think that the first thing I would say is that there were lots of things RBS did not do well. Our job is to improve on those things. One of the things that it did not do that well was to have perfect books and records, computer systems

and so on and so forth. There are countless amounts of millions of pounds and man hours and management effort going in to improve that alongside the many other things that we are trying to improve.

First of all, Mr Tookey’s whole argument a moment ago was this was looked at by the external auditors.

What that case demonstrates is a serious failure by the external auditor in all of this

That would be the first point that I would make to you. The second point that I would make to you, in relation to the specifics that you are referring to—to which my first point also refers—is that the Asset Protection Scheme I think covered something like 3.5 million individual loans in RBS. No bank in the world, RBS or any other, ever had designed its systems to aggregate information in the particular way that was called upon by the Asset Protection Scheme and the different safeguards that a Government agency was used to getting. If I can give you a parallel, it would be a little bit like someone suddenly coming along the top of the UK Government saying, “We want to get every patient record from the NHS, every record from Work and Pensions and bring them together”. Therefore there were imperfections in the systems but, simply, systems were not designed to gather information in that particular way. I believe that even though I think RBS needed to improve and has been improving, not for this reason but in general, it remains substantively the case that there have been no instances that threaten the taxpayer as it relates to APS. There is no prospect that the taxpayer is going to

be on the hook for anything under this category or otherwise in APS, as we do not expect to claim. So I think as it relates to materiality, the Treasury were quite right to sign off and nothing has come out since that suggested that that was a misjudgment.

**Q188 Stephen Barclay:** That is a different issue you are moving onto. First of all, **Mr Tookey's whole argument a moment ago was this was looked at by the external auditors**. What that case demonstrates is a serious failure by the external auditor in all of this.

**Stephen Hester:** It is not necessarily my job to defend the auditors and you should obviously invite them to testify if you would like to. What I would say to you is the auditors were never called upon to audit data in the format and the fields that were—

**Stephen Barclay:** I'm sorry—

**Stephen Hester:** Do you want me to finish or not?

**Q189 Stephen Barclay:** You are suggesting it was perhaps the unreasonable request of the Treasury asking for information in a particular form that was different. Look at what **Tom Scholar said when he gave evidence: "Given what we discovered about the quality of risk management and the poor systems and controls within the business, we were concerned that there might be other problems that had not come to light."** He was not suggesting we were asking for information in a particularly unique format. The point is there was a regulatory duty under SYSC for you to manage your controls. You had external auditors who also were under a duty. Yet after 10 months of intensive work by the Treasury they could not rely on it. What I am trying to drive at in my question to Mr Daniels in terms of how they present their information on derivatives is, what has actually changed? What has changed in the way these are being done and in the way that these risks are being presented?

**Mrs McGuire:** For example, do you still have 21 different IT systems, which was one of the issues raised by the Treasury?

**Stephen Hester:** We still have lots of different IT systems. It will take many years for us to reduce them, and the work is ongoing to do so. If I may, I am

not saying that RBS's systems were up to scratch; I said to the contrary. What I am saying, though, is that the shortcomings that were pointed out were not of a magnitude to have led to losses to the taxpayer. Since I have come into RBS I have tried to understand whether there were things hidden in cupboards that were unknown that represented big risks and loss. Perhaps sadly, what I can say to you is that from the inside of RBS, what I discovered was really just a Technicolor version of what one could have seen from the outside. Indeed, though there were many of them, the specific shortcomings in the systems area have not led to material losses for either the taxpayer or our shareholders. The material losses, and they have been huge, came from big things, big misjudgements, big areas of concentration that were on display. Coming to your point on derivatives, I think the management of derivatives has substantially changed and continues to change across the industry but certainly in RBS. By the way, the overwhelming majority of losses that RBS will have suffered across the cycle—and it is true of other banks—comes from bog standard lending, not from derivatives. Derivatives was a tiny fraction of where the losses arose.

Tom Scholar said when he gave evidence: "Given what we discovered about the quality of risk management and the poor systems and controls within the business, we were concerned that there might be other problems that had not come to light."

**Q190 Stephen Barclay:** The report suggests a £1 million deterioration in three months on junk bonds.

**Stephen Hester:** Junk bonds are not derivatives; they are loans, they are bonds. There has been a huge amount of work on derivatives to improve the ability, which was a problem in Lehman, to offset liabilities in a legal way if you like, netting



agreements. There is a huge amount of ongoing reform to clear derivatives and trade them across exchanges and through central counterparty clearing. Then there has been a huge amount of work done by all banks, certainly by RBS, to refine valuation to make more conservative reserving and to improve the risk management overall. I can certainly say to you that there has been a great deal of work. It is ongoing. It is certainly true of RBS, and it is true of the industry as it relates to management of derivatives.

**Q191 Austin Mitchell:** I want to move on to bonuses, which are effectively part paid by the taxpayer. I see that RBS paid out £28 million in bonuses to nine executives. We are told that this was done after exhaustive consultation with our shareholders, one of which is me. How was I consulted? How was the public consulted? How was the Government consulted on this?

Robin Budenberg, UKFI CEO in charge of the public's stakes in RBS, Lloyds and Northern Rock, and Jonathan Taylor, Treasury banking-regulator, are both former directors of Swiss Bank UBS.

In 2003 they and 424 other top bonus earners in London avoided tax and national insurance bills on £100m worth of bonuses through a complex offshore arrangement, only after exposed in a tax tribunal.

**Stephen Hester:** There are two forms in which that took place. Every year the remuneration policy and the remuneration decisions are up for vote and all the shareholders can vote as they chose on the remuneration report. Secondly, the objectives that are set both in the remuneration report and the objectives that are set for me have been reviewed each year by UKFI on your behalf. Thirdly, prior to the payment of bonuses at RBS, the Chairwoman of our remuneration committee conducted an extensive shareholder consultation, including UKFI and our major institutional shareholders, with a big fat presentation pack going through all the aspects of bonus policy and taking into account that feedback. That is the format in which the consultation has taken place. I think it is more extensive than was the case before.

**Q192 Austin Mitchell:** It was given effectively by UK Financial Investments.

**Stephen Hester:** I cannot speak for them as to what processes they go through to decide their vote, but obviously they are the holder of the shares in RBS and Lloyds. I think they undertake that task with great thoroughness.

**Q193 Austin Mitchell:** Just in passing, I see from Private Eye, which is an infallible source on banking matters, that the head of UK Financial Investments is **Mr Robin Budenberg who was a great giver of bonuses at UBS. He had his bonuses at UBS channelled through Jersey so he did not pay tax.** Did you do that?

**Stephen Hester:** No.

**Q194 Austin Mitchell:** **But the bank has lots of subsidiaries in tax havens like Jersey.**

**Stephen Hester:** I think we have subsidiaries in all sorts of countries with high and low tax rates. I do not believe that RBS has been particularly up in lights as in some way dodging on tax, au contraire

**Q195 Austin Mitchell:** **The taxpayer now owns lots of banks in tax havens doesn't it?**

**Stephen Hester:** I think the population of the Isle of Man, where we happen to be one of the larger banks, would feel a little bit resentful if you were characterising them as all there because it is a tax haven. There are real economies in places that have got low tax rates, as well as high tax rates.

**Q196 Austin Mitchell:** So these are just for tax avoidance purposes then.

**Stephen Hester:** Do people live in the Isle of Man for tax avoidance purposes? You must draw your own opinion.



**Q197 Austin Mitchell:** Profits made in this country, channelled through the Isle of Man, are done for tax avoidance Purposes.

**Stephen Hester:** As I was saying, I do not believe that RBS has been the subject of particular criticism as it relates to its aggressiveness on taxation. If you can show me contrary evidence, obviously I would be very pleased to look at it. We have signed up to the tax code and I think our affairs are completely in order.

**Q198 Austin Mitchell:** Let me ask you about your bonus of £7.7 million, which is well beyond the dreams of your average PPE graduate when he leaves Oxford. Is it that you had produced some outstanding enormous profit for the bank or was it just that you are a greedy banker? What have you done for the £7.7 million?

**Stephen Hester:** I think this is a subject that is perhaps inappropriate for me to go on about for long, because I do not set my own pay. That is set by my Board of Directors and in turn voted on by shareholders, including UKFI. As you well know it is at the low end of comparable jobs in the UK and globally, albeit at the high end of society if you want to put it in those terms. One can have a philosophical discussion about pay differential.

**Q199 Austin Mitchell:** The taxpayers wants to know why we are paying, we are contributing, to giving you £7.7 million.

**Stephen Hester:** Your job as a politician is to have that philosophical discussion. What I am charged with doing is to try to run a large bank, on which many customers depend, in which the taxpayer has a great deal of financial exposure, to the best of my own and my colleagues' abilities. It is in the hands of others how they want to pay me for that. It is in my hands whether I want to do the job for that. I think by the standards of each profession, which is in the end how these things are measured, the governance process is gone through in a very thorough way. As I say, I am not going for a second to engage

you in the philosophical discussion about pay levels in society. Fortunately that is not what I am charged with doing. I have to protect your investment.

**Q200 Stella Creasy:** You do not have to accept bonuses though do you?

**Stephen Hester:** No, you do not have to accept your salary either.

**Q201 Stella Creasy:** A bonus is a different thing. Mr Daniels, have you accepted your bonus?

**Eric Daniels:** No I did not.

**Q202 Austin Mitchell:** That is a feeble comeback: that we do not have to accept our salary. £7.7 million is huge and the taxpayer is contributing to it, effectively.

**Stephen Hester:** No one is forced to employ me.

**Q203 Austin Mitchell:** **Do you see these bonuses as an incentive to take risks at different levels in the banking industry? The bigger the risk you take, the bigger the bonus you collect.**

**Stephen Hester:** I think that it is extremely important that the incentives that go in any industry, but in this case in the bank industry, have been reformed. There has been very comprehensive reform. In fact, RBS has been amongst the leaders in doing that both in terms of alignment of incentives and their measurement, and the ability to claw them back if the incentives retrospectively are seen to go wrong. The UK today has, in those regards, the toughest regime in the world. I think RBS is at the forefront of that process. I do believe the issue of risk and misalignment of incentive has been very comprehensively addressed. What is clear is that there are parts of the banking industry which remain highly paid, and of course it is clear that that is a matter of controversy depending on where you look. Fortunately, that is not what I am charged with. What I am charged with is trying to run this bank as well as I can by the standards of its environment.

**Chair (Mrs Hodge):** I am going to stop that conversation because it can go on. I think others will have probably said it to you Mr Hester and to you Mr Daniels, but it is just very difficult in the situation. We come in, again defending the taxpayer. Our interest is not as the Treasury Select Committee. We are just here saying: did we get value for money from the money that was put in? I think, in the same way as we as MPs have had to understand the impact out there of some abuses of the allowance system by some Members of Parliament, you have to understand that the people are suffering from a credit crunch, which they feel you in large part caused; to then see large bonuses is a bridge too far. I think a sensitivity to that in whether or not you accept your bonuses is all we ask for; especially when we are in a position where the taxpayer continues at this point to prop you up, hopefully not for too long, but we do. I think it would just be nice to get a feel from some of the people that have benefitted from the bonus system that they understand that and respond to it, in the same way that we have had to respond as MPs to criticism of us. I think it is a very simple issue.

**Q204 Ian Swales:** I would think it is very likely we will be voting down our own £1,000 pay rise on Monday as MPs. I do not know what people are doing around the table, but that is the discussion we will be having on Monday. My real question is, hopefully you have given us a lot of comfort in a way that things are secure and we are never going back to the days of two years ago. If we did, I think there is an element of saying: to what extent the UK taxpayer stood behind international operations of banks, to what extent that was justifiable and whether that should happen in the future. One of our colleagues who is not here was talking about breaking up the banks geographically which I think is clearly not the type of thing we should be asking industry to do. But the UK taxpayer, explicitly or implicitly, aids the banks, stands behind risk,



possibly less so now and hopefully even less in the future. Should we get into that situation again, to what extent should the UK taxpayer be backing a huge international bank?

**Stephen Hester:** I think that firstly, hopefully the UK taxpayer will make a profit not a loss from its support; in the event, it looks like that is going to happen. Secondly, I think one of the very positive things that came out of the negative of the world financial crisis is that the world did not turn in on itself and that protectionism in all its forms did not take over. The world realised that the future still lies in a small world where we trade with each other and where we exchange all sorts of goods, services, cultures and so on. That is particularly true in Britain because we are one of the world's most open economies with the most to lose, of any economy, from a world that turned on itself, became completely nationalistic and pulled up the drawbridges. I would say to you, in my own view, with financial services, which is a huge part of the UK economy anyway, as with the whole of the UK economy, that it behoves us to encourage a global system in which all of us play a role. I think that was what happened in the aftermath of the financial crisis on all levels and it was the right thing to do.

**"Project Merlin" was the Cameron and Clegg "Big Society" bail out of the big four UK banks. Included was the enterprise finance guarantee scheme (EFG)**

**Many SME's allege the banks "mis-sold" the EFG loans to cause collapse to asset strip funds back to the Treasury, whilst the City of London Police controlled fraud to not be criminally investigated**

**Q205 Ian Swales:** If we had got it wrong and one of these large banks had actually crashed and burnt somehow after the taxpayer had stood behind it or rescued it—UK taxpayer money went in the direction of the Icelandic banks in effect for UK depositors. I know we have got corporate bails and so on, about foreign subsidiaries and we know some of the severe losses of some of your competitors over the Atlantic. I understand your point about global competition and the importance of financial services to the UK. But as the Chair keeps saying, we are here for the taxpayer. To what extent should their money be used for activities that take place overseas?

**Stephen Hester:** The taxpayer should not. The whole point of the reform of the banking system is to make sure the taxpayer here, or in any other country, does not. I am a fierce advocate of the reforms that are in process, not complete, to do that. To my mind, the right answer is to ensure that the global financial system is reformed such that this is not an issue. The wrong answer is for countries to draw up their own drawbridges and isolate themselves from the world, whether in financial services or any other form of global trade.

**Q206 Ian Swales:** That is one test we should be applying to the new banking world, that is the sort of area we have just been talking about then.

**Stephen Hester:** Absolutely.

**Q207 Chris Heaton-Harris:** In a way I look at you and I see a bit of John Galt from Atlas Shrugged, except John Galt was never really supported by the taxpayer. Can you see the point in time when RBS is a huge success again in the future? Is it within grasp even though it may take a number of years? Secondly, and just going back to a previous question, you said that there was a risk of misalignment of incentive within the system. Do you think it is right that the shareholder dividends were cut by up to 90% but staff payouts have been barely changed?

**Stephen Hester:** Clearly we are putting in every effort that we can to make RBS a success again. We have set out a plan which we believe will do that. Two years into what I thought was roughly a five year process we are on or ahead of that plan by its different matrices. I believe that so far we have reason to be encouraged. That success needs to be measured in simple terms across three dimensions. As I see it, we have three simple roles although there is a great deal of complexity beneath them. Part of it is to make the bank safe for all constituencies; part of it is to continue to serve our 40 million customers; and part of it is to get some of the shareholder value back which of course is substantially about taxpayer value. Across those three matrices I think that we have made good progress in two years, but we have a few more years of hard

work to go before we can say that the job is done, if you can ever say that the job is done. Nevertheless, I think so far so good is the right way to answer that question.

**Q208 Chris Heaton-Harris:** What about the shareholder dividends cut by 90% but staff payments remaining roughly the same?

**Stephen Hester:** We are not allowed to pay a dividend, even if we wanted to, by the European Union. That is a choice that is currently outside our control. Obviously we will review it once that has been lifted in the context of whether it is prudent to do so or not.

**Q209 Nick Smith:** You mentioned Project Merlin and your commitments there. Mr Hester, you have already talked about committing to HMRC's new code of practice on taxation, not just complying with the letter but also the spirit of the law. Are you confident that all your highly paid directors are not getting paid overseas to avoid paying their tax to us?

**Stephen Hester:** I believe that to be the case, yes.

**Q210 Nick Smith:** Is that the same for Lloyds?

**Eric Daniels:** Yes.

**Q211 Stephen Barclay:** Just on remuneration, again I think we are asking you to face both ways. We want you to retain your talent, we want you to return the company to profit and get the share price up so that we get our money back at the same time as we are asking you not to pay staff too much. There is an obvious inherent tension there. Can I just ask quickly, in terms of derivatives, does either bank sell derivatives to retail customers?

**Eric Daniels:** Not that I know of.

**Stephen Hester:** Not in a direct sense, although in an indirect sense I could give you an example.

**Q212 Stephen Barclay:** Perhaps you could write a note on it to clarify.

**Stephen Hester:** 25% of all farmers in the UK take out derivative products to hedge their farm payments in foreign exchange terms against Europe. A number of people take out investment products where returns are linked to the stock market, but have a protection if the stock market goes down.

**Q213 Stephen Barclay:** I was thinking of things like complex interest rate swaps, and whether retail customers understand interest rate swaps if you are selling those to retail customers.

**Stephen Hester:** I am happy to write to you about the answer that I have given.

**Q214 Mrs McGuire:** Over the last two years there has been a great deal of public and private anguish in relation to the banks both at a personal level and at a corporate level. The taxpayer has invested an enormous amount of money. Dare I say it, some politicians have invested a great deal of their own credibility in looking to how we can support the banks through this. Yet when I look at the wider market, I still see share prices for both Lloyds and RBS at a level way below what one would expect for banks that are appearing to be successful. Why has the market not responded in a more generous way to some of the efforts that you have made over the last two years and some of the massive investment, and indeed insurance policy, that the British taxpayer has given you?

**Stephen Hester:** I will have a little crack with RBS. I am afraid it is a glass half full/glass half empty answer. When we announced the situation that we faced after the financial crisis in January 2009, or in the middle of the financial crisis, our share price went to 9 pence per share. After the end of the first year, i.e. at the end of 2009, in round numbers it had gone to 30 pence, so it had tripled. At the end of this last year it had gone to about 40 pence, so it had gone up about another third. On the one hand I think the stock market has indeed measured progress back from the brink. On the other hand it is true that there are many issues still ahead of us. Going back to the answer that I gave earlier, RBS still has more risks in places than it should have. We are still an unfinished work of progress, and so I think the stock market is recognising that—which is specifically about RBS— as well as generally worrying about things that impact all banks like things happening in the Middle East, the eurozone, the path of the economy and the uncertainties over regulation. There is a combination of industry-wide things that are a restraint on share prices and RBS specific things, which is why, while we have made very good progress from a starting point, we are still very much a work in progress.

**Q215 Mrs McGuire:** Do you have a comment about Lloyds' position given again the taxpayers' investment?

**Eric Daniels:** I thought that was a very complete answer.

**Q216 Chair (Mrs Hodge):** One final question Mr Daniels. You retired a couple of weeks back and I would just be interested in any observations that you have got, from that position, to leave with us from your experience of living through the banking crisis that would benefit the taxpayer over time. This is the final thing.

**Eric Daniels:** I think so much has been written I am not sure I could really add to the body of knowledge. I think it was Stephen that said before that we saw huge global imbalances, whether it was in the US where we saw a huge increase in money supply, whether it was the lowering of credit standards and covenants in virtually every country. I think that the world wanted to see continued growth and we were willing to take more risk, consciously or unconsciously, to continue that growth. What happens of course is when you have those kind of imbalances you create asset bubbles. Throughout history you see asset bubbles, and when the bubbles burst it is very painful indeed. Hopefully we will learn from that. We will have seen much different capital levels, much different liquidity levels with the Basel reforms. I think what is also terribly important is that we recognise that if we continue to run the macroeconomic imbalances we will inevitably have bubbles and we will inevitably have another crisis. It may not be a banking crisis. We saw property prices boom in the US in the early 1990s and then we saw the LBO, leveraged buyout, crises and so on. Booms can manifest themselves across a variety of assets; the dotcom boom would be another example. What we have to do is be very careful in terms of our macroeconomic policy, and we have to address the issues with very specific changes in regulations, which I think is well under way. I do not think I can add too terribly much further than that. I am very hopeful that as a society we can have a very thorough debate about the role that banks play, we can have a very thorough examination of the causes for the



banking crisis. Then at some point I think we need to move on and try and advance the economy, and try and advance society. I think that we do need to examine carefully what has happened over the past years, but at some point we should turn our attention to growing again and making this a more prosperous country.

**Q217 Austin Mitchell:** Do you regret that you were bullied into taking over the Halifax and the extra strain that that imposed on the bank?

**Eric Daniels:** I understand there is a wide range of opinion about it. I have always been steadfast in maintaining that I think this will be a very good deal for our shareholders. There has undoubtedly been short-term pain, but I believe if we look at the results of the past year, if we look at how quickly our impairments are coming down, and how quickly the Lloyds Banking Group has returned to health, this will be a very good deal for shareholders.



**Chair (Mrs Hodge):** Thank you very much indeed. Thank you to both of you, and I am sorry that we kept you waiting in the middle with our voting. Thank you.



(Picture) Lloyds TSB chairman Sir Victor Blank, centre, in happier times, as Eric Daniels, right, chief executive of Lloyds TSB, shakes hands with Andy Hornby, chief executive of HBOS, at the Lloyds TSB headquarters in London

## Punishment?

- 2012: FSA censures HBOS but decides to not to impose a fine in order to save taxpayers' money. Former director, Peter Cummings is fined £500,000 and banned from financial services.
- 2013: Parliamentary Commission on Banking Standards publishes report titled: "An Accident Waiting to Happen: The failure of HBOS".
- MPs call for the regulator to consider bans from financial services for senior HBOS executives after the report highlights individual and regulatory failures. It says that the bank's former bosses Sir James Crosby, Andy Hornby and Chairman Lord Stevenson were guilty of a "colossal failure" of management.
- Sir James asks for his knighthood to be taken away and says he is "deeply sorry" for his role in HBOS's failure. He also offers to hand back 30% of his annual £580,000 pension - though will still collect £406,000 a year - 80 times as

much as the average private sector worker. He also quits his £125,000-a-year role on the board of catering company Compass.

- After a three-year investigation the Crown Prosecution Services charges and bails 11 people, including HBOS Reading branch manager Lynden Scourfield, other bank executives, business associates and their wives. Charges include conspiracy to defraud, hiding the proceeds of crime and blackmail. They denied the charges but were sentenced for 47.5 years under Judge Beddoe at Southwark Crown Court.
- The trial was repeatedly postponed at the request of CPS because of the "sheer volume of evidence"
- KPMG signed off on the books of HBOS multiple times in the years before the bank's bad loans eventually blew it apart in 2008. The auditor was even invited to investigate allegations of excessive risk-taking from an internal HBOS whistleblower, Paul Moore. It dismissed them. Indeed, all the UK's big banks were thoroughly audited before their balance sheets tore like tissue paper before a tsunami during the 2008-09 financial crisis.
- The Financial Reporting Council, which after intense political pressure was brought to bear, announced that it would investigate KPMG's performance over Carillion. Yet the lessons of experience of this regulator are anything but encouraging.
- Whatsmore, Lloyds banking Groups Chair Sir Win Bishchoff left Lloyds to chair the FRC (Financial Reporting Council) which has since refused to look into Lloyds or Sir Bischoff
- Previous probes by the FRC have produced nothing but clean bills of health for auditors. "In nearly every major financial scandal we've had since the financial crisis, the FRC decides none of its charges have done anything wrong," notes Jim Armitage, city editor of the *Evening Standard*. Worse, these rulings come with no reports or published evidence, making a mockery of the FRC's claims to "promote transparency".
- Many have pointed out that such indulgence in the face of failure might have something to do with the fact that the board of the FRC is dominated by former auditors and the big corporate customers of auditors. Perhaps it's naive to imagine it could be otherwise given the need for professional experience in such a body. Yet the plain fact is that this model of self-regulation for this industry has failed.
- The life of an auditor seems to be a charmed one. You pick up large fees for "checking" the books of your client. But when the company collapses you don't share any of the financial pain or blame. Yet what is the point of audit without accountability? It's no use to shareholders. It's no use to employees and pensioners of the company. It's no use to other stakeholders, such as suppliers and customers. The only value, at least the only value that's discernible from a glance at the dismal past decade, is to the senior managers of the client firm and, of course, to the auditors themselves.

## MP slams Lloyds-PwC 'mafia' for company theft



MP Austin Mitchell revived his age-old reputation as the scourge of the accountancy profession by **laying into PwC, Lloyds Bank and the ICAEW during a parliamentary debate** on the receivership of a company in his constituency.

Mitchell succeeded in calling the debate last week to tell the story of what he called “the theft of a profitable Yorkshire company by the mafia”, according to the [Hansard report](#).

He continued: “I do not mean the **criminal mafia that we often speak of, but Britain’s dark-suited mafia, which in this case is represented by Lloyds Bank and PricewaterhouseCoopers, both acting in collusion and neither of them subject to police controls**, because both regulate themselves.”

The saga goes back to the 2008 receivership and sale of Premier Motor Auctions, which had a turnover of £160m and 160 staff and was making an operating profit of £2.5m. The company also had a £1.75m overdraft facility that chief executive Keith Elliott wanted to increase to fund expansion. To enable this **Lloyds introduced Irving Warnet from PwC’s** northern business recovery practice as a non-executive director.



He advised creating a £2m account for a contract the company held with the Driver and Vehicle Licensing Agency that created a hole in the company's finances, Mitchell told MPs.

Lloyds agreed to cover the shortfall by increasing the overdraft limit to £3.75m, but only if the company was put into receivership under what it called "**Project Tic**" and was then sold into administration again in "**Project Toc**". **PwC positioned itself to act for both parties**, the MP said.

A £2m rescue deal put together by Elliott with Scottish Motor Auctions came to nothing. "I do not know whether the deal was aborted by Mr Warnett or by his boss Ian Green," said Mitchell, "but I do know that aborting the Scottish Motor Auctions deal made the difference to **PwC's fees, which went from £10,000 for the SMA deal, if it had gone through, to £500,000** for carrying out the administration."

"A company that was making, that year, £2.5m, before interest and tax, was put into administration by **PwC and bought back by Lloyds** and Scottish Motor Auctions. It is now functioning again and generating considerable profit for them. Elliott has been forced out, and Scottish Motor Auctions, **Lloyds Bank, and presumably PwC, which handled the administration, are laughing all the way to the bank**, having made a very considerable, generous profit out of the deal—out of effectively stealing the company. Elliott is left owing £2m on a warrant that he signed to get the £2m from Lloyds in the first place."

Calling the way the company was taken over "**a monstrous theft**", Mitchell also cited comments from the Independent Banking Advisory Service criticising the banks' "special relationship" with government that has allowed them "and other professionals with whom they have conspired - to plunder and gain control of very profitable business, which the banks had marked as targets".

**Mitchell was even more concerned by the lack of redress available** and set out the different ways in which Elliott's attempts to do so were frustrated, starting with experienced when he tried to seek redress for the loss of his company, starting with rebuffs from **Lloyds and PwC**. The latter will not correspond with either Elliott or Mitchell and told the former "to sue it".

Next was the **ICAEW**, which Mitchell suggested should be renamed the "society for the prevention of cruelty to the Big Four accountancy houses". It did not investigate Elliott's claims and said he **should seek a judicial review**, which is now out of time.

The **Financial Reporting Council** would not investigate because it said the number of people affected was small and doing so was not in the public interest.

The Insolvency Service and relevant minister both said they had no standing in the matter. As a result, Mitchell called for an independent investigation into the matter and for effective independent regulation of accountancy, audit and insolvency.

Regulation by the **ICAEW** is not enough, he continued, and "means that the Big Four are in effect their own masters and take their own decisions. That is a totally undesirable situation. The public and companies must have some right of redress and right of appeal—some knowledge that there will be an independent inquiry into abuses such as this."

As a third step, **Mitchell also demanded effective regulation of banks** to ensure they supported small businesses rather than using "the power they have from granting overdrafts to take them over".

**Mitchell countered that the ICAEW had only investigated part of the complaint**, which needed to be treated as a whole to reveal the underlying conspiracy.

"That investigation was certainly far from thorough, because it has left open the question of whether PwC could act for both the company and the purchaser in the administration," he said.

# MP Austen Mitchell writes to Hector Sants raising concerns over Money Laundering via the banking system!

AUSTIN MITCHELL MP



HOUSE OF COMMONS  
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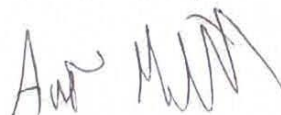
Monday 30<sup>th</sup> November 2009

Dear Hector,

I am enclosing herewith a letter from the Forum for Stable Currencies, of which I am chair, about false bankruptcies being use to launder money via the banking system.

I draw it to your attention because this seems to me to require investigation by the FSA and the Bank of England, to which I am also sending the letter.

Yours sincerely,



Austin Mitchell MP

# Mervyn King (then) Governor of the Bank of England writes to MP Austin Mitchell in respect of administrators in insolvency/ bankruptcy

*Bank of England*

*London EC2R 8AH*

*Tel: 020-7601 4963*

*The Governor*

*Mervyn King*

7 December 2009

Mr Austin Mitchell MP  
House of Commons  
London  
SW1A 0AA

*Dear Austin,*

Thank you for your letter of 30 November and the accompanying letter from the Forum for Stable Currencies

The Forum highlights three specific areas of bankruptcy practice which it alleges are being abused. I can completely understand your interest: bankruptcy is a serious matter and it is right that individuals should be appropriately treated. I am afraid however that the Bank has no locus in this area.

The Insolvency Service is responsible for administering and investigating the affairs of bankrupts. The Bank has no involvement in determining whether a bankruptcy order should be issued in respect of a particular individual or whether the associated bankruptcy procedures have been duly complied with. These are ultimately matters for the Courts in accordance with prevailing insolvency law. Similarly, the Bank has no involvement in determining how a bankrupt's assets should be realised. This is a matter for the trustee in bankruptcy, again in accordance with prevailing insolvency law and subject ultimately to the scrutiny of the Courts. Accordingly, so far as the underlying concerns raised by the Forum relate to bankruptcy practices more generally, these should probably be raised directly with the Department for Business, Innovation and Skills and the Insolvency Service.

The letter from the Forum attaches brief details of individual cases. I cannot comment on the cases in question, as the Bank is not involved in the day-to-day administration of a bankrupt's affairs. That said, two of the individuals on the list have recently been in contact with the Bank and it would appear, in at least one of those cases, that there has been extensive consideration over many years - by the High Court and Court of Appeal - of allegations of fraud concerning the making of



the bankruptcy order. I understand the Courts concluded in that particular case that there was no evidence whatsoever of any such fraud.

Much as I understand your concern, therefore, I am afraid I am unable to offer the Bank's assistance on this occasion. I am sorry not to be able to offer any further insight.

With all best wishes.



**Our Chairman [Austin Mitchell MP](#)** has sent our [Open Letter to Mervyn King](#) not only to the Governor of the Bank of England, but also to Hector Sants, the CEO of the Financial Services Authority.

The letter makes three points:

- a) false documents are being used to file bankruptcy
- b) wealthy individuals are being bankrupted for no valid reason
- c) Bank of England accounts are being used as part of insolvency procedures.

Rajeev Syal, Simon Bowers and Patrick Wintour

Fri 26 Apr 2013 09:10 BST

more than 7 years old

f t e 22

**Tax avoidance** Business ▶ Economics Banking Money Markets Project Syndicate

## 'Big four' accountants 'use knowledge of Treasury to help rich avoid tax'



Experts offering advice on legislation they helped to create is 'ridiculous conflict of interest', says select committee chair Margaret Hodge

The so-called "big four" accountancy firms are using knowledge gained from staff seconded to the Treasury to help wealthy clients avoid paying UK taxes, a report by the influential Commons public accounts committee says.

Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers have provided the government with expert accountants to draw up tax laws. But the firms went on to advise multinationals and individuals on how to exploit loopholes around legislation they had helped to write, the public accounts committee (PAC) found.

Margaret Hodge, the PAC's chair, said the actions of the accountancy firms were tantamount to a scam and represented a "ridiculous conflict of interest" which must be stopped. "The large accountancy firms are in a powerful position in the tax world and have an unhealthy cosy relationship with government," she said, calling for the Treasury to stop accepting their staff to draw up new tax laws.

The report comes after David Cameron on Thursday set out plans to use Britain's chairmanship of the G8 to tackle what he described as staggering worldwide levels of tax evasion and avoidance.

The PAC claims HM Revenue and Customs had to seek outside help because it was engaged in a "battle it cannot win" in seeking to stem the losses to the exchequer from tax avoidance.

The accountancy giants employed almost 9,000 staff and earned £2bn a year from their tax work in the UK, and £25bn globally, the report claims. MPs found that Revenue and Customs had far fewer resources, particularly in the area of transfer pricing: complex transactions deployed by multinational companies in order to shift taxable profits to low tax jurisdictions. "In the area of transfer pricing alone, there are four times as many staff working for the four firms than for HMRC," the report says.



**The committee highlights the way the firms seconded staff to the Treasury to advise on issues in the drafting of legislation.** "Through their work in advising government on changes to legislation they have a detailed knowledge of UK tax law, and the insight to identify loopholes in new legislation quickly," it said.

One example in the report is that of **KPMG**, whose staff advised on the development of "controlled foreign company" and "patent box" rules, and then issued marketing brochures highlighting the role they had played. The brochure "Patent box: what's in it for you" had, it said, suggested the legislation represented a business opportunity to reduce tax and that **KPMG** could help clients in the "preparation of defensible expense allocation".

The committee is "very concerned by the way that the four firms appear to use their insider knowledge of legislation to sell clients advice on how to use those rules to pay less tax", the report adds.

**The report was welcomed by Prem Sikka, professor of accounting at University of Essex.** "They [the big four] are the epicentre of a global tax avoidance industry and the loss of tax revenues is directly responsible for the current economic crisis. The Treasury should follow the US authorities and prosecute and fine the firms. The habitual offenders should be shut down," he said.

Officials from HMRC rejected criticisms that tax officers were not making progress in tackling avoidance. "The facts show that we are not only aggressively fighting battles against tax avoidance, but we are winning them," a spokesman said.

**KPMG** said in a statement: "When requested to by government departments we do provide individuals on secondment. Their role is to provide tax technical input and commercial experience so that the authorities can make informed choices on tax policy. Our secondees do not write legislation or make policy decisions."

Bill Dodwell, head of tax policy at Deloitte, said: "We do not believe that there has ever been any conflict of interest but would want to help ensure that there is no perception of conflict." Kevin Nicholson, head of tax at **PwC**, said: "We provide technical insight to government but only when asked and are never involved in deciding tax policy which is a matter for the government."

In evidence to the committee, John Dixon, Ernst and Young's head of tax, said: "I think there are benefits in the work we do with government ... benefits to the country at large. If you look at the quality of the legislation that we now have ... it is a lot better than it was 10 years ago.

"Why is that? Because we are actively working with government, at our cost, to make sure that the legislative footprint we are working with is as clear and concise as it can possibly be."

An HMRC spokesman said: "HMRC gives careful consideration to the potential risks, as well as how to mitigate any potential conflicts of interest, before any such secondments are agreed. On balance, **the carefully targeted use of secondees** is beneficial for the development of tax policy and improving the effectiveness of the tax system."

Cameron, who hopes to use an EU summit in May as a stepping stone to a wider agreement at the G8, wrote to all EU leaders proposing:

Rapid movement to a global system of information exchange to help tackle tax evasion including through the use of offshore trusts.

**Action plans by G8 countries to produce full transparency, breaking through walls of corporate secrecy and establishing central public company registries.**

Voluntary deals for multinational firms to make clear the tax they pay in every country they operate in.

Implementation of the EU accounting directive so developing countries can access information on payments to governments made from the oil, gas and mining industries.





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## Financial crisis and the silence of the auditors

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### ABSTRACT

Against the backdrop of the current financial crisis, this paper seeks to stimulate debates about contemporary auditing practices. It notes that many financial enterprises have sought state support within a short period of receiving unqualified audit opinion. Auditors collected large amounts in audit and non-audit fees. The events raise questions about the value of company audits, auditor independence and quality of audit work, economic incentives for good audits and the knowledge base of auditors.

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### Introduction

External audit is promoted as a trust engendering technology (Power, 1999) to persuade the public that capitalist corporations and management are not corrupt and that companies and their directors are made accountable. In an uncertain world, corporate audits are expected to produce comfort by reassuring the stakeholders that the technology “provides an external and objective check on the way in which the financial statements have been prepared and presented, and it is an essential part of the checks and balances required... Audits are a reassurance to all who have a financial interest in companies” (Committee on the Financial Aspects of Corporate Governance, 1992, p. 36).

Accountants, as auditors, have cemented their status and privileges on the basis of claims that their expertise enables them to mediate uncertainty and construct independent, objective, true, and fair accounts of corporate affairs. This expertise, it is claimed, enables markets, investors, employees, citizens, and the state to limit and manage risks. Such claims, however, are precarious as measures of revenues, costs, assets, liabilities, and profits are contested technically as well as politically and also because capitalist economies are inherently prone to crises (O'Connor, 1987). The claims of expertise are frequently punctured by unexpected corporate collapses, frauds, and failures. Such events fuel the suspicions that auditors lack

the requisite independence, expertise and incentives to construct the promised ‘true’ and ‘fair’ account of corporate affairs. They also provide an opportunity to reflect and (re)construct the role of auditing in contemporary society.

At the time of writing (December, 2008), major Western economies are going through a deepening financial crisis, given visibility by banking failures and massive state intervention to rescue ailing financial institutions. Against the backdrop of increasing economic turbulence, this paper seeks to stimulate debates about the quality of auditing by examining the audit reports issued on the financial statements of distressed financial enterprises. It consists of three further sections. The next section contextualises the financial crisis and shows that a large number of enterprises have collapsed within a short period after receiving unqualified audit reports. Auditors also received large amounts of fees from distressed enterprises. The second section offers reflection on the role of auditors and suggests possible areas of research. The final section briefly summarises the paper.

### Financial crisis and auditors

A salient feature of the current financial crisis is that it has been incubated by the financialisation of Western economies, most notably the US economy, which created an abundance of credit and encouraged excessive risk-taking through complex financial instruments (derivatives, credit default swaps) and corporate structures and

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ineffective regulatory mechanisms (Ferguson, 2008; Morris, 2008; Soros, 2008). Banks, hedge funds and insurance companies have been key actors in the financialisation of the economy and are estimated to have lost around US\$2.8 trillion (Bank of England, 2008).

The social cost of the unfolding crisis is difficult to estimate, but vast amounts of public money are being used to prop-up distressed financial enterprises. For example, in addition to providing huge sums to stimulate banking liquidity, the UK government has set aside £500 billion (about US\$750 billion) to support financial enterprises (The Guardian, 8 October 2008). It has closed London Scottish Bank, nationalised Northern Rock and is taking a stake in a number of other banks. The US government has closed 22 banks,<sup>1</sup> including Lehman Brothers, Washington Mutual and Indymac. It has rescued Freddie Mac, Fannie Mae, Bear Stearns and created a bailout fund of \$700 billion to purchase stakes in troubled banks (Los Angeles Times, 4 October, 2008). Altogether the US government has committed nearly \$8.5 trillion, around 60% of its gross domestic product, to arrest the collapse of its financial system (San Francisco Chronicle,<sup>2</sup> 26 November, 2008). The European Central Bank has provided around €467 billion to support banks. Germany has set aside over US\$400 billion to bailout ailing banks (Wall Street Journal, 11 October, 2008). So far, Ireland, Iceland, Hungary and Turkey have sought financial assistance from the International Monetary Fund (IMF) to manage the crisis (The Guardian, 21 October, 2008, 29 October, 2008, 20 November, 2008).

Regulators and investors have traditionally relied upon corporate financial statements to make sense of bank liabilities, risks and economic exposure, but this has been highly problematic (Stiglitz, 2003). An early estimate suggested that despite a raft of accounting standards, banks had around US\$5000 billion of assets and liabilities off balance sheet (Financial Times, 3 June, 2008) though this figure is being constantly revised. Citigroup alone has some US\$1.23 trillion of assets in entities which are not shown on its balance sheet (Wall Street Journal,<sup>3</sup> 24 November, 2008). Some banks have shown assets, especially subprime mortgages, at highly inflated values and derivatives have long been a “powerful tool for inflating company profits by hiding losses and hence the risks of company operations” (Hildyard, 2008, p. 30). The chief executive of a leading financial advisory business argued that a “big part of the problem is that accounting rules have allowed banks to inflate the value of their assets. Accounting has become a new exercise in creative fiction, with the result that banks are carrying a lot of “sludge” assets clogging up the balance sheet” (Reuters,<sup>4</sup> 30 October, 2008).

Attention has focused on auditors because of the belief that “a green light from an auditor means that a company’s

accounting practices have passed muster” (New York Times, 13 April, 2008).<sup>5</sup> Table 1 shows that distressed financial enterprises, whether in the UK, USA, Germany, Iceland, The Netherlands, France or Switzerland, received unqualified audit opinions on their financial statements published immediately prior to the public declaration of financial difficulties. These opinions were provided by one of the Big Four accounting firms – PricewaterhouseCoopers (PwC), Deloitte & Touche (D&T), Ernst & Young (E&Y), and KPMG.

Admittedly, the list in Table 1 is incomplete, but it is useful for highlighting a number of issues. Adverse “key financial ratios” are considered to be an indicator of going concern problems (Auditing Practices Board, 2004a), and major institutions acquired leverage ratios in the range of 11:1–83:1 (Gros & Micossi, 2008). Excessive leverage has the potential to increase liquidity risk and jeopardise bank survival. For example, a report by the US Securities and Exchange Commission (SEC) noted that Bear Stearns “was highly leveraged, with a gross leverage ratio of approximately 33 to 1 prior to its collapse” (US Securities Exchange Commission, 2008, p. 19). One expert informed the US House of Representatives Committee on Oversight and Government Reform that Lehman Brothers, the fourth largest investment bank, “had a leverage of more than 30 to 1. With this leverage, a mere 3.3% drop in the value of assets wipes out the entire value of equity and makes the company insolvent”.<sup>6</sup>

The UK auditing standards, closely aligned with international auditing standards, state that the “auditor’s procedures necessarily involve a consideration of the entity’s ability to continue in operational existence for the foreseeable future. In turn that necessitates consideration of both the current and the possible future circumstances of the business and the environment in which it operates” (Auditing Practices Board, 2004a, p. 8). Auditing standards also require auditors to “perform audit procedures designed to obtain sufficient appropriate audit evidence that all events up to the date of the auditor’s report that may require adjustment of, or disclosure in, the financial statements have been identified” (Auditing Practices Board, 2004b, p. 3). How the auditors constructed audits to satisfy themselves that banks were a going concern are open to conjecture, but the financial difficulties of many became publicly evident soon after receiving unqualified audit reports.

For example, Lehman Brothers received an unqualified audit opinion on its annual accounts on 28 January 2008, followed by a clean bill of health on its quarterly accounts on 10 July 2008. However, by early August it was experiencing severe financial problems and filed for bankruptcy on 14 September 2008. Bear Stearns, America’s fifth largest investment bank, received an unqualified audit opinion on 28 January 2008. However, by 10 March its financial problems hit the headlines and on 14 March, with state support, it was sold to JP Morgan Chase (US Securities

<sup>1</sup> As per information on the Federal Deposit Insurance Corporation (FDIC); <http://www.fdic.gov/index.html> accessed on 25 November 2008.

<sup>2</sup> <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/11/26/MNVN14C8QR.DTL>; accessed on 26 November 2008.

<sup>3</sup> <http://online.wsj.com/article/SB122747680752551447.html>; accessed on 24 November 2008.

<sup>4</sup> <http://www.reuters.com/article/GCA-CreditCrisis/idUSTRE49T77O20081030>; accessed on 30 October 2008.

<sup>5</sup> [http://www.nytimes.com/2008/04/13/business/13audit.html?\\_r=1&oref=slogin](http://www.nytimes.com/2008/04/13/business/13audit.html?_r=1&oref=slogin).

<sup>6</sup> <http://oversight.house.gov/documents/20081006103223.pdf>; accessed on 14 November 2008.

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**Table 1**  
Auditors and distressed Banks

Company	Country	Year end	Auditor	Date of audit report	Audit opinion	Fee (millions)	
						Audit	Non-audit
Abbey National	UK	31 December 2007	D and T	4 March 2008	Unqualified	£2.8	£2.1
Alliance and Leicester	UK	31 December 2007	D and T	19 February 2008	Unqualified	£0.8	£0.8
Barclays	UK	31 December 2007	PwC	7 March 2008	Unqualified	£29	£15
Bear Stearns	USA	30 November 2007	D and T	28 January 2008	Unqualified	\$23.4	\$4.9
Bradford and Bingley	UK	31 December 2007	KPMG	12 February 2008	Unqualified	£0.6	£0.8
Carlyle Capital Corporation	Guernsey	31 December 2007	PwC	27 February 2008	Unqualified	N/A	N/A
Citigroup	USA	31 December 2007	KPMG	22 February 2008	Unqualified <sup>*</sup>	\$81.7	\$6.4
Dexia	France/ Belgium	31 December 2007	PwC + Mazars and Guérard	28 March 2008	Unqualified	€10.12	€1.48
Fannie Mae	USA	31 December 2007	D and T	26 February 2008	Unqualified	\$49.3	–
Fortis	Holland	31 December 2007	KPMG + PwC	6 March 2008	Unqualified	€20	€17
Freddie Mac	USA	31 December 2007	PwC	27 February 2008	Unqualified <sup>*</sup>	\$73.4	–
Glitnir	Iceland	31 December 2007	PwC	31 January 2008	Unqualified	ISK146	ISK218
HBOS	UK	31 December 2007	KPMG	26 February 2008	Unqualified	£9.0	£2.4
Hypo Real Estate	Germany	31 December 2007	KPMG	25 March 2008	Unqualified	€5.4	€5.7
Indymac	USA	31 December 2007	E and Y	28 February 2008	Unqualified <sup>*</sup>	\$5.7	\$0.5
ING	Holland	31 December 2007	E and Y	17 March 2008	Unqualified	€68	€7
Kaupthing Bank	Iceland	31 December 2007	KPMG	30 January 2008	Unqualified	ISK421	ISK74
Landsbanki	Iceland	31 December 2007	PwC	28 January 2008	Unqualified	ISK259	ISK46
Lehman Brothers	USA	30 November 2007	E and Y	28 January 2008	Unqualified	\$27.8	\$3.5
Lloyds TSB	UK	31 December 2007	PwC	21 February 2008	Unqualified	£13.1	£1.5
Northern Rock	UK	31 December 2006	PwC	27 February 2007	Unqualified	£1.3	£0.7
Royal Bank of Scotland	UK	31 December 2007	D and T	27 February 2008	Unqualified	£17	£14.4
TCF Financial Corp	USA	31 December 2007	KPMG	14 February 2008	Unqualified	\$0.97	\$0.05
Thornburg Mortgage	USA	31 December 2007	KPMG	27 February 2008	Unqualified	\$2.1	\$0.4
UBS	Switzerland	31 December 2007	E and Y	6 March 2008	Unqualified	CHF61.7	CHF13.4
US Bancorp	USA	31 December 2007	E and Y	20 February 2008	Unqualified	\$7.5	\$9.6
Wachovia	USA	31 December 2007	KPMG	25 February 2008	Unqualified	\$29.2	\$4.1
Washington Mutual	USA	31 December 2007	D and T	28 February 2008	Unqualified	\$10.7	\$4.3

Notes: Data as per financial statements and statutory filings shown on the respective company's website.

<sup>\*</sup> 'Audit fee' also includes 'audit related fees'.

<sup>\*</sup> Denotes that audit report draws attention to some matters already contained in the notes to financial statements.

Exchange Commission, 2008; The Guardian 15 March 2008). Carlyle Capital Corporation received an unqualified audit opinion on 27 February 2008. On 9 March, the company was known to be discussing its precarious financial position with its lenders. On 12 March, the company announced that it "has not been able to reach a mutually beneficial agreement to stabilize its financing" and was placed into liquidation (cited in Sikka, 2008a). Thornburg Mortgage, America's second largest independent mortgage provider received an unqualified audit opinion on 27 February 2008. On March 7, the company "received a letter, dated March 4 2008, from its independent auditor, KPMG LLP, stating that their audit report, dated February 27 2008, on the company's consolidated financial statements as of December 31 2007, and 2006, and for the two-year period ended December 31 2007, which is included in the company's Annual Report on Form 10-K for 2007, should no longer be relied upon" (cited in Sikka, 2008a).

Table 1 shows that in many cases, auditors provided non-auditing services and this inevitably raises the age-old question about auditor independence. The issues were flagged by the US Senate Committee's report on the collapse of Enron (US Senate Committee on Governmental Affairs, 2002) and revisited by the UK House of Commons Treasury Committee report on Northern Rock. The Committee stated that "there appears to be a particular conflict of interest between the statutory role of the auditor, and

the other work it may undertake for a financial institution" (UK House of Commons Treasury Committee, 2008, p. 115).

Table 1 also shows that auditors received considerable income from their audit clients, which may be very significant for regional offices managing the audit. The fee dependency and related advancement of career can create conflict of interests. The insolvency examiner of New Century Financial Corporation, America's second largest sub-prime mortgage lender, stated that the company was "engaged in a number of significant improper and imprudent practices related to its loan originations, operations, accounting and financial reporting processes.... KPMG engagement team acquiesced in New Century's departures from prescribed accounting methodologies and often resisted or ignored valid recommendations from specialists within KPMG. At times, the engagement team acted more as advocates for New Century, even when its practices were questioned by KPMG specialists who had greater knowledge of relevant accounting guidelines and industry practice" (United States Bankruptcy Court for the District Delaware, 2008, pp. 2, 6, and 8).

Concerns about auditing practices have been amplified by a number of commentators. A former minister in Ireland has described auditors as a "joke and a waste of time. They are lick-arses for the management of companies, because corporate governance doesn't work in our society... the banks are in difficulty because of their auditing". [Auditors]

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“are not independent but they are bloody-well paid” (Irish Times,<sup>7</sup> 18 October, 2008). One commentator asked “What’s the point of having armies of number crunchers on fancy fees if they cannot spot the difference between a shack in Alabama and a triple-A security?” (The Daily Telegraph,<sup>8</sup> 22 October, 2008). Another commentator wondered, “... did the so-called Big Four accountancy firms get paid by the banking industry to make all those sub-prime assets seem like they had value? Who was kicking the tyres and checking the inventories? Surely someone, somewhere with a degree in Adding-Up must have peered into the loan book and questioned its contents?” (The Daily Telegraph,<sup>9</sup> 17 September, 2008). However, unlike the previous banking failures (Arnold & Sikka, 2001) auditors have received comparatively light press scrutiny although the US authorities are said to be investigating allegations of fraud (The Daily Telegraph, 24 September, 2008). Some have argued that “the crisis may not result in criminal charges against auditors, but it is certain to renew interest in how accountants conducted themselves” (New York Times, 13 April, 2008).<sup>10</sup>

### Some issues

The financial crisis raises some old and new questions about auditing practices. Traditionalists have often claimed that external audit adds credibility to financial statements. Such claims may be based upon the view that auditors have ‘inside’ knowledge and are thus able to curb management enthusiasm and impart superior information. The difficulty with such a hypothesis is that the current financial crisis shows that markets and significant others were not comforted by unqualified audit opinions issued by major auditing firms. For example, the 2006 financial statements of Northern Rock, UK’s fifth largest mortgage provider, carried an unqualified audit opinion. On 25 July 2007, the bank’s interim accounts for six months to 30 June 2007 received a positive report from its reporting accountants. However, this did not prevent a run on the bank during August and September (UK House of Commons Treasury Committee, 2008). Indeed, within days of receiving unqualified audit opinions many banks listed in Table 1 were seeking financial support from the state. Overall, little is known about how credibility to accounts is added and at whose behest, especially as audit evidence is not available to the general public. It would be useful to explore how confidence in auditing is eroded and the circumstances that persuaded significant others to ignore auditor assurances.

<sup>7</sup> “Firms ‘have case to answer’ on banks crisis”, Irish Times, 18 October 2008 <http://www.irishtimes.com/newspaper/ireland/2008/10/18/1224233216915.html>; accessed on 28 October 2008).

<sup>8</sup> <http://www.telegraph.co.uk/finance/comment/jeffrandall/3212394/If-anyone-can-find-George-Osborne-tell-him-his-country-needs-him.html>; accessed on 24 October 2008.

<sup>9</sup> <http://www.telegraph.co.uk/finance/comment/jeffrandall/2972337/Fantasy-finance-cuts-many-of-the-giants-of-global-banking-down-to-size.html>; accessed on 28 October 2008.

<sup>10</sup> [http://www.nytimes.com/2008/04/13/business/13audit.html?\\_r=1&oref=slogin](http://www.nytimes.com/2008/04/13/business/13audit.html?_r=1&oref=slogin).

The issuing of audit reports is subject to organizational and regulatory politics. Auditors may be reluctant to qualify bank accounts for fear of creating panic or jeopardising their liability position. During previous banking failures legislators argued that auditor silence “caused substantial injury to innocent depositors and customers” (US Senate Committee on Foreign Relations 1992, p. 4). To reassure markets and promote confidence in financial institutions, the UK government has enacted the Financial Services and Markets Act, 2000. It formalises exchange of information between auditors and regulators. It also requires auditors to inform the regulators if during the course of their audit they become aware of anything that materially affects the regulator’s functions of consumer protection and maintenance of market confidence (Auditing Practices Board, 2007). Within this context, auditors are obliged to inform regulators of their intention to issue a qualified audit report. Whether auditors did so or were dissuaded from issuing qualified opinions is not known. The politics of audit opinion beg questions about the value of an audit. They draw attention to power relations and ideologies that shape regulation of capital. Perhaps, in the coming months parliamentary inquiries will address such matters. Researchers might also consider mobilising the freedom of information laws to explore the relationship between the state and accounting firms.

Auditors may argue that the financial crisis unfolded suddenly and they were thus ill-prepared to make judgments about the likely financial distress. The difficulty with such an argument is that finance capitalism has been in ascendancy (Ferguson, 2008) and played a leading role in the banking crises in Latin America (Collins & Kincaid, 2003), Sweden, Norway and Japan (Basel Committee on Banking Supervision., 2004; Englund, 1999). The US experienced a Savings and Loan crisis (Lowy, 1991) and Fannie Mae has a history of accounting and auditing problems (US Office of Federal Housing Enterprise Oversight., 2006). The collapse of the UK based Bank of Credit and Commerce International (BCCI) was the biggest banking failure of the twentieth century (Arnold & Sikka, 2001) and the demise of Barings attracted considerable international attention (Zhang, 1995). Previous episodes have highlighted issues about earnings management, income shifting, excessive leverage and failures of conventional auditing technologies. Yet regulators have paid little attention to changes in capitalism and emerging issues (Sikka, Haslam, Kyriacou, & Agrizzi, 2007). It would be useful to explore the lessons that can be learnt from recent scandals and transformations in the nature capitalism.

Auditing firms received considerable income from all distressed banks, which may be significant for local offices responsible for issuing audit opinions. This raises two questions. Firstly, there are long standing questions about auditor provision of non-auditing services and the related impairment of auditor independence (Powers, Troubh & Winokur, 2002; UK Department of Trade, 1976; UK Department of Trade, 1979; US Senate Committee on Governmental Affairs, 2002). As a result of scandals, some restrictions have been placed on the sale of consultancy services to audit clients (for example, Sarbanes-Oxley Act, 2002), but the change is always resisted. When, in the aftermath of

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the nationalisation of Northern Rock, the UK House of Commons Treasury Committee (2008) expressed its concerns about the provision of consultancy services to audit clients, the immediate response from the Auditing Practices Board (APB), UK's auditing standard setter, was that "After Enron we consulted on this question of auditor conflicts of interest and there was no appetite for a blanket ban on non-audit services" (Accountancy Age,<sup>11</sup> 7 February, 2008). The APB is dominated by the auditing industry (Sikka, 2002). Seemingly, control of regulatory bodies is an important resource in organising unwelcome developments off the political agenda, especially when they have the potential to dilute firm income (Sikka, 1992). It would be useful to examine the politics of regulatory change and particularly the tactics used to resist and dilute auditing reforms.

The second question relates to the basic auditing model and total auditor income. The auditing firms are capitalist enterprises and are dependent upon companies and their directors for income. The fee dependency impairs claims of independence and has the capacity to silence auditors (Powers et al., 2002; United States Bankruptcy Court for the District Delaware, 2008). It poses fundamental questions about the private sector model of auditing which expects one set of capitalist entrepreneurs (auditors) to regulate another set of capitalist entrepreneurs (company directors). The flaws of such a model persuaded an earlier UK conservative government to create an independent statutory body for appointment and remuneration of auditors for public bodies (Heseltine, 1987). The auditors, including the Big Four accounting firms, are generally prohibited from selling consultancy services to audit clients. The proponents of such a model hoped to extend it to the private sector, but this was not done. The flaws of the private sector model were also recognised in the US in the 1930s and the draft legislation creating the Securities and Exchange Commission (SEC) proposed that the Commission should be the auditor for public companies.<sup>12</sup> However, under the weight of corporate lobbying the proposal was abandoned. The current financial crisis is an opportunity to consider alternative institutional arrangements for auditing. Alternative models need not directly involve accounting firms and audits of banks could be conducted by statutory regulators. This would also improve banking regulators' knowledge of banks.

Audit reports are the publicly visible evidence of an audit. However, little is known about the processes and organisational values associated with their production of an audit. Such processes involve management of labour, economic incentives and images of clients, public and regulators. Some prior literature has provided a glimpse of the ingredients used to produce audits. For example, Hanlon (1994) argues that audit staff are inculcated to appease clients and neglect wider social interests. In pursuit of profits, firms exert time budget pressures on audit personnel and some have responded by adopting irregular practices and

even resorting to falsification of audit working papers (Willett & Page, 1996). Auditing firms have shown increasing willingness to violate laws, regulations and assist their clients to publish flattering financial statements (Sikka, 2008c). Arguably, a steady stream of auditor liability concessions have also eroded economic incentives to deliver good audits (Sikka, 2008b). In the words of a former senior Vice-President of the World Bank, "there are plenty of carrots encouraging accounting firms to look the other way... there had been one big stick discouraging them. If things went awry, they could be sued... In 1995, [US] Congress... provided substantial [liability] protection for the auditors. But we may have gone too far: insulated from suits, the accountants are now willing to take more "gambles"... (Stiglitz, 2003, p. 136). The above literature draws attention to inherent contradictions in the design of audits and also offers research opportunities for exploring the production of audits through examination of regulatory reports, court cases, case studies, oral histories and a variety of social science methodologies.

The intensification of finance capitalism poses questions about the knowledge base of auditors. For over a century auditors have utilised methods of an industrial age in which tangible things could be examined, counted and measured and their values could be checked from invoices and vouchers. Such a world has been eclipsed by complex financial instruments (e.g. derivatives) whose value depends on uncertain future events and can be anything from zero to several million dollars/pounds. Derivatives were central to the collapse of financial and non-financial businesses such as Barings (Zhang, 1995), Enron (Powers et al., 2002; US Senate Committee on Governmental Affairs, 2002) and Parmalat (The Times, 17 March 2004). The US government bailout of Long Term Capital Management (LTCM) showed that even the Nobel Prize winners in economics had difficulties in valuing derivatives (Dunbar, 2000). It is doubtful that auditor knowledge surpasses that of Nobel Prize winners. Seemingly, we have reached the limits of conventional auditing technologies and ought to be considering alternative forms of accounting, disclosures and accountabilities.

### Summary

The deepening financial crisis poses questions about the role and value of external audits. Markets do not seem to have been assured by unqualified audit opinions and many financial institutions either collapsed, or had to be bailed out within a short period of receiving unqualified audit opinions. The events fuel the suspicions that auditors lack the claimed expertise to render an independent and objective account of corporate affairs. The episodes encourage reflection on the role, value and independence of auditors. They also present opportunities for research into regulation, independence, politics, production and knowledge base of auditors.

An independent inquiry into the role of auditing, especially at financial institutions, would help to highlight the shortcomings of the current practices. A UK legislator has accused accounting firms of delivering "dodgy auditing"

<sup>11</sup> <http://www.accountancyage.com/accountancyage/analysis/2209088/rock-failure-casts-shadow-3792762>.

<sup>12</sup> *Corporate Crime Reporter* 8, February 14, 2007 (<http://www.corporate-crimereporter.com/turner021407.htm>; accessed on 24 November 2008).

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(Hansard, House of Commons Debates, 13 October, 2008, col. 553) and demanded “a full scale inquiry into the conduct of the audit work that signed off the banks’ accounts” (Accountancy Age,<sup>13</sup> 23 October, 2008). Unsurprisingly, such calls are resisted by major auditing firms (Accountancy Age,<sup>14</sup> 13 November, 2008) though they are using the crisis to demand further liability concessions<sup>15</sup> and increase their profits. The auditing regulators have shown little interest in exploring the issues raised in this paper and are content to claim that “auditing has had a good crisis”,<sup>16</sup> i.e., it has received little sustained press scrutiny.

The auditing industry has mediated previous crises by revising auditing standards and codes of ethics (Sikka & Willmott, 1995) and the early signs are that the same strategies will be deployed again. For example, without examining the processes associated with the production of audits, changes in capitalism, or limits of auditing, the US Public Company Accounting Oversight Board (PCAOB)<sup>17</sup> has issued seven new draft auditing standards.<sup>18</sup> Such myopic policies are unlikely to reinvigorate auditing.

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# Hector Sants/ Alistair Darling, Sir Win Bischoff and the “CORPORATION of THE CITY OF LONDON”

Is the following the start of the conspiracy to create “TheCityUK” that was to take over controlling of the financial markets and the civil law that was to “Bait & Switch” target SME banking consumers?

## Names include:

- Alistair Maclean Darling** - Baron Darling of Roulanish, PC (born 28 November 1953) is a British Labour Party politician who served as Chancellor of the Exchequer in the Labour Government from 2007 to 2010 and as a Member of Parliament (MP) from 1987 until he stepped down in 2015
- Hector Sants** - He was accused by MPs on the Treasury Committee of being ‘asleep at the wheel’ in the run up to the financial crisis’. Despite this, he was knighted in 2013 for services to the financial industry and regulation. Another Oxford educated former investment banker, Sants was chief executive of the FSA from July 2007 to June 2012. After warning banks they should be ‘frightened of the FSA’, he would go on to demonstrate that his bark was worse than his bite. He also landed a £3million job helping to clean up Barclays as its compliance chief, but quit after taking sick leave for stress.
- Win Bischoff** - The new financial services global competitiveness group will be jointly chaired by Chancellor Alistair Darling and Citi chairman Sir Win Bischoff and will report directly to the high level group on city competitiveness. Senior financial services representatives will meet monthly to analyse global trends affecting the international financial services industry and report back to the high level group in Spring 2009



‘Sir’ Michael Snyder (centre) and fellow City of London councillor and freemason Shravan

- Sir Michael Snyder** - Snyder is a politician in the City of London and has served as an elected representative for Cordwainer Ward on the Court of Common Council since 1986.<sup>[3][4]</sup> He served as chairman of the Policy and Resources Committee from 2003 to 2008, as well as the Finance Committee, and the Barbican Estate Committee. He is currently the chairman of the Capital Buildings Committee. **He was knighted in 2008 for services to Business and to the City of London Corporation** (source:

various web articles including BBC and Guardian)

Snyder has served as Metropolitan Grand Master of the Freemasons of London since December 2015. What Snyder wants from government, even possibly more than an increased budget for the City of London police. Snyder was head of the City of London’s Common Council between 2003 to 2008, when it made

some significant moves to ensure Crossrail was rolled out. Details of a £250m deal between the City of London Corporation and the Labour government for the Crossrail project have been discovered by the BBC. A 2007 corporation document sent to councillors set pre-conditions for the contribution from the corporation's private funds to Crossrail. In return, the government reinstated the "City Offset" fund from April 2010 for £10m a year. The fund was cut by Labour in 2003. "One of the conditions for us giving approval for this was the reinstatement by the government of the "offset", said the corporation in a statement.

**The City of London Corporation is the local authority for the square mile** with its own schools and police force. It is also responsible for the maintenance of open spaces including much of the area around St Paul's Cathedral where it is fighting a legal battle to evict Occupy London protesters. But it has another equally important role acting as cheerleader and lobbyist for the City of London both in the UK and internationally. It does this with private funds believed to total around £1bn which are separate from the government



funds it receives. The Crossrail deal struck between the corporation and the Labour government highlights the blurring between the corporation's two roles, that of a local authority with public funds and a lobbying body with even larger private funds. An internal corporation document presented to councillors in October 2007 – seen by the BBC – stated that, "there would be a number of pre-conditions to be satisfied before funding was released". **One of these was "a net real terms improvement in government funding of the City Corporation"**.

- **Katharine Anne Ussher** - former Labour Party MP and Treasury minister who is the former Chief Executive and now the Chief Economist at **Demos think tank which has a high concentration of "Common Purpose" related graduates**. After training as an economist and working as a macroeconomic forecaster at the Economist Intelligence Unit, she was elected Member of Parliament (MP) for Burnley at the 2005 general election. **Seen as a high flier, she went on to serve as a minister in Gordon Brown's government from 2007 to 2009, mainly at the Treasury**, but also at the Department for Work and Pensions, having previously been a Special Advisor at the Department for Trade and Industry.



Ussher resigned from her ministerial role in 2009 following her involvement in the **United Kingdom parliamentary expenses scandal** in which it was reported she had taken action on the advice of her **accountants to reduce her capital gains tax liability**. Since then, she has worked primarily in public policy thought leadership, at **Demos**. In February 2015, she joined the **Financial Services Consumer Panel, a scrutiny panel for the Financial Conduct Authority regulator**

- **Stuart Fraser** is a politician based in the City of London Corporation. He was chair of the Policy and Resources Committee there from 2008 until 2012. He became involved as a politician following a successful career as a stockbroker. He is a director of Brewin Dolphin. Fraser was first elected to the **Court of Common Council** representing Coleman Street Ward in 1992. When he became chair of the City of London Policy and Resources Committee, he said that he viewed the 2008 financial crisis a "phoney crisis" and said that he "would still like the City of London to dominate the world". In 2010 he claimed to be probably the most effective lobbyist in Britain.



- **Mike Williams** - is **Director Business and International Tax at HM Treasury**. As such he is responsible for corporation tax, capital gains tax, value added tax, other consumption taxes, international tax and environmental taxes. **His main tax expertise is in international tax and banking**.

Mike is the UK delegate to the OECD's Committee on Fiscal Affairs, Chair of the ad hoc group to create the BEPS multilateral instrument on tax treaty measures, and is also a member of the Steering Group of the **Global Forum on Transparency and Exchange of Information for Tax Purposes**. Among previous posts, Mike was:



- \* Director Personal Tax and Welfare Reform at HM Treasury from January 2008 to March 2010. This involved responsibility for income tax, social security contributions, inheritance tax, tax credits, savings and pensions and social security benefits;
- \* **Director International Tax at HM Treasury from July 2004 to January 2008**. As such he was responsible for cross-border aspects of direct and indirect tax, including VAT, and for the conduct of and responses to tax litigation before the European Court of Justice;
- \* Deputy Director, International at the Inland Revenue from 2001 to 2004, with responsibility for business tax, in which role he was Competent Authority under the UK's tax treaties.

- **Angela Eagle MP** - Under Gordon Brown on 29 June 2007 as Exchequer Secretary to the Treasury, the most junior minister at HM Treasury. She was promoted to Minister of State at the Department for Work and Pensions in the June 2009 re-shuffle. Eagle was elected to the Shadow Cabinet in October 2010 and was appointed by Ed Miliband to be Shadow Chief Secretary to the Treasury. In October 2011, she was appointed Shadow Leader of the House of Commons when Miliband reshuffled his Shadow Cabinet. She was appointed as both Shadow First Secretary of State and Shadow Secretary of State for Business, Innovation and Skills in September 2015. Eagle was appointed Dame Commander of the Order of the British Empire (DBE) in the 2021 New Year Honours for parliamentary and political service



Writing in *The Guardian*, George Monbiot claimed that the corporation's power "helps to explain why regulation of the banks is scarcely better than it was before the crash, why there are no effective curbs on executive pay and bonuses and why successive governments fail to act against the UK's dependent tax havens" and suggested that its privileges could not withstand proper "public scrutiny"





HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

3 July 2008



Hector Sants  
Chief Executive  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Dear Hector

**HIGH-LEVEL GROUP ON FINANCIAL SERVICES: FUTURE ARRANGEMENTS**

I am writing to follow up from the useful discussion we held at our last meeting on how we might organise the work of the High-level Group in the future.

At that meeting there was support for the High-level Group continuing to meet broadly at the same frequency as now, supplemented with smaller groups taking forward specific issues related to the City competitiveness agenda.

As I made clear in my speech to the Mansion House, I am committed to working in partnership with you and others in the financial sector to keep London the leading international financial centre, and I announced the establishment of the two groups that we discussed at our meeting.

At our meeting, we agreed to set up a forum to consider the medium-term challenges to London's continued competitiveness in financial services against the changing global economic landscape and the emergence of new financial centres. I am grateful that Sir Win Bischoff has agreed to take this work forward and we will be jointly chairing the first meeting of this group.

Of course, the High-level Group's role goes beyond financial services, and I am pleased that Sir Michael Snyder has agreed to jointly chair, with Kitty Ussher, a group that will look at the medium-term challenges to London's continued competitiveness in professional services, including legal and accountancy services.

Sir Win Bischoff

City of London Corporation



I propose that these two groups looking at medium-term global challenges would report back to the High-level Group by Spring 2009. I am grateful to the City of London Corporation for agreeing to provide assistance in running those groups. I propose to write to you again shortly with a more detailed mandate for the groups.

We also agreed last week to bring together senior industry players to look at the efficiency of our capital-raising process, in particular rights issues and associated short-selling. This will be taken forward jointly by the FSA and the Treasury, and the group will be led by Hector Sants and Kitty Ussher. My officials are already in touch with those of you who have expressed an interest in this group.

Attached to this letter is a full list of Groups working on financial services issues, many of which report to the High-level Group.

In addition to the work on City competitiveness, I propose, as part of my commitment to raise the level of engagement with the sector, to create two further groups that I will chair, to complement existing engagement on a range of issues with the banking sector, including my six-monthly meetings with retail bank CEOs:

- A wholesale markets group, representing both buy- and sell-sides, and infrastructure providers; and
- An insurance group, representing both life and non-life providers.

Finally, as I mentioned in my letter of 3 June, I would like to bring to your attention an event we are planning in the near future that will focus on the role that the UK banking sector might play, in collaboration with the European Investment Bank, in helping small businesses raise capital, particularly in the current credit climate. I am grateful for Stuart Fraser, Chairman of the Policy and Resources Committee and the City of London Corporation for offering to host this event and I will be in touch about this separately in the near future.



ALISTAIR DARLING

City of London Corporation



## HIGH-LEVEL GROUP ON FINANCIAL SERVICES

### LIST OF GROUPS CURRENTLY REPORTING TO THE HLG

#### High-level Group

Chair: Chancellor of the Exchequer, Rt Hon Alistair Darling MP  
Remit: Steers Government-industry work on issues relating to the competitiveness and overseas promotion of the UK-based financial sector.  
Meets: Every 6-8 months

#### Financial services global competitiveness group (new)

~~Joint chairs: Sir Win Bischoff and the Chancellor of the Exchequer~~  
Remit: Medium-term challenges to London's continued competitiveness in financial services against the changing global economic landscape and the emergence of new financial centres (remit to be further refined).  
Meets: To be confirmed – to report to the HLG by Spring 2009

#### Professional services global competitiveness group (new)

Joint chairs: Sir Michael Snyder and Economic Secretary to the Treasury  
Remit: Medium-term challenges to London's continued competitiveness in professional services against the changing global economic landscape and the emergence of new financial centres (remit to be further refined).  
Meets: To be confirmed – to report to the HLG by Spring 2009

#### Efficiency of capital raising process (rights issues) (new)

To be steered by: Hector Sants and Economic Secretary to the Treasury  
Remit: To examine current market practices concerning equity capital raising by public companies and recommend whether it appears necessary for changes to be made to UK company law, market practices or regulatory requirements in order taken to make equity capital raising more efficient and orderly, promoting financial stability.  
Meets: To be confirmed - to report to HMT/FSA in October 2008



### **Islamic Finance Experts Group**

Chair: Economic Secretary to the Treasury  
Remit: To advise the Government in achieving its policy objectives in support of Islamic Finance.  
Meets: Every 6 months

### **Carbon Markets Experts Group**

Chair: Co-Chaired by the Economic Secretary to the Treasury, Kitty Ussher MP and Exchequer Secretary to the Treasury, Angela Eagle MP  
Remit: To establish areas where Government and industry in partnership can further facilitate growth in London as the centre for the global carbon market, and where there are risks to its current leading role; and to help inform the development of Government policy on carbon markets.  
Meets: 3 times a year.

### **IMA Asset Management Group**

Chair: Senior HM Treasury official (Mike Williams)  
Remit: Established by then Economic Secretary to the Treasury to follow up on recommendations in the Investment Management Association/KPMG report on Taxation and the Competitiveness of UK Funds, in particular to explore with the industry reform of aspects of the tax system for funds which currently impedes UK competitiveness as a fund location, and to enhance relations between the Financial Services Authority, HMRC, HM Treasury and the financial services industry. Reports to the Economic Secretary.  
Meets: The group was launched in 2007 and three meetings took place. It is intended that two meetings will take place in 2008.

## FRC and Failure to find Fraud !



In nearly every major financial scandal we've had since the financial crisis, the FRC decides none of its charges have done anything wrong.

The board of the FRC is dominated by former auditors and the big corporate customers of auditors

### Sir Winfried Bischoff is involved from running controls in the bank to the FRC and "TheCityUK", Corporation of the City of London

Alongside the Department for Business, Innovation and Skills (BIS), which takes the lead on standards relating to accountancy and audit, it had been working with the Bank of England, the **Financial Reporting Council (FRC) and the Financial Services Authority (FSA) to improve the audit framework**. However, it had not engaged, for example, directly with the professional accountancy bodies on the role of auditors in relation to the banks during the crisis.



#### Sir Winfried Bischoff

We should remember that at this time, Sir Win Bischoff (27 July 2009), was appointed as chairman designate of Lloyds Banking Group and took up the position of chairman on 15 September 2009. He held this position until his retirement on 3 April 2014. Between May 2014 and October 2019 he was chairman of the **UK Financial Reporting Council (FRC)**

#### Antonio Horta-Osorio

Joined Lloyds Banking Group in 2011 through to early 2021. At this appearance The Lloyds chief executive said that so far the bank had only investigated the most egregious cases of mis-selling, which had been at the centre of the FSA's original investigation, and it had only identified 60 victims

Horta-Osorio joined Lloyds in 2011, helping to mend the bank by cutting costs, offloading toxic loans and tackling its payment protection insurance mis-selling scandal.

By taking on the top job at Lloyds, Horta-Osorio had a big task in turning around the bank's fortunes. That would explain why he took three months of leave due to "fatigue" after barely six months in the role.

### Lloyds' bailout...

In September 2008, Lloyds TSB paid £12bn to buy HBOS as its share price plunged in the unfolding of the financial crash.

A month later, the government announced a bailout of banks as the financial crisis hit.



At the same time, Lloyds TSB renegotiated its takeover of HBOS to 0.605 Lloyds TSB shares for every one HBOS share, from 0.833 a month earlier.

Lloyds Banking Group was subsequently formed by the combination of HBOS and Lloyds TSB in January 2009. At this point the government started the first of a three-tranche bailout by injecting £13bn into the bank.

## In March the same year, Sir Victor Blank was ousted as chairman after the bank revealed £11bn of losses at HBOS

Two months later the government piled in a further £1.5bn, followed by another £5.8bn injection in December, taking its stake to 43%. In April 2010, Lloyds revealed in its quarterly results that it had returned to profit for the first time since the banking crisis.

## Government begins selling its stake...

In September 2013, the government started to gradually sell its shares in Lloyds, reducing its holding to 39% from 43% for technical results. The stake is then cut to 33% with the sale of more than £3bn worth of shares at 75p each, above the target price of 61.3p needed by the government to generate a profit.

As Lloyds continued to show further recovery, the government sold another £4.2bn worth of shares at 75.5p in March 2014, bringing its interest down to 24%.

In August more than 7,500 shareholders launched a court action against Lloyds over its HBOS takeover that led to the bank's bailout. The shareholders, who formed a Lloyds Action Now group, said they lost £12bn as a result of the HBOS acquisition.

At the end of 2014, then-Chancellor George Osborne announced a plan to resume the sell-off of its stake in Lloyds following a brief hiatus.

## Lloyds resumes dividends...

Lloyds resumed its dividend payments in February 2015 for the first time since its bailout as the bank announced a fourfold rise in annual profits of £1.8bn. Total dividend payments amounted to £535m. **The same month the government sold a further 1% holding in Lloyds for £500m, taking its stake to 23.9%.**

In October, George Osborne unveiled plans to offer the public cut-price shares in Lloyds. Osborne postpones sale of Lloyds shares... Philip Hammond took over from Osborne as Chancellor in June 2016 after the UK voted to leave the European Union.

**David Cameron had decided to step down as Prime Minister** after the Brexit vote. When Theresa May succeeded Cameron, she appointed Hammond to handle the country's finances instead of Osborne.

Hammond then decided to abandon his predecessor's plans for a cut-price sale to the public last October. He said the shares would be sold directly into the market with the aim of getting rid of the government's holding over the next year.

By December 2016, the government's stake was down to 7%. Its holding shrunk to 3% in March 2017 and to 2% in April before finally completing the sale this week. The bank's full return to private ownership came after Lloyds reported its highest full year pre-tax profit in a decade in February and promised to increase dividends over the medium term. It was followed by a strong first quarter last month.



# Misconduct and legacy issues remain...

Lloyds was not out of the woods yet as it tackles mis-selling scandals and its HBOS Reading fraud case. In March, Lloyds set aside a very low £350m to cover claims for mis-sold payment protection insurance after the Financial Conduct Authority extended its deadline for making new complaints to August 2019. The bank's total bill so far amounts to £17.4bn.

The bank has also put aside a £100m provision to reimburse victims of **fraud at HBOS's Reading branch**. However the case was only part investigated and the **£245m identified, left £600m not accounted for**. Six people were jailed earlier this year for the fraud which involved two former HBOS bankers who siphoned off money from struggling businesses to fund lavish holidays.

## Former UK Chancellor addresses PwC PwC Business Leaders' dinner

28 April, 2017



Pictured are: **The Right Honourable George Osborne CH MP**, former UK Chancellor, with **Feargal O'Rourke**, PwC Ireland Managing Partner, in advance of PwC's Business Leaders' Dinner held

on Thursday, 27 April held at Spencer Dock, Dublin.

The HBOS debacle escalated in April after it emerged that two former employees of the subsidiary face prosecution for a suspected cover up of fraud. TV star Noel Edmonds is seeking £73m in compensation on claims he suffered significant economic losses and damage to his reputation as a result of the HBOS fraud. He has accused the bank of "foot dragging" making compensation payments.

Lloyds said in a statement yesterday that it was on track to begin making its first compensation offers before the end of May and will make payments by the end of June.



## Mis-selling at LBG related Acorn in Avon & Somerset Constabulary:

The bank also wrote to 7,000 customers holding accounts with Lloyds and its investment arm, **Scottish Widows**, following complaints over the performance of products sold to them, including the **Acorn** Market Linked Deposit and Protected Capital Solutions Funds.

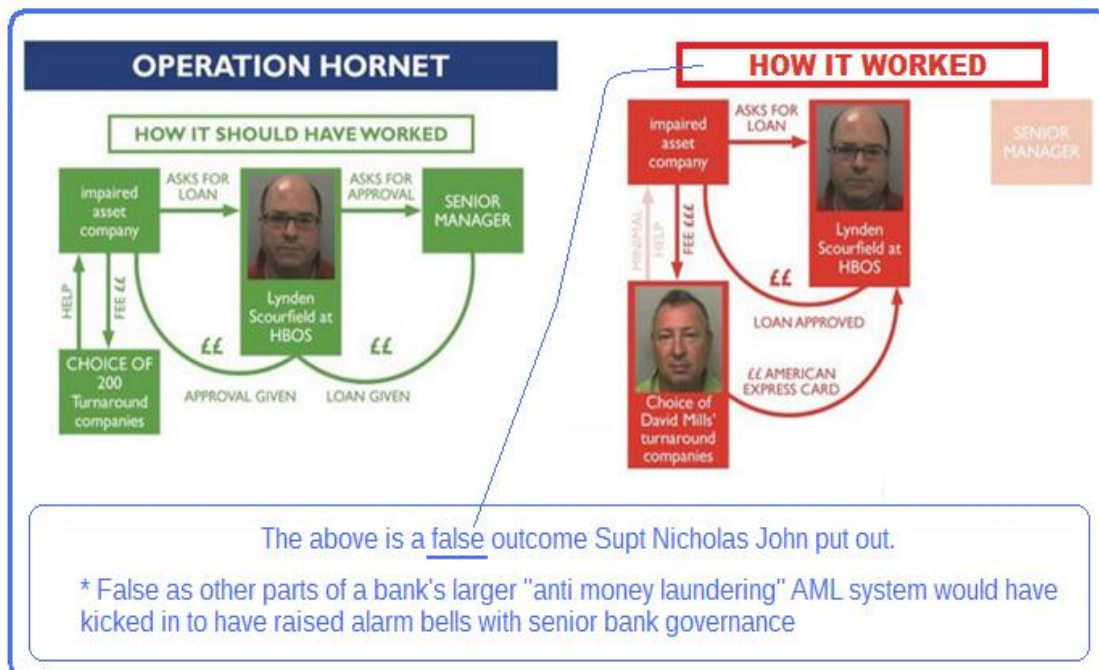
## Joining the HBO's Reading dots with the Avon & Somerset Frauds

What's clear is that there are many clear common denominators between the Thames Valley and Avon & Somerset Constabulary frauds. In particular "**Op Meadow**" as overseen by Superintendent Nicholas John and DS Chris Goodall who were also senior officers in the "**Op Hornet**" Reading frauds.

## The explanation about risk at HBO's/ Lloyds Bank "Operation Hornet" by Superintendent Nick John's explanation doesn't Stack-up

1. This (illustration 1) accompanied what Nick John put out in the press Re HBO's. But it only represents a tiny piece of the puzzle and gives a false account of what a bank's bigger defence structure is to prevent what is claimed re "**Op Hornet**" from actually being able to happen.

( illustration 1)



## Supt Nick John (wrongly) claimed:

2. To stop fraud in HBoS/ Lloyds Banking Group, there would have been a bigger picture that Nick John either hid from explanation, was lied to about by the bank or didn't understand?

It is further alleged both HBoS and later Lloyds BSU mislead police to a level they were not qualified or experienced to know enough systems that would have been in place ! [See : Illustration 2](#)

3. In what Nick John put over would satisfy Joe Average and beyond. But in real terms, again it white washed the truer picture that you can gather happened from the House of Common debates.

4. Billions stolen would have been hid, in guise that six people deceived the banks auditors. I don't think so. "Op Hornet" is just the tip of the iceberg that poor or sham policing kept hid.

5. The structure in any large bank is way too big and too complex for what Superintendent Nicholas John portrayed. Thus people higher than Scourfield got off scot free.

6. This was then further hidden by the auditors and by the likes of Win Bishchoff becoming Chair of the Financial Reporting Council (FRC) which should have been regulating HBoS, Acorn, Commercial First and Lloyds BSU operations. Win Bishchoff appeared in the House of Commons with Lloyds CEO Antonio Horta Osorio, to what? Lie? And whitewash what really went on.

7. This [Illustration 2](#) represents the complex defence structure that auditors would have known about and would have been in place to stop events happening as shown in Superintendent Nicholas John's ([illustration 1](#)) version

8. When BSU consumer complaints went to police etc. Civilians in Action Fraud typically direct complaints to safe hands A&S Police Officers, evidence shows the likes of Niki White and Head of ECT (Economic Crime/ Fraud) Dr Kirstie Cogram then fail to find fraud and cover up investigations. PCC Sue Mountstevens and her Deputy John Smith (Ex Burges Salmon) and (many in) ASP Police Crime Panel (under poor direction of Richard Brown) blocked an extraordinary meeting as to Misconduct and the ASP PCC (Mountstevens) Brown, Chief Andy Marsh, Smith and others "Perverting the Course of Justice", which then becomes "Assisting to Pervert Justice". The charade then was for Monitoring Officer Scott Wooldridge was happy to put complaints to the IOPC, as at the top is Chair of the IOPC Michael Lockwood (ex PwC).

7. PwC are ripe in the BSU and Acorn frauds. [As is Lloyds now Chair, Robin Budenberg who sat in the "Asset Protection Scheme"](#).

8. PwC are big "Common Purpose" players as was Brown, Blair, Cameron, Osborne, Clegg. ASP had 70 of its leaders at public expense enrol into "Common Purpose" training.

9. Then came "Big Society" and that has given opportunity for Budenberg, Cameron, Francis Maude etc to create new bank structures, and in doing so do two main things:

- i) take sitting funds in accounts in the "Merlin Banks" where funds sat redundant for 15 plus years
- ii) launder funds out via "Big Society" banks they created

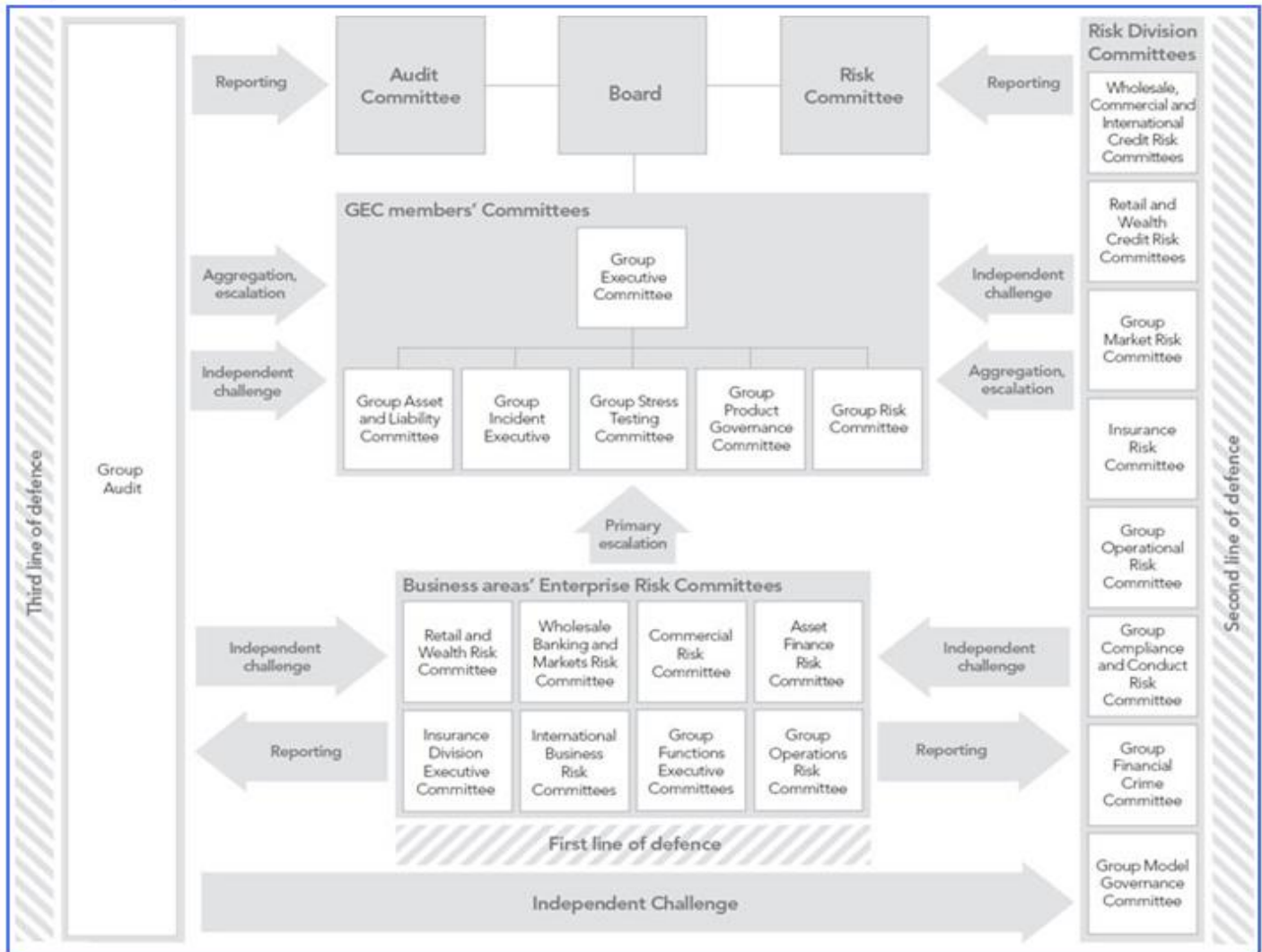
10. Then "CP" Cameron, Clegg, Danny Alexander move on again and via Treasury feed funds out to their created "AIIB" bank which Alexander sits as no.2 in - lead is via China's General Attorney.

11. Budenberg has come into Lloyds as there is much to keep hushed up. Originates from audit frauds to cover POCA from Acorn, Commercial First and BSU via Avon & Somerset. Which needed the likes of Peter Williams and Guy Stobart (MD of Burges Salmon) and John Smith (BS). Guy Stobart was also chair of "Common Purpose" Southwest, pre Caroline Duckworth.

12. Nick Hurd (ex MP) too comes up in the mix. No doubt to have hushed police investigations as when a minister many victims wrote to him !.



( illustration 2 )



13.

There's so much more. Just look at the above structures. HBOs auditors were KPMG – who with vulture lawyers DLA Piper made vicious attack of victims champion PCC Anthony Stansfeld (lead portfolio on economic crime/fraud). Mr Stansfeld at the front of the masses of victims was always going to be in the line of fire from those with most to hide.

### **Three lines of defence (3LOD) – It's impossible for the board not to know?**

The three lines of defence is a risk governance framework that splits responsibility for **operational risk** management across three functions. Individuals in the first line own and manage risk directly. The second line oversees the first line, setting policies, defining risk tolerances, and ensuring they are met. The third line, consisting of internal audit, provides independent assurance of the first two lines.

\* Onwards; Codified by the Basel Committee on Banking Supervision in its 2011 *Principles for the sound management of operational risk*, the framework has been continually adapted and modified by banks and financial services firms ever since, with many choosing to embed intermediate layers of risk management in between the first and second lines.

## MANAGEMENT AND EMPLOYEES

# 2012 BOARD

### DIRECTORS AND SENIOR MANAGEMENT

The Group is led by the Board comprising executive and non-executive directors with wide experience. The appointment of directors is considered by the Nomination and Governance Committee and approved by the Board. Following the provisions in the articles of association, directors must stand for election by the shareholders at the first annual general meeting following their appointment and must retire, and may stand for re-election by the shareholders, at least every three years. Independent non-executive directors are appointed for three-year renewable terms, which may, in accordance with the articles of association, be terminated without notice or payment of compensation. However, in the interests of good corporate governance and in accordance with the provisions of the UK Corporate Governance Code, the Board has decided that all of the directors will retire voluntarily and submit themselves for re-election at each annual general meeting.

The Board meets regularly. In 2012, a total of ten Board meetings were held, eight of which were scheduled at the start of the year.

The roles of the Chairman, the Group Chief Executive and the Board and its governance arrangements, including the schedule of matters specifically reserved to the Board for decision, are reviewed annually. The matters reserved to the Board for decision include the approval of the annual report and accounts and any other financial statements; the payment of dividends; the long-term objectives of the Group; the strategies necessary to achieve these objectives; the Group's budgets and plans; significant capital expenditure items; significant investments and disposals; the basis of allocation of capital within the Group; the organisation structure of the Group; the arrangements for ensuring that the Group manages risks effectively; any significant change in accounting policies or practices; the appointment of the Company's main professional advisers and their fees; and the appointment of senior executives within the organisation and related succession planning.

According to the articles of association, the business and affairs of the Company are managed by the Directors, who have delegated to management the power to make decisions on operational matters, including those relating to credit, liquidity and market risk, within an agreed framework.

All Directors have access to the services of the Company Secretary, and independent professional advice is available to the Directors at the Group's expense, where they judge it necessary to discharge their duties as directors.

The Chairman has a private discussion at least once a year with each Director on a wide range of issues affecting the Group, including any matters which the Directors, individually, wish to raise.

There is an induction programme for all directors, which is tailored to their specific requirements having regard to their specific role on the Board and their skills and experience to date. Major shareholders are also offered the opportunity to meet new non-executive directors.

The directors and senior management of Lloyds Banking Group plc are:

#### NON-EXECUTIVE DIRECTORS

##### **Sir Winfried Bischoff** *Chairman*

Chairman of the Nomination & Governance Committee. Member of the Remuneration Committee and the Risk Committee.

Sir Winfried joined the Board in September 2009 and is aged 71. He is currently a Non-Executive Director of Eli Lilly and Company and The McGraw Hill Companies Inc. He is Chairman of the Advisory Council of TheCityUK and a Member of the Akbank International Advisory Board. Sir Winfried's former appointments include the Chairman of Citigroup Europe in 2000. He became the acting Chief Executive Officer of Citigroup Inc. and its Chairman in 2007 until his retirement in February 2009. Prior to this, he was the Group Chief Executive and then Chairman of Schroders.

##### **David Roberts** *Deputy Chairman, Independent Director*

Chairman of the Risk Committee. Member of the Audit Committee, the Remuneration Committee and the Nomination & Governance Committee.

David joined the Board in March 2010 and is aged 50. David is currently the Non-executive Chairman of The Mind Gym. David's former appointments include Executive Director, member of the Group Executive Committee and Chief Executive, International Retail and Commercial Banking at Barclays, a position which he held until December 2006. He is a former Non-Executive Director of BAA and Absa Group and was Chairman and Chief Executive of BAWAG P.S.K. AG.

##### **Lord Blackwell** *Independent Director*

Member of the Audit Committee and the Risk Committee. Chairman of Scottish Widows Group.

Lord Blackwell joined the Board on 1 June 2012 and is aged 60. Lord Blackwell is currently the Chairman of Interserve plc and is a Non-Executive Director of Ofcom and Halma plc and a member of the board of the Centre for Policy Studies. Lord Blackwell is a former Senior Independent Director of Standard Life and chaired their UK Life and Pensions board. He was a Non-Executive Director of Dixons Group and SEGRO and a Non-Executive Member of the Office of Fair Trading. He was a partner of McKinsey & Co. and a Director of Group Development at NatWest Group. From 1995 to 1997, Lord Blackwell was Head of the Prime Minister's Policy Unit and was appointed a Life Peer in 1997.

##### **Carolyn Fairbairn** *Independent Director*

Member of the Audit Committee and the Remuneration Committee.

Carolyn joined the Board on 1 June 2012 and is aged 52. Carolyn is currently a Non-Executive Director of The Vitec Group and a member of its Audit, Nominations and Remuneration Committees. In January 2012, she was appointed a trustee of Marie Curie Cancer Care. Carolyn was formerly a Non-Executive Director of the Financial Services Authority and chaired their Risk Committee, a Director of Group Development and Strategy at ITV plc and Director of Strategy and a member of the Executive Board at the BBC. She is a former partner of McKinsey & Co. and was a policy adviser in the Prime Minister's Policy Unit. Carolyn began her career as an Economist at the World Bank.



## MANAGEMENT AND EMPLOYEES CONTINUED

### **Anita Frew** *Independent Director*

Member of the Audit Committee and the Risk Co

Anita joined the Board in December 2010 and is aged 55. Anita is currently the Chairman of Victrex plc, having previously been its Senior Independent Director, and is Senior Independent Director of Aberdeen Asset Management. She is a Non-Executive Director of IMI. Anita was formerly an Executive Director of Abbott Mead Vickers, Director of Corporate Development at WPP Group and a Non-Executive Director of Northumbrian Water. She has held various investment and marketing roles at Scottish Provident and the Royal Bank of Scotland.

### **Nicholas Luff** *Independent Director*

Member of the Audit Committee and Risk Committee. To be appointed Chairman of the Audit Committee with effect from 1 April 2013.

Nick joined the Board on 5 March 2013 and is aged 45. Nick is currently the Group Finance Director of Centrica plc. He was previously the Finance Director of The Peninsular & Oriental Steam Navigation Company and Chief Financial Officer of P&O Princess Cruises plc. Until December 2010, he served as a Non-Executive Director and was the Audit Committee Chair of QinetiQ Group. Nick started his career with KPMG where he qualified as a chartered accountant in 1991.

### **T Timothy Ryan Jr.** *Independent Director (until 18 April 2013)*

Member of the Remuneration Committee and the Risk Committee.

Tim joined the Board in March 2009 and is aged 67. Tim is currently the Global Head of Regulatory Strategy and Policy at JP Morgan. He is a director of the Great-West Life Insurance Co., Power Corporation of Canada and Power Financial Corp. Tim was formerly the President and Chief Executive of the Securities Industry and Financial Markets Association and a Director in the Office of Thrift Supervision, US Department of the Treasury. He is a former Director of Koram Bank, the International Foundation of Election Systems and the US-Japan Foundation. He held a number of senior appointments in JP Morgan Chase including Vice Chairman, Financial Institutions and Governments. Tim was also a member of the Global Markets Advisory Committee for the National Intelligence Council.

### **Martin Scicluna** *Independent Director (until 31 March 2013)*

Chairman of the Audit Committee and Member of the Risk Committee and Nomination & Governance Committee.

Martin joined the Board in September 2008 and is aged 62. Martin is currently the Chairman of RSA Insurance Group and Great Portland Estates. Martin was formerly a Director of Deloitte UK from 1991 to 2007 and served as its Chairman from 1995. He joined the firm in 1973 and was a partner from 1982 until he retired in 2008. Martin was a member of the Board of directors of Deloitte Touche Tohmatsu from 1999 to 2007.

### **Sara Weller** *Independent Director*

Member of the Remuneration Committee and the Risk Committee.

Sara joined the Board on 1 February 2012 and is aged 51. Sara is currently a Non-Executive Director of United Utilities Group and is Chair of their Remuneration Committee. Sara is the former Managing Director of Argos. She held various senior positions at J Sainsbury including Deputy Managing Director and served on its board between January 2002 and May 2004. She was a Non-Executive Director of Mitchells & Butler and also held senior management roles for Abbey National and Mars Confectionery.

### **Anthony Watson CBE** *Senior Independent Director*

Chairman of the Remuneration Committee and Member of the Audit Committee, the Risk Committee and the Nomination & Governance Committee.

Tony joined the Board in April 2009 and is aged 67. Tony is currently a Non-Executive Director of Vodafone Group. He is the Senior Independent Director of Hammerson and Witan Investment Trust and Chairman of the Lincoln's Inn Investment Committee and Marks & Spencer trustees. Tony is the former Chief Executive of Hermes Pensions Management. He was also formerly Chairman of the Asian Infrastructure Fund, MEPC and of the Strategic Investment Board (Northern Ireland). He was a member of the Financial Reporting Council and a member of the Norges Bank Investment Management Advisory Board.

## EXECUTIVE DIRECTORS

### **António Horta-Osório** *Group Chief Executive*

António joined the Board in January 2011 and was appointed Group Chief Executive in March 2011. He is aged 49. António is currently a Non-Executive Director of Fundação Champalimaud and Sociedade Francisco Manuel dos Santos in Portugal and a Governor of the London Business School. Previously António joined Grupo Santander in 1993 and held various senior management positions culminating in Executive Vice President of Grupo Santander and a member of its Management Committee. In November 2004 he was appointed as a Non-Executive Director of Santander UK and from August 2006 until November 2010, served as its Chief Executive. António is also a former Non-Executive Director of the Court of the Bank of England.

### **George Culmer** *Group Finance Director*

George joined the Board on 16 May 2012 and is aged 50. George does not currently hold any other board appointments. He was formerly an Executive Director and Chief Financial Officer of RSA Insurance Group. He is also the former Head of Capital Management of Zurich Financial Services and Chief Financial Officer of its UK operations. George previously held various senior management positions at Prudential.

\* Information from Lloyds Bank's annual SEC Return 2012



## LLOYDS BANKING GROUP



27 February 2012

### LLOYDS BANKING GROUP ANNOUNCES BOARD CHANGES

The Board of Lloyds Banking Group plc announces that **Glen Moreno**, its Deputy Chairman and Senior Independent Director intends not to seek re-election at the Annual General Meeting on 17 May 2012 and will retire from the board on that date.

**Sir Winfried Bischoff**, Chairman, said: "Glen has been an indefatigable champion of the shareholders of Lloyds and a constructive and informed voice in our deliberations on the Board. His contribution has been highly valued over the last two years and my colleagues and I will greatly miss his counsel."

**Glen Moreno** said: "I have been working on the fall-out from the banking crisis for more than three years now, first at UKFI and then at Lloyds. With a strong Board and a talented executive team in place at Lloyds, and the Group stabilised following the HBOS acquisition, it is time for me to move on. Lloyds has a robust and realistic long-term strategy to deliver what we all care deeply about: a safe and sound bank that serves its customers well and returns money to the UK taxpayer."

The Board has decided to appoint **Anthony Watson**, Chairman of the Remuneration Committee, as its Senior Independent Director and **David Roberts**, Chairman of the Risk Committee, as Deputy Chairman both with effect from 17 May 2012.

Sir Win said: "Tony comes with the background of former Chief Executive of one of the most prominent investment institutions in the country and a Board member of a number of major UK public companies and David with an extensive history of commercial and retail banking. Their experience will be of great benefit to the Board as we strive to deliver sound performance for our shareholders, customers and employees."

#### BIOGRAPHICAL DETAILS

##### **Glen Moreno**

Joined the Board on 1 March 2010. Chairman of Pearson, the media group, since October 2005. Director of Fidelity International, one of the world's largest fund management companies, and Chairman of its Audit Committee. Deputy Chairman of The Financial Reporting Council. From 1987 to 1991 was Chief Executive of Fidelity International. Until mid 2009, was a Non-Executive Director and Senior Independent Director of Man Group, the FTSE 100 financial services group, and acting Chairman of UKFI. Former Group Executive of Citigroup; from 1969 to 1987 he held a number of senior positions at the bank in Europe and Asia. Aged 68.

##### **Anthony Watson**

Joined the Board in April 2009. Previously Chief Executive of Hermes Pensions Management. Held a number of senior appointments in AMP Asset Management from 1991 to 1998. A Non-Executive Director of Hammerson, Vodafone and Witan Investment



Trust, a member of the Norges Bank Investment Management Advisory Board and Chairman of Lincoln's Inn Investment Committee. A former Chairman of MEPC, the Asian Infrastructure Fund and of the Strategic Investment Board (Northern Ireland) and a former member of the Financial Reporting Council. Aged 66.

#### **David Roberts**

Joined the Board on 1 March 2010. Executive Director, member of the Group Executive Committee and Chief Executive, International Retail and Commercial Banking at Barclays until December 2006. Joined Barclays in 1983 and held various senior management positions, including Chief Executive, Personal Financial Services and Chief Executive, Business Banking. Was also a Non-Executive Director of BAA until June 2006 and a Non-Executive Director of Absa Group Limited, one of South Africa's largest financial services groups, until October 2006. From 2007 to 2009 he was also the Chairman and Chief Executive of BAWAG P.S.K. AG, the second largest retail bank in Austria. Non-Executive Chairman of The Mind Gym. Aged 49

– END –

### **FORWARD LOOKING STATEMENTS**

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds Banking Group, its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group or the Group's management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future business, strategy, plans and/or results may differ materially from those expressed or implied in these forward looking statements as a result of a variety of risks, uncertainties and other factors, including, without limitation, UK domestic and global economic and business conditions; the ability to derive cost savings and other benefits, as well as the ability to integrate successfully the acquisition of HBOS; the ability to access sufficient funding to meet the Group's liquidity needs; changes to the Group's credit ratings; risks concerning borrower or counterparty credit quality;

instability in the global financial markets; changing demographic and market related trends; changes in customer preferences; changes to regulation, accounting standards or taxation, including changes to regulatory capital or liquidity requirements; the policies and actions of Governmental or regulatory authorities in the UK, the European Union, or jurisdictions outside the UK, including other European countries and the US; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result

of HM Treasury's investment in the Group; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU State Aid obligations; the extent of any future impairment charges or write-downs caused by depressed asset valuations; exposure to regulatory scrutiny, legal proceedings or complaints, actions of competitors and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors together with examples of forward looking statements. The forward looking statements contained in this announcement are made as at the date of this announcement, and the Group undertakes no obligation to update any of its forward looking statements.

## Gordon Brown loses second banking advisor as Glen Moreno quits

Gordon Brown lost a second key banking advisor in the space of two days with the resignation of Glen Moreno, chairman of the body which oversees how the bank bailout money is spent.



Glen Moreno: It recently emerged that Mr Moreno had acted as a trustee of Liechtenstein Global Trust, a private bank accused of facilitating large-scale tax avoidance

By Andrew Porter Political Editor and Lucy Cockcroft

6:00AM GMT 13 Feb 2009

Mr Moreno, acting director of UK Financial Investments, stepped down from the post amid allegations that a Liechtenstein bank he has links with is involved in tax avoidance.

His resignation came a day after Sir James Crosby resigned as deputy chairman of City watchdog the Financial Services Authority after being accused of sacking a senior executive who warned of excessive risk-taking at HBOS.

His future had been in doubt after Downing Street and the Treasury made it clear on Thursday afternoon that while they had confidence in Mr Moreno, a permanent director would be appointed in due course.

By the end of the day it emerged that he had decided to quit the role altogether.

Earlier, Conservative MP Michael Fallon questioned Moreno's suitability for the role at UKFI during Treasury questions in Parliament.

He said: "Can it really be right that the body looking after the taxpayers' interest ... should be chaired by Mr Moreno who appears to have been so heavily involved in tax dodging in Liechtenstein?"



It recently emerged that Mr Moreno, who was appointed to UKFI last month, had acted as a trustee of Liechtenstein Global Trust (LGT), a private bank accused of facilitating large-scale tax avoidance.

Mr Moreno quit as a trustee last April, two months after it was disclosed that details of thousands of LGT clients had been passed to German tax authorities.

Conservative treasury spokesman George Osborne said the situation, so soon after the resignation of Sir James, "shows just what trouble Gordon Brown is in".

He added: "It was an error of judgement to have appointed someone who advised an offshore tax haven to look after the taxpayers' stake in our banking system. The net is now closing in on Gordon Brown as he runs out of alibis and accomplices."

The news came as the Prime Minister laid out plans to "clawback" financial rewards from undeserving bankers.

He is desperate to get a grip on the bonuses row amid growing public anger over large the payouts to bankers who have presided over the current economic crisis.

Bonuses have been paid despite the Government having been forced to bail out the banks with billions of pounds of taxpayers' money.

Mr Brown said there was now a need for stringent new rules to halt future rewards for failure. He yesterday endorsed the controversial idea of reclaiming payments from bankers if it later turned out they had failed.

He said: "It should not be a one-way bet. In other words, if you fail there is a clawback which is also possible within a bonus system.

"The short-term bonus culture of the banks has got to end, and we are putting in measures that will bring that to an end."

**The Financial Services Authority should have powers to penalise banks who are rewarding traders for doing "short-term deals", he suggested.**

'Any system has got to be based on long-term performance and that will have to be policed in the future by the FSA," he said.

However, there are signs that the Treasury was close to admitting that they could do nothing about Royal Bank of Scotland paying bonuses to its staff for the past year's work. Instead they are left clinging to the hope that RBS executives will heed the pleas from ministers to show restraint.

# The City cesspit stinks of corruption

A recent class action law suit against two British banks over allegations of rigging the foreign exchange market are only the tip of a dirty iceberg in a sea of effluent, writes STEVEN WALKER



MS

**T**HE latest revelations about British banks' squalid, illegal and corrupt behaviour is another in a long line dating back to the Thatcher government's deregulation of the City of London in the 1980s.

This enabled City financial institutions to become saloon-bar brawlers in a gambling casino where risks to customers' money were taken and money laundering of Mexican and Colombian drug cartels was facilitated.

Barclays and RBS are among five banks being sued in Britain over allegations of rigging the foreign exchange market.

The banks are facing a class action claim by investors understood to be in excess of £1 billion, alongside US giants JP Morgan, the bank which pays Tony Blair £2 million a year for "advice."

The suit was filed last week with Britain's competition appeal tribunal (CAT), alleging that the five banks broke competition laws

## OTHERS LIKED



SUNDAY 07TH MAR 2021  
**WOMEN'S OPPRESSION IS INTENSIFYING WITH THE MARCH OF MODERN CAPITALISM**

SUNDAY 07TH MAR 2021  
**XHAKA, VAR AND RESOLUTE DEFENDING DENY GUNNERS WIN**

SUNDAY 07TH MAR 2021  
**COVID GUIDELINES 'FUNDAMENTALLY FLAWED' AND PUT LIVES AT RISK, SAYS NURSES' UNION**

SUNDAY 07TH MAR 2021



SUNDAY 07TH MAR 2021

MAN UTD MAKE SHORT WORK OF VILLA

In a ruling designed to offer a more effective route to compensation for consumers and businesses that fall victim to anti-competitive behaviour, British-based members of a defined group are automatically bound into a legal action — unless they opt out.

The class action suit comes after all of the banks except one were fined a total of €1.07bn (£936m) in May, for taking part in foreign exchange trading cartels dubbed the “Three Way Banana Split” and the “Essex Express.”

The European Commission handed out the penalties relating to collusion over trading in 11 currencies dating back more than a decade.

UBS was named in the investigation but avoided punishment after it blew the whistle on the cartels. The commission said the traders involved exchanged sensitive information and trading plans and occasionally co-ordinated trading activities through chatrooms.

Last year following the collapse of Carillion the “Big Four” accountancy firms were put on notice they were to be forced to restructure by regulators.

This is due to their role in some of the most outrageous financial scandals that have led to the collapse of businesses and thrown thousands of workers onto the dole.

The Carillion collapse is set to cost taxpayers at least £148m.

The Big Four accountancy firms have been forced to draw up contingency plans for a break-up of their British businesses to solve conflicts of interest embedded in the industry.

The pressure on the four firms that dominate the sector — KPMG, Deloitte, EY and PwC — to prepare for a forced break-up has increased following high-profile corporate collapses with their fingerprints all over them.

So many are the accountants’ conflicts of interests and so limited the choice of firms for large pieces of work, however, that when Carillion collapsed in January 2018 the same PwC landed the job as government-appointed special manager.

The Big Four have relied on their international dominance to act as gamekeeper and poacher so they keep passing dodgy audits for massive fees, and then offering their services to the government to tackle accountancy fiddles, while later on getting back to companies advising them how to get round new government regulations on tax avoidance which they have designed.



The danger is not a new one. The financial crisis began a decade ago and intensified through flawed accounting, as, first, US sub-prime lenders and, then, mainstream British banks such as Royal Bank of Scotland, Lloyds TSB and HSBC polluted and fiddled their balance sheets without auditors raising any objections.

A later parliamentary committee concluded that "the complacency of the bank auditors was a significant contributory factor" in causing the 2008 crash.

PwC was also in up to its neck in the recent Tesco accountancy scandal when a £263m black hole in its accounts was discovered in 2014, which later grew to £326m because it had incorrectly booked payments from its suppliers early.

The scandal was not revealed until 2017 and led to a programme of store closures and mass sacking of workers.

In 2007 KPMG audited HBOS Bank and found everything fine and dandy until six months later the bank collapsed went bankrupt and had to be taken over by Lloyds Bank Group.

The City of London is widely acknowledged to be the money laundering capital of the world, with accountancy firms hard at work with the soap and detergent.

In 2017 the Guardian reported that HSBC, the Royal Bank of Scotland, Barclays and Coutts Bank had waved through up to £65bn of transactions linked to a major scam in Russia.

This had first come to light in 2014. Much of the money is believed to be linked to organised crime and corrupt officials, who were seeking to clean their cash so that it could be spent without suspicion.

Governments and gutless watchdogs are in awe of the City and the financial institutions who constantly remind them that they are the engine driving the British economy and return billions in taxes to the Treasury while upholding the highest standards of fiscal rectitude and probity.

The reality is they are a squalid gang of corrupt spivs gambling with the livelihoods of millions of workers while awarding themselves obscene salaries and bonuses.

They know they are almost untouchable, operating outside the law in a financial sewer polluting and contaminating politics.



## Robert Buckland Secretary of State for Justice expressed the opinion that suspects accused of serious crimes should be granted anonymity

In July 2019, Buckland was appointed **Justice Secretary** and **Lord Chancellor** by incoming Prime Minister Boris Johnson. He was sworn in as a Member of the **Privy Council** on 25 July 2019.

He said that he had considerable relevant experience and expressed an intention to "help drive through a massive program of change".

A week after being sworn, in an interview for *The Times* newspaper, he expressed the opinion that suspects accused of serious crimes should be granted anonymity if the accusations threatened their reputation, stating "let's say you are a reputable local business person who is accused of fraud. Your good name is going to be really undermined by this mere accusation. That might be a meritorious case for anonymity. In response to the interview, Ian Murray, director of the Society of Editors, stated it was "absurd to suggest that in a liberal democracy we are going to create a system of justice that enables the rich, the powerful and celebrities to be protected when they are under investigation for serious crimes but the ordinary man or woman would be offered no such protections." **Buckland's opinion was rejected by a government spokesman, who confirmed "this is not government policy"**, and the **Ministry of Justice**, which confirmed "this isn't departmental policy" and stated that Buckland would not be giving further interviews on the subject, which would now be handled by Downing Street.

Onwards; His appointment as **Solicitor General for England and Wales** in July 2014 attracted media attention after it was revealed **he had been found guilty of professional misconduct** by the Bar Standards Board in 2011.

In February 2015, it was reported that Buckland was one of a number of individuals investing in the Invicta Film Partnership, which HM Revenue and Customs (HMRC) had alleged to be a **tax avoidance scheme**. This followed a tax tribunal that had ruled that two film partnership schemes were being used primarily for tax avoidance rather than for business purposes and that the investors were not therefore entitled to the claimed tax relief. Buckland responded that he had not attempted to avoid tax and his investments were a matter of public record. He argued his financial adviser had looked into the companies and found them to be completely beyond reproach. In April 2016, it was reported that **he was one of 12 ministers using 'blind trusts' as had been used by David Cameron**. Investments within a blind trust can be kept completely private as financial control is handed to a third party, resulting in issues of transparency for politicians.

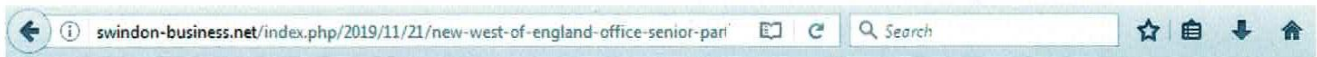
Throughout the internet are articles where the **Rt Hon Robert Buckland reports favourably about PwC often in the Swindon Business News that he is Editor and Owner of.**

**51 results 'PwC' that the Rt Hon Robert Buckland features on his website stemming back to 2010**

**See example over the page**



The Swindon Business News – Owned and Edited by the Rt Hon Robert Buckland UK Minister for Justice – Article on PwC



TECHNOLOGY • CREATIVE/MEDIA • LEGAL • FINANCE • GREEN/SUSTAINABLE BUSINESS • ADVANCED MANUFACTURING • PROPERTY • DIRECTORS

By **Robert Buckland** November 21, 2019

# New West of England office senior partner for PwC

PwC, the global accountancy group, has appointed a new senior partner for its **West region** and filled the newly created role of clients and markets regional lead.

Tom Ayerst, *pictured right*, who heads PwC's regional deals business, will fill the **Bristol office senior partner (OSP) position left** vacant in the summer when Katharine Finn moved from her dual role as regional leader for West and Wales and OSP for Bristol to become an audit partner.



**Bristol-based** Nick Morgan, *pictured below*, who has 20 years' experience in the region, will become PwC's first clients and markets regional lead for West and Wales and will work with the new OSPs to strengthen the firm's presence in the region. He was most recently **PwC's tax leader in the West**.

In his role as regional deals business Tom Ayerst **supports a range of clients on acquisitions, disposals, fundraising and changes in ownership**. He works with some of the region's leading listed business, national private equity houses and lenders, private businesses and the public sector.

Tom said: "I'm really looking forward to bringing my own experiences to the role and using the opportunity to build deeper relationships in the region that will help to **make Bristol an even better place to live and work.**"



New clients and markets regional lead Nick Morgan said: “Having worked in the region for the last 19 years, this is an exciting new challenge in a dynamic market. This is a region full of opportunity and PwC is committed to continuing to grow its presence here as well as introducing new ways to support our clients.”

PwC’s Cardiff office also has a new OSP. Felicity Rees, *pictured right*, a partner in the firm’s financial services practice, takes over from Lynn Pamment who is retiring from the firm next month.



During her 20 years with the firm Felicity has worked with clients across investment management, banking and insurance sectors. She now specialises in pensions and leads PwC’s pensions assurance practice.

PwC West and Wales regional leader John-Paul Barker, who replaced Katharine Finn in the post in July, said: “I’m delighted at this news and pleased for Felicity, Tom and Nick who I’m sure will do superb jobs in their new roles.

“My thanks go to Katharine and Lynn for the fantastic work in the region which we are now building upon.”

PwC’s West and Wales region extends from South Wales to Cornwall with offices in Bristol and Cardiff. The firm employs around 775 people across the two offices.

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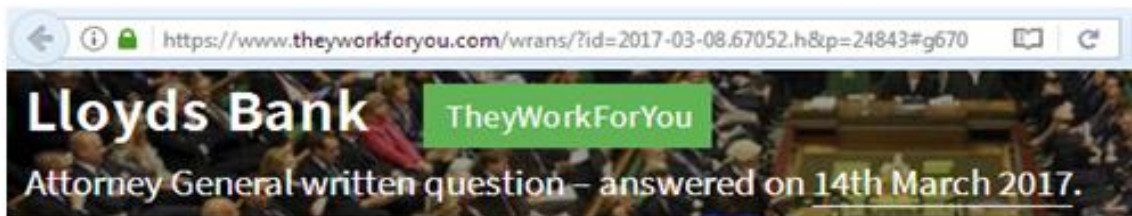
## The Editor and Owner of the Swindon Business News

is **Robert James Buckland** QC, MP is a Welsh Conservative Party politician and barrister serving as **Secretary of State for Justice and Lord Chancellor since 2019**. He has been the **Member of Parliament for South Swindon since 2010**



**Robert Buckland**

# Robert Buckland was asked by opposition Chris Elmore for the Serious Fraud Office to step in to investigate. But sadley Mr Buckland deflected concern ?



**Chris Elmore** Opposition Whip (Commons)

To ask the Attorney General, if he will make representations to the Serious Fraud Office to open an inquiry into any activity of Lloyds Bank Consumer Debt Recovery and Alder King.



**Robert Buckland** The Solicitor-General

The Serious Fraud Office is an independent Government department which investigates and prosecutes serious or complex fraud, bribery and corruption. In considering whether to take on an investigation, the Director David Green CB QC applies a Statement of department which investigates and prosecutes serious or complex fraud, bribery and corruption. In considering whether to take on an investigation, the Director David Green CB QC applies a Statement of Principle, which includes consideration of:

- whether the apparent criminality undermines UK PLC's commercial or financial interests in general and the City of London in particular;
- whether the actual or potential financial loss involved is high;
- whether actual or potential economic harm is significant;
- whether there is a significant public interest element, and;
- whether there is a new type of fraud.

The SFO has given full and lengthy consideration to allegations against Lloyds Bank Consumer Debt Recovery and Alder King but they did not meet the threshold for the Director to open an SFO investigation.



# FRAUDS WERE COVERED UP BY FALSE AUDITS AND MISSING INFORMATION TO GIVE MIS-INFORMATION

Banks have to produce “**SEC FORM 20-F**” **annual audit returns to the Securities and Exchange Commission**. In Lloyds Banking Group this for 153 years prepared by the banks auditors, namely for the periods concerned **PwC**, the same company where **Robin Budenberg** started and the same company that many others floating around the Lloyds bank frauds have a link to or come from.

There are further important links. With the HBOS Reading frauds. Sir Winfried Bishchoff went to the Financial Reporting Council (FRC) as its Chairman which oversees and regulates PwC.

Added to this Head of Fraud at Lloyds Banking Group, Jessica Harper was sentenced and jailed for fraud, again many say her case was whitewashed with a reward to follow. She had been feeding questionable leads to Lyndon Scourfield as can be seen on Supt Nicholas John’s diagram.

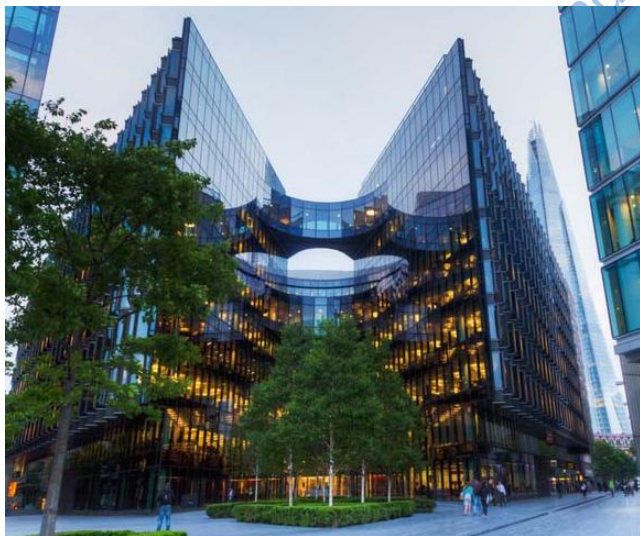
## About PwC:

**PricewaterhouseCoopers International Limited**, based in London, is a co-ordinating entity for the global network of firms. It manages the global brand, and develops policies and initiatives, to create a common and coordinated approach in areas such as risk, quality, and strategy. It does not provide services to clients.



PwC firms operate in 157 countries, 742 locations, with 276,000 people. As of 2019, 26% of the workforce worked in the Americas, 26% in Asia, 32% in Western Europe and 5% in Middle East and Africa. The company's global revenues were \$42.4 billion in FY 2019, of which \$17.4 billion was generated by its **Assurance practice, \$10.7 billion by its Tax and Legal practice and \$14.4 billion by its Advisory practice**.

[https://en.m.wikipedia.org/wiki/PricewaterhouseCoopers - cite\\_note-9](https://en.m.wikipedia.org/wiki/PricewaterhouseCoopers - cite_note-9)



The firm in its present form was created in 1998 by a merger between two accounting firms; Coopers & Lybrand, and Price Waterhouse.

[https://en.m.wikipedia.org/wiki/PricewaterhouseCoopers - cite\\_note-chronology-1](https://en.m.wikipedia.org/wiki/PricewaterhouseCoopers - cite_note-chronology-1) Both firms had histories dating back to the 19th century. The trading name was shortened to PwC (on-logo writing **pwc**) in September 2010 as part of a rebranding effort.

## Some PwC Audit Frauds as shown on Wikipedia:

In most cases, deception is concealed for years, and hard to unpick, as the fraud engineers use auditors such as **KPMG (HBOS)**. **Others include Price Waterhouse Cooper (PwC) and Grant Thornton** to conceal in audits where consumers have been forced into collapse and in the Lloyds BSU cases, PwC played a large part including auditing and inspecting accounts and then preparing Lloyds Banking Groups (LBG’s) annual **SEC (Securities and Exchange Commission) Form 20-F** returns. Returns were then signed off by LBG’s CEO and CFO. MP Austin Mitchell during a parliamentary debate called a Lloyds Bank, PwC and the ICAEW in relation to one of his constituency victims “Premier Motor Auctions” fraud as ‘Mafia’



## On Wikipedia; PwC show associated to audit wrongs in the section on “Controversies”. They appear riddled in many cases around the world such as:

- ✚ In 2014, it came to light that PwC had received \$55m from Caterpillar Inc. to develop a tax avoidance scheme, according to an investigation of the US Senate, and had helped Caterpillar Inc. drastically reduce its taxes for more than a decade. Profits valued at \$8bn were shifted from the US to Switzerland, which allegedly made it possible to save more than \$2.4bn in US taxes over a decade. In Switzerland profits were taxed at 4%. A PricewaterhouseCoopers managing director who was involved in designing the tax savings plan had written at the time to a PwC partner: “We'll all be retired when this ... comes up on audit.”
- ✚ Northern Rock: In 2007, PwC was criticised by the Treasury Select Committee of the Parliament of the United Kingdom for helping Northern Rock, a client of the firm, to sell its mortgage assets while also acting as its auditor. In 2011, a House of Lords inquiry criticized PwC for not drawing attention to the risks in the business model followed by Northern Rock, which was rescued by the UK government during the financial crisis.
- ✚ JP Morgan Securities audit: In 2012, the Accountancy and Actuarial Discipline Board (AADB) of the UK fined PwC a record £1.4m for wrongly reporting to the Financial Services Authority that JP Morgan Securities had complied with client money rules which protect client funds. The accountants neglected to check whether JP Morgan had the correct systems in place and failed to gather sufficient evidence to form opinions on the issue, and as a result, failed to report that JP Morgan failed to hold client money separate from JP Morgan's money. The £1.4m fine was at the time the greatest penalty administered to a professional accountancy firm in the UK
- ✚ Cattles: In 2013 Cattles plc brought a legal action against PwC in the UK in respect of 2006 and 2007 audits, claiming that PwC had failed to carry out adequate investigations. Cattles, a UK consumer finance company, later discovered control weaknesses which caused its loan book to be materially overstated in its balance sheet; having been listed as a FTSE250 company, it subsequently lost its listing. PwC disputed this legal claim. The claim was settled out of court on undisclosed terms.
- ✚ Connaught plc: A UK former FTSE 250 Index outsourcing company operating in property maintenance for the social housing and public sector, was put into administration in 2010 after reporting material losses. In 2017, the Financial Reporting Council (FRC) severely reprimanded PwC and its audit partner following an investigation of their conduct in respect of the 2009 audit of Connaught. PwC was fined a record £5 million plus costs.
- ✚ Tesco: In 2014 Tesco, a UK retailer, announced that it had overstated profits by £263m by misreporting discounts with suppliers. The Financial Reporting Council started an investigation into accounting practices at Tesco and into the conduct of PwC in carrying out its audits in 2012, 2013 and 2014. Two members of Tesco's Audit Committee, responsible for monitoring Tesco's relationship with its auditors, had themselves previously worked for PwC, including its chairman, Ken Hanna; he later stood down. In 2015 PwC were replaced as auditors of Tesco, ending a 32-year engagement, following a tender process in which they did not participate. In June 2017 the Financial Reporting Council said there was no "realistic prospect" that a tribunal of the UK's accountancy watchdog would rule against the auditor PwC concerning its involvement in Tesco's 2014 case.
- ✚ Bank of Tokyo-Mitsubishi UFJ: In 2014, The Bank of Tokyo-Mitsubishi UFJ was investigated by New York banking regulators over its role in routing payments for Iranian customers through its New York branch in violation of U.S. sanctions. It was found that PwC had altered an investigation report on the issue; PwC itself was fined \$25 million in relation to the matter.

- ✚ Luxembourg Leaks: One of the tax rulings of *Luxembourg Leaks* negotiated by PwC. The firm helped multinational companies obtain 548 legal tax rulings in Luxembourg between 2002 and 2010. The rulings provided written assurance that the multinational companies' tax-saving plans would be seen favourably by the Luxembourg authorities. The companies saved billions of dollars in taxes with these arrangements. Some firms paid less than one percent tax on the profits they shifted to Luxembourg. Employees or former employees of PwC provided documentation of the rulings to journalists. In 2013 and 2014, PwC UK's head of tax was called before the UK's public accounts committee and was questioned about lying regarding the marketing of these tax avoidance schemes. He told the committee the financing, investments, and tax structure is legal and well known to the British government. "If you want to change the Lux tax regime, the politicians could change the Lux tax regime. The disclosures attracted international attention and comment about tax avoidance schemes in Luxembourg and other tax havens. The revelations later led to a series of EU-wide measures aimed at regulating tax avoidance schemes and tax probes into several EU companies. In 2016 PwC initiated charges against the two whistleblowers that revealed the LuxLeaks tax controversy, and they were convicted and sentenced with suspended prison sentences and fined. In March 2017 a Luxembourg appeals court upheld the convictions of the two whistleblowers, but with reduced sentences.
- ✚ BHS: In 2016 PwC in the UK was investigated by the Financial Reporting Council over its conduct in relation to the audit of BHS for the year to 30 August 2014. PwC completed their audit of financial statements in which BHS was described as a going concern days before its sale for £1 to a consortium with no retail experience. BHS collapsed the following year with a substantial deficit in its pension fund.
- ✚ Angola corruption: In 2020, the International Consortium of Investigative Journalists (ICIJ) leaked over 700,000 internal documents revealing that PwC had facilitated multiple dealings in which Isabel dos Santos, the daughter of the former president of Angola, made a fortune while in charge of the state oil company, Sonangol. Dos Santos established a network of over 400 companies to facilitate tax evasion and steered millions of dollars of Angolan state contracts to companies under her control. Her husband, Congolese businessman and art collector Sindika Dokolo, made millions from a suspiciously one-sided partnership with the state diamond company, Sodiam, to buy a stake in Swiss luxury jeweller De Grisogono. After ICIJ's revelations, PwC indicated it would terminate its relationship with Dos Santos.
- ✚ Watchstone: In August 2020, a £63 million-worth suit was filed by Watchstone (formerly known as Quindell) against PwC. PwC is sued for conspiring against a former client; according to the suit, the company released information about the client to a competitor in the course of a takeover approach.

Sunday, February 20th, 2011 | Posted by [Ian Fraser](#)

## Whistleblower alleges ‘largest sustained cooking of books in British financial history’

\* PWC

By Ian Fraser

Published: Sunday Herald

Date: February 20th, 2011



A CORPORATE whistleblower’s eight-year battle over his claims that Scottish Widows policyholders were deprived of £1.5 billion during the Lloyds takeover is to be the subject of an English high court hearing.

Graham Senior-Milne, a former internal auditor at Lloyds TSB and Scottish Widows, is seeking a judicial review of the alleged failure of the Institute of Chartered Accountants England & Wales (ICAEW) to investigate his complaints about life-insurance company audits. The high court will meet in Berwick-upon-Tweed on March 2, the first time it has sat north of Leeds.

Senior-Milne argues that Scottish Widows and its auditors PricewaterhouseCoopers (PWC) failed, before the takeover of the former by Lloyds, to recognise the consequences that the Court of Appeal’s decision over Equitable Life would have on the Edinburgh-based insurer’s balance sheet. The Lords found that Equitable had to honour promises it had made to so-called guaranteed annuity rate (GAR) policyholders.

The ruling meant that items treated as contingent liabilities on the Scottish Widows balance sheet, audited by PwC, ought to have been treated as actual ones, which had serious consequences for the company’s value and would have influenced policyholders’ decision to vote the demutualization and takeover through.

Senior-Milne blew the whistle at Lloyds at the time, arguing that standard policyholders were cheated out of £1.5bn.

They had been led to believe that, if they approved the demutualization, they would receive £6bn. But Lloyds used £1.5bn of the sale proceeds to pay off GAR policyholders, meaning ordinary policyholders received only £4.5bn. Senior-Milne raised the alarm internally following written advice from ICAEW, of which he remains a member, but was sacked by Lloyds in December 2003, three years after the takeover was completed.



He also contends that the ramifications of the Equitable Life decision were never properly acknowledged in the financial accounts of other UK life companies which had similar if not larger GAR liabilities at the time, ultimately depriving their standard policyholders of an estimated £14bn.

He believes that auditors should have qualified the accounts of eight other major companies, thought to have included Friends Provident, Scottish Life, Scottish Mutual and Scottish Provident. He told the Sunday Herald:

“This is the largest sustained cooking of the books in the history of financial reporting in the UK. Customers of life companies faced were cheated out of more than £14bn.”

But despite complaints to [the FSA](#), the [ICAEW](#) and the [Treasury Select Committee](#) he has never managed to trigger an investigation.

“My primary objective is to ensure those who have a duty to protect the public actually do so. At the core of all this is a very simple issue it is the integrity of the audit and accounting profession, whose multiple failures are increasingly being recognised as the primary cause of the global banking collapse.”

“Auditors have sold out. They have lost sight of their critical duty to report the truth. Instead their focus is on serving the interests of the biggest corporate customers and growing their own global businesses. If we don’t restore trust in auditing, we stand no chance of addressing the fundamental problems that caused the banking crisis.”

Senior-Milne, who has a website at [www.happywarrior.org](http://www.happywarrior.org), complained to the ICAEW about the auditors of the life insurance companies twice, but was rebuffed both times. He will argue before the court that these moves breached the institute’s own bylaws, which say it must investigate a complaint from a member about another member or demonstrate that it lacks merit. He said:

“Scottish Widows should have shown an actual liability of £1.5bn ahead of the sale to Lloyds TSB. But there was no mention of this in the accounts. Nor was there any mention of the Equitable Life court case or its repercussions in the Scottish Widows demutualisation circular. Nor was there any mention of the size of the GAR liability, and/or an assessment of these issues by the Scottish Widows board.

Senior Milne added:-

“The ICAEW has been ducking and diving in order to avoid addressing the issue — which is that life company auditors let policyholders down by failing to qualify their clients’ accounts given the Equitable verdict, and especially given the outcome of the institute’s own investigation into Ernst & Young’s auditing of Equitable Life. There is a surreal quality to this whole charade.”

“The institute is desperate to avoid having to open this can of worms. If I do succeed in prising it open, the institute is going to have to investigate the audits of the other eight life companies. And the Equitable Life crisis took a dozen investigations and 10 years to resolve.”

The ICAEW said:

“It is for the court to decide on the merits of Mr Senior-Milne’s application, and it would not be appropriate for ICAEW to comment at this stage.”

PWC and Lloyds also declined to comment.

**An edited version of this article was published under the headline “Whistleblower to get his day in court after allegations that policyholders missed out on billions” in the Sunday Herald on [FindArticles.com](http://www.findarticles.com)**

Short URL: <https://www.ianfraser.org/?p=3517>

# Watchstone brought a Law suit following Lord Lupton's Greenhill & Co secret meeting with PwC. PwC sued over 'conspiracy'

More information follows over page re PwC starting with an article that features Lord Lupton's (then) Greenhill and Co in the controversy. This is important as Greenhill & Co was co founded by Lord Lupton after the collapse of Barings. Greenhill & Co, was also involved in the below value assets taken from Lloyds BSU Bristol under "Project Avon"

## ACCOUNTANCY Careers UK's specialist accountancy job board

### PwC sued over 'conspiracy'

10 Aug 2020 News and Blogs

Shortlist

Big Four accountancy firm **PwC** is being sued for £63m after accusations it conspired against a former client.

The client in question is Watchstone, an insurance and technology group. They are formerly known as Quindell. The company hired PwC for restructuring advice during the run-up to a takeover by law firm Slater & Gordon in 2015. They accuse the firm of releasing private financial information to a rival during a takeover approach.

#### Who are Watchstone?

**Watchstone** are an insurance and technology firm. Formerly known as Quindell, it was a claims management company focusing on motor accidents. Now, however, it focuses on providing black box car insurance to young drivers.

An accounting scandal in 2014 led to the appointment of PwC to review its finances. In 2015, Australian law firm Slater and Gordon acquired the professional services arm of the company. Unfortunately, this ended in disaster with the law firm writing down £450m in the value of the business within a year.



Slater and Gordon sued Watchstone for reach of warranty and fraudulent misrepresentation in 2017. It was revealed at Watchstone (Quindell at the time) misstated their accounts, and that an £80m profit was actually a £375m loss.

#### Why are Watchstone suing PwC?

The lawsuit claims that PwC breached its contract and confidence. The lawsuit states that it also committed "unlawful means conspiracy" against it.

So, where is the evidence?

The lawsuit essentially centres on an alleged secret meeting between PwC and an adviser working for Slater and Gordon in 2015, a company called Greenhill & Co. PwC were hired by Watchstone to review their finances, and shortly after Watchstone were approached with an offer to by their professional services division.

It was then that Slater and Gordon sought to establish a link between themselves and PwC, without Watchstone knowing. The aim of this was to gain access to the PwC review, though this plan was later abandoned.

However, it is alleged that two executives, one from Greenhill and one from PwC did meet. The PwC executive is alleged to have handed over details about Watchstone's finances, of which were confidential. The most important aspect of this is that one of the key details was that they would run out of money in mid-2015. As a result of this information, Slater and Gordon paid a lower price for the business.

#### What have PwC said?

A spokesman has told the Financial Times;

*"We deny these allegations and will vigorously defend this claim. It would be inappropriate to comment further on an ongoing legal matter"*

Watchstone have declined to comment.

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### Lord James Lupton

Who was Co-founder of Greenhill & Co. appointed 31 Dec 2007 and resigned on 30 June 2019

Lord Lupton now sits on the Board of Lloyds Banking Group since 1 June 2017

Greenhill & Co took LBG Project Avon from LBG BSU Bristol



Alleg

ent



# PwC infiltrates Treasury team

14th May 2010



Leaving aside the rivalries of the two governing parties, PricewaterhouseCoopers (PwC) has been a big winner in the ministerial prize-giving, with two of its former employees appointed to the Treasury team. Vince Cable had to make do with business secretary.

Fareham MP Mark Hoban, who enjoys the biggest majority of the accountant-MPs elected on 6 May, has been appointed Financial Secretary to the Treasury team led by Chancellor George Osborne and Liberal Democrat Chief Secretary David Laws. Hoban, a former PwC senior manager, lived up to expectations by moving into the post he had

shadowed while in opposition. The Treasury's ministerial profile page indicates that Hoban will be responsible for financial services policy including initiatives on banking and financial services reform and regulation, financial stability, city competitiveness and personal savings and pensions policy.

Another PwC alumnus is Putney MP Justine Greening, who was appointed Economic Secretary to the Treasury. Her responsibilities will include: environmental issues and taxes; tax credits and child poverty; charities and the voluntary sector; excise duties and gambling, including excise fraud and enforcement; stamp duty land tax; and the EU Budget. She will also work with Exchequer Secretary David Gauke on the Finance Bill.

Greening had been a shadow Treasury minister but switched to Communities and Local Government in January 2009 and acted as the opposition's spokesman on London in the run-up to the election. Identified as one of Labour's top 10 targets, she boosted her 2005 majority of just 1,723 to 10,053 in 2010.

Since its formation PwC has been prominent in political spheres - not because of the sheer number of accountants it trains, but also for a public service ethos that has seen its partners take prominent roles within the ICAEW and other



Greening at new PwC Bradford Office



professional bodies. The 2010 general election campaign was notable in for number of **candidates who had passed through PwC's ranks** – at least four of whom made it to the commons:

- Hoban, Greening,
- Teresa Pearce (Lab, Erith & Thamesmead);
- and Stephen Williams (Lib Dem, Bristol West).



The profession's only other representative to land a ministerial position was Nick Gibb (ex-KPMG), the MP for Bognor Regis who was appointed minister for skills, a position he shadowed since May 2005.

While the Liberal Democrats gained more ministerial seats than might be expected by their number of MPs, there was no place on the Treasury team for their economic figurehead Vince Cable. Instead the Liberal Democrats' former shadow chancellor will lead the Department of Business, Innovation and Skills, formerly run by Lord Mandelson.

Assisting Cable will be Tory minister of state for business and enterprise Mark Prisk, who came to prominence during the election campaign after confirming the Conservatives' pledge to review small company taxation and IR35. A chartered surveyor by training, Prisk's appointment was

welcomed by Susie Hughes, editor of the contractors' website Shout99.

"For the past 10 years, the official standpoint was that anybody setting up a company was doing so to create a vehicle to avoid tax. Mark Prisk used to be a freelancer himself and is used to speaking out on their behalf," she said.



WIKIPEDIA

# Mark Hoban

**Mark Gerard Hoban** (born 31 March 1964) is a British Conservative Party politician and a former Minister of State for Work and Pensions.<sup>[1]</sup>

Contents
Early life
Parliamentary career
Personal life
References
External links

- PWC
- Osborne's Treasury
- LSE (London School Economics)
- UKFI
- Lobbying @ bankers to avoid Vickers proposals

## Early life

Hoban was born in Peterlee and was educated at St Leonard's Catholic School in Durham. He graduated from the London School of Economics where he was awarded a Bachelor of Science degree in Economics in 1985.

He joined PricewaterhouseCoopers in 1985 as a financial analyst, becoming a chartered account manager in 1990, and was appointed as a senior manager in 1992 until his election to Parliament.

## Parliamentary career

Hoban joined the Conservative Party in 1980, and in 1989 was elected as the treasurer of the Southampton Itchen Conservative Association, serving until he was elected as the Association's vice chairman for two years in 1991.

He was the campaign manager for the local sitting Conservative MP Christopher Chope at both the 1987 and 1992 general elections.

He contested the Tyneside seat of South Shields at the 1997 general election, finishing in second place, 22,153 votes behind the sitting Labour MP, David Clark.

He was elected to the House of Commons at the 2001 general election for the Hampshire seat of Fareham following the retirement of the Conservative MP Peter Lloyd.

Hoban held the seat with a majority of 7,009 and remained the MP there until 2015. He made his maiden speech on 4 July 2001, in which he recalled one of his Fareham predecessors, Arthur Lee, who had donated the Prime Minister's country house, Chequers, to the nation in 1921.<sup>[2]</sup>

In parliament he served as a member of the science and technology select committee for two years from 2001. He was made an Opposition Whip by Iain Duncan Smith in 2002, joining the frontbench under the leadership of Michael Howard in 2003 as a spokesman on education. Following the election of David Cameron as the party's leader in 2005, Hoban became Shadow Financial Secretary to the Treasury.

After the May 2010 general election, Hoban took his shadow portfolio into Government when he was appointed Financial Secretary in George Osborne's Treasury team. His responsibilities included financial services policy, including banking and financial services reform and regulation, financial stability, City competitiveness, wholesale and retail markets in the UK, Europe and internationally; the Financial Services Authority (FSA); UK Financial Investments (UKFI); and personal savings and pensions policy. He supported the Chancellor on EU and wider international finance issues.

He was also chairman of the Associate Parliamentary Group on Business, Finance and Accountancy, until succeeded by Ian Wright MP.<sup>[3]</sup>

It was reported in the *Independent* in December 2011 that Hoban had been involved in meetings<sup>[4]</sup> with bankers lobbying to avoid proposals in the Vickers Report<sup>[5]</sup> that were intended to reduce risks in the banking industry. The talks were alleged to be secret, but were obtained via a Freedom of Information request.

Mark Hoban	
ACA	
	
Hoban in 2013	
Minister of State for Employment	
In office	
4 September 2012 – 7 October 2013	
Prime Minister	David Cameron
Preceded by	Chris Grayling
Succeeded by	Esther McVey
Financial Secretary to the Treasury	
In office	
13 May 2010 – 4 September 2012	
Prime Minister	David Cameron
Preceded by	Stephen Timms
Succeeded by	Greg Clark
Member of Parliament for Fareham	
In office	
7 June 2001 – 30 March 2015	
Preceded by	Peter Lloyd
Succeeded by	Suella Fernandes
Personal details	
Born	31 March 1964 Peterlee, County Durham, England
Political party	Conservative
Spouse(s)	Fiona Jane Barrett
Alma mater	London School of Economics
Website	Official website ( <a href="http://www.markhoban.com">http://www.markhoban.com</a> )



In September 2012 Hoban was moved from the Treasury to the Department of Work and Pensions. The *Work Capability Assessment* for which Hoban had responsibility has been heavily criticised<sup>[6]</sup> due to its failure rate of more than 30% reversals of decisions upon appeal and because "the descriptors used to qualify for long-term support are so limited that almost nobody does so."<sup>[6]</sup> In July 2013, Hoban's department asked PricewaterhouseCoopers to "provide independent advice in relation to strengthening quality assurance processes across all its health and disability assessments."<sup>[7]</sup> Hoban received £22,507 in non-cash donations from his former employer PricewaterhouseCoopers in 2009.<sup>[8]</sup> Hoban left the Government front benches in October 2013.

Hoban voted against gay couples adopting children in 2002,<sup>[9]</sup> and against the Employment Equality (Sexual Orientation) Regulations in 2003. In 2013, Hoban took part in a discussion about Russia's anti-gay legislation with actor Simon Callow and claimed "We have seen a change of people's attitudes in the UK and that's gathered momentum over time...you can have quite rapid change in these areas."<sup>[10]</sup>

During the MPs expenses scandal newspapers reported on Hoban's £12,000 furniture bill<sup>[11]</sup> including £35 on a toilet-roll holder, £10 on a chrome shower rack and £79 on four silk cushions on his second-home allowance.<sup>[12]</sup> Hoban said, "At the time I made these claims I believed that they were reasonable and within the spirit of the rules."<sup>[12]</sup>

Hoban announced that he would be standing down at the 2015 general election, and it was reported that he had already taken up board-level roles at three businesses.<sup>[13]</sup>

## Personal life

He has been married to Fiona Jane Barrett since August 1994 and they live in his former constituency, at Locks Heath. He has been an associate of the Institute of Chartered Accountants in England & Wales since 1988. Hoban is a Roman Catholic and attends mass regularly at St. Margaret Mary's Catholic Parish in Park Gate.

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# PriceWaterhouseCoopers chief Kevin Nicholson denies lying over tax deals

This article is more than 6 years old [Simon Goodley](#)

Mon 8 Dec 2014 22.42 GMT



## Nicholson stands by previous testimony to MPs, as accountants are accused of mass-marketing tax avoidance schemes

The head of tax at one of the UK's top accounting groups was accused of lying to parliament about his firm's role in devising controversial tax deals for clients in [Luxembourg](#).

Kevin Nicholson, [PwC](#) UK's head of tax, who worked as an HM Revenue and Customs tax inspector in the early 1990s, was in front of the Commons public accounts committee for the second time in two years, following last month's revelations of aggressive tax avoidance by [PwC](#) clients published by the Guardian and more than 20 other international news outlets.

In a series of fractious exchanges on Monday, the committee's chair, the Labour MP [Margaret Hodge](#), said: "We've asked you to come back to see us because we've reflected on the evidence that you gave us on 31 January 2013, and tried to relate that to the revelations around the Luxembourg leaks that have been in the press. I think I have a very simple question for you: did you lie when you gave evidence to us?"

Nicholson responded: "I didn't lie and stand by what I said."

Hodge's anger stemmed from Nicholson's previous evidence that PwC did not "mass market" tax products or sell tax avoidance "schemes" to clients, when set against the new evidence of 548 letters – relating to 343 companies – showing how PwC wrote to Luxembourg tax authorities to agree on how their clients structured their businesses for tax purposes.

"It's very hard for me to understand that this is anything other than a mass-marketed tax avoidance scheme," Hodge said. "I think there are three ways in which you lied and I think what you are doing is selling tax avoidance on an industrial scale."

Nicholson again denied that the tax services sold by PwC were mass-marketed schemes and said that around 80 of the Luxembourg rulings related to UK companies, which were all distinct and had been disclosed to HMRC.

He said: "At the heart of the Luxembourg economy now is an economy that is based around businesses going there to finance [and] to hold investments. The tax structure, the system that they have created, facilitates that happening, along with all the other infrastructure. I'm not here to change the Lux tax regime. If you want to change the Lux tax regime, the politicians could change the Lux tax regime."

Last month's analyses of the way multinational companies establish businesses in Luxembourg were based on a leaked cache of hundreds of tax rulings secured by PwC Luxembourg that showed major companies – including drugs group Shire Pharmaceuticals and vacuum cleaner firm Dyson – using complex webs of internal loans and interest payments, which have greatly reduced tax bills.

The exposure of these arrangements – signed off by the grand duchy and all perfectly legal – have triggered an emergency debate in the European parliament focusing on the track record of the new European commission president, [Jean-Claude Juncker](#), who had dominated Luxembourg politics as prime minister between 1995 and 2013. Juncker has sought to brush aside criticisms, insisting: “I am not the architect of the Luxembourg model because this model doesn't exist.” However, Hodge added: “Since I have uncovered all this, I have questions about if Mr Juncker is fit to be the president of the European commission. I think if this had been around during the period of his appointment, it might well be a different decision.”

Appearing alongside Nicholson was Shire's head of tax, Fearghus Carruthers, who explained how the group had two full-time employees in Luxembourg, who earn a total of €135,000 (£106,200) a year and handle intra-company loans of around \$10bn (£6.4bn).

Hodge said: “It is stretching our credulity in suggesting to us that these two employees, who are also directors of umpteen other companies, are seriously the guys taking the decisions on loans totalling \$10bn. Let me put this to you, Mr Carruthers, because it is a very serious matter, because if the decisions in substance aren't taken in Luxembourg, this isn't just avoidance; for me, it's fraud.”

Carruthers responded: “Madam chair, I can assure you that the decision-making in respect of that Luxembourg company is made in Luxembourg.”

The executive was also repeatedly asked to explain the commercial rationale behind Shire establishing companies in Luxembourg and his answers included: “The commercial purpose is to allow us to have a treasury operation in Luxembourg which finances our activities”; and “the commercial purpose is for us to reinvest our cash appropriately and efficiently.”

When asked what Shire could do more efficiently in Luxembourg, Carruthers said: “It is not necessarily a question of comparative efficiency, we could have this lending in and lending out in all sorts of other jurisdictions. It's just a good location.”

Well-known buyout firms such as Blackstone and Carlyle also appeared in the leaked documents, and Luxembourg investment vehicles are commonplace in such investment firms. A 2008 joint venture between private equity group Apax Partners and Guardian Media Group, which owns the Guardian, used a Luxembourg structure after it invested in the magazine and events group Emap, now called Top Right.

When the leaked documents were published, a GMG spokesman said: “We partnered with a private equity company which regularly used such structures. A Luxembourg entity was used because Apax already had that structure in place. The fact that the parent company is a Luxembourg company does not give rise to any UK corporation tax savings for GMG.”

Last year, PwC made revenues of £2.81bn, of which £714m came from its tax advisory practice. PwC Luxembourg had turnover of €276m for the year to June 2013, up more than 12% on the previous 12 months. Tax advice accounted for 29% of revenues, up from 24% two years ago. The Luxembourg partnership employs about 2,300 staff – equivalent to one in every 240 people resident in the small country. New offices for the fast-growing practice were officially opened last week at a ceremony attended by the duchy's prime minister, Xavier Bettel.

## DLA Piper calls in PwC for overhaul of partnership model

DLA Piper has called in PricewaterhouseCoopers (PwC) to help it conduct a major overhaul of its partnership model, which is expected to usher in sweeping changes to the firm's UK and international business. The process is aimed at dramatically improving transparency for senior lawyers, including creating clearer performance objectives across the entire partnership.

By **Legal Week** | December 02, 2009 at 08:18 PM | The original version of this story was published on **Legalweek**





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## Newsroom

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# New director appointment bolsters DLA Piper's government outsourcing team

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13 January 2021

DLA Piper has appointed Steven Condie as a Director in its long-established Government Contracting Team from 11 January 2021.

Steven will be based in London and joins from PwC where he was Head of Public Sector Legal. Prior to that he worked for the UK Government as a Deputy Director and Senior Lawyer in the Government Legal Department (GLD). This included time working for Defra, the Department for Transport and the Cabinet Office, where he worked on, amongst other things, complex cross-government transactions. His focus on joining the team will be to provide market leading advice based on his extensive Government contracting and procurement experience.

Commenting on the appointment, partner Sarah Bell of DLA Piper's Government Contracting Team said: "We are delighted to announce Steven's appointment. This demonstrates our continuing commitment to Government as a key client and, as a specialist procurement and transactional lawyer, Steven will further enhance our excellent offering."

### Contact

Peter Otero  
DLA Piper



Sarah Bell leads our Intellectual Property and Technology Team in the North West and together with Richard Bonnar is responsible for the managing the Firm's relationship with HM Government. Sarah's clients include Central Government Departments, Government Agencies and NDPB's as well as local authorities and private sector service providers and sports clubs.

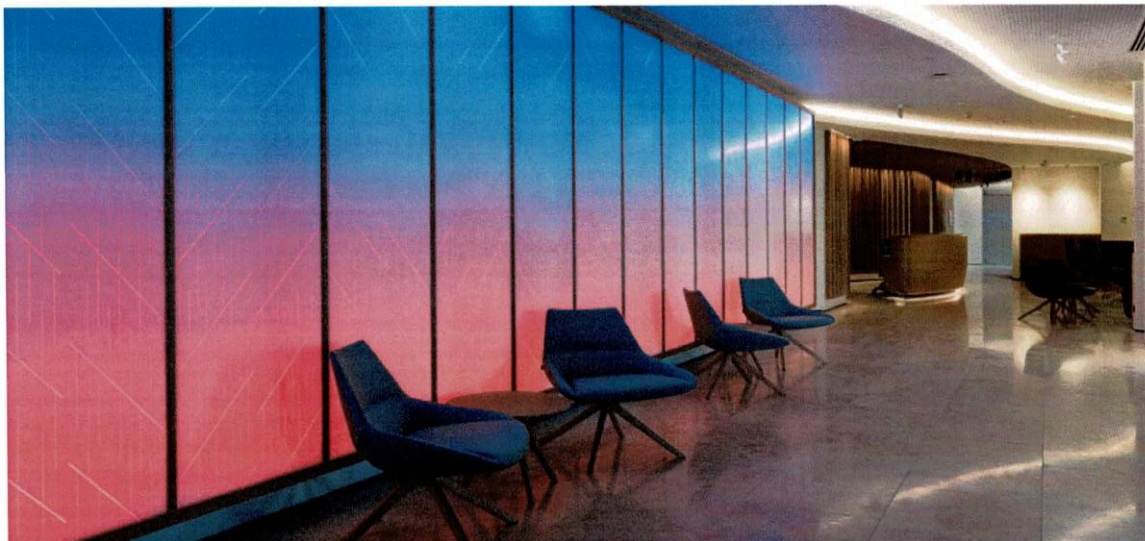






Newsroom

## DLA Piper has officially moved to the PwC Tower at Commercial Bay



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7 September 2020

Global law firm DLA Piper has officially moved its Auckland office to new premises in the PwC Tower in Commercial Bay.

DLA Piper's New Zealand Country Managing Partner, Martin Wiseman, says "I'm incredibly excited to be shifting to this world-class, open-plan, technically sophisticated office environment. It tangibly reflects our desire for more collaborative ways of working for our team of legal and business professionals. As well, it is a reflection of our ongoing pursuit of excellence and innovation, which will soon be followed by a move to new premises in Wellington."

The new Auckland office, on two levels of the PwC Tower, will be DLA Piper's flagship location in New Zealand and adopts the firm's latest global office design. Being entirely open plan means junior lawyers will have more opportunities to see how experienced practitioners work. Most of all, the Commercial Bay precinct will be an inspiring place to work.

"Our vision is to have a new workplace that is fit for a leading global business law firm, that can create memorable long-lasting client experiences, improve employee productivity and retain talent. I believe we have done just that. In adopting the global office design and incorporating uniquely New Zealand design cues, we have been able to design a space that's right for us, that has a greater focus on our clients and our people, and is instantly recognisable as a DLA Piper office", says Wiseman.

Commercial Bay precinct is a destination in its own right: with world-class retail, food and beverage sitting alongside a striking space for business.

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### Related people

Martin Wiseman

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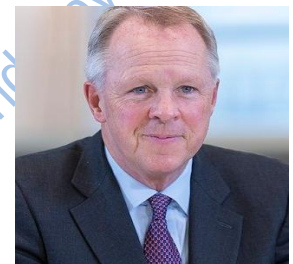
# Some and others who link to PwC beginnings include:



Michael Lockwood : IOPC

The IOPC's Director General, **Michael Lockwood** who worked in central Government at the National Audit Office and came from in the private sector at PricewaterhouseCoopers (PWC)

**Robin Budenberg** – Former PwC, Chartered accountant, now Chairman Lloyds Bank and Chair of Crown Estates. Advisor to Gordon Brown in the Crash, Cameron’s “BIG SOCIETY” Charity Bank, UBS, offshore tax, UK FI, Asset Protection Scheme



Kevin Ellis  
PwC, UK Chairman

**Kevin Ellis** - Kevin joined the UK firm’s Executive Board in 2008 as Head of Advisory, and was made Managing Partner in 2012. Kevin was elected as Chairman and Senior Partner of the UK and Middle East alliance in 2016. He joined the firm in 1984 on the graduate training programme and qualified as a chartered accountant (ICAEW). **He was involved with HBos due diligence.**

**David Grace** - was a senior partner at PwC, where he held a variety of UK and global leadership roles within Financial Services. In his final role, he was the Global Head of Financial Crime and a member of PwC’s Global Financial Services Leadership team.



He has been a Trustee of **Common Purpose Charitable Trust (CPCT)** since 2017 and was Chair of the CPCT Audit & Risk Committee. He has had a long involvement with **Common Purpose**, dating back to its original formation, with what was then Coopers & Lybrand. Over the years, he has provided ongoing PwC help and assistance. Member of ICAEW chartered accountants.

**David Grace** is a past Trustee of Clarity & Co., a social enterprise which supported people who are visually impaired and disabled. Other non-executive roles include acting as a Special Advisor to the Audit Committee at **Charity Bank**, an ethical bank, and being an Audit Committee member at the Arab British Chamber of Commerce.



Was Head of Financial and Global Crime at pwc commonpurpose

**Bob Moritz** - Global Chair of PwC, appears in numerous “Common Purpose” articles and references.



Mark Hannam – Lloyds Bank’s external auditor 2016 onwards at PwC. Mark Hannam has been PwC’s senior statutory audit partner for Lloyds Bank Group and the since the beginning of 2016, and attends all meetings of the Committee. During 2020, the Committee reviewed PwC’s audit plan, including the underlying methodology, and PwC’s risk identification processes.



**Samantha Barrass is connected to PwC as she sits on their “Public Interest Body” (PIB). She is Chief Executive Officer at The BBRS (Business Banking Resolution Scheme), Executive Director. From Nov 2009 - Jan 2014 Mrs Barrass was at the SRA (The Solicitors Regulation Authority (the Law Society))**



**Elizabeth Austin.** Shows on her LinkedIn as a **PwC Advanced Analytics Associate** and now a BBRS Case Officer at CEDR. Mrs Austin also worked with the Chief Economist and Global Economist at Schroder’s (which partners with Lloyds Bank) where she undertook a project on the housing market, focusing on the London housing bubble





# Michael Lockwood

**Michael leads the executive team and he chairs the Board of the IOPC**, which includes six non-executive directors. Michael is also supported by two Deputy Director Generals – the Deputy Director General (Operations) who leads an operational team including regional directors and a Director for Wales and the Deputy Director General (Strategy and Corporate Services) who is responsible for all of the **IOPC's non-operational functions**.

Before joining us, Michael was Chief Executive of the London Borough of Harrow becoming the first District Chief Executive to make the jump straight to Chief Executive of a London Borough. While Michael was at the helm of Harrow Council, it made vast improvements in performance and financial position. This was recognised when Harrow won the 'Best Achieving Council of the Year' award at the MJ Awards.

Following the tragic events of Grenfell Tower in June 2017, Michael was asked by the Government Task Force to lead on the Recovery and Remediation work as well as acting as the main interface with the bereaved families, survivors and wider community.

Before this, Michael was Chief Executive of Elmbridge Borough Council for eight years. He left Elmbridge as an 'excellent' graded council (in the top five in the country), having been voted the best place to live in England.

Michael has also worked at the **Local Government Association (LGA) as Executive Director for Local Government Finance and Policy**. He led a team of specialists, advising the **LGA Executive and lobbying central Government on a wide range of local government finance and policy issues**.

A **qualified CIPFA accountant** with a background in audit and a wealth of experience across public and private sectors, Michael has worked in **central Government at the National Audit Office** and in the private sector at **PricewaterhouseCoopers**. He has over 20 years' senior level and **Chief Executive experience in a number of roles within local government** across the country.



<p><b>Find Us</b></p> <p>Cumberland Lodge The Great Park Windsor Berkshire SL4 2HP <a href="#">View on a map</a></p>	<p><b>Contact us</b></p> <p>01784 432316 <a href="#">Contact form</a> <a href="#">Email us</a></p>	<p><b>Newsletter, cookies and credits</b></p> <p><a href="#">Cookies and privacy</a> <a href="#">Copyright and credits</a> <a href="#">Get our newsletter</a></p>	<p><b>Legal</b></p> <p>Cumberland Lodge is a registered charity and a company limited by guarantee. Registered charity no. 1108677. Company no. 5383055</p> <p>© Cumberland Lodge 2020 All rights reserved</p>
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Response to Mr Mealham's Letter to Mr Michael Lockwood  
IOPC Director General Ref: Letter 23 (i)

**IOPC** Independent  
Office for  
Police Conduct

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Sale M33 0BW

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Web/Gwefan [www.policeconduct.gov.uk](http://www.policeconduct.gov.uk)

Our ref: 2020/145216 & 2021/147453

Mr Trevor Mealham  
Sent by email: 'tmealham@aol.com'

19 February 2021

Dear Mr Mealham,

Your letter to Mr Lockwood dated 20 January 2021 has been forwarded to me as I am a Senior Assessment Manager in the IOPC Assessment Unit. I understand you are dissatisfied with the Mode of Investigation (MOI) decisions which have been communicated to you by Ms Chahal and Ms Roberts and I note you have written to The Rt Hon Priti Patel MP about this matter.

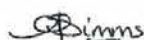
The complaints that were referred to the IOPC related to Chief Constable Andy Marsh of Avon and Somerset Police and to the Police and Crime Commissioner (PCC) for Avon and Somerset, Ms Sue Mountstevens. I understand that you have spoken with both Ms Chahal and Ms Roberts via telephone about the MOI decisions which were made for these two matters however I would like to take this opportunity to clarify the IOPC's position.

When a complaint against a Chief Constable is referred to us we must determine that an investigation is necessary if we reach the view that there is an indication that the Chief Constable may have committed a criminal offence or behaved in a manner which would justify the bringing of disciplinary proceedings. When a complaint against a PCC is referred to us we must determine that an investigation is necessary if we reach the view that there is an indication that the PCC's conduct constituted or involved the commission of a criminal offence.

I would like to highlight that when we deal with such referrals the focus is on the specific actions and involvement of the Chief Constable and the PCC in the matters that have been raised. In this case, having considered all of the information available to us, it was determined that there was no indication that the Chief Constable acted in a way which would amount to a criminal offence or behaviour which would justify the bringing of disciplinary proceedings or that the PCC's actions would amount to a criminal offence. The indication tests were therefore not met and as such the matters were referred back to the referring authorities to deal with in line with their respective guidelines. If you wish to challenge the MOI decisions that have been made then you may wish to seek independent legal advice in relation to this.

Should you wish to formally complain about the conduct of any IOPC staff members then you can do so via our Complaints and Feedback Team – [feedback@policeconduct.gov.uk](mailto:feedback@policeconduct.gov.uk). I would however like to highlight that complaints about case decisions are not accepted.

Yours sincerely,



Alex Simms  
Senior Assessment Manager  
Independent Office for Police Conduct (IOPC)

**From:** tmealham@aol.com,  
**To:** alex.simms@policeconduct.gov.uk,  
**CC:** anthony.stansfeld@thamesvalley.pnn.police.uk, [redacted], [redacted], kevin.hollinrake.mp@parliament.uk,  
**BCC:** ahstansfeld@gmail.com, [redacted], [redacted], mark@markshelford.org.uk, kerry4pcc@gmail.com, [redacted], [redacted],  
**Subject:** Re: Failure and cover up of criminal frauds by seniors at Avon & Somerset Police - Re: 2020/145216 & 2021/147453  
**Date:** Fri, 19 Mar 2021 7:59

Alex Simms  
Senior Assessment Manager  
Independent Office for Police Conduct  
PO BOX 473  
Sale  
M33 0BW

Mr Simms,

**Re: Failure and cover up of criminal frauds by seniors at Avon & Somerset Police**

1. Firstly, can you explain what training Ms Chahal and Ms Roberts have in respect of law?
2. I went over the complaints with a very senior lawyer who prosecutes police officers. Why is it their opinion and that of our cases QC's and barristers are somewhat to yours or those instructing you from above?
3. 60 cases are being passed to PCC Anthony Stansfeld and I also now have evidence that 8 non Lloyds Bank cases have been recorded as fraud in a FOI request to ASP which under Chief Constable Marsh have allowed crooks to not be investigated.
4. Under Sussex justices Ms Chahal and Ms Roberts passed complaints about ASP PCP back to itself - under R v Sussex Justices, ex parte McCarthy ([1924] 1 KB 256, [1923] All ER Rep 233)- an authority can not be its own judge and jury.
5. Whilst I see on your LinkedIn you have a Bachelor of Laws - LLB - **please can you provide a copy of your professional indemnity for when this matter shows neglect.** (AND NOT WITH A DATE STAMP OF TODAY ONWARDS)
6. I have copied in PCC Anthony Stansfeld, David Laity ex CID and part of our Lloyds Victims Group and Professor Nigel Harper, expert adviser to our group on banking matters and former banking inspectorate at HMRC who has been a professional witness in banking fraud cases.
7. Can you lastly as your operation to confirm any members of staff currently or past connected with:
  - Lloyds Bank or any of its trading brands
  - RBS and its trading brands
  - PwC
  - KPMG
  - law firms

There appears to be a lot of cover up going on in many regulators to assist those doing the white collar crimes.

8. I think this is one that Mr Lockwood should be taking back, as were not going away.
9. I add that for over ten years I was a industry stakeholder adviser to HMRC/Treasury and NTSEAT/ Trading Standards on property fraud and the 3MLD and the 4MLD. With 60 cases we have lots of examples of CRIMINAL fraud as not being dealt with by ASP, and support mens rea and actus reus, plus criminal barristers and criminal QC opinions.
10. **To date we have been informed of 27 of the cases having victims or their family attempting suicide following cover up of police. Does that make you proud of police and IOPC failure?**

Have a nice weekend.

Regards

Trevor Mealham  
Lloyds Bank Victims Group

Complaint letter 23(ii)



Mr Mealham Complaint Letter to Avon & Somerset  
Police Ref Fraud Cover up - Response from the Interim  
Chief Executive Mark Simmons - Letter 23(iii)



Friday 22nd January 2021

PCC Ref: CON-029100  
IOPC Ref: 2021/147453

Sent via email to: [mealham@pcc.gov.uk](mailto:mealham@pcc.gov.uk)

Dear Mr Mealham

#### COMPLAINT AGAINST AVON AND SOMERSET CHIEF CONSTABLE MR ANDY MARSH

Reference my letter dated the 8<sup>th</sup> January 2021, I took the action of referring your complaint to the Independent Office for Police Conduct (IOPC) for handling advice.

On the 16<sup>th</sup> January 2021 the IOPC wrote to you by email and to our office confirming that they had concluded their assessment and detailing their findings. They reviewed the information provided in order to complete the indication test and decided that the matter would be returned to the Avon and Somerset Police and Crime Commissioner to be handled in a reasonable and proportionate manner. This is because it was not considered that there was any indication that Chief Constable Marsh may have committed a criminal offence or behaved in a way that would justify the bringing of disciplinary proceedings.






Your complaint has now been passed to me to be dealt with in a reasonable and proportionate manner in accordance with Paragraph 6 of Schedule 3 of the Police Reform Act 2002.

In assessing your complaint, I have considered the previous work undertaken by the PCC and her team to scrutinise the actions of Avon and Somerset Police in these matters and specifically the Chief Constable. I would also refer you to your previous complaints against the Chief Constable and letters sent to you dated 5<sup>th</sup> March 2019 and 28<sup>th</sup> December 2017 which provide detailed explanation about the Chief Constable's role and powers of delegation in these particular circumstances.

Whilst we can confirm that whilst the Chief Constable is aware of the circumstances relating to alleged fraud against Lloyds Bank and other banking institutions, there is no evidence to support the allegations that he has committed a criminal offence or behaved in a manner that would justify the bringing of disciplinary proceedings.

Letter 23(iii)

 Avon and Somerset Police and Crime Commissioner, Valley Road, Portishead, Bristol. BS20 8JJ

 01278 646 188 |  @aandspcc |  aandspcc |  pcc@avonandsomerset.pnn.police.uk |  avonandsomerset-pcc.gov.uk



# The chairman of PwC believes there are 4 things every CEO



PwC global chairman Bob Moritz said CEOs need to commit their companies to a purpose if they want to survive and thrive.

- Bob Moritz is PwC's global chairman, and in January wrote a letter accompanying his firm's annual CEO survey recommending four things every CEO should do.
- Moritz believes that CEOs have an obligation to committing to a purpose that takes into account all shareholders, not just because it's morally good, but because it's necessary for survival.

For the past two decades, professional services giant PricewaterhouseCoopers has been surveying more than 1,000 CEOs around the world each year.

Over the past few surveys, it's become clear that a growing number of CEOs are concluding that maximising quarterly growth is not the path to sustainable, long-term value.

Treating employees as more than an expenditure or incorporating a societal purpose into your company is no longer seen as feel-good marketing, but a necessity for survival.

Business Insider spoke with PwC global chairman Bob Moritz at the [CECP's CEO Investor Forum](#) in February, where CEOs of international public companies met with investors to discuss ways to move toward prioritizing long-term value in a way that benefits all stakeholders, including customers, employees, communities, and shareholders.

Moritz told us that a CEO who complains that shareholders won't let them make necessary investments for the future are missing the point. "You will never satisfy everybody," Moritz said, adding that you shouldn't have to.

"The onus is on the CEO and the management team to put forth a value proposition that over a certain time horizon investors should want to participate and share in the returns of the company," he said.

In the [2018 CEO survey](#), Moritz wrote that this year's findings reveal a community of CEOs who are seeing a troubling misalignment of economic growth and social progress, primarily fueled by income inequality. He offered four suggestions for ways corporate leaders can address this.

## Develop metrics beyond financial goals

"As business executives, we can supplement measures such as GDP and shareholder value with indicators of quality of life," Moritz wrote. He said he's found there's an increasing number of chief executives working with boards to developing long-term goals that will improve the relationship with the stakeholders other than investors. For example, consumer-goods company Unilever is working toward having all of its agricultural raw materials be sustainable by 2020 as part of its ambitious and broad [Unilever Sustainable Living Plan](#).



## Develop metrics beyond financial goals

"As business executives, we can supplement measures such as GDP and shareholder value with indicators of quality of life," Moritz wrote. He said he's found there's an increasing number of chief executives working with boards to developing long-term goals that will improve the relationship with the stakeholders other than investors. For example, consumer-goods company Unilever is working toward having all of its agricultural raw materials be sustainable by 2020 as part of its ambitious and broad [Unilever Sustainable Living Plan](#).

## Implement emerging technologies in a socially conscious way

For the last few years, one of the hottest topics in the entire business world is the rise of artificial intelligence across all walks of life, and how it will displace jobs. Moritz recommended that companies incorporate emerging technologies like AI in ways that take into consideration the ways they will affect their employees an approach [Microsoft's leadership team is currently focused on](#).

## Invest in employee education

Moritz wrote that he found it encouraging that the majority of the CEOs surveyed recognized the importance of investing in their employees' skillsets, given that we are in an age of rapidly changing technologies that will either transform or replace existing jobs.

## Commit to a purpose that accounts for all stakeholders

[BlackRock CEO Larry Fink](#) caused a stir when he announced in January that his company, the world's largest asset manager, would only do business with companies that could define both their role in society and their long-term strategy. Moritz agreed, noting that it's a necessity in today's world.

"From environmental footprints to social impacts to investor demands, businesses are scrutinized by an ever-wider array of stakeholders," he wrote. "If they fall short in any respect, they erode a vital commodity: trust. In an age of enhanced transparency and heightened accountability, a loss of trust has profound consequences."

He continued: "Perhaps the most important job CEOs — and the broader business community — can do to contribute meaningfully to social progress, as well as business results, is to commit to a **common purpose**, a shared set of values and behaviours, and drive them through our organisations."



# Creating common purpose

**PwC is asking important questions about how economies can more effectively deliver for society once again, and the role of business in this process.**





# Creating **common purpose**: PwC

PwC's **purpose** means we want to work with others to help tackle the biggest issues facing the world today in a manner which builds trust in societies.

Here are some of our leaders talking about why creating a common purpose matters. | Duration 2:16

The market economy is the most powerful generator of social progress ever created. It has always depended on a system of rules, but now it is clear that there are major and growing challenges, which the current system is not addressing - with climate change, economic exclusion and inequality among the most obvious symptoms. We have a design problem, and COVID-19 is making that even clearer.

The case for change and how we can get there

## Choosing a New Normal

The COVID-19 pandemic facing the world today is challenging businesses and economies, and impacting millions of people. It has highlighted the strong need for cross-border collaboration and alignment between economic activity and societal - human - needs. There is a growing realisation that we will not be returning to the old normal. Now, we have the opportunity to choose a new normal where economic and social progress are aligned.

[Read more](#)

The need to realign economic & societal systems

Why creating common purpose matters

11 principles for change

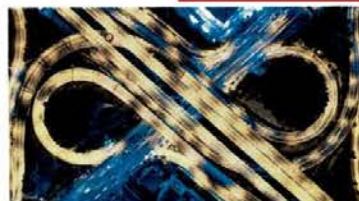
## *The need to realign economic & societal systems*



For the past 70 years or so, economic and social progress have gone mostly hand in hand. But globalisation, financialisation and technology are weakening the link. The result is that economic performance is not guarding us against climate change nor improving quality of life in the way it should.

[Read more](#)

## *Why creating **common purpose** matters*



It's time to refocus economic and business activities on sustainable outcomes for society. Systemic change means transforming current business models and norms, introducing broader measures of success that move beyond financial outcomes such as GDP and shareholder value, focusing on life-long learning and reskilling in the workplace, and managing emerging technologies so they meet human needs.

[Read more](#)

Part of letter trail as in one of the Op Meadow Cases where PriceWaterhouse

-N29

**\*\* Indemnity against fraud !!**

7 February 1996  
Lloyds Bank plc  
Page 3

viability and forecasts is based on assumptions relating to the future which may be affected by unforeseen events, you will not be expected to express an opinion as to how closely the projections will correspond to actual results, the details of which may not in any event be available.

You will not be required to undertake any responsibility for directing the affairs of the customer or the Bank, the sole responsibility for which remains with the management of those respective entities. In no event shall you be liable for any loss or expense arising in any way from fraudulent acts, \*\* misrepresentations or wilful default on the part of either any of the parties involved in this investigation or report.

We acknowledge that you may need to take legal advice and we instruct you to use the services of Burges Salmon who have already acted for us in the review of our security in the past.

The report will not be disclosed to other parties without your prior written consent. In the event that the report is disclosed to a third party it is acknowledged that Price Waterhouse accept no responsibility or liability to that party whatsoever.

Yours faithfully

*Price Waterhouse*

Price Waterhouse  
PRO/DP/473m

## PwC to step away from Lloyds Bank:

The bank announced that following the conclusion of the formal audit review process led by the group's audit committee, the board has approved the proposed appointment of Deloitte as its auditor with effect from the year ending December 2021.

[The appointment will be recommended to shareholders for approval at the 2021 annual general meeting.](#)

PwC continued to audit Lloyds until the year ending 31 December 2020, subject to reappointment by shareholders at the respective annual general meetings, and on completion of the 2020 audit will stand down.

A formal handover process will effect migration between Deloitte and PwC, the bank said. According to its 2017 annual report and accounts, Lloyds Banking Group paid PwC a total of £24.3m in audit and audit related fees over the year, plus £3.6m in non-audit fees, making a total payment of £27.9m

Alleged large scale bribery and frauds covered up by police and Government



# Wikipedia on Big Society Capital and the four Big Banks

WIKIPEDIA

## Big Society Capital

**Big Society Capital Limited (BSC)** is an independent social investment institution in the United Kingdom, which provides finance to organizations that support front-line social sector entities to help them grow.

### Contents

- Synopsis**
- Mission**
- Formation**
  - Reactions
- Corporate governance**
- Big Society Trust**
- Shareholder banks**
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- References**
- External links**



*Dormant Bank and Building Society Accounts Act 2008*

**Reclaim Fund Limited**, Barclays, HSBC, Lloyds Banking Group and RBS  
**Commission on Unclaimed Assets**, **Social Investment Task Force (SITF)**

### Synopsis

Social investment is about lending or investing money to achieve a social, as well as, financial return. BSC was the world's first social investment institution of its kind, established in April 2012 by the Cabinet Office of the Cameron-Clegg ministry. It launched as an independent organisation with a £600m investment fund.<sup>[1]</sup> The investment fund comes from dormant bank accounts via an independent Reclaim Fund and four leading UK high street banks. The institution was set up as part of the *Dormant Bank and Building Society Accounts Act 2008*, which defined BSC as an organization that exists "to enable other bodies to give financial or other support to third sector organisations". A third sector or a social sector organisation is "a body that exists to assist wholly or mainly for society or the environment".

Big Society Capital is a "social investment wholesaler". This means that BSC does not directly invest in frontline organisations, but in Social Investment Finance Intermediaries (SIFIs). In turn SIFIs provide finance and support to social sector organisations.<sup>[2]</sup> BSC receives funding from two sources:<sup>[3]</sup> Four of the main UK banks (Barclays, HSBC, Lloyds Banking Group and RBS) have each agreed to invest up to £50 million in Big Society Capital.

Banks and building societies in the UK pay money from dormant accounts into the **Reclaim Fund Limited**. The Reclaim Fund keeps sufficient funds to meet reclaims from any account holders and passes surplus funds to the Big Lottery Fund. The Big Lottery Fund releases the English portion of these funds to the Big Society Trust to invest in Big Society Capital. BSC expects to receive up to £400 million from dormant accounts.

### Mission

Big Society Capital aims to make a transformative impact on the social investment market by supporting SIFIs to become financially robust and effectively channel capital to the social sector.<sup>[3]</sup> Moreover, it aims to increase awareness of, and confidence in, social investment by promoting best practice and sharing information; improving links between the social investment and mainstream financial markets; and working with other investors to embed social impact assessment into the investment decision-making process.

### Formation

- In 2000, Labour Chancellor Gordon Brown set up the **Social Investment Task Force (SITF)** <sup>[4]</sup> to look at ways to create wealth and promote enterprise to support economic regeneration and community cohesion. The first report of the SITF highlighted the need for "wholesale intermediaries" to provide new sources of capital to help the community finance sector grow.<sup>[2]</sup>
- In 2005, an independent body, the **Commission on Unclaimed Assets**, was set up to consider how money left unclaimed in dormant bank accounts for over 15 years could be used to benefit society.



- In a consultation paper published in July 2006, the Government recommended the establishment of a **Social Investment Wholesale Bank**.<sup>[5]</sup>
- In March 2007 the Commission published its report "Social Investment Bank – its organisation and role in driving development of the third sector", which provided a blueprint for the institution's funding, goals and governance. The Commission's final report concluded that: 'the third sector urgently needs greater investment and professional support and suitable capital should be available for organisations at all stages of development.'<sup>[6]</sup>
- In 2008, the UK Government introduced legislation to enable unclaimed money in dormant bank accounts to be used for youth facilities, financial inclusion and social investment.<sup>[7]</sup>
- In 2008, the Dormant Bank and Building Society Accounts Act 2008 passed with cross-party support. It stated that money from dormant accounts available for spending in England could be used for three specified purposes, one of which was creating a 'Social Investment Wholesaler'.
- In July 2009, Office of the Third Sector in the Cabinet Office consulted on the functions and design of this organisation.<sup>[8]</sup> The idea of a Social Investment Wholesale Bank has generated significant interest from across the political spectrum.<sup>[9]</sup>

As a wholesaler of social investment, it would support the long-term growth of a thriving third sector by working with investors and lenders at the 'retail' level. For example, it could:

- finance Charity Bank's expansion into new areas which mainstream markets do not reach;
  - support a grant-making trust interested in investing in social enterprises; or
  - provide financial backing to a social enterprise lender (i.e. a credit union) offering fair finance to people unable to access affordable credit.<sup>[8]</sup>
- In March 2010, the Labour Government's Budget announced up to £75 million from the dormant accounts would be committed to a social investment fund.
  - On 31 March 2010 David Cameron announced that a Conservative government would set up a "Big Society Bank" funded by unclaimed bank assets as part of a Big Society initiative.<sup>[10]</sup> A Conservative policy document said the proposed Big Society Bank would not be restricted to lending but would also invest in innovative products such as Social impact bonds.<sup>[11]</sup>
  - In July the same year, the incoming Coalition Prime Minister, David Cameron, pledged: "We will create a Big Society Bank to help finance social enterprises, charities and volunteering groups through intermediaries... using every penny of dormant bank and building society account money allocated to England."
  - In 2011, the Merlin Agreement between the Government and the major UK high street banks included a commitment for the four largest banks to put £200 million into setting up the Big Society Bank. After consulting with key social sector organisations, Ronald Cohen (BCS's founder Chair) and Nick O'Donohoe (BSC's CEO from 2011 - 2015)<sup>[12]</sup> offered the Government an Outline Proposal for the Big Society Bank. Caroline Mason was BSC's chief operating officer until 2013.<sup>[13]</sup> The proposal was accepted by the Cabinet Office subject to certain conditions, including regulatory approvals from both the EU Commission and the Financial Services Authority (FSA). An interim "Big Society Investment Fund" was set up under the auspices of the Big Lottery Fund to make investments before the new institution was launched.
  - In April 2012, Big Society Capital was launched by the Prime Minister at an event hosted by the London Stock Exchange.<sup>[14]</sup>

## Reactions

The principle of Big Society Capital has met with criticism from diverse groups including banks and charities. Giving evidence to the Public Administration Select Committee, Thomas Hughes-Hallett, chief executive of the Marie Curie Cancer Care charity said: "it is potentially setting up a system to encourage vulnerable charities to borrow money."<sup>[15]</sup> In January 2011 Banco Santander, who have major retail banking interests in the UK, withdrew from Project Merlin negotiations with the Government and is expected not to make any direct payments to the BSB.<sup>[16]</sup>

The FT suggested that it was "a tiny acorn from which it is far from certain that a giant oak will grow. But there are some very exciting ideas ...which could help society and government tackle issues that have always struggled to obtain funding in the past"<sup>[17]</sup>

Management Today said that "There's nothing wrong with the idea, or the model, or even the pot. But this plan still seems to lack some hard-headed commercial nous".<sup>[18]</sup>

A heavier involvement with front line social sector organisations is something that others agree Big Society Capital needs to focus on. Others are equally worried about the direction of the social investment market overall, as they say that a lot of the noise around social investment has been from the perspective of investors rather than front line social organisations. Others point out that social finance will never be applicable to all of the social sector and Big Society Capital was established to make loans and not grants, a type of finance that will not necessarily be suitable for all.<sup>[19]</sup>



## Corporate governance

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Big Society Capital is an independent financial institution authorised by the Financial Conduct Authority. Independence is ensured by a structure which involves the Big Society Trust on whose board one Government representative serves. Big Society Capital is accountable to the Big Society Trust whose responsibility it is to ensure that Big Society Capital fulfills its mission.<sup>[3]</sup>

## Big Society Trust

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The Big Society Trust is the majority shareholder in Big Society Capital, controlling 80% of the voting rights at shareholders' meetings. Its role is to ensure that Big Society Capital remains true to its mission. For important issues such as a change to the company's objects or removal of a Big Society Capital director, the consent of at least 75% of the Big Society Trust board is required. Big Society Capital reports regularly to the Big Society Trust on its financial performance, its investments and board and senior manager appointments. The Big Society Capital CEO is invited to attend the Big Society Trust board meetings as an observer. A Governance Agreement between the Big Society Trust and Big Society Capital details the operating and reporting arrangements.<sup>[3]</sup>

## Shareholder banks

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Barclays, HSBC, Lloyds Banking Group and RBS are shareholder banks.<sup>[3]</sup> Each shareholder bank has committed to subscribe to up to £50 million of Big Society Capital's shares; their individual shareholding will always be less than 10% of the outstanding paid-in capital. The banks can vote at shareholders' meetings. Their votes are in proportion to their shareholding, but each is capped at 5% of the overall voting rights. The banks are represented on the Big Society Capital board by a bank-nominated director. In addition to information provided to them by the BSC Director, the banks receive all Big Society Capital board papers and quarterly and half yearly reports. In certain circumstances the banks have the right to request a meeting with the senior management of Big Society Capital to discuss its performance.<sup>[3]</sup>

## Investment categories

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The investments made by Big Society Capital fall into these broad categories:<sup>[2]</sup>

1. Specialised funds – These funds have "themes", for example, they might be for investing in specific social outcomes such as health and social care or a particular geographical area. Alternatively, they could invest in supporting specific types of contracts won by social sector organisations.
2. General funds – These funds increase the supply of capital available to a wide range of frontline organisations.
3. Social Impact Bonds (SIBs) – SIBs are a way of raising finance to deliver payment-by-results (PbR) contracts. Big Society Capital can invest directly in entities that are set up to take responsibility for funding and the delivery of outcomes detailed by PbR contracts.
4. Operating intermediaries – These are organisations that provide support for the social sector, such as performance measurement and capital raising.

## Investment activity

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Big Society Capital was set up to receive equity capital from dormant bank accounts of up to £400m and £200m from the shareholder banks (Barclays, HSBC, Lloyds Banking Group and RBS). During:

- 2012, £119.4 million of equity capital was received, £71.7 million from the dormant bank accounts via the Reclaim Fund Limited and £47.7 million from the shareholder banks.<sup>[2]</sup>
- 2013, £106.0 million of equity capital was received, £63.7 million from the dormant bank accounts via the Reclaim Fund Limited and £42.3 million from the shareholder banks.<sup>[3]</sup>
- 2014, £24.6 million equity capital was received, £14.8 million from the dormant bank accounts via the Reclaim Fund Limited and £9.8 million from the shareholder banks,<sup>[3]</sup> taking total equity capital to £250.0 million. The balance of equity capital was due to be received over the next four years.

Big Society Capital has made allocations to charities and social enterprises. During:

- 2016, £893 million was allocated by BSC and its co-investors, £340 million of which was funding from BSC.<sup>[20]</sup>
- 2017, £764 million of the £1.1 billion BSC and its co-investors allocated was drawn down. BSC made 19 investments with a combined value of £94 million and it made a net profit of £800,000, the first time it had recorded a surplus.<sup>[20]</sup>

## References

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# Is Robin Budenberg, Brown's Bail-out Banker or Buccaneer in the background ?



By [The Newsroom](#) - Sunday, 6th December 2009 - Business

## Robin Budenberg, man in the middle of the bank bonuses row

**STARTING** a new job is never easy but for Robin Budenberg, the former investment banker who today takes charge of UKFI, the phrase "baptism of fire" is about to take on a whole new meaning.

On a purely prosaic level, the *new chief executive of the agency that controls the taxpayer's stake in nationalised banks*, will have to cope with a move to new offices on Cockspur Street, just off Trafalgar Square in London.



Robin Budenberg

Since it was set up in the immediate aftermath of the banking crisis last year, UKFI has been a refugee inside the walls of the Treasury, where its small but highly skilled staff tried its best to make a home out of a hastily-found, inadequate room.

However, with a new chief executive will come new premises, which are far more suited to an organisation charged with such a colossal task.

If the first few days in the new office yield the IT problems that always go hand in hand with a move, they will be the very least of Budenberg's worries.



Stephen Hester

The notoriously discreet but high-flying investment banker could not have suffered a worse run-up to his big day.

First, in an act of extraordinary brinkmanship, the RBS board, including its chief executive Stephen Hester, threatened last Wednesday night to stage a mass walk-out if the Treasury and UKFI castrated bonus payments, which they believe are crucial to hold on to talented staff.



Although a day later **Prime Minister Gordon Brown** tried to smooth over the crisis by reassuring that RBS would not be a victim of unfair treatment, it was not long before a bonus row was brewing at another bank in which the taxpayer is heavily invested: Lloyds Banking Group, where it emerged that 200 executives are in line for a one-off bonus worth 80 per cent of their salaries. The rewards, which will amount to 2.4 million for Lloyds' top dogs, including its chief executive Eric Daniels, are in return for the integration of Lloyds with HBOS after the takeover last year. As if an explosion in the bonus row was not enough, a National Audit Office report revealed that **taxpayers are propping up Britain's banks to the tune of £850 billion.**



Eric Daniels, Lloyds Bank

Although ultimately the buck on bonuses stops with the government, it will be Budenberg's job to weave a safe path through the thorny issue of rewards. Analysts say this will be easier said than done as the remarkable act of brinkmanship between the RBS board and the Treasury proves.

During his 25 years as a senior investment banker at UBS, Budenberg has built a reputation as a pragmatic diplomat who, in the later years of his career, was the chief liaison between the Swiss financial giant and the UK government.

In his new role, he will have to summon all his diplomatic skills as the next few months promise more fireworks between the banks' boards and the government.

As Nic Clarke, analyst at Charles Stanley stockbrokers, says: "He brings a lot of experience which he is definitely going to need. It's a very difficult job. He will basically be the meat in the sandwich between the companies and the Treasury."

Budenberg does, however, have previous when it comes to negotiations between the government and the top brass at banks such as RBS.

He was a member of the cavalry summoned at short notice during the heat of the banking meltdown in early October last year to swiftly stitch together a battle plan to save the UK banking system from imminent collapse.

On 7 October 2008, Budenberg, Chancellor Alistair Darling, Sir John Gieve, former deputy governor of the Bank of England, Hector Sants, former chief executive of the Financial Services Authority, and Naguib Kheraj, the chief executive of JPMorgan Cazenove, hammered out the details of the 500bn rescue until the early hours.



Sir Edward John Watson Gieve  
Was Permanent Secretary at the Home Office and pushed to leave

The "Balti bail-out" – so-called because the men were nourished with 250-worth of curry from the Chancellor's favourite Indian on London's Kennington Road – was subsequently simulated by governments throughout the world, earning its architects international respect.



Politically delicate deals appear to be Budenberg's speciality.

In 2002 he advised the government on the Railtrack debacle and was hired again by Whitehall to help with the disposal of the government's stake in nuclear power giant British Energy, which was eventually sold to EDF last year.

According to those close to him, Budenberg is an investment banker of the old school. Judicious and diligent, he works in the shadows, avoiding publicity and putting in all the hours to get the job done. Former colleagues say he rarely surfaces for air other than to return to his wife and children who are based near Colchester. His only other known interest outside of deal-making is golf and he makes time for an annual golfing trip to Ireland with friends from Exeter University.

Budenberg, 50, was schooled at Rugby before doing a law degree at Exeter. On graduation, he opted for accountancy instead of the law and qualified as a chartered accountant from what was in those days still called **PriceWaterhouse**.

At UKFI, Budenberg will earn £155,000 a year, a substantial pay-cut for an investment banker. But he shrewdly negotiated the flexibility to take on one or two non-executive roles elsewhere.

Crucially, he has agreed not to take a bonus, saving the government from political embarrassment.

**The City suggests that Budenberg will be a "safe pair of hands"** at the helm of UKFI but even for a negotiator of his calibre, the next few months are going to be testing. As Clarke says: "As we head into a general election, his task (of tackling bonuses) is going to be increasingly difficult."

## NEW MAN AT THE HELM

ROBIN Budenberg, 50, is the new chief executive of UKFI, replacing John Kingman who announced his unexpected resignation in July.

Budenberg was chosen for the £155,000-a-year role ahead of internal candidate John Crompton, head of market investments at UKFI .



Budenberg has spent most of his career at Swiss bank UBS, where he worked on deals including the sale of the government's stake in British Energy and of BAA to Spain's Grupo Ferrovial.

Raised in Cheshire and educated at Rugby School and Exeter University, Budenberg lives near Colchester, Essex, with his wife and four children.

His first challenges at UKFI will include negotiating bonuses at Royal Bank of Scotland and selling off the "good bank" element of Northern Rock.

## CAMERON AND BUDENBERG'S BIG SOCIETY CHARITY BANK LINKS BACK TO BRISTOL

FIONA MIDDLETON – CHARITY BANK – DEMOS – COMMON PURPOSE

June 2017 - Big Society Capital invested £2.5 million in the share capital of Charity Bank and committed in principle to invest a further £2.5 million on or before 1<sup>st</sup> December 2017. This completed "Big Society Capital's" pledge in March 2014 to invest up to £14.5 million in ordinary shares of Charity Bank.



Charity Bank, the ethical bank that uses savings to make loans to charities and social enterprises, has lent over £180 million since 2002. Charity Bank is run for the sector and owned by the sector, as all of its shareholders are charitable trusts, foundations and social purpose organisations. This further investment from Big Society Capital will allow it to make more loans to social sector organisations in the coming years.

This investment is made as Charity Bank experiences continued growth. Charity Bank has had a strong start to the year with **£28 million of new loan approvals** in the first five months of 2017. This continues the momentum since **Big Society Capital's initial investment in 2014**, with the loan book growing by over 25% per year in the two years to 31<sup>st</sup> December 2016.

**George Blunden, Chairman of Charity Bank, says:** "These further injections of capital from Big Society Capital will enable us to meet the growing demand for loans from charities and social enterprises."

"Share capital is vital to our mission. It underpins the bank and enables us to leverage our savers' money. An investment in Charity Bank creates a multiple effect - for every £1 of share capital invested we can lend £8 to help create lasting social change in our communities."

"When Big Society Capital pledged its original investment, we said that we hoped it would be the first of a small number of significant new investors over the next five to ten years. The Mercers Charitable Foundation invested a further £1 million in 2015 and the Barrow Cadbury Trust invested £250,000 in 2016."

"We are inviting other charitable trusts, foundations and social purpose organisations to invest in our share capital and join with us in using the tools of finance to create a better society for all."

**Anna Shiel, Head of Origination of Big Society Capital says:** "Big Society Capital's investment in Charity Bank plays an important role in making capital available to small and medium sized charities. Over 850 loans have now been made to organisations totalling more than £180m. These loans have helped support people all around the UK, with 97% of organisations saying it has contributed to achieving their mission and 68% saying the loan helped them to expand their services. Upon the completion of our investment, we look forward to seeing more people and communities supported by their work." A team from **Linklaters** led by Aisling Zarraga and Rebecca Rigby acted on a pro-bono basis for Charity Bank, supporting its **General Counsel in advising the Board on Big Society Capital's investment**.



### Charities Aid Foundation Bank

Peter Kyle, the MP for Hove who has failed to assist Lloyds Bank victims the Mottram family, sat on the board of "CAF" bank – as Non Executive Director - CAF Bank Ltd 2011 - Sep 2015

### Low on a high over PM's £200m Big Society Bank idea - 16 February 2011

Charities Aid Foundation (CAF) welcomed prime minister David Cameron's announcement of a £200m Big Society Bank, but called for more details from the Government.



# £85m match-funding given to nineteen foundations including the Lloyds from DCMS the Department for Digital, Culture, Media and Sport

Lloyds Bank Foundation are among 19 funders to receive millions in match-funded cash, the government has announced

The Charities Aid Foundation (CAF) and The Greggs Foundation will also receive money from the Department for Digital, Culture, Media and Sport, in the final phase of funding from April's emergency coronavirus package.

A total of £85m was available from the government funds to be added to money already raised by the foundations, doubling the amount available for distribution. In some cases, charities will be invited to apply for this funding, while in others distribution will take place through existing partners.

## £36m shared by three foundations

The single largest match-fund grant will go to CAF, which will receive £20m for work alongside the Association of British Insurers. Another £10m will go to the Steve Morgan Foundation, and £6m to the Onside Foundation.

When the programme launched, the government said that it anticipated matching applications "in the £5 to £20m range", but most of the successful applications are worth less than £5m.

The Steve Morgan Foundation supports frontline organisations in the North West of England and national organisations.

Steve Morgan, founder and chair of Steve Morgan Foundation, said: "We are delighted to have been selected by DCMS and feel that this is recognition and a vindication of our work to date. There is a lot of hard work ahead but we relish the challenge. We know that there's a huge amount of need in our region and thanks to this funding we can help make a difference to thousands of lives."

Morgan set up the charity in 2001. In 2017 he donated £200m in shares of Redrow PLC, a housebuilding firm he founded, to expand the foundation's activity. In the year to 31 March 2019, the charity made grants totalling £8.8m.

## Culture secretary: We are supporting communities

Oliver Dowden, the culture secretary, said: "I'm delighted to be working alongside some of the country's specialist funders and philanthropists to double the money reaching incredibly worthy causes, benefiting as many people as possible."

“Whether that’s helping families to provide nutritious meals, using innovative tech solutions to reach the most vulnerable or supporting the mental health of our young people, it is vital we continue to do all we can to support our communities in the months ahead.”

## Not just steak bakes

Tracy Lynch, manager of the Greggs Foundation, which will receive £1m in match-funding, said: “The Foundation has now been supporting the communities that Greggs serves for over 30 years, and today we have more than 500 clubs in primary schools across the country, providing over 35,000 children with free breakfasts every morning.

“**The government’s £750m support package** for charities has provided us with the opportunity to boost this with £1m from the community match challenge fund, which will enable us to support many more families across the country.

“We are delighted to be part of this initiative and we’ll use the funding to continue making a huge difference to families who find themselves struggling, especially given the additional challenges many households are now facing as they deal with the wider impact of Covid-19.” The Founders Pledge, through which entrepreneurs commit to donating at least 2% of their personal proceeds to charity when selling their business, will receive £1.56m.

## Controversial programme / especially when victims allege mental torture by Lloyds Bank



The match-funding programme was criticised last month when it emerged that DCMS had announced the scheme despite a promise to review existing funding prior to any decision.

DCMS said at the time that it had not held a formal review in order “to avoid any unnecessary delays in funding reaching charities and organisations that need it.”

## Full list of recipients

1. ARK - £4.75m
2. Charities Aid Foundation with Association of British Insurers - £20m
3. Church Revitalisation Trust / Love Your Neighbour - £4m
4. Comic Relief - £5m
5. Founders Pledge - £1.56m
6. Global’s Make Some Noise - £1.5m
7. Greggs Foundation - £1m
8. Henry Smith Charity - £2m
9. **Lloyds Bank Foundation - £5m**
10. Localgiving Foundation - £1m
11. National Emergencies Trust - £2.5m
12. The OnSide Foundation - £6m
13. Pears Foundation - £5.5m
14. Rank Foundation - £5m
15. Smallwood Trust - £2.1m
16. Stefanou Foundation - £2.5m
17. Steve Morgan Foundation - £10m
18. The Coalfields Regeneration Trust - £1m
19. The Vardy Foundation - £2m

Source: <https://www.civilsociety.co.uk/news/dcms-announces-foundations-to-receive-coronavirus-match-funding.html#sthash.sw7H0EoF.dpuf>



# BIG SOCIETY – at a glance

Date May 15, 2014 - Category Infographics - About This Project

Client: Cabinet Office - [http://oxoevecreative.com/portfolio\\_page/big-society-at-a-glance/](http://oxoevecreative.com/portfolio_page/big-society-at-a-glance/)

Project: Big Society infographic

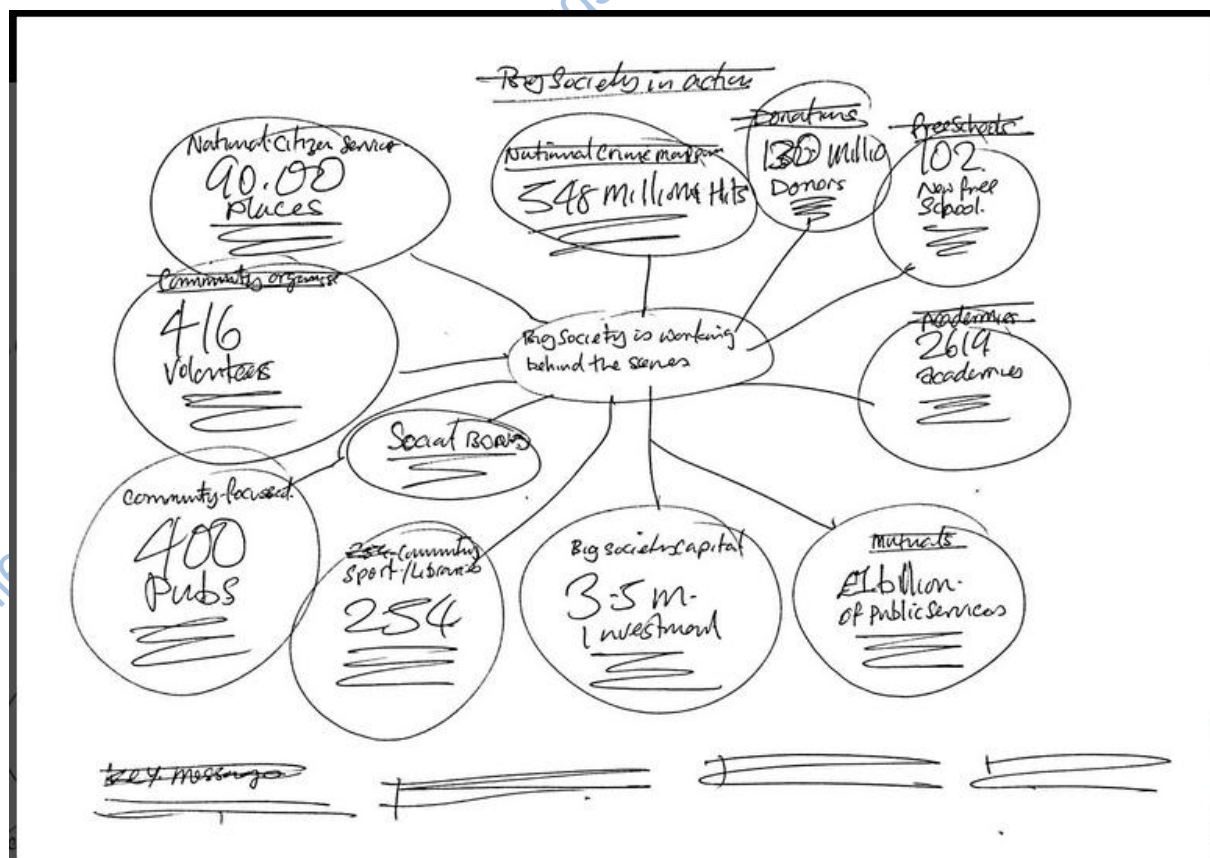
The Big Society was part of the legislative programme of the Conservative – Liberal Democrat Coalition Agreement. The stated aim is to create a climate that empowers local people and communities, building a “big society” that will take power away from politicians and give it to people. The Big Society concept applies to domestic policy in England.

## Objective

To highlight what has been achieved so far around the country and how the Big Society is quietly working behind the scenes. In addition to this below are some statistics, which demonstrate how the Big Society is quietly working behind the scenes.

## Task

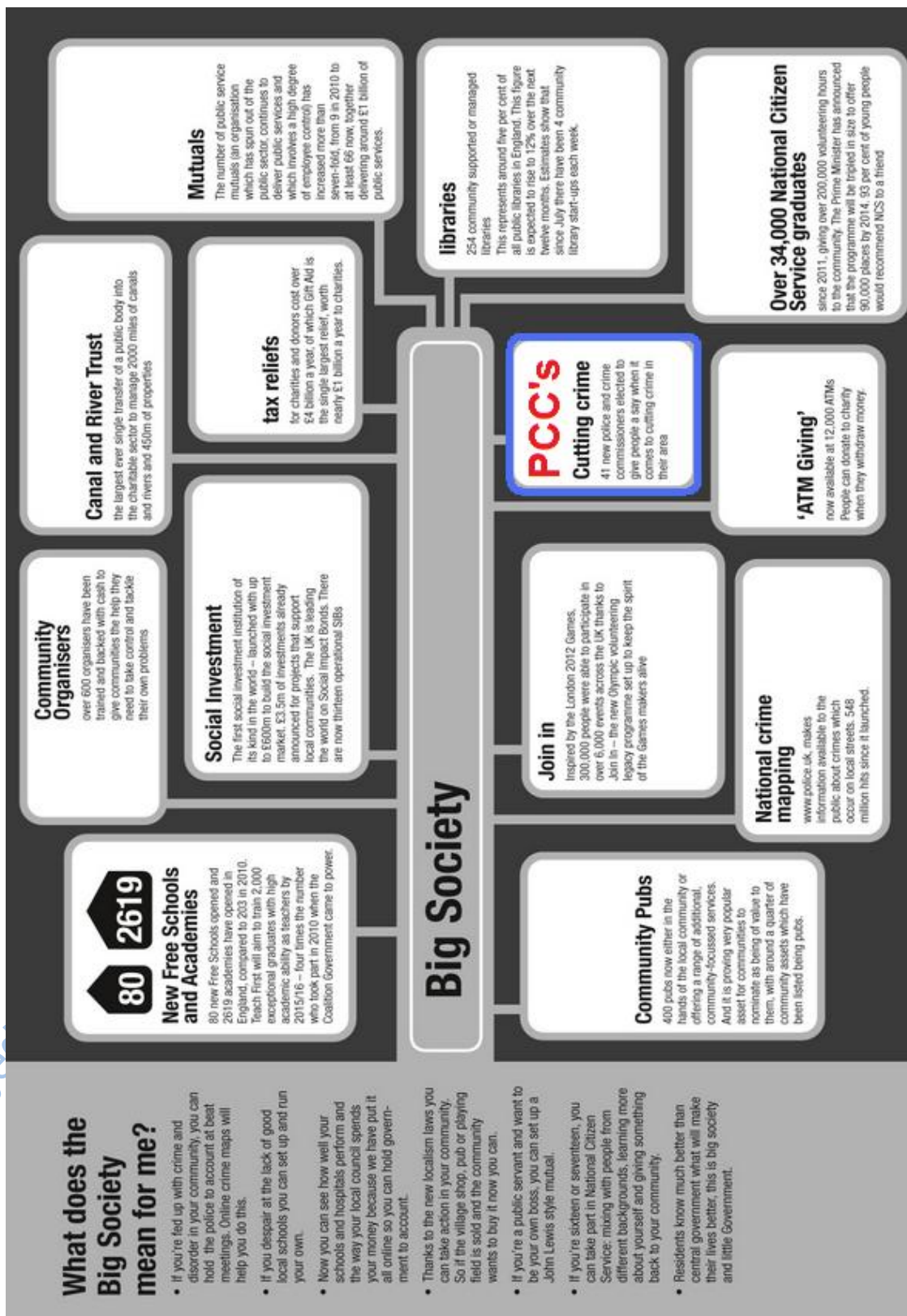
To design an infographic within a A4 sheet, for the media at a political press conference. Illustrating some of the on going activity and results in various communities across the country at the time.



# BIG SOCIETY – “COMMON PURPOSE” CAMERON AND CLEGG'S COALITION INFILTRATION



# BIG SOCIETY/ CAMERON'S POLICE CRIME COMMISSIONERS INFILTRATION OVER CRIME !



Alleged

ment



## BIG SOCIETY – OR BIG FRONT TO LAUNDER LEGACY FUNDS ?



Funds come from redundant accounts (that haven't been accessed in 15 years) from the **Merlin Banks**. As such "Big Society" **taps into a cash cow that can't run out**. Funds are then put out into charities and social interest ventures having been put through the wash.

Evidence shows some Merlin banks participated in asset stripping and the businesses plundered saw government take stolen funds back into the Treasury.

# Big Society Capital (BSC)



Big Society Capital is a financial institution with a social mission, set up in 2012 to build the social investment market in the UK. It gives charities and social enterprises access to repayable finance representing cheaper and more flexible capital to enable them to grow and become more resilient thereby increasing their impact on society.

From 2012 to 2015 Big Society Capital received **£224 million from dormant bank accounts and the four largest UK high street banks**, of which almost £150 million has been distributed to 31 charities and social enterprises in the form of social

investment. Unity Trust Bank, the specialist bank for the social economy, more than doubled its lending to the social economy (£39 million in 2013 from £19 million in 2012)

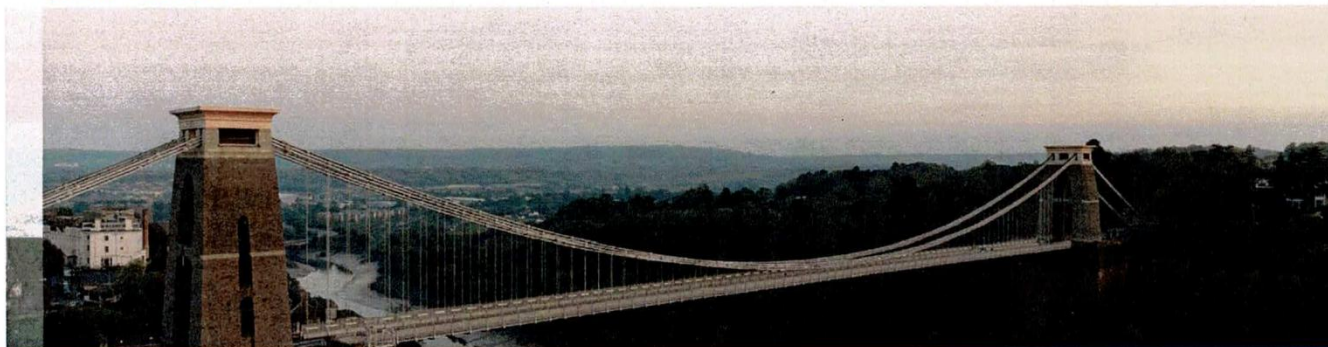
Big Society Capital has two roles. The first is to act as a champion for the social investment market, increasing awareness, encouraging others to engage in the market, developing research, improving impact measurement and policy advocacy for the sector. The second role is as an investor, providing capital to social investment finance intermediaries, who in turn provide finance and support to charities and social enterprises. The rationale behind investing through intermediaries rather than directly in frontline organisations is that, by supporting the intermediaries to grow and become more sustainable, these organisations will be able to attract more investment to the social sector than Big Society Capital could do alone. Big Society Capital has built a diverse market of finance providers whilst ensuring the existing providers of finance to the sector maintain their focus and sustainability.

BSc was established in 2012 to build the social investment market in the UK.

BST is the majority shareholder of BSC ('A' shares – comprising 80% of voting rights). The other shareholders in BSC are four major UK banks: Lloyds, RBS, Barclays and HSBC which have each have an investment of £50 million in BSC ('B' shares).

BSC's total paid-in capital is £580 million with a commitment of a further [£45 million of Dormant Accounts money announced by DCMS in 2018). BSC has a Board of Directors that includes a representative of the shareholder banks. It is regulated by the Financial Conduct Authority (FCA).

Big Society Capital is authorised and regulated by the Financial Conduct Authority. Big Society Capital Limited is registered in England and Wales. Registered no. 07599565. Registered office: New Fetter Place, 8-10 New Fetter Lane, London EC4A 1AZ. Contact Number: 020 7186 2500



[Home](#) | [Portfolio](#)

## City Funds LP

Place-based investment to address the causes and effects of inequality in Bristol.

### The challenge

Like lots of places in the UK, many people in Bristol experience inequality, which impacts on their life expectancy, educational opportunities and employment chances.



### Our approach

Working together with [Bristol City Council](#), [Quartet Community Foundation](#), [Power to Change](#) and fund manager [Bristol and Bath Regional Capital](#), we developed an investment coordinating resources to address local challenges. By working with expert partners, we are able to align around a common vision for the city to address some of the biggest social and environmental problems Bristol faces.

### The fund

The Fund will invest in impact-driven organisations alongside aligned grants and other resources to achieve positive social impact within key communities in Bristol. In particular, the Fund will address: economic inclusion; environmental transformation; community resilience; and child hunger.

#### Fund size

£10 million

#### Big Society Capital commitment

£5 million

A.

## A few Examples of “Big Society”/ Bristol & Bath Regional Capital CIC (BBRC) and Merchant Venturer and Quartet **Community** Foundation Projects



- **20 June 2016: Bristol & Bath Regional Capital CIC (BBRC) has raised about £1m**

of social investment on behalf South Bristol Sports Centre (SBSC) for a new football centre. BBRC was launched by a group of cross civic society stakeholders including Bristol City Council, the University of Bristol, the University of the West of England, Bath Spa University, Voscur, The Society of Merchant Venturers, Business West and the John Pontin Trust. It was approached by SBSC to identify the funding for its restoration and development project, securing a number of investors including **Big Society Capital** (Charity Bond Fund Support), the Rathbones Ethical Bond Fund, the Resonance Bristol Sitr Fund and the Bristol Credit Union for its multi-layered structured charity bonds.

- **2020: City Funds 2020 agenda raises £10m**

Having secured the first two investors, **Big Society Capital** and Bristol City Council, for a total of £10 million, City Funds will be able to invest in loans or equity in early 2020. Grant programs are expected to be set up later this year thanks to generous support from trusts and foundations, local businesses and the wider public involved in an experimental Place-Based Giving Scheme.

- **Dec 2017: Bristol’s newest investment fund secures over £10 million**

Marvin Rees, Mayor of Bristol, said: “Aligning investment in **City Funds** to the One City Plan and delivering against the key challenges the city faces will be truly transformational for the city. Achieving investment from **Big Society Capital** and grant funding from Power to Change at this early stage in the development of the Funds shows how successful this approach can be and is a real step forward towards delivering inclusive and sustainable growth.”

- **Bristol receives share of £33million social investment fund**

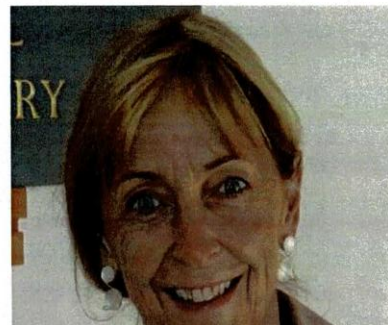
The Local Access funding, from social investment foundation Access and independent social investment institution Big Society Capital, will support charities and social enterprises in the city to grow the social economy. Organisations including investment company Bristol and Bath Regional Capital; social enterprise charity Voscur; race equality organisation Black South West Network; community charity Quartet Community Foundation; and the School for Social Entrepreneurs (Dartington) worked together to bid for the finance.

There are many more such investments through Big Society. ....





## Sue Mountstevens announced as new Chair of Quartet Community Foundation



Published on 9 April, 2020

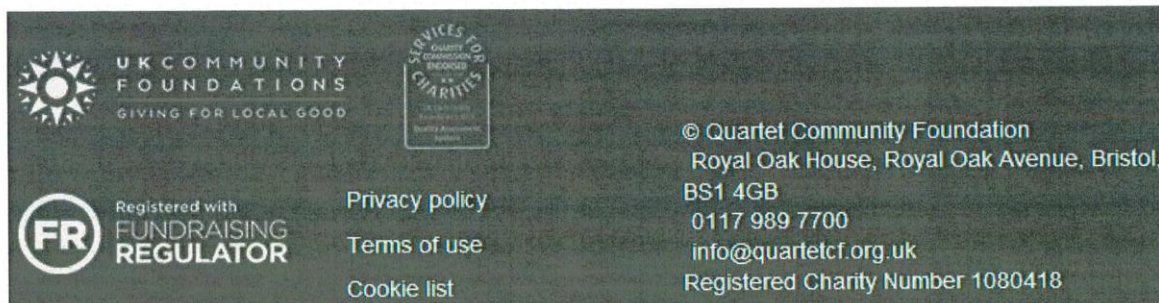
**Quartet Community Foundation** has revealed that Sue Mountstevens, Avon & Somerset Police and Crime Commissioner, took over as Chair of the Board of Trustees last week.


Quartet, which gives over £3.5 million each year to good causes across the West of England, was established in 1987 by its first Chair of Trustees Sir John Wills during his time as the Lord Lieutenant.


Sue Mountstevens said: “This is a very difficult time for our small local charitable organisations. The need for their activities has never been greater but their ability to fund their work is being deeply damaged by the coronavirus crisis. **Quartet Community Foundation** has a vital role to play in raising new funding and getting it quickly to them so I am proud to have taken over as Chair of Quartet’s Board at this critical time.”


Sue Turner, Chief Executive of **Quartet Community Foundation**, said: “Sue Mountstevens has superb knowledge of the issues facing our communities so we are delighted that she has become our new Chair of Trustees, taking over from Helen Wilde who has done so much to encourage more local philanthropy.”

Quartet held its first virtual Board meeting on 26 March. Details of all Quartet’s Trustees can be found at <https://quartetcf.org.uk/about-us/who-are-we/>



 UK COMMUNITY FOUNDATIONS  
GIVING FOR LOCAL GOOD

 SERVICES FOR CHARITIES

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Registered Charity Number 1080418



# Project Merlin incorporated Big Society Bank

**Project Merlin** is an agreement between the British Government of David Cameron and four of the major high street banks in the United Kingdom. These banks are Barclays, Lloyds Banking Group, the Royal Bank of Scotland and HSBC. The agreement covers aspects of banking activity, notably lending, pay and bonuses with the intention of promoting lending to businesses, particularly small businesses, curbing the size of bankers' bonuses and promoting transparency with regards to executive pay. The agreement was finalised on 9 February 2011.

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**Many SME's who received a little of the £76bn were then asset stripped through the banks engineering "Fraud and Bribery"**



George Osborne, the Chancellor of the Exchequer who announced Project Merlin.

## Background

In October 2008, the Labour Government of the UK introduced a bank rescue package as a response to the Financial crisis of 2007-2010. The Northern Rock bank had already been nationalised following its collapse in 2007, the government subsequently part-nationalised Bradford and Bingley, Lloyds Banking Group and the Royal Bank of Scotland. The government had been concerned about low levels of bank lending during the recession that followed the banking crisis<sup>[1]</sup> and had also been critical of high levels of pay and bonuses in the financial sector. In the 2009 Pre-Budget Report, the Labour Chancellor of the Exchequer, Alistair Darling announced a temporary tax on bankers' bonuses,<sup>[2]</sup> which required banks to pay 50% of all bonuses above £25,000 as a tax. This tax was equivalent to a 33.3% income tax. This tax was temporary and lasted only for one year, but some, including Ed Miliband, the leader of the Labour Party called upon the coalition government to extend this tax as a response to predictions that UK banks would pay out high levels of bonuses in 2011.

## The Agreement

Project Merlin was announced on 9 February 2011 by Chancellor of the Exchequer George Osborne. Under the agreement banks will lend about £190bn to businesses during 2011 - including £76bn to small firms - curb bonuses and reveal some salary details of their top earners. The Bank of England will monitor whether loans targets are being met. This was in addition to the government increasing its levy on banks to £2.5bn in 2011 - raising an extra £800m. HSBC, Barclays, Royal Bank of Scotland (RBS) and Lloyds Banking Group have signed up to the Project Merlin agreement, while Santander has agreed to the lending parts of the deal. Other pledges include providing £200m of capital for David Cameron's Big Society Bank, which is intended to finance community projects.<sup>[3]</sup>

## Reaction

Although there were some positive statements, initial overall reaction to the announcement of the deal was sceptical.<sup>[4]</sup> One of those to welcome the deal was Angela Knight, chief executive of the British Bankers Association, who said, "This is an unprecedented set of statements from Britain's big four lending banks. There has been a determination to work together and that is shown by what we have seen here." But the Engineering

# Trauma, Mental Health, Suicides and Children Self Harming:

Victims are still suffering, and for many it has been over a decade of economic attack and judicial hell. In two years, our group has seen 22 victims cry out for help as to near suicide. We have had seven families see children become teens and self harm, including overdoses. One such event happened earlier this year when a collective of our victims raised concerns AGAIN to Sue Mountstevens and her useless Police Chief Andy Marsh, the Police Crime panel and Sue Mountstevens Deputy PCC John Smith. Again we were fobbed off even though we raised concerns over the frauds again AND of the growing suicide attempts.

A week later and one of our victims' children found a LBG notice on the door of their family home. The teen panicked and went to her bedroom and took a 60 tablet cocktail overdose. She nearly died. Onwards there has been another adult teen attempt suicide in same circumstances, and we now have a third victim of LBG who is considering going to Switzerland to terminate her life. Earlier this year members from our group managed to fend off a repossession by LBG via their lawyers Walker Morris, who are pushing for eviction based on a complex "Proprietary Estoppel" abuse that is now over the 12 years "Adverse Possession" period.

Currently, we have three victims who are considering going to Switzerland to terminate their lives.

Add to this, victims who have fallen ill through stress and trauma and died prematurely as a result, whilst the bankers involved and their counter-part associates keep their ill gotten gains and walk away.



## TV Torture and Mental Health Lies every week

If the frauds and coercive abuse and gas lighting and financial rape and destruction isn't bad enough, victims torment continues 6-7 times a day as Lloyds Bank adverts come on.







To make matters worse they claim to be concerned and partner with Mental Health UK. This adds salt to the wounds and is an insult.

Additionally Lloyds Banking Group plays on supporting mental health on social media amongst its own staff.

Again this rubs salt into the wounds when victims have gone through intense trauma caused by staff of the bank and it's associates

Lloyds CEO Antonio Horta Osorio is aware of the asset thefts and yet is **a false party in the protection of those consumers his bank has caused mental health issues to.**



## Aim and Fading Hope of Fair Restitution:

Few victims of criminal banking fraud are convinced that the BBRS will give fair remedy whilst Lloyds & Co., have plants in place in readiness to hamper cases alike FOS outcomes, police and other authorities failures. It appears too compromised as it stands, and limitations appear a way for the bankers to walk away with very little damage pro rata to the unjust and evil crimes they have gone unpunished for.

A full, uncompromised investigation must take place to bring victims remedy and fair consequential losses returned. Removal of the named individuals at **point 7 "Key Players"** – would break the stronghold stranglehold and allow full criminal investigations in line with wrongdoing of the 2006 Fraud Act, 3MLD/4MLD and 5MLD as to theft of assets and money laundering from POCA 2002.

Today, low fines, broken regulation and inadequate policing means that there is no pain point for the criminals who have been sheltered by "pretend protectors" such as PCC Sue Mountstevens (Avon & Somerset), PCC Matthew Scott (Kent), PCC Katy Bourne (Sussex), PCC Lorne Green (Norfolk), PCC Martyn Underhill (Dorset), Simon Duckworth and John Smith to mention a few.

**A specialist investigation unit should be set up.** The funds retrieved by such a unit would more than pay victims back, pay for such a force and return funds to the Treasury.

Bristol is a hot bed of corruption that ties directly to seniors in the City of London. Such investigations into police misconduct should be distanced from Action Fraud, the City of London Police, the City of London Corporation, the MET and Avon & Somerset Police. Additionally the SFO and NCA have 100% failed victims, which should prompt a "Public Interest" investigation to remove and prosecute people such as Lynn Owens and Lisa Osofsky, David Green and Richard Alderman who, when senior at the SFO was dismissed over £1m being unaccounted

for. There must also be no input as top “peer reviews”, as per the shambolic PCC Mountstevens” review. Instead, there needs to be a “no holds barred” investigation with a large fund behind it. We estimate the frauds done on **BSU victims alone at £1.5 to £2bn**. That’s not accounting for the UK Acorn, Commercial First and the remaining HBoS, Vavasasseur or Bristol FRP frauds. Nazir Afzal under Gordon Brown, (Common Purpose) former CPS Prosecutor told police chiefs to look away from teen grooming gangs. **Did he do the same with bank frauds?**

**The Treasury should consider ring-fencing £5-10 bn** for the groups mentioned above. This still doesn’t include victims at RBS, Clydesdale and others.

ment

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PUBLISHED: 23:26, 17 July 2013 | UPDATED: 23:31, 17 July 2013

## Police called in to investigate fraud boss's taxpayer funded payoffs to his staff worth £1MILLION

- Police asked to examine the behaviour of former Serious Fraud Office boss
- Shadow attorney general accused Richard Alderman of 'flying in the face of legal advice' by sanctioning bumper severance payments without approval



Scotland Yard was urged to investigate the former head of the Serious Fraud Office yesterday after it emerged that he approved ‘irregular’ taxpayer-funded payoffs to staff worth £1 million.

Shadow attorney general Emily Thornberry asked the Metropolitan Police chief to examine whether the behaviour of Richard Alderman constituted misconduct in public office.

She accused the former boss of the corruption watchdog of ‘flying in the face of legal advice’ by sanctioning bumper



severance payments without approval.

She said: ‘A financial irregularity on this scale is an affront to the standing of the SFO, which is supposed to be the nation’s flagship fraud and corruption watchdog.’

The development came after a report by the Public Accounts Committee found Mr Alderman did not get approval from the Cabinet Office or Treasury before agreeing payouts to three senior civil servants taking voluntary redundancy.

One of them, former chief executive **Phillippa Williamson**, was also allowed to work from her Lancashire home near the Lake District and **rack up travel and hotel bills worth £98,946** when visiting the London office for three days a week.

MPs on the committee said Mr Alderman, 60, who retired as director of the SFO last April days after Mrs Williamson left, had ‘failed to follow due process’ or ‘to comply with the rules that should underpin the use of public money’. The report described the SFO as a case study in ‘how not to run a public body’.

In a letter to Sir Bernard Hogan-Howe, the Met Commissioner, Miss Thornberry wrote: ‘I fear that Richard Alderman’s conduct with regard to severance packages and ex-gratia payments to senior staff may amount to an offence of misconduct in public office. I would be very grateful for any assistance that you can offer in investigating this deeply troubling matter.’

The Labour MP said the report made clear that ‘Alderman failed to obtain approval for exit payments totalling over £1million and did so flying in the face of legal advice’.

Matthew Sinclair, of the TaxPayers’ Alliance, said: ‘It’s deeply worrying that the body charged with rooting out financial malpractice has been found so wanting in its own affairs. It raises questions over how the public can trust a body in such a sensitive position.’

Mrs Williamson was given a payout of more than £464,000, including an ‘irregular’ £407,000 pension top-up that did not go through the proper approval process. Mr Alderman’s failure to obtain the appropriate permission led to the National Audit Office refusing to sign off Serious Fraud Office accounts.

Mr Alderman also decided on a £15,000 special payment to Miss Williamson and former chief operating officer Christian Bailes to avoid grievance actions, despite legal advice that there were no such claims to be made. Mr Bailes’s severance package was worth £473,167, and a further £49,885 was handed to the head of technology, Ian McCall.

Yesterday there was no answer at the £750,000 detached Georgian property that Mrs Williamson, 51, shares with her husband Peter, 68, and son Thomas, 16, in Arkholme on the border of the Lake District.



Former CEO Phillipa Williamson was also allowed to rack up travel and hotel bills worth £98,946

Share or comment on this article: Serious Fraud Office boss Richard Alderman investigated by police for taxpayer-funded payoffs to staff worth £1MILLION

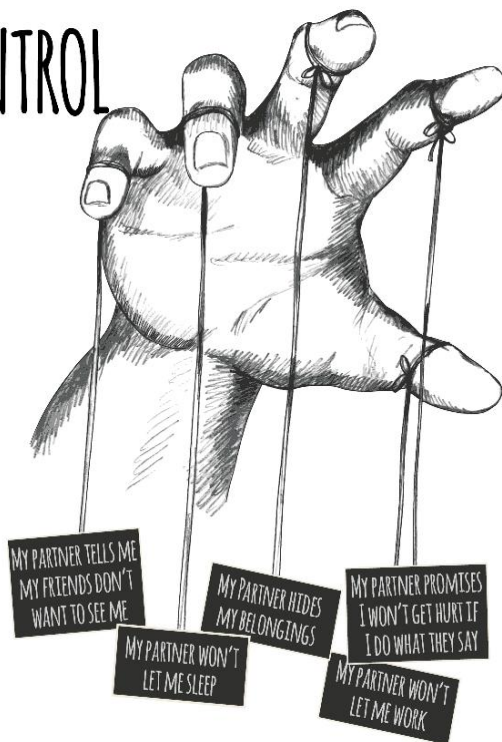




# COERCIVE CONTROL IS A CRIME

If you recognise any of these signs in your own or someone else's relationship

Domestic Abuse Support Service **0845 602 9035**.  
In an emergency call **999**.



“The real power of fear” is used to control the bank fraud victims life’s, whereby the banks apply lawyer threats, conceal evidence and constantly apply pressure by cruel “**coercive control**” that causes stress and fear on victims. By victims seeking redress, the policing system is failing them and leaving the criminals domain. Victims are reliant on the police to act in the public’s interest and prosecute the perpetrators of the crimes.

Mrs Mountstevens and those close to her are appearing to carry out rightful actions, when in fact they are colluding to control the outcome in the way they wish to paint it, rather than truthfully uncover the fraud for what it is.

## Fear and Social Control video at this link:

[https://m.youtube.com/watch?v=w\\_ybzC2wP7Q](https://m.youtube.com/watch?v=w_ybzC2wP7Q)



## Three emails sent from the Clerk of Avon & Somerset Police Crime Panel culminating in refusal to hold an agreed “Extraordinary Meeting” to look at the banking frauds alleged covered up in “Op Meadow” and a third as to victims evidence to Chief Constable Marsh

- i) Email 1 shows that PCC Anthony Stansfeld and Professor Harper were due to attend a “Extraordinary Meeting” thus delaying and denying victims having external experts commenting on the seriousness of alleged frauds and the cover up by Avon and Somerset Police, its Police Crime Commissioner and now denial by the Police Crime Panel Chair.

The Police Crime Panel Chair had NO RIGHT to cancel the “Extraordinary Meeting” off his own back

On 9 Nov 2020, at 11:43, Patricia Jones <[REDACTED]@somerset.gov.uk> wrote:

Dear Mr Stansfield and Professor Harper – thank you for agreeing to attend an external witness session on 27<sup>th</sup> November 2020.

However, the Panel has since discussed the matter further and no longer intends to go ahead with a strategic review of fraud and cyber-crime at this time. It remains a topic of interest and is therefore likely to go ahead next year when restrictions allow and all members can be in the same room.

Thank you again.

Best,

Patricia Jones  
Governance Specialist  
Avon and Somerset Police and Crime Panel

<http://www.avonandsomersetpoliceandcrimenepanel.org.uk/>  
Somerset County Council  
B3, County Hall, Taunton

07 [REDACTED]  
[REDACTED]@somerset.gov.uk

Email the team [democraticservices@somerset.gov.uk](mailto:democraticservices@somerset.gov.uk)



ii) Email 2 shows the Clerk of Avon & Somerset Police Crime Panel cancelling the “Extraordinary Meeting” at this time that had been called to look specifically at Lloyds Bank and RBS and other banking frauds that had been pushed to in Bristol, Avon & Somerset from around the UK

Of concern is that crimes continue, whilst the Clerk and Chair had pushed matters back, beyond their remit, and stated that the Lloyds Bank frauds would be removed from discussion. Much in the same way Acorn was removed from the “Op Meadow” review, in alleged Thames Valley senior police officers covering up, the cover up of senior Avon & Somerset bank frauds.

me.  
On 9 Nov 2020, at 14:27, Patricia Jones  
<PLJones@somerset.gov.uk> wrote:

Dear Professor Harper – unfortunately it is not possible for me to act as a mechanism for circulating these allegations and concerns.

This is not my role and I have no comment on the vast majority of what you state.

However, I am compelled to advise you that in reaching their decision not to proceed with the Extraordinary Meeting, Panel Members have not been influenced by a third party. To suggest otherwise is both unreasonable and potentially defamatory.

When the Panel does hold a public meeting to look at fraud and cyber-crime, a strategic approach will be adopted with a focus on accountability and legislative shortfalls. Criminal allegations around Lloyds Bank will not form part of the agenda.

Please note that I will not be responding to any further messages of this nature.

Yours sincerely,

Patricia Jones  
so

iii) Email 3 shows emails to and from Avon & Somerset Police Crime Panel Clerk (Patricia Jones) and Mr Woolls, where the Chief Constable Andy Marsh had denied he had received Mr Woolls communications.

Sent from my iPhone

Begin forwarded message:

**From:** Patricia Jones <PLJones@[REDACTED].gov.uk>  
**Date:** 26 October 2020 at 13:19:55 GMT  
**To:** Martin Woolls <[REDACTED]>  
**Subject:** RE: Avon & Somerset complaints

Dear Mr Woolls - thank you for your message.

\*

I have reviewed previous correspondence and can see that you wrote to me on the 19th March 2019 seeking a response to a letter you sent to the Chief Constable on 6th March 2019.

\*

The Avon and Somerset Police and Crime Panel has no statutory role in operational policing and no ability to direct the Constabulary but I was able to draw the attention of the Police and Crime Commissioner to your correspondence. I did this on 21st March 2019 and provided the documentation you enclosed.

I will now forward on your latest correspondence and you will be contacted directly in due course.

Your sincerely,  
Patricia Jones

-----Original Message-----

**From:** Martin Woolls <[REDACTED]>  
**Sent:** 16 October 2020 10:17  
**To:** Patricia Jones <PLJones@[REDACTED].gov.uk>  
[REDACTED]  
**Subject:** Avon & Somerset complaints

Dear Patricia,

I am currently at sea with very poor and infrequent email access I also only have my mobile phone so I cannot deal with this very fully until I return home in early December when I will have access to my paperwork.

However please be aware that I will reiterate my complaint that my case was not investigated upon my return.

Yours sincerely,

Martin Woolls

Sent from my iPhone

-----  
This email has been classified as OFFICIAL by the originator.  
-----



The below email from the Clerk of Avon & Somerset Police Crime Panel, conceding that matters should pass to the IOPC for investigation

**From:** Patricia Jones  
**Sent:** 13 November 2020 09:28  
**To:** Trevor Mealham <[REDACTED]>  
**Subject:** Complaints against the PCC, DPCC and Chief Constable

Dear Mr Mealham,

I write to confirm that your correspondence dated 4th November 2020 has been referred to the Independent Office for Police Conduct (IOPC).

This is in accordance with Regulation 13(1) of the Complaint Regulations which requires a Police and Crime Panel to refer any matter which falls within the definition of a serious complaint to the IOPC.

The Panel will not be making any further comment until the IOPC makes its findings.

Yours sincerely,

Patricia Jones

Governance Specialist  
 Avon and Somerset Police and Crime Panel  
 County Hall, Taunton, Somerset, TA1 4DY  
 07 [REDACTED]  
[\[REDACTED\]@somerset.gov.uk](mailto:[REDACTED]@somerset.gov.uk)  
<http://www.avonandsomersetpoliceandcrimepanel.org.uk>



## Victims elevated complaint to the IOPC

The IOPC staff then passed complaints about Avon & Somerset and Constabulary and its Police Crime Panel Chairman Mr Brown and passed the complaints back to its Crime Panel (as led by Mr Brown).

The IOPC staff admitted they did not know of the **“Police Reform & Social Responsibility Act 2011”** or the law on which the complaints were raised, and in fact they stated they were not legally trained.

As such they wrongly passed complaints to be handled by those people that the victims were complaining about! This brings in:

### ***R v Sussex Justices, ex parte McCarthy***

Source: Wikipedia, the free encyclopaedia

# *R v Sussex Justices, ex parte McCarthy*

<b>Court</b>	High Court of Justice
<b>Cases cited</b>	<ul style="list-style-type: none"><li>• [1924] KB 256</li><li>• [1923] EWHC KB 1</li></ul>
<b>Court membership</b>	
<b>Judge(s) sitting</b>	Lord Hewart CJ, Lush and Sankey JJ

*R v Sussex Justices, ex parte McCarthy* ([1924] 1 KB 256, [1923] All ER Rep 233) is a leading English case on the impartiality and recusal of judges. It is famous for its precedence in establishing the principle that the mere appearance of bias is sufficient to overturn a judicial decision. It also brought into common parlance the oft-quoted aphorism "*Not only must Justice be done; it must also be seen to be done.*"

## **Facts**

In 1923 McCarthy, a motorcyclist, was involved in a road accident which resulted in his prosecution before a magistrates court for dangerous driving. Unknown to the defendant and his solicitor, the clerk to the justices was a member of the firm of solicitors acting in a civil claim against the defendant arising out of the accident that had given rise to the prosecution. The clerk retired with the justices, who returned to convict the defendant.

On learning of the clerk's provenance, the defendant applied to have the conviction quashed. The justices swore affidavits stating that they had reached their decision to convict the defendant without consulting their clerk.

## **Judgment**

The appeal was essentially one of judicial review and was heard at the King's Bench division by Lord Chief Justice Hewart. In a landmark and far-reaching judgement, Lord Hewart CJ said:

It is said, and, no doubt, truly, that when that gentleman retired in the usual way with the justices, taking with him the notes of the evidence in case the justices might desire to consult him, the justices came to a conclusion without consulting him, and that he scrupulously abstained from referring to the case in any way. But while that is so, a long line of cases shows that it is not merely of some importance but is of fundamental importance that justice should not only be done, but should manifestly and undoubtedly be seen to be done.

The question therefore is not whether in this case the deputy clerk made any observation or offered any criticism which he might not properly have made or offered; the question is whether he was so related to the case in its civil aspect as to be unfit to act as clerk to the justices in the criminal matter. The answer to that question depends not upon what actually was done but upon what might appear to be done.

Nothing is to be done which creates even a suspicion that there has been an improper interference with the course of justice. Speaking for myself, I accept the statements contained in the justices' affidavit, but they show very clearly that the deputy clerk was connected with the case in a capacity which made it right that he should scrupulously abstain from referring to the matter in any way, although he retired with the justices; in other words, his one position was such that he could not, if he had been required to do so, discharge the duties which his other position involved. His twofold position was a manifest contradiction.

In those circumstances I am satisfied that this conviction must be quashed, unless it can be shown that the applicant or his solicitor was aware of the point that might be taken, refrained from taking it, and took his chance of an acquittal on the



facts, and then, on a conviction being recorded, decided to take the point. On the facts I am satisfied that there has been no waiver of the irregularity, and, that being so, the rule must be made absolute and the conviction quashed.

The ruling is derived from the principle of natural justice and has been followed throughout the world in countries that use the English legal system. It has been applied in many diverse situations, including immigration cases, professional disciplinary cases, domestic tribunals such as members' clubs, and perhaps most famously in the Pinochet case, where the House of Lords overturned its own decision on the grounds of Lord Hoffman's conflict of interest.

# Lloyds Bank Below Market Value (BMV) Portfolio Sales (THEFTS)

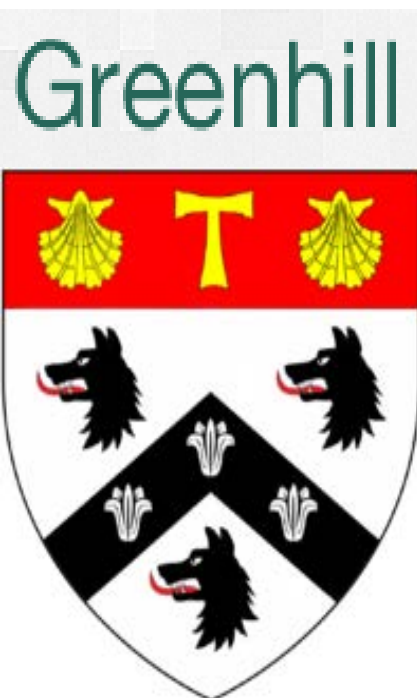
Lloyds Bank commercial banking entices victims through the process of "Bait & Switch", typically pulling promised debt funding (loans) 50% to 2/3rds of the way along, collapsing the SME to default. This creates distressed loans that are then placed into any of the ten Lloyds BSU operations, which then ultimately default to BSU Bristol (the abattoir) for repossession, seriously under market value.

## Example Project Avon

Below value sale handled by BSU Bristol Nick Wilson, under supervision of John Holliday, and **co-brokered by Lord James Lupton's Bank "Greenhill & Co".**, which James Lupton co founded in 1998 and was a director until 2017. Lord Lupton was one of **(Common Purpose) David Cameron's** biggest sponsors (£3.3m) which led to his peerage in Oct 2015. In 2017 he moved to Lloyds Bank's Board. Lord Lupton has a history with distressed banking as he was a director of Barings Bank, which connects him to **Simon Duckworth** who is the **Chair of Barings Targeted Return Fund**.



Lord James Lupton



Cerberus Capital Management signed contracts brokered by **Greenhill & Co** in June 2014, to acquire the Project Avon UK commercial real estate loan portfolio from Lloyds Banking Group for **£352m, being 34.3% below market value** based on an **open market value of £536m**.

En-route, the portfolio was refinanced in 4 loan tranches **equating to 144% LTV**. There are many more examples of **"projects sold below value from BSU**, where victims allege serious fraud took place and have case evidence. Lloyds typically fiddle valuations via **Colleys, Alder King and others**.

- i) Lord Lupton's **three headed hound crest**
- ii) Cerberus the three headed hound from Hell



• Source Project Avon: <https://costarfinance.wordpress.com/2014/06/05/cerberus-pays-352m-for-lloyds-project-avon/>

## BSU Project Avon example and other LBG Projects

- **Project Avon** \* as prior 43 loans over 23 borrowers secured by 187 residential properties, 24 offices, 17 mixed use properties, 13 retail, 8 industrial, Five (FCC's) Fire Control Centres after to Kennedy Wilson Europe
- **Project Admiral Taverns**
- **Project East** Included Bredbury Hall plus 37 other Hotels to Cerberus in 10 loan tranches for the 38 hotels
- **Project TIC** – Premier Motor Auctions, The FRC refused to investigate as stated in Hansard 12 Nov 2013 by Labour MP Austin Mitchell
- **Project Aberdonia**
- **Project Thomand**
- **Project Indie** Sold to Cerberus. Shed/offices. UBS ran sales £440m senior loan
- **Project Cherry**
- **Project Royal**
- **Project Harrogate**
- **Project Phoenix** Apollo pays £257m. Irish mortgages and loans at 57.8% discount on £610m grossly unpaid loan (sold mid 2014).
- **Project Lane** Sold by Lloyds at 89.8% discount on unpaid £1.49bn. Financed by Credit Suisse.
- **Project Hampton** to Cerberus at £1.5bn below sub projects financed Credit Suisse.
- **Project Alpha** sub pool Euro 200m Spanish Loans.
- **Project Bravo** Euro 500m Scandinavian loan portfolio.
- **Project Charlie** German French loans Euro 750m. Seller was Deloitte.
- **Project Thames** Gross assets £527m discounted 38.3%, to sell at £325m. Sold at 62p in the pound 50 loans from 30 borrowers. \* Deloitte's portfolio advisory service handled sale.
- **Wall Street Journal Audit Fraud (HBOS \$8.7bn)** Lloyds to sell \$8.7 billion mortgage portfolio / US Mortgage securities, lloyds bought in 2008 from HBOS, sold with no proof of income/ Poor credit rated customers \* Credit Suisse plus 2 x other Investment banks involved in sale.
- **Project Rock** KPMG Euro 7.8bn. Predominantly UK focused IBRC property loan portfolio comprised of legacy Anglo-Irish Bank pre crisis loans.



- **Project Evergreen** Certain to trade with Michael Noonan Irelands Finance Minister at 4.5% discount.
- **Project Sand** Certain to trade with Michael Noonan Irelands Finance Minister at 4.5% discount.
- **Project Stone** Certain to trade with Michael Noonan Irelands Finance Minister at 4.5% discount.

## Projects at Lloyds BSU

Were typically handled by John Holliday, Andrew Pavey and Nicholas Wilson, together with LPA Receivers Nick Burd and Alder King. **Higher up BSU was Lloyds Banking Group Senior Duncan Parkes who stated that the Lloyds BSU operations were “PROFIT CENTRES”**. In reality, they were cruel slow death abattoirs. Above Parkes was Andy Cummings.

## LDC / Lloyds Development Capital

Involved in many of the bigger cases.

It should also be noted that the Labour **Mayor of Bristol Marvin Rees** is also a partner in Plimsoll a production company which is expanding in Bristol, and was valued at more than £80 million **after receiving investment from LDC, the private equity arm of Lloyds Bank**. The Mayor is aware of the Lloyds Bank frauds, yet decides to remain quiet and retain his interest alongside Lloyds Bank.

## Other Lloyds Banking Group Frauds include:

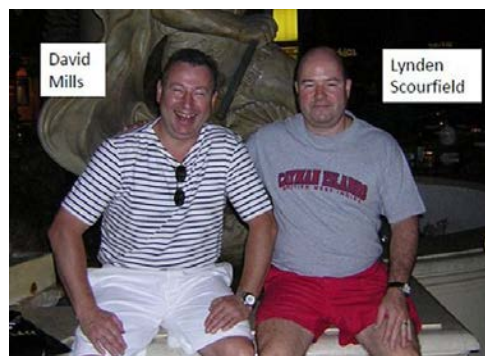
- **HBOS Integrity (Ponzi scheme)** – Ian Stamp designed the system for HBOS. Similar mechanism to HBOS Vavasseur.
- **HBOS Vavasseur (Ponzi scheme)** \* These were done via sales staff at St James Place Capital, the Rothschild sales team, to be owned 60% by the bank. Typically, victims would be groomed and baited for investment funds. Funds would go into an off shore account.

Run under the direction of Sir James Crosby (HBOS’s then chief executive). Crosby was a nominee of **“Common Purpose” Gordon Brown**. Mortgage specialist Fraser Mackay and Dobb White & Co., provided further asset backed funding secured on the victim’s properties promising a 1% to 5% pcm return. The Ponzi saw funds go to the Bahamas based Vavasseur Corporation, where its founder swindler Terry Dowdell was brought to justice by the FBI and the Securities and Exchange Commission. UK victims were duped and some remain fighting to try and save their homes even today.

- **Corporate Jet Services**

Lloyds accused of helping HBOS fraudster buy valuable assets on the cheap. LBG helped former director complete a deal despite co-director having already been arrested on fraud charges'

Lloyds Banking Group is alleged to have assisted a former director in buying back valuable assets on the cheap, months after one of his co-directors was arrested for defrauding the bank.



deal

## The HBOS Reading “Operation Hornet” “Light touch” fraud investigation that covered the bigger Board and Government fraud. (ie an earlier whitewash pre “Op Meadow”)

Whilst Superintendent Nicholas John TVP came in late. He failed to expose the bigger fraud at LBG and HBOS Board Level. So heres how things came out, rather than what should have fully come out.

*Light touch: A delicate, careful, or sensitive approach to dealing with something which is a particularly volatile situation, so it will require a **light touch** to avoid becoming a public scandal to conceal true events.*

Former senior **HBOS** manager Lynden Scourfield was sentenced to 11 years in prison in February for his part in defrauding businesses of an estimated £245m.

His business partner David Mills, a turnaround consultant and chairman of Quayside Corporate Services, was jailed for 15 years for his part in HBOS Reading fraud, along with four others.

Scourfield and Mills were found guilty of conspiring along with four others to force some of the banks smaller customers into Mills' Quayside Corporate Services, where they were loaded up with debt and then stripped of their assets.

All six were convicted on charges including fraudulent trading, money laundering and corruption in a loan scandal.

The Financial Times reports it has seen internal documents suggesting the controversial sale of assets from what was a heavily indebted corporate jet company, Corporate Jet Services, to its own directors – including Mills – was completed nine months after Mills had been arrested by Thames Valley Police for defrauding Lloyds Banking Group.

Following its rescue of HBOS in 2008, Lloyds became the main creditor in Corporate Jet Services (CJS), which collapsed in 2007 with debts of £113m.

Mills was also a director in CJS.

Lloyds accepted the sale of CJS's prime asset, a German aerospace subsidiary called 328 Support Services, for just £5m in July 2011. The price was a substantial discount to the \$47.5m (£27m) CJS agreed to pay to acquire 328 and well below the £23m fair value listed in the company's accounts.

**PwC**, who were appointed administrators to CJS, decided against marketing the company's assets to pay its debts, opting instead to sell the business to new company Quest Aviation Services the same day it went into administration.

The CJS business had been placed into administrative receivership, protecting it from claims from unsecured creditors, including HM Revenue and Customs.

Quest picked up most of the CJS subsidiaries for an initial consideration of £7, later paying a further £43,000, with a further €10m option to buy 328 in an accelerated sale process which had been approved by Lloyds and was managed by PwC.

Despite Quest having allowed the option to lapse in 2008, Quest was allowed to continue running the business, though 328 paid nothing back on its €12.5 million in inter-company debts in the period 2007 to 2011 and paid no dividend to CJS.

Despite this, Lloyds allowed Quest to buy 328 Support Services for £5 million in July 2011 in a deal which saw Quest borrow the principle consideration against 328's own assets.

Lloyds also wrote off some of the £95.8 million in loans owned by 328, and some of those loans, amounting to millions of pounds, had been signed off by Scourfield.

The €12.5 million inter-company loan was also written off under German transaction laws.

According to a 2008 memo seen by the Financial Times, Mills owned a 25 per cent stake in Quest, though his shareholding wasn't declared in filings to Companies House.

Thames Valley Police had arrested Mills in October 2010 – nine months before CJS was sold to Quest.

Three years later, January 2015, Quest sold 328 to a US firm Sierra Nevada Corporation for an undisclosed sum.

The document → lodged at Companies House "288c" shows Roger Hawes acting as David Mills attorney.

A new company, Groupjet Ltd, was set up in 2013 as a holding company for the other CJS subsidiaries acquired in the 2007 deal with PwC.

Mills' wife Alison, who was sentenced to three-and-a-half years in prison for her role in the HBOS Reading fraud, is noted in a 2015 Companies House filing as holding a 25 per cent stake in Groupjet.



Please complete in typescript, or in bold black capitals

CHFP025

# 288c

## CHANGE OF PARTICULARS for director or secretary (NOT for appointment (use Form 288a) or resignation (use Form 288b))

**Company Number** 5986252

**Company Name in full** RED FLOWER PROPERTY LIMITED

**Changes of particulars form** Complete in all cases

Date of change of particulars: 29 01 2008 (Day Month Year)

Name: \*Style / Title: \*Honours etc:

Forename(s): DAVID JOHN

Surname: MILLS

† Date of Birth: 07 12 1956 (Day Month Year)

**Change of name** (enter new name): Forename(s): Surname:

**Change of usual residential address** †† (enter new address): TODENHAM HOUSE, TODENHAM

Post town: MORETON IN MARSH

County / Region: Postcode: GL56 9PA

Country: Other change (please specify):

**A serving director, secretary etc must sign the form below**

Signed: *D. Mills by his attorney R. Hawes* Date: 29.1.08

(\* director / secretary / administrator / administrative receiver / receiver manager / receiver)

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if necessary.

Burges Salmon LLP  
Narrow Quay House, Narrow Quay, Bristol, BS1 4AH

Tel +44 (0)117 939 2000  
DX number 7829 DX exchange Bristol

When you have completed and signed the form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff  
or companies registered in England and Wales or  
Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB  
for companies registered in Scotland DX 235 Edinburgh

Lasertorm International 6/02

Red large seal

## Regina v Mills /

709269



## “Operation Hornet”

The Opening Note in Regina v David Mills and Others (Thames Valley Police Investigation Operation Hornet) in the HBOs Reading fraud case showed substantial monies passing through Burges Salmon clients accounts with Burges Salmon Partner Roger Hawes as acting solicitor.

**IN THE CROWN COURT AT SOUTHWARK**

**T20137031/7264/0588/7654**

**REGINA**

**[Brian O'Neill QC, Angus Bunyan, Hannah Willcocks and Rachel Naylor]**

**-v-**

**DAVID MILLS**

**[Kieran Vaughan QC and Simon Baker]**

**MICHAEL BANCROFT**

**[Gary Bell QC and Rebecca Herbert]**

**MARK DOBSON**

**[Philippa McAtasney QC and Daniel Jameson]**

**JONATHAN COHEN**

**[Nigel Lithman QC and Tim Kendal]**

**ALISON MILLS**

**[Alexander Cameron QC and Patrick Hill]**

**JOHN CARTWRIGHT**

**[Adam Kane QC and Paul Williams]**

**OPENING NOTE**

**26<sup>TH</sup> SEPTEMBER 2016**

**1 | Page**

## Government Legislation requires that the Home Secretary now intervenes under **STATUTORY INSTRUMENTS 2011, NO.2744** in particular as the ex City of London Lawyer leading HMICFRS is failing asset stripped victims

The Home Secretary is ultimately accountable to Parliament and charged with ensuring the maintenance of the Queen's Peace within all force areas, safeguarding the public and protecting our national borders and security. The Home Secretary has reserved powers and legislative tools that enable intervention and direction to all parties, if it is determined by the Home Secretary that such action is necessary in order to prevent or mitigate risk to the public or national security.

However the statutory instrument allows too much power for any one person or persons outside the restraints of the legislation who operate in the **City of London Corporation**. In particular Mr Simon Duckworth who sits on vast police and enforcement bodies including the NCA and SFO that have failed to act on evidence given to investigate and restore justice in white collar crimes.

This may have been structured to allow senior civil servants ultimate control of policing throughout England and Wales.

Obviously people in a position to abuse with substantial commercial contacts and interests, provides a dangerous situation, as apparent by British law being neglected or compromised for the gain of those abusing their power and position(s).

The City of London Police oversees useless "**Action Fraud**" operations and has both responsibility and control of case outcomes. The Sunday Times highlighted "Action Fraud" as a non effective quango on the 14 Aug 2019.



Promoting improvements in ~~policing~~ and fire & rescue services ~~to make everyone safer~~

The HM Chief Inspector of Constabulary Sir Thomas Winsor is failing too. He is aware of the problems in Avon & Somerset, as the Lloyds Bank Victims Group have written to him several times, yet victims are unaware that he is taking the matter serious where he has a duty to protect the public.

### HM Chief Inspector of Constabulary and HM Chief Inspector of Fire & Rescue Services, Sir Thomas Winsor



#### Biography

In October 2012, Sir Thomas was appointed as Her Majesty's Chief Inspector of Constabulary. He is the first holder of that office to come from a non-policing background. In July 2017, he was appointed as the first ever Her Majesty's Chief Inspector of Fire & Rescue Services.

Sir Thomas graduated from the University of Edinburgh in 1979 and is a lawyer admitted to practise in both Scotland and England and Wales. In private practice, he specialised in complex commercial projects, finance, public law and the design and operation of economic and safety regulatory systems for essential public services such as energy, water and transport. He was a partner in major commercial law firms in the City of London. Sir Thomas Winsor also links with Alistair Darling (Labour) and reviews police policy ?

The Home Secretary is duty bound to use the below legislation to redress the imbalance. Especially when, on countless occasions evidence of fraud is presented to:

- i) **Action Fraud**
- ii) **National Police Constabularies** (in particular Avon & Somerset and City of London Police)
- iii) **Police Crime Commissioners**
- iv) **Police Crime Panels**
- v) **Crime Panel Monitoring Officers**
- vi) **IOPC**
- vii) **HMICFRS**

All public servants, who have KNOWLEDGE OF CIRCUMSTANCE and fail to act and protect public must be held in contempt of their position and duties to safeguard and protect.

When failure on such a large scale happens over 3 decades matters for intervention under STATUTORY INSTRUMENT 2011, NO. 2744, must be enacted.

We refer to:



## Statutory Instruments 2011 No. 2744

### POLICE, ENGLAND AND WALES The Policing Protocol Order 2011

Made 15th November 2011

Laid before Parliament 21st November 2011

Came into force 16th January 2012

“Common Purpose” PM David Cameron introduced this legislation. In doing so the **red highlighted sections** exempt Simon Duckworth from following this Statutory Instrument which is wrong Rt. Hon. Home Secretary Priti Patel, Home Office

### In exercise of the powers conferred by section 79(1) and (5) of the Police Reform and Social Responsibility Act 2011

**SCHEDULE** (Red highlights relate to City of London/ Simon Duckworth and Common Purpose Cressida Dick MET Police and “Common Purpose” Karen Baxter **Commander of City of London Police** )

#### The Policing Protocol Purpose

1. This Protocol is issued in accordance with the requirements of the **Police Reform and Social Responsibility Act 2011** (“the 2011 Act”). It sets out to all Police and Crime Commissioners (“PCCs”) and the Mayor’s Office for Policing and Crime (“MOPC”), Chief Constables, Police and Crime Panels and the London Assembly Police and Crime Panel how their functions will be exercised in relation to each other. An effective, constructive working relationship is more likely to be achieved where communication and clarity of understanding are at their highest. Mutual understanding of, and respect for, each party’s statutory functions will serve to enhance policing for local communities.

#### Scope

2. **This Protocol applies to every PCC in England and Wales** and, unless specifically stated, a reference in the Protocol to a PCC includes the MOPC.



3. **This Protocol applies to every Chief Constable of a police force maintained by a PCC** and unless specifically stated, a reference in the Protocol to a Chief Constable includes the Commissioner of Police of the Metropolis.
4. This Protocol applies to every Police and Crime Panel in England and Wales and, unless specifically stated, a reference to a Police and Crime Panel (or simply the Panel) includes the Panel formed by the London Assembly.
5. **The staff** of each PCC and the constables and staff **of each police force are expected to have regard to this document.**
6. This **Protocol does not legally bind the Commissioner of the City of London Police or the Common Council of the City of London, which continues to form the police authority for the City of London.** However, they are encouraged to abide by the working principles of this Protocol.
7. Where reference is made to both PCCs and the Common Council of the City of London, the Protocol describes them collectively as Local Policing Bodies.
8. The establishment and maintenance of effective working relationships by these parties is fundamental. It is expected that the principles of goodwill, professionalism, openness and trust will underpin the relationship between them and all parties will do their utmost to make the relationship work.
9. This Protocol does not supersede or vary the legal duties and requirements of the office of constable. Chief Constables remain operationally independent.
10. **All parties will abide by the seven principles set out in Standards in Public Life:** First Report of the Committee on Standards in Public Life(2) (known as **"the Nolan Principles"**).

## Legislative Framework

11. The 2011 Act establishes PCCs within each force area in England and Wales **with the exception of the City of London.** The 2011 Act gives these PCCs responsibility for the totality of policing within their force area. **It further requires them to hold the force Chief Constable to account** for the operational delivery of policing including in relation to the Strategic Policing Requirement published by the Home Secretary.
12. The 2011 Act does not impinge on the common law legal authority of the office of constable, or the duty of constables to maintain the Queen's Peace without fear or favour. It is the will of Parliament and Government that the office of constable shall not be open to improper political interference.
13. Each PCC and their respective Chief Constable are established in law as corporations' sole within the 2011 Act. In doing so both the PCC and the Chief Constable are enabled by law to employ staff and hold funds. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. The staff of the PCC are accountable to the directly elected holder of that office to enable the PCC to exercise their functions.
14. The **public accountability for the delivery and performance of the police service is placed into the hands of the PCC on behalf of their electorate.** The PCC draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. They **are accountable to the electorate;** the Chief Constable is accountable to their PCC. The Panel within each force area is empowered to maintain a regular check and balance on the performance of the PCC in that context.

## The PCC

15. The PCC **within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.**
16. The **PCC is the recipient of all funding,** including the government grant and precept and other sources of income, **related to policing and crime reduction and all funding for a force must come via the PCC.** How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
17. The PCC has the legal power and duty to—
  - (a) set the strategic direction and objectives of the force through the Police and Crime Plan ("the Plan"), which must have regard to the **Strategic Policing Requirement set by the Home Secretary;**
  - (b) scrutinise, support and challenge the **overall performance** of the force including against the priorities agreed within the Plan;
  - (c) **hold the Chief Constable to account for the performance of the force's officers and staff;**
  - (d) decide the budget, allocating assets and funds to the Chief Constable; and set the precept for the force area;
  - (e) appoint the Chief Constable (**except in London** where the appointment is made by the Queen on **the recommendation of the Home Secretary**);
  - (f) **remove the Chief Constable** subject to following the process set out in Part 2 of Schedule 8 to the 2011 Act and regulations made under section 50 of the Police Act 1996(3);
  - (g) maintain an **efficient and effective police force** for the police area;
  - (h) enter into collaboration agreements with other PCCs, other policing bodies and partners that improve the efficiency or effectiveness of policing for one or more policing bodies or police forces in consultation with the Chief Constable (where this relates to the functions of the police force, then it must be with the agreement of the Chief Constable);

- (i) provide the local link between the police and communities, working to translate the legitimate desires and aspirations of the public into action;
- (j) hold the Chief Constable to account for the exercise of the functions of the office of Chief Constable and the functions of the persons under the direction and control of the Chief Constable;
- (k) publish information specified by the Secretary of State and information that the PCC considers necessary to enable the people who live in the force area to assess the performance of the PCC and Chief Constable;
- (l) comply with all reasonable formal requests from the Panel to attend their meetings;
- (m) prepare and issue an annual report to the Panel on the PCC's delivery against the objectives set within the Plan;
- (n) monitor all complaints made against officers and staff, whilst having responsibility for complaints against the Chief Constable.**

18. In addition, **the PCC must not fetter the operational independence of the police force** and the Chief Constable who leads it.

19. In order to enable the PCC to exercise the functions of their office effectively, they will need access to information and officers and staff within their force area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Constable and/or fetter the Chief Constable's direction and control of the force.

20. A PCC has wider responsibilities than those relating solely to the police force, namely—

- (a) **a specific responsibility for the delivery of community safety and crime reduction;**
- (b) the ability to bring together Community Safety Partnerships at the force level, except in Wales;
- (c) the ability to make crime and disorder reduction grants within their force area;
- (d) a duty to ensure that all collaboration agreements with other Local Policing Bodies and forces deliver better value for money or **enhance the effectiveness of policing capabilities and resilience;**
- (e) **a wider responsibility for the enhancement of the delivery of criminal justice in their area.**

## The Chief Constable

21. The **Chief Constable is responsible for maintaining the Queen's Peace, and has direction and control over the force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC except in London where the Commissioner and Deputy Commissioner of Police of the Metropolis** are appointed by the Queen **on the recommendation of the Home Secretary.**

22. **The Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing,** management of resources and expenditure by the police force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities that they serve.

23. **The Chief Constable is responsible to the public and accountable to the PCC** for—

- (a) leading the force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts with impartiality;
- (b) appointing the force's officers and staff (after consultation with the PCC, in the case of officers above the rank of Chief Superintendent and police staff equivalents);
- (c) supporting the PCC in the delivery of the strategy and objectives set out in the Plan;
- (d) assisting the PCC in planning the force's budget;
- (e) providing the PCC with access to information, officers and staff as required;
- (f) having regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of their force's national and international policing responsibilities;
- (g) **notifying and briefing the PCC of any matter or investigation on which the PCC may need to provide public assurance either alone or in company with the Chief Constable (all PCCs will be designated as Crown Servants under the Official Secrets Act 1989(4), making them subject to the same duties in relation to sensitive material as Government Ministers);**
- (h) being the operational voice of policing in the force area and regularly explaining to the public the operational actions of officers and staff under their command;
- (i) entering into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing, and with the agreement of their respective Policing Bodies;
- (j) remaining politically independent of their PCC;

- (k) **managing all complaints against the force, its officers and staff**, except in relation to the Chief Constable, and ensuring that the PCC is kept informed in such a way as to enable the PCC to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission in line with legislation;
- (l) exercising the power of direction and control in such a way as is reasonable to enable their PCC to have access to all necessary information and staff within the force; (m) having day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.

### The Panel

24. **The Panel provides checks and balances in relation to the performance of the PCC.** The Panel does not scrutinise the Chief Constable – **it scrutinises the PCC's exercise of their statutory functions.** While the Panel is there to challenge the PCC, it must also exercise its functions with a view to supporting the effective exercise of the PCC's functions. This includes—

- (a) the power of veto (**outside the Metropolitan Police District**), by a two-thirds majority of the total Panel membership, over the level of the PCC's proposed precept;
- (b) the power of veto (**outside the Metropolitan Police District**), by a two-thirds majority of the total Panel membership, over the PCC's proposed candidate for Chief Constable;
- (c) the power to ask Her Majesty's Inspector's of Constabulary ("HMIC") for a professional view when the PCC intends to dismiss a Chief Constable;
- (d) the power to review the draft Plan and make recommendations to the PCC who must have regard to them;
- (e) **the power to review the PCC's Annual Report and make reports and recommendations at a public meeting**, which the PCC must attend;
- (f) **the power to require relevant reports and information in the PCC's possession** (except those which are operationally sensitive) to enable them to fulfil their statutory obligations;
- (g) the power to require the PCC to attend the Panel to answer questions;
- (h) the power (**outside the Metropolitan Police District**) to appoint an acting Police and Crime Commissioner where the incumbent PCC is incapacitated, resigns or is disqualified; and
- (i) **responsibility for complaints about a PCC, although serious complaints and conduct matters must be passed to the IPCC in line with legislation.**

25. In order to reflect **London's unique governance arrangements**, the powers of the **London Assembly Police and Crime Panel are different to those outside London** in the following ways—

- (a) the London Assembly has the power to amend the Mayor's proposed budget for the Mayor's Office for Policing and Crime by a two-thirds majority vote as part of the budget-setting process of the Greater London Authority ("GLA");
- (b) in London, if the Mayor is incapacitated, resigns or is disqualified, the Deputy Mayor of London would occupy the office of Mayor, and thus the Mayor's Office for Policing and Crime, under the provisions of the Greater London Authority Act 1999(5) ("the 1999 Act");
- (c) the London Assembly Police and Crime Panel does not have a formal role in the appointment or dismissal of the Commissioner of Police of the Metropolis or other senior police officers;
- (d) the London Assembly Police and Crime Panel has the power to veto the appointment of a Deputy Mayor for Policing and Crime if the individual is not an Assembly Member, and has other statutory powers under the 1999 Act in relation to the Mayor's Office for Policing and Crime as a functional body of the GLA;
- (e) complaints against the holder of the Mayor's Office for Policing and Crime, and the Deputy Mayor for Policing and Crime if he is an Assembly Member, will be dealt with in accordance with the GLA's existing standards regime, which operates under local government legislation.

26. The Chief Constable retains responsibility for operational matters. If the Panel seek to scrutinise the PCC on an operational matter, the Chief Constable may be invited to attend alongside the PCC to offer factual accounts and clarity (if needed) of the Chief Constable's actions and decisions. The accountability of the Chief Constable remains firmly to the PCC and not to the Panel.

### The Home Secretary

27. **The establishment of PCCs has allowed for the Home Office to withdraw from day-to-day policing matters**, giving the police greater freedom to fight crime as they see fit, and allowing local communities to hold the police to account.

28. **The Home Secretary is ultimately accountable to Parliament and charged with ensuring the maintenance of the Queen's Peace within all force areas**, safeguarding the public and protecting our national borders and security. **The Home Secretary has reserved powers and legislative tools that enable intervention and direction to all parties**, if it is determined by the Home Secretary that such action is necessary in order to prevent or mitigate risk to the public or national security. **Such powers and tools will be used only as a last resort**, and will not be used to interfere with the democratic will of the electorate within a force area, nor seek to



interfere with the office of constable, unless the Home Secretary is satisfied on the advice of Her Majesty's Inspectorate of Constabulary that not to do so would result in a **police force failing or national security being compromised**.

29. **The Home Secretary retains the legal accountability for national security and the role that the police service plays** within the delivery of any national response. The Home Secretary has a duty to issue a Strategic Policing Requirement that sets out what are, **in her view, the national threats at the time** and the appropriate national policing capabilities **that are required to counter them**.

## “Common Purpose” Infiltration into Parliament to make Fraud *low priority* / not a police priority

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**Select Committee on Home Affairs Seventh Report**

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**2 Expectations of the police**

8. We begin by considering the role of the police in the 21st century, the appropriateness of Home Office targets in setting police priorities and driving performance, and whether or not the service is meeting public expectations for crime prevention and investigation.

**The role of the police in the 21st century**

9. The Statement of **Common Purpose** and Values for the Police Service sets out that:

The purpose of the police service is to uphold the law fairly and firmly; to prevent crime; to pursue and bring to justice those who break the law; and to keep the Queen's Peace; to protect, help and reassure the community; and to be seen to do all this with integrity, common sense and sound judgement.[3]

**THE ABSENCE OF FRAUD FROM PERFORMANCE TARGETS**

34. Several organisations wrote to us to express their concern about the absence of fraud, including identity fraud, from performance targets. CIFAS, a membership organisation which describes itself as the UK's non-profit fraud prevention data sharing scheme, stated:

It is extraordinary that the agency with primary responsibility for policing crime in this country does not have fraud as a priority. Indeed, in recent years, despite knowledge of the extent of the problem having grown ... some Chief Constables have been systematically reducing fraud squad numbers until in a number of forces a fraud squad no longer exists ... Having studied the Performance Indicators that police performance will be assessed against, however, it is clear that the current approach to policing fraud, identity fraud and cyber-crime will prevail and that these crimes will continue to be largely ignored by both the Home Office and the police.[35]

The City of London Police added "It is important to note that the National Community Safety Plan does not mention fraud and, accordingly, fraud is not seen as a priority for most forces".[36]

37. Fraud investigation requires high levels of training and expertise. With the exception of the City of London Police, which has been designated as the lead force for delivering the Government's fraud strategy, forces find it difficult to dedicate resources to an area which is not designated by the Home Office as a priority.

39. We are disappointed that fraud is not a police priority, given that it is estimated to cost the UK nearly £14 billion per year and identity fraud is a cause of major public concern. We recommend that forces are required to give greater priority to tackling fraud and are allocated sufficient resources to carry out this function.

<https://publications.parliament.uk/pa/cm200708/cmselect/cmhaff/364/36406.htm>

**David Cameron "COMMON PURPOSE"** introduced "The Policy Exchange's" policy to introduce Police Crime Commissioners in the "Police Reform & Social Responsibility Act 2011". Thus creating senior civil servants to control police budgets and the regional crime plans in 2012. This has on the whole failed, with exception to genuine attempts by the likes of Anthony Stansfeld, PCC, Thames Valley Police, where only £2m of £7m spent was recovered, where the Treasury gained £45.5m from Lloyds HBOS.

The City of London Police and the MET Police are wrongly exempt from **STATUTORY INSTRUMENTS 2011, NO 2744**, and to make matters worse, Lloyds Bank and other financial organisations sponsor funds into City of London Police. City of London Police oversee Action Fraud, which most victims see as a quango to delay investigations and deny justice

10 November 2008



<b>Committee:</b>	<b>Date:</b>
Police Committee	12 April 2013
<b>Subject:</b> Association of the Police and Crime Commissioner - Update	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>

### Summary

The purpose of this report is to provide Members with an update about the work of the Association of Police and Crime Commissioners (APCC), an organisation of which the City of London Corporation is a constituent member.

The APCC is the successor body of the former Association of Police Authorities (APA), and came into existence officially on 1 April 2013. The transitional period was led by Simon Duckworth, who as your Committee's representative to the APA, chaired the Shadow and Transitional Boards that oversaw the establishment of the APCC until March 2013.

Under Mr Duckworth's leadership, the APCC successfully garnered support from the 41 Police and Crime Commissioners (PCCs) and the remaining local policing bodies nationwide, all of which have now signed up to become full members. This met the expectations placed by the Home Secretary that the association should provide a single platform for all those involved in Policing Governance to engage effectively on national policing issues.

### Recommendation

That the report be received and its contents noted.

### Main Report

#### Background

1. The Police Reform and Social Responsibility Act 2011 introduced wide-ranging reforms of policing governance, with the key one being the election of the first Police and Crime Commissioners (PCCs) in November 2012. There is now one PCC for every police force in England and Wales, with the exception of the City of London, the Metropolitan Police area and non-Home Office forces (e.g. British Transport Police, MoD Police, Civil Nuclear, etc.) all of which continue with separate governance arrangements. Of the 41 PCCs elected last November, 16 are Conservative, 13 are Labour and 12 are Independent (no affiliation to a mainstream party).



## Transition

Simon Duckworth and the then  
The Rt Hon Theresa May MP Home Secretary









2. The Association of Police and Crime Commissioners (APCC) describes its function as “enabling effective national engagement and supporting [PCCs] in their oversight of core national policing and crime functions”. It was set up as a Shadow Board as part of the structure of the Association of Police Authorities (APA) in May 2012 and it was commissioned by the Home Office to deliver a national representative body for PCCs and the remaining local policing bodies. At its first meeting on 9 May 2012, Simon Duckworth was elected as Chairman of the Board.
3. In October 2012, at the start of the PCC election campaign, the Shadow Board took the form of an interim body, thus overseeing the winding down of the APA and the establishment of the APCC as a company limited by guarantee. It remained in an interim form for the period leading up to March 2013, when its provisional funding (which originated from the legacy of the APA and from a Home Office grant) came to an end.
4. Following its creation, the APCC quickly became an essential source of information and support for prospective PCC candidates. It has been instrumental in championing the interest of PCCs in the context of the changing policing landscape, and its lobbying activities have included several meetings between Mr Duckworth and ministers and senior officials, as well as his presence at numerous events and the annual party conferences. Importantly, the APCC led a considerable effort in stirring up media and public interest in the November PCC elections.
5. The APCC aspired to reach out to all PCCs regardless of their political affiliation and presented a persuasive case for them to assembly in a single, representative body that would help them maximise their influence at a national level. It also argued for the inclusion of non-PCC bodies as these would provide considerable strength in numbers. Following extensive consultation and influencing led by Mr Duckworth, the decision to form was overwhelmingly endorsed by all PCCs at their first ever meeting on 23 January, in an event hosted in Guildhall.

## Current Position

6. Membership of the APCC is open to all PCCs and other policing governance bodies. Constituent members were keen to see a ‘light-touch’ approach to leadership and governance. Unlike the former APA, it was agreed to adopt the formula ‘one area, one vote’ for full members (i.e. the 41 PCCs plus the City of London, MOPAC, and BTP). There are a further six associate members with no voting rights which pay a reduced rate. The subscription fees for 2013/14 were set as follows:-

<input type="checkbox"/> Full members:	£19,750
<input type="checkbox"/> Associate members:	£5,000 (subject to review)



7. A budget of £899,000 was agreed for 2013/14. A 'single service package' allows all members to receive the same level of service and gives them the ability to commission the APCC for additional services 'on demand' at an additional cost. It was also agreed that a review of staff remuneration would be carried out by the APA Board, in view of the budgetary pressures facing all police forces in the country.
8. In terms of leadership, it was agreed to establish a Board of Directors comprising 2 Lab representatives, 2 Con representatives, 2 from among the independents and 1 from the Governance Bodies (non-PCCs), all on a rotating annual basis. The Chair of the Board of Directors is elected at the first meeting of the year with Tony Lloyd, PCC for Greater Manchester (Lab), having been elected on the 21<sup>st</sup> March. The remaining Directors for 2013/14 are as follows:-
  -  Vera Baird, PCC for Northumbria (Lab)
  -  Sir Graham Bright, PCC for Cambridgeshire (Con)
  -  Anthony Stansfeld, PCC for Thames Valley (Con)
  -  Ron Ball, PCC for Warwickshire (Ind)
  -  Simon Hayes PCC for Hampshire (Ind)
  -  Simon Duckworth, City of London
9. In addition to the Board of Directors, the APCC will also have a Reference Group comprising 12 members appointed from the constituent groups plus a representative from Wales and MOPAC. The group will enable closer engagement on ongoing policing issues, although it will not have executive powers.

#### **Benefits of Membership for the City of London**

10. The City of London was an active and prominent member of the APA, particularly following the APA review of governance in 2008, which saw the City of London taking a seat on the APA Board as a representative of the non-geographic group of authorities. The APCC offers the City an opportunity to engage with PCCs in what is now a markedly different policing landscape.
11. The City is currently well positioned to continue to exercise influence in this arena, with our place on the Board of Directors and the Reference Group. PCCs nationwide have recognised the considerable work which the City, through the work of the Chairman of the APCC, has put into forming a national representative body.
12. The City of London had an annual allocation for the APA subscription, which, reflecting the different voting weighting structures used to be on average £11,000. The higher membership fees for the APCC reflect the fact that the City of London will have an equal vote in respect of all PCCs.
13. To fit with the timescales for confirming our willingness to become full members, a decision was sought using urgency procedures (pursuant to

Standing Order no.41b). This decision was approved by the Town Clerk, in consultation with the Chairman and Senior Member of the Police Committee on 15 March 2013. The membership fees continue to be met from the Town Clerk's local risk budget.

**Conclusion**

14. The newly-established APCC will provide the City of London Corporation, alongside other local policing bodies, with a platform to influence the Government in matters relating to local and national policing. The City of London Corporation was an active member of the APCC's predecessor, the APA, and is well positioned to continue to exercise influence in this new arena.

Appendices - None

**Background Papers:**

*None*

**Iggi Falcon**

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**Mr Simon Duckworth on the left**



## An overview of the 'Nolan Principles', which are the basis of the ethical standards expected of public office holders

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends

# The Nolan Principles

## Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

## Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

## Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

## Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.

## Openness

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

## Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## Leadership

Holders of public office should promote and support these principles by leadership and example



**POLICE FORCES WITH KNOWLEDGE OF CIRCUMSTANCES**

<b>Force</b>	<b>Police Commissioner</b>
1. Avon and Somerset	Susan Mountstevens
2. Sussex	Katy Bourne
3. Metropolitan Police	Dame Cressida Dick
4. Devon and Cornwall	Alison Hernandez
5. Kent	Matthew Scott
6. Dyfed and Powys	Dafydd Lylwelyn
7. North Yorkshire	Julia Mulligan
8. City of London	Ian Dyson
9. Thames Valley	<b>*See Below</b>
10. Norfolk	Lorne Green
11. Dorset	Martyn Underhill
12. Police Scotland	Cameron Miekelson
13. Surrey	David Munro
14. Hampshire	Michael Lane
15. North Wales Police	Arfon Jones

**\*Thames Valley Police.** PCC Anthony Stansfeld has been suppressed from taking further action to ensure prosecution of those reported to him by the Police and Crime Panel of Thames Valley Police

**COMPLICIT LAWYERS INCLUDING:**

- |                                |   |
|--------------------------------|---|
| 1. # Burges Salmon             | 16. Swain Johnson                         |
| 2. # Michelmores               | 17. HBJ Gately LLP                        |
| 3. # Ebery Williams            | 18. Addleshaw Goddard                     |
| 4. # Wilsons Law               | 19. Weightmans                            |
| 5. Ashfords                    | 20. Foot Anstey LLP                       |
| 6. DLA Piper                   | 21. McLean Cobbetts                       |
| 7. Herringtons                 | 22. Lyons Davidson                        |
| 8. Cripps Harries Hall         | 23. Loxley Solicitors ( ex Burges Salmon) |
| 9. Walker Morris               | 24. G E Dean Solicitors                   |
| 10. Moore Blatch <i>BARLOW</i> | 25. Davis and Partners                    |
| 11. 3VB Chambers               | 26. Eversheds                             |
| 12. Oliver Mitchell            | 27. TLT                                   |
| 13. Rodney Warren              | 28. DWF Solicitors                        |
| 14. Thompson Snell & Passmore  | 29. Nigel Davis Solicitors                |
| 15. Brachers                   |   |

# Denotes Peter Williams Partner/ former Partner in firm and struck-off RICS Honorary Member

IPCC /IOPC have failed to act on referrals to and answer all complaints lodged with them (same as the SRA , SFO , NCA etc ) and ensure , inter alia, the Police Reform and Social Responsibility Act 2011- Statutory Instruments 2011 number 2744 , is complied with by Police Forces

**COMPLICIT VALUERS INCLUDING:**

Mark Sanders : Alder King: Savills

**COMPLICIT LPA RECEIVER INCLUDING:**

Nicholas Burd ( Luscombe Trehane )

**COMPLICIT ACCOUNTANTS INCLUDING:**

PWC, KPMG, Grant Thornton, Deloitte/ Touche

# Revolving Doors and “Common Purpose” in “Light Touch” and Whitewash Regulators

As the Matrix expands with more intelligence and research, it is obvious that victims are being stone walled. Observations show that individuals move from commercial to regulatory roles, often after allegations that misconduct or fraud has occurred. Another observation is that many senior staff in regulators have been **indoctrinated by affiliates** of the banks such as PwC and lawyers and “**Common Purpose**” graduates, in particular by way of for example, the FSA, FCA, FOS, FRC in financial services and SRA, The Law Society, The Bar Council, Legal Services Ombudsman and the Legal Services Complaints Commission **AND SOME SENIOR MINISTERS** !

## A few examples:

- **Financial Ombudsman Service (FOS)** Aligned to Lloyds Bank’s interest is associate Alan Jenkins Chair of Eversheds. He sits on the board of FOS and the CPS
- **Financial Conduct Authority (FCA)** Reports clearly show “Common Purpose”
- **Solicitors Regulation Authority (SRA)**
- **Trading Standards** – Chairman, Lord Toby Harris write “**Common Purpose**” articles

**The Bevan Brittan Report** into alleged Burges Salmon Solicitors involvement in misconduct. The company was heavily involved in the HBOS Reading movement of money. The report was not publically released and should be looked at by the Cabinet, as from initial failure or cover up, the frauds escalated in the Bristol area from UK Acorn to HBoS and Lloyds BSU. *A cross-party group led by Conservative John Greenway has written to the Department for Business, Enterprise and Regulatory Reform to demand a full investigation into the claims. George Osborne, the shadow chancellor, and Michael Howard, the former Conservative party leader, are among the MPs involved in the campaign, along with the Liberal Democrat MPs Nick Harvey and Dan Rogerson.*

- **Financial Reporting Council (FRC)** Sir Win Bischoff, after the HBoS frauds went to the FRC, which should not have happened due to the serious conflicts of interest to within audits.

FINANCIAL POWER LIST  
2018

#7  
WIN  
BISCHOFF  
CHAIRMAN,  
FRC



AccountancyAge

## Auditors, the SEC Form 20F returns and responsibility

- Sir Win Bischoff was responsible for the HBOS audit signing off and then went to the FRC as Chairman !
- In the Lloyds BSU cases, PwC played a large part including auditing and inspecting accounts and then preparing Lloyds Banking Groups (LBG’s) annual **SEC (Securities and Exchange Commission) Form 20-F** returns. Returns were then signed off by the CEO and the CFO.

For example the 2012 returns (according to their public records) where signed off by Mr Antonio **Horta Osorio** and **CFO Mr George Culmer**.



## Financial Conduct Authority appoints four new supervision directors

Press Releases | First published: 07/08/2013 | Last updated: 09/12/2016

Share page



The Financial Conduct Authority (FCA) has appointed four directors to lead key areas of its Supervision division. These appointments complete the senior structure in Supervision, and are the final step in implementing a new structure for the division.

This structure, which was created in April 2013, aligns the FCA's forward-looking and pro-active approach to firm supervision with the markets the FCA oversee and the products consumers buy.

The appointments are:

- Karina McTeague as director of retail banking;
- Linda Woodall as director of mortgages & consumer lending;
- Nick Poyntz-Wright as director of long-term savings & pensions; and
- William Amos as director of wholesale banking & investment management.

Nick, William and Linda have been acting directors in their roles since April 2013 and their permanent roles take immediate effect. Karina McTeague will join the FCA from Lloyds Banking Group in November 2013. All four of the new directors will report to Clive Adamson, who remains director of Supervision at the FCA.

Clive said: "I am delighted to have appointed Karina, Nick, Will and Linda to the Supervision division. They bring a wealth of industry and regulatory experience and will strengthen the leadership of the organisation. These appointments also provide more management depth to help us take forward the FCA's agenda in the diverse sectors that they will lead."



## Revolving Doors

The FCA's Supervision division has four sub-divisions and three main specialist departments. The sub-divisions are: retail banking, wholesale banking & investment management, mortgages & consumer lending, and long-term savings & pensions. The specialist departments are: general insurance & protection led by Simon Green, event supervision led by Susan de Mont, and prudential supervision & specialists led by Gerald Sampson. More information on the [FCA's approach to supervision](#).

### Biographical notes

**William Amos:** Has been acting director of wholesale banking & investment management since April 2013. William was previously a Head of Department in Enforcement responsible for taking action against large firms. Before joining the FCA's predecessor, the Financial Services Authority (FSA) William was an economist at the Bank of England. Approximately 3,400 firms including investment banks, fund managers and hedge funds, are supervised by the wholesale banking & investment management division.

**Nick Poyntz-Wright:** Has been acting director of long-term savings & pensions since April 2013. Nick joined the FSA as Head of Life Insurance in September 2011. Previously he served for 6 years as Chief Executive of Skandia UK, which became part of the Old Mutual Group in 2006. The long-term savings and pensions division is responsible for supervising the long term savings sector, including life insurance and pensions, wealth management services and investment intermediaries.

**Linda Woodall:** Has been acting director of mortgages & consumer lending since April 2013. Linda joined the FSA in 2001, following completion of an MBA and leadership and management roles within a variety of sectors, including manufacture, logistics, healthcare and accountancy. Linda's area supervises the UK mortgages sector, as well as building societies, credit unions and other smaller lenders. This division will also be responsible for consumer lending once we are handed responsibilities in April 2014.

**Karina McTeague:** Karina will join the FCA from Lloyds Banking Group, where she has held a breadth of risk, policy and general counsel roles and recently returned from just over two years as chief risk officer, North America. The retail banking division is responsible for the largest and most complex retail banking groups in the UK.

## Revolving Doors

HBoS Risk Director leading to bail-out  
 Lloyds Bank Risk irector/ Asset Finance  
 Now FCA - Seriously !!!!! ??????

- HBOS  
 screw up.  
 - LBG.  
 - FCA.



Karina McTeague left HBOS in 2003 for Lloyds  
 TINA NORRIS

### HBOS adviser Karina McTeague crosses the great divide to join regulator

Katherine Griffiths

Thursday August 08 2013, 1.01am, The Times

The Financial Conduct Authority has hired the former principal risk adviser at HBOS as its new head of retail banking supervision.

The appointment of Karina McTeague surprised City insiders, given the heavy losses incurred by HBOS that led to its emergency takeover by rival Lloyds in 2008.

One observer said the choice was odd because of Ms McTeague's links to the stricken lender but added that a "remarkably large number of people have worked at tainted organisations," making it difficult to recruit completely baggage-free candidates.

Another said that the FCA was making it difficult for former directors at HBOS and other failed banks to find new jobs but that it was eventually approving individuals who could explain their actions and prove that their personal integrity



# Revolving Doors



Join now [Sign in](#)

Jan 2011 - Mar 2013 · 2 years 3 months

New York

Responsibilities covered compliance, operational, regulatory, market and liquidity risk and portfolio risk analytics. Personal accountability for ensuring effective risk management across the North America businesses, and managing the relationships with numerous US regulators.

## **Risk Director**

Risk Director, Lloyds Banking Group Wholesale Division - Asset Finance and Chief Operating Office

Nov 2008 - Jan 2011 · 2 years 3 months

Multiple sites

Responsibilities covered credit, compliance, regulatory, and operational risk, and portfolio risk analytics, as well as the asset finance-specific residual values risk.

## **Head of Risk & Legal and Company Secretary**

Lloyds TSB Scotland plc ("LTSBS")

Oct 2003 - Oct 2008 · 5 years 1 month

Edinburgh, United Kingdom

FSA Approved Person status (CF 28, 10 and 11).

## **Principal Risk Adviser**

HBOS plc, Insurance & Investment Division.

Jan 2002 - Sep 2003 · 1 year 9 months

Multiple sites

Part of the leadership team recruited to create a Divisional Risk Function for the HBOS Group's life, pensions, asset management and general insurance businesses.

## **Area Sales Manager**

Halifax plc

2001 - 2002 · 1 year

This front line secondment provided experience of delivering sales targets through multiple sites, and successfully leading and developing a large team.



## **Bank of Scotland**

9 years

### **Deputy Group Counsel**

1999 - 2001 · 2 years

Edinburgh

General Counsel advice to the Bank of Scotland Executive on strategic legal issues and corporate activity.

### **Chief Solicitor**

1996 - 1999 · 3 years

Edinburgh, United Kingdom

Provided legal and business leadership for Bank of Scotland's strategic deals e.g. outsourcing IT through a Joint Venture, and selling its custody business.

### **Senior Corporate Solicitor**

1992 - 1996 · 4 years

Edinburgh, United Kingdom

Trusted advisor to Bank of Scotland Corporate Division.



Revolving Doors

## FCA investment boss joins PwC

By [Valentina Romeo](#) 15<sup>th</sup> December 2015 11:48 am



FCA director of wholesale banking and investment management William Amos has joined PwC as a partner, *Money Marketing* can reveal.

Amos, who left the regulator in June, has joined PwC this month as a partner in the firm's financial services risk and regulation team focusing on wholesale conduct advisory services.

In August 2013, Amos was promoted from being a head of department in the regulator's enforcement division as part of a restructure of the FCA's supervision team.

The regulator will not replace Amos as the role will be absorbed by both the restructured supervision and authorisation teams.

Before joining the FSA, Amos was an economist at the Bank of England.

The move comes after former FCA director of supervision Clive Adamson has taken up three non-executive director roles since leaving the regulator in January.

By [Valentina Romeo](#) 15<sup>th</sup> [Investments Regulation News](#)

*View more on this topic*



## Revolving Doors

# Megan Butler, Executive Director of Supervision – Investment, Wholesale and Specialist, FCA

Megan joined the Financial Conduct Authority (FCA) in September 2015 as Executive Director responsible for the supervision of Wholesale Banking, Investment Management, Life Insurance and Financial Advice. Megan is also responsible for Specialist Supervision including Prudential, Financial Crime and Client Assets.



Megan was previously the Executive Director of International Banks Directorate at the Prudential Regulation Authority (PRA). She joined the Bank of England in April 2013 as Executive Director of International Banks Directorate after moving from the Financial Services Authority (FSA).

Megan has been a supervisor since 2008, when she became Head of the Department responsible for the supervision of the UK operations of the major investment banks. Prior to moving to supervision, Megan was Head of Enforcement Law and Policy at the FSA, and for a number of years chaired the International Organization of Securities Commissions (IOSCO) Standing Committee 4 which is concerned with international enforcement cooperation.

Before moving to the Enforcement Division, Megan was Chief Counsel for Markets, heading the legal team responsible for advising on legal issues relating to Official Listing, the regulation of exchanges and clearing houses, market conduct and the supervision of wholesale firms.

Megan joined the FSA in 2000. Before this, she spent several years at the London Stock Exchange in a variety of legal and non-legal roles, including Head of Capital Markets.

Megan was called to the bar in 1987.

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# Revolving Doors

yahoo/finance

## but won't resign



**Oscar Williams-Grut** · Senior City Correspondent, Yahoo Finance UK

Thu, 25 March 2021, 16:12 · 3-min read

GBPUSD=X -0.07%    USD=X 0.00%    +1

GBPUSD=X -0.07%  
USD=X 0.00%  
GBPEUR=X +0.03%



FCA executive director of transformation Megan Butler. Photo: Parliament TV

One of Britain's top financial regulators has apologised for failing to catch one of the biggest investment collapses in the last decade — but defended her decision not to quit.

Megan Butler, executive director for transformation at the Financial Conduct Authority (FCA), was one of three regulators named and shamed in [a damning report last year into the collapse of London Capital and Finance \(LCF\)](#). The investment business collapsed at the start of 2019 after raising £237m (\$324m) from 11,000 small-time savers. The Serious Fraud Office is investigating and former FCA chief Andrew Bailey has [called it a "suspected fraud."](#)

Butler, who was in charge of FCA supervision at the time, appeared before parliament's Treasury Select Committee on Thursday to answer questions on her role in the debacle.

**READ MORE: 'I take responsibility' for failure to stop £236m 'suspected fraud', says Bank of England chief**

Butler said she had "sincere regret for the losses suffered by bondholders" and had a "great deal of sympathy" for them.

"I entirely understand their anger and disappointment," she said.

Butler took "full responsibility" for the FCA's failure to supervise LCF effectively.

However, she defended her position. She said she had not considered resigning and did not expect to be asked to leave after reading last year's report.

**READ MORE: Bank of England governor damned over £237m London Capital & Finance collapse**

"I had a number of conversations with the rest of the leadership team but no I didn't," Butler told MPs.

"This is an issue where, as the board said, there's a collective responsibility and a collective response... I didn't expect any other

- Lieutenant  
- Close to Andrew Bailey  
- LCF collapse not blame as at FCA.



# The Business Banking Resolution Scheme (The BBRS)

\*\*A good example of how victims of Lloyds Bank fraud are handled can be found in the bundle prepared for a Mr S from Newcastle, who lost 16 buy-to-let properties. MP Kevin Hollinrake and Co Chair of the APPG Fair Banking is fully aware of a Mr S's evidence case bundle which is supported by Professor Nigel Harper qualified and experienced banker and former inspector of Banking Returns for HMRC who has assisted in the jailing of 13 bankers as an expert in criminal cases. The case was entered as one of the first BBRS (Business Banking Resolution Scheme) pilot cases.

Sadly Mr S's case was refused entry into the initial pilot, being told the case is too complex. However, the case was compiled by an ex adviser to HMRC and Trading Standards as to property fraud. A RICS surveyor did an in-depth report and evaluation on properties taken by Lloyds BSU. All supported the contention that the bank had not only been negligent, but acted fraudulently.

What has come to light is that the BBRS panel has **two representatives of "Common Purpose"** and associate representatives on its panel being:

- A representative of PWC
- A representative of Blackrock
- CEDR
- An ex Lloyds Bank MD
- A former Chief Executive of the SRA (Antony Townsend)
- 2 x sit on the "City of London" Law Society being Alexandra Marks and Dame Janet Gaymer
  
- (At least 2 x "Common Purpose")

Victims are asking if the BBRS is a way for the banks to reach low settlements and keep criminality hidden to save banker, lawyers, auditors, valuers, LPA receivers, police and PCCs from being investigated and prosecuted. This is unfair on victims and leaves crooked bankers, lawyers and others free to defraud consumers. The frauds are evidence of the failure of Government and the Regulators.

## ***Again, is the BBRS is a Civil Resolution, to avoid the criminal elephant in the room !***

\*\*Sadly what the Westminster Debate 2014 led by **The Rt Hon Elfyn Llwyd MP/ Barrister** highlighted criminal activity to defraud consumers as covered up by Avon & Somerset Police Constabulary.

However **the BBRS seven years later does not propose to resolve, investigate and consequently prosecute criminal white collar crime**. What's more the BBRS is overwhelmingly controlled by operatives connected to main UK banks ?

How can victims get redress when police are i) failing to uphold their Oath and ii) push victims of economic crime away with police wrongly stating such crimes are civil? Iii) What's more senior police Officers are colluding at the cost of public purse to bury these heinous

The frauds in Avon and Somerset have flourished and Lloyds Banking Group have found that their nine BSU operations around the UK can send cases of Bait & Switch to Bristol, knowing vulnerable SME's are easy pickings enabling professionals to asset strip consumers of their hard earned property.

**A good example of how victims of Lloyds bank fraud are handled can be found in the bundle prepared for Mr S from Newcastle, (Case No. Fourteen in Op Meadow)** who lost 16 buy-to-let properties. MP Kevin Hollinrake and Co Chair of the APPG Fair Banking is fully aware of a Mr S's bundle which is also supported by Professor Nigel Harper, as

entered as one of the first BBRS (Business Banking Resolution Scheme) pilot cases, simply to be told his case is too complex for the pilot. When in fact it's very understood and highlights the sophisticated "goal post" moving that caused Mr S's case to end up in Bristol when he banked in Newcastle. -

Victims are asking if the BBRS is a way for the banks to reach low settlements and keep criminality hidden, which is unfair on victims and leaves crook bankers, lawyers and others open to still defraud consumers. The frauds are evidence of the failure of Government and the Regulators.

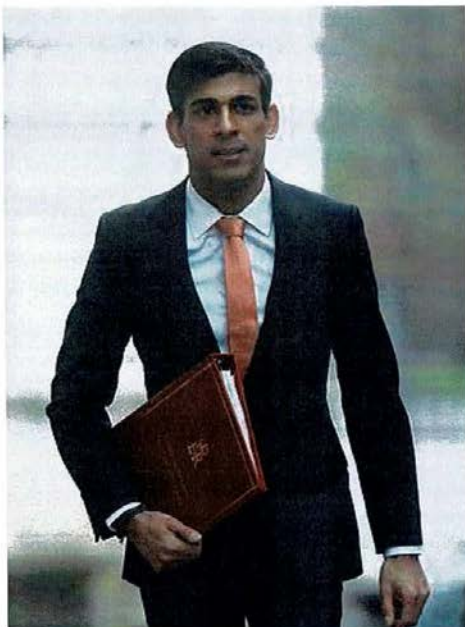
## Is history about to repeat the 2008 Banking Crash where the Asset Protection Scheme allowed banks to be bailed out and starved SME's of promised funds and instead asset stripping kicked in ?



By Helen Cahill and Emma Dunkley For The Mail On Sunday Published: 22:31, 10 April 2021 | Updated: 12:01, 11 April 2021

# Fears for small firms as banks prepare to claw back billions in Covid loans

- HSBC, NatWest, Barclays and Lloyds have begun sending letters to customers
- Banks are allocating hundreds of extra staff to spearhead the recovery efforts
- They have handed out more than £75bn to 1.6m firms under Government scheme



Britain's biggest lenders are gearing up to collect billions of pounds in crisis loans amid rising concerns that firms may be bullied into making repayments.

Banks are allocating hundreds of extra staff to spearhead the recovery efforts and bosses have been in regular talks with the Treasury to finalise plans.

HSBC, NatWest, Barclays and Lloyds have all begun dispatching letters to customers to warn them that repayments will soon be expected.

Banks have handed out more than £75billion to 1.6million firms under a number of emergency support schemes set up by Chancellor Rishi Sunak and backed by the taxpayer.

Businesses were granted an interest-free period of a year and are due to start making repayments in as little as two weeks' time. But sources said bankers could be forced to use heavy-handed tactics – and risk a **painful repeat of the financial crisis when beleaguered firms faced high-pressure debt collection tactics.**

Small business owners (SME's) warned that lenders may feel entitled to 'threaten, bully and intimidate' borrowers after a court last month ruled that they do not need to act with 'reasonable care and skill' when recovering debts.

Banking sources said they are aware that some companies may still be facing severe financial difficulties. One senior banker warned that small firms – many of which have loans of £50,000 or less – might even refuse to make repayments because they have mistaken the money for grants or debt that will be written off.



**The Treasury is believed to be expecting the banks to be 'quite hard' in their recovery efforts.** It is understood that banks must exhaust all other options before turning to the taxpayer to recoup the money.

The banker said: 'At the moment the view is you are going to have to pursue [the loans] quite hard, because people might play awkward and think the banks will just forget about it. 'It will get tricky when you get right down to the wire. And will we go **legal** on this? [The Treasury] hasn't ruled it out.'

**Banks are spending millions of pounds on debt recovery.** They are required to offer a raft of forbearance measures before calling in the debt. HSBC has allocated 400 staff to its collections team to discuss payment holidays, interest-only repayment periods and extending loan terms.

Barclays is sending out letters to inform customers of the measures in place. Metro Bank has hired new staff for a unit to support customers. NatWest will launch a new website dedicated to customers struggling with repayments. It said it will give every customer three months' notice before payments are expected to be received.



Tory MP Kevin Hollinrake, chair of the All Party Parliamentary Group on Fair Business Banking, said: '[If] a business is in default and can't make ends meet, the bank then needs to be very good at setting out the next steps. I should think most businesses will participate in an orderly wind-down. But firms do now have free dispute resolution in the Business Banking Resolution Service. And hopefully the banks will stay proceedings with a business until the case has been resolved in the BBRS.'

## **\* THE BBRS IS A CIVIL LEGALESE REMEDY AND WILL NOT BRING JUSTICE WHEN BANKS ACT CRIMINALLY**

'I think with all of these measures in place, it is far less likely we will see the abuses of the past take place. Banks will now get caught out if they foreclose on someone unfairly or stick them into a restructuring division without notification.'

The ruling by the Court of Appeal decided that banks do not have a duty of care to borrowers who fail to repay. The decision came as part of a tense legal battle between RBS and property tycoon Oliver Morley.

Morley claimed bankers forced him to hand over his business in 2010 after he failed to repay a £75million loan. He claimed RBS had breached a duty to provide banking services with reasonable care and skill because it had violated its internal policies in negotiations.

But the High Court ruled that bankers only have to comply with regulatory standards, not internal guidelines. The Court of Appeal later said the bank had a duty of care when providing the loan as a banking service, but not in the recovery process.

Morley said: 'I fully respect all the decisions handed down by the court. But I am worried about the law. My case highlighted that small firms get no protection whatsoever from our system when banks come knocking. Banks can threaten, bully and intimidate their borrowers using the enormous imbalance of power they have at their disposal.'



# Some further MPs who victims of bank fraud feel have failed us in Public Office

## John Penrose – The Anti-Corruption minister who looks away from Avon & Somerset Bank frauds and a *corrupt police farce*

**Minister for Anti-corruption Minister** who lives in Weston, Avon & Somerset where Police Crime Panel Meeting were being held! Victims of the banking frauds have contacted him several times, yet he refuses to intervene. Mr Penrose appears in many articles where “common purpose” is often shown! He is married to Baroness Dido Harding.



**He was a Bank Trading Floor Risk Manager at J. P. Morgan** from 1986 to 1990. In 2006 he was also appointed Parliamentary Private Secretary to Oliver Letwin MP and in 2009 was promoted to Shadow Minister for Business, Enterprise and Regulatory Reform. then a management consultant at **McKinsey & Company** from 1992 to 1994. The past Chairman of Lloyds bank Norman Blackwell was at McKinsey!

The Prime Minister invited Penrose back to a Government role with a new position as Assistant Whip (HM Treasury), before he was promoted in February 2014 as one of the Lords Commissioners of the Treasury (Whip). In May 2015 he became Parliamentary Secretary (Cabinet Office), a role he held until July 2016. Lord Commissioner of the Treasury from 2014 to 2016.

## Dido Harding (wife of John Penrose) – Close to Cameron and the Court of the Bank of England

Harding’s appointment by David Cameron prompted accusations of cronyism and nepotism: she was made a life peer in 2014 by Cameron, with whom she studied at Oxford, and is **married to the Conservative MP John Penrose**, who is a board member of the think tank 1828. She made her name in business, rising through the ranks of the likes of the management consultancy **McKinsey and Co.**



Dido Harding sits on the **Court of the Bank of England**. She is a non-executive director on our **Court of Directors and Chair of our Remuneration Committee**. She sits in the House of Lords as a Conservative peer and is a member of the **Economic Affairs Select Committee**.



## Sajid Javid with Theresa May – Held senior ministerial roles, yet failed bank fraud victims

Controversial collateralised debt obligations (CDOs) and alleged links to tax avoidance. Responsible for overseeing government plans for state-owned Royal Bank of Scotland Group and Lloyds Banking Group. A total disgrace to bank fraud victims. He should be investigated. He has close links to Bristol, thus Avon & Somerset. He is mentioned in many

“Common Purpose” articles. Mr Javid served as **Home Secretary** from 2018 to 2019 and Chancellor of the Exchequer from

2019 to 2020. He studied Economics and Politics at the University of Exeter, where he joined the Conservative Party. **Working in banking**, he rose to become a Managing Director at Deutsche Bank. To then go through the **revolving doors** switching to politics, he was elected to Parliament in 2010. Under the government of Conservative Prime Minister David Cameron he served as a Junior Treasury Minister before being promoted to PM David Cameron's Cabinet as Culture Secretary and Business Secretary. He went on to serve under Prime Minister Theresa May as Communities Secretary and Home Secretary.

From 1992 until 1996, he lived in New York City and rose to become the youngest Vice-President of Chase Manhattan Bank. Javid had an 18-year City career where he rose to become a Board member of Deutsche Bank International. Javid joined Chase Manhattan Bank in New York City immediately after graduation, working mostly in South America. Aged 25,<sup>[a]</sup> he became a vice president.<sup>[18][21][b]</sup> He returned to London in 1997, and later joined Deutsche Bank as a director in 2000. In 2004, he became a managing director at Deutsche Bank and, the following year, global head of Emerging Markets Structuring.

In 2007, he relocated to Singapore as head of Deutsche Bank's credit trading, equity convertibles, commodities and private equity businesses in Asia, and was appointed a board member of Deutsche Bank International Limited.

He left Deutsche Bank in 2009 to pursue a career in politics. His earnings at Deutsche Bank would have been roughly £3,000,000 a year at the time he left and the *Evening Standard* once estimated his career change would have required him to take a 98% pay cut.

**In August 2019, John McDonnell questioned Javid's suitability for the office of Chancellor of the Exchequer, citing his background in sales of collateralised debt obligations (CDOs) and alleged links to tax avoidance schemes.**

Sajid Javid held several senior executive positions in investment banking, including a role with responsibility for sale of CDOs, and during his time Deutsche Bank had operated a tax avoidance scheme known as 'dark blue' that channelled bankers' bonus payments through the Cayman Islands. Appointed as Secretary of State for Business, Innovation and Skills in the new Conservative majority government under the leadership of Prime Minister David Cameron, plus Home Secretary and Chancellor of the Exchequer. Privy Counsel.



## George Osborne

George Osborne was closely connected with the AIB Bank, PwC, Lloyds Bank seniors, senior Government positions and failure in the banking crisis in respect of victims who lost all. George Osborne in July 2016 secured the support of the leaders of five investment banks as the government seeks to protect the City following the Brexit vote.

Mr Osborne met with bosses from:

- Standard Chartered
- Goldman Sachs
- Bank of America Merrill Lynch
- Morgan Stanley International
- JP Morgan**



In 2017, **Common Purpose** partnered with **JPMorgan Chase India** to create an experiential and immersive learning experience for its leaders. The aim of the programme was to give them the opportunity to ~~deeply~~ engage in depth with non-profit organizations in India.

The leadership programme incorporated experiential learning plus a unique curriculum that blended online ~~and~~ with offline methods ~~to~~ helping the participants to start thinking differently, outside their own areas of specialism and formal authority. The virtual phase consisted of two half-days using a virtual platform. The online programme helped them to understand how to work better with the non-profit sector and set the context of the non-profit sectors in India and the socio-political impact of their work.

Feedback posted by participants included:

*“This programme taught me to appreciate the ability of people to work and achieve in a highly constrained environment.”*

*“The bonding with others during the course of the programme has opened my eyes, mind and heart to cultural differences. The immersion workshop at the sites with the NGO has also helped me identify and acknowledge the extensive diversity in our culture. I am better prepared to handle cultural differences now.”*

*“I have seen value in seeking multiple views and thoughts, especially from a diverse group who have the ability to come up with something very radical and different.”*

The JPMorgan Chase India team worked with SNEHA (Society for Nutrition Education & Health Action), a non-profit organization that works with women, children and public health and safety systems. SNEHA shared their thoughts on the collaboration with JPMorgan Chase India:

*“The JPMorgan Chase team was instrumental in providing SNEHA with excellent inputs in key domains of finance and HR. Their inputs on the cost effectiveness of our mobile health van service will also be very useful to inform government on the effectiveness of such a model.”*



## Lloyds Banking Group Asset Theft Frauds

A comprehensive report by William May (former investment banker) in the City of London, plus Lloyds BSU victim. The report was received by the Rt Hon Priti Patel MP, Home Secretary on 25 June 2020 along with Julian Watts' information about the bank's industrial forgery of signatures and use of invalid legal documentation.

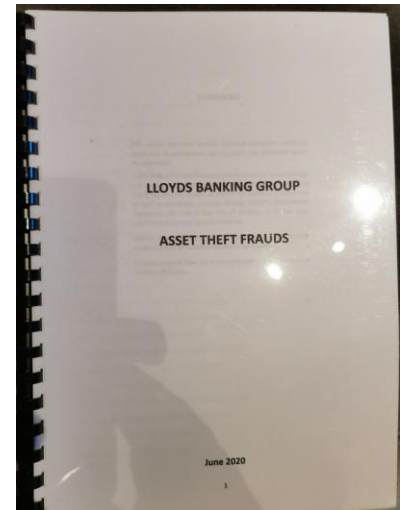
The Home Secretary replied in a non committal and dismissive manner on the 1<sup>st</sup> October 2020

Forward to June 2020 release: This report describes serious high-level corruption within UK banks and its professional agents, which remains ignored.

If this national scandal becomes widely known, it would damage our democracy by fatally undermining trust in Government and the Establishment, as well as respect for authority and the rule of law. It would also severely damage Britain's international reputation 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 at all levels.



## A Harsh Reminder of **Narcissistic** Asset Thefts from the past:

# JEWISH PROPERTY SEIZURES

As they invaded and occupied the nations of Europe, the Nazis raided local economies and seized anything of value. No group lost as much as the Jews. Hitler's Final Solution was not just an act of genocide, it was also a campaign of organised theft. The Nazis carried out a program of Jewish property seizures that stripped European Jews of billions of dollars worth of cash, housing, businesses and personal belongings.

### Motives

These Jewish property seizures were ideologically driven, designed to eradicate the economic influence of Jews while contributing to the war effort – but greed also played its part, with plenty of Jewish wealth finding its way into the hands of corrupt Nazis officers and supporters.

Placing a figure on the amount stolen from Jews between 1933 and 1945 is impossible. Even the more conservative estimates begin at \$US8 billion. The vast majority of this stolen property was privately owned by individual Jews and Jewish families.

In many cases, Jewish property stolen by the Nazi regime or their collaborators was never returned and no compensation was ever forthcoming.

## Commercial pressure

The seizure of Jewish property began in Nazi Germany prior to World War II. Under Hitler's rule, German Jews were subjected to a range of pressures intended to force them to surrender or sell their property to non-Jews.

The *Sturmabteilung* (SA) ran boycott and picketing campaigns targeting Jewish businesses that reduced their customers, sales and revenue. The Nazis exerted pressure on suppliers or wholesalers that left many Jewish businesses without stock. From 1936, the allocation of raw materials was regulated by the Nazi regime, which naturally denied them to Jewish companies. Nazis and Nazi sympathisers in local government often raised rates and rentals on Jewish stores and offices.

These pressures made many Jewish businesses unviable, so thousands ran at a loss or slipped into bankruptcy. When Hitler came to power in January 1933 there were around 100,000 Jewish-owned businesses registered in Germany. Within five years, around two-thirds of these businesses had either closed or had been transferred to non-Jewish ownership.

## Demands for stronger action

By 1938, many in the Nazi Party were demanding even stronger action. They wanted the complete Aryanisation of German business and the extraction of Jews from the economic life of Germany. Jewish property, they argued, should be seized and put to use for the nation.

Some, like party official and *Reichsleiter* Martin Bormann, wanted Jewish property given directly to Nazi Party members:

## 'Aryanisation' of Jewish property

In 1938, the Nazi government moved to hasten and complete the 'Aryanisation of Jewish property'. In April a decree issued by Nazi leader Hermann Goering ordered Jews to compile and submit details of all private property valued at in excess of 5,000 *Reichsmarks*.

Across Germany, Jews were required to fill out a comprehensive inventory and lodge it with the government before the end of June. Some did so with indifference – like the conductor Victor Klemperer, who said that “We have become so used to living in this condition of lost rights... that it hardly disturbs us any more”.

### The Nazi Police State

After the Nazis came to power they turned Germany into a police state, where anyone could be arrested and punished without trial. This was done using the SS the Schutzstaffel or protection squad.

The SS had begun in 1925 as Hitler's personal body guard and developed under its leader, Heinrich Himmler, into the Nazi Party's unofficial police force. In 1930, they were separated from the SA and given different uniforms. They had to be of Aryan ancestry, physically fit and unquestionably loyal.

These inventories compiled under the April 1938 decree would be used to compile a 'register of Jewish wealth'. Similar requirements were enacted in Nazified Austria and, later, in occupied Europe.

### The 'flight tax'

Businesses that remained in Jewish hands also came under increased pressure during 1938. In March, the Nazi regime decreed that it would no longer sign contracts or do business with any Jewish-owned company. Jewish businesses were denied public contracts, tax incentives, access to government services, raw materials and foreign exchange.

Finding it impossible to operate, these businesses either closed down, changed hands or – in the case of large corporations – voted out Jewish directors and stockholders. In June and July 1938, Jewish stores in several German

cities including Stuttgart, Frankfurt and Hanover were attacked, picketed and daubed with insults and Stars of David, severely affecting their trade.

Another significant avenue of Jewish property confiscation was the *Reichsfluchtsteuer*, or 'Reich Flight Tax'. As the name suggests, this law required Jews fleeing Germany to pay a substantial levy before they were granted permission to leave.

The flight tax was not an invention of the Nazis; it was passed by the Weimar Republic in 1931 to prevent Germany from being drained of gold, cash reserves and capital. But the Nazi regime expanded and increased the flight tax considerably, revising the law six times during the 1930s. In 1934, it was increased to 25% of domestic wealth, payable in cash or gold. Further amendments in 1938 required emigrating Jews to leave most of their cash in a Gestapo-controlled bank.

The *Reichsfluchtsteuer* generated enormous amounts for the Nazi regime. In its first year of operation (1932) it had raised less than one million Reichsmarks of government revenue – but by 1938, this amount had skyrocketed to more than 342 million Reichsmarks.

## After Kristallnacht

The most significant pre-war confiscation of Jewish property followed the *Kristallnacht* pogrom of November 1938. The government held Jews responsible for this violence and 'fined' the Jewish population a total of one billion Reichsmarks. This amount was to be paid with cash or through the requisitioning of other portable wealth, such as gold, gemstones and jewellery.

*"The transfer of Jewish businesses to German hands gives the Party the opportunity to proceed with a healthy policy... It is the Party's duty of honour to support Party comrades who, because of their membership, have suffered economic disadvantages and to help them achieve an independent livelihood... It is the Party's duty to ensure that the Jew does not receive an inappropriately high purchase price. In this way, Jewry will make reparation for part of the damage that it has done to the German people."*

On November 12th, Hermann Goering passed the Decree Excluding Jews from German Economic Life, which effectively banned Jews from conducting any form of retail business. Thousands of Jewish shops and stores, which had held out against earlier pressures, were now obliged to close.

A further decree on the 'utilisation of Jewish property' in December set time limits for the sale, transfer or winding up of Jewish companies. The few Jews who still owned businesses were besieged by non-Jews, many of them government insiders, offering to purchase them for extortionate prices. Intimidation and blackmail were often used; there were reports of the SS threatening deportation to Dachau or other labour camps for those who refused to sell. When the deadline expired, any businesses still in Jewish hands were confiscated by the government and put up for public auction.

## Beneficiaries of property seizures

The majority of seized Jewish property was remitted to the Nazi government, either through taxes or confiscations – but a large amount was also siphoned off to individuals in the SS and other Nazi agencies.

*"When it came to robbing the Jews, very little was missed. Jewish bank accounts, insurance policies, securities, jewellery, property, businesses, pensions, art wine, book, manuscript and stamp collections were all catalogued, accounted for and redistributed. Clothes, shoes, hats, household and business goods were even utilised for resale, state use – or simply collected for museum exhibits, all dedicated to an extinct culture, according to Nazi assertive belief."*

**Gregg J. Rickman, historian**

While the official Nazi position was that Jewish property belonged to the state,



there was a strong view that it should also be redistributed among the German people or (as suggested by Martin Bormann above) to loyal Nazi Party members. Many Nazi bureaucrats and SS officers, filled with this sense of self-entitlement, breached government regulations to line their pockets with Jewish wealth.

This corruption was worse in occupied Europe, where there was less oversight and the SS tended to act as a law unto itself. Many high-ranking Nazis moved into palatial homes confiscated from wealthy Jews. SS officers responsible for administering Reich finances, government contracts and confiscated Jewish property benefited from bribes, backhanders and 'skimming'.

In 1943, Heinrich Himmler claimed that the SS had cleansed Europe of its Jews without stealing a penny – but this was far from the case.

A graphic showing a set of keys next to the text "5 key points".

## 5 key points

1. From 1933 Jewish business owners were subjected to Nazi pressures to sell or relinquish control to Aryans.
2. The process of 'Aryanisation' increased in 1938 with the state passing decrees to 'eliminate Jews from economic life'.
3. In late 1938 Jews were banned from owning or operating retail businesses, which were sold or surrendered cheaply.
4. Jews were also stripped of personal wealth by the Nazi 'flight tax' and a hefty 'fine' imposed after *Kristallnacht*.
5. More than \$8 billion of Jewish property was stolen between 1933-45, either by the Nazi regime or corrupt individuals.

*Article used in thanks to educate those today of the evils that happened in the past, which in parts are again happening again*

<https://alphahistory.com/holocaust/jewish-property-seizures/>

# The Solution to Banking Frauds by former HMRC Inspector of Banking by Professor Nigel Harper

## Recommendations for the Implementation of Robust Regulatory Oversight of UK Banking & how this can be Achieved

N J D HARPER FCIBS, CHARTERED BANKER,  
MBA-BANKING, ACIB, FCIB, CeMAP



Independent Retail Banking Specialist.

### INDEPENDENT REPORT IN ADDITION TO THE FINANCIAL MATRIX FOR THE RIGHT HONOURABLE PRITI PATEL MP - HOME SECRETARY

**“The existential threat to UK Economy and UK businesses from  
Coronavirus Business Interruption Loan Scheme (CBILS)  
and Bounce Back Loan Scheme (BBLs)**

**As operated by British Business Bank and other team lenders”**

Author: J D HARPER FCIBS, CHARTERED BANKER, MBA-BANKING, ACIB, FCIB, CeMAP

*The “**Bond of Trust**” oath is sworn by professionally qualified bankers upon Graduation.*

*The relationship between a banker and his customer should be based upon mutual trust but recent experience has shown that very often it is not.*

*Most professionally qualified Retail Bankers swear an oath upon graduation stating that they will act with: integrity; morals; honesty; ethically; truthfully; trustfully; with openness; loyalty; transparency, with Justice and respect for all customers; these criteria are the basis upon which the Bond of Trust between banker and customer is based. Doing what is right is essential.*

#### Contents:

##### Introduction.

- A. Controller for Banking and their role
- B. Professional Complaint Regulator and their role
- C. FCA Principles of Business with conclusions
- D. FCA Statutory Objectives with conclusions
- E. Personal Guarantors
- F. Summary

## INTRODUCTION:

- 1.0 Banking is a privileged profession and anyone working in banking has to be a qualified banking professional, in line with gas fitters, car mechanics, taxi drivers, surgeons and every other profession, where licences are issued to people to enable them to trade.
- 2.0 **Bankers are ‘trustees’ of their customers’ hopes, aspirations, livelihoods and wealth. They owe their customers a duty of care.**
- 3.0 Banking is a profession bound by rules and established banking practices evolved since time immemorial. The General Instructions Manuals and Securities and Procedures Manuals were those LBG used. FOS has ignored these Laws. (Law Changes required)
- 4.0 Modern day banking is out of control and regulatory oversight is opaque and unfit for purpose. Chairmen and Boards are corrupt and make their own rules up to suit themselves. Look at Sally Masterson’s treatment by Lloyds Chairman Bischoff and Blackwell, Columbus, Lupton, Culmer and CEO Osorio, disgraceful behaviour.
- 5.0 This must change and my recommendations set in place the foundations for this to happen, for the benefit of all. They are tough but necessary. **Banking was always controlled before FSA, FCA, FOS and HMT became involved. Police too would professionally investigate complaints and successfully bring charges to those who had committed the crime. There is no fine without negligence or crime.**
- 6.0 FSMA 2000 and 2010 need redrafting by professional bankers to reflect the Bankers Bond of Trust code, criteria.  
(Law Change Required)
- 7.0 FOS and the FCA are passed their sell by date, and still tainted by the legacy from the FSA. Indeed, the reputations of FCA and FOS are shocking.
- 8.0 Employment Law will require changing to reflect the fact that banking is a privileged profession and to facilitate the removal of Chairmen, CEO’s, FD’s, and management when regulations are broken. (Law Change Required)
- 9.0 The Senior Managers Compliance Regime is not fit for purpose, it is too litigious preventing swift and decisive intervention when criminality / fraud is discovered.(Law Change Required)
- 10.0 Currently the Data Protection Act prevents investigations across the professions.(Law Change Required)
- 11.0 Professionally qualified Retail Bankers who are tried and tested should be running banking in the UK. Look at the damage to global economies and financial institutions, caused by unqualified bankers (‘buccaneers’). Ignorance by Chairmen and Board Members of Banking Practice and Law destroyed the world in 2008 and continues to do so.



12.0 Successive Governments and Chancellors have failed to ensure sound governance and regulatory oversight of the Banking profession for over the last 35 years. This must change. [\(Law Change Required\)](#)

13.0 The professions that drink from the banker's cups are not qualified to have a hand in the management of banks. They work with vastly different ethics and moral codes of practice to those of Retail Bankers.

These are the following:

1. Solicitors; conveyancers.
2. Accountants; bookkeepers.
3. Auditors
4. Insolvency Practitioners, who do not understand Banking Practice, and are unregulated.
5. Valuers.
6. Vulture Funds which are unregulated.
7. Bailiffs
8. Politicians and Treasury officials

These Professional Bodies **must be within** the Regulators purview, so that any corresponding complaints received from any complainant, to any of these professional bodies, can then be cross referenced and investigated simultaneously, by the Professional Complaints Regulator (PCR) [\(Law Changes Required\)](#)

14.0 It is usual for a complainant to complain to any number of professional bodies, who then have failed to investigate thoroughly any such complaints received by them. Once, this happens then the 'clubs' join ranks and are impervious to pleas from complainants.

15.0 I recommend that the Financial Ombudsman Service and Financial Conduct authority be amalgamated, and with the respective economies of scale available, set up the newly proposed **Controller for Banking (CB)** and the **Professional Complaint Regulator"** (PCR). [\(Law Change Required\)](#)

16.0 This would be staffed by professionally qualified and time served and proven lending bankers. This is vital because such a banker can identify wrongdoing very quickly and easily. They have sound compliance and governance skills that shall enable their adjudication to be soundly based and not open to question.

17.0 This new structure has major benefits.

18.0 Currently the Data Protection Act prevents investigations across the professions. The DPA would not apply to the **Professional Complaints Regulator** when undertaking investigations and the professional bodies concerned. [\(Law Change Required\)](#)

19.0 The FCA Gateway is cumbersome and unworkable. Delays in processing information passed to the FCA enables bankers to escape prosecution. Indeed, the FCA powers are ineffective.

FSMA 2000 and 2012 need rewriting. They are not fit for purpose. There is a plethora of evidence ask HMRC ? [\(Law Change Required\)](#)

- 20.0 Government, HMT, and all regulators have been abject failures. They do not know the banking practice or and the Law relating to banking. These are compatible and cannot be dealt with in isolation.
- 21.0 The banking crash of 2008 was caused by around about 250 unqualified people globally, who were responsible, including failed regulators, who do not understand or know banking practice and Law relating to banking.
- 22.0 FOS is a perfect example of a failed quango. I have all the evidence to back this statement up.
- 23.0 Never again should a Regulator succumb to threats from Banking or Treasury.

My recommendations for the imposition of tough regulatory oversight in the United Kingdom

***CONTROLLER for BANKING (CB) and the PROFESSIONAL COMPLAINT REGULATOR (PCR)***

- 1. Government, HMT, and all regulators have been abject failures. They do not know the banking practice or and the Law relating to banking. These are compatible and cannot be dealt with in isolation. UK banking governance is abysmal and facilitates fraud and corruption with falsification of documents being the evidence for this statement. Action Fraud have 33 files relating to these frauds.
- 2. The banking crash of 2008 was caused by around about 250 unqualified people globally, who were responsible, including failed regulators, who do not understand or know banking practice and Law relating to banking.
- 3. FOS is a perfect example of a failed quango. I have all the evidence to back this statement up.
- 4. Never again should a Regulator succumb to threats from Banking or Treasury.

**A. Role of the “CONTROLLER for BANKING”. (CB)**

“**Controller for Banking**”, with powers to hire and fire, Chairmen, CEO’s, and FDs’ should a bank be fined in the future for corrupt banking practices or any other misdemeanour, with individuals then being prosecuted. [\(Law Changes required\)](#)

The robust and intrusive oversight by the “**Controller for Banking**” (CB) will enable the following:

- i. Controller to attend all Banking Board meetings to monitor and oversee proceedings
- ii. Controller to approve all Board Policies to include the Risk Assessment Statement

- iii. Controller to monitor the banks' internal audit processes
- iv. Controller to monitor all Management Information relative to the liquidity of the bank and the risks that they are exposed to.
- v. Controller to monitor all Credit Committee meetings and outcomes.
- vi. Controller to review all minutes of Board and Credit Committee Meetings.
- vii. Controller to replace all unqualified people from the Executive of a Bank, by imposing compulsory qualifications by examination for Chairmen, all Board Members, and Senior Management, as either a Certified Retail Banker, or Chartered Associate, from a recognised Banking Institute or Academy in the UK; with Continual Professional Development monitoring to ensure that knowledge is up to date and relevant.
- viii. Controller to approve executive appointments / promotions in the bank to ensure appointee are Fit for Purpose, with comprehensive background checks on all Executive and Board members. (FCA Chairman, Tax avoidance, what message does that give to the world?) Business as usual??? Selection process flawed and needs reinforcing. (Law Changes needed)
- ix. Controller to sack any banker found unfit for duty in any sense
- x. Anything else that is considered appropriate to ensure that sound governance is instilled at the top of banking.
- xi. Shadow Directorships will be exempt for the operation of the Controller for Banking. The Controller will have absolute power to direct Chairman and Board Members to ensure that uniformity across Chairman and Board rooms is total. No mavericks will be permitted. (Law Changes required)

## AIM

- The aim is to ensure that the Shareholders, Chairmen, Board Members, and senior management take full responsibility for the management of their banks' and the risks that they are carrying
- The implicit government guarantee will fall away and leave shareholders, boards, stakeholders to shoulder the losses should any bank fail in future.
- The Controller of Banking will have every power necessary to act when any systemic problem is identified, without any Government interference.
- To facilitate the prosecution of reckless bankers.

## RECOMMENDATION 2

### B THE ROLE OF THE "PROFESSIONAL COMPLAINT REGULATOR" (PCR)



- a. **Complaints received by banks are the bellwether indicator that Chairmen and Boards' and senior management, rely upon, to ensure that sound corporate governance is evident across the whole bank. These affect everyone and need controlling.**
- b. **Complaints identify failings in people, governance, systems, controls, and operations. When acted upon immediately they ensure that customers and depositors are secure and happy with the bank.**
- c. The Professional Complaint Regulator's role will be to ensure that all complaints received across the banking spectrum are captured, monitored, controlled, and actioned effectively, to ensure expeditious resolution, for their customer's problems.
- d. The Professional Complaints Regulator will include within the "Complaints Perimeter" every complaint across the sector as identified in 13 above. The Data Protection Act will be waived and void when the PCR examine complaints. (Law Changes required)
- e. The PCR will report to the Chair of the Treasury Select Committee on Banking weekly with full details of all complaints, received by all banks and the actions taken.
- f. The PCR will report weekly to the Controller for Banking, identifying areas of potential systemic failure in the banking system, with full details of all complaints received and the actions taken with outcomes.
- g. The PCR qualified bankers shall be responsible for mediation, acting as an Independent Tribunal, to ensure that no complainant resorts to Law. They will report to the TSC and Controller for Banking on a case by case basis.
- h. Indeed, with fair and knowledgeable professional bankers controlling the PCR, transparent and effective mediation and resolution will follow. Customers will have no need for recourse to the Courts, thus freeing up valuable court time and save the country and victims millions of pounds in expenses which they cannot afford. (Law Changes required)
- i. Should any banker, lawyer, representative be guilty of lying or obfuscation the PCR will automatically find in favour of the claimant.
- j. Lying in Court and before the Judiciary by bankers and Professional Bodies must be a thing of the past and completely forbidden.  
(Law Changes required)
- k. This root and branch change is essential to ensure that focussed regulatory oversight of the professions is seen to be done and that customer's welfare is foremost in every way.
- l. **AIMS AND OBJECTIVES:** By making Shareholders, Chairmen, CEO's, FDs' and Senior Management wholly responsible for their banking governance and operational behaviours it is expected that the **implicit government guarantee to the banking sector can fall away.**  
(Law changes required)
- m. Robust oversight from "Controller for Banking" and the "Professional Complaint Regulator" will ensure that the roots and branches of banking, are controlled, and behaving appropriately,

satisfying their customers, fully and honestly; thus ensuring that sound corporate governance is evident and working across the banking profession and ALL aligned Professions as defined in 13 above.

n. **Bank of England and PRA roles will remain, albeit, more focussed and effective.**

Their failings are legendary and do not warrant mentioning here.

**Summary:**

- The whole aim of my recommendations is to restore the “Bond of Trust” ethos back into banking. These standards are sacrosanct and irrefutable.
- Never again should corrupt unqualified buccaneers, (Chairmen, CEO’s and Senior Managers) acting on behalf of Shareholders, cause honest and loyal, hardworking entrepreneurs to commit suicide to escape the harassment and bullying by the thugs employed by RBS and Lloyds Banking Group, or for that matter any banking group. 10,000 suicides attributed to 2008 banking crash. How many more for CBILS and BBILS loan customers?
- **Stock Exchange Listings**  
If one looks at the Listing Regulations and the Stock Exchange Compliance Regulations you will see that any bank or banker that has been subjected to massive fines is not compliant with these regulations, and that their banking licences should be withdrawn or suspended, until they are proven to be ‘fit and proper’ persons. In addition, their Stock Market listing should be suspended. (Law to be upheld)

**C FCA PRINCIPLES OF BUSINESS**

1. **Integrity.** A firm must conduct its business with integrity
2. **Skill care and diligence.** A firm must conduct its business with due skill, care, and diligence
3. **Management and control.** A firm must take reasonable care to organise and control its affairs reasonably and effectively, with adequate risk management systems
4. **Financial prudence.** A firm must maintain adequate financial resources
5. **Market conduct.** A firm must observe proper standards of market conduct
6. **Customer’s interests.** A firm must pay due regard to the interest of its customers and treat them fairly.
7. **Communications with clients.** 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.
8. **Conflicts of interest.** A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
9. **Customers: relationship of trust.** 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.
10. **Clients’ assets.** A firm must arrange adequate protection for client’s assets when it is responsible for them.
11. **Relationship with regulators.** A firm must deal with its regulators in an open and cooperative way and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

These form the platform for an honest, transparent banking system with the appropriate regulatory intrusion and oversight. Fines equate to crimes.

RBS & Lloyds TSB Bank Business Support Unit paid very scant respect for and compliance with the above requirements of FSMA 2000 & 2012 and displayed ignorance with their failings to comply with the FSA Handbook 2011/2012 requirements as identified above as evidenced by the Fines Lloyds Bank have paid.

### FCA Statutory Objectives:

The FCA's statutory objectives are set out in the FSMA 2000 which they are obliged to fulfil and maintain their **Banking Licence**. In summary, these are:

- (1) maintain confidence in the financial system
- (2) promoting public understanding of the financial system (3)
- securing the appropriate degree of protection for consumers; and
- (4) reducing the extent to which it is possible for a business carried on by a regulated person to be used for purpose connected with financial crime.

**\* There is little evidence that Lloyds and RBS have complied with the FCA Statutory Objectives and the FCA Principles of Business, which they are obligated to support to maintain their banking licenses**

### STATEMENT REGARDING PERSONAL GUARANTEE ABUSE BY BANKERS AND INSOLVENCY PRACTITIONERS

Personal Guarantees have always been regarded as secondary security.

Bankers and Insolvency Practitioners have abused the trust of customers who provide the bank with Personal Guarantees.

The bankers have now prioritised repossession proceedings of matrimonial homes and other personal assets, BEFORE CRYSTALISING THE BUSINESS DEBTS and LIQUIDATING THE COMPANIES ASSETS.

Indeed, I have seen many cases where Liquidators expenses are so huge that any value in a company that may have been available to the bank are dissipated, resulting in SMEs losing everything.

The case *Lloyds Bank plc v Lampert (Vanessa)* [1999] 1 All E.R.(Comm.) 161; [1999] Lloyds Rep, Bank. 138 CA changed the Law on Personal Guarantees to the detriment of anyone person that signed one. This case was decided on an alleged perjured statement by a Lloyds Bank employee.

Prior to this case bankers used to ensure that all business assets were sold, and all monies accounted for. Following this case, this did not happen. Banking Law and Practice in place for over a hundred years was turned on its head and has destroyed many people's lives since the Judge allowed a bankers alleged perjury to destroy the last vestige of protection that a Personal Guarantor had. Insolvency Practitioners had a feast.



## Summary

The “**Bond of Trust**” oath is sworn by professionally qualified bankers upon Graduation.

The relationship between a banker and his customer should be based upon mutual trust but recent experience has shown that very often it is not.

Most professionally qualified Retail Bankers swear an oath upon graduation stating that they will act with: integrity; morals; honesty; ethically; truthfully; trustfully; with openness; loyalty; transparency, with Justice and respect for all customers; these criteria are the basis upon which the Bond of Trust between banker and customer is based.

**Doing what is right is essential.**

3<sup>rd</sup> September 2020.

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Independent Retail Banking Specialist.

# Carmel Butler findings – Banking Crisis



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## Banking Crisis - Treasury Contents

### Memorandum from Carmel Butler

#### CONSUMER AND TAX PAYER

"[Let us be clear that the reason for today's injection is the lack of openness and honesty by the banks on the amount of bad debts that they have on their books]"

JOHN McFALL MP[105]

1. The banks have stated their case. They say: the banking crisis ensued from bad borrowers to bad debts to toxic assets to taxpayer support. The banks with their powerful lobby, powerful public relations and easy access to the media have framed the public debate. Consumers on the other hand do not have such powerful infrastructure to effectively rebut the bankers' defamatory accusations. This written evidence challenges the bankers' version and endeavours to dispel the bankers' myths. The chain of events is rooted in lenders' abuse of unfettered power to impose unsustainable interest and charges on consumers combined with their determination to avoid contributing to the public purse.

2. The evidence contained in this memorandum is focused on two fundamental issues. Firstly, the consumer issues that arise in the context of Special Purpose Vehicles ("SPVs") that are incorporated as securitisation companies who issued the infamous "toxic-assets"; and secondly, the taxpayer heist at the hand of the SPV securitisations companies. The evidence will illuminate the hitherto hidden truth that the tax payer is supporting the profits of foreign owned companies incorporated in tax havens and their private investors.

#### BRIEF INTRODUCTION

3. I am British Citizen resident in the UK and a qualified lawyer admitted to practice in New York, U.S.A. I have an LLB Laws from the London School of Economics and a JD (Juris Doctor) from Columbia University, New York. I practiced securities law at Sidley Austin LLP New York office from September 2006 to December 2007. Whilst at Sidley Austin I worked on various Structured Finance transactions such as mortgage securitisations, CDOs and various derivatives. I am also a consumer of a mortgage product that has been securitised. Consequently, as both an ex-practitioner of securitisations and a consumer subjected to a securitisation, the intention is to focus on consumer issues that arise from mortgage securitisations, its central causal role in the banking crisis and its detrimental effect on the economy and public purse.

#### SUMMARY OVERVIEW

4. Six key submissions are evidenced in this memorandum:

- Passing on the Interest Rate Cuts (see paras. 5 to 13). Banks do not pass on the interest rate cuts to borrowers because they do not have that power. That power is vested in the SPV securitisation companies.
- Openness and Honesty (see paras. 14 to 37). The Government has saved banks from the allegedly bad debts on their books. But banks are unable to say the extent of the bad debt problem. This is because, in truth, there are no bad debts of any significance. Two sleights-of-hand are discussed under the headings "the legal ruse" and "the auditor ruse". Enlightenment of the combined effect of these manoeuvres explains how the allegedly bad debts appear on the bankers books.
- The FSA Regulatory Role (paras. 38 to 43). The Practitioners Panel have called for rigorous enforcement of the FSA's MCOB rules. Consumers would concur with this principle.
- The Fallacy of Financial Advice (see paras. 44 to 52). The source of this issue is the mortgage originators' failure to disclose material facts on the products sold to consumers. The lenders' concealments render independent financial advice a nullity and an academic exercise.
- The Rule of Law—Repossession or Dispossession? (paras. 53 to 78). The Financial Services Practitioner Panel calls for the faithful application of the rule of law with respect to the performance of contractual obligations. There is no difficulty in concurrence with this principle. Accordingly, the Treasury Committee are invited to consider the SPV securitisation companies performance of its contractual obligations and the effect of their abrogation from such obligations on the functioning of the mortgage market.
- The Perfect Storm (paras. 79 to 88). The cause of the banking crisis is widely mooted as the abrupt closure of the wholesale money markets in August 2007 but the public debate on why the market seized is conspicuously absent. It is submitted that new tax laws were the catalyst instilling fear which caused the flight. The money-men fled from securitisation companies on the real prospect of their being called upon to contribute to the Treasury. The liquidity had to be filled. The tax-paying public was rallied to fill the gap and to suffer the economic fall-out. Paragraphs 83 to 86 recommends: a potentially effective solution in which the Government can revive the housing market and economy without the need for the banker's acquiescence to the hitherto unheeded pleas for the bankers to commence lending.
- Conclusion (paras. 89 to 91). Confusion through concealment creates complexity. Transparency is the antidote. Once illuminate, securitisation is simple. Follow the asset and follow the cash which reveals that the supreme beneficiaries of the crisis are the banks, the SPVs and their investors.



— Recommendations: The Committee is invited to consider the recommendations at paragraphs: 37, 43, 52, 79 and especially the recommendation at paragraphs. 85 to 88.

#### PASSING ON THE INTEREST RATE CUTS

5. The Committee has rightly been concerned to elicit a reason for banks failure to pass on the Bank of England interest rate cuts to borrowers and yet, do pass on the interest rate cuts to the savers[106]. The answer to the question is simple. The banks have passed the interest rate cuts to the savers because the banks have the power to set the interest rate for the savers. Conversely, the banks do not have the power to pass the interest rate cuts to the borrower.

6. This is because, the banks have sold the mortgage contracts to the SPVs and it is the SPVs alone, that have the contractual power to determine the borrowers interest rates. Consequently, it is the SPVs that decide whether or not to pass on the interest rate cuts. It is the SPVs that have decided not to pass on the interest rate cuts.

7. This fact is evidenced by the various and respective Prospectuses that the SPVs file at the UK Listing Authority. In general, the bank that originates the loans will make a True Sale[107] of the mortgages to the SPV which means the contractual power to set the borrower's interest rate is vested in the SPV.

8. Following the bank's True Sale of the mortgages, the bank's contractual relationship with the borrower is extinguished. The SPV, as assignee, becomes the party that is in privity of contract with the borrower. However, neither the bank nor the SPV inform the borrower of the SPV's ownership of the mortgage contract.[108] The SPV will remain concealed. The borrower is unlikely to discover the SPV's ownership of their mortgage contract because, following the sale to the SPV, the bank and the SPV enter into a contract wherein, the bank agrees to administrate the mortgages on behalf of the SPV and in return, the SPV remunerates the bank for its administrative services. Consequently, whilst the bank has extinguished all its right and title to the consumer's mortgage contract, the bank's connection to the consumer's mortgage is through its administration agreement with the SPV only. Following these legal manoeuvres: (i) the consumer and the SPV are in privity of contract under the mortgages; (ii) the bank and the SPV are in privity of contract through their administration agreement; and (iii) the world will remain ignorant of these events because, the bank continues to service the loans as if nothing has happened.

9. Therefore, the bank's only interest in the loans following its True Sale of the mortgages is that of a mere administrator and servicer of the loans. It is the SPV that is the bank's client from whom the bank earns its servicing fees and from whom it receives its instructions. Consequently, the bank's loyalty is to SPV client only. The power to set the borrowers interest rates is a contractual power contained in the mortgage contract: a fortiori when the contract is sold to the SPV, the contractual power to set the borrowers interest rates is vested in the SPV and not the bank. Therein is the reason why the banks have not passed-on the interest rates cuts. It is simply because: they cannot. They must, in accordance with their administration agreement with the SPV, implement the interest rate policy of their client, the SPV.

10. Evidence of these submissions is best demonstrated by example. In the case of Northern Rock, the SPV has given Northern Rock the authority to set the interest rates. However, Northern Rock has undertaken to set the interest rate at a level that not only covers Northern Rock's administration costs, it is contractually obliged to set the rate at a level sufficient to support the entirety of all the administration costs, expenses and profits of each of the numerous entities involved in the securitisation structure[109]. This means that Northern Rock must set the interest rate at a level that will ensure the SPV suffers no revenue shortfall. In the event that Northern Rock fails to set the rate at a level sufficient to satisfy the SPVs required revenue, then the mortgage trustee may "notify the administrator that [the standard variable rate and the other discretionary rates or margins for the mortgage loans] should be increased [the administrator will take all steps which are necessary] to effect such increases in those rates or margins." [110] Consequently, Northern Rock may only exercise the interest rate pursuant to the SPV's authority to do so under the terms of its administration agreement, and in any event must set the rate at levels to the satisfaction of its SPV client. In other words, Northern Rock does not have the autonomous power to set the rates independent of its SPV client. Accordingly, it is the SPV that controls the interest rate setting power.

11. Whilst Northern Rock has been used as the example, the Treasury Committee is reminded that this circumstance is not unique to Northern Rock. It is standard to most SPVs. In conclusion, it is recommended that the Committee encompass within its inquiry consideration of the role of the SPV in the banking crisis and the relationship between the banks and the SPVs.

12. Finally, if the Government is determined that the interest rate cuts are passed on to the borrowers, it must ask the SPVs.

13. In conclusion, this means that the correct answer to the Committee's question No. 170[111]: ". . . Are the banks just pocketing a few bob for themselves here?": the full and correct answer is—No, it is the SPVs that are pocketing a few bob for themselves.

#### OPENESS AND HONESTY

14. There are no bad debts on the banks books. And if there is any bad debt, the amount is de minimis. A primary purpose of a securitisation is: to remove the credit risk from the bank's books. The bank, under a 'true sale' will sell all its rights and title in the mortgages to the SPV and the SPV will in return pay the bank cash for the mortgage assets. This plain truth has remained elusive because under the terms of the true sale contract, the bank and the SPVs have unlawfully agreed to keep the transaction concealed from the borrower and, from H.M. Land Registry. Thus giving the false appearance to the world that the banks still own the mortgages.

15. Two sleights-of hand are at play in this manoeuvre. One is the legal ruse, the other the auditor ruse. This is not to suggest that the professions have conspired, they are each compartmentalised and each are generally unaware of the combined effect.

#### THE LEGAL RUSE

16. First, the legal ruse. The law provides mortgagees with a statutory power to transfer a legal charge.[112] It is under these statutory provisions that the banks exercise their right to assign the mortgages to the SPVs. In a contract of sale that provides for a disposition[113] of an interest in land, the legal title will be conveyed immediately from the seller to the buyer[114] on the completion date. There can be no doubt that on completion, the buyer has acquired the legal title, but there will inevitably be a "registration gap" between the conveyance date on which the buyer acquired the legal title and the date on which his legal title is registered at H.M. Land Registry. During this registration gap, the law provides that the buyer's title: "does not operate at law until the relevant registration requirements are met".[115]



17. This is where the legal ruse comes into play. It is this "registration gap" that the SPV unlawfully exploits in order to conceal its ownership and control of the mortgages. Under the Land Registration Act 2002 ("LRA 2002"), the transferee[116] of a registered charge is required to register at H.M. Land Registry, its ownership of the mortgage that it purchased.[117] Therefore, it is a legal requirement that the SPV register its proprietorship of the mortgage at H.M. Land Registry. Whilst the law implicitly permits the registration gap as a matter of pragmatism, the law also implicitly mandates that the registration requirements are to be observed expeditiously. Nonetheless, in contumacious disregard for its legal duty to comply with the registration requirements of the LRA 2002, the contract of sale expressly provides that the SPV will not register the transfer at H.M. Land Registry indeed, the contract provides that notice of the transfer is to be concealed from the borrowers and H.M. Land Registry and a fortiori concealed from the world[118].

18. The suppression and concealment of this information from H.M. Land Registry is a criminal offence[119], and in furtherance of this offence[120], the SPV's legal title to the mortgages is also concealed from the county courts and the Government. The Banks remain registered as the proprietor of the mortgages and accordingly all interested parties are deceived by this concealment with one exception. The SPV does inform its investors that the bank sold its legal title to the SPV (to whom, the right to register the legal title to the mortgages is important). Consequently, the bank appears to be the legal owner, but it is not.

19. For example, in the case of Northern Rock as the seller of mortgages, the prospectus states: "under the mortgage sale agreement dated March 26, 2001 entered into between the seller, the mortgages trustee, the security trustee and Funding, the seller assigned the initial mortgage portfolio together with all related security to the mortgages trustee"[121]. Additionally, under the terms of Northern Rock's mortgage sale agreement, it is, "entitled under the terms of the mortgage sale agreement to assign new mortgage loans and their related security to the mortgages trustee". [122] (bold emphasis added).

20. Northern Rock may remain falsely registered as the putative 'legal owner' but in truth, Northern Rock is merely the administrator of the mortgage loans. Again the Prospectus states: "The seller acts as administrator of the mortgage portfolio under the terms of the administration agreement, pursuant to which it has agreed to continue to perform administrative functions in respect of the mortgage loans on behalf of the mortgages trustee and the beneficiaries, including collecting payments under the mortgage loans and taking steps to recover arrears."[123] (Bold emphasis added).

21. The legal reality is that: (i) Northern Rock sold its legal title to the SPV, in this case, to Granite Finance Trustees Limited[124] and therefore, Granite is the legal owner; (ii) Northern Rock is the administrator of the mortgages and falsely holds itself out as the legal owner of the mortgages; (iii) Granite Finance Trustees Limited should be, but is not, registered as the owner of the mortgage; and (iv) all these facts remain concealed because Granite and Northern Rock have unlawfully contracted to suppress this information from H.M. Land Registry.

22. Notwithstanding that the SPV conceals its legal title from H.M. Land Registry, the SPV will, nonetheless, avail itself of, and exercise, all the statutory and contractual legal powers that the legal owner enjoys. For example, the SPV will exercise the legal owner's statutory power to create a legal charge [125] on the borrower's mortgages. The SPV will file at Companies House a Form 395 "Particulars of a Mortgage or Charge" within the statutory 21 days, to register the Legal Charge that the SPV created against the mortgage loans in favour of the SPV's trustee, as security for the payment of money due to its investors and creditors.[126]

23. The SPV's exercise of the legal owner's contractual and statutory legal powers leaves no doubt that SPV is: the legal owner of the mortgages. Nonetheless, the banks and the SPV unlawfully exploit the "registration gap" in a smoke and mirrors tactic to cause confusion and conceal the SPV's legal title. The SPV is the legal owner. The banks are the administrators.

#### THE AUDITOR RUSE

24. The Treasury Committee has endeavoured to discover the amount of bad debts on the banks' books. An answer to that question has hitherto evaded an adequate response. As discussed above, the bank has sold the mortgages and thereby transferred the credit risk to the SPVs which means, that the banks do not have these (allegedly) "bad" debts on their books.[127] Therefore, to provide the Committee with the full answer, the question must be re-framed as: having sold legal title to the debts, how do these allegedly "bad" debts appear back on their balance sheets?

25. Likewise as discussed above, the SPVs legal title to the mortgages is also concealed from the auditors. The auditors know that the bank originated and owned the mortgage loans and therefore, the mortgage loans are initially and correctly 'recognised' as an asset on the bank's books. However, when the bank securitises that asset, the bank has sold the asset to the SPV. This means that the SPV owns both the benefits and the credit risks of the assets. Accordingly, the bank's transfer and sale of legal title should result in the assets being 'derecognised' as an asset on the banks' books. However, the auditor's continue to recognise the assets on the bank's books. This is because of an inadvertent erroneous evaluation and application of the IAS39 accounting standard.

26. IAS39 sets out three main scenarios in which an asset will be derecognised and removed from the bank's books. Under any one of these three scenarios, the mortgage loan assets that have been securitised should be derecognised with the consequent effect that the assets are removed from the banks books.

27. The mis-application of the IAS39 derecognition policy is best illustrated by the following example. In the Northern Rock's Annual Report and Accounts 2007, the derecognition policy states:[128] "The Group also derecognises financial assets that it transfers to another party provided the transfer of the asset also transfers the right to receive the cash flows of the financial asset." In a securitisation, that is exactly the legal effect. However, auditors are called upon to make an evaluation of the bank's legal rights in their analysis. The auditor must determine who has the legal right to the cash flows. Understandably, an auditor is not best qualified to make an accurate legal determination. Nonetheless, the auditors do see that: (i) the bank's legal title is still registered at the Land Registry (albeit falsely); (ii) the auditors see the bank's administration of the mortgage loans; and (iii) the auditors see the cash flows from the mortgage loans are paid to the bank. In contrast, the auditors do not see (iv) the contract of sale wherein the bank transferred to the SPV, all its title and rights to the asset; (v) do not see the bank's administration agreement with the SPV which evidences the bank's interest is merely authority to administrate the mortgage loan asset; and (vi) do not see that the bank has no right or title to the cash flows it receives from the mortgage loans. Consequently, the auditors understandably fail to accurately evaluate the legal rights and accordingly fail to derecognise the asset. As a result, the asset erroneously remains recognised as an asset on the bank's book.

28. However, the auditors are mindful that the asset has been securitised and that such transactions require some acknowledgment and entries in the accounts. Again, IAS39 is the culprit. IAS39 directs the auditor to



"Consolidate all subsidiaries (including any SPE)"[129]. The IAS39 therefore instructs the auditor's to consolidate the special purpose entity[130] (or vehicle), into the group accounts.

29. This is an extremely bizarre instruction to auditors for three reasons. Firstly, this instruction contradicts the foundational principle of a securitisation structure which is: that the originator of the asset must be 'Bankruptcy Remote' from the SPV. That is, that the SPV is a wholly independent company that is in no manner whatsoever connected with the originator of the assets it has purchased. The true sale must be an 'arms-length' transaction between the two wholly independent entities. This is an essential element of the securitisation structure to ensure that the SPV and its assets are not in any way affected by the bankruptcy or insolvency of the asset originator. Secondly, the bankruptcy remoteness of the SPV is the credit rating agencies predominant factor for the SPV's Notes achieving the triple A rating. Thirdly, there is no legal basis on which a wholly independent company, (lean SPV) should be included in the consolidated accounts of another company where the SPV is not a subsidiary or legal undertaking of that company.

30. Notwithstanding that the SPV and Northern Rock are wholly independent and separate companies, the mortgage loan assets and liabilities that the Granite SPV own, was consolidated onto the Northern Rock's Group accounts.

31. To illustrate this point, take for example Granite Master Issuer plc's prospectus where it expressly states: "The Issuer is wholly owned by Funding 2 [The Issuer has no subsidiaries] [The Seller [Northern Rock] does not own directly or indirectly any of the share capital of Funding 2 or the Issuer"[131].

32. Therefore, when reading the Northern Rock accounts,[132] the figure of £43,069.5 million stated as a Northern Rock liability, is in fact, Granite Master Issuer plc's liability. The "Debt Securities" issued of £43,069.5 million is the liability of Granite Master Issuer plc, a wholly independent company which the auditor has erroneously consolidated on to the Northern Rock Group accounts solely because of the erroneous application of IAS39.[133] That liability is Granite's liability to its investors.

33. Likewise, Granite's assets also appear on Northern Rock's balance sheet. Consequently when reading the figure of £98,834.6[134] million stated as a Northern Rock asset, at least £49,558.5 million,[135] is in fact, Granite Master Issuer plc's asset.

34. The Committee is respectfully reminded that whilst Northern Rock has been used to illustrate the point, this application of IAS39 is common practice.

35. In summary, the assets "appear back on the books" due to the misapplication of IAS39. The error is compounded through the unlawful exploitation of the registration gap which conceals the facts necessary for an accurate application of IAS39. It is this concealment that causes the auditor confusion. These assets and liabilities should not be on the bank's balance sheet. They are there solely because of the combined effect of the legal and auditor ruse[136].

36. In consequence, the British tax payer is not just the supporter of British banks, the tax payer is the unwitting guarantor and supporter of all the privately owned, wholly independent SPVs foreign companies incorporated in tax havens. Their consolidation into the group accounts of British banks means that the tax-payer is also funding the capitalisation of the SPVs. These foreign SPV companies and their investors must be extremely satisfied with the UK tax payers support. After all, there are always winners in any crisis.

#### 37. Recommendations:

- Auditors should reconsider the application of IAS39 and perhaps seek legal opinions on the bank's legal rights and obligations in its evaluation and application of this accounting standard. It is recommended that the law firm that acted on the actual securitisation is not used for this purpose, and that an independent barrister may be more suitable. Moreover, an SPV should never be consolidated into the Group accounts unless it is an actual legal subsidiary or a legal undertaking of the Group.

- Both the SPVs and banks must be held to compliance with the Land Registration Act 2002 and accordingly, complete the registration requirements under the Act. For those that do not comply with the registration requirements, enforcement action should be considered. Transparency is the antidote that will cure the abuses facilitated by concealment.

#### THE FSA'S REGULATORY ROLE

38. Whilst the FSA regulates mortgages, it does not regulate the SPVs that own the mortgages. Given that it is the SPV's that exercise the power and control over mortgagors, interest rate policies and repossession policies, there is a major lacuna in regulatory oversight. Through the medium of the ruse discussed above, an added bonus of concealment is that the SPV circumvents regulatory oversight. It may be argued that such lacuna is covered by the FSA's authorisation and regulation of the loan administrator. However, this argument does not address the inherent conflict between the bank's compliance with the FSA's regulations and its loyalty to its SPV client. This is because the SPV is vigilant on the bank's implementation of its policies under their administration contract whereas, the FSA in contrast are widely known for its apparent determination not to enforce[137] its MCOB[138] rules and regulations. Therefore, given the choice between the impotency of FSA deterrence on the one hand, and client loyalty and profit incentive of banks and SPVs on the other hand, the dominant motivation that will inevitably prevail is the satisfaction of the profit incentive. This means that the bank's allegiance to its SPV reigns supreme over the bank's regulatory obligations to consumers. After all, the irony of the FSA's 'Treating Customers Fairly' principle, is that the SPV is the customer of the bank whereas, the borrower not. The borrower is in fact, the customer of the SPV.

39. But all is not lost. The Financial Services Practitioner Panel is in consensus with the principle that the FSA's MCOB rules should be enforced. In its Annual Report 2007/8 it stated: "This was a major area of risk from a consumer point of view and the Panel considered that the Mortgage Conduct of Business (MCOB) rules were not achieving the objectives that were intended by them—in fact, to some degree, they had served to compound the issue "[139]. The Practitioners Panel then goes on to call for the FSA to supervise and enforce the MCOB rules, it continues, "The Panel remains concerned that the FSA's supervisory and enforcement activities in this area continue to move too slowly to significantly improve standards in this sector."[140] The principle quoted here is highly laudable, and to the extent quoted above, this principle from the consumer's perspective, would attract strong consensus.

40. To be accurate however, the Practitioners Panel is vociferous for FSA enforcement of the MCOB rules only to the extent that they apply to the 3,000 small businesses that provide services in the financial intermediary sector. Nonetheless, the Consumer Panel and Practitioners Panel both support the FSA's enforcement of the MCOB rules in



principle and apparently, both the Practitioner and Consumer Panels would wish to achieve the objectives that were intended by the MCOB rules.

41. Whilst the Practitioner Panel's call for MCOB enforcement is supported in principle, it is suggested that enforcement against the many small business in the intermediary sector should be deferred because: (i) enforcement in that sector would yield no immediate assistance to the consumer or small businesses; (ii) that sector of the economy is at present, relatively inactive; (iii) it is probable that some of those small businesses may not survive the economic downturn and the FSA should not exacerbate their plight for survival at this juncture; and (iv) the Government aspires to assist small businesses in any event.

42. Accordingly, in recognition that the FSA's resources are finite and therefore should be focused and targeted to achieve the Government's aspirations, it is suggested that the enforcement campaign focus on the MCOB rules to the extent applicable to mortgage administration and mortgage repossessions. An FSA publicly announced policy decision to take enforcement action against mortgage administrators non-compliance with the MCOB<sup>[141]</sup> would have an immediate deterrence effect, concentrate the mortgage administrator's mind, attitude and conduct on its regulatory obligations and in turn, produce immediate assistance to consumers in financial difficulty. The announcement of such policy may also achieve the added bonus that the FSA's TCF objectives, (which were also intended to protect consumers), may also be realised as a result of an enforcement policy. Moreover, an actual enforcement may have a longer-term deterrent effect and re-position the FSA's supremacy in the conflict between the bank's deference to its SPV clients prevailing over its obligations to consumers. Finally, and most pertinently, from a public relations perspective, it may restore a large degree of public confidence in the FSA and the financial industry generally and stem the repossession trend.

43. Recommendations:

- the Treasury Committee give its fullest support to the Panels aspirations and immediately recommend that the FSA vigorously enforce the MCOB rules; and
- the courts are informed of the claimant's<sup>[142]</sup> administration and repossession legal obligations under the MCOB rules and that the courts assure themselves of the administrator's strict compliance with those rules before ordering repossession. Again, this would have immediate impact to assist consumers in difficulties.<sup>[143]</sup>

THE FALLACY OF FINANCIAL ADVICE (TERMS OF REFERENCE 1.9 AND 3.7)

44. On 14 January 2009, Mr Tutton of the Citizens Advice Bureau gave oral evidence wherein he enunciated the principles that "[b]orrowers need to have the risks properly pointed out to them[to understand the consequences]what is the interest rate, what is it going to cost me?and borrowers are properly helped to decide what they are getting into."<sup>[144]</sup>

45. There is an abundance of consumer laws and regulations that govern credit agreements and in particular, govern the advice that independent financial advisers provide to consumers on mortgage products. In practice however, the consumer's choice of lender and product is often a nullity and can be deemed an academic exercise. This is because, whilst the consumer may be advised to select a mortgage product from Bank X and may choose to enter into a contract with Bank X on that advice, the reality is that Bank X will not be the company with whom the consumer will ultimately be in privity of contract, nor will Bank X be the entity that performs that contract.

46. In general, neither the IFA, nor the consumer knows at the outset that Bank X will merely originate the mortgage contract and that Bank X will sell the mortgage contract. Moreover, whilst the consumer may be informed of the initial 'pass-the-parcel' of their mortgage contracts to various entities, the consumer will never be told of the final and ultimate owner of their mortgage contract, namely the SPV entity that securitises their mortgage contract. In other words, neither the IFA nor the consumer is aware of, nor considers the impact of the "originate-to-distribute model" when providing or considering financial advice.

47. To illustrate the practical impact of the SPV's concealment from the borrower, take for example, a consumer that was advised to choose a GMAC-RFC standard variable rate mortgage. Firstly, some of those borrowers would have been securitised through an SPV called Clavis Securities plc. Thus, the consumer's advice as to the lender is rendered academic. Secondly, unbeknown to the borrowers, Clavis unilaterally decided that borrowers who had purchased a GMAC standard variable rate mortgage contract would be treated as if they had purchased a track-rate mortgage.<sup>[145]</sup> Accordingly, Clavis' decision renders the consumer's advice on product as also academic. Thirdly, it was irrelevant to Clavis that the borrowers contracted to pay GMAC's standard variable rate, because Clavis at all times charged its borrowers at least 0.25% in excess of GMAC's standard variable rate. Accordingly, Clavis at all times demanded (and was paid) interest that the borrowers were not contractually obliged to pay.

48. In one case on point, the non-contractual demanded interest rate overcharge was disputed. The response was that it had the "power and liberty" to charge as they pleased. Following a vigorous defence of this contention, it was finally conceded that it had overcharged interest but at the same time, inferred that the overcharge was de minimis as it only amounted to approximately £3,000. However, this amount is not de minimis to an individual nor when taken in the context of the securitisation as a whole. That securitisation involved a pool of approximately 4,500 mortgages contracts each of which would have been subjected to the same contractual abuses. As Clavis had overcharged each of those consumers an extra non-contractual 0.25% and assuming that that overcharge was in the region of £3,000 for each consumer, such modus operandi would yield a conservatively estimated extra £13.5 million.

49. There is an abundance of anecdotal evidence that consumers are instinctively aware that their mortgage accounts are being abusively charged.<sup>[146]</sup> However in the majority of cases, it is improbable that consumers would be able to identify and articulate the character and nature of the abuse sufficient to present such defence in a court. Therefore, this type of abuse remains substantially, undetected. From the consumer perspective it inevitably results in repossession, but on strict construction of the borrower's mortgage obligations it is in fact, dispossession.

50. Therefore, with respect to mortgage products that will be securitised, the notion that a financial adviser can advise consumers, and the notion that consumers have choice, is a pure fallacy. The evidence shows that whilst the fault cannot be laid on the adviser, it does not change the practical reality for the consumer who will be aggressively held to their obligations (including, in some cases demands for money which they are not contractually obliged to pay), whilst the SPV lender will conveniently absolve itself of its obligations (including, in some cases substituting the product with a completely different product). Consequently, neither adviser nor borrower can make an informed decision on that which, directly and substantially affects them. They cannot know how much the interest rates will be, and cannot know how much it will cost them, because all of these variables



are dependent on the arbitrary decisions of the SPV with whom the borrower is ultimately in privity of contract—and that information is at all times, concealed<sup>[147]</sup>.

51. Finally, this issue highlights the importance of the principle of Transparency. To echo the Prime Minister,<sup>[148]</sup> "all transactions should be transparent and never hidden". The concealment of the SPV from the borrower presents the SPV with the opportunity to abuse with impunity, safe in the knowledge that the consumer would never know who is really perpetrating the abuse and whom they should hold accountable. The borrower should know with whom they are in privity of contract and that information should never be concealed.

52. Recommendations:

- Mortgage originator's must make full and frank disclosure of the effect of securitisation on the borrower
- The contractual formula for interest rate setting must be fully disclosed and fixed such that the extensive discretionary powers are abated and/or
- The SPV's unfettered powers to unilaterally inflate the borrower's obligations should be curbed.

#### THE RULE OF LAW—REPOSSESSION OR DISPOSSESSION?

53. The Committee's attention is drawn to the Practitioner Panel's promulgation in its Annual Report 2007-08 under the heading "Caveat Emptor" wherein it stated: "The Panel believes that a consumer's legal responsibilities should be those underpinned by contract law, which includes a duty to act lawfully and in good faith, not to make misrepresentations or withhold material information, to abide by the terms of the contract, and to take responsibility for his or her own decision."<sup>[149]</sup>

54. The Practitioner Panel's is commended for its enunciation of these principles under the banner "caveat emptor" as it demonstrates that the Panel have correctly identified that 'the buyer beware' maxim is an appropriate forewarning which consumers should heed when purchasing loans from powerful financial institutions. Consumers should always be alert to the shenanigans of sellers with whom they contract. However, at this juncture it is apposite to remind the Committee that irrespective of a prudent purchaser's precautions, the consumer cannot be aware of that which is deliberately concealed. Consequently, the consumer is doomed to become the unwitting counterparty to the SPV in their mortgage contracts in any event. The consumer did not expressly agree to contract with the SPV more accurately, it is the SPV that imposed itself on the consumer.

55. Two observations to the Practitioner Panel's promulgation are appropriate. Firstly, the Panel's axiomatic principles are tantamount to a demand for the faithful application of the Rule of Law. That demand invites an exorable concurrence from consumers which invitation is unreservedly accepted. Secondly, as the Treasury Committee has rightly observed, there are two parties to the contracts and they both share risk.<sup>[150]</sup> Accordingly, the principles apply with equal force and conviction to the SPVs legal responsibilities.

56. In consideration to the faithful application of the Rule of Law, it is necessary to illuminate the conduct of SPVs in their performance of their legal obligations under the mortgage contracts.

57. The material provision in the mortgage contract is that the lender will loan the advance for a term of 25-years. The SPV imposed itself into the mortgage contract as assignee, and as such, assented to perform this fundamental term of the contract. However, the SPV has no intention of performing that 25-year term. The SPV uses its wide discretionary interest rate setting powers to demand interest, often in excess of that which the consumer is legally obligated to pay, and often sets its rates at levels that are specifically designed to force consumers to seek to remortgage to a more reasonable rate. For those consumers who do not, or cannot remortgage, the excessive fees and interest rate charges are designed to guarantee arrears such that, the alleged arrears can be contrived as the grounds for repossession. Either way, the strategy ensures that the mortgages in the securitised pool will be redeemed within a 2 to 5 year period. Hence, the practice is designed to defeat the SPV's obligation to lend for the 25-year term. Moreover, it does so in a manner that gives the impression that it is the borrower in default of contract.

58. Therefore, with respect to the Practitioner Panel's call for disclosing material information, it is necessary for originator's to disclose the material facts that (i) the consumer's contract will be sold to an SPV and that the SPV may not intend to fully honour its contractual obligation to lend for the full 25-year term; and (ii) that the SPV's interest rates will reflect not only the bank's administration of the mortgage loans, but also the extensive fees and expenses<sup>[151]</sup> of all the entities involved in the securitisation transaction<sup>[152]</sup>.

59. Evidential support for these contentions can be found in the repossession policies and the interest rate setting policies. There is also evidence from the lightning speed in which the SPV pays down its Investors and there is prima facie evidence from the amount of new business in mortgage market for remortgages<sup>[153]</sup> (in comparison to new business written for a house purchase mortgage). Such evidence is best illustrated from actual examples:

60. In June 2006, Clavis Securities plc became the owner of 4,293 consumer mortgage contracts that were originated by GMAC-RFC Limited. Clavis securitised those mortgages totalling £587,945,144 in a securitisation transaction which issued £600 million<sup>[154]</sup> of Notes to Investors. This £600 million of Notes mature in the year 2031<sup>[155]</sup> which reflects the 25-year term of the mortgage contracts.

61. In theory, the principal amount on the Investors Notes should pay down in exact correlation with the consumer's payments of principal on the mortgage. From the consumer perspective, this means that it should take at least a couple of decades to pay down the Investors. However, the Clavis Investors Report in December 2008 shows that miraculously, Clavis have paid down £456.8 million of these 25-year consumer mortgage contracts in only 2½ years. This means that within the short duration of only 2½ years, Clavis has successfully manipulated over 77% of its borrowers to redeem either through duress perpetrated on the borrower to remortgage<sup>[156]</sup> through its interest rate policy and/or through repossession. Either way, Clavis has absolved itself of performing its 25-year loan obligation to the vast majority of its borrowers<sup>[157]</sup>.

62. It is submitted that it can reasonably be inferred from these facts, that Clavis had no intention of performing its 25-year obligation. Whilst the Clavis securitisation is used to illustrate the point, this course of conduct is not an isolated example. It is ubiquitous throughout the securitisation industry and illustrates that the SPVs are in breach of contract for their evident intention not to perform and/or their failure to perform their contractual obligation to the consumer for the 25-year term.

63. To achieve the SPVs absolution from its 25-year obligation, the SPVs use their wide discretionary interest rate setting powers to manipulate consumers to remortgage<sup>[158]</sup>. For those consumers who cannot remortgage, it is almost a certainty that they will be subjected to repossession action at some juncture. In all cases, the interest



rate charged is designed to create arrears. There are cases where one or more of the following examples apply: (i) borrowers who are current in their payments are suddenly informed that arrears had accrued some years earlier for which immediate payment is demanded;<sup>[159]</sup> (ii) the arrears are contrived through applying interest and charges that the consumer is not contractually obliged to pay<sup>[160]</sup>; (iii) adding fees and charges and falsely claiming that they are interest arrears contrary to the MCOB<sup>[161]</sup>; and (iv) the amount claimed as arrears is exaggerated by claiming amounts that are not yet due. In all cases, the consumer has to trust the mortgage administrator's calculations and is rarely in a position to challenge the accuracy of the alleged arrears. The SPV, through their mortgage administrator will commence action grounded on the alleged arrears which are often erroneous, inflated and/or plain false.

64. The abusive use of the SPV's discretionary powers to demand non-contractual interest is best explained through illustration. GMAC borrowers who contracted under GMAC's standard variable rate ("SVR") product, agreed to pay GMAC's SVR following the initial fixed period. Under the legal principle *nemo dat qui non habet*<sup>[162]</sup>, GMAC did not possess the contractual right to charge its SVR borrowers in excess of GMAC's SVR rate. As GMAC did not possess a contractual right to charge more than its SVR, it did not possess, and could not, assign to any assignee, the right to charge GMAC borrowers in excess of the GMAC SVR. In other words, if GMAC could not contractually enforce the borrower to pay more than its SVR, nor could an assignee of that contract. Therefore, an SPV that acquired a GMAC SVR mortgage had no contractual right to charge the borrower any amount in excess of GMAC SVR. In short, an SPV as an assignee can only lawfully demand of its borrowers to like extent that GMAC could lawfully demand.

65. However, in practice, the SPVs violate this fundamental Rule of Law and unlawfully demanded that consumers pay at interest rates in excess of GMAC's SVR. Failure to remit the unlawfully demanded payment rendered the borrower in jeopardy of repossession. Consequently, the SPVs were in breach of contract to each of those borrowers to whom they charged interest in excess of the GMAC SVR.

66. It is the excess interest that consumers were unlawfully overcharged that often formed the basis of the alleged arrears. Additionally, those falsely alleged arrears were used to form the basis of the SPVs alleged right to further exacerbate the borrowers account with considerable charges such as monthly arrears fees, debt counsellor's fees, legal fees, etc. Following these abusive (and unlawful) charges, the SPV's use a further strategy of claiming future payments as alleged arrears to further exaggerate the appearance of large arrears. It is these strategies of overcharges and exaggerated claims, that contrive the false appearance of the borrower's breach of contract which the courts accept without reservation and the borrowers are unable to challenge.

67. Again an exact example will demonstrate the point. Clavis Securities plc, through its mortgage administrator issued proceedings on 14 December 2006<sup>[163]</sup> alleging arrears of £4,530.63 for which they requested an immediate possession order. Of the £4,530.63 claimed as arrears, £1552.27 were not arrears because that amount was not due for payment until 31 December 2006. Nonetheless, the exaggeration of arrears strategy had the effect of giving the court the false impression of substantial arrears which would cause undue prejudice to the consumer before judge<sup>[164]</sup>. Of the remaining £2978.36 claimed as arrears, £1489.18 represented the payment due on 30 November 2006 and therefore was only 14 days overdue and the final £1489.18 represented the payment due on 31 October 2006 and therefore was only 44 days overdue.

68. On strict construction of the contract, the SPV invoked the one-month arrears clause to commence the action. However, the only payment that was one month in arrears was the October payment of £1489.18<sup>[165]</sup>. Moreover, on strict construction of the consumer's obligation to pay interest, as discussed above, interest was at all times overcharged (which was eventually admitted<sup>[166]</sup>). The admitted interest overcharges amounted to some £3,000. Therefore, in this case, out of the total alleged arrears of £4530.63: (i) £1552.27 was not due for payment at all on the date that the amount was falsely claimed as arrears; and (ii) the remaining alleged arrears of £2978.36 could be more accurately classified as representing the £3000 interest overcharges rather than arrears. The conclusion is that the entirety of the repossession claim was falsely alleged and falsely claimed<sup>[167]</sup>.

69. Again, whilst the example illustrates Clavis Securities plc's unlawful breach of contract, this conduct is not isolated to the Clavis Securitisation. It is ubiquitous generally, and standard practice in the context of GMAC mortgages that have been assigned to other SPVs.

70. As another example, consider the repossession policies of Northern Rock plc. The Treasury Committee have searched for explanation for Northern Rock's repossessions rates and its failure to pass on interest rate cuts, adequate explanations for which has hitherto, remained elusive. There are two fundamental questions that should be answered in order to illuminate an adequate explanation for Northern Rock's interest rate and repossession policies. The first fundamental question is "who" sets these policies and the second question is "why" the policies are implemented and apparently immutable.

71. Northern Rock merely administrates the mortgages on behalf of the SPV that owns the mortgage contracts<sup>[168]</sup>. The SPV that owns the mortgage contracts that Northern Rock originated is Granite Finance Trustees Limited (a Jersey incorporated company). It is Granite Finance Trustees Limited that exercises the contractual powers under the mortgage contracts and it is Granite Finance Trustees Limited that determines the interest-rate setting policy and the repossessions policy. Northern Rock plc as the administrator acts as agent for the SPV and implements the SPV's policies<sup>[169]</sup>. Therefore, when endeavouring to elicit an explanation for the policies, the Committee should be mindful that it is Granite Finance Trustees Limited who set the policies that Northern Rock must implement.

72. The second fundamental question is "why" those aggressive policies are dogmatically pursued. The answer is: in June/July 2008 Granite Finance Trustees Limited required more than £8.8 billion to redeem some of its Notes. Throughout 2008, the SPV's monthly Investor Reports<sup>[170]</sup> stated that: "All of the notes issued by Granite Mortgages 03-2 plc may be redeemed on the payment date falling in July 2008 and any payment date thereafter if the New Basel Capital Accord has been implemented in the United Kingdom." The same notice is given on a further five Note issues alerting the investors to the same advice.

73. The condition that triggers the Note redemption is the implementation of the new Basel Capital Accords, a condition that has been satisfied.<sup>[171]</sup> Accordingly, the Granite Master Issuer's Notes for each of the series 2003-2, 2003-3, 2004-1, 2004-2, 2004-3 and 2005-1, may now be redeemed. Naturally, this means that Northern Rock plc, in its capacity as administrator and cash manager, acting as agent on behalf of the Granite SPV, must raise the cash that will be required for such redemptions. The cost of these redemptions amounts to £8.8 billion<sup>[172]</sup>.

74. Nick Ainger M.P. observed that in the half-year to June 2008, Northern Rock's repossessions increased 68% on the previous period, and he queried whether there was a link between the aggressive repossession policy and the staff's bonus incentive scheme. He requested an explanation from Mr Sandler<sup>[173]</sup>, Northern Rock's Non-Executive Chairman. In reply, Mr Sandler admitted that the staff incentive scheme "is designed in the early years



around the objective of debt repayment"[174]. Mr Ainger's instinct was correct and the full open and honest answer to his question is: that the incentive scheme was designed around the objective of debt repayment because Northern Rock's client, Granite Finance Trustees Limited and Granite Master Issuer plc, requires £8.8 billion in cash to redeem its Notes.

75. In these premises, it is submitted that the SPVs are in violation of a material term of their legal obligations under the mortgage contracts. The SPVs' course of conduct evidences that they have no intention of honouring their contractual obligation to loan to the consumer for the 25-year term. The Practitioner Panel's calls for the Government to support the rule of law. To that end, consumers would be assisted if the owners of the mortgage contracts would be held to honour their contractual obligations, and/or pay damages to each of the borrowers whom they force to remortgage.

76. The SPVs breaches of contract are not limited to the examples above. The Early Redemption Charges ("ERC") are also unlawful. These ERCs are often in tens of thousands of pounds and do not reflect the SPVs reasonable costs of the redemption. They are therefore, penalties imposed on the consumer and are unlawful because the imposition of such excessive charges on the consumer is a violation of the FSA rules[175]. Moreover, the SPVs impose the charges on properties that they have repossessed. Notwithstanding that ERCs in the tens of thousands are unlawful in any event, the contractual trigger for an ERC charge is when the borrower voluntarily redeems. In the context of repossession, the borrower is not voluntarily choosing to redeem, rather it is the SPV that demands redemption. Thus, the ERC clause is not triggered and should not be charged. Nonetheless, in breach of contract, the SPV demands that charge and borrowers are unlawfully forced to satisfy that non-contractual overcharge too.

77. To conclude, the Practitioner Panel's demand for faithful observance of the Rule of Law is welcomed. They may have intended that only those laws that benefit their members be considered, however on review, consumers would greatly benefit if the courts would properly construe the contracts and that judicial support for the SPVs ubiquitous and excessive and unlawful charges are refused. The consumers would benefit if the SPV were held to their contractual obligation to provide the loan for the 25-year term, and the consumers would benefit if the SPVs were prevented from abusing their discretionary powers to set interest rates. In short, consumers would benefit if the rule of law was observed and that the principle of equality before the law had real meaning, substance and effect.

78. In conclusion: in light of the SPVs legal obligations which are generally performed in violation of the FSA's MCOB rules, and generally, in breach of contract, it begs the question whether the SPVs are lawfully repossessing the homeowner or more accurately dispossessing the homeowner.

79. Recommendations:

- Strictly apply the rule of law. Statute law is merely words on paper until brought to life through judicial observance, application and enforcement.
- Empower the consumer to access the law to effect the enforcement of their rights, both contractual and statutory.

THE PERFECT STORM

80. The Committee has heard the widely rehearsed *crie de coeur* from bankers that the wholesale markets abruptly closed in August 2007 and that they "didn't see it coming". Which means that the real question to be determined is: why did the wholesale markets abruptly close?

81. The bankers' explanation is that the assets became toxic. The bankers blame the source of toxicity on the allegedly "bad" borrowers who defaulted on their loans. This universal defamation of the borrowing public unjustly stigmatises the homeowner when in fact, in August 2007, the default rates were no more than would be ordinarily experienced. To accept the bankers' allegation without question requires a gullible belief that a minority of defaulting borrowers had the power to bring down the whole of the banking industry. That contention is too incredulous to countenance and consequently, it is submitted that the bankers' explanation should be rejected.

82. A more reasonable and logical explanation for the source of the toxicity can be found in tax law. In the Finance Act 2005, the Government took tentative steps with new tax law targeted specifically at securitisation companies. The 2005 Act provided "interim relief for securitisation companies".[176] Then, on 21 March 2007, H.M. Revenue and Customs made a public announcement[177] stating that legislation would be introduced in the Finance Bill 2007 that would affect "Large companies involved in securitisation or issuance of debt" and that the measures would have effect following its Royal Assent. The Finance Act 2007 received its Royal Assent on 19 July 2007. It cannot be a mere co-incidence then, that the wholesale money markets went into meltdown within a couple of weeks apparently with the cry "toxic-assets". On the facts, it is logical to deduce that the source of toxicity is tax rather than the bankers' defamatory allegation against the allegedly "bad" borrower. The flight from funding was fear. Fear of paying tax.

83. The twist of fate turned the tide on tax policy and trumped the Treasury's tax intentions. The SPVs, rather than being the new contributors to the Treasury coffers became the greatest recipients of the Treasury coffers. The consumer now pays the money-masters twice. First directly to the banks and then indirectly through the Treasury.

84. To exacerbate these events, a further factor came into play. The banks cry for capital. The cry was driven by the apparent immediate need to comply with the new Basel Capital Accords. Angela Knight informed the Committee that the banks' capital requirements "jumped" overnight[178] which naturally implies, that the banking industry was caught off-guard. Again, this assertion is too incredulous to attract credibility. Nonetheless, this lame excuse is the generally accepted foundation for the tax payer funding the banks' balance sheets. The result is that the ordinary public was hit with this double-whammy of tax policy and Basel.

85. The Government aspires to stimulate the economy which requires the revival of the housing market. The Government appears to be in state-mate with the banks. There is demand for property purchases, but the banks will not facilitate the buyer's desire to buy. Again, the Government is at the mercy of the banks. But the Government does not necessarily need to beg the bankers to lend. It can apply the rule of law and revive and give life to law that already exists.

86. The Law of Property Act 1925 s.95 contains a provision: "Where a mortgagor is entitled to redeem, then subject to compliance with the terms on compliance with which he would be entitled to require a reconveyance or surrender, he shall be entitled to require the mortgagee, instead of re-conveying or surrendering, to assign the mortgage debt and convey the mortgaged property to any third person, as the mortgagor directs; and the mortgagee shall be bound to assign and convey accordingly" Emphasis added.



87. This means that the borrowers have a statutory right to assign the mortgage debt to a buyer. The loan already exists. No new lending is required. The borrower can assign the debt to the buyer as part of the property sale. The SPVs have made use of their statutory rights to assign. It is now time to give life and real effect to the borrower's right to assign. The Government does not need the bankers, the funding is already available. The Government can revive the housing market without the acquiescence of the bankers. If nothing else, the threat of facilitating the public's use of this provision would add weighty negotiation leverage to effect the Government's aspirations. The Government has given the golden carrot to the bankers who have coveted that carrot to the exclusion of all. It is perhaps time to use the stick.

88. Implementation of this provision is simple. H.M. Land Registry could create a new Transfer Form to facilitate the mortgage assignment. For example, the TR1, transfer of the property and TR4, transfer of mortgage charge, could be used as the basis to create a new form to simultaneously transfer and assign both the property and the mortgage debt to the buyer. Additionally, the HIP pack could be amended to include disclosure of the mortgage product.

89. The Government has supported the minority, the bankers to the absolute detriment of the majority, the public. The Government should re-focus its perspective and support the majority. Consumers only need the Government commitment to enforce the rule of law to empower the ordinary public.

#### CONCLUSION

90. Qui Bono? Who benefits? The banks and the SPVs. The banking-crisis has undoubtedly been the greatest heist of public money at the hands of money-men wielding their power in the guise of victimhood. In reality it is passive-aggressive intimidation. Power is being concentrated in the hands of the few remaining banks that have successfully dispensed with competition, leaving the public at the future potential mercy a cabal of bankers and the attendant possibility of a concealed cartel. The golden rule will prevail. He who holds the gold—Rules! Private foreign companies and their investors have also done exceptionally well. The SPVs are being capitalised by the public purse through bank consolidated balance sheets and consequently, the public purse will carry any SPV losses. The investment paradigm appears to have shifted. Historically, investors capitalised their companies and received high returns for taking risk and, if the risk manifests, investors lost their investment; but now, the Investors still receive high returns but, the public capitalise their companies and guarantee the investors' returns.

91. The intention of this memorandum is to highlight securitisation issues from the consumer and the tax payer perspective. It is not intended to give the impression that the securitisation process is harmful per se but it is intended to demonstrate that without checks and balances, this financial engineering dysfunctions to the detriment of the consumer and ultimately the economy. Transparency is essential, together with openness and honesty from the financial institutions[179].

92. The contractual relationship is not one of equals, it is one of Goliath and David without the stone! The scales of justice are in urgent need of recalibration. To restore equilibrium between the contracting parties the remedy is: the faithful application of the rule of law. The failure of British courts to give effect to consumer rights makes the UK a most creditor friendly jurisdiction (which means a most debtor unfriendly jurisdiction) in the world attracting the highest creditor friendly rating of A1[180]. This high rating is achieved not through the lack of consumer protection law, but rather through the lack of consumer law enforcement. Consumers do not necessarily need new protection laws, consumers need empowerment to enforce their contractual rights and the consumer laws that exist.

This memorandum is respectfully submitted for your consideration.

February 2009

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105 John McFall M.P.: question to the Chancellor of the Exchequer on 19 January 2009 in reference to the Government's £37 billion cash support to the banking industry. [Back](#)

106 See eg, Chairman's Q116, Q117, Q169 and Q170. Treasury Committee Banking Crisis Uncorrected Transcripts of Oral Evidence [Back](#)

107 True Sale means "This is a genuine sale with title passing to the issuer SPV." Source: H.M. Revenue & Customs CFM20030 at: <http://www.hmrc.gov.uk/manuals/cfmmanual/cfm20030.htm> [Back](#)

108 Additionally, both the bank and the SPV unlawfully suppress and conceal this information from H.M. Land Registry. [Back](#)

109 See eg, the SPV's revenue receipts waterfall setting out the order of priority of payments to the many and various creditors followed by the payments due to and investors. Granite Master Issuer plc Prospectus Supplement dated 23 May 2005 at page 144 onward. [Back](#)

110 Granite Master Issuer plc Prospectus Supplement dated 23 May 2005 at the 1st para. on page 103 [Back](#)

111 See Q170. Angela Knight of the BBA states in explanation that the housing market reduction is value is "affecting the risk weighting of those assets|so the amount of capital that banks hold against that risk also increases". In fact, the bank have sold the assets and passed that risk to the SPV and therefore with respect, Ms Knight's reasoning is defective. In effect, the governments initiatives are supporting the SPVs and their investors and not (as it believes) the banks. This begs the question, why should the tax payer be called upon to guarantee the return of investments? Investors are warned and know that their investments may go down! [Back](#)



112 Law of Property Act 1925 s.114 and Land Registration Act 1925 s.33 (note the LRA 1925 is repealed as of October 2003 pursuant to the LRA 2002) [Back](#)

113 The legal definition of a disposition includes the conveyance of a mortgage. See Law of Property Act 1925 s.205(ii) [Back](#)

114 See Megarry & Wade 7th Ed. Para.7-150 [Back](#)

115 See Land Registration Act 2002 s.27(1) As legal title does not operate until registration, it operates in equity pending registration. Also note equity's rule that: equity regards as done that which ought to be done. [Back](#)

116 A transferee is: an assignee of a legal charge. See Law of Property Act 1925 s.114(2) [Back](#)

117 See Land Registration Act 2002 s.27(3) and Schedule II, paras. 8 and to 10. (Sch. II, para. 10: "In the case of a transfer, the transferee, or his successor in title, must be entered in the register as the proprietor" (bold emphasis added). See also Law Commission Report printed 9 July 2001. Law Com No. 271 HC114 at para. 4.30 [Back](#)

118 The contract provides that the SPV will not register unless certain events occur such as, if the mortgage trustee wishes to enforce the security due to the insolvency of the bank, thus defeating any of the bank's creditors claiming against the asset. [Back](#)

119 See Land Registration Act 2002 s.123 [Back](#)

120 For example, Clavis Securities were sold GMAC mortgages under an absolute assignment with full title guarantee on or around 15 June 2006 and after some 2½ years have failed to register its ownership at the Land Registry. [Back](#)

121 Granite Master Issuer plc. Prospectus Supplement dated 23 May 2005 at page 108 under the heading "The mortgage sale agreement". [Back](#)

122 *Id.* See at page 113 under the heading "Assignment of new mortgage loans and their related security". [Back](#)

123 *Id.* See at page 11 under the heading "The Seller, the administrator, the cash manager, the issuer cash manager and the bank account". [Back](#)

124 Granite Finance Trustees Limited is a Jersey incorporated company. [Back](#)

125 Pursuant to the mortgagee's power as the legal owner under the Land Registration Act 2002 s.23(1). [Back](#)

126 See eg Clavis Securities plc (Reg. No.05778179) Form 395 filing at Companies House on 22 June 2006. [Back](#)

127 Although it is conceded that the banks may hold the SPV issued Notes in their Treasury Departments which means: the debts are not trading losses from the bank's loan book of advances to its customers, but rather the (allegedly) poor investments of its Treasury Department in the banks proprietary trading as an investor. [Back](#)

128 Northern Rock plc Annual Report and Accounts 2007 at page 55 para. j). Para. "j)" is essentially a concise summary of the three main scenarios of the IAS39 derecognition accountancy standard. [Back](#)

129 IAS 39 Technical Summary prepared by IASC Foundation staff (which has not been approved by the IASB). Source <http://www.iasb.org/NR/rdonlyres/1D9CBD62-F0A8-4401-A90D-483C63800CAA/0/IAS39.pdf> [Back](#)

130 Special Purpose Entity ("SPE") is synonymous with Special Purpose Vehicle ("SPV") [Back](#)

131 Granite Master Issuer plc, Prospectus Supplement dated 23 May 2005 at page 56. See also, page 60: Northern Rock "does not own directly or indirectly any of the share capital of Holdings or the mortgages trustee". See also page 62: Northern Rock "does not own directly or indirectly any of the share capital of Holdings or the post-enforcement call option holder [namely, GPCH Limited]". [Back](#)

132 Northern Rock Report and Accounts 2007. See page 45 and see in particular note 22 on page 73 [Back](#)

133 To correct the balance sheet, the "loans and advances to customers" asset figure should be derecognised and reverse from the asset figure against the securitised notes figure. See also note 22 on page [Back](#)

134 Northern Rock Report and Accounts 2007 at page 45 [Back](#)

135 *Id.* at page 73 note 22. [Back](#)



136 It is probable that tax considerations are also behind this manoeuvre, ie, tax efficient to minimise/avoid tax liability particularly with respect to the possibility that interest income earned in the UK would be subject to withholding tax prior to payment to the foreign owned SPV. Back

137 "The FSA has been describing itself as 'not enforcement led' which we have challenged" Quoted from the Financial Services Consumer Panel, Annual Report 2007/8 at page 21 para. 2.25. Back

138 The FSA's Mortgage Conduct of Business Rules (MCOB). Back

139 The Financial Services Practitioner Panel, Annual Report 2007/8 at page 19 Back

140 Id. Back

141 Which non-compliance is standard practice and ubiquitous and it is submitted there exists and abundance of evidence of non-compliance. See examples of consumer discussions on consumer help forums at: <http://www.consumeractiongroup.co.uk/forum/mortgages-secured-loans/> Back

142 Another legal issue arises here. Strictly speaking the claimant should be the SPV, however, the administrator bank will make the claim in its own name. However, at law, the bank has no locus standi to bring the claim in its own name without informing the court that it is claiming in a representative capacity. The court therefore erroneously assumes the bank's legal standing and is wilfully misled by the legal ruse to conceal the SPV. At law, the bank has no legal right to bring the claim in its own name and no legal right to obtain a possession order against the borrower. Back

143 In similar terms in which the government reminded the courts to enforce the pre-action protocols Back

144 See Mr Tutton's answer to Q135. It is noted that Mr Tutton made these comments in the context of store-cards credit, however, it is averred that these principles apply to any and all credit agreements. Back

145 "[the interest rate payable on those Mortgage Loans is a variable rate set by the mortgage lender|but|the Issuer [Clavis] has undertaken|to set such variable rate at a specified margin or margins in excess of the Bank of England Repo Rate|Accordingly, such Mortgage Loans are treated for all purposes as being Mortgage Tracker Rate Loans". Quoted from: Clavis Securities plc Asset Backed Note Programme Series 2006-1 Note Issue Supplement dated 8 June 2006 at page S-64 under the heading "Interest rate setting in relation to certain Series Portfolio Mortgages"<para>See also eg, without the consent or knowledge of the borrowers, the lenders vary the terms of the mortgages: "Most mortgage lenders in the residential mortgage market vary and extend the Standard Conditions by way of a "Deed of Variation" the terms of which are imported into each Scottish Mortgage|each |Series Portfolio Originator has executed a Deed of Variations of Standard Conditions". Quoted from: Clavis Securities plc Asset Backed Note Programme Series 2006-1 Note Programme Memorandum dated 8 June 2006 at page 40 at section (f)(1). Back

146 See eg, the numerous examples of actual experiences of consumers discussed consumer help forums at: <http://www.consumeractiongroup.co.uk/forum/mortgages-secured-loans/> Back

147 There is also an issue here with respect to the advise that a consumer received (or, as is more likely, does not receive) from the solicitor acting in respect of the mortgage. Solicitors should advise their client's on the risks and obligations they are undertaking in the mortgage contract. It is noted that the legal profession are not listed in the Committee's terms of reference which means, that the lawyers have escaped scrutiny for their part in the banking crisis. This is not just limited to the lack of advice to their consumer's clients in the context of mortgage advice, but also the conduct of the City's securitisation lawyers in condoning and sanctioning their client's wilful breaches of contracts against the mortgagors. Back

148 "First Transparency! All transactions should be transparent and never hidden" Gordon Brown P.M., speech at the Labour Party Conference, September 2008. Back

149 Financial Services Practitioners Panel, Annual Report 2007/8 at page 14 Back

150 Banking Crisis-Consumer Issuers, Uncorrected Transcript of Oral Evidence 14 January 2009, Q122 Nick Ainger Back

151 The colossal numbers of various entities that receive on-going administration fees are astounding. See for example Clavis Securities plc 2006-1 securitisation, Note Programme Memorandum dated 8 June 2006 and the Prospectus Supplement dated 8 June 2006, both of which informs that many different financial institutions acting in capacities will each charge at least 24 various different administration fees and expenses. Back

152 This is the inevitable as the only source of the SPV's income is the cash flows it receives from the borrowers. Back

153 Angela Knight on behalf of the BBA in answer to Q189"|but actually there is a huge amount of remortgaging going on|Northern Rock, for example, and specialist lenders, as they come up for renewal at the end of whatever their [fixed] term was, they [the borrowers] are seeing rates which they consider to be far too high and they are coming back to the major providers." Quoted from Treasury Committee, Banking Crisis, Uncorrected Transcript of Oral Evidence 14 January 2009 to be published as HC 144-ii. Back



154 Observe the difference of some £12 million between the amount of notes issued and the amount of assets that backed the Note issue. The aggregate amount of outstanding principal balances on the mortgages was £588 million (which sum was also the sale/purchase price of the asset), leaving a bonanza of some 12 million extra in cash Back

155 Clavis issued 11 Classes of Notes in the 2006-1 Series. The first 5 Classes of Notes matured in 2031 and the remaining 6 Classes of Notes matured in 2039. Back

156 This remortgaging is another facet of the securitisation industry profitability. Firstly, the remortgaged properties will be securitised which means the consumers are back in the vicious circle. Secondly, the banking industry may charge another set of application fees, arrangement fees etc. Thirdly, the investment banks have a further ready source of new mortgages to securitise which yield further substantial fees and infamous City bonuses. The consumer is the ultimate source of all these cost of all these fees, profits and City bonuses. Back

157 On the balance of probabilities, it is unlikely that Clavis will perform its 25-year obligation to any of its remaining borrowers. Back

158 See footnote 21 Angela Knight: "at the end of whatever their [fixed] term was, they [the borrowers] are seeing rates which they consider to be far too high and they are coming back to the major providers" (underline emphasis added). Back

159 See eg, consumer comment posted on the web 27 November 2008 "They [Southern Pacific Mortgages Limited] have recently started badgering me for arrears that they claim come from DEC 2006!" Source: <http://www.consumeractiongroup.co.uk/forum/mortgages-secured-loans/170607-spml-london-mortgage-company.html> Back

160 See eg, consumer comments on Southern Pacific Mortgages Limited (a Lehman Bros. securitisation) posted on the web 19 February 2009 "Well I have just been through all bank statements & there is only 6 payments missing unlike the 12 spml mentioned, these total to £4955.74. Also received an upto date statement of spml today stating arrears now stand at £16,101.18 so that £11,145.44 in unfair charges." Source: <http://www.consumeractiongroup.co.uk/forum/mortgages-secured-loans/170607-spml-london-mortgage-company-9.html#post1990917>. Back

161 Id. "Yesterday [sic] when they phoned me I spoke to 2 people and got quoted £850 as arrears and then £615 and when I said that it didn't tally I was also told it was not a FSA requirement to NOT add fees etc to the arrears amount and so they would continue to do so!" Back

162 No one gives who does not possess. Black's Law Dictionary, 8th Ed. Back

163 This case was concluded with a dismissal order on 30 January 2007, and then, following inappropriate interventions by the Claimant's solicitors and errors by the court service, the claim was finally dismissed by court order in February 2008. Back

164 A county court judge often has between 20-30 repossession cases in his/her daily cause list. The court sits for only 5 hours per day, which means that the judge has little time to assess the integrity of the Claimant's claim form and the consumer is rarely legally represented. Therefore acting as litigant-in-person the consumer is considerably disadvantaged, often emotionally distressed and intimidated by the court process. Back

165 Compare the FSA's definition of "arrears" "(a) a shortfall (equivalent to two or more regular payments) in the accumulated total payments actually made by the customer measured against the accumulated total amount of payments due to be received from the customer;" See the Glossary in the FSA Handbook. See also FSA Handbook, MCOB 13.3.1 Back

166 The overcharging was admitted on or around September 2008, albeit that they maintained the argument that they had power and liberty to charge and apply their SVR (in excess of GMAC's SVR) at their sole discretion. Back

167 Whilst on this occasion, the case concluded in favour of the consumer (a rare occurrence). The vast majority of consumers as litigant-in-person may not have the knowledge or skills to defeat such claim. Therefore, the Treasury Committee are requested to be mindful that these SPV strategies for claiming repossession would ordinarily result in a possession order against the consumer. Back

168 See the Granite Master Issuer plc Prospectus Supplement dated 23 May 2005, page 101 and the schematic on page 8. Back

169 Id at page 101, "On March 26, 2001, each of the mortgages trustee, Funding and the seller appointed Northern Rock [plc] under the administration agreement to be their agent to exercise their respective rights, powers and discretions in relation to the mortgage loans and their related security and to perform their respective duties in relation to the mortgage loans and their related security|Except as otherwise specified in the transaction documents, the administrator has agreed to comply with any reasonable directions, orders and instructions which the mortgages trustee may, from time to time, give to it in accordance with the provisions of the administration agreement." (Underline emphasis added). Back

170 See, <http://companyinfo.northernrock.co.uk/downloads/securitisation/>. Granite Master Issuer investor reports 2008 Back



171 Angela Knight of the BBA confirms the implementation of the new Basel Accords. See answer to Q171-172 "We went from, overnight, a situation where as a banking industry we held 8% total capital as a regulatory requirement, of which 2% was core tier one which is the expensive one, if you like, to a situation where we had to hold 8% tier one capital of which 6% was core-a big jump". Quoted from Treasury Committee, Banking Crisis, Uncorrected Transcript of Oral Evidence to be published as HC 144-ii. Back

172 £8.8 billion is understated because it does not take account of the amount of the Notes that may have been redeemed through 2008 in anticipation that the Basel Accord would be triggered. The £8.8 billion aggregate amount outstanding on the Notes as of 31 December 2008. The total figure is calculated from: £2,618,244,672 outstanding Notes denominated in Sterling; \$3,373,079,787 Notes outstanding denominated in US Dollars (exchange rate £1 = \$ 0.69096 as at 31-12-08); and €2,832,243,408 Notes outstanding denominated in Euros (exchange rate £1 = 0.97404 as at 31-12-08). Source: Granite Finance Trustees Limited's Investor Report available at: <http://companyinfo.northernrock.co.uk/downloads/securitisation/> Back

173 See Q431 in particular and Q425 to Q434 generally and answers thereto. Treasury Committee, Banking Crisis, 18 November 2008, Uncorrected Transcript of Oral Evidence, to be published as HC 1167-iii. Back

174 Id. See Q425 and answer thereto. Back

175 See FSA Handbook MCOB 12.3. Back

176 See Global Legal Group Ltd, The International Comparative Legal Guide to: Securitisation 2007, Sanja Warna- kula-suriya and Laurence Rickard of Slaughter and May at page 117: "[under UK GAAP (as it is from 1 January 2005), significant unrealised profits and losses would have had to be recognised in the accounts of securitisation companies and, if tax had to be paid on any such profits, there would have been a risk of securitisation companies becoming unviable. In order to avoid this, and the effect that that would have had on the securitisation market, certain statutory measures were introduced to allow an interim relief for securitisation companies]", (underline emphasis added). Source: <http://www.iclg.co.uk/khadmin/Publications/pdf/1321.pdf> Back

177 H.M. Revenue & Customs Budget 2007 BN13 available at: <http://www.hmrc.gov.uk/budget2007/bn13.pdf> Back

178 See above, footnote no. 67 Back

179 It is observed that the legal profession have escaped all scrutiny for their role in the banking crisis. Without the City law firms support, bankers and SPVs may not have so confidently violated statutory obligations nor violated borrowers' contractual rights. Back

180 Contrast the U.K.'s rating of A1 with Germany and U.S.A. rated A2 and France rated B. Source: Standard and Poor's: <http://www2.standardandpoors.com/spf/pdf/events/blr200714.pdf> Back

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**The “Wetiko” or “Wendigo”** are words that Native Americans use to designate an evil person who never worries about the well-being of others. A psychic pathogen forcing the narcissist to feed their insatiable needs as if they were starving whilst evilly destroying others.



**It makes humanity become its own worst enemy...**

**“Wetiko Psychosis” characteristics in Narcissistic asset stripping:**

*The Wetiko/ Wendigo: Those involved in mindful asset stripping, be it lawyers, judges, auditors, valuers or the bankers, the word “Wetiko” explains well the mentality of narcissists who does such evils to others. Wetiko or Wendigo is a word that Native Americans use to designate an evil person who never worries about the well-being of others. A psychic pathogen forcing the narcissist to feed their insatiable needs as if they were starving whilst evilly destroying others. It makes humanity become its own worst enemy...*

*“The overriding characteristic of the Wetiko is that he or she consumes other human beings, that is, he is a predator and a cannibal. This is the central essence of the disease. Predators, “full-blown” Wetikos are not in touch with their own humanity, and therefore can’t see the humanity in others. Instead, they relate to*

*others either as potential prey or as a threat to their dominance.*

*Speaking about the rapidly spreading Wetiko contagion, Forbes writes, “It is spread by the Wetikos themselves as they recruit or corrupt others As if a different breed who is more animal-like predator than ordinary human being, someone fully taken over by the Wetiko psychosis consumes others’ lives, physically, emotionally, psychically and meta-physically, beyond just the material body and physical possessions to the level of meaning itself.*

*“Big Wetikos,” are full-blown Wetikos who have climbed the Wetiko ladder, jumped through the Wetiko hoops, and have risen in the Wetiko ranks so as to find themselves occupying positions of power where they can influence and control events in our world so as to game the system. The Big Wetikos who control the levers of power, be they the super wealthy, CEO’s of corporations, bank presidents, or leaders of nation-states, are particularly dangerous, as they define the terms of our dialogue, dominating the agreed upon historical narrative. Managing our perceptions through the propaganda engines of the mainstream, corporate media which they control.*

**Professor Jack D. Forbes**