

A stylized, grey-toned illustration of a person in a suit, likely representing a judge or a legal professional. The person is shown from the waist up, facing right, and is holding a large scale of justice. The scale is tilted, with the right pan being lower than the left pan. The background is white.

**The Fraud  
Advisory  
Panel**

**Second  
Annual Report  
1999-2000**

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## Foreword by Digby Jones, Director-General CBI

*Fraud knows no boundaries. It afflicts both private and public sectors, small and large businesses. It hits the pensioner and the shareholder. Fraud leeches up to £12 billion a year from its rightful owners and it is uncomfortably apparent that current social and technological trends will facilitate its growth.*

*We at the CBI are particularly concerned at the impact on the financial and reputational standing of British business. That is why, in the last year alone, we have published both the results of a major fraud survey and a special business guide "Fraud and Risk Prevention". We have also worked closely with the Metropolitan and City of London police in developing the "Partners Against Crime" initiative which will allow qualified private investigators to work under police supervision in fraud cases. This kind of co-ordinated response is the most effective way forward. That is why I applaud the work of the Fraud Advisory Panel. The Panel is a model of a unified, multi-disciplinary approach to fraud, combining the efforts of businesspeople, the professions, academics and security experts.*

*The Panel, now just past its second birthday, has already made a difference via its high quality research, effective policy making and patient discussion with Whitehall and other centres of decision in the battle against fraud. It prefers gentle persuasion to headlines, despite deserving high praise for its work to date.*

*I am glad to give this public endorsement of the Fraud Advisory Panel and of its second Annual Report. The following pages provide a valuable overview of key developments, from law making to detection, from e-commerce to the content of MBAs. And, of course, it reviews the work of the Panel itself.*

*This is an organisation that deserves the active support of British business. A stronger Panel means a stronger voice on fraud policy and prevention in places that matter.*



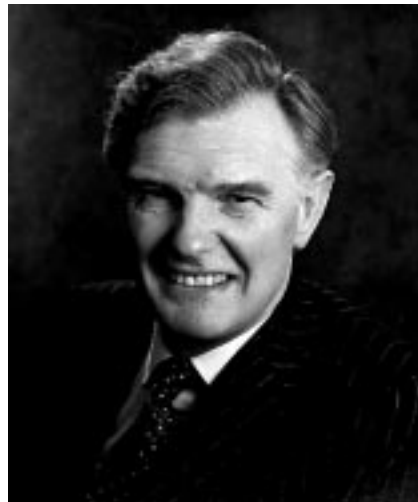
# Chairman's Overview

*By George Staple*

Any serious study of fraud confirms that society has substantial skills and resources with which to tackle the job. But it must first surmount two major hurdles. The first is simply to recognise the sheer damage that fraud causes. Genuine awareness of the economic, social and human havoc it creates will drive us into action. The other is to combine our resources, whether legal, managerial or technological, in ways which multiply their effect. Fraudsters enjoy a crude singularity of purpose. Those who would thwart them must embrace wider and deeper concerns, taking account of the public interest in all its complexity. Fighting fraud must neither impede wealth creation, nor infringe our traditional rights and liberties. A constant pooling of information and experience is therefore essential.

These insights lie behind the Fraud Advisory Panel, now beginning its third year of activity. Established in 1998 through a public spirited initiative by the Institute of Chartered Accountants in England & Wales, the Panel has brought something new and valuable to the table. Anti-fraud strategies have often been inhibited by the difficulty of co-ordinating the wide range of business, professional and public sector responses. The Panel works to overcome these barriers via a strongly multi-disciplinary approach.

Our membership includes senior figures from the law and accountancy, representatives from banking, insurance, commerce, regulators, the police, government departments and public agencies. No other



organisation has such a range and depth of knowledge, both of the problem and of the means to combat it. The Panel is not restricted by seeing the problem from any single point of view. It is dedicated to sharing knowledge and skills, using them to raise awareness and fashion new policies for both the private and public sectors.

This document is more than simply a report on the Panel's activities during the previous year, useful though these have been. It is also an overview of some of the more important developments in the whole field of fraud, whether legal, professional, commercial or investigatory. Close attention has been paid to computer and Internet fraud on which we first sounded a note of warning over a year ago. Recommendations for urgent action are also included because the Panel's rationale is a highly practical one. We hope that this kind of report will meet a real need, not only amongst those whose work involves them in combating fraud directly but also with influential audiences, such as Members of Parliament and business leaders, whose informed concern can do so much to win the battle.

## The Panel's Objectives

The Panel's objectives are as follows:

- working with government and other public bodies to reform the law and public policy as it relates to fraud;
  - developing proposals for improving the investigation and prosecution of fraud;
  - advising businesses on problems and techniques in fraud prevention, detection and reporting;
  - improving education and training in all sectors of business and the professions;
  - establishing a more accurate picture of the extent, causes and nature of fraud.
- Presenting new proposals for strengthening the relationship between the police and the Serious Fraud Office (SFO).
  - Proposing significant anti-fraud reforms in company law.
  - Conducting and publishing new research into the extent and nature of fraud which has revealed the inadequacy of existing statistical sources.
  - Raising awareness of fraud and promoting change at a wide range of conferences (such as the annual Cambridge Symposium on Economic Crime in September 1999), seminars and in business and professional journals.

Much of the Panel's work lies behind the scenes. But a private voice can still be both clear and compelling, changing priorities and stimulating fresh thinking. This strategy affords the Panel a lower profile than it might otherwise possess but action, rather than applause, is our principal concern. It goes without saying that we shall not hesitate to raise our public voice if that will better serve the public interest.

## The Panel's Achievements

The Panel's principal achievements, in less than two years, are considerable.

- Creating close working links with government which are helping to change priorities in Whitehall.
- Developing major proposals for legal and procedural reform.
- Identifying deficiencies in the anti-fraud content of business and professional education and training.

Current initiatives include a major research project on e-commerce fraud, an anti-fraud Code of Practice for business, a series of specialist seminars for legal opinion formers, and the development (delayed for financial reasons) of our own website.

## The Nation's Response to Fraud 1999-2000

It cannot be pointed out too often that fraud is a hidden tax on everyone. It increases the cost of goods and services, impoverishes small as well as corporate shareholders, strikes at the future of private pensionholders, jeopardises jobs and saps faith in the City's unique standing at home and abroad. It damages development, innovation and investment.

Estimates of sums lost through fraud range from £5 billion to around £12 billion per year, the latter figure (from the Association of British Insurers) representing at least a third of the cost of all crime. No one disputes that losses are rising and that, without a stronger

and more comprehensive response, they will continue to grow. It is a remarkable fact that just three fraud cases in 1994 involved sums far in excess of the total reported loss from burglary in England & Wales in that year.

That said, there have been some notable and praiseworthy developments during 1999-2000. These include:

- the new police/CBI initiative to permit the use of authorised private investigators in fraud cases;
- the establishment of a Whitehall working group to explore a more co-ordinated and energetic way of resourcing fraud cases, chaired by Rosalind Wright, Director of the SFO;
- the CBI's survey of business fraud;
- the recent consultation paper *Just Around the Corner*, issued by the DTI's Foresight Crime Prevention Panel under the chairmanship of Lord Sharman of Redlynch OBE, an imaginative new look at likely developments in crime;
- news that the United Kingdom signed a new EU convention on mutual legal assistance in June. This is particularly welcome. Apart from speeding up the process by which requests are made for assistance from one county to another by providing for direct transmission between judicial authorities, it also provides for hearing evidence by live video link to avoid witnesses having to travel from one jurisdiction to another.

Yet our overall national response remains well below the level of events. Changes in the law, court procedure, police priorities and resources, business and professional training and corporate practice are all urgently needed. It is particularly disappointing to

observe the current uncertainty over the impact of the newly implemented Data Protection Act on fraud investigators.

It should be emphasised that the government, particularly the Lord Chancellor and Home Secretary, have shown serious interest in the subject. We must hope that further support will be forthcoming.

## An Agenda for Action

It is clearly necessary to direct public attention to the gaps in the nation's anti-fraud defences. The following six proposals require the Government's urgent attention over the coming year. We are aware that Whitehall alone cannot win the battle. But it is by far the most powerful engine for initiating change.

1. Establishing a National Fraud Loss Study which would conduct an authoritative annual survey (including research on the wider social and economic consequences of fraud) for submission to government and debate in Parliament. It is impossible to motivate serious reform without adequate statistics and the widespread public interest that is created by giving these an official imprimatur.
2. Placing economic crime on the national list of police priorities, and mandating individual police forces to produce anti-fraud strategies. Resources must be given to support these changes. The current low priority given to fraud can no longer be justified and is leading to a growing, and dangerous, diversion of police resources elsewhere.



3. Issuing new Home Office guidance on the Data Protection Act to ensure legal protection for the exchange of intelligence on fraud and fraudsters between (i) law enforcement agencies and other public bodies and (ii) with, and between, appropriate private organisations.
4. Reforming procedure in serious fraud trials, essential if their length, complexity and cost is to be reduced. This would significantly advance both the interests of justice and public respect for the system.
5. Convening a national conference of professional bodies and providers of business qualifications to consider improvements in the provision of fraud education and training. Minimal progress in this area strongly suggests that an external stimulus is needed.
6. The creation of a National Anti-Fraud Commission (which the Panel called for last year) to bring together senior representatives of business, the professions, the police and Whitehall. This would serve as a high profile forum for debate and a source of authoritative policy recommendations. Such a body, with proper funding for research, development and communication, would play a valuable role in raising awareness and keeping fraud high on political, commercial and policing agendas.

The Panel believes that fraud, with all its damaging economic and social effects, will continue to grow unless a national effort is set on foot. We wish to see the principles of co-ordination and coherence underlying our own work to be given institutional form on the national stage.

The Panel is still a small scale, essentially voluntary initiative. It is diligently facilitated by its Administrator, Sue Diggins. Much more could be achieved, however, and a sustained fundraising campaign has already begun, the success of which is essential if we are to meet our ambitious objectives. Both I and my colleagues on the Steering Group are greatly indebted to all those who have supported the Panel's endeavours, whether by their donations of time or of money. In addition to the ICAEW's generous contribution, financial support has to date been received from:

- Argos Ltd.
- Barclays Bank
- BKR Haines Watts
- The Boots Company plc
- Herbert Smith
- HSBC Holdings plc
- Mazars Neville Russell
- Nationwide Building Society
- Prudential plc
- Royal & SunAlliance
- SmithKline Beecham plc
- Wren Syndicates Management Ltd

We are most grateful to them all.

# Part I: The Panel at Work

## Structure and Personnel

The Panel is a body of volunteers drawn from business, the professions, public bodies and academia, all of whom have an interest in combating fraud, many of them on a daily basis. Its structure is a lean one, dedicated to producing value in the form of new ideas and the exchange of practical information and intelligence.

The Panel is directed by a Steering Group, which meets monthly, to:

- establish strategy and direction;
- maintain contact with government, key agencies and influencers;
- review and co-ordinate the activities of the working parties set up to address particular issues;
- oversee administration, fundraising and publicity.

The Steering Group is composed of senior figures with considerable experience in relevant fields.

**Chairman of the Panel: George Staple CB QC**, Partner at Clifford Chance; Member of the Council of the Law Society; Director of the Serious Fraud Office 1992-97; a Chairman of the Disciplinary Committee of The Securities Association and the Securities and Futures Authority 1987-92; former Companies Act Inspector.

**Vice-Chairman: Gerry Acher CBE FCA**, Senior Partner (London) at KPMG and founding Chairman of its Client Service

Board; Chairman of the Audit Faculty of the ICAEW; Board member of London First.

**Tony Bingham FCA**, Partner at PricewaterhouseCoopers; Chairman of the Technical Committee of the ICAEW's Audit Faculty; originator of the *Taking Fraud Seriously* initiative which resulted in the foundation of the Panel.

**Mike Hoare MBE**, Chairman of the Risk and Security Management Forum (RSMF) since 1990; former Metropolitan Police Commander and Director of the Investigation Department of the Post Office; Chairman of the Panel's Working Party on Research, Information and Intelligence.

**Howard Page QC**, (Serle Court); Deputy President of the Lloyd's Appeal Tribunal; Bencher of Lincoln's Inn; Chairman of the Panel's Working Party on Investigation, Prosecution and Law Reform.

**David Perry FCA**, Consultant to the ICAEW and formerly its Director of Technical Development and Promotion; former Managing Partner of Arthur Andersen's Southern Region and Head of its Audit and Business Advisory Services Division.

**Martin Robinson FCIS, FIA**, Senior Manager, Group Audit, Lloyds TSB Bank Plc; Chair of the Training Development Committee of the Institute of Internal Auditors; audit adviser to the Institute of Chartered Secretaries and Administrators; Chairman of the Panel's Working Party on Education, Training and Events.



**Peter Yapp**, Director of Network International (part of Control Risks Group); formerly a Senior Investigations Officer with the National Investigation Service of HM Customs & Excise; Chairman of the Panel's e-commerce and Website Working Party.

**Frank Heinrich-Jones FCII, MIRM**, Director, Risk and Security Management, PLC Consultancy Services; served as founder Chairman of the e-commerce and Website Working Party during 1999. He has also given valuable assistance in the Panel's fundraising activities.

## The Working Parties

The Panel's detailed work is conducted by four working parties addressing different aspects of fraud, an approach that harnesses the experience and skills of its membership. All are encouraged to liaise closely with the other Panel working parties, to develop proposals for law and practice and provide a forum for expert discussion.

The current Working Parties are concerned with:

- Investigation, Prosecution and Law Reform
- Education, Training and Events
- Research, Information and Intelligence
- e-commerce and the development of a Panel Website.

The following pages set out their strategy and activities during 1999-2000.

## Investigation, Prosecution and Law Reform

Legal issues are at the cutting edge of the Panel's work. The Working Party seeks to influence opinion on all legal and investigatory aspects of fraud, the greater part of its activities being undertaken in small groups of subject experts. Projects during the last year have been as follows (summaries of submissions and policy papers are contained in Part II).

- A policy paper on the relationship between the police and the Serious Fraud Office. This has already been the subject of discussions with government.
- A detailed response to the Law Commission's consultation paper on fraud and deception.
- Continuing representations to the Lord Chancellor's Department and in the media on the need to reform serious fraud trial procedures, in line with the recommendations in the Panel's earlier paper.
- A seminar on the law of fraud and deception, held on 19th April 2000 at Serle Court, attended by the Rt Hon Lord Justice Auld (Chairman of the Criminal Courts Review Committee), Law Commissioner HH Judge Alan Wilkie QC, senior representatives of the Serious Fraud Office, the Lord Chancellor's Department, the Attorney-General's chambers, the Home Office, the DTI's Corporate Investigations Division, HM Customs & Excise, the City of London Police, the Financial Services Authority, the accountancy profession's Joint Disciplinary Scheme and the CBI.

- A seminar on finding the right balance between investigatory powers and the privilege against self-incrimination held on 16th May 2000 at Denton Wilde Sapte, attended by senior representatives from government departments and law enforcement agencies. Principal papers were delivered by Michael Kerr, Denton Wilde Sapte; Philip Marshall, barrister of Serle Court; and Jonathan Fisher, barrister of 18 Red Lion Court.

Further seminars, on abuse of corporate personality and corporate governance, will be held in the near future.

## Education, Training and Events

Education, Training and Events is the most multi-disciplinary of the Panel's working parties. Its membership of business people, fraud risk managers, accountants, lawyers, academics, civil servants and security experts generates a considerable exchange of information which in turn feeds back to the many organisations represented. Members believe strongly that greater openness and sharing of information between organisations will significantly reduce opportunities for crime.

The Working Party's objective is to identify and disseminate best practice in training and guidance in fraud prevention, detection and investigation. Its ultimate goal is for all managers to possess a sound basic understanding of fraud risk and management and for professionals to be formally trained in preventing, and coping with, fraud. Its focus over the past twelve months has been, and will continue to be, on the following main activities.

- Persuading professional bodies to include fraud prevention training as part of their qualifications or requirements for professional development. Discussions are currently in hand with three such bodies.
- Producing a Code of Practice and operational checklist for fraud prevention management, detection and monitoring. The Code places particular emphasis on the need for comprehensive fraud policy statements, whistle-blowing guidelines, staff education and rolling reviews of policy and procedure. Sponsorship is being sought for publication and distribution.
- Developing tailored workshops and seminars on fraud management, detection, e-commerce, procurement and HR issues, presented by skilled practitioners in each field.
- Producing a *Boardroom Brief* highlighting management responsibilities and reviewing the issue from various specialist perspectives.
- Compiling a database of expert speakers on fraud issues for circulation to businesses, educational and training bodies and conference organisers.

## Research, Information and Intelligence

Effective responses to fraud depend both on detailed knowledge of the type and scale of risk facing organisations and the ability to share that knowledge effectively. The Working Party's role is to investigate the nature, extent and consequences of fraud; to build a network of expert contacts; to identify, develop and publish new sources of information and intelligence; and to facilitate privileged access to this for Panel members.

Three projects are currently planned.

- A report on e-commerce by Professor Paul Barnes of Nottingham University. This will entail a review of the extensive existing literature on the subject and will aid business by providing a practical synthesis.
- A survey of fraud in small and medium sized enterprises (SMEs) by Dr Andrew Higson of Loughborough Business School. Fraud research has passed this sector by; this study will analyse the main types of fraud facing smaller firms, the key indicators, the impact of an organisation's culture and structure and how frauds on SMEs are uncovered. The findings will be used to provide practical recommendations for fraud prevention.
- A Joint Panel/Risk and Security Management Forum workshop on illegal information brokering which will be held later this year.

## e-commerce and Panel Website

The Working Party has two objectives.

- Working with private and public sector organisations to identify gaps in knowledge of the nature, extent and consequences of e-commerce and Internet fraud.
- Creating the Panel's own Website (on which work is now in hand) and fraud database.

Full implementation of the Working Party's plans are dependent on additional funding. A database on fraud case studies, trends and patterns would provide a particularly valuable service for business. A two-tier system is being considered, allowing public

access to non-confidential, but often hard to obtain, information while also allowing Panel members to study carefully protected information on current fraud patterns and trends.

## Supporting the Panel

Considerable opportunities exist to expand the Panel's work, particularly in commissioning new research, the establishment of a Website database and running targeted educational campaigns. But such activities will require significant additional funding. Until a full-time Chief Executive can be employed the Panel is entirely dependent on the dedication of its volunteers. Realising its full potential requires financial commitment from the City, business and the public sector, preferably on a rolling basis in order to allow longer term planning. Details of how to contact the Panel are set out at the end of the main text.



## Part II: Fraud and the Nation

### Assessing the Problem

The National Criminal Intelligence Service now places fraud on a par with drug trafficking as a major crime threat. Yet it has not become a national priority and this, to a significant extent, is a consequence of a lack of authoritative statistics. Their absence not only enables the problem to be marginalized politically; it also prevents the most effective allocation of resources. Such figures as are available indicate a huge volume of economic crime.

- The Fraud Advisory Panel's own study of published sources in 1999 produced estimates of fraud losses ranging up to £5 billion. The Association of British Insurers has estimated around £12 billion per annum.
- 312,151 fraud and forgery offences were recorded by the police in England & Wales in the year ending September 1999. There is universal agreement that these figures represent only a fraction of the total. The police do not provide estimates of the amount lost in reported frauds.
- The Serious Fraud Office had 85 cases under investigation in March 2000, the highest total since its establishment in 1988, with a total value of over £2 billion.
- A 1998 Ernst & Young survey found that two-thirds of British respondents had been defrauded in the previous 12 months and 84% in the previous five years.
- A recent survey by the University of Nottingham Business School revealed that there was no recovery of loss whatsoever in some 60% of fraud cases.

Perhaps the most significant fraud research of the last twelve months has been

*The Economic Cost of Fraud* a report for the Home Office and the Serious Fraud Office by National Economic Research Associates (NERA). The Panel looks forward to its impending publication.

### The Legal Framework

Just and effective laws, powers of enforcement and court proceedings are essential elements in the fight against fraud. Summarised below are some of the more important areas currently under scrutiny by the Panel.

#### *The Law of Fraud and Deception*

The Law Commission's consultation paper No 155 on the law of fraud and deception is part of its comprehensive review of dishonesty offences. The Panel's response was compiled by a sub-group of the Investigation and Prosecution Working Party, led by Kuldeep Singh QC, of 5 Paper Buildings.

This took issue with the Commission's proposal to abolish the requirement to establish dishonesty in deception cases, arguing that to do so would criminalize many otherwise trivial offences and run the serious risk of morally unjust convictions. This could damage the credibility of the overall campaign against fraud. The Panel shares the Commission's objective of facilitating punishment of real offences and helping prosecuting authorities opt for stronger, more appropriate charges. But it believes that closing specific gaps in the law is a more fruitful approach.

The Panel opposes abolition of the requirement to establish dishonesty on the following grounds.

- It would criminalize conduct which would otherwise be lawful and which ought to be a matter for the civil courts.
- It would increase demands on prosecutors to determine whether cases should proceed to court.
- It would deprive defendants of any defence for conduct which most people would regard as morally blameless. The need to prove dishonesty plays a vital public interest role in excluding such conduct from the scope of the criminal law. A conviction for dishonesty carries a strong moral stigma and this should not be debased.
- It would make a defendant's state of mind almost irrelevant. Conviction would follow merely on proof of certain conduct regardless of moral content. This is potentially unfair to defendants. Lawful excuses to an otherwise unlawful act are accepted in a wide range of cases.

The Panel does not accept the Law Commission's concerns that fraud trials may be longer because the limits to evidence relevant to dishonesty are wide and difficult to draw. These matters can be dealt with by pro-active judicial case management and by taking advantage of the case statement provisions of the Criminal Procedure and Investigations Act 1996. The Commission's complaints about the current law in this area are not problems in practice, or are insufficient to justify the extreme step of abolishing the requirement for proof of dishonesty.

The other main topic of interest and concern is the feasibility or otherwise of creating a new general offence of dishonesty and deception. The Law Commission's provisional conclusion, as expressed in consultation paper No 155, was that such an offence would be undesirable, a view endorsed by a majority of the Panel's legal working party. But, as became evident in the course of the Panel's seminar on 19th April 2000 attended by HH Judge Alan Wilkie QC (the Law Commissioner now responsible for this area), the subject is by no means closed.

### *Parallel Proceedings*

Serious problems can arise when legal proceedings against the same persons are initiated by different official and regulatory authorities. This is particularly so in serious fraud cases where a DTI investigation, criminal proceedings and professional disciplinary proceedings would all be required. The result is often duplication in the use of investigatory resources, inconsistent decisions, serious additional pressures on the defendant (such as presenting a case in a number of different fora), the risk of disclosing prejudicial information and double jeopardy. The Lord Chancellor raised the issue in his KPMG lecture of June 1998, and proposed a single set of proceedings which would be responsible for hearing criminal charges, producing reports from investigations and imposing disciplinary sanctions. The proceedings would be heard by a High Court judge and two expert assessors.

The Panel's Chairman, George Staple CB QC, also chairs the Financial Regulation Working Group of the Society for Advanced Legal Studies (SALS) which published a paper on *Parallel Proceedings* in November



1999. The Working Group was not convinced that unified proceedings would be desirable and saw no single measure capable of cutting through the problems inherent in such cases. It did, however, draw up a list of recommendations which it saw as having a substantial cumulative impact. These involved:

- empowering the SFO to produce public reports on its investigations if the DTI is not doing so. This would provide a valuable tool for civil litigants.
- Permitting the police to pass information to regulators via a statutory gateway. Prosecutors and regulators should also be allowed to disclose information to victims of fraud, subject to certain safeguards. This would facilitate more effective proceedings for recovery of losses.
- Allowing other, non-criminal, proceedings to take place before a criminal trial. The results would be withheld until after the latter has been completed if they are likely to be prejudicial to a defendant.
- Developing a formal system of plea bargaining whereby defendants can be given a judge's views on the sentences he would impose on pleas of either guilty or not guilty. Safeguards for the defendant would again be required but the effect could be to reduce the number of contested cases.
- Harmonising the powers of regulatory and prosecuting authorities to allow a single joint investigation in appropriate cases.
- Granting judges in criminal cases some of the powers of regulators, enabling them to close fraudulent businesses, freeze assets prior to a criminal charge, order compensation for victims of financial crime and impose disqualifications.

### *Serious Fraud Trials*

Whilst the Panel welcomes the review of the criminal courts system being conducted by Lord Justice Auld, it believes that revision of serious fraud trial procedures deserve special consideration. Present arrangements involve long delays in reaching the preparatory stage, over-extended hearings arising from a lack of prior definition of issues, and lack of support for judges and jurors who risk being overwhelmed by large quantities of technical evidence. In his June 1998 speech the Lord Chancellor recognised the need to re-structure the criminal process in such cases.

The Panel has proposed a series of reforms to the Lord Chancellor's Department as part of the consultation on pre-trial procedures in serious fraud cases. These would shift the process closer to that of the civil courts and could be implemented under existing powers. They include:

- mandatory pre-trial out-of-court meetings between prosecution and defence counsel aimed at defining the substance and scope of the trial before the preparatory hearing.
- Replacement of the present haphazard system of plea-bargaining by a formal procedure governed by rules of court (a recommendation echoed in the recent SALS paper on parallel proceedings).
- Encouraging expert witnesses to clearly define the differences between them.
- Refinement at the preparatory hearing of the issues that the jury will be asked to determine. Prosecution and defence should prepare statements directed to those issues and present them at the start of the trial.



- Revision of rules of court to provide for short opening statements by both prosecution and defence, and to empower the trial judge to set time limits for opening and closing speeches.
- The use of formal procedures for jury selection designed to ensure a basic threshold of literacy and numeracy.
- Juries to be given written copies of the trial judge's directions on matters of law to take with them to the jury room.
- Improved resources for trial judges via information technology (with training where necessary) and the help of judicial assistants with appropriate knowledge or experience.
- Employing formal criteria for assigning judges to the panel licensed to try very serious fraud cases. These should be linked to more extensive judicial training in the recognition and understanding of financial practices commonly encountered in serious fraud cases and in the practical skills of summing up in long cases.

## Investigation and Detection

### *A Crisis of Resources*

Commercial and financial crime does not figure in the official table of national police priorities. There has been a serious decline in the number of police officers assigned to fraud squads which are increasingly used as a reserve for other major incidents. Some have been disbanded altogether. KPMG estimates that only 600 officers are involved in investigating commercial fraud and SFO Director Rosalind Wright has recently pointed out that some forces are having to decline investigations.

The Panel believes that fraud must be made a national police priority and that forces should be given the resources to make good this aspiration.

### *“Partners Against Crime”*

The Panel welcomes the *Partners Against Crime* initiative by the Metropolitan Police, City of London Police and the CBI which is aimed at encouraging the involvement of private investigators in fraud cases (though it does not see this as diminishing the need for increased police resources).

*Partners Against Crime* will operate in the first instance by informal contacts between companies suspecting that they have become victims of fraud and the police, who could recommend employing an Authorised Investigator (AI). After an initial investigation the AI could recommend that the matter be classified as a Statement of Intent (SOI) case and taken up by the police. The latter will be at liberty to accept the case or to refer the matter to the SFO. Detailed guidelines will be in place for each stage of proceedings.

Approved investigatory organisations will work alongside, and under the supervision of, the police during the one year pilot scheme, which will apply only to Greater London. Nine such bodies, including all of the five major accountancy firms, have already been approved. There are clear issues of quality control and confidentiality and a new National Security Inspectorate will serve as an accreditation agency. Qualifications and an examination are now under development. The scheme dovetails with the Home Office's proposals to licence private investigators.

## *The Police and the SFO: a Closer Relationship*

The SFO remains in the front line against fraud yet it is prevented from making full use of police support by the Criminal Justice Act 1987. Section 2 (11) excludes police officers working with the Office from interviewing key witnesses (and sometimes potential defendants) where the interviews are conducted under the Director's investigative powers. This prevents highly skilled and experienced investigators from taking part in important interviews. It also complicates the management structure, as police officers involved in SFO cases are invariably limited to working on cases from their own force's area. Nor does the Director control all significant elements of the resources for investigating cases, though she retains full legal responsibility for the investigations themselves. The SFO is obliged, in the absence of an internal resource, to place considerable demands on chief constables. These factors can add significantly to the length of the investigatory process.

There are two ways in which changes could be implemented.

- 1. The creation of a legal structure whereby police officers could be detached from their home forces and attached to the Serious Fraud Office.* It would be necessary to define membership of the SFO as "relevant service" under Section 97 of the Police Act 1996. It would also be necessary to make the Director of the Serious Fraud Office liable for the torts of such police officers, as is already the case for existing members of the Office. Thereafter the relationship between the attached police officer, his home force and the Director would be a

matter of contract. This would mean that whilst engaged in matters not involving the exercise of police powers (at least 90% of their time), attached police officers could act under the authority of the Director. Only in circumstances in which it was necessary for them to exercise their statutory powers as constables (which they would retain) would they revert to the command and control of their own chief officers.

Attached police officers would be part of a single management structure, in which they would play a full and influential rôle. There would be flexibility within the Office's investigative structure as they would not have to limit their work to cases from their own force area. Team building would be enhanced since attached officers could participate fully in the work of civilian investigators (particularly in the exercise of Section 2 powers). The desirability of attached police officers also exercising police powers, particularly those of search and arrest, on a routine basis would be a matter for resolution by chief officers after discussions with the Director. There would be obvious dangers in terms of admissibility of evidence if a confession were first made to an attached police officer under Section 2 (when it would not now be admissible under any circumstances) and then immediately afterwards to the same attached police officer purporting to conduct a voluntary interview under the PACE Code (when, *prima facie*, it would be admissible as part of the prosecution case).

The greatest problem for police forces, particularly county forces, who are involved in SFO cases under the present arrangements is the long term commitment these require (investigations

often last for two years or even longer). It is just this burden which a system of attachments would remove. Returning officers would also bring new skills to their local force.

2. *Giving the Serious Fraud Office powers similar to those exercised by the Criminal Cases Review Commission and the Police Complaints Authority.* Both of these bodies can require a chief officer to appoint investigating officers, and can take “any steps they consider appropriate for supervising the undertaking of inquiries by an investigating officer”. This is a very wide authority but there is no reason in law why control should not be as great or little as the circumstances require. Such control could include the supervision of police officers taking part in interviews conducted under the Director’s investigative powers if the prohibition in Section 2(11) were removed.

## The Data Protection Act 1998

The Data Protection Act 1998 (DPA) came into force in March this year. Though there have been exaggerated claims about its damaging effects on fraud investigations, the Panel has identified significant causes of concern for police and commercial enquiries.

- Section 29, sub-section 3 allows the processing of personal data for crime prevention and detection. But statements by both the Home Office and the Data Protection Commissioner indicate that they see these powers taking effect only at the stage of actual legal proceedings. There is, as yet, no clear view on the status of information at an investigatory stage. Nor does there appear to be full agreement between the Home Office and the Commissioner on the matter.

- Panel members have drawn attention to an apparent conflict between, on the one hand, the DPA and Crime & Disorder Act 1998, which facilitates exchanges of information between the police, local authorities and public; and also with the Money Laundering Regulations.
- Investigators often need to trawl a number of sources in order to create a list of suspects in cases of suspected fraud. Some of the data gathered will eventually turn out to be unrelated to the crime and this could leave the investigator vulnerable to legal action under the Act. There would appear, for instance, to be difficulties in using the electoral register in order to discover how long a person has been resident at a particular address.

It is reported that The Home Office is considering an order permitting financial institutions and others access to information which may lead to convictions for criminal offences. This is clearly an important matter and the Panel believes that the law must be clarified as a matter of urgency.

## Computer and Internet Fraud

The National Criminal Intelligence Service defines computer crime as “an offence in which a computer network is directly and significantly instrumental in the commission of the crime. Computer interconnectivity is the essential characteristic”. Viruses such as the so-called “love bug” have vividly demonstrated business vulnerability. Computer based fraud can include share price manipulation, bogus websites used to collect credit card information, hacking aimed at the extraction of confidential information, impersonation and document forgery. Other crimes are limited only by the

fraudster's imagination. Almost all businesses now use computers and a majority are connected to the Internet. Moreover the tools and techniques applicable to computer crime are becoming far more widely available; many can be downloaded from websites.

Fraudsters tend to look for three things: the possibility of remaining undetected, speed of committing the crime and naive or unwary companies. Unfortunately e-business provides ample opportunity for the first two of these and has vastly increased the potential for computer related fraud. It offers worldwide access, is cheap to use, facilitates anonymity and has the lure of novelty for the unwary. The Internet can be considered as simply a new conduit for existing business, and as such the basic fraud issues have not changed. The difference is that businesses now need to consider appropriate checks and response plans for 'blurred' boundaries between consumers, suppliers, employees and partners; the high volume and velocity of data involved; set-up time, continuous business hours and the fact that one end of the transaction could be unknown to the other and/or mobile. A key characteristic of e-business fraud is the speed with which it can occur and the extent to which it can spread. Widespread unwillingness to admit that one's firm has suffered from computer crime is a contributory factor as it helps create a false sense of security amongst others.

The pickings are potentially huge with some £2.8 billion worth of e-commerce transactions in the UK alone in 1999. Ernst & Young's 1999 global survey of information security found that 28 respondent companies had each lost more than \$25 million in the

previous five years, half of this occurring in the previous twelve months. B2C (business to consumer) is the most prevalent type of e-fraud, usually involving credit cards; B2B (business to business) issues are, as yet, in their infancy but generally relate to intellectual property, revenue recovery and regulatory compliance.

British business's computer defences – both internal and external – are in a vulnerable state.

- The Information Breaches Survey 2000, supported by the DTI, found that 60% of organisations had suffered a security breach in the last year. A majority of IT related fraud originates within companies and investment in external defences must be balanced by internal security systems and procedures. Even measures like password security are often neglected.
- The Computer Security Institute's recent survey showed that 31% of respondents had suffered from unauthorised access by outsiders – up from 25% the previous year. Unauthorised access by insiders was at 55%, up from 45%.
- Other DTI sponsored research has estimated that over 80% of businesses using electronic links do not have firewall systems to repel electronic intruders. 59% have unprotected websites; only 37% have conducted a risk assessment on information security.

The Panel welcomes the DTI's efforts to educate business on the need for strong internal and external defences. Of particular note is the initiative, led by Patricia Hewitt MP, Minister for e-commerce, aimed at increasing awareness of data security issues.



## *Adapting the Legal Process*

Considerable work also remains to be done on overcoming the difficulties inherent in obtaining evidence against those committing fraud with computer technology. Court proceedings in fraud cases have hitherto largely depended on paper based evidence. Means must be found both to assist counsel and judges and make evidence easily intelligible to jurors.

## *The International Dimension*

If the Internet has finally made possible “crime without borders” it is also leading to growing inter-governmental co-operation. May’s G8 Summit in Paris involved discussions on common responses to Internet crime and these will continue at Okinawa later this year. The Council of Europe is also working with the US, Canada, Japan and South Africa to draft a treaty aimed at standardising national laws on e-crime.

Tribute must also be paid to the US authorities for taking a lead in this area.

The US Federal Trade Commission has led a group of 28 national agencies, including our own Office of Fair Trading, in a global trawl aimed at identifying fraudulent wealth promotion schemes. 1,600 such sites have been located. All site operators have been warned to amend or close their sites or face legal action. Compliance will be monitored. American business, with the active support of the FBI, has also created an Internet Fraud Complaint Centre which acts as a clearing house for e-fraud information, as well as assessing the scope and extent of the problem. There would be obvious benefits from the creation of a similar British institution.

## *The Corporate Environment*

### *The Turnbull Report*

The great majority of corporate frauds (by both value and number) are perpetrated by employees or managers, often in collusion with third parties. The Panel therefore supports the broadly based risk assessment approach to internal controls advocated by the Turnbull Report, published under the aegis of the ICAEW. Directors are enjoined to identify the key risks facing their companies in achieving operational objectives, including fraud, and devise appropriate and effective risk management strategies and controls. This focus must be an ongoing one; boards, or specified board committees, are required to keep a close collective eye on internal controls by reviewing regular and detailed reports from management. The Stock Exchange has given effect to Turnbull’s guidance via listing rules requiring certain disclosures about how the report has been implemented. KPMG’s ongoing survey of FTSE 350 companies shows that most are expecting to achieve full compliance by December 2000.

But if this approach is to be effective boards, and their audit committees, will need to spend more time than hitherto considering their company’s risk management and control practices. Continuing best practice must be embedded in corporate culture and not expressed via mere box ticking. Nor is interest in the mechanics of control enough; there must also be a positive anti-fraud policy supported by staff training at all levels (but see “Education and Training” below).

## *Increasing Corporate Liability for Fraud*

The Company Law Review, in its consultation paper *Developing the Framework*, published in February 2000, suggested a shift in liability for frauds perpetrated by a company's agents onto the company itself. This would increase the incentive for companies to install procedures and controls to reduce the incidence of fraud. Such thinking is in line with the Panel's own views, expressed in its response to the DTI's consultation on *Modern Company Law for a Competitive Economy*

It is proposed to:

- create a legal duty for directors to notify auditors of matters significant to the audit;
- extend the existing duty not to mislead an auditor to all company employees;
- make it easier to impute the responsibility for fraud by a company's own agents to the company.

## *The Role of the Company Secretary in Private Companies*

The Company Law Review's recent consultation document *Developing the Framework* asks whether the statutory requirement for private companies to employ a company secretary might be scrapped. The Panel takes the view that the post of company secretary provides an important safeguard against fraud and that its abolition would be a retrograde step.

Company secretaries are required to possess a detailed legal knowledge which serves as a deterrent to fraudsters. The post also has the advantage of allocating responsibility for legal compliance firmly with one person.

Most single director companies will soon be exempt from statutory audit, though limited liability would still apply. The company secretary is a safeguard for employees, suppliers and creditors in such cases.

## *Protection for Creditors*

The DTI has proposed shorter periods for most bankruptcies, and that discharged bankrupts may start businesses and hold credit cards within six months. These proposals, though motivated by a commendable desire to boost entrepreneurship, will require careful consideration if the perceived benefits are not to be outweighed by the creation of a more favourable climate for the unscrupulous.

## *Financial Services*

SFO Director Rosalind Wright has said that "*the enviable reputation of the UK, and specifically London, as a huge and prestigious investment and banking market, is indirectly an invitation to fraudsters and money launderers*". The internationalisation of financial crime is now a significant part of anti-fraud strategy. Praise should be given to the work of both the OECD and the multi-national Financial Action Task Force in this area and to the British government and police services for their support.

No current anti-fraud initiative is more important than the establishment of an effective, modern regulatory regime for the financial services sector. Time spent in measured consideration at this stage will pay dividends in the long term. The Panel has therefore welcomed the Financial Services



and Markets Bill. This will enable the Financial Services Authority (FSA) to order any person found breaching the proposed Code of Market Abuse to disgorge any profits made, or loss avoided, as a result of the breach and restore the position or otherwise compensate any identifiable victims of misconduct. The Authority will have the power to prosecute market abuse (including insider dealing, market manipulation and money laundering) and order payment of fines and costs.

The FSA's civil regime will add significantly to the anti-fraud armoury. Its deliberate emphasis on shifting compliance responsibility to individual managers may, however, be at odds with the collective board responsibility imposed by Turnbull.

## Auditing

Considerable work is underway in both reviewing auditors' responsibilities and the provision of practical guidance in fraud detection. The UK Auditing Practices Board (APB) believes there is a significant gap between the extent of fraud that the public expects auditors to find and what can reasonably be found in practice, especially as regards management fraud. The APB has held discussions with the regulatory bodies, undertaken research into past fraud cases and surveyed practitioners to assess the implementation of Statement on Auditing Standards 110, the existing guidance for auditors. This requires them to plan and conduct audits in order to have a reasonable expectation of detecting material misstatement, whether caused by error, fraud or other irregularity.

The APB's work has led to the issue of a discussion paper *Fraud & Audit: Choices for Society*, submissions to the DTI's Company Law Review, and discussions with the accountancy bodies on the need for more training of auditors in connection with fraud detection.

There is increasing interest in developing world-wide standards of auditing practice, together with improved methods of monitoring to assure their consistent application.

- The International Auditing Practices Committee (IAPC) has recently published an exposure draft containing proposals to revise the International Auditing Standard on *Fraud and Error*. The draft is designed to clarify the role of auditors, management and those responsible for an entity's governance. It calls for auditors to obtain knowledge of management's understanding of the accounting and internal control systems that are in place to prevent fraud and error. It guides the auditors' discussions on these matters and introduces a requirement to consider whether fraud risk factors are present, and, if so, to address these specifically when designing substantive procedures.
- The APB is using its research to contribute to the IAPC's work. Concern exists, however, that the latter may pay insufficient attention to differing national legal and corporate governance environments. The IAPC also appears to favour an approach which makes little distinction between employee and management fraud, a development which could raise unrealistic expectation of auditors' ability to uncover malfeasance by those in authority.

- In the United States the Panel on Audit Effectiveness of the accountancy profession's Public Oversight Board has just issued a report containing major recommendations on the conduct of audits, including auditors' work in relation to potential earnings management and corporate fraud. It is too early, however, to predict what effect these recommendations might have on international and British audit practice.

## Education and Training

The starting point of any comprehensive anti-fraud strategy must be a fundamental shift in perception at all levels of business. The Panel believes that the key to this is training business people in attitudes, procedures and techniques designed to minimise risks and detect problems at an early stage. In other words, prevention rather than cure.

Although much work has been carried out, this has usually been initiated by individual organisations or consulting firms without overall business acceptance. Prevention is not seen as a specific function within most companies. The burden is shared haphazardly between strategic, functional, general and professional post holders and management seldom own the problem of fraud management and control. The Panel's 1999 research suggests that training ranges from rudimentary to non-existent in far too many companies.

Nor is the educational aspect more encouraging. There appears to be little or no relevant vocational or graduate training for managers. One course administrator has even expressed the fear that such an

approach would only deter students and the companies that sponsor them. Few institutions offer fraud studies as part of their MBA course. Nor is professional education in a better state; only the Chartered Institute of Management Accountants and the Institute of Internal Auditors offer any systematic training. Very little awareness training is provided to line managers in fraud management, detection and prevention. Seminars and courses are generally targeted to fraud investigators, auditors or risk consultants. Any guidance notes or codes of practice also tend to focus on specialists within organisations rather than on operational management.

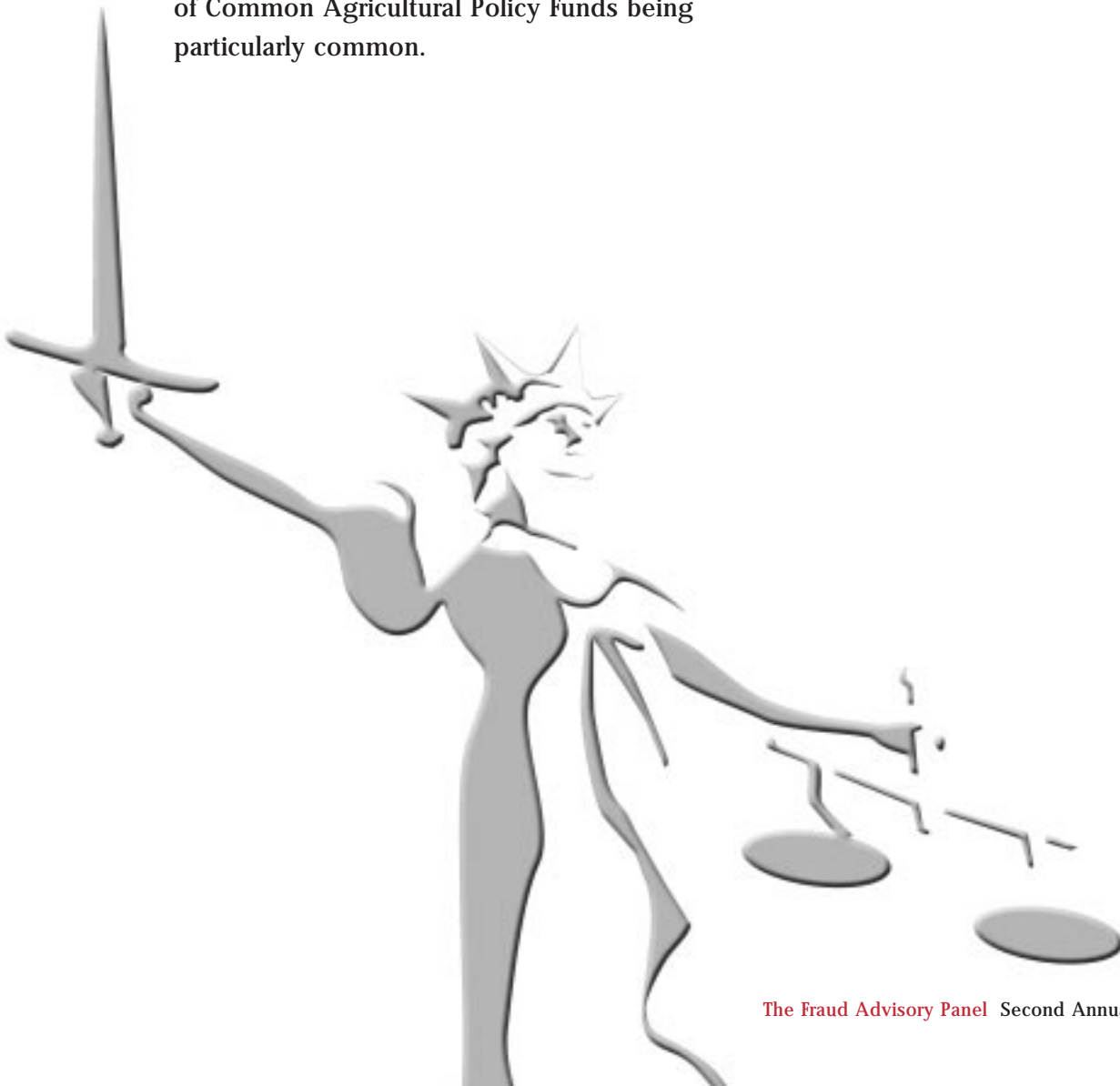
It follows that the Panel will, resources permitting, expand its efforts in this area. But a real sea change in attitudes and programmes can only come in the shorter term from government action and pressure. Thus the Panel has proposed a national conference of professional bodies and providers of business qualifications.

## The European Union

The Panel is disappointed that little definite action appears to have been taken in response to last year's revelations about fraud within the European Commission. When the penal consequences of an abuse of power on this scale are seen to be as transient and insubstantial as they have been to date, any claim to the existence of an effective rule of law at this level looks tenuous in the extreme.

The Panel also shares the widespread concern about the ineffectiveness of general fraud investigations within European institutions. The EU's 1997 budget was £53.4 billion, with fraud and irregularities accounting for between 5-10% of the total, a sum probably close to the UK's entire annual contribution of £6 billion, and considerably in excess of its net contribution of £1.3 billion.

Hopes are being placed in OLAF, the new anti-fraud agency charged with investigating EU fraud. It has limited administrative, though not criminal, powers to examine records in both the institutions and member states. OLAF will submit evidence to national investigators which can then take matters further. It should, of course, be remembered that the majority of EU fraud takes place within the member states, abuse of Common Agricultural Policy Funds being particularly common.



## **To Contact the Panel**

To contact the Panel, whether for information, to become a member or to become a sponsor, please contact Sue Diggens on 020 7920 8721; e-mail [SDiggens@icaew.co.uk](mailto:SDiggens@icaew.co.uk)

## Appendix A: The Panel's Publications

Copies of all publications are available from the Fraud Advisory Panel, tel: 020 7920 8721; email SDiggins@icaew.co.uk

### **Study of Published Literature on the Nature & Extent of Fraud**

*By the Information Gathering Working Party Sub-Group assisted by Professor A Doig, Liverpool John Moores University; Professor Michael Levi, Cardiff University*

### **Why is Management Reluctant to Report Fraud? An Exploratory Study**

*By Andrew Higson, Loughborough University Business School*

### **The Legal Relationship between the Serious Fraud Office and the Police**

*By Chris Dickson, Joint Disciplinary Scheme; Peter Hyatt, Mazars Neville Russell; John Knox, Criminal Cases Review Commission; Stephen Low, Levy Gee; David Roberts, Roberts Croston Associates*

### **Proposals for Procedural Reform in Cases of Serious Fraud**

*By Jonathan Fisher, 18 Red Lion Court; Monty Raphael, Peters & Peters; Gervase MacGregor, BDO Stoy Hayward*

### **Response to the Law Commission's consultation paper No. 155, *Fraud and Deception***

*By a sub-working group chaired by Kuldip Singh QC, 5 Paper Buildings*

### **Comments by the Investigations and Prosecutions Working Party on The Financial Service Authority's Consultation Paper 17 – *Financial Services Regulation: Enforcing the New Regime.***

*By a sub-working group chaired by Kuldip Singh QC, 5 Paper Buildings and Michael Stein, Denton Wilde Sapte*

### **Response of the Investigations and Prosecution Working Party to the Department of Trade and Industry's consultation paper on Company Law Reform**

*By Richard Fleck, Herbert Smith; Christopher Gibson, Lowells; Michael Steiner, Denton Wilde Sapte; John Knox and John Huntingdon*

### **Provisional Response of the Investigations and Prosecution Working Party to the Joint Law Commissions' Consultation Paper on *Company Directors: Regulating Conflicts of Interest and formulating a Statement of Duties***

*By Howard Page QC, Serle Court*

### **Submission in Response to the Financial Services and Markets Bill and consultation documentation**

*By Michael Steiner, Denton Wilde Sapte; Howard Page QC, Serle Court; Richard Lewis, Kidsons Impey; Sarah Evans, Ernst & Young; and Peter Burrell, Herbert Smith*

### **Response to the Auditing Practices Board on the Consultation Paper *Fraud and Audit: Choices for Society***

*By the Information Gathering Working Party*

### **Outline Response to the Home Office Working Group on *Confiscation of Criminal Assets***

*By Neil Griffiths, Denton Wilde Sapte; Sarah Dayman, BDO Stoy Hayward; and Andrew Mitchell QC, Furnival Chambers*

# Appendix B: Members of Panel Working Parties

## Investigation, Prosecution and Law Reform

Mr Howard Page QC (Chairman)	Serle Court
Mr David Alexander	KPMG
Mr Simon Bevan	Arthur Andersen, Partner, Head of Fraud Services Unit
Mr Peter Burrell	Herbert Smith
Mr Mike Calvert	Office for the Supervision of Solicitors
Mrs Audrey Campbell Moffat	
Mr Nic Carrington	Arthur Andersen
Mr Bill Cleghorn	PricewaterhouseCoopers
Ms Helen Cormack	Barlow Lyde & Gilbert
Mr Tom Craig	HLB International, Director of Fraud Prevention Services
Mr Christopher Dickson	Executive Council, Joint Disciplinary Scheme
Ms Sarah Evans	Ernst & Young, Partner, Fraud Investigation Group
Ms Stella Fearnley	Portsmouth Business School, University of Portsmouth
Mr Jonathan Fisher	18 Red Lion Court
Mr Richard Fleck	Herbert Smith, Company Department
Mr John Greenfield	Carey Langlois
Mr Chris Grierson	Lovell White Durrant
Mr N Griffiths	Denton Hall
Ms Terri Hanna	Arthur Andersen
Mr Peter Hyatt	Mazars Neville Russell
Mr John Knox	
Mr Geoff N Lane	Chantrey VellacottDFK
Mr John Larkins	Charity Commission
Mr Richard Lewis	Kidsons Impey
Mr Gervase MacGregor	BDO Stoy Hayward
Mr Barrie Mayne	KPMG
Mr Hilton Mervis	S J Berwin & Co
Mr David Morrison	Serious Fraud Office
Mr James Perry	Metropolitan Police Fraud Squad
Mr Steven Philippsohn	Philippsohn Crawford Berwald
Mr Monty Raphael	Peters & Peters
Professor Barry Rider	Institute of Advanced Legal Studies, University of London
Ms Jane Ridley	Head of Statutory Prosecutions, FSA
Mr David Roberts	Roberts Croston Associates
Mr Kuldip Singh QC	5 Paper Buildings
Mr Michael Steiner	Denton Hall
Mr David Stern	Levy Gee
Mr Ron Warmington	Citibank N A
Mr Philip Williams	Westminster Business School, University of Westminster



## Education, Training and Events

Mr Martin Robinson (Chairman)	Lloyds TSB Group Plc, Internal Audit
Mr Steven Allan	ArmorGroup
Dr Paul Barnes	School of Management & Finance, University of Nottingham
Dr Robert Barr	
Mr Mike Bluestone	Berkeley Security Bureau Ltd
Mr David Browne	BSB Forensic Ltd
Mr David Cafferty	Ministry of Defence Police (Fraud Squad)
Mr Peter Connor	The Risk Advisory Group
Mr John Coxon	Benefit Fraud Inspectorate
Mr Tom Craig	HLB International
Mr Clive Edrupt	CBI
Mr Noel Inge	Institute of Legal Executives
Mr Brian McCarthy	Prudential Plc
Mr Jon McNally	KPMG
Dr Terence Palfrey	The Law School, Leeds Metropolitan University
Mr Steven Philippsohn	Philippsohn Crawford Berwald
Mr Mark Prentice	Ernst & Young
Mr John Rafferty	Lathams
Mr Craig Scarr	Mazars Neville Russell
Ms Judith Scott	KPMG
Mr Mike Sibbald	Argos Distributors Ltd
Ms Hema Vithlani	Network International
Mr John Webb	Cazenove & Co
Mr Ian White	Kidsons Impey
Mr Colin Wilcox	National Audit Office, Central Government Finance
Mr Richard Willsher	The London Trade Group

## Research, Information and Intelligence

Mr Mike A Hoare MBE (Chairman)	Risk & Security Management Forum
Mr Mike Britnell	British Telecommunications plc
Mr Chris Brogan	Security International
Mr Steve Butterworth	Guernsey Financial Services Commission, Chairman of the Insurance Fraud Sub Committee of the International Association of Insurance Supervisors
Ms Liz Dalgetty	Benefit Fraud Inspectorate
Professor Alan Doig	Liverpool Business School, Liverpool John Moores University
Mr J A Edon	
Mr Clive Edrupt	CBI
Mr Derek Elliott	The Chartered Institute of Public Finance & Accountancy
Mr Michael Fox	Chase Manhattan Bank
Dr John Hasseldine	School of Management & Finance, University of Nottingham
Mr Humphry Hatton	Deloitte & Touche
Dr Andrew Higson	Loughborough Business School, Loughborough University
Dr Peter Johnstone	University College Northampton
Mr Graham Mason	CBI
Mr Richard Nelson	BG Group
Mr Hitesh Patel	The Risk Advisory Group Ltd
Mr Edward Ross-McNairn	Bentley Jennison
Mr Nick Stroud	Lee & Allen

## e-commerce and Panel Website

Mr Peter Yapp (Chairman)	Director, Network International
Mr Simon Carman	CGU Guarantee Society
DC Ian Chance	Fraud Squad
Mr Paul Friedman	Baker & McKenzie
Ms Kathryn Frost	Association of British Insurers, The Crime & Fraud Prevention Bureau
Mr Malcolm Gardner	City of York Council
Ms Elaine Hardy	Hardy Associates
Mr Frank Heinrich-Jones	PLC Consultancy Services
Mr Miles Hewitt-Boorman	Chantrey VellacottDFK
Ms Sarah Markham	AIG Europe (UK) Limited, Crime Department
Mr Ian Taylorson	Constant & Constant
Mr John Wagstaff	Association of British Insurers, The Crime & Fraud Prevention Bureau
Mr Mark Witchell	Royal & SunAlliance

## Notes

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