



# SFO

serious  
fraud  
office

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Director: David Green CB QC

Rt. Hon. Frank Field MP  
Chair of the Work and Pensions Committee  
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Your Ref:

Our Ref: DGPO-517

Date: 27 November 2017

*Dear Mr Field*

Thank you for your letter of 20<sup>th</sup> November asking for some details on the types of pension fraud cases prosecuted by the Serious Fraud Office (SFO) and information about fraudsters' techniques in such cases.

In response to your specific questions I can firstly confirm that the SFO has successfully prosecuted two multi-million pound investment frauds where a significant proportion of the sums invested were sourced from investors' pensions savings. Both of these cases however were concluded in 2014.

Details of the two cases, including the amounts defrauded and confiscation orders made can be found on our website using the following links:

<https://www.sfo.gov.uk/cases/sustainable-agroenergy-plc-sustainable-wealth-investments-uk-ltd>

<https://www.sfo.gov.uk/2015/10/12/arck-llp-two-sentenced-to-a-total-of-12-years-and-10-months>

The two cases referred to above are Sustainable Agroenergy (SAE) Plc and Arck LLP, which was jointly investigated by the SFO and Nottinghamshire Police. Both of these cases involved the fraudsters selling and promoting fake investment products.

In the SAE case, UK investors were sold green biofuel products primarily via self-invested pension plans. Investors were deliberately misled into believing that SAE owned land in Cambodia, that the land was planted with *Jatropha* trees, and that there was an insurance policy in place to protect investors if the crops failed. There was some cold calling of investors in this case.

Three men, Gary West, James Whale and Stuart Stone, were convicted of fraud and bribery offences and sentenced to a total of 28 years imprisonment. When handing down sentence the Judge described the fraud as a "thickening quagmire of dishonesty... there were more than 250 victims of relatively modest means some of whom had lost all of their life savings and their homes."

The three men were ordered to pay confiscation orders totaling £1.36m between them, most of which has now been paid and distributed on a pro-rata basis to those investors identified as eligible for compensation. Details on the outstanding amount and information for victims can be found on our website at the link provided above.



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In the Arck LLP case the fraudsters, Richard Clay and Kathryn Clark, created and marketed various unregulated financial products which were sold by independent financial advisors to the public. Representations were made that funds invested would be used for a scheme to develop holiday resorts in Cape Verde. Assurances were given that the funds would be held in ring fenced, secure bank accounts and would not leave the UK. The promise was that the capital was not at risk in any way. None of these representations were true. When asked for confirmation of the balance of the bank accounts, which ought to have held the funds, forged statements were provided to mislead those acting on behalf of the investors. The scam defrauded investors of their money, in some cases their pension monies and life savings.

Clay and Clark pleaded guilty to fraud and forgery. Clay was sentenced to 10 years and 10 months in prison, while Clark, the junior conspirator, was sentenced to two years in prison, suspended for 2 years, with 300 hours unpaid work.

Confiscation Orders of £344,244.07 and £178,522 were made against Clay and Clark respectively. To date, the SFO has recovered over £500,000 and is currently identifying potential victims for compensation.

There are currently a number of other SFO investigations and one prosecution underway where we believe that sums invested have been sourced from investors' pension savings. However, for operational reasons I am precluded from revealing much, or in some cases, any of the details about them. As I am sure you will understand, it could compromise these investigations. The cases where I am able to disclose some information are detailed below.

- The SFO has charged David Ames, 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. Several Harlequin investors invested via a Self-Invested Personal Pension (SIPP) following advice from an Independent Financial Advisor firm which is no longer trading. Mr West's trial is due to commence in January 2019. <https://www.sfo.gov.uk/cases/harlequin-group/>
- The SFO is conducting an investigation into Capita Oak Pension and Henley Retirement Benefit schemes, Self-Invested Personal Pensions (SIPPS) as well as other storage pod investment schemes. The investigation includes the Westminster Pension Scheme and Trafalgar Multi Asset Fund which invested in other products. Over a thousand individual investors are thought to have been affected by the alleged fraud, including those who invested their pension funds. The amounts invested total over £120m. <https://www.sfo.gov.uk/cases/capita-oak-pension-henley-retirement-benefit-and-westminster-pension-scheme-sand-traffic-multi-asset-fund/>
- The SFO is conducting an investigation into Ethical Forestry Ltd for marketing alleged fraudulent investment schemes. <https://www.sfo.gov.uk/2017/03/08/investigation-opened-ethical-forestry-investment-scheme/>
- The SFO is conducting an investigation into Global Forestry Investments and Global forex Investments for alleged fraud. <https://www.sfo.gov.uk/cases/global-forestry-investments-global-forex-investments/>



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A common feature in a number of these frauds is the offer to investors of a higher or secured rate of return that is unrealistic at best in the current economic climate.

Many of the above mentioned fraud cases typically have an international component, as the non-existent or over-valued commodities underpinning investment schemes are based overseas and investment monies are transferred to offshore bank accounts.

This brings particular challenges, such as negotiating local bureaucracy and legal systems, and requires close cooperation with and assistance from overseas authorities if cases are to be investigated and prosecuted effectively and fairly and the proceeds of crime recovered. Strong international relationships are therefore critical to the SFO but the requirement to obtain international assistance can often prevent us from progressing such cases quickly.

You have also asked about our criteria for taking on a pension fraud case. As you are aware the SFO only tackles the very top level of economic crime and as such only take on a very small number of cases per year. In considering whether to take on an investigation, I apply my published Statement of Principle, which includes consideration of:

- whether the apparent criminality undermines UK PLC commercial or financial interests in general and in the City of London in particular;
- whether the actual or potential financial loss involved is high;
- whether actual or potential economic harm is significant;
- whether there is a significant public interest element; and
- whether there is new species of fraud.

These principles apply equally to all allegations, including those of pension fraud.

In those cases where there might be some evidence of criminality but which do not meet the above principles, the SFO takes steps to ensure that any relevant information is disseminated to law enforcement and partner agencies, such the City of London Police, who would be better placed to take the matter forward.

I hope this information on the SFO's work in investigating and prosecuting pension fraud is useful to the Committee. Please feel free to contact me again should you require any more information to assist your inquiry.

*Yours ever*

**DAVID GREEN CB QC**  
**DIRECTOR**

