



POCA 2002 - Forensic Accounting

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The speaker



Forensic accounting - the beginnings



Forensic accounting



Forensic accounting - where we are going

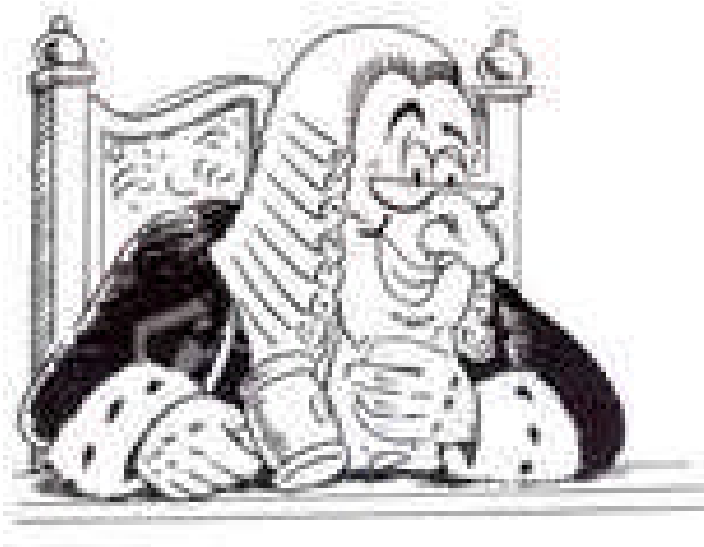


Purpose of talk - agenda

- Forensic accounting - trip around the bay
- Forensic accounting - what can it add to serious crime cases?
- POCA 2002 - where forensic accountants fit in
- Example
- Current position - where are we going
- Conclusion
- Thank you and questions



Forensic accountant



- **FORENSIC** - 'of courts of law'
- **ACCOUNTING** - 'skill or practice of keeping and preparing accounts'
- **FORENSIC ACCOUNTING** - 'application of accounting skills to legal matters'

Comparisons

- Financial accountants
 - prepare accounts and statements
- Financial auditors
 - attest the accounts and statements
- Internal auditors
 - establish the possibility of malpractice

Comparisons (continued)

- Fraud auditors
 - establish the probability of malpractice
- Forensic accountants
 - prove and present evidence of malpractice

Types of work

- Fraud investigation
- Insurance claims
 - personal injury
 - professional negligence
 - business interruption
- Commercial disputes
 - breach of warranty
 - breach of contract
 - shareholder disputes
- Ancillary relief
- Competition disputes
- Asset tracing and recovery

Common theme to our work

- the 'sexy' end of accountancy
- but....common theme = **misery**



Forensic accounting trivia



- Anyone can call themselves a forensic accountant
- Court protection for expert witnesses
- Charging structures



Where forensic accountants fit in (if that is possible)?

- Opinion
- LSC funding possible when not for counsel
- New angles



POCA 2002 - some facts

- £125m confiscations in 2007 (source: Home Office)
- Five fold increase since 2002
- Still only scratching the surface
- 50% re-invested to fund front line crime
- funds being used to enhance investigation skills
- SOCA and police using accountants

POCA 2002 - involvement of forensic accountants

- Available assets
- Assessable benefit
- Third party involvement
- Money laundering procedures
- Confiscation



POCA 2002 - top tips

- Take early action
- Protect bank records
- Secure (all) accounting records
- Early conference with client
- Get the Prosecution accountant's working papers and files
- Don't be too eager to pay the money back!

Secure **all** accounting records - themes

- Incomplete records
- Large volume of irrelevant material
- Inconsistent evidence
- Client may be locked away
- Client doesn't want to speak to professionals

Secure **all** accounting records

- Computer records
- Accountant's files
- Tax correspondence
- Cheque book stubs
- Paying in books
- Original cheques
- Invoices, receipts and statements
- Accounting ledgers
- Diaries
- Customer lists
- Supplier lists
- Correspondence with
 - bank
 - customers
 - suppliers
 - insurance brokers

Bring a new angle to a dispute



Bring a new angle to a dispute (hopefully) - an example

- Fire at convenience store - manslaughter charge
- all records destroyed by fire!



Bring a new angle to a dispute (hopefully) - an example

- Sources of records - own accountant, customers and suppliers, Companies House, bank, industry research (and profit margins)
- able to build picture of trading
- able to build picture of assets - and liabilities

- successful outcome

Current trends and developments - SOCA

- On 1 April 2008 SOCA absorbed ARA
- 2008/09 - 4,000 staff; 50 UK sites; 40 overseas sites
- Priorities:
 - 40% drug trafficking, particularly Class A
 - 25% people trafficking
 - 10% individual and private sector fraud
 - 15% other organised crime
 - 10% - partner support

Current trends and developments - SFO

- "We are facing dark days; we must protect our citizens ..."
- "I want us to put the victims at the heart of what we do ... looking at bringing injustice to the victims, compensating them - I think that's very important"

Current trends and developments - SFO

- **Main ambitions:**
 - Seize more proceeds of crime to reimburse victims
 - bring cases to Court more quickly
 - educate people to protect themselves against fraud
- **Areas of focus:**
 - advance fee frauds
 - 'Ponzi' pyramid schemes
 - 'boiler room' frauds

Current trends

- HOL - R v Green, May and Jennings
- Financial Reporting Orders
- Economy
 - credit squeeze
 - falling house prices
 - worrying economic outlook
- Globalisation
- Technology



Summary

- Forensic accounting
- POCA 2002 - and where forensic accountants get involved
- Tips re confiscation
- Changing environment

Thank you and questions



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