



## **Helping you see the risks**

### Quarterly UK Fraud and Corruption Enforcement Update

April 2021



Welcome to Eversheds Sutherland's quarterly Fraud and Corruption Enforcement update which provides a quick overview of the recent key developments relating to criminal investigations and enforcement actions tackling fraud, bribery and corruption offences in the UK.



## Serious Fraud Office closes investigation into KBR Inc.'s UK Subsidiaries

On 18 March 2021, the SFO announced the closure of an investigation into KBR Inc.'s UK subsidiaries, their officers, employees and agents for suspected offences of bribery and corruption. The SFO confirmed that the available evidence did not meet the evidential test as defined in the Code for Crown Prosecutors.

This announcement follows the UK Supreme Court's [earlier ruling](#) that the SFO does not have the power to compel a foreign party to produce evidential material held overseas and that the process of mutual assistance must be followed.



## SFO launches investigation into Raedex Consortium group of companies

The SFO announced on 9 April 2021 that it is investigating the Raedex Consortium group of companies for suspected fraud. The group itself comprises of a number of car leasing companies, including Buy2Let Cars.

Due to the live status of the investigation, limited information is available at this time. The SFO has confirmed that as of 8 April 2021, with the assistance of the National Crime Agency and City of London Police, two residential premises were searched in connection with the investigation. The SFO arrested and interview one individual who has been released pending further investigation. One other individual has been interviewed in connection with the investigation.

The SFO has indicated that the investigation is the product of a multi-agency effort also involving the National Economic Crime Centre and the Financial Conduct Authority.



## Coronavirus fraud continues to rise

Action Fraud has announced that an estimated £34.5 million has been stolen as a result of pandemic scams since 1 March 2020. More than 6,000 cases of COVID-related fraud and cyber-crime have been reported to the UK authorities, with activity peaking between April – May 2020 and January 2021 whilst lockdowns were in force.

According to information released by the City of London Police, more than 150 arrests have been made in connection with suspected COVID-19-related offences since the pandemic began and more than 2,000 websites, phone numbers and e-mail addresses linked to the crime have been taken down.

A common theme has been fraudsters obtaining financial details by focusing on internet shopping. The City of London Police release reports a 42% increase in such frauds during the pandemic than compared with the previous year.

It also states that there has been a significant rise in hacking and e-mail scams, with one in three charities suffering a cyber-attack during the first 10 months of the pandemic. Action Fraud state that whilst organisations such as limited companies, sole traders and charities only made 1,741 reports of hacking, they reported losing £3.8 million to such crimes compared to £283,500 lost by individual victims.



## CPS bolsters efforts to tackle economic crime

On 30 March 2021, the Crown Prosecution Service (“CPS”) announced the launch of its first [economic crime strategy](#). The five year plan, highlights the agency’s aims in combating a broad range of offences including fraud, bribery and corruption.

The CPS has set itself five key aims including the investment in employees, digital tools, the sharing of operational insights with strategic partners, approaching casework to deliver improved justice outcomes and placing both victims and witnesses at the heart of every case.

The plan does not contain detailed costings setting out how these objectives may be achieved and does not acknowledge concerns raised by many practitioners about the significant pressures currently facing the criminal justice system.

We consider this development in more detail in our [client briefing](#) which has been republished by [Fraud Intelligence](#).



## HMRC to invest in coronavirus fraud crack-down

The UK government has announced that £100 million will be invested in a taxpayer protection taskforce to crack down on COVID-19 fraudsters who have exploited government support schemes. More than 1,250 HMRC employees will be responsible for investing and combatting those who have made fraudulent claims. HMRC anticipates being able to recoup £2.2 billion.



## The Pensions Regulator: No nonsense approach to fraud

On 22 March 2021, it was reported that an individual had been extradited to the UK from Spain in order to face proceedings brought by The Pensions Regulator (“TPR”) concerning a £13.7 million pension fraud. It is alleged that 245 savers were persuaded to transfer their savings into 11 pensions schemes controlled by the individual and his co-defendants.

This is the first example of TPR working together with the police to secure the extradition of an individual to face criminal proceedings in the UK.





### Fourth executive sentenced in the SFO's Unaoil related investigations

On 1 March 2021, a former senior sales manager was sentenced to three and a half years' imprisonment for conspiring with others to bribe Iraqi public officials in order to secure lucrative oil contracts in post-occupation Iraq.

Along with others, the executive was said to have funnelled \$900,000 in bribes to Iraqi public officials at the South Oil Company and the Ministry of Oil, which bought access to sensitive information. This enabled the him to skew the tendering process in favour of his company which went on to win a \$55m contract.



### Business as usual at the SFO: Former biodiesel trader charged with fraud and money laundering

The SFO announced on 25 February 2021 that a former biodiesel trader at Greenergy has been charged with fraud and money laundering offences following its investigation into the sustainable fuel sector.

The former trader is alleged to have received payments from the director of a company which was in the process of agreeing trades with Greenergy. The SFO has stated that on multiple occasions, monies received were transferred to the director concerned.

The SFO are unable to release any further information whilst the proceedings remain live.



### SFO drops corruption probe into British American Tobacco

On 15 January 2021, the SFO announced the closure of an investigation into British American Tobacco, its subsidiaries and associated persons for suspected offences of corruption. The SFO confirmed that the available evidence did not meet the evidential test as defined in the Code for Crown Prosecutors.

Despite forming the view that the evidence available was incapable of supporting a realistic prospect of conviction, the SFO has confirmed that it will continue assisting other law enforcement agencies with their investigations.





## Five fast facts

- 1** The number of criminal prosecutions pursued by the FCA under the Money Laundering Regulations 2007.
- 2** The number of searches on residential premises conducted by the SFO in connection with the investigation of Raedex Consortium Group.
- 3** £34.5 million: The amount stolen as a result of pandemic scams since 1 March 2020, according to Action Fraud.
- 4** 54,000: The number of Crown Court cases as yet unheard as at January 2021
- 5** 637: The number of pension scam reports made to Action Fraud in 2020.



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