Pensions

Regulator

Rt Hon Frank Field MP
Chair, Work and Pensions Committee
14 Tothill Street
London
SW1H 9NB

27 November 2017

Dear Mr Field

PENSIONS FREEDOMS INQUIRY - NUMBER OF PROSECUTIONS BY PROJECT BLOOM AGENCIES

I undertook to provide the Committee with further information about Project Bloom and criminal prosecutions of scams.

TPR is proud to work alongside its partners in Project Bloom to help protect the public from pensions scamming. Prosecutions are one of several ways we try to achieve this by disrupting the activities of scammers. However, we remain of the firm view that preventing scams happening in the first place by helping members of the public and people working in the pensions sector to recognise and avoid scams is where we should place our strategic focus.

Through Project Bloom, agencies share intelligence so that the most appropriate agency can act. This might include investigating potential criminality, or other forms of regulatory intervention.

TPR has used a range of powers to dismantle pension scams where perpetrators have sought to exploit occupational pensions. We have taken High Court action to shut down the business models used by scammers, including models that sought to enable members to access or ‘liberate’ their pensions by way of loans. Obtaining judgments via the courts in this way has helped us to prevent the proliferation of ‘pensions liberation’ models that sought to exploit purported gaps in the law relating to occupational pensions. In addition, TPR has used its powers to appoint independent trustees to a total of 69 schemes, across 11 case investigations. We are currently pursuing High Court action in one case to seek the restitution of assets.

During 2017 TPR secured criminal convictions in two cases for noncompliance with requirements to provide TPR with information under s72 of the Pensions Act 2004 after TPR sent out statutory notices seeking information in relation to suspected
scams. It should be noted that the criminal convictions relate to noncompliance with the statutory notices and not to any involvement in scams.

Via Project Bloom, we are currently working with seven police and law enforcement agencies in scam investigations. All the scams involved have been disrupted and are no longer operating. We have also provided intelligence to a number of other police forces which will assist in their decision whether to commence an investigation.

As I mentioned in my oral evidence, TPR assisted City of London Police in an investigation which resulted in arrests at a call centre in London and at addresses in Scotland and Cheshire. The police investigation is continuing. Linked to this, TPR took regulatory action by appointing independent trustees to take control of the administration of 18 pension schemes and prohibiting seven individuals and one corporate trustee from acting as pension trustees.

Further to my response to the Work and Pensions Committee regarding pension scam prosecutions below are three examples of Serious Fraud Office cases that Project Bloom has supported.

I understand that the Director of the Serious Fraud Office (SFO) will be writing to you about its work in investigating and prosecuting pension-related fraud, including the cases listed below.

1. **Sustainable Agro Energy**

   Three men were convicted in December 2014 of fraud and bribery offences following the SFO’s investigation into Sustainable Growth Group including its subsidiary companies Sustainable AgroEnergy (SAE) plc and Sustainable Wealth (UK) Investments Ltd. The investigation focused on the selling and promotion of SAE investment products based on “green biofuel” Jatropha tree plantations in Cambodia. The green biofuel products were sold to UK investors primarily via self-invested pension plans (SIPPs). The three men were sentenced to a total of 28 years imprisonment.

2. **Arck LLP**

   A joint investigation by the SFO and Nottinghamshire police led to two former partners of Arck LLP pleading guilty to fraud and forgery offences in 2014. Arck LLP created and marketed financial products including property development in Cape Verde. Their elaborate scam defrauded investors of their money, in some cases their pension funds. One individual was sentenced to 10 years and 10 months in prison, while a second individual received a sentence of two years in prison, suspended for two years, with 300 hours of community work.

3. **Harlequin Group**

   The SFO has charged the chairman of the Harlequin Group of companies with three counts of Fraud by Abuse of Position, contrary to section 1 of the Fraud Act 2006.
The alleged activity occurred between January 2010 and June 2015. Several Harlequin investors invested via a SIPP following advice from an Independent Financial Advisor firm which is no longer trading. This case continues.

Project Bloom partners have had success in prosecutions but given that partners all have limited resources it would be wrong to look at the prosecutions in isolation. Prevention is the strategic focus of Project Bloom. I hope this information is helpful to the Committee’s inquiry into pension freedoms and choice but please get in touch if you require any further information.

Yours sincerely

Nicola Parish
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