LLOYDS ASSET THEFT FRAUDS

THE OMNIBUS EDITION OF

THE LLOYDS PRESS RELEASES

December 2020

"Fraud unravels everything"

This historic court ruling (Lord Denning, 1956) holds the key to "The most serious financial scandal of modern times."

Through years of research, victims of banking fraud know every detail of the wrongdoing and fraud which has been undertaken by Lloyds Banking Group and is described in this report.

However, knowing that fraud unravels everything, because once proven it negates judgments, contracts and all transactions, successive Governments including the present one, have been determined that **the truth should not come out**. The argument being that this would be too damaging for the economy as a whole.

Every arm of Government and the Establishment has therefore been engaged in the cover up, which has extended from ministers and senior civil servants, through regulators and prosecutors down to the police.

The Home Secretary received our **"Lloyds Asset Theft Frauds"** report *(available on our website)* in June and replied dismissively in October. In July last year, the National Crime Agency (NCA) was supplied with overwhelming evidence of Lloyds' signature forgeries and has played for time. Meanwhile, at least eight regional police authorities have refused, or are currently refusing, to investigate cases involving Lloyds' frauds.

Government and those bodies responsible for enforcing the law have long been positioned on the **wrong side of the law**, an unthinkable position which they consider can somehow be maintained.

Gatekeepers have been placed in key positions of authority to ensure that the lid is kept firmly sealed on all wrongdoing. A leading figure, who has been responsible for supervising the cover up of widespread banking fraud, is the current Governor of the Bank of England.

The Rule of Law has been replaced by the rule of those with the greatest power and a deeply unjust two-tier system of justice prevails. Victims of banking fraud are required to face the full rigour of the law, when their defrauded businesses fail but the law has been entirely waived for banks such as Lloyds, which has been responsible for a catalogue of wrongdoing and fraud.

The Government is desperate to extinguish the historic victims of banking fraud before another major round of insolvencies takes place next year. So, it has introduced a deliberately unjust scheme called the BBRS. This has been financed by the banks, drastically limits their liabilities for compensation and enables them effectively to act as judge and jury over their own criminality.

The conduct of Government and Establishment is jeopardising the reputation of the City of London, which remains the UK's greatest source of invisible earnings. It is also risking international respect for our country's legal and judicial systems, as well as its reputation for honesty and integrity.

A fictional Orwellian nightmare ? No, this is Britain today.

www.lloydsbankassetfrauds.com

LIST OF CONTENTS

Section 1 - Summary

Section 2 - Background & "independent" reviews

Section 3 - Lloyds' professional misconduct & criminal fraud

LIST OF CONTENTS

Section 4 - The comprehensive cover up

Section 5 - Suggested reforms

"The only thing necessary for the triumph of evil is for good men to do nothing" (Edmund Burke)

Website: www.lloydsbankassetfrauds.com

Contact: info@lloydsbankassetfrauds.com

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Section 1 - SUMMARY – AN INTERNATIONALLY SIGNIFICANT REPORT

This report is internationally, as well as nationally, significant because the scale of the wrongdoing and its comprehensive cover up by Government and every arm of state is considerably worse than that witnessed, for example, in the US or Australia.

- The Lloyds Bank Victims Group has issued a series of daily press releases this autumn, which described the most serious financial scandal of modern times.

- We have outlined every detail of the extensive wrongdoing and criminality undertaken by the leading UK bank, Lloyds and worse still, its comprehensive cover up by Government, regulators and prosecuting authorities.

- Every arm of the state, which should protect its citizens and prevent such wrongdoing, has been engaged in the cover up and banks such as Lloyds have been treated as being above the law.

- When the public finds out how the Rule of Law has been so widely corrupted and abused, it will further undermine trust in Government and the Establishment.

- The coronavirus pandemic has severely challenged our Government, like many others. However, this scandal will shake the foundations of our democracy.

- More importantly, it will bring disgrace on our country and lower its international standing. No country, which claims to uphold high standards of conduct, can behave like this.

- Senior figures have called for comprehensive clean up and reform but so far, these requests have been ignored. In Australia, there has been a Royal Commission but the UK Government has preferred to cover everything up.

- If, in the future, this scandal impairs the access of the City of London to European financial markets, this will be the price which will have to be paid for serious high-level misconduct.

- We are obliged to describe every aspect of the scandal to a wide national and international audience, for it seems that the only way now to persuade our Government and a leading UK bank such as Lloyds to behave correctly is to shame them publicly.

We very much regret that matters have deteriorated to this point

Lloyds Bank Victims Group

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2. LLOYDS' ASSET THEFT FRAUDS

- Following the 2008 banking crisis, Lloyds Banking Group took deliberate action against certain business customers to benefit its own capital position.

- The conduct of the bank's staff and professional agents was frequently criminal but they were able to act in this way because they knew that they would be completely protected from all investigation by Government, regulators and prosecuting authorities.

- The targeting of asset-rich businesses represents a scandal considerably more serious than Payment Protection Insurance (PPI) because of the deliberate intent on the part of the bank to profit at the expense of customers.

The charges made against Lloyds Banking Group and its professional agents can be fully evidenced from victims' cases and the documentary evidence they hold. These include:

- Following the 2008 banking crisis, imposing fixed rate loans on customers but not informing them that they contained embedded swaps, which would permanently inflate their interest costs, nor that their managers were being rewarded for arranging fixed rate, as opposed to variable rate, loans.

- The engineering of defaults; the improper use of representatives of leading accounting firms to gain control of targeted companies; manipulation of property valuations to achieve engineered loan-to-value covenant breaches; the use by Lloyds' panel solicitors of false bankruptcies as a principal means of weakening targeted customers; conspiracy to defraud through false representation, failing to disclose information, abuse of position including acting in conjunction with turnaround professionals.

- The use of hidden credit lines and internal management obligation accounts, concealed from customers; manipulation of overdraft facilities and the levying of unfair and excessive bank fees and interest charges.

- Widespread wrongdoing and criminality involving Lloyds' Business Support Unit (BSU) and panel agents has included solicitors, insolvency practitioners and receivers colluding to defraud customers; panel receivers falsely acting for the bank and representing to customers and conducting themselves as Lloyds' managers; forcing customers to accept and pay for supposedly Independent Business Reviews (IBRs) by accountancy firms to engineer the desired outcome for the bank; the use of unregulated LPA receivers and their deliberately invalid appointment to distance the bank from their known and long-standing criminal conduct.

- Extensive legal wrongdoing has comprised the redaction, withholding, falsification and destruction of evidence, fraudulent misrepresentation, the industrial forgery of signatures, perjury and other serious offences related to perverting the course of justice.

- Systemic criminal wrongdoing with respect to the Land Registry, including failure to update records as the law requires; misrepresentations to Trading Standards, the RSPCA, the National Health Service and other public bodies.

Lying, denying and the discrediting of opponents have long been standard practice at Lloyds Bank. **The wrongdoing has extended from its executive board down through the bank. Our charges include:**

- Lying that Lloyds Business Support Unit (BSU) had become a centrally-administered profit centre; the systemic and long-standing mistreatment of whistleblowers; widespread use of non-disclosure agreements (NDA's) to prevent victims of the bank's serious wrongdoing and fraud from speaking out; concealment by Lloyds' senior management of the whistleblower's Turnbull report into major irregularities at Halifax Bank of Scotland (HBoS), including a £1 bn fraud at its Reading office. HBoS was taken over by Lloyds in January 2009 but the report was concealed from Lloyds' Chairman for three years and withheld by the Chairman from his non-executive board for a further year; the redaction and misrepresentation of the Turnbull report by the bank's lawyers to financial regulators.

- Lying to Thames Valley Police regarding aspects of the HBoS Reading fraud, including when the bank first knew of these events; systematic collusion with the FCA and Government over the Griggs and Cranston reviews to deny victims of HBoS Reading fair and proper redress thirteen years after the fraudsters immediately responsible had been jailed; benefitting from the cover up of serious criminal wrongdoing by one regional Police Authority and the Solicitors Regulation Authority (SRA); close association, including the sharing of professional agents, with a secondary lender, whose activities have been described as "a prima facie case of criminal fraud".

"In almost every other case I'm aware of, the banks never admit they've done anything wrong. They prefer to stonewall, be in denial, divide the victims – there are various strategies… Their hope is that, if they stonewall for long enough, the customers who [they have ripped off] will just go away… die… commit suicide, whatever, so the bank won't have to repay anything … The banks' behaviour since the crisis has been abhorrent." Ian Fraser, Investigative journalist, April 2014.

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3. THE CHARGES AGAINST GOVERNMENT

- Successive Governments have orchestrated, co-ordinated and been responsible for a regime, which has encompassed numerous ministries and various arms of state and has tolerated and actively covered up serious banking fraud.

- Has treated major banks such as Lloyds Banking Group as above the law; allowed them to corrupt the Rule of Law, a foundational principal of our democracy and enabled fundamental principles of British justice to be widely abused.

- Has itself violated EU and UK securities laws, when selling taxpayer-owned shares in Lloyds and Royal Bank of Scotland.[1]

- Has provided the Financial Conduct Authority (FCA) and Serious Fraud Office (SFO) with deliberately inadequate remits.[2]

- Has appointed as Governor of the Bank of England a leading figure who, in his former role as Chief Executive of the FCA, intentionally declined to investigate multiple instances of serious banking misconduct and fraud.[3]

- Has so far failed to replace the Financial Reporting Council (FRC), as an independent review recommended in December 2018.[4]

- Has permitted the Police to cover up and not investigate, inter alia, Lloyds' frauds.[5]

- Has failed to investigate serious banking fraud in the manner and to a standard, which other major international countries might reasonably expect.

- Has participated with Lloyds Banking Group and the FCA over wholly unnecessary and deliberately inadequate reviews of the HBoS Reading fraud.[6]

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[1] See Press Release 7, page 18 - How EU & UK securities laws were violated.
[2] FCA "Our Mission" 2017, page 3; See press release 33, page 70 – "SFO – not serious about banking fraud & not fit for purpose" for details of the SFO's remit.
[3] "Challenging the Bailey Appointment", report delivered to Treasury Select Committee, February 2020 (12 pp.)
[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767387/frc-independent-review-final-report.pdf
[5] https://www.thisismoney.co.uk/money/news/article-7229679/Demands-probe-claims-lenders-forged-signatures-evict-people-homes.html; https://www.bristolpost.co.uk/news/bristol-news/watchdog-grill-head-police-lloyds-2645906
[6] Press release 12, page 28 – Three wholly unnecessary reviews of HBoS Reading Fraud.

- Has failed to tighten up on the use of non-disclosure agreements (NDAs), as a minister publicly stated more than a year ago that it would.[7]

- Has referred victims of banking fraud to the Financial Conduct Authority (FCA), fully knowing that because Government had provided the FCA with a deliberately inadequate remit, the latter would refuse to investigate their cases. [8]

- Has wilfully dismissed the legitimate concerns of MPs in select committees and debates in Parliament and Westminster Hall for over a decade. Has met other high-level representations on banking fraud with silence.

[7] https://www.gov.uk/government/news/crack-down-on-misuse-of-non-disclosure-agreements-in-the-workplace

[8] https://harriettbaldwin.com/content/harriett-baldwin-responds-backbench-fca-debate (Feb 2016)

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4. LLOYDS' CORRUPTION OF THE RULE OF LAW

- **The Rule of Law and why it matters**

The Rule of Law supports the equality of all citizens before the law and prevents the arbitrary use of power. Its supremacy ensures no person or institution can claim to be above the law[9].

It is a tool to protect citizens against their Government – to ensure it does not treat them unfairly, or arbitrarily deprive them of their rights. The laws are clear, publicised and stable. They are applied evenly and protect fundamental rights, including the security of persons and contract, property and human rights.

- **Lloyds has corrupted, abused and ignored the Rule of Law and been allowed to do so by the Government and the FCA.**

Legislation has long been weighted in favour of the banks[10]. However, particularly following the 2008 banking crisis, banks such as Lloyds have been treated as being above the law. Lloyds has engaged in corrupting, abusing or ignoring the Rule of Law, as well as obstructing justice.

Lloyds Bank, its officers and professional agents appear to have contravened FSMA 2000, the Companies Act 2006, the Proceeds of Crime Act 2002, the Fraud Act 2006, the Perjury Act 1911, the Forgery & Counterfeiting Act 1981, the Criminal Justice Act 1987, the Money Laundering Regulations 2003 & 2007 and mis-used the Mental Capacity Act 2005.[11]

Lloyds Bank has monopolised the best legal talent on its panel and reportedly spent £850 mn in 2019 to prevent its criminal wrongdoing being proven. Court processes have been manipulated and certain trials appear to have been straight-forwardly rigged[12].

- **Lloyds' extensive legal wrongdoing**

This has included the redaction, withholding, falsification and destruction[13] of evidence[14],

[9] https://eachother.org.uk/explainer-rule-law/
[10] Examples: Insolvency Act 1986, Enterprise Act 2002.
[11] http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-1.pdf; http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-2.pdf ; Press release 17, page 39 – Lloyds' Abuse of Legal Process; Press release 18, page 41 – Lloyds' Industrial Forgery of Signatures; Press release 20, page 44 - Lloyds' Land Registry Fraud.
[12] https://www.legalbusiness.co.uk/blogs/a-long-drawn-out-process-former-burges-salmon-partner-cleared-in-245m-fraud-case/
[13] https://youtu.be/wFXOpikBUhw
[14] Press release 17, page 39 – Lloyds' Abuse of Legal Process

fraudulent misrepresentation, perjury and other serious offences related to perverting the course of justice. These have included deliberately invalid appointment documents for the bank's receivers.

For fifteen months, the National Crime Agency (NCA) refused all requests, including repeatedly from the Treasury Select Committee[15], to investigate Lloyds' industrial forgery of signatures on legal documents it has relied upon in court[16].

Lloyds Bank has engaged in systemic fraud involving the Land Registry and the correct registration of titles, which is required by law. These offences have been serious, not technical.[17]

The bank's professional agents have made deliberately false or inadequate representations to regulators and other public bodies to discredit their victims.

For many years, Lloyds has made widespread use of non-disclosure agreements (NDAs) to cover up the criminal conduct of its officers and professional agents[18].

All this extensive legal wrongdoing has taken place behind closed doors, where it has been protected from the public gaze.

- **Lloyds' panel solicitors have widely abused the law**

Solicitors are "officers of the court" and have an overriding higher duty to uphold the Rule of Law and the administration of justice. However, solicitors representing Lloyds Bank have frequently acted to advance their client's interests and disregarded their higher duties.[19]

The Solicitors Regulation Authority (SRA) has protected solicitors, who have acted for banks from investigation. It has refused, for example, repeated requests to disclose a critical report into systemic wrongdoing involving one firm of solicitors extensively used for recoveries by Lloyds Bank.[20]

- **The corruption of "independent" bank-led reviews**

There have been three reviews into the only banking fraud, which the Government has permitted to be investigated – the Halifax Bank of Scotland (HBoS) fraud (2003-2007), which involved its Reading branch.

[15] https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news-parliament-2017/chair-writes-to-fca-and-nca-17-19/
[16] Press release 18, page 41 – Lloyds' Industrial Forgery of Signatures.
[17] Press release 16, page 44 – Lloyds' Land Registry Fraud.
[18] Press release 24, page 53 – Lloyds' mis-use of Non-Disclosure Agreements.
[19] http://www.appgbanking.org.uk/wp-content/uploads/2020/07/APPG-HSF-SRA-9-6-20-Final-1.pdf
[20] Refusal of SRA to provide Bevan Brittan report to Thames Valley Police & Crime Commissioner, 2019.

Lloyds Bank has been allowed to commission, select the "independent" reviewer and pay for the Griggs and Cranston reviews[21] into HBoS Reading. The bank and its lawyers have interfered with and comprehensively corrupted due and proper process, and ensured that the outcomes for victims were not fair or reasonable in order to keep the bank's liabilities to a minimum. In May, the Chief Executive of Lloyds Bank was reported as "personally overseeing" their implementation[22].

The result is that no-one will ever trust an "independent" bank-led review again.

- **Meanwhile, victims of banking fraud**

are obliged to abide strictly by the Rule of Law and face all its consequences, including suffering losses as a result of Lloyds' fraudulent representations and perjury in court, false bankruptcies, wrongful evictions and being deprived of their businesses and livelihoods.

Lisa Osofsky, the Director of the Serious Fraud Office has claimed that the British legal system is "the most envied, copied legal system in the world"[23]. Not anymore.

[21] See website – "Lloyds Asset Theft Frauds" report, appendix 3.
[22] https://www.telegraph.co.uk/business/2020/05/24/lloyds-chief-hbos-fraud-review-row/
[23] https://www.telegraph.co.uk/business/2020/07/25/not-business-get-jail-free-cards-says-lisaosofsky/

5. WHY EUROPE NEEDS TO KNOW

- The UK financial services sector employs more than one million people, contributes £127bn to the UK economy and yields £75bn in taxes annually. The City of London does six times more financial services business with the EU, than the EU does with the UK. London accounts for 40 per cent of Europe's assets under management, 60 per cent of its capital markets business, 78 per cent of its foreign exchange trading, and 74 per cent of its derivatives trading. The UK securities market is the biggest in Europe. The UK banking sector is the biggest source of cross-border lending to EU banks and corporates, with more than £1.1tn of loans outstanding and the UK is by far the largest market in Europe for alternative finance.

- As a consequence of leaving the EU, the Government is presently negotiating arrangements for access of the City of London to European financial markets. This is designed to be based on the concept of "equivalence", whereby the EU would recognise that the regulatory and supervisory regimes of the City are equivalent to those of Europe[24].

- Earlier this year, the UK requested "permanent equivalence" and asked to subsume an agreement on financial services into a chapter of the overall free trade agreement. The EU rejected this but has indicated its willingness to grant equivalence.

- Present arrangements involve passporting, which has enabled UK financial institutions to enjoy unfettered access to European markets. It is unclear what exactly will be decided but regulatory equivalence might equate to passporting lite, whereby significant sections of financial services might not be covered and the agreement could be revoked by the EU at 30 days' notice.

- Whatever the outcome, the arrangements require both sides to observe the **highest standards** but in the case of the UK, this has decidedly **not** been the case, with extensive criminal conduct by banks such as Lloyds having been covered up by successive Governments, regulators and prosecuting authorities.

- Our paper "Challenging the Bailey Appointment" (February 2020) described how as Chief Executive of the UK's leading financial regulator the Financial Conduct Authority (FCA), Andrew Bailey ensured that multiple instances of serious banking misconduct and criminal fraud were deliberately not investigated or prosecuted.[25] The cover up by the FCA has only been part of a more comprehensive cover up undertaken by numerous arms of the British state.

[24] https://ukandeu.ac.uk/equivalence-is-a-word-to-watch-in-the-2020-trade-negotiations/
[25] "Challenging the Bailey Appointment", delivered to the Treasury Select Committee, February 2020 (12 pp.)

- Comments by senior figures including the former Chancellor, Sajid Javid[26] and a deputy Governor of the Bank of England, Sir Jon Cunliffe[27] can be shown to have been significantly misleading:

  Sajid Javid: *(The UK's) "financial services sector (is) a great British export …From next year, we will have freedom to make our own rules….we will no longer be rule-takers, but we remain committed to the highest international standards of financial regulation* [28] *and to shaping global rule-making. We may choose to do things in the same way as the EU, if it works for the UK. But there will be differences, not least because as a global financial centre, the UK needs to keep pace with and drive international standards. (Concluding arrangements including equivalence will be) important not only in the short term, but to establish the norms and ways of working with the EU that will endure for the decades to come…..the UK is absolutely clear about our values as a leading global financial centre: a safe and transparent place to do business, with world leading regulators".* [29] [30]

  Sir Jon Cunliffe: *"The UK cannot outsource regulation and supervision of the world's leading complex financial system to another jurisdiction…it requires a relationship built on the assessment of similar outcomes, in a non-discriminatory way, paying due respect to home country regimes in line with [internationally agreed] norms….Future regulatory and supervisory arrangements between the EU and the UK need to be stable and built on good faith".*

[26] https://www.cityam.com/ill-give-the-city-the-flexibility-it-needs-to-thrive-outside-the-eu/
[27] https://www.bankofengland.co.uk/-/media/boe/files/speech/2020/governance-of-financial-globalisation-speech-by-jon-cunliffe.pdf
[28] Press release 28, page 61 – FCA's deliberate failure over banking fraud.
[29] Press release 29, page 63 – Andrew Bailey & the failure to investigate Lloyds' frauds.
[30] Press release 31, page 66 – Financial Reporting Council's role in cover up.

6. COMPARISON BETWEEN THE LLOYDS AND AUSTRALIAN BANKING SCANDALS

Both countries have witnessed serious bank wrongdoing. The difference is that Australia took some action to address it including appointing a Royal Commission. The UK has done nothing and has preferred to cover it up.

- **The Australian banking scandal** included the charging of fees for no service[31]; an estimated A$1bn scandal involving banks and the wealth manager AMP; breaching money laundering regulations (Commercial Bank of Australia: 50,000 times)[32]; rigging the benchmark bank bill swap rate; forging loan documents; lying to regulators[33] and interfering with supposedly independent reports. The Australian and Lloyds banking scandals therefore have shared a number of common features.

- **Interference with independent reports:** AMP's chairwoman Catherine Brenner, CEO Craig Meller and group general counsel Brian Salter allegedly modified a report by the law firm, Clayton Utz in late 2017 and submitted it to the regulator as "external and independent" (cf. Lloyds' counsel and the Turnbull report). Their intention was to limit the report's findings about the involvement of AMP's senior executives in misappropriating customer fees. The firm lied to the regulator, the Australian Securities & Investments Commission (ASIC) twenty times[34]. They later tried to distance themselves by stating that "the board, including the former chairman, were unaware of and disappointed about the number of drafts and the extent of the group general counsel's interaction with Clayton Utz during the preparation of the report".

- **Australia's response:** The Australian Government resisted calls for a Royal Commission investigation for two years but was finally forced to concede one by other parties in Parliament. Commissioner Kenneth Hayne's scathing criticism, which was contained in a 530 page report[35], issued 24 referrals to regulators and 76 recommendations. He cited over 20 potential prosecutions, criminal and civil and some both.

  Hayne stated that "the fees-for-no-service" scandal should result in at least A$850 million being paid to clients in compensation and was so serious that it should fall under section 1041 of the Corporation Act, which covers dishonest conduct and attracts penalties of up to ten years in jail for individuals, and fines of up three times the amount involved, or 10 per cent of a company's annual turnover.

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[31] https://www.theguardian.com/australia-news/2018/apr/18/banking-royal-commission-cba-agrees-it-is-the-gold-medallist-at-fees-for-no-service

[32] https://uk.reuters.com/article/us-australia-cba-moneylaundering/australias-commonwealth-bank-says-records-of-nearly-20-mln-accounts-lost-idUKKBN1I40II?il=0

[33] https://www.smh.com.au/business/banking-and-finance/just-appalling-amp-misconduct-and-lies-exposed-20180417-p4za67.html

[34] https://www.theguardian.com/australia-news/2018/apr/27/amp-could-face-criminal-charges-for-misleading-asic-banking-inquiry-hears

[35] https://www.royalcommission.gov.au/sites/default/files/2019-02/fsrc-volume-1-final-report.pdf

He singled out National Australia Bank (NAB) for criticism, prompting the resignations of Chairman Ken Henry, formerly Australia's Treasury Secretary (2001-2011) and its Chief Executive, Andrew Thorburn.[36] Other resignations included the Chairwoman, CEO and group general counsel of AMP (April 2018), and Commonwealth Bank of Australia's CEO (April 2019).

- **Comparison between the Australian and UK banking scandals**

	Australia	UK Lloyds Asset Theft Frauds
Government	Resisted Royal Commission for two years[37]	Complete resistance to all investigation of bank wrongdoing. Dedication to cover up.
Regulators	ASIC – reasonably independent APRA – sheltered wrongdoing from investigation AUSTRAC – penalised CBA	FCA – complicit with banks at request of Government and HM Treasury. FRC – deliberate failure. Regulator still in existence, despite review which called for its abolition.
Resignations	Five chairpersons and CEOs forced out[38]	None – likely retirement on full pay, with thanks for their service.
Apologies	Yes[39]	Lloyds still mistreating victims of its frauds.
Compensation	Yes[40]	Determined efforts by Lloyds Bank not to compensate victims of its frauds properly or in a timely manner.

- **Australian quotes equally applicable to the UK**

"As custodians of Australia's most profitable companies, bank chiefs have a duty to maintain the highest standards." Martin Farrer / Guardian Australia.

Gareth Hutchins / Guardian Australia:

"The biggest banking scandal is that everyone knew – but still did nothing". [41]

"Why has Australian Prudential Regulation Authority (APRA) hidden systemic financial misconduct and dereliction from the public eye ?"

[36] https://www.theguardian.com/australia-news/2019/feb/08/nabs-bosses-andrew-thorburn-and-ken-henry-have-quit-what-took-them-so-long
[37] https://www.theguardian.com/australia-news/2018/apr/20/scott-morrison-wont-apologise-for-resisting-banking-inquiry
[38] Eg. https://www.theguardian.com/australia-news/2019/nov/26/westpac-chief-executive-brian-hartzer-resigns-over-money-laundering-scandal
[39] https://www.cnbc.com/2016/10/07/australias-big-four-bank-ceos-apologize-to-parliament-for-consumer-scandals.html
[40] https://www.afr.com/companies/financial-services/banks-plan-bigger-payouts-to-end-fee-scandal-20200618-p5540f
[41] https://www.theguardian.com/australia-news/2018/nov/24/the-biggest-banking-scandal-is-that-everyone-knew-but-still-did-nothing

"It has also allowed banks to conduct business outside of the scope of laws they are supposed to uphold".

"History tells us that regulatory neglect is just as dangerous as the financial crime committed."

"Regulators, who presided over this banking mess, must be named and shamed".[42]

"The reality is there has been no proper prosecution of systemic deceit and fraud committed against retail customers of our financial institutions."

"Australian bank CEO's face day of reckoning for years of scandals". Peter Vercoe / Bloomberg.

Former deputy chairman of Macquarie Bank: "What has shocked people the most is the extent to which banks have become indifferent to their customers, even all the way to engaging in dishonest behaviour."[43]

[42] https://www.theguardian.com/commentisfree/2018/nov/19/regulators-who-presided-over-this-banking-mess-must-be-named-and-shamed

[43] https://www-ft-com.btpl.idm.oclc.org/content/01f8c178-4867-11e8-8ee8-cae73aab7ccb

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

7. HOW EU & UK SECURITIES LAWS WERE VIOLATED

Over the period 2013 – 2018, while the Government was selling the taxpayer's holdings in Lloyds Banking Group and part of those in RBS, investigation into serious professional misconduct and criminal fraud by these banks was being obstructed or refused.

Sales of these shares were made to institutional investors, who were unaware of such wrongdoing and therefore may not have been provided with sufficient information to enable them to make informed decision as to their investments. This has contributed to possible securities fraud, whether inadvertently or not. The Lloyds' rights issue in 2009 set a precedent for this.

Lloyds' rights issue (2009)

- Because of the concealment of the £40bn hole in its Large Corporate loan book, Halifax Bank of Scotland (HBoS) made two capital raisings in June and December 2008, which were based on information which was knowingly false.[44] Following the takeover of HBoS by Lloyds Banking Group in January 2009, Lloyds undertook a placing in June [45] and later, the UK's largest rights issue in November, which raised £13.5bn at a near 40% discount to the prevailing share price.[46] The extent of emergency funding to HBoS was never revealed, with the Chancellor, Alistair Darling stating that "It was for the Lloyds' board to decide what to disclose. The directors had an obligation to ….disclose what they needed in the prospectus".

- The Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld has stated that "it must have been known quite clearly to the directors of the bank (Lloyds) as far back as February 2008 that a massive fraud had taken place (at HBOS Reading)." Prime Minister Gordon Brown was informed of the Reading fraud on 6th October 2008 in a letter, which he acknowledged. The Lloyds' Chairman, Sir Victor Blank also received notification from Mr Andrew Reade on 13th October 2008 but later claimed in court that he had not seen it. The truth of the Chairman's statement is challenged by a summary by Lloyds Bank, issued at the time of the takeover of HBoS in January 2009, of a key report prepared in 2007 by HBOS' Corporate Financial Crime Prevention investigation team, which cited a "lack of evidence" that there had been any wrongdoing at HBoS Reading.[47] This report was submitted by

[44] http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-1.pdf - section six.

[45] https://www.lloydsbankinggroup.com/globalassets/documents/investors/2009/2009may18_lbg_placing__open_offer.pdf

[46] https://www.telegraph.co.uk/finance/newsbysector/banksandfinance/6641375/Lloyds-launches-Britains-biggest-right-issue-at-near-40pc-discount.html#:~:text=Lloyds%20Banking%20Group%20has%20launched,to%20strengthen%20its%20balance%20sheet.&text=The%20rights%20issue%20is%20part,by%20the%20acquisition%20of%20HBOS.

[47] https://www.ft.com/content/345e4b44-5fd1-11e7-91a7-502f7ee26895

Lloyds to the Financial Services Authority (FSA) in June 2009. Since then, Lloyds Bank and its senior executive management have continued to lie about when it first knew of the major fraud. They have done so, because if it had been correctly disclosed, the Lloyds' takeover would not have gone ahead since HBoS was already a "gone concern" and its liability for compensation would be commensurately greater.

- However, the Lloyds' rights issue was allowed to take place, despite the failure to disclose either of these matters involving serious wrongdoing, with the regulator, the Financial Services Authority (FSA) and the Government turning a blind eye.

Sales of taxpayer-owned shares (2013-2017) [48]

- Chancellor Osborne, and to a lesser extent his successor Philip Hammond, together with the Permanent Secretaries to HM Treasury, committed securities fraud, whether inadvertently or otherwise. They have done so both by actively suppressing, and orchestrating a regime which actively suppressed, bad news concerning the taxpayer-owned banks, while simultaneously selling publicly-owned shares in those banks to institutional investors.

- Under Sections 85 / 87 of FSMA 2000, investors must be supplied with sufficient, suitable information to permit them to make informed decisions as to their investments and no mis-statement or concealment of any material facts or circumstances are permitted. [49] By choosing the accelerated book-build and drip-feed methods for selling the taxpayer's Lloyds shares, the Government circumvented the disclosure requirements of a fully-fledged prospectus.

- Meanwhile, all investigation into criminal misconduct involving HBoS Reading, Lloyds Recoveries Bristol [50] and the secondary lender closely associated with Lloyds, UK Acorn Finance [51] was either obstructed or refused.

- Publication of the Section 166 review into Royal Bank of Scotland's recoveries unit, the Global Restructuring Group (GRG), which similarly distressed small businesses and sought to derive profit from them, was repeatedly postponed, while the sale of the first tranche of RBS shares went ahead. The FCA declined eight times to publish the Section 166 report into systemic wrongdoing by GRG, with Andrew Bailey refusing the request of the Treasury Select Committee to publish this report in September 2017. [52] However, the sale of a further 8% shareholding in RBS proceeded in June of the following year.

[48] "Lloyds Asset Theft Frauds", Appendix 7: Lloyds' share sales – Investors have reason to feel very aggrieved.
[49] http://www.alastairhudson.com/companylaw/Company%20Law%20-%20Securities%20Law%20Text.pdf – Professor Alastair Hudson - Introduction to UK Securities Law, chapter four - Prospectuses.
[50] https://www.bbc.co.uk/news/uk-england-bristol-45718520
[51] SFO Director David Green – letter to Bill Wiggin MP, 20th September 2016.
[52] https://www.cityam.com/rbs-grg-scandal-baggage-could-drag-down-andrew-baileys/

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

8. WHY THE BRITISH PRESS & MEDIA HAVE NOT PICKED UP THE STORY

The issues behind the Lloyds Asset Theft Frauds are considerably more serious than either the MPs' expenses or Payment Protection Insurance (PPI) scandals. We refer in particular to the deliberate way in which Lloyds Bank sought to profit at the expense of certain business customers [53] and corrupted the Rule of Law.[54] In covering up every aspect of the frauds, successive Governments have behaved in a manner in which no Government ever should. The scandal has immense ramifications, both nationally and internationally.

The Lloyds Asset Theft Frauds and their subsequent cover up by Government, regulators and prosecuting authorities are potentially more serious than the US Watergate scandal of the 1970's. Watergate involved a single criminal act and its subsequent high-level cover up, which lasted for two years and resulted in the resignation of President Nixon. By contrast, the Lloyds frauds have involved considerably more extensive criminality and the cover up by Government and every arm of the state has already lasted more than a decade.

The domestic US press and media refused at first to cover the Watergate scandal and it was the international press which actually broke the story, before Bob Woodward and Carl Bernstein of the Washington Post famously covered it. The same is likely to apply in the case of Lloyds Asset Theft Frauds and it may require the international press initially to break the story.

Why the British press and media have so far not covered Lloyds Asset Theft Frauds ?

A few newspapers have published limited parts of the story, while others have declined to cover it at all. There are a number of reasons why the British press and media have refused to provide coverage:

- **Never attack your bank manager:** The British press and media no longer functions "without fear or favour". However, the first reason why they may have declined to cover the story is that they may actually bank with Lloyds.

- **Potential loss of advertising:** Intense competition in recent years from the Internet has resulted in massive changes in the way in which newspapers and media function and has threatened their profitability. Furthermore, the pressure on newspaper profitability today is much greater than it was at the time of Watergate in 1970's America. Advertising revenue from banks such as Lloyds Banking Group is now critically important to newspapers and commercial TV companies and they know that banks such as Lloyds would not hesitate to use the threat of withdrawing advertising as a means of preventing unwelcome coverage.

[53] Press release 15, page 35 – Lloyds Business Support turned into profit centre (2007).
[54] Press release 4, page 10 – Lloyds' corruption of the Rule of Law.

- **Fear of expensive litigation:** Lloyds Banking Group has been supported by powerful lawyers, which have frequently considered their responsibility to their client to be more important than their public obligation to uphold the law (their so-called "higher duties")[55]. Consequently, stories of this magnitude are likely to be out of bounds. The commercial risks are too high, when newspapers are struggling, in some instances, to stay in business.

- **Shortage of investigative journalists:** As a result of the pressure on profits, the number of investigative journalists in the UK has fallen sharply. Newspapers no longer have sufficient resources to dedicate to major in-depth stories such as Lloyds Asset Theft Frauds. However, this factor is unlikely to have been a significant reason for the lack of coverage.

- **Political affiliation or bias:** More importantly, some newspapers are strong supporters of the Conservative party and would be unlikely ever to carry such a story. Benedict Brogan, the former deputy editor and chief political commentator of the Daily Telegraph was, in December 2014, appointed group director of public affairs at Lloyds Banking Group. On 31st July this year, the former editor of the Daily Telegraph, Charles Moore was awarded a peerage, together with the Russian owner of The Independent and the Evening Standard, Evgeny Lebedev. Meanwhile, the former Chancellor, George Osborne is the latter's editor-in-chief. Other newspapers have an explicit bias towards the Conservative Government.

- **BBC effectively controlled by Government via the licence fee:** The British Broadcasting Corporation (BBC), the UK's public service broadcaster, is funded through the licence fee, which is payable by every householder, who owns a TV or watches video on demand. The BBC has covered banking fraud to a certain extent but frequently puts out coverage when audiences are limited, such as late at night. Even when the BBC planned to cover aspects of the Lloyds Asset Theft Frauds on regional TV, lawyers acting for the bank came down heavily and forced them to remove significant sections of the scheduled programme.

In the absence of proper, public coverage, high-level corruption has flourished unabated and this remains the position today.

[55] http://www.appgbanking.org.uk/wp-content/uploads/2020/07/APPG-HSF-SRA-9-6-20-Final-1.pdf especially sections 1-36.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

9. RBS & LLOYDS – GLOBAL LEADERS IN BANKING MISCONDUCT

Royal Bank of Scotland (RBS) and Lloyds Banking Group (LBG) ranked highest and third highest respectively among twenty leading international banks in terms of global misconduct costs incurred between 2014 and 2018, according to a recent study by the Centre for Banking Research (CBR), Business School, University of London. [56]

While the figures are shocking, they are not as shocking as they might have been since those for RBS are unlikely to have included penalties for wrongdoing at its restructuring unit, the Global Restructuring Group (GRG) and those for Lloyds will not have reflected sanctions for the serious professional misconduct and criminal fraud undertaken by its Business Support Units (BSU). Both have been protected from investigation and prosecution by the banks and their lawyers, as well as Government, regulators and prosecutors.

If such charges had been included, the two banks would have exceeded all other major international banks, perhaps by a significant margin.

(£ bn)	2012-2016	2013-2017	2014-2018
RBS	21.53	26.79	26.56
Bank of America	45.62	37.57	26.54
Lloyds Banking Group	20.47	20.14	18.79

Source: The CBR Conduct Costs Project, August 2020

- **Misconduct costs and why they matter**

Composition: Misconduct costs arise for a wide variety of reasons ranging from mis-selling of a given financial product such as payment protection insurance (PPI), market abuse as in the case of LIBOR, other major regulatory infringements, as well as money laundering and the violation of sanctions. They may result from the actions of an individual rogue trader but more often, they have been the product of poor corporate governance and weak organisational procedures. At Lloyds, they have been under-stated due to the determination from board level downwards to cover up serious professional wrongdoing and criminal fraud.

[56] The CBR Conduct Costs Project, Business School (formerly CASS), University of London – August 2020
https://www.city.ac.uk/news/2020/september/centre-for-banking-research-launches-conduct-costs-project

Their breakdown at Lloyds: Misconduct costs for LBG have largely reflected what the CBR terms "behavioural failure in corporate conduct" but have comprised virtually nothing for straight-forward criminality, investigation into which has been actively suppressed.

Why they matter: Misconduct costs provide an invaluable measure of the culture and ethical health of a bank, something which their opaque annual reports never adequately reflect. Banks such as Lloyds have suggested to shareholders and prospective investors that misconduct matters mainly involve legacy issues, which are largely behind them. However, such assurances are now revealed to have been intentionally misleading.

- **Misconduct by UK banks – needs to be addressed**

In the decade since the 2008 banking crisis, the group of twenty major international banks covered by the CBR study incurred misconduct charges totalling more than £377bn. Following the crisis, US banks accounted for by far the largest portion of charges but since 2012, the proportion represented by UK and European banks has increased strongly and the US percentage has fallen to only 20%.

In cumulative terms, misconduct costs for UK banks have amounted to £86bn over the decade and reached 0.88% of GDP in 2017. This compares with £205bn for US banks, the charges for which peaked at a lesser 0.35% of GDP in 2014 and underlines the degree of regulatory neglect, which has taken place in the UK.

- **The importance of trust**

It is essential for UK banks to re-build trust. However, moves to frustrate transparency and conceal wrongdoing and criminality from investigation provide an additional reason why the shares of leading banks have been trading at multi-year lows.

If the Government and regulators consider that the current position is somehow sustainable, let alone acceptable, then it will be up to the markets to inject the necessary discipline and force the authorities to confront these issues. Until such time, their deliberate oversight is adding to systemic risk by eroding trust in the City of London and UK financial markets.

Section 2 - BACKGROUND & "INDEPENDENT" REVIEWS

10. THE DOBB WHITE FRAUD (1998-2002) – STILL BEING COVERED UP TODAY

The Dobb White fraud contains many of the hallmarks of Lloyds' subsequent frauds[57]. It confirms that serious institutional failings were firmly in place at authorities such as the Financial Services Authority (FSA) and the Serious Fraud Office (SFO) well before the 2008 banking crisis. The shortcomings look to have been deliberate, not accidental and highlight the improper linkage between major UK banks and Government, regulators and prosecutors, which has persisted to the present day.

Description of the fraud

The Vavasseur programme was a prime bank securities fraud, a variation of a ponzi scheme, which was run by an American fraudster, Terry Dowdell, who pretended that he could achieve excess returns by buying short-term notes issued at a discount by Barclays. The fraud took place in 1998 - 2001, during which time he also linked up with the Leicester-based accountants, Shin Gangar and Alan White of Dobb White & Co. In late 2001, the US Securities & Exchange Commission (SEC) closed in on Dowdell, who then ostensibly transferred his interest in the fraud to his British associates. For their part, the UK authorities were already aware of the fraud but did not close it down. This enabled the two fraudsters, together with the Bank of Scotland's head of specialised mortgages in Manchester, Fraser Mackay to administer the Vavasseur programme and sequester the funds to numerous overseas countries, using up to forty banks.

The role of the Bank of Scotland (BoS)

Somewhat akin to Leeson at Barings, Mackay was able to operate a sophisticated fraud through his intricate knowledge of back office systems and converting false instruments into purported mortgage backed securities without leaving any footprint. He used an account at Butterfield Bank, Guernsey called the Cotswold Trading Company Ltd to move the Gangar & White funds around and engaged St James Place independent financial advisers (IFAs) as agents working on commission to lend credibility to the scheme, rewarding them with dividends from a fake Dominican "bank" called Overseas Development Bank & Trust (ODBT). However, Mackay never disclosed to applicants that Gangar and White had incurred criminal records for money laundering in 1998.

Mackay had been worked for BoS for 34 years by the time he resigned in December 2001 to engage more closely with Gangar and White. However, he continued to outwit the authorities by having the records of the fake Dominican "bank" shredded and transferring the funds into nominee accounts. The SFO finally closed down the fraud by appointing PWC to shut down the fake "bank", ODBT. However, Mackay stayed well ahead of the prosecutor by siphoning off the money into nine Jersey-based master trusts in late 2002. As a result, the SFO never recovered much of the original

[57] https://www.ianfraser.org/lloyds-hopes-if-it-stonewalls-long-enough-customers-bos-ripped-off-will-die-before-payouts-are-due/

US$233mn fraud and issued confiscation orders against Gangar and White in 2010, which only amounted to 1% of the missing funds.

However, Bank of Scotland has always denied its participation in the fraud and has never acknowledged any wrongdoing on its part.

HBoS - protected at all costs

Mackay surrendered to the SFO in September 2002 but Dobb White & Co. was not wound up by the FSA until December 2003 and Gangar and White were not officially charged until 2005. It was then a further three years before the fraudsters were tried and convicted in April 2008. Meanwhile, Mackay had entered into an agreement with the SFO to turn Queen's evidence and in return, receive immunity from prosecution. Witnesses at the trial of Gangar and White were instructed not to mention HBoS, when giving their evidence.

All this coincided with a period during which Sir James Crosby was permitted to combine the roles of Chief Executive of HBoS (2001-2006) with being a non-executive director of the FSA (2004-2007) and Deputy Chairman of the regulator (2007-2009). Crosby was subsequently obliged to resign from the latter position but it was only the testimony of Paul Moore, the first HBoS whistleblower, before the Treasury Select Committee in February 2009[58], which compelled him to do so. It was not the result of any pressure from Government, regulators or prosecutors. In June 2013, Crosby was effectively stripped of his knighthood.

The irony is that Moore never knew about the HBoS Reading fraud, which is described in the next section. His focus always was on the bank, which was "going too fast" and had wholly inadequate risk controls (ref. "Crash, Bank, Wallop" by Paul Moore, New Wilberforce Media, October 2017.)[59]

Lloyds / HBoS lawyers - still pursuing victims of the fraud 18 years later

Shamefully, the 400 victims of the fraud are still fighting for compensation to the present day and heavyweight firms of lawyers acting for Lloyds / HBoS have used every corrupt device to pursue certain of them to prevent the full extent of the fraud, and HBoS' involvement, finally being exposed. The catalogue of serious wrongdoing they have suffered has included signature forgery, the issuance of invalid legal documentation, violation of civil procedure rules, fraud at the Land Registry, false bankruptcy brought on non-existent debts and the issuance of invalid orders for possession, all of which have been condoned by a succession of judges. As a result, due legal process has been totally corrupted and manipulated.

So much for our widely-respected legal and judicial systems.

[58] https://www.theguardian.com/business/2009/feb/11/hbos-banking
[59] https://www.ft.com/content/566c9f76-92da-11e5-bd82-c1fb87bef7af

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

11. THE HBoS READING FRAUD – KEY IN SO MANY WAYS

The Halifax Bank of Scotland (HBoS) fraud has been the only banking fraud, which the Government has allowed to be prosecuted and this only took place due to the determination of one regional Police authority, Thames Valley.

The treatment of the Reading fraud has been the exception to the general rule, which has been not to investigate banking fraud and to cover it up. The authorities tried hard to prevent it coming to trial and Lloyds, which acquired HBoS in 2009, later lied about when it first knew about the fraud, presumably on the advice of its lawyers, to limit the bank's liabilities.[60] The extent of the fraud was also downplayed as £245mn, when on most independent estimates, it is likely to have been at least £1bn. Again, the intention was to limit the bank's obligations to compensation.

Victims of the fraud, which destroyed their businesses and lives, have been fighting for proper treatment for more than a decade. However supposedly independent reviews, which have been commissioned and controlled by Lloyds Bank, the FCA and Government, have ensured that justice has been deliberately denied to them.

If the fraud itself was not bad enough, the subsequent cover up and attempted denial of responsibility by Lloyds Bank have been altogether worse. Lloyds' response to the Reading fraud has set a precedent for its wider misconduct and criminality.

Description of the fraud

- The HBoS Reading fraud centered on the Bank of Scotland's South-East branch and a fraudulent manager, Lynden Scourfield, who managed a £1 bn loan book. He forced troubled businesses to use the services of a supposed turnaround specialist, David Mills and his company, Quayside Corporate Services. It took place between 2003 and 2007.[61]

- A decade later, the fraud was finally brought to trial and six of those immediately responsible were jailed for a total of 47 years. However, the trial encompassed only a fraction of the much greater criminality involved. The prosecution of the trial was simplified, so that the jury could understand it and a successful outcome could be obtained.

- The wrongdoing was intentionally complicated by Mills, who used a host of shell companies for money laundering purposes and wider aspects of the fraud including how high up the scandal went within HBoS, the fraudulent circumstances surrounding a certain company, Corporate Jet Services and the role played by Robin Southwell, a business ambassador appointed by David Cameron, have never been investigated.[62]

[60] Press release 7, page 18 – Section on Lloyds' 2009 rights issue.
[61] https://www.ianfraser.org/re-examining-hbos/
[62] https://www.ft.com/content/5dfb349e-4b81-11e7-a3f4-c742b9791d43

Lloyds – no penalty for repeatedly lying

- The Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld has stated that "It must have been known quite clearly to the directors of the bank as far back as February 2008 that a massive fraud had taken place (at HBOS Reading)" and the Lloyds' Chairman, Sir Victor Blank was informed by letter on 13th October 2008. However, the bank has consistently lied about when it had first known about the fraud and later even claimed to have been a victim of it.

- The FCA knew that Lloyds was lying but failed to disclose the truth about these events.

- The lies and hypocrisy have been maintained by the present Chairman, Lord Blackwell, who stated at Lloyds' 2019 AGM: "Whenever there is any evidence of criminality in this bank, we work persistently with any police force to expose that and bring the criminals to justice, as we did with the criminality in HBoS a decade ago."

- Thames Valley Police has instead described how Lloyds led them "a merry dance" over its investigation, Operation Hornet, by claiming legal privilege over documents which were not entitled to be protected, supplying the police with what it termed vast amounts of irrelevant information and briefing witnesses, prior to police interviews, on what they could say without breaching guidelines set by the bank and its lawyers. [63]

- Thames Valley's Police & Crime Commissioner has also stated that Juan Columbás and Kate Cheetham, Lloyds' legal counsel lied to him eight times in a single meeting, with the two claiming that they had never read the whistleblower's Turnbull report and Cheetham maintaining that she was an HBoS employee.

- Since 2017, the shameful stance has been maintained by Lloyds Bank in respect of supposedly independent reviews, which were ostensibly commissioned to remedy the deliberate short-comings in the treatment of victims of the Reading fraud. The truth is that Lloyds, the FCA and Government have never intended to correct these wrongs.

Lying to the Police and the deliberate obstruction of justice are criminal offences but since Lloyds Bank has been treated as above the law, the laws which every citizen of the UK is required to observe, have not been applied to the bank.

[63] Presentation, Westminster Central Hall (June 2019): "Lloyds Banking Group – the greatest financial scandal of modern times" - slide 28.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

12. HBoS READING – THREE WHOLLY UNNECESSARY REVIEWS

In February 2017, the HBoS Reading fraud which had taken place between 2003 and 2007 was finally successfully prosecuted and those immediately responsible were jailed for a total of 47 years. Having waited a decade, you might have thought that victims of the fraud would be swiftly compensated but you would be entirely wrong.

Three "independent" reviews into the fraud have been authorised: Griggs, Dobbs and Cranston, each commissioned and paid for by Lloyds Bank. All three would have been entirely unnecessary, if Lloyds Bank had behaved correctly and delivered prompt and fair compensation to the victims.

Instead, guided by its lawyers, Lloyds Bank has used every legal and procedural means to limit its liabilities to compensation and been permitted to do so by the FCA and Government.

The following describes just some of the devices used:

- **Griggs (February 2017):** Immediately following the HBoS Reading trial and after consultation with the Financial Conduct Authority, Lloyds appointed Professor Russel Griggs as the independent reviewer of the victims' cases "to agree the scope, methodology and individual case outcomes of the review in order to ensure fair outcomes."[64]

- In practice, Prof Griggs was widely perceived not to have had ultimate control over Lloyds' decisions or to have been independent. The customer review was seen as procedurally flawed and lacking in proper transparency. In December 2018, Kevin Hollinrake MP commented in a Westminster Hall debate [65] that Lloyds Bank had used the customer review "which is supposedly there to compensate the victims, to minimise payments and perpetuate the cover-up". He added that he knew of only four out of the 76 cases, which had received payments for D&C (direct & consequential) loss, the remainder having been dealt with through considerably smaller D&I (distress and inconvenience) awards. It was assumed that "all those businesses were dud businesses. That is simply not statistically possible." However, this tactic was designed substantially to reduce the bank's liabilities.

- **Dobbs (April 2017):** The remit of the second review [66] is "whether the issues relating to HBoS Reading were investigated and appropriately reported to authorities at the time by Lloyds Banking Group, following its acquisition of HBoS". As previously mentioned, the Police

[64] http://www.appgbanking.org.uk/wp-content/uploads/2018/09/Russel-Griggs-Nicky-Morgan-hbos-reading.pdf
[65] https://hansard.parliament.uk/Commons/2018-12-18/debates/51504BA8-AAA2-4085-8A3B-E20BC57A748A/HBOSReadingIndependentReview
[66] http://www.dobbsreview.com/

& Crime Commissioner for Thames Valley, Mr Anthony Stansfeld has stated that "It must have been known quite clearly to the directors of the bank as far back as February 2008 that a massive fraud had taken place (at HBOS Reading)" and the Lloyds' Chairman, Sir Victor Blank was informed of the fraud by letter on 13th October 2008, prior to the HBoS takeover in January 2009. The date when Lloyds Bank first became aware of the Reading fraud is critically important to determining the extent of victims' compensation. Hence, the bank's repeated lying to limit its liabilities. Dobbs has been deluged with evidence of Lloyds' serious wrongdoing and her review is now unlikely to be completed until the second half of next year.[67] Even then those, who have commissioned and paid for the review, Lloyds Bank and the FCA, may keep the greater part of its findings confidential.

- **Cranston (May 2019):** Such was the universal condemnation of the Griggs review that another former judge, Sir Ross Cranston had to be appointed to conduct an assurance review to "assess whether the methodology applied by the (Griggs) customer review was capable of delivering fair and reasonable compensation for customers". This **review of a review** has also been comprehensively corrupted by Lloyds Bank, the FCA and Government.

- At the outset, Sir Ross Cranston declined to recognise that the Customer Review methodology was corrupt from inception by design, and therefore could never deliver "fair and reasonable" outcomes. He prioritised speed of resolution, when in fact, no victim wanted indecent haste at the expense of fairness and justice. The real reason for speed was that Lloyds Bank, the FCA and Government have wanted to ensure victims were signed up to final settlement deals **before** the findings of the Dobbs Review are published. As already stated, the truth of when the bank first learned of the fraud would increase its liability to compensation many fold.

- Cranston failed to question the obvious injustice of apparently over-generous but smaller D&I payments but the almost total absence of much larger D&C compensation. He also failed to point out how making the customer review "fraudster-centric" and the amount of compensation contingent on the extent to which customers had involvement with the fraudsters was, in fact, a thoroughly corrupt device, designed in conjunction with the bank's lawyers, to limit the bank's liabilities.

- The Cranston Review is a fraud in itself and a carefully considered one, to which Lloyds Bank, the FCA and Government have all colluded. Meanwhile, the reputation of a widely-renowned judge and former solicitor general has been badly damaged in the process.

[67] Press release 14, page 33: Dobbs delayed – the corrupt farce over HBoS Reading marches on.

- **Foskett (April 2020) [68]:** Earlier this year, Sir David Foskett was appointed to chair the independent Cranston Re-review Panel. In effect, this is **a review of a review of a review**. We have subsequently learned that acting as the Data Protection Officer and "supporting the (Foskett) panel's engagement with stakeholders" is Project Associates Ltd., a public relations company which explains on its website that it is "a global strategic communications consultancy, which focuses on building, managing and protecting our clients' reputations".

  Even after a succession of supposedly "independent" reviews into the HBoS Reading fraud, Lloyds Banking Group remains focussed on protecting its own interests, rather than acting correctly and properly compensating its victims. There is seemingly no end to this corrupt process.

[68] https://www.lloydsbankinggroup.com/Media/Press-Releases/2020-press-releases/lloyds-banking-group/sir-david-foskett-to-chair-hbos-reading-re-review-panel/

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

13. HOW THE CRANSTON REVIEW WAS CORRUPTED

- **How to deconstruct the report**: The Cranston review sets out to subliminally guide the reader to conclusions the author wants you to accept. When you invert and test the report's recommendations, you quickly see how it was constructed and whether the arguments are sound. Those promoted by Cranston are not free-standing, rather they dis-assemble themselves. Because they represent a collection of knowingly false propositions, inputs and logic, once tested they fall apart and inevitably deny his entire thesis.

  It has an agenda guided by the expectations of those who commissioned it, the FCA, Government and Lloyds Bank. The parties who reluctantly conceded the Cranston Review were never going to authorise a report, which proceeded to shoot themselves in the foot by decimating and exposing a corrupt position they were responsible for and had spent more than a decade carefully protecting. Such an outcome was never going to happen.

- **Cranston tried to construct a truth out of a pre-existing lie:** His first mistake was a failure to recognise that the customer review methodology was completely corrupt from inception by the purposeful design of those who created it, Lloyds Bank and their lawyers. This made his brief to ensure that customers received "fair and reasonable" redress impossible to deliver. Hubris was his second mistake, believing he could find a resolution to a fundamentally crooked and improper circumstance. His task was to fix the customer redress problem, without highlighting the deficiency of the original scheme, and of the greatest importance, not to set a precedent that would jeopardise all the other intentionally deceitful FCA and Government sanctioned bank-led redress schemes.

- **Cranston prioritised speed and early resolution** on the pretext this was what victims wanted. In fact, they have never wanted indecent haste at the expense of fair redress and justice. The true reason for speed was motivated by Lloyds Bank, the FCA and Government, who wanted the victims signed up to full and final settlement deals **before** the Dobbs Review reports. Its findings, which may not be released now until the second half of 2021, are expected materially to increase the cost of compensation Lloyds will have to pay. For the significance of when the fraud was actually recognised by Lloyds Bank would confirm **a date up to 15 years earlier** than the arbitrary date Lloyds deliberately chose for the customer review.

- **D&I payments:** The recognition by Cranston of the apparent overpayment of distress and inconvenience (D&I) payments was a brilliant ruse, which he used to indicate that the existing D&I payments were acceptable, and consequently there was no need for D&I to be reconsidered. As a result of this conclusion, it conveniently removed the need for a "root and branch" reset of the customer review and its intentionally defective methodology.

- **Making the Customer Review methodology "fraudster-centric" was a masterstroke of deception by Lloyds Bank:** The bank's sole purpose was to further constrain victims' claims, which this false proposition did perfectly. The fraud may have been conducted by the fraudsters, but some of them were HBoS staff, so the failure and liability for resulting compensation could only ever belong to those that permitted such a circumstance to exist through its own failure – Lloyds / HBoS.

- **Lloyds' liabilities run much deeper than the Court case ever alluded to:** To successfully act against a selected company, there were many other companies which the criminals intentionally used as decoys. Those which outwardly did not appear harmed but had to be used and manipulated every bit as much in order to facilitate the greater crime. They were ignored by the Griggs and Cranston reviews. The criminals selected their SME victim and had the embedded HBoS executive make a decision, which was entirely compatible with his everyday responsibilities and push the selected company into bankruptcy, where through an arms' length Insolvency Practitioner, the entire contrived theft was executed with not a shred of evidence and yet the liability of Lloyds Bank is as absolute as for a customer that was overtly touched by the criminals.

- **Lloyds' "bound to fail" assumption:** Lloyds Bank's contention that all companies in the Griggs customer review were bound to fail and that no compensation was therefore payable is patently absurd. The bank lacked any basis or knowledge to support such a statement. However, there was no push back from Sir Ross Cranston nor testing of this premise, just an acceptance of it, which if applied to Lloyds Bank itself, it too would have been insolvent, given that Lloyds Bank was bailed out and had to be rescued by the taxpayer in 2008.

- **Judicial reviews discredited:** This all makes the Cranston Review a clear fraud, and not an accidental mis-judgment either, rather an intentional and purposeful fraud, and more discreditably still, a carefully considered one, which navigated its findings through a labyrinth of conflicting issues, such that its conclusions and findings could never have been accidental. Cranston's actions have brought justice and his profession into severe disrepute.

- **What needs to happen now:** A fully independent best practice remediation solution should be adopted, **which has nothing to do with Lloyds Bank, the FCA and the Government**, all of whom are indecently implicated in this matter. Otherwise, no-one will ever trust any independent review of banking misconduct again.

Extracts from forthcoming report by Mark Banister

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

14. DOBBS DELAYED - THE CORRUPT FARCE OVER HBoS READING MARCHES ON

News that the Dobbs report into aspects of the HBoS Reading fraud will not be finalised for another year seems like a mere technicality. However, it is anything but. Following the successful prosecution of those immediately responsible for the major fraud, Lloyds Banking Group, which had taken over HBoS eight years earlier, should have fully and promptly compensated its victims.

Instead, following consultation with the FCA, Lloyds Bank embarked on a series of "independent" reviews, all of which have been commissioned, paid for and effectively controlled by the bank. With the exception of Dobbs, their real purpose has been to avoid taking appropriate action and minimise the compensation paid to victims. Lloyds has preferred to spend heavily on armies of highly-paid lawyers and public relations consultants, money which should have been spent on compensating victims. HBoS Reading was a £1 bn fraud, which took place thirteen years ago and was proven in court three and a half years ago. Yet, its victims have had to fight for justice against a very powerful bank with unlimited resources, which has been permitted to act as it has by Government and regulators.

Dobbs has been inundated with testimony of Lloyds' wrongdoing and fraud

With seemingly the simplest remit of the three reviews, Dobbs should have had the matter wrapped up within a year, for it has long been known that the former Lloyds' Chairman, Sir Victor Blank received a written account of the HBoS Reading fraud in October 2008.

Instead, Dobbs has been inundated with accounts of serious wrongdoing and criminality by Lloyds Bank and its professional agents and her enquiry is likely to last at least four and a half years. Her own position will have been made especially uncomfortable having received a detailed exposé of the Cranston report, which described how every aspect of that review was corrupted and manipulated by Lloyds Bank, the FCA and Government and how the reputation of Cranston himself was seriously damaged in the process. For some time therefore, Dobbs will have appreciated the full enormity of what she has been drawn into.

Given that she is now leading a team of some 50 barristers and her review has expanded out of all recognition, it was always likely to run further behind schedule. Now, she says that "witness interviews will be concluded during the first half of 2021" and she will submit her report "as expeditiously as possible thereafter", presumably sometime in the second half of next year. Note, however, that "submit" does not equate to publish. As James Hurley observed in The Times some weeks ago, the report's paymasters, Lloyds and the FCA will retain control of the final report and they will decide what is made public. We may therefore see a repeat of the shenanigans over the RBS-GRG section 166 report, whereby only a summary of the report was released and how in September 2017, Andrew Bailey, then Chief Executive of the FCA, refused to release the full report.

Why this matters for victims of Lloyds' other extensive frauds

The delays associated with Dobbs carry serious implications for victims of Lloyds' other extensive frauds, especially for those who are considering allowing the Business Banking Resolution Scheme (BBRS) to rule on their cases. The scheme may still ignore widespread opposition and begin operations in early December. By means of the BBRS, Lloyds Banking Group will be planning to have as many victims as possible signed up to full and final settlement arrangements before the potentially devastating findings of the now conveniently delayed Dobbs report are published in the second half of next year. Such settlements will doubtless be offered at 10-20p in the pound, on a "take it or leave it" basis and be covered by non-disclosure agreements (NDAs).

The corruption of due and proper process

The Griggs and Cranston reviews into HBoS Reading have conclusively demonstrated the comprehensive manipulation and corruption of due and proper process. In numerous other instances, Lloyds has been treated as above the law and the Rule of Law has not been properly applied, or in most cases not applied at all, to Lloyds Banking Group by the Serious Fraud Office (SFO), the National Crime Agency (NCA) and numerous regional police authorities.

Such matters constitute a violation of the most fundamental principles, under which our country is supposed to operate and be governed.

Comment dated: November 2020

Section 3 - LLOYDS' PROFESSIONAL MISCONDUCT & CRIMINAL FRAUD

15. LLOYDS' BUSINESS SUPPORT TURNED INTO PROFIT CENTRE

Even before the 2008 banking crisis, Lloyds Bank converted its Business Support Units (BSU) into a centrally-administered profit centre. The objective was to derive gains at the expense of troubled business customers, lending to which successive Governments has always permitted to remain unregulated. These profits were then used to improve the bank's own capital position.

Under Andrew Cumming, Lloyds BSU expanded aggressively from a team of 200 in 2009 to staff of 1,200. It was divided into three units, headed by Richard Dakin (property), Ian Pinis and Duncan Parkes (private equity). On 11th October 2008, Duncan Parkes confirmed to FT.com: ***"Business Support is a profit centre and our shareholders expect us to achieve appropriate reward for supporting our customers through their difficulties."***

Lloyds BSU operated under a business plan **approved at group level**, with for example one regional director, Matthew Packham leading a 100-strong team across ten offices.

Profiting at the expense of troubled business customers

- **January 2007 -** Lloyds Business Support Unit (BSU) launched its three-year plan with objectives including "the doubling of income" and "moving from defenders to strikers". It aimed "to develop and then nurture an entrepreneurial culture within BSU and thereby establish a mindset more akin to private equity".[69]

- **March 2008** - This was confirmed by Packham, who presented a review entitled "Business plan for the Expansion of the BSU Investments Team (BSUIT) in support of the Unit's three year plan". He had been recruited "with a core remit being to develop and implement a strategy for driving value from the increasing number of investment stakes held in BSU relationships".

- The importance of BSUIT developing strong networks with restructuring advisers would ensure "a wider spreading of the word as to BSU's aspirations and capabilities". To achieve this, "individuals within the Investments team will be required to link with BSU's key account managers in order to participate in a regular calling programme with senior members within the restructuring community (both accountants and lawyers)".

- "In an attempt to develop close relationships with turnaround professionals, sixteen such individuals have thus far been interviewed (by Packham). Going forward, it is expected that c.50 such professionals will need to be met ….in order to establish a robust list of preferred

[69] https://www.thisismoney.co.uk/money/news/article-5430431/Bombshell-memo-shows-Lloyds-plan-exploit-firms.html

operators with whom contact can be maintained on a regular basis".

- The expansion of the BSUIT would mean "**opportunities to take investment instruments will not be missed"** and a bonus structure "would be ring-fenced for distribution between the Investment Team and any BSU Relationship Managers closely involved in the generation of associated value"; "Going forward, there is already a pipeline of deals where equity appears likely"; BSUIT "now has regular contact with LDC" (Lloyds Development Capital, the bank's private equity arm).

- In June 2008, a BSUIT presentation referred to "entry pricing – buying the business at low value" and one of the ways in which BSUIT maximises value is through its "network of trusted turnaround partners, who have a track record of delivering value."

- Another FT.com (30th October 2008) article entitled **"Banks turn problem loans into an opportunity"** [70] cited Duncan Parkes, head of business support, Lloyds BSU (2005-2013) as saying: "We are better able to offer support that aligns our risk and reward with the company, postponing of the costs until the business is restored to health, taking our reward through equity stakes".

- Lloyds have disputed the Packham review, denied that BSU was a profit centre and stated that its objective was to restore customers' troubled companies to financial health. It rejected any comparison to poor behaviour at banks such as RBS. The bank added that the review set out theoretical ideas, which were never fully put into practice. This is completely untrue. By the end of 2008, companies had already fallen victim and targets were in place for the following year. Lloyds were targeting companies for their own gain.[71]

  Contrary to the bank's earlier denials, Parkes confirmed that Lloyds BSU was indeed a profit centre. Such practices then remained in place and all serious professional misconduct and criminality undertaken by Lloyds BSU staff and its agents have been comprehensively covered up.

[70] FT.com article by Anousha Sakoui "Banks turn problem loans into an opportunity", 30th October 2008.
[71] https://www.theyworkforyou.com/whall/?id=2013-11-12a.212.1

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

16. LLOYDS ASSET THEFT FRAUDS – ENGINEERING THE DEFAULT

- Under the Basel agreements, international standards were agreed for how much capital banks should be required to hold in order to guard against financial and operational risks. The 2008 global financial crisis occurred before Basel II became fully effective. Under Basel III, more stringent standards were quickly adopted in key countries including those in Europe and the US. Under Basel III, a bank's tier 1 and tier 2 assets had to equate to at least 10.5% of its risk-weighted assets, up from 8% under Basel II.

- In the aftermath of the crisis, banks took steps to improve their capital ratios. However, some of the methods used by banks such as Lloyds and RBS were not legitimate.

  Given that the UK is facing another round of major insolvencies, it is important that business customers are made fully aware of the extensive wrongdoing, which took place in the aftermath of the previous banking crisis.

  Engineering the default

- **Core and non-core:** Banks such as Lloyds knew that once capital had been re-allocated from non-core assets to core, it could be lent at a greater multiple to a higher quality borrower. Thus, if the bank incurred a loss by defaulting a lower grade, non-core customer, the loss could be offset against tax and the bank would derive greater profits from lending to the higher quality borrower.

- For the lower grade, non-core customer, who had been placed in Lloyds Business Support Unit (BSU), which after 2007 became a profit centre, their loan was then instantly callable and they were subjected to higher interest and other financial penalties. Escape became difficult, if not impossible.

- The distinction between core and non-core was emphasised by the global private investment company, Legatum, which made a “significant investment” in Lloyds Banking Group in 2011. The company stated that Lloyds’ “stock price more than doubled in the 24 months that followed”. However, Legatum’s shareholding was merely short-term.

- **Larger business customers had their defaults engineered.** This could be done in several ways:

  (1) Re-assessment of loan-to-value (LTV) – a revaluation which significantly undervalued the business’ assets and put them in to breach of their covenants.

  (2) Technical breach of covenants – such as a temporary dip in EBITDA or caused by a late submission of information. These are often breaches which have no bearing on the

performance or viability of the business.

(3) Removal of, or change to banking facilities and the move to asset-based finance.

- **Leading accounting firms, such as KPMG and PWC**, acting as agents for the bank, were often involved, with their Trojan Horse mechanism working like this, from their viewpoint:

  - Gain an introduction to the company: always on an amicable basis. Become a non-executive director.

  - Befriend them: Persuade the company's owners that you are there to help and are working in their best interests, even if this is not the case. Obtain full access to the accounts. Avoid formal instructions.

  - Recommend an Independent Business Review (IBR), which is never independent but is invariably very expensive. Avoid giving a complete version of the report to the company's owners. This will be reserved for the bank. Valuations will be downgraded, enabling loan-to-value (LTV) covenants to be broken in due course.

  - Introduce a turnaround professional, who will work with you and the bank and against the company's owners. This is despite the turnaround professional being officially the client of the customer, being paid by the customer and therefore according to contract law and the Turnaround Professionals' code of conduct, bound to act in the interests of the customer.

  - Restructure the finances and security to gain control: Demand extra security including personal guarantees. Introduce an adviser / manager to convey falsely the impression of independence.

  - Once that has been done, the company's owners have lost control, without even noticing the subtle changes in position.

- **Smaller businesses also had their defaults engineered** by methods including the unilateral imposition of fixed rate loans which contained undisclosed embedded swaps; the manipulation of property valuations to achieve engineered loan-to-value (LTV) covenant breaches; the use of false bankruptcies as a principal means of weakening targeted customers; conspiracy to defraud through false representation, failing to disclose information and abuse of position. Lloyds' officers have also compelled customers to accept and pay for supposedly Independent Business Reviews (IBRs) by accounting firms or sole practitioners to achieve the desired outcome for the bank. Such moves, however, were only the forerunners of further serious misconduct and criminality to come.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

17. LLOYDS' ABUSE OF LEGAL PROCESS

While our fourth release summarised how Lloyds Banking Group has corrupted the Rule of Law, this piece describes the bank's extensive legal wrongdoing, which has taken place in court or for the purposes of court action.

Lloyds has monopolised the best legal talent on its panels, while victims of its frauds have usually struggled to find or afford representation. The imbalance of justice, which victims have faced in court, has been extreme. Against this background, court action takes place in intimidating circumstances and conveniently for the bank, behind closed doors and away from the public gaze. Lloyds has extensively mis-used non-disclosure agreements (NDAs) to ensure that the latter remains the case.

Meanwhile, Government has assisted banks such as Lloyds by making it much harder for victims of banking misconduct and fraud to obtain justice. In 2012, it abolished legal aid for businesses[72] and in spring 2015, increased court fees by up to 600%. [73]

The corruption of the Rule of Law and Lloyds' abuse of due legal process have brought the once-renowned British system of justice into severe disrepute.

Lloyds' redaction, falsification & destruction of evidence – criminal offences

- Lloyds Bank has engaged in the **redaction**, withholding, falsification and destruction of evidence. When victims have received their DSAR (data subject access request) records from the bank, they have often found sections which have been redacted. This has been done to remove malicious, discrediting or other evidence which would have supported victims' cases.

- Lloyds Bank has regularly **falsified** evidence. The 427 crime reports of banks' signature forgery and 21 files of evidence, which the NCA has refused to investigate for fifteen months, represent a prime example.[74] Lloyds has often not correctly updated title records at the Land Registry.[75] Its officers and professional agents have also mis-represented their unlicenced LPA receivers' appointment documents as valid[76], when this was deliberately not the case. This was done to distance Lloyds Bank from their methods, which while highly effective, were frequently illegal. Falsification of evidence is covered by the Forgery & Counterfeiting Act 1981.

[72] https://www.legislation.gov.uk/ukpga/2012/10/contents/enacted
[73] https://www.osborneclarke.com/insights/court-fees-set-to-rise-by-up-to-600-in-england-and-wales/
[74] Lloyds Asset Theft Frauds report, appendix 6; statements by the Bank Signature Forgery campaign.
[75] Press release 20, page 44 – Lloyds' Land Registry fraud.
[76] Legal opinion obtained August 2015 – available on request.

- The **destruction** of evidence, knowing that it could be used in court proceedings, is likewise a criminal offence. Lloyds Bank's recovery unit at Wine Street, Bristol has been among its most notorious. Last September, these offices were suddenly closed and the contents were filmed being emptied into shredder vans.[77] However, the bank could take such action, because it knew that its officers and agents would always be protected from investigation.

- Under the Criminal Justice Act 1987, section 2 (16), it is an offence if a person or persons know or suspect that the police or SFO are, or are likely to be, carrying out an investigation into serious fraud and they falsify, conceal, destroy or otherwise dispose of documents, which they know or suspect would be relevant to the investigation, or permit anyone else to do the same.

Fraudulent misrepresentation and perjury in court

When barristers and solicitors acting for Lloyds Bank have put forward and mis-represented falsified evidence in court, they have committed fraudulent misrepresentation, perjury and other serious offences related to perverting the course of justice. These too are criminal offences.

Other legal wrongdoing

Court processes have been manipulated to advantage by Lloyds Bank, or look to have been manipulated for its benefit. In one instance, After-The-Event (ATE) insurance regarding one nationally-significant case was withdrawn at the last minute in suspicious circumstances, prior to the launch of proceedings. In another, the HBoS Reading trial in 2017 was divided into two parts, with a solicitor partner of Burges Salmon[78] tried later and conveniently away from those who earlier had been successfully prosecuted.[79] The justification for such action looks to have been highly questionable. The conduct of certain cases in the Royal Courts of Justice and the Bristol courts also merits investigation. In other instances, victims of banking misconduct and fraud have described the unwarranted bias displayed by judges in court, including the refusal even to read their evidence, which violates the fundamental judicial principle, *audi alteram partem* ("let the other side be heard").

Other press releases involving legal wrongdoing

4 – Lloyds' corruption of the Rule of Law; 18 - Lloyds' industrial forgery of signatures; 20 – Lloyds' Land Registry fraud; 24 – Lloyds' mis-use of non-disclosure agreements (NDAs) which, as contracts, carry legal force; 26 – Lloyds Banking Group – untouchable & above the law.

[77] https://youtu.be/wFXOpikBUhw
[78] Bristol-based solicitors used by Lloyds Bank for recoveries until 2010.
[79] https://www.legalbusiness.co.uk/blogs/a-long-drawn-out-process-former-burges-salmon-partner-cleared-in-245m-fraud-case/

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

18. LLOYDS' INDUSTRIAL FORGERY OF SIGNATURES [80]

Last July, the Chairman of the All Party Parliamentary Group (APPG) [81] on fair business banking, Rt. Hon Kevin Hollinrake MP [82] and the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld [83] took evidence that Lloyds Banking Group had forged signatures on an industrial scale on documents it had relied on in court to the Director-General of the National Crime Agency (NCA), Lynne Owens and asked the agency to investigate.

The remit of the NCA is to investigate serious and organised crime, which this clearly represents. However, the Director-General refused to do so and instead, played for time by passing the matter around other agencies. Laws, which every citizen must obey covering the obstruction of justice and misconduct in public office, cannot be applied to the UK's leading crime fighting agency.

Bank signature forgery described [84]

The extensive wrongdoing includes:

- Forged signatures spanning most of the last decade.
- A standard sentence about the lender used in witness statements to secure repossessions & evictions, which appears to be false.
- A standard paragraph used in witness statements to secure repossessions & evictions, which appears to be false in the circumstances of specific cases.
- The fabrication of documents / evidence just before the trial, where the lender failed to create court documents at the correct point earlier in the litigation process.
- False statements and representations to the courts.
- The authorisation of signed "Statements of Truth" on court documents in full knowledge that the documents contained false statements and representations to the court.

US response to signature forgeries

In the US, the discovery of bank signature forgeries involving the use of the same bank employee's signature on court documents led to an investigation by all 50 US state Attorney Generals. This uncovered hundreds of thousands of bank court documents, which carried forged signatures in that person's name, as well as further industrial-scale bank signature forgeries in other names. Local government officials in one US county reported that 74% of a sample of over 6,000 bank court documents had suspect signatures, while another county discovered 25,000 bank court documents with suspect signatures going back to 1998.

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[80] https://twitter.com/BankSigForgeCam

[81] APPG statement of support for Bank Signature Forgery Campaign dated 1.2.2019.

[82] Rt. Hon Kevin Hollinrake to Lloyds' Chief Executive, letters dated 28.3.2019 / 26.9.2019; also to FCA Chief Executive and Chairman of the Treasury Select Committee.

[83] Statement by Mr Anthony Stansfeld, dated 1st June 2020.

[84] Bank Signature Forgery Campaign: statements dated 10.7.2019 / 9.9.2019 / 26.11.2019 / 1.6.2020.

The Attorney Generals described bank signature forgery as an attack on the **"integrity of our court system."** The investigation resulted in penalty payments by US banks of $25 billion and the review of 4mn bank repossessions. A chief executive was jailed because that bank had a systemic process, by which employees had fraudulently forged signatures in over 1mn repossession cases. Signature forgery by banks against consumer customers was labelled the **"largest consumer fraud in American history"** and the US Department of Justice described the compensation payments by the banks as **"the largest consumer financial protection settlement in US history."**

UK response to bank signature forgeries

The British response to widespread evidence of bank signature forgery could hardly have been more different.

427 separate crime reports and 21 files of evidence have been provided to the Director-General of the NCA, Lynne Owens, which represents far more than the initial evidence provided in the US. **However, the NCA has preferred <u>not</u> to investigate and to play for time**.

Ms. Owens first passed the matter to Mr Graeme Biggar, the head of the National Economic Crime Centre (NECC), who concluded that the right bodies to make an initial assessment were the FCA and SFO.[85] Ms. Owens stated that these bodies "will consider whether there are sufficient grounds to open a criminal or regulatory investigation". If proven, the forgery of signatures on legal documents is undeniably a criminal act, rather than merely a regulatory matter. However, the intention of Ms. Owens and Mr Biggar forwarding the matter of the forged signatures to the FCA and SFO for assessment, was to delay any investigation.

Ms. Owens has declined, three times in writing, the request of the Treasury Select Committee to investigate.[86] Such refusals are believed to be unprecedented.

The Police & Crime Commissioner (PCC) for Thames Valley repeated that it is the NCA's role to investigate serious organised crime; the role of the FCA is to deal with misconduct, not serious organised crime; and that the SFO does not have the capacity to investigate industrial-scale crime against the public. The SFO's staff budget & capacity appears to be around 12% of the NCA's own budget & capacity.

The NCA's response to serious criminal wrongdoing by banks such as Lloyds has been to cover it up and refuse to investigate and Ms. Owens has met the PCC's remarks with a wall of silence. **If you do not investigate and prosecute, there can be no proof of criminal wrongdoing in court. The motivation is as simple, as it is deeply corrupt.**

[85] https://www.thetimes.co.uk/article/we-did-not-pass-buck-on-bank-forgery-says-national-crime-agency-dc73p2rnk

[86] https://www.parliament.uk/documents/commons-committees/treasury/Correspondence/2017-19/Chair-to-NCA-Director-General-080719.pdf.pdf ; https://www.parliament.uk/documents/commons-committees/treasury/Correspondence/2017-19/Chair-to-FCA-Chief-Executive-080719.pdf

19. BRITAIN'S NCA – PLAYING FAST AND LOOSE WITH THE RULE OF LAW

Anyone who thinks that the latest shenanigans over the UK potentially breaking international law with its Internal Market Bill represent a new departure for the British Government had better think again. Successive administrations have manipulated the Rule of Law and treated the major UK banks as **above the law** for more than a decade. Indeed, there is another flagrant example of this being played out at the present time.

In July 2019, the Chairman of the All Party Parliamentary Group (APPG) on Fair Business Banking, Kevin Hollinrake MP and the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld took evidence that Lloyds Banking Group had forged signatures on an industrial scale and relied on deliberately invalid documentation in court to the Director-General of the National Crime Agency (NCA), Lynne Owens and asked her to investigate. She passed the matter to Mr Graeme Biggar, the head of the National Economic Crime Centre (NECC), who decided that the right bodies to make an initial assessment were the FCA and SFO. Ms. Owens stated that these bodies "will consider whether there are sufficient grounds to open a criminal or regulatory investigation". If you or I had been apprehended forging signatures on a national scale, guess what kind of charges we would be facing ?

A month later, the Treasury Select Committee asked the NCA to investigate but Ms. Owens has refused its requests three times in writing, which is believed to be unprecedented. The NCA's remit is to "investigate serious and organised crime" and a police trainee fresh out of Hendon Police training school would, after a week's examination, have concluded that Lloyds' alleged industrial forgery of signatures should be investigated. However, after fifteen months and despite having then received 362 crime reports and 19 files of evidence, the NCA was officially "still reviewing" the matter. This is in sharp contrast to its recent successes involving county lines drug dealers and people traffickers, against which the NCA moved with commendable and much-publicised speed.

By declining to investigate, the NCA has intentionally delayed justice to the many victims of Lloyds' frauds and justice delayed is justice denied. From there, it is a short step on to a formal charge of obstruction of justice but the NCA cannot be prosecuted, so it too is above the law. If, in the coming months, the NCA becomes sufficiently embarrassed by its blatant abuse of the rule of law, it could always belatedly launch an investigation and then take three to five years to complete it.

Following Chancellor Osborne's disgraceful intervention with the US authorities to prevent HSBC losing its US banking licence in 2012 on Mexican drug money laundering charges, the US Congress issued a scathing report, in which they concluded: "A nation governed by the rule of law cannot have a two-tiered system of justice – one for the largest banks and another for everyone else". However, that is precisely what we have had in the UK with the major banks for more than a decade.

Magna Carta, the earliest source for the rule of law as a fundamental legal principle, states: **"To no one will we sell, to no one deny or delay right or justice".** Yet ministers, senior civil servants, regulators, prosecutors and the police, as represented by the NCA, are doing exactly that. Trust in the rule of law and our justice system have underpinned the success of the City of London and confidence in our legal and financial systems have been a major factor in attracting investment to the UK. However, our Government now considers that these priceless assets can be squandered.

Comment dated: October 2020

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

20. LLOYDS' LAND REGISTRY FRAUD

HM Land Registry safeguards the ownership of land and property in England and Wales and therefore performs a critical role in the fabric of our society.

That Lloyds Bank found ways to abuse the system is therefore all the more shocking. The majority of Land Registry staff will have been unaware that the system was being abused. However, we have recently learned that staff at the agency have been instructed not to supply all of the information requested from them.

Lloyds' actions represent yet another aspect of their Asset Theft Frauds. All this should have been stopped years ago.

The role of the Land Registry

HM Land Registry is a non-ministerial department of the Government, which was created in 1862 to correctly register the ownership of property in England and Wales. It records the ownership rights of freehold properties, and leasehold properties, where the lease has been granted for a term exceeding seven years. It guarantees title to registered estates and interests in land. It reports, rather unusually, to the Department for Business, Energy & Industrial Strategy.

Lloyds' abuse of Land Registry

Banks typically do not lend. They assign true sale debt to a Special Purpose Vehicle (SPV) and then act much as a letting agent, collecting payments but not actually owning the property. The funds come from the SPV.

1. Failure to update the originator's charge

Banks pretend to have loan ownership by not updating the originators' charge at the Land Registry. However, under Section 71 of the Land Registry Act 2002, the interests of unregistered parties must be declared.[87]

The SPV then places a lien over and above the bank originator's interest. The lien does not show up in the Land Registry's records but it should do.

When banks' lawyers go to court, they can deceive even senior judges because the Land Registry's records have not been updated and therefore an authority granted in order to gain possession is a false instrument, since its face value at the Land Registry has not been

[87] https://www.legislation.gov.uk/ukpga/2002/9/section/71

updated. To suggest in court that such records are valid amounts to fraudulent misrepresentation.

2. Property transfer irregularities

Land Registry documentation involving Lloyds Bank has sometimes shown that the sale transfer for a property has been signed by a single manager of Lloyds Bank and witnessed by an assistant. This is not sufficient under the Companies Act 2006 and the failure may have been deliberate.

DS1 (discharge of charge document)[88]: When a bank is repaid, a DS1 form should be completed to show that the original charge on the property has been removed. Lloyds Bank has, on occasions, circumvented this by transferring all or part of the property on a TR / TP (transfer all / transfer part) document.

3. Sales sometimes not at arms' length

The new purchaser of a property sold by a receiver requires a DS1 form to demonstrate to their bank that the original charge, relating to the property's previous owners, has been lifted. In some instances, Lloyds Bank has funded the purchase of the property / properties being sold and the new purchaser's solicitors have not requested a DS1 form. This violates the requirement that the sale of properties in receivership should be conducted at arms' length.

4. Why has Lloyds Bank done this - Securitisation

We believe that the reason Lloyds Bank has abused the system is that it had to. On the occasions where it has failed to update the originator's charge at the Land Registry, the bank did so because it no longer owned the property or properties in question. It had sold it or them to the Special Purpose Vehicle (SPV) and therefore could not validly register its own interest.

Why ? Because the loan had been securitised.

[88] https://www.gov.uk/government/publications/mortgage-cancellation-of-entries-for-lenders-ds1
Website: www.lloydsbankassetsfrauds.com

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

21. LLOYDS - INSOLVENCY FRAUD & FALSE BANKRUPTCY

Lloyds Bank and its professional agents have long exploited the situation, whereby financially-interested "panel" solicitors, acting as agents for the bank, have facilitated the stealing of assets and funds from businesses and individuals, without any legal basis and processed through the judicial system. They have supplied false facts, or failed to provide the correct ones, in order to achieve wrongful branding of certain business customers and targets as bankrupt. Once tarnished with this label, the customers' standing in the eyes of the court for subsequent proceedings is automatically and often fatally diminished.

Laws governing insolvency require comprehensive overhaul because they have been widely abused by fraudulent insolvency practitioners, while the role of accountancy firms in insolvency, independent business reviews (IBR's) and administrations requires specific attention. Official delays are putting the existence of the Pre-Pack Pool in jeopardy, ahead of a further major round of insolvencies and Government appears not to care that the insolvency process remains open to significant and continuing abuse.

Insolvency fraud & false bankruptcy

- Insolvency Fraud is a crime, which involves the stealing of assets and funds from individuals and businesses, using insolvency law and the judicial system as the means through which to commit the crime. The modus operandi by which the crime is committed is that what is written on the Statutory Demand is a false representation of facts, which brings the matter within the scope of the **Fraud Act 2006**, because the alleged debts amount to fraud.

- The fact that the Statutory Demand contains this false representation, which is being passed off as genuine, also brings the Statutory Demand within the range of the **Perjury Act 1911**. Statements are often made within the demand, which are false when their author knows the facts or circumstances are false, constituting an offence under section 5. Orders, which are purported to have been made by a court, have been found not to be in court files. Court staff have obstructed victims from seeing those files and called on private sector security under contract to HM Courts and Tribunals Service (HMCTS) or police officers to forcibly remove victims from court buildings, when they have challenged staff as to why they cannot see their file.

- Judges who sit in the bankruptcy courts have, in the past, been solicitors or barristers within firms of Insolvency Practitioners and bias or undue partiality may enter the process. Insolvency legislation is being used as the tool to deprive individuals of their rightful assets, constituting major human rights abuse, in conflict with article 1, part 2 of the Human Rights Act 1998, which states that "No person is to be unlawfully deprived of their property".

- In many cases, insolvency is being used to take away an individual's standing to further a claim in restitution, as with many of the banking fraud cases, where following the

bankruptcy or insolvency order, any right of action or claim seeking restitution automatically vests in the insolvency office holder. Banks and other perpetrators know this, so they are using false instruments or debts to originate insolvencies for the purpose of circumventing correct lawful procedure and preventing the claimant(s) from furthering their rights to remedy for wrongdoing. The insolvency office holders do not progress the claims in favour of the insolvent and when they do, they demand large sums of money on account, making any prospect justice inaccessible to most, once the damage is done.

Lloyds & BDO – far too close[89]

BDO is an example of a panel insolvency practitioner of Lloyds Banking Group (LBG). It has assumed roles as public company "auditor", so that LBG can work made-up debt imposed on a company, without the permission of directors under the articles or shareholders in AGMs. It has made itself inaccessible to receiving evidence, which by law it must elicit, otherwise be debarred from reporting. BDO, together with LBG, has been caught out in the courts, for wearing an LBG self-interested hat as well as that of some other statutory office holder, and LBG has been ordered to deliver up its panel agreement with BDO.

Pre-pack Pool - its existence in question[90]

Pre-packs are a fast track insolvency process by which the sale of a company's business is negotiated with a buyer before the formal appointment of administrators. There are advantages in terms of cost but pre-packs have often been abused by fraudulent insolvency practitioners and by connected parties, who have collapsed an existing business only to buy it back at a fraction of its true worth.

Established as a result of the Graham Review (June 2014), the Pre-Pack Pool was designed to clean up the image of pre-packs. The Pool comprises an independent body of experienced business people, who offer an opinion on the purchase of a business and/or assets from an administrator of an insolvency company, where a connected party is involved, and its use affords notable improvements in areas such as valuation and marketing. However, referrals remain voluntary and only 8% of 260 connected party pre-packs were referred to the Pool last year.

Referrals to the Pre-Pack Pool should, in fact, be mandatory and the definition of connected parties should be tightened. Instead, Government has relaxed the rules around insolvency.

[89] https://www.thetimes.co.uk/article/lloyds-banking-group-under-scrutiny-for-insolvency-ties-67q0nxrb2#:~:text=Lloyds%20Banking%20Group%20has%20been%20ordered%20to%20lift%20the%20lid,the%20position%20of%20other%20creditors.

[90] https://www.thetimes.co.uk/article/fears-for-future-oversight-of-controversial-pre-pack-deals-3blzd6w7w

22. LLOYDS' SECURITISATION OF DISTRESSED DEBT

Securitisation enabled banks such as Lloyds to reduce the proportion of lower-grade, non-core assets on their balance sheets in order to improve their capital ratios. By reducing the non-core element, banks are able to lend at a greater multiple of capital to higher quality borrowers. The profit which Lloyds subsequently earned outweighed the losses incurred by defaulting the lower grade borrower and these losses anyway could be offset against tax.

However, much of the distressed debt, which Lloyds Bank sold to Cerberus and other specialist buyers, only became distressed due to Lloyds Bank, its officers and professional agents acting outside the law.

Securitisation

- Securitisation is the process whereby a bank can reliquify its balance sheet by selling on to specialist buyers lower grade, non-core assets at a significant discount to their original value. Groups of assets, such as mortgages, are aggregated into mortgage-backed securities and sold by either an investment bank or the bank which originated the mortgages. They are purchased by financial institutions including pension funds, insurance companies and hedge funds. The latter are able to derive higher returns by buying mortgage-backed securities with lower credit ratings and using aggressive methods of recovery. The buyers are also able to purchase credit default swaps to mitigate their risk, which has already been reduced by the significant discount at which they acquired the package of debt in the first place.

- In common with other banks, Lloyds made widespread use of securitisation, particularly in the aftermath of the 2008 banking crisis, notably in the period 2013-2014.

Lloyds' misconduct & fraud prior to securitisation

- Because Lloyds' Business Support Units (BSU) had been turned into profit centres[91], the bank engineered the default of certain business customers and then, its BSU officers and the bank's professional agents engaged in extensive legal wrongdoing including the redaction, withholding, falsification and destruction of evidence, the industrial forgery of signatures on legal documents[92], the use of deliberately invalid legal documentation, fraudulent misrepresentation and perjury in court and later,

[91] Press release 15, page 35 – Lloyds' Business Support turned into profit centre.
[92] Press release 18, page 41 – Lloyds' industrial forgery of signatures.

extensive fraud involving the registration of titles at the Land Registry[93].

- In some of Lloyds' recovery units, such as Bristol, serious professional misconduct and criminal fraud appear to have been endemic.[94]

Lloyds & securitisation

- Lloyds assembled its problem loans into a large number of so-called "Projects". Those involving UK assets included names such as Avon, Royal, Harrogate and Forth. The buyers of these "Projects" were required to sign Non-Disclosure Agreements (NDAs).[95]

- Cerberus and the other buyers of distressed debt lie conveniently outside the jurisdiction of UK regulators. However, being within the jurisdiction of UK regulators has been of little, or no benefit, to bank victims either.

- Executive board members of Lloyds Banking Group are expected to have signed off these large-scale securitisation deals, which in numerous instances have been the product of fraudulent and often criminal conduct of the bank's BSU officers and its professional agents. By signing, they have taken responsibility for such actions and therefore must be held accountable.

Lord Lupton & Greenhill

Lord Lupton co-founded the London office of Greenhill & Co in 1998, a specialist investment bank, which was involved in Project Avon and probably others. He stepped down from the chairmanship of Greenhill Europe in May 2017, prior to becoming a non-executive director of Lloyds Bank in the following month.

[93] Press release 20, page 44 – Lloyds' Land Registry fraud.
[94] Press release 23, page 50 – Lloyds' Recoveries unit, Bristol – widespread criminal fraud.
[95] Press release 24, page 53, Lloyds' mis-use of Non-Disclosure Agreements (NDAs).

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

23. LLOYDS RECOVERIES UNIT, BRISTOL – WIDESPREAD CRIMINAL FRAUD

Lloyds Recoveries unit at Wine Street, Bristol has been among the most notorious in the bank. This section details the very serious allegations against it and describes how it has enjoyed protection from all investigation.

While its improper practices went into overdrive after Lloyds' Business Support Units (BSU) were turned into profit centres in 2007 [96], the origins of Lloyds' fraudulent asset seizures can be traced back to the early 1980's, if not considerably earlier.

Principal allegations against Lloyds Recoveries, Bristol

- The deliberate targeting of profitable, asset-rich and other businesses with valuable assets for transition into Lloyds' Business Support Unit (BSU). This was done to assist the bank's capital position.

- The manipulation of property valuations to achieve manufactured loan-to-value (LTV) covenant breaches and the subsequent sale of customers' assets at significant undervalue.

- The mis-appropriation of those assets from distressed customers at significant undervalue and their subsequent re-packaging and sale at a significant mark up in so-called "Projects" - eg. Project Avon - to purchasers of distressed debt such as Cerberus.

- Widespread and long-standing collusion between Lloyds Recoveries, its officers and LPA receivers for financial gain at the expense of customers and the UK taxpayer.

- The improper use of property firm professionals, who were embedded with Lloyds Recoveries, Bristol but posed as officers of Lloyds Bank and appointed their own firms as receivers.[97]

- The systemic forgery of signatures on legal documents, which Lloyds Bank, its officers and agents relied on including in court, in contravention with the Forgery & Counterfeiting Act 1981. [98]

- The use of deliberately invalid documentation for the appointment of Lloyds' unlicenced LPA receivers to distance the bank from the frequent criminal conduct of its receivers.

[96] Press release 15, page 35 – Lloyds' Business Support turned into profit centre.
[97] https://hansard.parliament.uk/Commons/2015-09-16/debates/15091640000003/AlunRichardsAndKashifShabirSFO
[98] Press release 18, page 41 – Lloyds' industrial forgery of signatures.

- The alleged deliberate large-scale destruction of evidence in contravention of the Criminal Justice Act 1987.[99] In September 2019, staff acting for Lloyds may have deliberately shredded a large quantity of records from the unit, destroying vital evidence: https://youtu.be/wFXOpikBUhw.

- The systemic abuse of Land Registry regulations regarding the correct registration of titles, as required by law.[100]

- The mis-use of non-disclosure agreements (NDAs) and "no comeback" clauses to cover up criminal fraud committed by its officers and professional agents.[101]

- The creation of a wide network of fraudulent legal and property professionals throughout Bristol and the South West, who have been complicit with and profited extensively from the unit's long-standing criminality.[102]

- The mis-use by the unit's professional agents of Government and regulatory agencies, including DEFRA, Trading Standards, RSPCA and the National Health Service to destabilise customers' businesses and cause them to fail. The bank's agents have, on occasions, made false representations to land honest customers with criminal convictions.

- The association, and the sharing of professional agents, with a secondary lender,[103] whose activities have been described in Parliament as "a prima facie case of criminal fraud."[104]

Large-scale of wrongdoing [105]

Jo Stevens MP (September 2015) said on behalf of Lloyds' victim, Kashif Shabir: "During Mr Miles' (the partner of Alder King, who was seconded to Lloyds Recoveries and then posed as a Lloyds' bank manager) secondment to Lloyds, he had 2,400 live cases, each worth in excess of £1 million, within his recoveries department. Those were 2,400 live cases in respect of which, if he wished to, he could appoint receivers from his own firm, Alder King".

Huw Irranca-Davies MP (September 2015) said on behalf of Lloyds' victim, Alun Richards: "The consequences of the alleged criminal fraud of Lloyds Recoveries in Bristol, along with Alder King, are far reaching, because more than 3,000 customers were with (Lloyds') Bristol Recoveries at one time".

[99] https://youtu.be/wFXOpikBUhw
[100] Press release 20, page 44 – Lloyds' Land Registry fraud.
[101] Press release 24, page 53 – Lloyds' mis-use of Non-Disclosure Agreements (NDAs).
[102] "Lloyds & UK Acorn web of fraud" – table of connections available on request.
[103] "Serious corporate fraud in the UK", report by author sent to Home Secretary, Theresa May MP, May 2014.
[104] https://publications.parliament.uk/pa/cm201415/cmhansrd/cm141111/halltext/141111h0001.htm#14111150000001
[105] https://hansard.parliament.uk/Commons/2015-09-16/debates/15091640000003/AlunRichardsAndKashifShabirSFO

Lloyds Recoveries Bristol - protected from all investigation [106]

- The bank's Bristol recoveries unit has benefitted from the consistent refusal of Avon & Somerset Police to properly investigate complaints against the unit and its professional agents [107]. Even when Thames Valley Police (TVP) conducted a scoping exercise in relation to Avon & Somerset's failure to investigate allegations of fraud involving Lloyds Recoveries Bristol, its terms of reference were determined by the very force, which TVP was investigating ! [108]

- The cover up is linked to the Police & Crime Commissioner (PCC) for Avon & Somerset, Sue Mountstevens and the Chief Executive of her PCC office, John Smith.

- In the course of a two-year investigation (2008-2010), the Solicitors Regulation Authority (SRA) commissioned Bevan Brittan LLP to examine allegations of serious professional misconduct and criminal fraud involving 62 staff and partners of Burges Salmon, Bristol, the solicitors extensively used by Lloyds Recoveries, Bristol. It is understood that widespread serious wrongdoing was found to have taken place and a mass exodus from the firm occurred in 2010 but no-one was ever prosecuted. Midway through the SRA investigation, John Smith left Burges Salmon and was appointed Chief Executive of the Police & Crime Commissioner at Avon & Somerset Police, a position which he has maintained to the present day.

- When the Thames Valley PCC, Mr Anthony Stansfeld requested a copy of the Bevan Brittan report from the SRA, the regulator refused, claiming that it was an internal report. The SRA is widely suspected of having been complicit with the cover up.

- Likewise, the Serious Fraud Office (SFO) has consistently refused to investigate allegations of serious wrongdoing and fraud at UK Acorn Finance (UKAF), the secondary lender which shared its professional agents with Lloyds Recoveries, Bristol. [109] We believe that this has been because of UKAF's close association with Lloyds Bank. Its senior management had been derived from Lloyds Corporate Bristol, Lloyds' wholly-owned subsidiary the Agricultural Mortgage Corporation (AMC) and Lloyds Recoveries, Bristol.

  The comprehensive protection afforded to Lloyds Recoveries Bristol has enabled its officers and professional agents to act with impunity, even to the point of committing criminal offences, confident in the knowledge that any wrongdoing would never be investigated or prosecuted.

[106] Lloyds Asset Theft Frauds, table page 15: "Lloyds Bank Recoveries Bristol & the refusal to investigate fraud".
[107] https://www.theyworkforyou.com/whall/?id=2014-11-11a.321.1
[108] https://www.bristolpost.co.uk/news/bristol-news/watchdog-grill-head-police-lloyds-2645906
[109] SFO Director David Green - letter to Bill Wiggin MP, dated 20th September 2016.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

24. LLOYDS' MIS-USE OF NON-DISCLOSURE AGREEMENTS

Lloyds Bank has made extensive use of non-disclosure agreements (NDAs) to cover up serious professional misconduct and criminal fraud by its own officers or its professional agents. It has been doing so for many years.

By using an NDA in circumstances where they have engaged in criminal misconduct, the bank and its agents have effectively used further criminality to cover up their original wrongdoing. That the legal system has allowed such widespread abuse of process to persist provides additional evidence that Lloyds has been treated as above the law.

NDAs and their mis-use by Lloyds Bank

- Confidentiality or "gagging" clauses (NDAs) are provisions in a legal agreement, which seek to prohibit the disclosure of information. They can serve a legitimate purpose.

- However, they have frequently been mis-used by companies and wealthy individuals in situations where they enjoy overwhelming strength of position. They are secret agreements, which are negotiated behind closed doors often with powerful firms of lawyers representing the proponent of the NDA.

- They have sometimes been used to keep allegations of criminal conduct out of the press and to prevent investigation into the wrongdoing.

- Since they constitute, or are written into, a signed contract which is legally binding, they have been highly successful in intimidating whistleblowers and victims of banking misconduct from speaking out.

- Lloyds Bank has routinely used NDAs to cover up serious professional misconduct and criminal fraud, undertaken by the bank and its professional agents.[110] Sometimes, the bank's agents have added "no comeback" clauses.[111]

- NDA's, which have been used to cover up criminal conduct, are likely to prove invalid in court but many whistleblowers and victims of banking misconduct, many of whom have already been severely mistreated, rarely have the courage to challenge the bank in court and so normally choose to remain silent. Section 4 of the Fraud Act 2006 covers the abuse of position.

[110] Press release 23, page 50 – Lloyds Recoveries unit, Bristol – widespread criminal fraud.
[111] Evidence available on request.

- Lloyds Bank has also required the buyers of its distressed debt, which has been repackaged into so-called "Projects", to sign NDAs. The debt has often only become distressed owing to the improper and frequently criminal conduct of the officers of its Business Support Units and their professional agents. It has therefore been convenient to maintain complete secrecy over such transactions.

Sally Masterton – subjected to two NDAs by Lloyds

The case of the Lloyds' manager and author of the Project Lord Turnbull report, Sally Masterton, who whistleblew over serious irregularities concerning HBoS, its management, accounts and a £1 bn fraud at its Reading office, represents a prime example. In their determination to silence her, Lloyds Bank subjected her not to one but two NDAs, in April 2015 and November 2018 respectively. These decisions would have been authorised at executive board level. Ms. Masterton still would not have been compensated appropriately by Lloyds Bank, had it not been for the intervention of the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld and other influential figures.

Government has dragged its feet over reforming NDAs

- When Theresa May was Prime Minister, she undertook to look into NDAs and later in July 2019, the Business Minister, Kelly Tolhurst announced plans for new legislation to tighten up on their use. [112]

- However, the Government has dragged its feet over the issue. One reason perhaps is that since 2013, House of Commons authorities have spent £2.4 million on NDA's with 53 departing members of staff to resolve employment disputes.

- Almost three years since the Weinstein scandal broke, the Government has yet to introduce such legislation and we question whether under pressure from large corporates, including banks such as Lloyds, additional legislation on NDAs, which might also draw attention to their past mis-use, will be quietly forgotten.

[112] https://www.gov.uk/government/news/crack-down-on-misuse-of-non-disclosure-agreements-in-the-workplace

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

25. LLOYDS' MISTREATMENT OF WHISTLEBLOWERS

The number of whistleblowers, which has come out of Lloyds, has been suppressed by the climate of fear, which has prevailed in the bank surrounding such disclosures.

While Lloyds / HBoS has serially mistreated whistleblowers, none were contacted with regard to this release. However, their cases are sufficiently notorious that we have stated the following to the best of our knowledge.

Paul Moore [113]

- Paul Moore was the original HBoS whistleblower. A barrister by training, he joined the leading accountancy firm, KPMG in 1995 before moving to HBoS in 2002. A year later, he was appointed their Head of Group Regulatory Risk.

- While conducting a review of the bank's sales culture and selling practices in 2004, he concluded that its aggressive sales practices were severely out of line with its systems and risk controls. When he described this in considerable detail to HBoS' Chief Executive, Sir James Crosby, he was sacked.

- His concerns were passed to the FSA, which instructed KPMG to investigate. The leading accounting firm concluded that HBoS had appropriate risk controls in place but when, in January 2009, the bank was taken over by Lloyds, HBoS was found to have a £40 bn hole in its accounts.

- Interestingly, Moore never encountered the HBoS Reading fraud, which was later the subject of Sally Masterton's Project Lord Turnbull report.

- Paul Moore detailed his experiences at the hands of HBoS in his book "Crash, Bank, Wallop", New Wilberforce Media (November 2017) but sadly, in recent weeks, he passed away.

Sally Masterton [114]

- Sally Masterton, whose title at Lloyds was senior manager, Commercial Banking Risk was commissioned by the bank's head of audit, Sue Harris to write a report highlighting her concerns. [115] When she submitted the report in September 2013, she was put on enforced leave and a year later, left the bank. Lloyds used all its legal powers against her and

[113] https://www.ft.com/content/566c9f76-92da-11e5-bd82-c1fb87bef7af
[114] https://www.ft.com/content/2fb12910-264d-11e9-b329-c7e6ceb5ffdf
[115] http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-1.pdf ; http://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-2.pdf

subjected her in April 2015 to the first of two NDAs.

- Her whistleblowing contact at the FCA cited s.348 of FSMA 2000, which effectively preventing her from whistleblowing because any disclosure would not be protected. The FCA should have been pro-actively engaging with her under s.165 of FSMA but deliberately did not do so.

- In January 2014, Ms. Masterton's request that her report should be forwarded to the Chairman, Chief Executive and Chairman-designate was refused and the report was confined to Andrew Whittaker of the group's legal department and the bank's lawyers. Before joining Lloyds, Whittaker had been the general counsel of the regulator, the Financial Services Authority (FSA) for thirteen years.

- When the bank's lawyers finally sent a redacted version to the regulator, which by that time had become the FCA, they falsely claimed to have sent the complete report.

- Then, in July 2014, when they sent another redacted version to the Crown Prosecution Service (CPS), they suggested that the report had not been commissioned by Lloyds Bank but had been written by Sally Masterton of her own volition. This second falsehood was later corrected by the bank.[116]

- In March 2017, the Thames Valley Police & Crime Commissioner sent a copy of the Turnbull report to the Lloyds' Chairman but Lord Blackwell did not share it with non-executive members of his board for a further year. [117]

Paul Carlier [118]

- The former foreign exchange trader at Lloyds Banking Group was dismissed by Lloyds, when he raised concerns about the unit, including a currency trade for the supermarket, Tesco.

- He stated that he had been dismissed because he had "challenged the business over various practices" and made "protected disclosures."

- Lloyds denied him whistleblower status, despite the fact that he clearly was one. Following conclusion of the proceedings in April 2016, Carlier was quoted as saying "the way in which Lloyds conducted these proceedings throughout has been nothing short of disgraceful".

[116] cf. Press release 6, page 15 - Australian banking scandal, footnote 3, lying to regulators.
[117] https://www.ft.com/content/28ae208a-c0d8-11e8-8d55-54197280d3f7
[118] https://www.profit-loss.com/closure-for-carlier-as-lloyds-pull-plug-on-action/

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

26. LLOYDS BANKING GROUP – UNTOUCHABLE & ABOVE THE LAW

Lloyds responsible for widespread criminal wrongdoing

- Lloyds Banking Group has comprehensively corrupted the Rule of Law. The bank, its officers and professional agents appear to have contravened FSMA 2000, the Companies Act 2006, the Proceeds of Crime Act 2002, the Fraud Act 2006, the Perjury Act 1911, the Forgery & Counterfeiting Act 1981, the Criminal Justice Act 1987 and the Money Laundering Regulations 2003 & 2007.

- The bank, its officers and agents have abused due and proper legal process. They have redacted, withheld, falsified and destroyed evidence and committed fraudulent misrepresentation and perjury in court.

- They have been responsible for the industrial forgery of signatures on legal documents but benefitted from the National Crime Agency's refusal for fifteen months to investigate. Bank officers have engaged in fraud at the Land Registry.

- The bank has made long-standing and widespread mis-use of Non-Disclosure Agreements (NDAs) and silenced whistleblowers.

Lloyds Bank - protected against all investigation

- However, Lloyds Bank has been protected from investigation by successive Governments. More recently in June, the Home Secretary received a major report describing the extensive wrongdoing surrounding Lloyds Banking Group but has avoided taking any meaningful action.

- The bank has long been protected by regulators[119] and prosecutors. On occasions, it has also misled regulators and lied to the Police.

- Further, it has benefitted from the continued refusal of the Police to investigate widespread criminality at its Bristol recoveries unit and from at least eight regional Police authorities declining to investigate criminal cases against the bank.[120] Some have tried to pretend that these are civil matters and therefore might, conveniently for the bank, perhaps be timed out under the Statute of Limitations' six year rule.[121] This would effectively amount to the deliberate obstruction of justice.

[119] "Challenging the Bailey Appointment", report delivered to Treasury Select Committee (Feb 2020) – available on www.lloydsbankassetfrauds.com
[120] Press release 35, page 74.
[121] https://www.netlawman.co.uk/ia/time-limits-claims

- Solicitors acting for Lloyds Bank have long known that the Solicitors Regulation Authority (SRA) would not sanction them and have been able to act with impunity.

- **Public bodies with statutory powers such as the NCA, SFO as well as regional police authorities are those, which should investigate and prosecute such serious wrongdoing and criminal fraud <u>but they are deliberately not doing so</u>. As a result, they are treating banks such as Lloyds as <u>above the law</u>.**

Prosecuting banks such as Lloyds - made virtually impossible

- If the authorities are failing to act and doing so intentionally, the last remaining option is a private criminal prosecution. However, Lloyds Bank retains the best legal talent on its panels and in 2019, reportedly spent £850mn in legal expenses to prevent its criminality being proven in court.

- Successive Governments have consciously extended the gross inequality of the judicial system by abolishing legal aid for businesses (2012) and raising court fees by up to 600% (2015), thereby making it much more expensive to bring a private criminal prosecution, especially against a major bank such as Lloyds.

- Lloyds' highly-paid lawyers, who have been instrumental for example in corrupting and manipulating the Griggs and Cranston "independent" reviews into the HBoS Reading fraud, would attempt to derail any private criminal prosecution at the earliest opportunity and at immense risk (ie. cost) to the prosecutor. The bank's lawyers would likely attempt to load costs onto the private prosecutor and price the case out of court.

- A private prosecutor also lacks sufficient powers in relation to search, seizure and interview and may be unable to fulfil the necessary prosecutorial duties of disclosure. Finally, the Crown Prosecution Service (CPS) can, if it chooses, take over the case and allow it to lapse.

Fundamental questions - if Lloyds Bank is untouchable and treated as above the law

1. **Why should we tolerate a two-tier legal system, with one law (if, at all) for banks such as Lloyds and more rigorous laws for everyone else ? Does this not run contrary to the foremost principle of British justice, <u>equality of all before the law</u>.**

2. **What sort of example does this set to future generations, if corruption and injustice on this scale are allowed to continue unchecked ?**

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

27. LLOYDS' EXECUTIVE PAY & THE BANK'S CRIMINAL FRAUD

In May, Institutional Shareholder Services (ISS), the influential shareholder advisory group recommended Lloyds' shareholders to vote against the bank's proposed three-year executive pay policy and 36% did, representing a sizeable revolt.[122] Not only has Lloyds' share price fallen by 40% since Horta-Osorio became Chief Executive but it has been widely perceived that his remuneration package, which has totalled £56mn since 2011,[123] has represented a reward for failure, rather than success. However, ISS was almost certainly totally unaware of Lloyds Asset Theft Frauds.

- **Minutiae of Lloyds' executive pay less important:** The pay of senior executives of Lloyds Banking Group is so complex that it required thirty pages of the bank's 2019 annual report to explain.[124] How basic pay is supplemented by a fixed share award, pension, benefits, a short-term variable (otherwise known as a "group performance share") and a long-term variable ("group ownership share"). However, we prefer not to focus on minutiae, such as how the Chief Executive taking cash in lieu of pension has breached the Investment Association's guidelines.

- **Leading bankers must be well rewarded:** The remuneration of top UK bankers must be set at international levels and reward those individuals appropriately. In the case of a leading domestic bank, its senior management should also be rewarded for helping to maintain the country's financial infrastructure. However, it is clearly not appropriate that their rewards should reflect, at least in part, the benefits of serious professional misconduct and criminal fraud undertaken by officers and agents of the bank, for which they are responsible.

What has Lloyds' senior management actually known ?

There is a case to be made that Lloyds' executive management may not have known about its extensive legal wrongdoing. The bank's legal counsel, for example, withheld the Project Lord Turnbull report from senior management, when they first

[122] https://www.bloomberg.com/news/articles/2020-05-21/lloyds-shareholders-lodge-protest-vote-over-executive-pay

[123] https://www.dailymail.co.uk/money/comment/article-8495345/RUTH-SUNDERLAND-Horta-Osorio-leaving-Lloyds.html. Article printed on 7th July 2020 as "Farewell to £56mn man after ten years at top" has subsequently been re-named.

[124] https://www.lloydsbankinggroup.com/globalassets/documents/investors/2019/2019_lbg_annual_report_v3.pdf - pages 98 to 128.

received it,[125] so they may again have protected them, when evidence actually emerged of the bank's widespread legal wrongdoing.

However, the culture of Lloyds Bank has consistently been set from the very top. The lying, denying and covering up, the hard line which the bank has maintained and even reportedly tightened in recent months, have all come from its senior executive management.

It was Lloyds' Chief Risk Officer, Juan Columbás, who is alleged to have lied to the Police & Crime Commissioner of Thames Valley about when he had first known about the HBoS Reading fraud.[126] The date when the bank first knew of the major fraud is the subject of the Dobbs review and will determine the bank's liability to compensation. Similarly, the use of two NDAs to silence the author of the Turnbull report will have been authorised at the highest level.[127] When Lord Blackwell was provided with a copy of the Turnbull report, it was he as Lloyds' Chairman who chose to conceal it from his non-executive board for a further year. [128]

How much senior management has known of the widespread criminality, which has run right through the bank's recovery units - the engineering of customer defaults, the mis-use of accounting firms, the industrial forgery of signatures, the Land Registry fraud, the mis-use of NDAs and the mistreatment of whistleblowers – may never be fully known. We suspect that it has known a very great deal, if not all, of this. Certainly, senior management has authorised the expenditure of large sums on heavyweight law firms to cover up its wrongdoing by all available means.

Lloyds Business Support Units (BSU) were turned into profit centres four years before Horta-Osorio took office but he and his executive management have conducted the bank in full knowledge that, and most possibly because, such infrastructure was in place. Indeed, senior management will have signed off the securitisation deals whereby assets, which had been misappropriated at deep discounts from customers, were later sold off, now at a significant premium, to the buyers of distressed debt such as Cerberus.

Senior management, including the Chairman and Chief Executive, have set the tone in which widespread criminality has flourished at Lloyds Banking Group and for that they should be held fully accountable.

[125] Press release 11, page 26 – The HBoS Reading fraud – key in so many ways.
[126] Statement of Thames Valley Police & Crime Commissioner, Mr Anthony Stansfeld.
[127] Press release 24, page 53 – Lloyds' mis-use of Non-Disclosure Agreements (NDAs).
[128] Statement of Thames Valley Police & Crime Commissioner, Mr Anthony Stansfeld.

Section 4 - THE COMPREHENSIVE COVER UP

28. FCA's DELIBERATE FAILURE OVER BANKING FRAUD

The failure of the financial regulator, the FCA to investigate banking fraud has been long-standing and deliberate. For years, commercial lending has been left unregulated and intentionally unprotected. The regulator's rule book is detailed and extensive but has largely not been applied to the banks in cases of serious professional misconduct and criminal fraud. The FCA can act as it wishes and its reform in 2013, in this context, was a sham. The FCA is definitely not independent from Government, as has been claimed[129] and its failure adequately to investigate and prosecute banking fraud has been at the request of Government. This is further described in our next press release, which covers the period when Andrew Bailey was the FCA's Chief Executive (July 2016 – March 2020).

FCA – reformed ?

The Financial Conduct Authority (FCA) was supposed to represent an improved version of its predecessor, the Financial Services Authority (FSA). However, in April 2013, Chancellor Osborne appointed as chairman of the new regulator, the former senior partner of KPMG (UK), John Griffith-Jones. KPMG were the auditors of HBoS and signed off loan loss provisions of £370m prior to the rights issue in May 2008, when subsequently, HBoS was found to have a £40bn hole in its accounts.[130] In his capacity as senior partner of KPMG, Griffith-Jones attended the FSA meeting, which set the terms of reference for the financial regulator's enquiry into the collapse of HBoS. The minutes of the meeting show that the regulator decided that the investigation would not encompass the conduct of the bank's auditors, KPMG or the role of accounting standards.

The cosy culture of not challenging a company's management outside the specific remit of the audit for fear of committing commercial suicide has been echoed by the reluctance of the British press and media to hold the banks adequately to account for fear of losing critically important advertising. In both instances, it has enabled serious wrongdoing to flourish unchallenged. The Chancellor's appointment of the new chairman of the UK's supposedly reformed, highest financial regulator set the worst possible example from the outset. The Parliamentary Commission into banking standards, which was announced in July 2012, was also, in certain key respects, another sham.

Commercial lending left unregulated - FCA's "Principles of Business" [131] largely do not apply to banks

Successive Governments have ensured that commercial lending remained unregulated and legislation long devised to favour the banks at the expense of business customers. Regulators, led by the FSA / FCA, have worked closely with HM Treasury and have ensured

[129] See footnote 132 at bottom of next page.
[130] https://www.ianfraser.org/paul-moore-why-john-griffith-jones-must-go/
[131] See table in Treasury Select Committee report into SME finance, Oct. 2018, pages 23 – 24. https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/805/805.pdf

that eight out of eleven of their "Principles of Business" do not apply to businesses, leaving them without even the most basic protections, which they might reasonably expect. These include a duty of care, the requirement for banks to conduct their business with integrity and to observe proper standards of market conduct. While the failure is astonishing, it has also been deliberate.

Enforcement guide not applied to banks

The regulator has detailed and extensive regulations for other financial businesses contained in its Enforcement Guide, which extends to 137 pages.[132] However, it has intentionally chosen, at the direction of HM Treasury, in large part not to apply these to the banks. The latter have responded in different ways but Lloyds has taken full advantage of and exploited what effectively has amounted to a criminals' charter and when their activity, or that of their professional agents, has been criminal, the authorities have turned a blind eye, helped to cover up and refused to investigate or prosecute.

FCA can act as it chooses

The supposedly reformed Financial Conduct Authority might have been expected to promote the highest standards of conduct across the UK's financial sector. However, as described in "Our Mission" in 2017, the FCA's remit was designed from the outset in a very different and unexpected way, which essentially enables the UK's highest financial regulator to act in whatever way it chooses[133]:

"*The FCA serves the public interest through the objectives (protecting consumers, integrity and promoting competition) given to us by Parliament. They are the basis on which we are held to account. To deliver our objectives, Parliament has given us a range of tools. It has also given us independent powers to make decisions about how best we should use these tools. We can use them to serve the public interest in different ways but we must be targeted when we decide where and how we act*".

FCA – not independent from Government

Ministers have always claimed that the FCA operates independently from Government [134] but in practice, this is completely untrue. When its first Chief Executive Martin Wheatley was deemed too hostile towards the banks,[135] Chancellor Osborne replaced him in July 2016 with Andrew Bailey, the chief executive of the Prudential Regulation Authority (PRA). He did so, famously "without interview", because he knew that Bailey was the ultimate Government insider and could be relied upon entirely to follow the line required by Government and HM Treasury.[136] The ultimate sanction, which the FCA possesses, is to launch a section 166 review under FSMA 2000 but Osborne made sure, under the Financial Services Act 2012, that HM Treasury retained ultimate control over section 166 reviews, a power which Chancellor Hammond subsequently refused to relinquish.

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[132] https://www.handbook.fca.org.uk/handbook/document/EG_Full_20140401.pdf

[133] https://www.fca.org.uk/publication/corporate/our-mission-2017.pdf - page 3.

[134] Economic Secretary to HM Treasury, Harriet Baldwin MP, FCA backbench debate, February 2016: "The FCA is of course operationally independent of the Government….I firmly believe in the independence of the FCA".

[135] https://www.economist.com/britain/2015/07/17/britains-bank-basher-in-chief-is-toppled

[136] https://www.thisismoney.co.uk/money/news/article-3546335/Andrew-Bailey-handed-job-FCA-without-interview-Questions-raised-political-influence-independent-body.html

29. ANDREW BAILEY'S KEY ROLE IN FCA FAILURES OVER BANKING FRAUD[137]

During Mr Bailey's tenure as Chief Executive of the FCA (July 2016 – March 2020), a number of significant failings occurred. There is evidence that in conjunction with other authorities, he declined or delayed investigations and failed to prosecute serious wrongdoing and criminal fraud undertaken by banks, especially Lloyds Banking Group and Royal Bank of Scotland. He frequently claimed that the matter raised was somehow outside the regulatory perimeter of the FCA but when the Treasury Select Committee last year recommended that the perimeter should be widened, [138] the FCA and HM Treasury made sure that it was not. [139] This raises the question of whether Mr Bailey deliberately sought to turn a blind eye to serious criminality and abdicated the FCA's regulatory responsibilities by failing to take meaningful regulatory or enforcement action against such banks, thereby allowing them to remain above the law.

Summary of Mr Bailey's failures at the FCA

Lloyds / HBoS

- Failure to investigate the detailed allegations contained in the Project Lord Turnbull report and the numerous offences it described. [140] These allegations were criminal as defined by FSMA 2000, the Companies Act 2006, the Proceeds of Crime Act 2002 and the Money Laundering regulations 2003 & 2007.

- Failure to prevent Lloyds Banking Group from establishing three wholly unnecessary reviews regarding the Halifax Bank of Scotland (HBoS) Reading fraud, thereby depriving victims of the fraud of swift and adequate compensation. [141]

- Failure to penalise the Bank of Scotland in relation to the HBoS Reading fraud in a timely manner. [142] It was fined at least twelve years after the events in question.

- Failure to investigate or recommend criminal prosecution of widespread serious wrongdoing by Lloyds Banking Group, including its Business Support and recovery units. [143]

- Failure to investigate serious fraud at Lloyds and RBS during periods of time in which their shares were being sold by the Government. This may have contributed to a form of

[137] See "Challenging the Bailey Appointment", February 2020 (12 pp.).
[138] https://www.finance-disputes.co.uk/2019/08/treasury-committee-calls-for-expansion-of-fca-powers/
[139] https://lexlaw.co.uk/solicitors-london/fca-letter-powers-regulatory-perimeter-treasury-london-litigation-solicitors/
[140] http://www.appgbanking.org.uk/wp-content/uploads/2019/05/Lord-Turnbull-DRAFT09012014-docx.pdf
[141] Press release 12, page 28 – HBoS Reading – three wholly unnecessary reviews.
[142] https://www.ft.com/content/548c3c50-93ff-11e9-aea1-2b1d33ac3271
[143] Press release 23, page 50 – Lloyds' Recoveries unit, Bristol – widespread criminal fraud.

securities fraud because institutional purchasers of these shares were not provided with full and sufficient information, as required by FSMA 2000, sections 85 & 87. [144]

- Failure, together with the National Crime Agency and Serious Fraud Office, to allow prompt investigation into the alleged systemic forgery of signatures by Lloyds Banking Group. [145]

RBS - GRG

In November 2013, the Tomlinson report first highlighted the serious mistreatment of SMEs by RBS' Global Restructuring Group (GRG) and two months later, the FCA appointed Promontory to undertake a Section 166 investigation. However, the FCA restricted that firm's ability to ascertain the full facts and scale of the wrongdoing by defining the study's remit and methodology from the outset. The FCA refused eight times to publish the Section 166 report, with Mr Bailey refusing the request of the Treasury Select Committee in September 2017, a move which appeared to frustrate transparency and assist the concealment of wrongdoing. [146] In July 2018, Mr Bailey finally announced that the FCA's powers to take action against RBS-GRG were "very limited" because its business was largely unregulated. However, the FCA had received the Tomlinson report nearly five years earlier and could have arrived at such a conclusion within a matter of weeks. Instead, the regulator deliberately did not do so and Mr Bailey played a leading role in these delays.

Some of Mr Bailey's other failures

- Failure to recommend criminal prosecutions regarding the manipulation of the London Inter-Bank Offered Rate (**LIBOR**). [147]
- Failures in relation to the implementation and oversight of the Interest Rate Hedging Product (**IRHP**) review and redress scheme. [148] Again, justice delayed has been justice denied.
- **Complicity with hidden credit lines:** When customers were sold swaps and fixed rate loans, banks put these in place to cover the losses they expected their customers to make. Hidden credit lines, which covered contingent liabilities (expected losses to the customer and gains to the bank) expanded exponentially, when interest rates fell and often breached loan-to-value covenants without the customers' knowledge, pushing them into support units like Lloyds BSU or RBS-GRG and forcing many into administrations and insolvencies. The banks often, at this point, asset stripped their own customers, using 'tame' insolvency practitioners and Royal Institution of Chartered Surveyors (RICS) valuers, who were seconded and based in-house alongside the bankers and in the case of RBS, supported by arrangements such as the Asset Protection Scheme (APS).

[144] Press release 7, page 18 – How EU & UK securities laws were violated.
[145] Press release 18, page 41 – Lloyds' industrial forgery of signatures.
[146] https://www.moneymarketing.co.uk/news/fca-refuses-publish-report-rbs-mistreatment-claims/
[147] "Challenging the Bailey Appointment", February 2020, pages 10 - 11.
[148] "Challenging the Bailey Appointment", February 2020, pages 11 - 12.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

30. NEW CHIEF EXECUTIVE OF FCA – ANOTHER CREATURE OF GOVERNMENT

The Times' article (22nd June 2020)[149] on the new Chief Executive of the Financial Conduct Authority (FCA) tells you everything you need to know in a single sentence: "Mr Rathi has already proven himself a capable and trusted operative in government".

If you exclude the three years which he spent as private secretary to Prime Ministers Blair and Brown (2005- 2008), this suggests that Nikhil Rathi started work at HM Treasury in 2000. In other words, he has seen the full array of banking fraud and its subsequent cover up over the last two decades. Importantly, Mr Rathi was head of the Financial Stability unit at the Treasury, "overseeing a number of the UK's financial stability interventions" during the 2008 banking crisis, working directly with Andrew Bailey. Both Dr Bailey and Mr Randell will have long identified Nikhil Rathi as a safe pair of hands, who can be relied upon to adhere strictly to the official line.

After that, Mr Rathi was the Director of the Financial Services Group, "representing the UK Government's interests in the EU and internationally. In that role, he served as the UK representative on the EU Financial Services Committee and led a number of legislative negotiations". Since 2014, he has been the international development director and later, Chief Executive of the London Stock Exchange.

So, they will consider that they have covered all the bases:

Chancellor of the Exchequer – Rishi Sunak (40)
Governor of Bank of England - Andrew Bailey (61)
HM Treasury - Sir Tom Scholar – Permanent Secretary since 2016 (52)
FCA - Charles Randell, Chairman (62)
FCA - Nikhil Rathi, Chief Executive (40)
NCA - Lynne Owens, Director General (51)
Treasury Select Committee - Mel Stride, Chairman (59)

Comment dated: June 2020

[149] https://www.thetimes.co.uk/article/chancellor-picks-former-treasury-insider-to-lead-fca-qj0jw96lz

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

31. FINANCIAL REPORTING COUNCIL'S ROLE IN COVER UP

The audit and governance regulator, the Financial Reporting Council (FRC) has attracted significant criticism for its inability to spot impending corporate collapses such as Carillion and BHS. These failures have been unfortunate but they are unlikely to have been deliberate.

However, the FRC has played a significant role in the cover up and refusal to investigate audit failure at Lloyds / HBoS.[150] This was intentional and almost certainly the result of pressure from Government.

The FRC's improperly close connections with [151]

1. Lloyds Bank

The Government has been responsible for appointing the Chairman and Deputy Chairman of the FRC and its connections with Lloyds Bank have remained improperly close from 2006 until last year.

Sir Victor Blank was, surprisingly for a time, permitted to combine being a member of the FRC (2002-2007) with Chairmanship of Lloyds Bank (2006-2009). It was Sir Victor Blank, who was informed about the HBoS Reading fraud in October 2008, prior to Lloyds' takeover of HBoS in January 2009.

Later, Sir Win Bischoff, who was Lloyds' Chairman (2009-2014), stepped down - to become Chairman of the FRC from 2014 until last year.

2. KPMG

The FRC's conduct committee was weighted with four former partners of KPMG represented on its ten-strong conduct committee. In 2013, the regulator refused to investigate KPMG's 2007 audit of HBoS and only reversed its decision two years later under pressure from MPs.

Still, after a further two years and ignoring the evidence of a third HBoS whistleblower, the FRC cleared KPMG of all wrongdoing in September 2017, which was a decade on from the highly contentious audit but astonishingly convenient, being just one month before the start of the court case involving Lloyds' acquisition of HBoS.

[150] https://www.ianfraser.org/the-frcs-evasiveness-tells-us-its-unfit-for-purpose/

[151] "Lloyds Banking Group – widespread wrongdoing and criminal fraud": Presentation, Westminster Central Hall, 4th September 2019, slide 26.

In April 2018, the FRC hired the legal firm, Fieldfisher in its efforts to resist a freedom of information request to disclose its files, which would throw light on its 2013 decision not to investigate KPMG's 2007 audit of HBoS.

Finally in June 2018, having cleared the leading accounting firm nine months earlier of all wrongdoing, the FRC performed a perfect U-turn and complained of an "unacceptable deterioration" in KPMG's audit quality. Three months earlier, the former second permanent secretary at HM Treasury, Sir John Kingman had been appointed to conduct a complete review of the FRC, so the regulator's statement looks to have been made largely for his benefit.

FRC – not fit for purpose and still not replaced

However, in December 2018, Sir John Kingman [152] concluded that the Financial Reporting Council was not fit for purpose and should be replaced by a new regulator, the Audit, Reporting and Governance Authority (ARGA) and equipped with stronger powers of enforcement.

Nevertheless two years later, nothing has been done, amid further drift in official policy and the ongoing refusal to recognise, let alone address, the serious wrongdoing in which leading accounting firms have been engaged.

[152] https://www.gov.uk/government/news/independent-review-of-the-financial-reporting-council-frc-launches-report#:~:text=The%20Independent%20Review%20of%20the,published%20its%20report%20to%20government.&text=The%20FRC%20regulates%20auditors%2C%20accountants,with%20the%20professional%20membership%20bodies.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

32. TREASURY SELECT COMMITTEE LETTERS REGARDING FinCEN - SIMPLY COMICAL

On 23rd September, the Chairman of the Treasury Select Committee (TSC) wrote to various arms of Government and state, in the wake of the FinCEN revelations. We find these letters simply comical.

Along with the recent comments from the Chief Executive of the PRA, the flurry of letters to the BEIS, the FCA, HMRC and the Minister for Security are designed to demonstrate some kind of appropriate response. However, they singularly fail to do that.

If the British Government, regulators and prosecutors are deliberately failing to prosecute criminal fraud conducted by major domestic banks such as Lloyds, which they have chosen to cover up, what hope have the UK authorities in defeating international money laundering, which they know much less about ? The reality is the whole system of oversight is significantly flawed.

The supposed powers of the TSC

In June, the Home Secretary received our report, "Lloyds Asset Theft Frauds" and the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld discussed it with her. On page 11, we commented on the supposed powers of the TSC:

"In recent years, the Executive and their Establishment allies have felt sufficiently emboldened to refuse the requests of the Treasury Select Committee, arguably Parliament's most important committee. Government has also ensured that their gate keeper, who has often previously worked in HM Treasury and can be relied upon to follow the official line, is appointed as the committee's chairman. This person is then able, we believe, with the help of the committee's civil servants, to control and if necessary, restrict the flow of sensitive information, such as on banking fraud, to other members of the committee. In separate instances, two important reports which we have sent to TSC members and MPs at large have, it would appear, not arrived at their destination. Finally, the convention is that following a select committee hearing, the TSC prepares a report, often accompanied by detailed recommendations, but the Executive is under no obligation whatever to heed it."

Some extracts from TSC letters – *our response in bold italics*

1. **TSC to the FCA**

"The FCA has a core role in combatting financial crime, both as the conduct regulator, but also as the home to the Office for Professional Body Anti-Money Laundering Supervision (OPBAS)".

Don't make us laugh ! Read our "Challenging the Bailey Appointment" report on www.lloydsbankassetfrauds.com

"What action is the FCA taking in the face of the information in the FinCEN files, including potential enforcement action?"

The FCA has spent over a decade failing to take enforcement action against major UK banks, arguing that their actions took place outside its regulatory perimeter. When the TSC suggested that the regulatory perimeter should be expanded, the FCA and Government ensured that it was not !

What needs to be done to further secure the financial system from economic crime, given the information in the FinCEN files ?

The Government, TSC and every arm of state knows well what needs to be done "to further secure the financial system from economic crime" and they have comprehensively refused to do it.

"It is reported that a leaked US Treasury paper argued the UK was a "higher-risk" jurisdiction. Have you had similar comments from US authorities, and would such an identification concern you?"

It most certainly should ! Following Osborne's disgraceful interventions with the US authorities in 2012 to prevent HSBC losing its US banking licence on Mexican drug money laundering charges, the US must be looking on at the UK with horror. As far as Europe is concerned, London has turned into Kiev-on-Thames.

2. **TSC to the Minster of Security (part of Home Office)**

Are any of the UK law enforcement agencies following up on the information in those leaks, to see if more can be done to combat economic crime?

The NCA, which comes under the supervision of the Home Secretary, has spent fifteen months refusing to investigate Lloyds' industrial forgery of signatures – effectively operating a two-tier legal system - and the TSC Chairman asks "if more can be done to combat economic crime" !

"The Economic Crime Plan, 2019 to 2022, notes that "[…] the NCA will ensure the UK Financial Intelligence Unit (UKFIU) meets international best practice by December 2020. Home Office, supported by HM Treasury and NCA, will consider whether any legislative changes are necessary to meet the requirement under international standards for UKFIU to be sufficiently operationally independent and autonomous." Are you on track to meet that commitment?"

International worst practice, more likely.

3. **TSC Chairman's comments**

"Some of the information coming from the release of the FinCEN papers is deeply troubling. The Treasury Committee wants to know whether Ministers, HMRC and the FCA are on top of this".

Ministers, regulators and prosecutors remain fully occupied keeping the lid on banking fraud.

"With various roles to play in combatting economic crime, it's vital that the appropriate parts of the system are ready to act, if required."

The only thing necessary for the triumph of evil is for good men to do nothing (Edmund Burke) - or in this case, still worse - pretend to be acting correctly, when they are not.

Comment dated: September 2020

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

33. SFO – NOT SERIOUS ABOUT BANK FRAUD & NOT FIT FOR PURPOSE

The Serious Fraud Office (SFO) has often been criticised about its lack of success, which until its more recent success over Airbus was doubtless justified. However, our criticisms are different and two-fold:

Firstly, the Chancellor has sight of all cases put forward for investigation by the SFO and for more than a decade, maintained a wholly inappropriate limit on its core annual budget, at a time when serious criminal fraud in the UK rose sharply. When confronted by evidence of banking fraud, the SFO has been encouraged to look the other way.

Secondly and more generally, the SFO is not fit for purpose, something successive Governments have long known and done little about. This has brought the UK's prosecution of serious corporate fraud into international disrepute.

1. SFO - not serious about banking fraud

- The former Director David Green stated that the SFO may investigate "any suspected offence where appears on reasonable grounds to involve serious or complex fraud. This means that there must be (1) sufficient evidence to support a reasonable suspicion of criminality and (2) the criminality must involve serious or complex fraud." However, these criteria are entirely arbitrary and enable it to act as it wishes, or is directed to act.

- In August 2016, the SFO declined to investigate the notorious Lloyds-associated secondary lender, **UK Acorn Finance** stating that Avon & Somerset Police "had previously investigated and further reviewed the matter before deciding that there were insufficient grounds to justify a continued police investigation or to bring criminal proceedings". [153] Avon & Somerset Police's refusal to investigate long-standing allegations of widespread criminal fraud involving Lloyds Recoveries, Bristol has been constantly criticised and has now come under renewed attack.[154] In October 2019, the SFO dropped its long-running investigation into the **manipulation of LIBOR**[155] conveniently two months before Andrew Bailey was announced as the next Governor of the Bank of England. It has also taken no action, along with the NCA and FCA, over **Lloyds' alleged industrial systemic forgery of signatures**. [156]

- Judging by David Green's criteria, there would appear no justification for the SFO to have acted as it has with any of the above instances of serious criminal fraud. The prosecutor also states that "If the information provided is not for us, we pass it on to other relevant enforcement agencies and regulators". However, there are few signs that it has done so.

[153] SFO Director David Green letter to Bill Wiggin MP, dated 20th September 2016.
[154] https://www.bbc.com/news/amp/uk-england-bristol-54630259
[155] https://www.sfo.gov.uk/2019/10/18/sfo-concludes-investigation-into-libor-manipulation/
[156] Press release 18, page 41 – Lloyds' industrial forgery of signatures.

LIBOR investigation conveniently dropped

- The London Inter-Bank Offered Rate (LIBOR) came into widespread use as a global benchmark in the 1970's and was brought under UK regulatory oversight by the Financial Services Act 2012, which created a criminal offence for knowingly or deliberately making false or misleading statements relating to benchmark setting. In July 2014, the FCA fined Lloyds Banking Group £105 mn for manipulating its LIBOR (May 2006 – June 2009) and repo rate (April 2008 - September 2009) submissions. In total, Lloyds was fined the equivalent of £218 mn by UK and US regulators.
- The Governor of the Bank of England, Mr Mark Carney wrote to Lloyds' Chairman, Lord Blackwell: "Such manipulation is highly reprehensible, clearly unlawful and may amount to criminal conduct on the part of the individuals involved". In his reply, Lord Blackwell admitted there had been "truly shocking conduct, undertaken when the bank was on a lifeline of public support". A secret recording dating from 2008 however implicated the Bank of England in the manipulation of LIBOR. [157]
- Nevertheless in July 2018, the SFO closed its inquiry into Lloyds' manipulation of LIBOR and in October 2019, closed its entire seven-year investigation, saying that it had conducted a detailed and thorough review but no further charges would be brought. Two months later, Andrew Bailey was announced as the next Governor of the Bank of England.

2. SFO - not fit for purpose

- The Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld[158] has highlighted major short-comings in the UK's investigation of serious fraud.[159]

- However, Government has long been aware of these failings and deliberately taken no action. Consequently, the City of London has become the global centre of choice for international money laundering. Against this background, it is all the more shameful that the SFO has been out of its depth and underfunded for so long.

- The SFO should be established as a separate entity entirely free from Government influence and financed through its fines, which currently go straight to HM Treasury. The scale of its operations should be increased considerably, so that it can take on many more investigations annually. Government should also make the prosecution of fraud easier and less costly.

- In the absence of proper and responsible action to combat serious white collar fraud, it is little wonder that the US Government recently referred to the UK as a "high-risk jurisdiction", a polite term for a dirty little country.

[157] https://www.bbc.co.uk/news/business-39548313
[158] In June 2020, Mr Stansfeld was appointed the portfolio lead on fraud among all Police & Crime Commissioners in the UK.
[159] See his report "High Level Fraud" on our website www.lloydsbankassetfrauds.com

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

34. SRA'S FAILURE TO INVESTIGATE CERTAIN FRAUDULENT SOLICITORS

The role of the Solicitors Regulation Authority (SRA) is to regulate firms of solicitors and individual solicitors. This means setting the professional standards, which solicitors should observe, so their clients can receive the service they should reasonably expect. When these standards are not met, sanctions can be imposed and this may involve hearings before the Solicitors Disciplinary Tribunal (SDT).

However, there is evidence to suggest that the SRA has preferred to act as the trade body for the profession and protect solicitors, who have acted for banks such as Lloyds, from investigation.

The SRA appears to be another regulator, which is not fit for purpose. Its failure to uphold proper standards of conduct has severely undermined the trust, which the public ought to have in the solicitors' profession and the rule of law.

SRA's Principles of Business [160]

These require a solicitor to act:

- in a way that upholds the constitutional principle of the rule of law, and the proper administration of justice
- in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons
- with independence
- with honesty
- with integrity
- in a way that encourages equality, diversity and inclusion
- in the best interests of each client

There is considerable evidence that in respect of firms of solicitors and individual solicitors, who have acted for banks, the SRA has failed either to investigate allegations of serious wrongdoing or uphold its Principles of Business.

SRA's regulatory failures

Examples of the SRA's failure adequately to investigate solicitors, who have acted for the banks extend from large firms, through mid-size firms and down to individual solicitors. The refusal to investigate appears to have been deliberate and systemic.

Its failure in respect of **large firms** was exemplified by the recent detailed submission of the All Party Parliamentary Group (APPG) on fair business banking to the SRA regarding Herbert

[160] https://www.sra.org.uk/solicitors/standards-regulations/principles/

Smith Freehills LLP (HSF), which was subtitled "undermining confidence in the legal profession". [161] The APPG stated that "unethical conduct, where widespread or occurring over a long period of time, subverts public confidence in the legal profession and, consequently, in the legal system and the rule of law" and accused HSF of a lack of professional independence. This is a euphemism because in such cases, the bank's lawyers have not merely gone along with, or failed to spot, serious wrongdoing (as the accountants, KPMG did with HBoS), they have been actively complicit, defended and often strengthened their client's defences against accusations of serious misconduct and criminal fraud, using the most powerful legal devices available.

The bank's lawyers will have been aware that what they were doing was entirely wrong and contrary to the "higher duties" they owe to uphold the legal system and the Rule of Law. However, they will also have known that they were unlikely to face any sanctions.

Serious wrongdoing and criminal conduct by other prominent firms of lawyers, which continue to act for Lloyds Banking Group, has similarly been ignored. One case involved a member of Lloyds' executive board, which the Police have also declined to investigate.

The SRA's failure regarding **medium-sized firms** was demonstrated in respect of Burges Salmon, which was actively used by Lloyds Recoveries, Bristol until 2010. One partner of the Bristol-based firm was tried but later acquitted for his part in the HBoS Reading fraud and its senior partner, together with 61 staff and other partners [162] were investigated for serious professional misconduct in a separate instance (2008-2010). Bevan Brittan LLP was commissioned by the SRA to conduct an independent investigation in the latter case but although serious wrongdoing was believed to have been identified, no-one was ever prosecuted. Nevertheless, there was a mass exodus from Burges Salmon in 2010 and Lloyds Bank ceased to use the firm as agents for its recoveries unit. Later, in 2019, the SRA refused the request of the Police & Crime Commissioner for Thames Valley to provide him with a copy of the Bevan Brittan report, claiming that it was an internal document and could not be disclosed. The SRA has also either ignored or dismissed complaints against other medium-sized firms of solicitors.

The regulator's failure with regard to **individual solicitors** has been demonstrated by its reluctance adequately to prosecute and hold to account solicitors, who have acted improperly for banks. In one instance, this involved a solicitor, who has dedicated his entire career to fraud but yet has been permitted by the SRA to continue to practice.

[161] http://www.appgbanking.org.uk/wp-content/uploads/2020/07/APPG-HSF-SRA-9-6-20-Final-1.pdf
[162] Extract from Bevan Brittan LLP investigation into Burges Salmon, 26th January 2010.

35. REGIONAL POLICE AUTHORITIES' REFUSAL TO INVESTIGATE LLOYDS' FRAUDS

The refusal of numerous Police authorities to investigate alleged fraud by Lloyds Banking Group could be attributed to insufficient funding, the inadequate way in which the investigation of fraud is set up nationally or simply, that fraud is costly and time consuming to investigate and regional forces lack the necessary manpower and expertise. However, given that the refusals have been long-standing, have occurred nationwide and are continuing at the present time, it has prompted suspicions that, along with the Serious Fraud Office (SFO) and the National Crime Agency (NCA), regional police authorities across the UK have been specifically instructed by higher authority not to investigate fraud alleged to have been conducted by major UK banks, such as Lloyds. In some instances, serious wrongdoing has extended into the court process.

Avon & Somerset Police (A&SP) – long-standing cover up

The refusal of A&SP to investigate fraud allegedly conducted by Lloyds Bank and its associated secondary lender, UK Acorn Finance has been long-standing and notorious. It dates from at least 2007, when a police raid on UK Acorn's offices went wrong in suspicious circumstances. In 2009, John Smith, a partner at Burges Salmon, the solicitors used by Lloyds Recoveries Bristol, left midway through the SRA's two-year investigation into serious wrongdoing at the firm involving 62 staff and partners. Smith was then accepted as the Chief Executive of the Police & Crime Commissioner's office at Avon & Somerset Police and Burges Salmon has remained the solicitors for A&SP.

In November 2012, Mrs Sue Mountstevens was elected Police & Crime Commissioner and over the last eight years, the two officials have prevented all investigation into Lloyds' and UK Acorn Finance frauds. So great has been the alleged cover up of fraud that in 2019, a separate force, Thames Valley Police (TVP) undertook a scoping exercise into A&SP's failure to investigate these frauds. However, due process was contrived so that TVP's remit was determined by the very force, which was being investigated. Unsurprisingly, the TVP investigation failed to find any wrongdoing but the majority of Lloyds' victims were never interviewed. Recently, concerted efforts by victims culminated in a demand that the A&SP Police & Crime Panel should hold an extraordinary meeting regarding the failure of the Police & Crime Commissioner to hold the Chief Constable to account. However, the chairman of the Police & Crime Panel refused to hold such a meeting and the matter has been referred to the Independent Office for Police Conduct (IOPC). Meanwhile, Mrs Mountstevens has announced that she is stepping back from her day-to-day responsibilities.

Cambridgeshire Police – turned down HBoS Reading investigation

Prior to Thames Valley Police taking on the ultimately successful prosecution of the HBoS Reading fraud, Cambridgeshire Police declined to investigate the £1 bn fraud, together with the case of Paul and Nikki Turner, which later gained widespread public recognition.

South Wales Police - failure to open a criminal investigation

In 2019, SWP received a report involving the suspicious death of a lawyer employed by a leading firm used by Lloyds Banking Group. The report involved alleged illegal payments having been made repeatedly by a very senior member of Lloyds' board. No investigation has been opened and the matter has so far been covered up.

Kent Police – case to answer for failure to investigate

Has declined to investigate cases involving Lloyds' frauds. Once again, the Police & Crime Commissioner, Matthew Scott and the chairman of the Police & Crime Panel have cases to answer regarding their failure to hold their Chief Constable to account.

Hampshire Police – has declined to investigate Lloyds' notorious LPA receiver

Has refused to investigate a case, which involves Lloyds Bank's use of invalid and bogus legal documentation for one of its most notorious LPA receivers. When challenged for his supporting paperwork, the receiver who has a history of serious misconduct and criminality on behalf of Lloyds Recoveries, Bristol and the Lloyds-associated secondary lender, UK Acorn Finance, claimed that it had all been destroyed in a flood at his house. This is a leading case in a group action, which alleges similar practice by the same receiver across a significant number of other victims. However, the refusal of Hampshire Police to investigate is currently obstructing progress.

Devon & Cornwall Police – heinous wrongdoing re nationally-significant case

Repeatedly failed to investigate a case, which involved the theft of intellectual property and financial transactions involving Lloyds Bank and the secondary lenders, UK Acorn Finance and Commercial First. The victim was made fraudulently bankrupt and then prosecuted on trumped up charges, using false documentation. In prolonged instances of corruption, bribery and fraud, one barrister was struck off, the Chief Constable was moved and a policeman suspended from duty. A very grave miscarriage of justice occurred, with the victim even being sent to prison for three and a half years for continuing to try to expose the perpetrators of fraud. Devon & Cornwall Police played a key role in the false conviction of the victim and serious wrongdoing extended into the court process. The victim has still not received proper compensation, despite the case having been previously discussed at Cabinet level.

Dorset Police – long-standing wrongdoing

This has involved not merely the refusal to investigate white-collar fraud but considerably more serious allegations. In one instance, a police officer used the security of a victim's property and identity fraud to arrange loans for himself totalling £700,000, via a local solicitor. The police have mis-used their position to shut down victims' complaints and as in the case of Devon & Cornwall Police, the corruption has extended into the court process.

Police Scotland – claimed no crime had taken place

A Lloyds' case involving the mis-selling of PPI, the forgery of customers' signatures and the use of fake solicitors was passed by the Chief Constable Iain Livingstone to a Detective Inspector Jamieson. He concluded that no crime had taken place, despite overwhelming evidence to the contrary. When challenged over the case, senior management of Lloyds Bank lied repeatedly, including to the customer's MP.

Other unnamed police authorities have either failed to investigate Lloyds' frauds or have yet to indicate willingness to do so.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

36. THE REVOLVING DOORS – REGULATION BROUGHT INTO DISREPUTE

The relationship of Government ministers, regulators and prosecutors with major UK banks and financial institutions remains indecently close. In particular, the flow of senior and highly experienced personnel from regulator to those regulated has brought the UK's oversight of financial institutions into serious disrepute.

If you add together: the FCA's deliberate failures over regulating banking fraud, the SFO being open to Government influence and likewise turning a blind eye to instances of serious bank wrongdoing and the SRA's refusal to hold fraudulent solicitors, who continue to act or have acted for banks, to account – with the cosy culture which has developed between regulator and regulated, you can see clearly the true inadequacy of the current system of regulation.

There should be a much clearer distinction drawn between regulators, prosecutors and those institutions over which they regulate and exert authority. In addition, the appointment of former ministers and senior civil servants to leading financial institutions requires greater scrutiny from those who are charged with overseeing standards in public office.

The following are some of the moves, which have taken place in the last two decades.

Government ➡ Banks

Tony Blair (PM) - JP Morgan, £2mn per year as a part-time adviser[163]
John Major (PM) – Credit Suisse, Carlyle Group, National Bank of Kuwait
Gordon Brown (PM) – PIMCO, Global advisory board[164]
George Osborne (Chancellor) - BlackRock[165]
Sajid Javid (Chancellor) – to become senior adviser, JP Morgan, while still an MP[166]
Shriti Vadera (Business Minister) – Santander UK, Chairwoman[167]

Permanent Secretary to HM Treasury ➡ Banks

Lord Burns – Santander UK, former Chairman, now senior adviser
Sir Peter Middleton – Barclays, former Chief Executive, former Chairman
Lord Macpherson - Hoare & Co., Chairman

[163] https://www.telegraph.co.uk/news/politics/labour/1575247/Tony-Blair-to-earn-2m-as-JP-Morgan-adviser.html
[164] https://www.theguardian.com/politics/2015/dec/08/gordon-brown-investment-firm-pimco-global-advisory-board
[165] https://www.theguardian.com/politics/2017/apr/06/why-worlds-largest-fund-manager-paying-george-osborne-650000-pounds
[166] https://www.theguardian.com/business/2020/aug/18/former-chancellor-sajid-javid-role-jp-morgan-adviser-us-bank-mp-conservative
[167] https://www.telegraph.co.uk/finance/newsbysector/banksandfinance/11291047/Former-minister-Shriti-Vadera-to-chair-Santander-UK.html

Banks + FSA

Sir James Crosby - CEO, HBoS CEO (2001-2006) and with overlap, non-executive director FSA (2004-2007) and Deputy Chairman FSA (2007-2009)[168]

FSA → Banks

Sir Howard Davies, Chairman (1997-2002) – Chairman, RBS (2015 – present)
John Tiner, Chief Executive (2003-2007) – Credit Suisse, Head of audit committee
Adair Turner, Chairman (2008-2012) – Prudential, non-executive
Sir Hector Sants, Chief Executive (2007-2012) – Barclays, Head of compliance
Clive Adamson, Head of supervision – Prudential non-exec; JP Morgan Priv. Bank, non-exec
Jon Pain, Head of supervision – KPMG; then, RBS, Head of regulatory affairs (2013 – present)[169]
Andrew Whittaker, General counsel FSA (13 years) – Lloyds Banking Group, General counsel (2013-2015)[170]
Claire Lipworth, Chief criminal counsel – Hogan Lovell, Partner financial services
Margaret Cole, Head of enforcement – PWC, Chief risk officer
Sally Dewar, Head of risk – JP Morgan Chase, Managing Director risk
John Murray, Head of communications – Credit Suisse, Head of Communications
Clive Briault, MD retail markets – KPMG, Senior adviser
Christina Sinclair, acting Head of retail – Barclays, Head of compliance
Katherine Leaman, Manager, Prof standards – RBS; Standard Chartered, Head of compliance
Fiona Fry, Head of investigations – KPMG, Head of retail distribution review

FCA → Banks

Tracy McDermott, acting CEO – Standard Chartered, Group Head, public & regulatory affairs[171]
Andrew Brodie, Wholesale banks supervision – Banque Nationale de Paris (BNP), global head, conduct & surveillance
Tom Spender, Director Retail & regulatory investigations – Lloyds Banking Group, General counsel, group litigation, regulatory & competition
David de Souza, Manager, Specialist supervision including Interest Rate Hedging Products (IRHPs) - RBS, Manager, Corporate governance & regulatory affairs

Banks → FCA

Jane Attwood, Lloyds Banking Group, Director, Group security & fraud – FCA, Head of Intelligence covering all investigations and whistleblowing team
Georgina Philippou, JP Morgan – FCA, Chief Operating Officer
Sheree Howard, Head of compliance, RBS – FCA, Executive Director, risk & compliance
Andrew Brodie, Citibank – FCA, foreign exchange remediation; wholesale banks supervision

[168] https://www.thisismoney.co.uk/money/markets/article-2242433/Is-James-Crosby--jumped-ship-HBOS-disaster-struck--real-force-bank-crisis.html
[169] https://www.thetimes.co.uk/article/rbs-unit-chiefs-held-secret-meetings-fntkl8b57
[170] http://www.appgbanking.org.uk/wp-content/uploads/2018/11/211118-Ant%C3%B3nio-Horta-Os%C3%B3rio-Kevin-Hollinrake-MP.pdf
[171] https://www.ft.com/content/55f18384-e637-11e6-967b-c88452263daf

Katrina McTeague, Chief Risk Officer, Lloyds Bank North America – FCA, Director Retail bank supervision; General Insurance & Conduct specialists supervision

Banks ⟶ Financial Reporting Council (FRC)

Sir Victor Blank, Chairman, Lloyds Bank (2006-2009) and with overlap, member of FRC (2002-2007)
Sir Win Bischoff, Chairman, Lloyds Bank (2009-2014) – Chairman, FRC (2014-2019)[172], while also from 2014, Chairman of JP Morgan's European holding company

Law firms ⟶ FCA

Charles Randell, Partner & HM Treasury adviser, Slaughter & May – FCA, Chairman[173]

SFO ⟶ Law firms

Robert Wardle, Director (2003-2008) – DLA Piper, senior consultant, corporate crime & investigations[174]
Sir David Green, Director (2012-2018) – Slaughter & May, senior consultant, dispute resolution group[175]
Alun Milford, General counsel – Kingsley Napley, Partner, criminal litigation team
John Gibson, Senior prosecutor – Cohen & Gresser, Partner, economic crime
Sacha Herber-Kelly, Prosecutor – Gibson, Dunn & Crutcher, Partner, dispute resolution group

[172] https://www.ft.com/content/e762d018-e9d4-11e9-a240-3b065ef5fc55
[173] https://www.bankofengland.co.uk/about/people/charles-randell/biography
[174] https://app.ft.com/content/bd8699e0-1ab6-11dd-aa67-0000779fd2ac
[175] https://www.slaughterandmay.com/people/sir-david-green-cb-qc/

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

37. LOOK OUT, VICTIMS - YOU ARE BEING ROLLED OVER !

In late July, the Government announced a panel, which will examine inter alia the use of judicial reviews.[176] Following its defeat in two high-profile judicial reviews, the Government is considering restricting their use. Ironically, ordering an independent review remains the Government's preferred method of avoiding difficult issues and "kicking the can down the road" and it remains entirely free to instruct those, whenever it wishes.

The Rule of Law supports the equality of all citizens before the law and is designed to protect them against their Government – to ensure it does not treat them unfairly, or arbitrarily deprive them of their rights. Yet, this is precisely what restrictions on judicial reviews would do, encroaching on the rights of the citizen and tilting the balance further towards the State.

To add to that, two regulators, the Financial Conduct Authority (FCA) and the Solicitors Regulation Authority (SRA) announced separate plans in July to restrict the amounts of compensation payable to victims of their own regulatory failure. Taken together, these three moves provide ongoing confirmation of co-ordinated and highly improper action being taken both by Government and regulators.

Restricting the use of judicial reviews[177]

Following high-profile defeats over Article 50 and the prorogation of Parliament, the Government announced on 31st July a review of administrative law, focussing particularly on the use by individuals of judicial reviews to challenge its decisions and those of other public bodies.

If enacted, this retrograde step would merely follow a number of previous moves. In 2012, the Government abolished legal aid for businesses, making it considerably more expensive, especially in the case of banking fraud, for victims to challenge their banks. It followed this in 2015, by increasing court fees by up to 600%, making such legal action even more costly and difficult to bring.

Judicial reviews have, in fact, not been excessively used because applications for judicial review declined by 44% between 2015 and October 2019. Yet, the Government is still considering restricting their use.

[176] https://www.gov.uk/government/news/government-launches-independent-panel-to-look-at-judicial-review#:~:text=justice%20and%20law-,Government%20launches%20independent%20panel%20to%20look%20at%20judicial%20review,government%20today%20(31%20July).

[177] https://www.theguardian.com/law/2020/feb/11/what-is-judicial-review-and-why-doesnt-the-government-like-it

Official abuse of independent reviews

The Lord Chancellor, the political appointee Robert Buckland MP[178] has stated that this review is designed to ensure that "the process (of judicial review) is not abused". However, who have comprehensively abused the system of independent reviews? The Government, the FCA and banks such as Lloyds Banking Group.

In the case of two supposedly "independent" reviews of the HBoS Reading fraud, Lloyds Bank and its lawyers worked closely with the FCA and HM Treasury to ensure that justice has been denied to the victims of the fraud three years after its immediate perpetrators were jailed. Following their successful prosecution in February 2017 and after consultation with the FCA, Lloyds Bank appointed Professor Russel Griggs, whose subsequent "independent" review was universally derided.[179] Later in May 2019, an eminent judge, Sir Ross Cranston was appointed and paid once again by Lloyds Bank, but his review of the Griggs review has been so comprehensively manipulated and corrupted by the bank, the FCA and Government that a re-review panel under Sir David Foskett had to be ordered. The result is that "independent" reviews into bank wrongdoing and fraud can never be trusted again.

Meanwhile, the FCA is rushing through a cap on compensation

On 24th August, the Times[180] stated: "The City watchdog has been accused by campaigners and its own complaints commissioner of rushing through a plan to minimise liability for its failings. Before the publication of three independent reviews into its competence, the FCA has proposed a cap on the compensation available from its complaints scheme….The independent complaints commissioner said the proposals "represent an explicit fettering of compensation for direct financial loss."" The proposed cap on compensation of £10,000, where FCA actions or oversights have been the sole or primary cause of loss, is derisory, and the period allowed for the consultation, which was launched in July, was poorly advertised and deliberately shortened.

….and the SRA is doing likewise[181]

On 28th July, the SRA announced that it had decided to implement its controversial plan to reduce the maximum award from its compensation fund from £2mn to £500,000. It is also seeking to introduce a cap of £5mn on multiple connected claims, such as those arising from an investment scheme. The compensation fund makes awards to those who have suffered financial loss because of a solicitor's dishonesty or failure to account for client money, where this is not covered by indemnity insurance. However, the SRA's decision has been opposed both by the Law Society and the Legal Services Consumer Panel. Final hopes rest on the Legal Services Board, a non-departmental public body sponsored by the Ministry of Justice, which has still to approve the changes.

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[178] Whose professional conscience appeared untroubled by the potential breaking of international law via the Internal Market Bill.

[179] See Press Release 12, page 28 – HBoS Reading – three wholly unnecessary reviews.

[180] https://www.thetimes.co.uk/article/financial-conduct-authority-rushes-to-minimise-compensation-for-its-failings-jzwpmjvr6

[181] https://www.legalfutures.co.uk/latest-news/sra-to-cut-compensation-fund-payout-limit-to-500k#:~:text=The%20Solicitors%20Regulation%20Authority%20(SRA,charities%20and%20trusts%20with%20claims.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

38. PLAYING FOR TIME – THE CORRUPT OFFICIAL SPORT

Playing for Time over banking and financial fraud continues to be a highly visible aspect of the corrupt and arbitrary government, which has developed in the UK. The practice has been prevalent for at least two decades but went into overdrive after the 2008 banking crisis. The authorities continue to play for time whenever possible and often by appointing a review, which is supposedly independent but invariably is not.

The key features of a review include the following:

1. Avoid taking correct or appropriate action over the contentious issue for as long as possible, preferably indefinitely. If this involves the deliberate denial of justice or violation of the Rule of Law, disregard all complaints since there is rarely any right of appeal.
2. Appoint a senior, supposedly respected individual (former civil servant, academic or judge) to conduct the review but allow its remit to be restricted or manipulated from the outset.
3. Alternatively, pass the disputed matter around various Government agencies or departments intentionally to waste time.
4. Finally, preferably after many years, the reviewer announces an outcome, which was never designed from the outset to deliver justice or a satisfactory outcome for victims.

Playing for Time has involved leading Government ministers, senior civil servants, regulators, prosecutors and the police. In May 2014, we provided our first detailed report "Serious corporate fraud in the UK" to the then Home Secretary, Theresa May but received a reply from the Treasury minister, Andrea Leadsom in August, saying that no-one had any time to discuss it. In June this year, the Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld discussed our latest report "Lloyds Asset Theft Frauds" with the current Home Secretary, Priti Patel but she responded, again three months later, with a largely dismissive reply.

For many years, the example of senior ministers has been repeated across Government and every arm of state. After the 2008 banking crisis, the mantra regarding our leading banks was "too big to fail". This has been followed by the sub-theme that the major banks should <u>not</u> be held to account under the Rule of Law and preventing them from incurring criminal prosecutions is in everyone's interest because otherwise, the consequences in terms of economic fallout would be too serious to contemplate. Coupled with the failure of the British press and media to highlight and condemn widespread banking fraud, this has enabled serious and long-standing criminal conduct to go unpunished. ***Playing for Time*** now has a well-established track record and corrupt official practice is endemic.

Either such matters are properly confronted and addressed, or we reach a point where investment in the UK is actively put off by the realisation of how corrupt our country has become and we acquire the status of a post-industrial society, which is fast acquiring the ethics and morals of the third world.

The following table, which provides some examples of ***Playing For Time,*** is not designed to be comprehensive:

PLAYING FOR TIME – THE CORRUPT OFFICIAL SPORT

Description	Reviews / inquiries	Comment on delays	Responsible for delays	Years justice so far denied
HBoS Reading fraud (2003-2007)	Griggs, Dobbs, Cranston, Foskett	The most extreme example of *Playing for Time.* Those immediately responsible jailed, Feb 2017 but Lloyds allowed to instruct and finance four "independent" reviews. None should have been required, if Lloyds had agreed to act correctly and compensate victims properly. Lloyds' senior management lied as to when they first became aware of the Reading fraud.	Lloyds / FCA / SFO	13
Connaught fraud (2008-2012)	Parker	Multiple frauds involving unregulated collective investment scheme (UCIS). Numerous debates in Parliament. FSA supervisor implicated in wrongdoing. Regulator declined to accept large quantity of evidence from whistleblower. Correct action deliberately delayed probably due to original manager, Capita's close connections to Government.	Government / FSA / FCA	8-12
LIBOR manipulation (2006 – 2009)	-	SFO opened investigation, 2012. FCA fined numerous banks incl. Lloyds, 2014. Bank of England was involved in LIBOR manipulation but SFO dropped investigation into Lloyds' manipulation of LIBOR, July 2018 and abandoned its entire probe, October 2019. Two months later, Andrew Bailey was announced as the next Bank of England Governor.	SFO / FCA / Bank of England	11-14

Description	Reviews / inquiries	Comment on delays	Responsible for delays	Years justice so far denied
Interest Rate Hedging Products (IRHP) mis-sold	FCA internal, Swift	FCA concluded that interest hedging products had been mis-sold, June 2012. FCA then allowed banks to investigate their own wrongdoing, permitted flagrant abuse of process and advised customers they did not require legal advice.	FCA	8
RBS-Global Restructuring Group (GRG)	Promontory	FCA appointed Promontory to conduct section 166 review. FCA refused publication of the report eight times, including refusal by Andrew Bailey, Sept 2017.	RBS / FCA	At least 12
Dobb White Vavasseur fraud (1998-2002)	-	Ponzi scheme involving serial fraud and money laundering. Bank of Scotland involved but witnesses at trial instructed not to mention HBoS. FSA's handling of fraud disgraceful.	HBoS / FSA	18-22
Non-Disclosure Agreement (NDA) reform	-	Theresa May pledged to tighten up; repeated by Business Minister Kelly Tolhurst, July 2019. Nothing done.	Government	3 (years since Weinstein scandal broke)
Financial Reporting Council (FRC) – KPMG's 2007 audit of HBoS	-	FRC delayed investigation for eight years. Then, cleared KPMG one month ahead of Lloyds / HBoS trial, Oct 2017, despite £40bn hole being found in HBoS' accounts. Law and due process comprehensively flouted.	FRC / Lloyds	13
FRC reform	Kingman	Kingman concluded FRC not fit for purpose, Dec 2018 and recommended creation of new regulator, Audit Reporting & Governance Authority (ARGA). Nothing done.	Government	2 (years since FRC labelled not fit for purpose)
Lloyds' industrial forgery of signatures	-	National Crime Agency ignored APPG, Thames Valley PCC and Treasury Select Committee's numerous requests to investigate. Flagrant abuse of Rule of Law.	NCA / FCA / SFO	15 months
Business Bank Resolution Scheme (BBRS) - compensation for victims of banking misconduct	Walker	First proposed, Nov 2018 but two years wasted agreeing eligibility criteria, which remain wholly inadequate. Compensation ceilings aimed at limiting banks' liabilities. BBRS regarded as a means to euthanase bank victims left standing.	HM Treasury / UK Finance / leading banks	2 (years since BBRS first proposed)

Section 5 - SUGGESTED REFORMS

39. WHAT NEEDS TO HAPPEN NOW

In the past, it would have been sufficient for the Chairman and Chief Executive of Lloyds Banking Group to resign with immediate effect and that would have drawn a line under the serious and extensive wrongdoing and criminal fraud, which has taken place in the bank. However, such a response now would be totally inadequate.

The Chairman and Chief Executive of Lloyds Bank have announced their plans to step down, early next year and by June 2021 respectively.[182] Horta-Osorio has seen Lloyds' share price decline by 40% since taking over as Chief Executive in 2011, while he has received £56mn in remuneration, an unprecedented reward for failure. Meanwhile, Lord Blackwell, Horta-Osorio and Lloyds' senior management have condoned and covered up serious misconduct and criminal fraud carried out by the bank's officers and professional agents. They have presided over some of the worst criminality to have occurred in the UK banking sector in modern times. Consequently, for the Chairman and Chief Executive to depart as "good leavers" would be completely unacceptable.

We shall leave others to judge who in Government and the Establishment should be held accountable for the largest and most prolonged cover up of financial wrongdoing in recent history. Or maybe that will have to be decided at the next General Election, when the British public has been made fully aware of what has taken place ?

What needs to happen now

Financial penalties - The Chairman, Chief Executive, other members of the bank's executive management and non-executive board should suffer significant financial penalties. Those for the Chairman, Chief Executive and the Chief Operating Officer, Juan Columbás, who stepped down in September, should be severe, since they have knowingly presided over the cover up of widespread criminal fraud, as well as refusing to compensate victims of those frauds, either properly or at all.

Compensation for the victims of bank wrongdoing, certainly. We want the justice, which has been so long and so deliberately denied to us. In our next release, we indicate how this should be made up and derisory payments of 10-20p in the pound should be entirely rejected. Our bank demands full payment from us when we owe them money, so we should be entitled to full recompense, when they have been grossly and often criminally at fault. For Lloyds to take advantage of victims and offer them inadequate compensation, when those victims have been financially devastated by wrongdoing and fraud, is contemptible.

Some **prosecutions** are essential to demonstrate that the long-standing misconduct, which has occurred at Lloyds Bank and amongst its professional agents, has been completely unacceptable. These prosecutions should bring home this critically important message to

[182] https://www.bbc.co.uk/news/business-53304865

current and future generations of professionals and should result in an immediate improvement in standards of conduct.

Finally, a comprehensive set of **reforms** is essential and these are the subject of our two press releases 41 & 42. These reforms will take several years to implement but will nevertheless be vital.

What definitely does NOT need to happen

Yet another review or judge-led public enquiry, which would be spun out for many years. Release 38 - "Playing For Time – the corrupt official sport" (page 81) describes such highly improper tactics, which are never intended to deliver justice and have been subject to extensive high-level manipulation and interference. Lloyds' handling of HBoS Reading victims has been completely disgraceful in this respect.[183]

Meanwhile, the next section on the Business Bank Resolution Service (BBRS) spells out the complete lack of trust, which victims have in this dishonest scheme. The BBRS has always been designed to limit the banks' liabilities, rather than deliver proper and sufficient compensation and needs to be changed radically.

Will this draw a line under the UK's most serious financial scandal in modern times ? Definitely not ! The reverberations from this major scandal will continue for many years and we will need to remain vigilant that such practices do not quickly resurface. We must never again allow the UK banking and financial sector to be held captive by such criminality and official wrongdoing.

[183] See Press releases 11 - 14 inclusive, pages 26-34.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

40. BBRS – DELIBERATELY DECEITFUL, INTENTIONALLY UNJUST

Delayed by two years, the Business Banking Resolution Service (BBRS) finally plans to open its doors in early December. Devised by HM Treasury in conjunction with Andrew Bailey, the former chief executive of the FCA and now Governor of the Bank of England, the BBRS is designed to eliminate the problem of historic bank victims once and for all, ahead of another round of major insolvencies next year.

It is being implemented (enforced) by the seven leading banks, which are also represented on the BBRS by their trade body, UK Finance. However, every aspect of the scheme confirms the intention of the major banks NOT to act correctly with respect to properly compensating victims of banking fraud and instead to resolve historic disputes at the lowest possible cost or by rejecting them entirely, leaving the victims of serious banking misconduct and fraud to pass their remaining days in penury.

Victims should hold out for proper compensation – *see page 88* - and have nothing whatever to do with the Business Banking Resolution Service.

BBRS – deliberate deception, blatant injustice

- First proposed by the Walker review in November 2018,[184] the BBRS has made virtually no progress over the last two years amid active disagreement between the banks and victims' representatives.

- The scheme's promotional literature contains a vast quantity of apparent reasonableness. It is labelled as a "service", refers to the "customer experience" and has introduced the concept of "customer champions", who have been hired recently without any apparent need for qualifications. In reality, however, this is all a deceit and the scheme is designed to be operated with an iron will by the major banks.

- Unfortunately for the BBRS, it follows in the footsteps of other highly improper compensation schemes such as those for the victims of HBoS Reading fraud. Meanwhile, Government is closing down the routes to justice via judicial tribunals and the FCA and SRA are moving quickly to restrict the compensation available to victims of their own regulatory failure.[185] If you combine all this with the deliberate intention of the authorities to bury the catalogue of past bank wrongdoing and fraud, the enormity of the high-level deception and cover up becomes horrifyingly clear.

[184] https://www.ukfinance.org.uk/banking-industry-fund-new-alternative-dispute-resolution-adr-scheme-larger-smes

[185] Press release 37, page 79 – Look out, victims – you are being rolled over !

Ticks all the banks' boxes - but none of the victims'

- **Tight control over eligibility and compensation:** Such questions have long been obstructing progress but HM Treasury and the participating banks have consistently maintained a hard line. The present terms involve compensation of up to £600,000 for complaints registered with a participating bank after April 1st 2019, and up to £350,000 for those registered before that date, going back to 2002. These are demonstrably designed to restrict claims and cap potential liabilities for the banks. The overwhelming majority of complaints significantly pre-date April 2019 and the ceiling for compensation of £350,000 for those earlier cases is deliberately inadequate. Many victims' claims significantly exceed this amount.

  In respect of **boundary cases**, which complainants suggest have not been dealt with correctly or have been unreasonably prejudiced by an earlier review, the banks have refused to allow the BBRS to have jurisdiction over these and are insisting on determining such cases, which are likely to be numerous. Under what circumstances should the very organisation, which is accused of serious wrongdoing and fraud, be allowed to determine such cases itself ? This is a travesty of due and proper process.

- **Will disregard criminal conduct:** The BBRS will treat all cases as civil, which they are most certainly not. The banks are only afraid of criminal prosecution, so they have only agreed to the BBRS, provided it disregards all criminal conduct. Lloyds' victims are supposed to agree to this intentionally improper failing, while the National Crime Agency (NCA) has deliberately wasted fifteen months refusing to investigate Lloyds' industrial forgery of signatures, which is undeniably a criminal matter. Again, the injustice of this situation is so blatant as to be obscene.

- **With no accountability for wrongdoing:** Under the scheme, there will be no accountability for any wrongdoing and criminal fraud undertaken by banks, such as Lloyds and their professional agents, with Government, regulators and banks determined to brush everything under the carpet. In Australia, bank wrongdoing which was less serious than in the UK, was addressed by a Royal Commission, witnessed numerous high-level resignations and proper compensation was awarded to victims. In the UK, the authorities remain focussed on its comprehensive cover up.

Ongoing controversy – not cleared up

- **Lies about success of Live Pilot:** The Live Pilot element of the scheme began at the end of January and on 13th October, the BBRS referred to it as "a great success to date". This looks to have been a deliberate lie. As of 2nd September, our sources suggest that just one case had been settled[186] and the remaining 47 had been rejected by the banks. The Live Pilot also tested distress & inconvenience (D&I) methodology, rather than consequential loss. In other words, it followed the same

[186] Subsequent BBRS advice referred to two cases having settled.

improper approach as Sir Ross Cranston accepted for his HBoS Reading review. Why? Because D&I compensation is likely to be significantly smaller than consequential loss – and therefore more acceptable to the banks.

- **Questions about board members:** In advertising for staff, the BBRS states that applicants should be "clearly independent" because "former bank employees are unlikely to be acceptable to SME customers". However, such reservations have been overlooked, when it comes to its board members. The latest addition to the board replacing Nikki Turner of the SME Alliance who has resigned, is **Stephen Pegge,**[187] the managing director of commercial finance at UK Finance and until fairly recently, Lloyds Banking Group's external relations director (2013-2017). Pegge was selected by Lloyds to defend the policy of its Business Support Units in a BBC Panorama programme in 2014[188] but our research has confirmed that Lloyds BSUs had been turned into profit centres seven years earlier.[189] His very recent appointment confirms the iron will under which the BBRS is intended to operate.

- The Chief Executive of the BBRS, **Samantha Barrass** was previously an executive director of the Solicitors Regulation Authority (SRA). However, the regulator has frequently preferred to act as the trade body for the profession and protect solicitors, who have acted for banks such as Lloyds, from investigation.[190] This prompts questions as to her suitability to be Chief Executive of the service.

What compensation should comprise – but is never on offer

Where a case can be verified – by an expert reviewer, who has not been corrupted or influenced by Government, regulators or the banks – compensation should include consequential losses, assessed at the bank's expense - and punitive damages. If the latter are not awarded, there is no penalty whatever for the bank having acted as it has and this would be deeply unjust. Compensation should reflect compound statutory interest, given the years which have elapsed since many of the frauds occurred, and be paid free of tax. It would especially unjust for victims to be required to repay substantial sums to HM Treasury, the very body which has orchestrated the long-standing cover up of serious banking fraud in the first place.

[187] Appointment announced, 12th October 2020.
[188] "Did the bank wreck my business" BBC Panorama, Nov 2014. https://www.youtube.com/watch?v=-9TXsnpHvYg
[189] Press release 15, page 35 – Lloyds' Business Support turned into profit centre.
[190] Press release 34, page 72 – SRA's failure to investigate certain fraudulent solicitors.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

41. SUGGESTED REFORMS (PART ONE) – WE CANNOT CONTINUE LIKE THIS

Together with the failures to address money laundering through the City of London and to clamp down on the use of international tax havens, Britain is fast acquiring the reputation of presiding over one of dirtiest financial systems in the western world.

Over a long period, the City of London built up a proud reputation for honesty and integrity. The motto of the London Stock Exchange continues to be "My word is my bond" and the City remains the largest contributor to the UK's invisible earnings. However, we cannot risk its international standing, or that of our major banks, being tainted any longer by serious white-collar crime such as Lloyds Asset Theft Frauds. What has taken place, and has continued to be covered up at the highest level, is a national disgrace.

If Britain wishes to retain its self-respect among major developed countries, we cannot continue like this.

What needs to happen (press release 39, page 84)

1. **Financial penalties:** The Chairman of Lloyds Banking Group, its Chief Executive, other members of the bank's executive management and non-executive board should suffer significant financial penalties. Those for the Chairman, Chief Executive and the former Chief Operating Officer, Juan Columbás should be severe since they have presided over the cover up of widespread criminal fraud, as well as refusing to compensate victims of those frauds, either adequately or more often, at all.

2. Proper and adequate **compensation** should be paid to the victims of banking fraud, which is assessed independently by panels, which are not corrupted, influenced and manipulated by Government, the FCA and banks such as Lloyds. The treatment of victims of the HBoS Reading fraud has constituted a separate scandal. The Business Banking Resolution Service (BBRS) should be replaced by a scheme, which is credible and commands the support and trust of bank victims.

3. There should be **prosecutions** of leading individuals among the banks and their agents, who have been responsible for serious professional misconduct and criminal fraud. This would set an example to current and future generations of professionals and should result in a very rapid improvement in standards and conduct.

4. There should be a programme of **comprehensive reforms**, overseen by an independent group of senior figures from the City of London, who know what needs to be done to safeguard the reputation of the City and UK financial services in general.

Reforms (Part One)

- Commercial lending by banks should become a regulated activity and the banks should have a duty of care for commercial borrowers. This move has been long resisted by the major banks but is an essential first step.

- The Fraud Act 2006 should be amended to make fraud considerably easier to prove and much less expensive to prosecute. The excessively high cost of prosecuting fraud and its often deliberate complexity has been frequently used by fraudsters to escape prosecution.

- White-collar criminals need to fear the law. The penalties for criminal fraud of seven to ten years' imprisonment should be increased more towards US levels and a maximum sentence of twenty years for serious fraud should be considered. If convicted, corrupt law officers and private sector legal professionals, whom the public is supposed to trust, should receive heavier sentences and their assets rendered liable to permanent forfeit.

- The Government should follow through on its July 2019 commitment to tighten up on non-disclosure agreements (NDAs). Their mis-use in order to cover up serious misconduct and criminal fraud should be made an additional criminal offence.

- "Independent" reviews into banking misconduct have made a mockery of due process. They are insulting not only to victims of fraud but also to the proper administration of justice and the Rule of Law. Highly respected people, who have occupied positions of authority, have allowed their reputations to be hijacked. Future reviews should be entirely free from Government, regulatory and bank influence. They require honesty and integrity to be exercised at all times and at all levels in order to be genuinely independent.

- The Financial Services Act of 2012 should be revised to eliminate HM Treasury's powers of direction over FSMA section 166 financial reviews.

- Laws governing insolvency require comprehensive overhaul because they have been widely abused by fraudulent insolvency practitioners. The 1925 Law of Property Act requires revision, while the role of accountancy firms in insolvency, independent business reviews (IBR's) and administrations needs specific attention. Referrals to the Pre-Pack Pool should be mandatory and the definition of connected parties should be tightened.

- The UK's prosecution of fraud remains blatantly inadequate and the agencies responsible for prosecuting fraud require wholesale reform. Rt. Hon Kenneth Clarke QC, MP made an appalling admission on the BBC Today programme in June 2012: ***"We are very bad at prosecuting financial crime in this country. I suspect financial crime is easier to get away with in this country than practically any other sort of crime",*** a disgraceful position which despite their rhetoric, successive Governments have made little effort to rectify.

- The SFO should be set up to be entirely independent of Government and financed from fines on banks and other financial companies. A less preferable alternative would be to increase the SFO's core budget and make it less reliant on blockbuster funding. Either way, the annual number of new investigations needs to rise significantly.

- Regional police authorities should receive a significant increase in funding to enable them to investigate and prosecute serious fraud. They could investigate cases, which the SFO might still not have the capacity to investigate.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

42. SUGGESTED REFORMS (PART TWO) – WE CANNOT CONTINUE LIKE THIS

New regulator required - The Controller for Banking

It is not just that in respect of banking, the existing regulators, the Financial Conduct Authority (FCA) and Financial Ombudsman Service (FOS) have failed. **They have failed deliberately.** Fines imposed for wrongdoing, which are effectively paid by shareholders, are often regarded as "a cost of doing business". There is no accountability and as a result, serious professional misconduct and criminal fraud have flourished at banks such as Lloyds Banking Group and Royal Bank of Scotland.

- There needs to be a new regulator, **the Controller for Banking**, which is truly independent of Government and run by qualified bankers. Its main purpose would be to instil order and discipline to the UK banking sector. The Chairmen, senior management and boards of banking groups and financial services firms would be answerable to the new regulator and carry personal liability for their failure and wrongful conduct. They could be rendered liable to prosecution and imprisonment.

- The Controller for Banking would be assisted by another new **Professional Complaints regulator**, which would cover banks and all financial services firms. Victims of a bank's reckless behaviour and criminal wrongdoing would be able to be compensated fully, without the need for litigation. The independent regulator would be responsible for policing such matters, with input as required from the Serious Fraud Office (SFO), National Crime Agency (NCA) and the Police.

- To bring about essential change, existing legislation would require extensive amendment,[191] notably FSMA 2000, the Data Protection Act 2018 and Employment Law.

Other Reforms

- There should be a much clearer distinction between regulators, prosecutors and those institutions over which they regulate and exert authority. The present system, whereby senior FCA / SFO staff can resign and transfer to the private sector after only six months is unacceptable and has brought the regulatory and prosecutorial regimes into disrepute. A minimum gap of one year should be instituted, with two or more years in the case of staff transferring to a bank. Rates of pay should be increased to reduce the incentive to move.

- As recommended in December 2018, the Financial Reporting Council (FRC) should be replaced by the Audit, Reporting and Governance Authority (ARGA). This new body should be staffed by independent professionals, who have no connection with the firms they are investigating.

[191] FSMA 2000; Data Protection Act 2018; Employment Law; Employment Rights Act 1996; SM&CR rewrite; Fraud Act 2006; Bribery Act 2010; Prevention of Money Laundering Act 2002; Companies Act 2006; The Small Business Enterprise and Employment Act 2015; Insolvency Act 1986; The Insolvency (E&W) Rules 2016.

- Self-regulation by professional bodies such as the Solicitors Regulation Authority (SRA), Institute of Chartered Accountants of England & Wales (ICAEW) and Royal Institution of Chartered Surveyors (RICS) has not worked and has sometimes actively discriminated against or ignored legitimate complaints. External bodies should be established to review and rule on complaints and the failure of their regulatory functions, which looks to have been deliberate, should be investigated. These professions should command public trust, not put it at risk.

- In respect of Lloyds Banking Group and Royal Bank of Scotland, there should be criminal investigations launched into the activities of their recovery units. The long-standing refusal of Avon & Somerset Police to investigate the wrongdoing and fraud undertaken by Lloyds Recoveries, Bristol and the Lloyds-associated secondary lender, UK Acorn Finance has become notorious and requires in-depth investigation by another police authority. The extent of these frauds may be unprecedented.

- An un-redacted version of the Bevan Brittan LLP report into Burges Salmon, Bristol should be made public and the failure of the Solicitors Regulation Authority (SRA) to hold to account certain fraudulent solicitors, who are continuing to act or have acted for banks, should be investigated, with a view to prosecutions where appropriate.

- Firms of solicitors should be held jointly and severally liable for their partners' actions and the status of limited liability partnership (LLP) should not stand, in the event of criminal fraud or other criminal conduct being proven.

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

43. EPILOGUE - ASHAMED TO BE BRITISH

In the course of nearly a decade of investigation, we have uncovered widespread and long-standing wrongdoing and criminal fraud, which involves one of the UK's leading banks, Lloyds (see pages 35-60). This has been covered up by Government and every arm of the state (pp. 61-83).

Lloyds Banking Group

Banks such as Lloyds have been able to steal the assets of certain business customers to benefit their balance sheets (pp. 35-38).

Lloyds Bank has extensively abused legal process. This represents an attack on the integrity of our court system and nothing has been done to stop it (pp. 10-12, 39-40, 57-58).

Banks like Lloyds and RBS have forged signatures (p. 41-42), altered documents such as personal guarantees, run parallel bank accounts and falsified valuations on an industrial scale. The National Crime Agency has had details of this for the last fifteen months and despite being asked to investigate by the Treasury Select Committee, has refused to do so. This represents the blatant denial of justice and corruption of the Rule of Law (pp. 10-12, 41-43).

Lloyds has abused the laws involving the Land Registry for the correct registration of titles to property (p. 44-45).

Lloyds, Government and regulators have corrupted and manipulated independent reviews to their advantage and the detriment of victims of banking fraud (pp. 28-34).

Government

Various arms of state have been used to cover up the Lloyds' frauds.

All are supposed to be **equal under the law** but Government has violated this fundamental principle of English law. The integrity of our regulators, prosecutors, the police and the courts has been called into very serious question.

Gatekeepers have been placed in numerous positions of authority to prevent the truth about banking fraud coming out – see "Lloyds Asset Theft Fraud" report on our website, appendices 4 & 5.

The failure of successive Governments to tackle white-collar fraud[192] has seriously damaged the UK's international reputation. It has allowed high-level fraud to become endemic within banking, and this has been supported by the accountancy companies and the legal and insolvency professions.

[192] "High Level Fraud" report by Thames Valley Police & Crime Commissioner, available on our website.

Government looks to have violated EU & UK securities laws, when it sold off the taxpayer-owned shares in Lloyds and RBS (pp. 18-19).

The authorities

The UK's foremost financial regulator, the Financial Conduct Authority (FCA) has failed to address banking fraud - and done so deliberately (pp. 61-64).

While Government has clamped down on citizens' rights to prevent wrongdoing and fraud being proven against banks, regulators are currently moving to restrict compensation available for victims of their own regulatory failure[193] (pp. 79-80).

Avon & Somerset Police have refused for many years to investigate widespread criminality involving Lloyds Bank and its professional agents (pp. 50-52).

The Solicitors Regulation Authority (SRA) is supposed to regulate solicitors. Instead, it has turned a blind eye to certain fraudulent solicitors, who have acted or still act for the banks (pp. 72-73).

Government, regulators and banks are continuing to deny proper compensation to victims of banking fraud (pp. 86-88).

Conclusion

The massive scale of the wrongdoing and fraud can no longer be covered up.

The authorities remain on the wrong side of justice and the Rule of Law. Unless this is properly addressed, the UK will suffer serious decline since SMEs remain the backbone of the British economy.

We appeal to good people in the press and media and the political parties to stand up against this.

We need prominent figures to press for and lead the process of reform. This will require many years of determined effort. We need to start the clean up now (pp. 89-92).

The capitalist system needs to operate on decent and honest lines, and be seen to be doing so. If it does not, everyone in the UK will suffer and the damage done will be immense.

[193] Abolition of legal aid for business (2012), raising court fees by 600% (2015), current moves to restrict the use of judicial tribunals; also moves by FCA and SRA - press release 37, pp. 79-80.