LEARNING FROM THE PAST: PRACTICAL LESSONS FROM UK CASES

*Peter Kiernan**

I. INTRODUCTION

I propose going through a number of cases from the SFO's history, which have been important to our development. Some have been successful, some not. All have contributed to the office that I know today. In addition to the cases, I propose mentioning a number of other issues or events that have brought us to this point in our history.

II. CASES

A. Guinness

The Guinness case was the first major enquiry launched by the SFO. It was also something of a speculative case, as the area of take-overs had never before been prosecuted.

The facts are that from early 1986, Guinness plc had been engaged in a closely fought competition with Argyll plc to take over The Distillers Company plc. Their respective offers for Distillers included a substantial share exchange element and accordingly, their respective share prices were a critical factor for both sides.

In November 1986, amid rumours of misconduct during the course of the bid, the Secretary of State for Trade and Industry appointed Inspectors under sections 432 and 442 of the Companies Act 1985 to investigate the affairs of Guinness. It should be noted that if a person is interviewed under the compulsory power contained in section 434 of the Act, the answers obtained by the Inspectors may be used in evidence against the maker.

During the course of the take-over bid, the quoted Guinness share price rose dramatically. It transpired that this was a result of an unlawful share support operation. This involved 'supporters' buying shares who were paid substantial sums from Guinness's own funds but without board authority - in effect the supporters were given secret indemnities against losses and, in some cases, equally secret and very large success fees. The indemnities and success fees were paid under cover of false invoices.

Ernest Saunders, the chief executive of Guinness at the time of the bid, was the only defendant who gave evidence at the trial. At trial and in his evidence to the DTI Inspectors, he denied all knowledge of, or involvement in, the share support operation or the false invoices.

Gerald Ronson was one of the supporters. His companies purchased approximately £25 million worth of Guinness shares against the promise, given by Saunders, of an indemnity and a success fee of £5 million. False invoices, which bore no suggestion that they related to indemnities and success fees, were rendered to Guinness and paid. Ronson had told the DTI Inspectors that at the time, he did not think there was anything wrong with what he was doing, and he had trusted Anthony Parnes who had elicited Ronson's support. When interviewed by the Inspectors, Ronson was unable to explain why he thought Guinness should pay him £5 million to do something, which if it had been lawful, Guinness could have done itself.

Anthony Parnes recruited Ronson as a supporter. After the bid, Parnes received a success fee of £3.35 million, negotiated on his behalf by Jack Lyons, after he supplied a false invoice.

Two further false invoices were submitted to Guinness and paid in respect of support recruited by Parnes from Ephraim Margulies, chairman of S & W Beresford plc. Parnes' defence at trial was that he had not acted dishonestly.

Jack Lyons not only provided support himself but also recruited other supporters. He received from Guinness, under cover of false invoices, indemnity and success fees. Lyons denied to the DTI Inspectors

* Assistant Director, Serious Fraud Office, London, United Kingdom.

that he had been involved in obtaining supporters or in drafting the false invoices. Lyons clearly knew the giving of indemnities was wrong. He claimed that if he had been approached to do this, he would have walked out.

All four defendants were convicted; Saunders received a sentence of 5 years imprisonment (reduced to 2.5 years on appeal), Parnes received a sentence of 18 months imprisonment plus costs, Ronson was fined £5 million plus costs and Lyons was fined £3 million plus costs.

After his conviction, Saunders was diagnosed, by his own doctors, with Parkinson's disease and released early from his sentence of imprisonment. Interestingly, he made a full recovery within weeks of his release. I believe he is the only person ever to do so.

The first appeals against conviction by Saunders, Parnes and Ronson were dismissed by the Court of Appeal on 16 May 1991, with the exception of one conspiracy count against Saunders.

On 22 December 1994, the Home Secretary referred the cases of all four appellants to the Court of Appeal on the grounds that disclosure of material, which was not made available at the time of the trial, might have aided the defence and possibly influenced the outcome of the trial.

The papers related to another take-over matter called TWH. The TWH matter was referred to the SFO by the Department of Trade and Industry in early 1988. The events in question took place about the time of the Guinness bid which had been in 1986. Henry Ansbachers Co Ltd, a merchant bank of which Lord Spens was a director, had given a number of indemnities to TWH, a firm of licensed dealers, in connection with various share purchases by TWH. Following an investigation, the SFO decided not to institute any proceedings as the fact of the indemnities was made known to the other parties to the take-over.

The TWH material was disclosed to the defendants in the second trial arising from the Guinness case, the trial of Lord Spens and Roger Seelig. It was disclosed to them because Lord Spens' defence was that his actions in the Guinness take-over were no different to that in the TWH case, where there had been no suggestion his actions were criminal. In fact there were material differences, not least of which was the fact that the TWH indemnities were known to all parties but the detail is not important here. The TWH material was not disclosed to the defendants in the first Guinness trial because the material was not considered relevant to any of the issues that they were raising by way of their defences and was, therefore, not disclosable.

The appeal was heard between 16 and 26 October 1995 before Lord Chief Justice Taylor, Mr Justice MacPherson and Mr Justice Potter. On 27 November 1995, the appeals were dismissed, except for Lyons' appeal in respect of one count.

The appellants had alleged an abuse of process on two grounds: the use of the transcripts of the compulsory DTI Inspectors interviews and the failure to disclose the TWH material. The Court of Appeal was wholly satisfied that there was nothing in the circumstances of this case which rendered the admission of the transcripts of evidence from the DTI inadmissible; it was expressly permitted by statute. It found that the TWH and other material should have been disclosed but that the appellants, in fact, suffered no prejudice. The court deciding that the undisclosed material could not have produced 'credible evidence of accepted or acceptable market practice' in relation to the Guinness arrangements.

Following the dismissal of that appeal, Saunders applied to the European Court of Human Rights ("ECHR") complaining that his rights had been contravened through the use in his trial of evidence provided by him to DTI Inspectors under their compulsory powers. In December 1996 the ECHR found in his favour but made no award of compensation to him. It did, however, order the UK Government to pay a contribution of £75,000 towards Mr. Saunders' legal costs. Subsequently the other three defendants made similar and additional complaints to the ECHR. Similarly, they too were successful on the matter of admissibility of the compelled evidence.

Following the ECHR decision regarding Mr. Saunders, the Attorney General issued guidance that evidence contained in compelled interviews should not be used against the maker. The law was later

amended to reflect this in 1999 by the Youth Justice and Criminal Evidence Act, which came into effect in April 2000.

The Human Rights Act 1998, which incorporated some of the rights contained in the European Convention of Human Rights into English law, came into force on 2 October 2000. Using this legislation the four defendants applied for their cases to be referred again to the Court of Appeal claiming that the European Convention could be applied retrospectively and therefore that the use in their trial of compelled statements should not have been admitted in evidence. This last appeal was also dismissed; the Court of Appeal decided that the Human Rights Act was not retrospective and so could not render previous decisions wrong even though the law had subsequently changed.

The Guinness case was something of a critical case for the SFO. It was our first major success but it was not a wholly convincing one. Errors were made in the prosecution, which could have fatally undermined the case and, it has to be said, we were somewhat lucky in holding on to the convictions. I do not mean to suggest that the convictions were not entirely appropriate or proper, merely that our own failings might have provided the defendants with an entirely undeserved reprieve.

The two major lessons in this case were that compulsory interviews with defendants were no longer to be regarded as acceptable and that disclosure of unused material must be considered very carefully. In fact the law has changed since this case but the issue remains very much a live one. I mentioned the current regime for disclosure in my other paper which has not really improved matters and presents difficulties for prosecutors on a daily basis.

B. Blue Arrow

Taking place in 1992 the Blue Arrow or County NatWest case was the second major trial for the office and followed fairly close to the Guinness series of cases. This was a fairly well conducted investigation and prosecution. Except that the trial lasted for nearly a year. At the time this was unheard of. Following the conclusion of the trial, where we secured convictions against most of the defendants involved, the convicted defendants all appealed.

What was interesting about this appeal was that just before it was heard a national newspaper decided to print interviews with a number of the jurors because of the grounds of appeal that were being put forward by the appellants. In effect they were arguing that the jury could not be expected to understand and retain the evidence they had heard over such an extended period. As a result their convictions should be regarded as unsafe and their convictions should be overturned.

The newspaper, the Mail on Sunday, approached the jurors to get their impressions on this approach and, perhaps unsurprisingly, they were not very impressed that their verdicts were being challenged purely on the basis that they did not have the ability to remember information over a long period of time. All those interviewed, a majority of the jury, were happy to explain why they felt they fully and properly understood the case and were completely satisfied about the guilt of those involved. For a prosecutor it made compelling reading. In the UK a jury's deliberations are secret and must remain so. It is a criminal offence to make any enquiry about it.

The Court of Appeal paid no heed to the newspaper reports and decided that the jury could not be expected to be able to function effectively in such a complicated case over such a period of time. The appeals were all upheld and the defendants had all their convictions quashed. The court was especially critical of the 'scatter gun' approach that we were said to have taken to the charges that were brought by the prosecution.

The charging strategy in such cases is especially difficult to gauge. In the Guinness cases, the case was split into three aspects to ensure the trials were manageable. In the event the second and third trials became ineffective. In the second trial one defendant, who was representing himself, Roger Seelig, was assessed by the Judge as being unable to stand the strain of his chosen course of action and so he stopped the trial.

In the event in the Blue Arrow case, to avoid the risk to subsequent trials, it was decided to try all the defendants in one go. It made for a very full dock and was probably an unwise choice but, then again, the jury did convict the majority of them. The Court of Appeal's criticism led to a fundamental reappraisal of our

approach to charging. Subsequently it was decided that in future cases, charges would be framed such as to ensure that the trial would be manageable. This has presented us with other problems, more of which later.

Incidentally, the newspaper was severely fined for contempt of court and threatened with prosecution. One might be tempted to think that this course of action was adopted because the newspaper report made a mockery of the findings of the Court of Appeal, but one must remember how jealously the Court protects the confidentiality of jury proceedings in reaching their verdicts.

C. BCCI

The investigation into the affairs of the Bank of Credit and Commerce International (BCCI) is a most important case in SFO history. It is partly due to the fact that it was a major success for the office, securing convictions in all ten trials, that resulted from the investigation into the collapse of the bank. However, it is mainly due to the lessons we learned in how to deal with what we call a 'blockbuster' case. These cases cause immense logistical problems and are inevitably funded by a separate vote by parliament.

At its height the BCCI case had a staff of over forty people, including police officers. There was, as you might imagine, an immense amount of paperwork involved both emanating from the Bank itself but also the customers (both victims and those who became defendants).

One of the major lessons learned was that maintaining the case team in one location was an essential factor in keeping up the momentum of the investigation which lasted for over seven years following the collapse of BCCI in July 1991.

In addition there was close co-operation with overseas prosecutors, including the United States, France, Switzerland, Liechtenstein, Luxembourg and Germany, which has brought considerable enduring mutual benefits.

It might be worth mentioning a little about some of the trials to give you an idea of the scale of the issues we were dealing with. In May 1994, following a long trial, Nazmuddin Virani was convicted of a number of offences of false accounting and was sentenced to two and a half years imprisonment. Virani had been Chairman of Control Securities plc, a publicly quoted property company, as well as being Chairman of a privately owned property group. He was a substantial customer of BCCI and in return for signing false audit confirmations which appeared to confirm that certain substantial loans had been made to his private companies, and which were designed to, and did in fact, deceive the external auditors of BCCI, he obtained benefits both for himself and his companies in the form of cash and loans.

The practical difficulties of prosecuting a case such as this can be seen from the fact that although Virani had prepared and served a written statement of his defence months beforehand, the real defence (that Virani was allegedly dyslexic and did not know what he was signing) was not revealed until well after the trial had started.

Imran Imam was an account executive at BCCI who worked closely with its former chief executive Swaleh Naqvi. In July 1994, Imam was convicted of a number of offences of false accounting and conspiracy, being sentenced to three years' imprisonment. He had assisted, from the BCCI side, in the deception of the bank's external auditors by portraying loans made to a large customer of the bank as 'performing'. Thus the impression was given to the external auditors that interest on and capital from the loans were being repaid to the bank so that no provision against the loans was needed in the bank's financial statements. In fact no interest on or capital from the loans was being repaid.

The customer who 'borrowed' more money than anyone else from BCCI was Abbas Gokal. With senior BCCI officials, Gokal masterminded a massive fraud totalling approximately £800 million.

Gulf was a large group of shipping companies based in Geneva with offices in over 40 countries. From the mid-1980s Gokal and his Gulf Group secretly received many millions of dollars from BCCI, even though he knew, as did senior BCCI management, that his companies were hopelessly insolvent. To cover up the fact that massive unsecured loans totalling approximately £800 million were being made, Gokal and his fellow conspirators falsified documents on a vast scale.

The symbiotic relationship between the Gulf Group and BCCI meant that their fortunes were inextricably linked. BCCI's massive unrepaid loans to the Gulf Group inevitably played a significant part in the collapse of the bank in July 1991. The Gulf Group in its turn could not survive long without the backing of BCCI. It folded shortly afterwards owing many hundreds of millions of dollars.

The SFO's ensuing investigation uncovered documents signed by Gokal in a London safe deposit box which showed that he and his two brothers owned and controlled the companies involved in the fraud.

Gokal was caught in July 1994 after the SFO heard that he was bound from Pakistan to the United States. His plane re-fuelled in Frankfurt and thanks to the co-operation of the German authorities he was arrested and extradited from there. Gokal's trial was one of the biggest ever prosecuted with more than 800 witnesses and evidence from every continent. He was sentenced to 14 years imprisonment which remains the longest sentence handed out in an SFO case.

There were other lessons learned from this case. The approach to handling 'blockbuster' cases remains based upon the experience gained in this case. In addition, the operational division structure and case team structure we have today was based upon that used in the BCCI case.

D. Maxwell

The collapse of the Mirror Group under the stewardship of Robert Maxwell was another 'blockbuster' investigated by the SFO during the mid-1990's. Following his death when he fell into the sea from the rear of his executive yacht, the investigation was forced to concentrate on the actions of his lieutenants, two of which were his two sons - Kevin and Ian. Investigating such a case with the main defendant absent is always very difficult, especially when the missing person was a particularly dominant personality, as in this case. In the event the first trial was unsuccessful, it alleged that Kevin and Ian Maxwell deceived banks that had lent money to the Mirror Group companies, both as to the ability of the companies to repay loans that had been advanced and to secure additional lending. The jury acquitted the brothers, clearly accepting their defence that they did not know the full picture and relied upon their father, who instructed them what to do.

For the SFO the most significant development was Mr. Justice Buckley's ruling that Kevin Maxwell should not face a second trial in which he faced allegations of theft from the pension funds of the Mirror Group companies. The judge effectively decided that we should only have one try at a defendant and not be able to have 'several bites of the cherry'. The pressures faced by the defendants because of the various concurrent investigations - by DTI Inspectors, liquidation proceedings in respect of the companies, bankruptcy proceedings for all the defendants, civil proceedings by losers, disciplinary proceedings by regulators - undoubtedly played a part in the judge's decision and it cannot be argued that he sympathized with the ordeal they had been through.

The Maxwell case was so complex; involving pension funds, banks and other financial institutions, that one single trial able to encompass the whole extent of the alleged criminality was not possible. You will recall the Blue Arrow case I mentioned earlier, following which the 'robust and early use' of the power to sever the indictment in order to secure a manageable and fair trial became the norm. As a result, the SFO made every effort to reduce the amount of evidence and the number of counts in its cases. Adopting this approach in Maxwell, it was considered that the counts against the six defendants involved should be divided between a number of trials.

The judge's ruling in the Maxwell case that it should be 'unusual' for a second trial to take place posed a problem for the SFO. The challenge became how to present enough of the full picture to a court in the biggest and most complex cases without the trial becoming unmanageable and without having more than one trial.

In the event we have considered the judgment something of an aberration and it does not seem to have been followed subsequently. Nevertheless this case is a good example of the impact that questionable judicial decisions can have. At the time and for some time after the judgment, we were left in an impossible position, with the defence criticising us whichever approach we followed.

E. Barings

I mention this case only because it is an excellent example of the need for good and effective international co-operation. The investigation came about following the collapse of Barings Bank, when one of its traders based in Singapore, Nick Leeson, amassed losses of the order of £600-700 million without the bank being aware of it.

In any event following the collapse of the bank the SFO was asked to investigate. At the same time the Singaporean authorities investigated the fraud, in the guise of the Commercial Affairs Department (CAD), which has subsequently been subsumed into the Police.

There developed a classic case of mistrust between the CAD and the SFO which caused both sides problems. The SFO's position was, and remained throughout the events that followed, that we wished to provide a supporting role to the CAD but to ensure that we had sufficient evidence to be able to act to secure Leeson's detention and extradition to the UK should the CAD extradition request fail for any reason. You will recall that Leeson was arrested as his plane landed in Frankfurt, having fled Singapore because he feared being imprisoned there.

It is fair to say that we received no assistance from the CAD whatsoever. I recall one meeting where the head of the department asked why we were not prosecuting senior Barings staff in London. I was forced to point out that as he declined to provide me with access to the documents he had in Singapore, I was unable to contemplate doing so as the bulk of the evidence to prove the fraud was held by him. Even after the return of Leeson to Singapore to stand trial, we were not provided with access to any documentation.

I do not think that the situation was helped by the delay that occurred in having face to face meetings between SFO and CAD staff but where, perhaps, there are concerns about professional rivalry and competing interests, this may be inevitable. It is an isolated example fortunately.

F. Mutual Legal Assistance

The SFO has developed a Mutual legal Assistance Unit which allows us to assist our overseas colleagues. It also provides us with benefits, in that we are the recipients of better mutual legal assistance as a result, in a recent hearing the Divisional Court has ruled that the SFO was justified in helping the Italian authorities in their investigation into former Italian premier Silvio Berlusconi. Previously search warrants were executed and documents which Signor Berlusconi's lawyers argued should not be allowed to leave the country were obtained by SFO staff for Milan prosecutors. Finding in favour of the SFO, the Divisional Court provided valuable confirmation of the extent of the SFO's special investigative powers which compel the provision of information under Section 2 of the 1987 Criminal Justice Act. The extension of our powers to assist overseas investigators came into effect in February 1995 and this was the first legal challenge to it.

III. CONCURRENT INVESTIGATIONS

It might not be immediately apparent from the foregoing but it is almost an inevitable fact of life during our cases that we are forced to contend with concurrent investigations. In a fraud case we might see:

- A Companies Act investigation S432 – which might be published.
- A Companies Act inquiry S477 – which is not published.
- Directors Disqualification proceedings against the directors of the companies under investigation.
- Administration/Receivership/Liquidation proceedings relating to the Company under investigation.
- Bankruptcy proceedings against individuals under investigation.
- A FSA disciplinary enquiry.
- A Public enquiry.
- Professional disciplinary proceedings, e.g. Law Society, ICAEW, OPRA.
- Proceedings by the revenue departments – Customs and Excise and Inland Revenue.
- Civil litigation by losers.

It is unlikely that all of these would be in progress at the same time – though it is possible they may do so – but they do create difficulties. The multiplicity of the enquiries can put a huge strain on suspects and although I am rarely sympathetic, I do have some concerns.

It also makes evidence gathering hugely difficult. I may be seeking to use someone as a witness but he may be the subject of an investigation by another agency, for example the FSA or the Law Society. One man's witness may be another man's defendant.

We try to address these issues right at the start and agree, at least, a priority but there is no hard and fast rule that can be applied to these situations. The only sure thing, is that it involves a great deal of effort to maintain contact with all those involved to ensure that we co-ordinate our activities such that we do not hamper each other too much. At the same time we cannot become too close and sharing information is a hugely problematic area for us.

IV. COMPUTER FORENSIC EVIDENCE

I mentioned in my other paper the huge volumes of computer data that we are now securing in our cases. The volumes involved cause us practical problems in terms of our ability to process the information within a reasonable time. The use of private businesses to assist in the processing of data is almost always essential and this merely adds to the issues involved in ensuring that the evidence is properly produced.

We have taken the view that the only safe way to secure the evidence is to 'image' the hard drive or other data storage media. This effectively means talking a photograph of the data as at the date when we gather the evidence. This image is produced in such a way as to prevent anyone from tampering with the information on the image.

It sounds all rather straightforward. It is far from being so. We usually gather the most computer data when we are conducting a search. Nothing could be simpler you imagine. It is not so. The power to seize material granted by a search warrant only applies to the seizure of material that is relevant to the matters under investigation as outlined in the information we supply to the court when granted the warrant. I am sure you will realize that any computer will contain very significant amounts of data or information that is wholly irrelevant to any issue in the investigation.

In such circumstances it had been our invariable practice to secure the consent of the occupier of the premises to our imaging the hard drive, either on site or at our offices, and returning the computer within a day or two. Usually informing the occupier of the amount of time that would be needed for us to review all the data in his office or home to ensure we only removed relevant data was sufficient to persuade them to agree. Our approach resulted in the minimum inconvenience to the occupier and the maximum advantage to ourselves. We would then allow the occupier the opportunity to attend at our offices at which time we would review the data and remove the irrelevant material. Often they would not bother and we would process the data only making available to the case team the data that was relevant to our investigation.

However, the problem was not solved. Unfortunately an inexperienced police officer engaged in a search removed a computer without the agreement of the occupier. Sadly for him the occupier was not satisfied with the answers given to him and he challenged the seizure of the computer, and other material, as being unlawful. Very unfortunately for the police officer concerned, the court agreed with the occupier. Indeed it was an inevitable decision in the circumstances. Nevertheless it left us with a problem. The court's decision was widely reported and police forces started to be challenged routinely when they sought to seize computer data. The response of the government has been to introduce legislation which avoids the problem. So what is the problem? Whilst the legislation does provide a mechanism for seizing irrelevant material that is 'inextricably linked' with relevant material where it is 'impracticable' to separate them, the provisions do not provide clear guidance on what 'inextricably linked' means and it also provides some difficulties over what should be regarded as appropriate circumstances when it can be said that it is impracticable to separate the material.

As a result it is now much more difficult to secure the consent of the occupier because they believe that refusing consent gives them an advantage, that you may be unable to remove the computer and so seize the evidence on it. In consequence the process of securing the computer data is now much more labour intensive as we have to demonstrate the problems in removing only relevant material on site.

You may be wondering why we do not simply use the new power to remove the computer. The simple answer is that the legislation creates as many problems as it solves. I mentioned earlier that the processing

of the seized date is very time consuming. As an example, a colleague recently had a team of eight staff reviewing the seized data to sift through it for relevant evidence. It took them two months to review 2,000 Gigabytes of data and resulted in about 400 Megabytes of relevant material.

Had the data been seized under the new legislation it imposes burdens on the investigators, personally, to complete the review as soon as possible. Clearly this allows some latitude but it is also likely to be subject to challenge by the occupier just to make life as difficult for the investigator as he can.

V. WHERE NEXT?

I would like to mention two more examples of the kind of situations we face and where this might take us in the future. The first is the case of Regina v Steen and others.

The circumstances were that operating from business premises in Brighton and in Darlington, the defendants conspired to defraud people overseas who responded to press advertisements for commercial loans. The fraudulent scheme required applicants to pay non-refundable advance fees to have their applications processed. However no loans were ever forthcoming. Instead, further financial conditions would be imposed that proved impossible for the applicants to meet.

They avoided promoting their service in the UK so all of the would-be borrowers were overseas, almost exclusively in Australia, New Zealand and North America. Hundreds of applications were received for loans ranging between half a million and twenty million pounds.

Once the loan applications had been received, Corporate Advances - the company based in Brighton - would notify the applicants that their application had been accepted in principle and that an administration fee was required to progress it to the "offer stage". When applicants responded, paying the administration fee of £6,900, their application would then be referred to the company in Darlington. Steen would arrange to send applicants an "Offer Letter" from the supposed lender, who was said to be Peninsular Holdings of Panama. It would state that in order for the matter to proceed further, due diligence enquiries would have to be carried out and for which the applicant was required to pay another fee in advance. Where the clients proceeded they would sign the offer letter and pay the due diligence fees, which typically would be the equivalent of £20,000 per application.

Applicants would then receive a 'Commitment Letter' in the name of Peninsular Holdings of Panama stipulating certain conditions. Those conditions included a requirement that the client provide an 'assignable collateral bond'. The clients, whose commercial ambitions often exceeded their financial acumen, had either been led to believe that this condition would not be required or alternatively, in their desperation to obtain the loan, had given the condition insufficient consideration. When they enquired about the cost of the collateral bond they learned that it would be in the region of 40% of the value of the loan.

It was obvious to the scheme operators that clients would not have paid either the administration fee or the due diligence fee if they had known at the outset that they would ultimately be asked to provide such a sizeable collateral sum. Many clients had made it clear from the beginning that they were not in a position to provide collateral apart from the assets of their project and that if they were able to raise such a sum then they would not have been seeking a loan in the first place.

The defendants, through their business fronts, shared in the proceeds. Corporate Advances received around £1.5 million in administration fees. Some of this was passed to Peninsular Holdings, which in turn passed to Corporate Advances some of the £2.5 million it collected in due diligence fees.

Steen fled to the Philippines when the trial went against him and before the verdicts. He was convicted in his absence and was subsequently returned quickly with excellent co-operation from the authorities there.

Nevertheless we are facing an appeal in this case on an entirely unexpected basis. I mentioned during the public lecture the case where the prosecuting barrister received a bottle of champagne from a member of the jury, together with an invitation to dinner. It just goes to show that even in the best cases, there is no way of predicting what will happen to cause difficulties.

If that fraud was being operated today - and I suspect that something like it is probably going on somewhere - there would be one major difference. Instead of placing advertisements in the press it would be done over the Web and Internet. That would allow the fraudster to target many more gullible individuals as a result. It would also mean that the trail of evidence becomes much more difficult to access, assuming you can find the computer where the information is stored and much of the information may have been destroyed by the internet service provider as they rarely retain data for very long because of the commercial cost of doing so.

My last example is a bit silly but just goes to prove that there are many people out there who are very gullible or, perhaps, desperate. I can give you one rather sad example of a lady who wrote to us from America regarding a company in Cheshire offering:

"Magical/spiritual services for $68, every three months, plus $25 for extra spells. I had this service done starting on 12/01 through 6/02. They said that every thing done for me would work. They also told me how well the workings were going and how positive the feedback was, and that everything would come right for me after a certain spell was done, then after that spell was done, they wanted to go on for another $68. I was also told to delete all the emails I got from them so no one could see them.

To this day, nothing has worked, except something that happened that makes the situation they were working on for me, impossible to get better or change now.

I asked for all of my money back, a total of $211, but after almost a year of asking for a refund, and a mix up of emails, they gave me just $59. They claim they have clients come back to them over again, so I don't know why they can't give me more.

I then asked for $46 back to make about half of the money, but I never got it. I don't know how they can get away with promising people everything done for them would work because Tanith, the high priestess doing the spells, knew it and felt it. Or to say not to fear and that she wouldn't let me down, when nothing she did for me DID work. Then not to give back a fair or reasonable refund. I put my faith, trust, and belief in them, and I got nothing out of it. I lost instead of gained. It's like they promise you the magic will work just to get you to give them money. If they won't give your money back, then they should NOT be promising all the spells will work. They shouldn't do that at all. I don't know how they can do that, and think it's OK. It's not fair to get someone's hopes up like that, knowing how important the situation they are working on is to people, and mine was EXTREMELY important to me. Too important to make false promises about it all coming right for me, when it didn't.

They don't seem to care either, or understand how I feel about that. They are so sure the spells work, but they don't back it up with a money back guarantee if they don't work. I paid them for spell work Tanith promised would work. It didn't, so why can't they give me all of my money back?

I talked to a lawyer about this, but she said their service to help me would be more than what I spent on Shining-light, and that I should report this as fraud to the proper places in the UK."

A sad case indeed - I am just amazed she got $59 back.