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TRANSCRIPT OF "FILE ON 4"- 'ASSETS RECOVERY AGENCY'

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PRODUCER: Bill Law

EDITOR: David Ross

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NORTHAM: Four years ago, the Government declared ‘no hiding place’ for the barons of organised crime. Their bank accounts would be frozen, their yachts, their jewellery, their villas seized. A new Agency was to target the property of people the criminal law couldn’t convict. No-one, the Prime Minister said, would be beyond its reach. But suddenly last month, the Home Office revealed that this new Agency is to be abolished. In her first broadcast interview since the announcement, the Agency’s Director admits to File On 4 that it could never have lived up to the claims made at its launch.

EARL: When we were set up, there clearly were very very high expectations, both within Whitehall and probably wider. We’ve lived up to some of those, but have we gone for the huge names that were expected? No, we haven’t and no, we could never do that.

NORTHAM: You were set up to go after the Mr Bigs, the barons of organised crime, and what you’ve actually gone after are the Mr Middlings or even the Mr Smalls, not the major international criminals who were supposed to be your targets. Is that fair?

EARL: In some cases it's entirely fair, but it's about the expectations that were established.

SIGNATURE TUNE

SUSAN: We were on holidays with the children on half term in October 2005 and I got a phone call from the Interim Receiver for the Assets Recovery Agency. She said that she was at that time inside my home, that she had a court order freezing all property and all bank accounts and that she was conducting a search of the premises.

NORTHAM: Susan and her husband John have done well over the years from his legal practice and amassed a property portfolio worth millions. We've agreed not to use their surname to protect their children's privacy. When John and Susan suddenly learned that they were under investigation, suspected of owning the proceeds of crime, control of their whole empire was taken from them.

JOHN: My office was cleared out. My wife's office was cleared out. Every single inch of the house had been gone through, through to the loft, the garage, every part of the property - even going out to the garden to look for I don't know what.

SUSAN: And arriving back home with all my bank accounts frozen and my credit cards cancelled, I had no money at the end of the holiday and arrived home with all our cars being removed from the garage, no food in the fridge or in the house, because we cleared the fridge out before we went on holiday, and literally no money to buy anything, apart from the money that was left over in my pocket while we'd been away on holiday.

NORTHAM: The Assets Recovery Agency had gone after John and Susan's property because it suspects a link to drug trafficking and money-laundering - suspicion the couple insist is baseless.

Are you a lawyer who's had - to put it crudely - dodgy clients?

JOHN: I think any, any law firm in the UK will have good clients and they will have bad clients.

NORTHAM: One of your clients was linked to heroin trafficking.

JOHN: I have only learned of that from the agency.

NORTHAM: And another one was a corrupt Romanian politician.

JOHN: It may well be that he has problems of his own, but again I haven't represented him for over ten years.

NORTHAM: But you're telling me that you have not laundered money for organised crime.

JOHN: Absolutely not.

NORTHAM: Even though that was the basis of the allegation against you?

JOHN: I can categorically say that I've not laundered money for any individual or organisation.

NORTHAM: The Law Society did fine you in 2003, £7000 for allowing your firm's bank account to be used by an Iranian businessman.

JOHN: But they also said that they did not find anything against me personally, so there was no, there was no improper conduct on my part or any other more serious conduct. I don't know about dodgy clients of the firm. I'm not sure what is in the Agency's mind linking me to dodgy clients, as you say.

NORTHAM: Susan and John now live in considerably reduced circumstances on a monthly stipend they're allowed out of their own money. Assets Recovery has been given extensive legal powers, which even insiders acknowledge to be draconian. John and Susan's business and law practice are now at a standstill.

SUSAN: One of the most startling powers of the Asset Recovery Agency is they have the power to make you sign any document or piece of paper that they provide for you to sign. You must sign a power of attorney immediately to the Interim Receiver who has been appointed by them.

NORTHAM: And when you say you were taken to court and forced to sign that power of attorney, what would have happened to you if you hadn't?

SUSAN: You're in contempt of court and you'd be sent to prison if you don't sign the documents.

NORTHAM: So you did?

SUSAN: I did, yes.

NORTHAM: Which gives what power to the Agency?

SUSAN: They basically can approach every bank, building society, any individual, any authority. They can sell your assets, they can sell your homes, they can cash in your shares, and it gives them the power, basically, to become you and to make decisions about your financial future without actually asking for your permission or consent to do so. They take away your identity; they take away your dignity and leave you with nothing.

NORTHAM: Susan and John have put up every legal challenge they could find. Their case has already taken well over a year and shows no sign of ending soon. Such delays can't come as much of a surprise - this is a new area of jurisprudence, in which the law tries to seize property from people who haven't been convicted of any crime. It must expect that they'll fight back. But drawn-out cases got the Agency off to a poor start. It was called on to defend its annual budget of £15.5m, and when it failed to live up to early performance targets, a Conservative MP, Grant Shapps began asking parliamentary questions. Last June he published a short report accusing the Agency of underperformance.

SHAPPS: I really just wanted to check the facts to see what was happening on the ground, but nothing prepared me for what I found.

NORTHAM: What did you find?

SHAPPS: Well, essentially that the Agency has been costing four times more, more than four times more to run than it's ever collected in. And, in fact, part of the charter of the Agency is that it must recover its own costs, well it's not even been achieving that, so something had gone terribly wrong. And I suppose one of the greatest errors when this was set up was that the impression was given that this would somehow quickly lead to results. Years later some of the original cases are ongoing.

NORTHAM: Has the Agency failed in the past four years?

SHAPPS: Well, I want to be careful here, because I don't want to say that the individuals who have been working hard have failed, but yes, I mean, it's impossible to come to any other conclusion. If a body is set up with the sole intention of recovering assets from criminals and then costs four times as much to run as it ever ever recovers, then it's very hard to judge it in any other way.

ACTUALITY AT ARA HQ

NORTHAM: The two hundred officials who chase after the assets of organised crime try to keep out of the limelight. Theirs is perilous work and there have been death threats. Some of them insist on using professional aliases. Their headquarters is in this unmarked building in central London.

Even when you get through two levels of security and in to the offices, it's still a secret world, there's nothing to say you've reached the Assets Recovery Agency. Inside, rows of lawyers, financial investigators, Customs and police experts sit at computers tracking down the proceeds of crime and seizing them. We've been invited here to meet the Director, Jane Earl, to put to her the charge that the Agency's performance doesn't match up to the targets that were set for it.

EARL: If you look at our first business plans, we said all the way through that in our first year we didn't expect to bring in a penny, because we knew that cases were going to take a considerable period of time. In the second year we hoped to bring in receipts to the value of £10 million.

NORTHAM: But you didn't.

EARL: Well we brought in £4.3 million in our second year of operation. And the reason for that is that we got our understanding wrong about how long it would take to get cases through the courts.

NORTHAM: So you were over-optimistic about the time it would take you to really get going?

EARL: Yes, I think that's absolutely right ...

NORTHAM: Naively over-optimistic?

EARL: Not naively over-optimistic, because I think that had we started off saying we won't get a single case through the door in the first five years, we would have been properly criticised for that.

NORTHAM: You didn't foresee the length of time it would take to get the systems running properly?

EARL: We didn't foresee how long it was going to take, that's absolutely right, and at one level I am perfectly happy to apologise for that. At another level, of course, I think it's much more important that we set ourselves ambitious and challenging targets and are prepared to be judged against them rather than set ourselves targets which would be easy to meet and don't stretch the capabilities of the system or indeed our own staff and their commitments.

NORTHAM: Delays have meant that money has flowed in more slowly than it's been spent. In the latest figures, a total of £26 million has been seized, compared with total running costs of £60 million. Some of the delays in cases could have been perfectly foreseeable. The original law, for example, was widely criticised for preventing people using their own frozen assets to pay for legal representation. When most couldn't get legal aid either, they were defenceless and this became an obvious source of challenge eating up precious court time before it was put right. Then there were the unavoidable and protracted human rights cases over taking assets away from people the law deems innocent. In practice, investigators haven't gone after the big barons of crime, whose assets are notoriously well-hidden and protected. They've been criticised for this, but the Director, Jane Earl, points to restrictions imposed on her by the very law that set the Agency up.

EARL: One of the requirements of the Proceeds of Crime Act says that civil recovery action can only look at property which was acquired within twelve years of the date at which our action starts, so there are some of those big name individuals who have been mentioned to me by a number of other people who, of course, made much of their criminal proceeds back in the 1980s and they're completely outside the grasp of the law.

NORTHAM: So when Tony Blair said, in setting you up, 'No one will be beyond their reach,' he must have had his fingers crossed behind his back.

EARL: There are key people who we could never go after simply because of that limitation period.

NORTHAM: So are you a victim of hype here, over-expectation?

EARL: When we were set up there clearly were very very high expectations, both within Whitehall and probably wider. We have lived up to some of those, but have we gone for the huge names that were expected? No, we haven't and no, we could never do that.

NORTHAM: And you're clearly saying that you haven't been able to live up to expectations simply because of the way the law was drafted?

EARL: Yes.

NORTHAM: Grant Shapps, the MP who triggered public attacks on the Agency last year, has some sympathy for its staff, faced with impossibly high demands from the start.

SHAPPS: The Prime Minister goes out and launches this agency, a huge fanfare, even writes his own column for the Daily Express at the time, extolling the virtues of what this agency is going to do. And, in a sense, the very hardworking people on the ground were handed a poisoned chalice. How are they supposed to realise expectations which have been raised through the roof by the Prime Minister?

NORTHAM: So did the Government set a brief for the Agency which its own legislation made impossible to deliver? A piece of unjoined-up Government? The Home Office Minister, Vernon Coaker, argues not. The Director of the Assets Recovery Agency has said to me that one of the reasons that she couldn't go after some of the huge names in crime is precisely the way the law was drafted.

COAKER: We believe that we've got a modern system of dealing with asset recovery.

NORTHAM: Well she clearly doesn't.

COAKER: Well, I've got every confidence – and had every confidence – in Jane Earl. She's done an excellent job.

NORTHAM: But if the law excluded people whose assets have been acquired twelve years earlier, that was a loophole, wasn't it?

COAKER: Well, as I say, what we've done through the Proceeds of Crime Act of 2002 is to establish a route by which criminal assets can be taken away from criminals

NORTHAM: From some criminals.

COAKER: We've established a modern system by which assets can be taken away from criminals and also established a civil route as well.

NORTHAM: But you haven't addressed this point that there is an exclusion of people with assets from more than twelve years ago.

COAKER: We will always look to ensure that the law that we've got is consistent with our aims of ensuring that people who commit crime don't profit from it.

NORTHAM: Despite the problems it's faced, the Assets Recovery Agency has scored some notable victories. It's won the major legal arguments, it currently has more than £110 million worth of suspect assets frozen, and it's recently achieved its biggest ever single success – a settlement that brought in over £12 million. That's bigger than all previous cases put together and enough to set it well on track this year to meet the target of becoming self-financing. Ironically, shortly after this landmark deal was struck, the Government announced the Agency is to be abolished. The £12 million case involved one of the more flamboyant characters to come under investigation.

ACTUALITY IN KNIGHTSBRIDGE

NORTHAM: Some of the most fashionable addresses in Britain are here in this huge mansion block, Parkside in Knightsbridge, just along the road from Harvey Nichols and with spectacular views across Hyde Park. The flats here now go for upwards of £1.5 million. One of them was bought some years ago by a businessman called Dylan Creaven, nicknamed 'Hollywood' Creaven. He lived the high life here until the law caught up with him. Three months ago he handed over not only £12 million to the Assets Recovery Agency, but also £6 million to its Irish counterpart - £18million in total.

NORTHAM cont: He also gave up a luxury villa in Marbella and four racehorses – the proceeds of crime in which he insisted he had found himself unwittingly caught up.

STANTON: Dylan Creavan was the Director of Silicon Technology. He'd established Silicon Technology in the Republic of Ireland and he had been trading for a few years up to May 1997, and it seemed as though that trading was probably legitimate, whereby he was building computers for customers to order.

NORTHAM: Diana Stanton, a lawyer with the Assets Recovery Agency, found that Dylan Creavan's business soon got involved in a highly lucrative set of deals claiming back millions in VAT, which had never been paid by traders who subsequently went missing.

STANTON: Between January 2001 and June 2002, the allegation or the evidence that we had was that Silicon Technology had supplied over £1.6 billion.

NORTHAM: £1.6 billion?

STANTON: £1.6 billion worth of units, and that at that time the trade that was going on in Silicon Technology was 99.5% with traders that would then go missing in the UK, owing a tax liability to Her Majesty's Revenue Commissioners.

NORTHAM: So when people have said that the total amount of fraud in this case was something like £162 million, is that a credible figure?

STANTON: It is a credible figure.

NORTHAM: Dylan Creavan was put on trial for VAT fraud and was acquitted. But the Agency pursued his wealth, convinced that much of it had come from crime. His solicitor, Philip Barden, accepts that there was indeed a fraud going on, but denies that his client was aware of it.

BARDEN: Dylan Creaven had to accept, in hindsight in his criminal trial, that people he had sold products to had engaged in what's called carousel fraud. The jury who heard the evidence - and I would ask people to remember that they heard an eight week trial where they saw the witnesses cross-examined - they came to the conclusion fairly quickly, having heard the evidence, that Mr Creaven was totally innocent of the allegations that were made against him, but he had to accept that some of the money he had received unwittingly had been the proceeds of crime. And that's why he wanted to do what he believed to be the right thing, and what I think was the right thing, by effecting a compromise. And the issue really in that case was how much was that proceeds of crime.

NORTHAM: The negotiations over a settlement in this case lasted two full days and then past midnight, trying to reach a figure both sides could accept as reasonable. Diana Stanton led the Agency's team.

STANTON: There was about twelve people on either side. It was a little bit agitated, it had been an extremely long day, and considering the settlement took place in September it was actually extremely warm as well, so everybody was feeling sort of a little bit groggy from the day. We as a team didn't break till about ten o'clock for something to eat, so everybody had sort of had snacks when they could sort of fit them in around the mediation, so people were feeling a bit agitated up to that stage, so when they actually managed to get everything signed and everybody was happy, just total elation that we'd actually done it, everybody was happy and we were actually going away from the settlement with a signed agreement that we could then go forward and enforce.

NORTHAM: Did a cork pop?

STANTON: [Laugh] Yes, a cork did pop, but when we got back to the office.

NORTHAM: But was the £18 million Dylan Creaven paid a true reflection of the amount his company had benefited from the VAT fraud? Or was it merely little more than a business expense? His solicitor, Philip Barden, maintains that the settlement was difficult for both sides and therefore probably fair.

It was said that he had made £162 million out of this VAT fraud, was that right?

BARDEN: No, that's not right at all.

NORTHAM: How much had he made?

BARDEN: I'm not going to go into exact figures about what they made, but they made nothing like £162 million. He had assets that were, you know, more than the amount of the settlement, but not significantly more than the amount of the settlement.

NORTHAM: Was he pleased to get away with paying £18.5 million?

BARDEN: No, he wasn't pleased to get away with paying £18.5 million, but the choice he faced was either to continue to engage with the Asset Recovery Agency for five years, perhaps longer, in litigation or to get on with his life.

NORTHAM: £18.5 million plus some racehorses plus a villa in Spain – it's an awful lot to give up just to get an Agency off your back, isn't it, if you're really not guilty?

BARDEN: Not really, it's not an issue of not being not guilty. I mean, that's the misunderstanding, the nature of that litigation. He was clearly not guilty, because he was acquitted by a jury who had heard all the evidence and seen him give evidence.

NORTHAM: Belatedly, this settlement has transformed the Agency's record, much to the relief of some of its legal representatives. They have long argued for a willingness to compromise over suspect assets rather than fight to the finish for them all. It's an approach advocated by the leading expert on assets recovery, Andrew Mitchell QC, who maintains that it could have helped the Agency improve its early performance.

MITCHELL: The only way that the Agency would have set its stall out would have been by taking to court those in respect of whom they could get quick resolution. All civil litigation can be settled or compromised, but there was a complete reluctance during the first two, two and a half years to entertain any sort of settlement. Quick resolution often would have meant early settlement.

NORTHAM: Have you put these points to the Asset Recovery Agency?

MITCHELL: I think it wouldn't be right for me to discuss the personal and informal discussions that I've had with officials at the Agency, but it also wouldn't be right for me to leave you with the impression that things that have concerned me have gone unsaid. And one of the concerns that I have had over the years is the way that the litigation relationship between the lawyers and the clients, the Agency itself, has become frustrated by decisions being made in case discussions, then being reversed or varied in management board discussions.

NORTHAM: Latterly, Andrew Mitchell thinks the penny must have dropped – he has found the Agency more open to the idea of settlements. But the Director, Jane Earl, doesn't conceal her general resistance to compromise over how much of the proceeds of crime she should seize.

EARL: On some cases we have been reluctant to reach settlements, because the key question is, what will this leave the individual with? Is this appropriate? If we genuinely believe that 100% of their property perhaps has come from unlawful activity, if we believe that, there is a real moral and ethical question about how much it's appropriate to let them go away with in order to give the Agency a quiet life and perhaps to be able to meet some of the targets earlier on that you refer to.

NORTHAM: And yet £12 million makes one heck of a difference to the appearance that you give to the public and to potential criminals as to how effective you are, doesn't it?

EARL: Yes it does, but we still have to look at each case on its merits.

NORTHAM: This has been a real tussle between you and some of your legal representatives, has it, in that people like Andrew Mitchell have been saying to you, 'You ought to settle this case, there's a good deal to be done,' and you've been saying, 'No, we don't do that, we must stand on our principle and get as much of the proceeds of crime as we possibly can.'

EARL: Yes it's been a real learning experience for us, and we have a number of occasions now, I can probably think of five or six in the last four years, where my external legal representative has said to me, 'You should not fight this. This is something that you should walk away from.' And I have to say to you on each of those occasions we have won.

ACTUALITY OF TRAFFIC

NORTHAM: There's something of a shock if you travel to Northern Ireland and ask about the work of the Assets Recovery Agency there. In Belfast, it's not criticised for failure at all, it's seen as a great success. Fifteen months ago, the pursuit of suspected terrorist funds led the local office of the Agency to one of its most highly-publicised and controversial ventures, when it raided business and private addresses and froze a number of properties in mainland Britain.

EXTRACT FROM NEWS REPORT

NEWSREADER: An estate agents in Sale, which is part of the Craven Group, remained open for business as usual today. Staff said they were bemused by the activities of the Assets Recovery Agency, which says it's identified properties associated with two Manchester-based businessmen. It's understood properties under investigation include flats and houses in Stretford and Sale ...

ACTUALITY IN STRETFORD

NORTHAM: This is Stretford Marina to the southwest of Manchester city centre, where substantial new developments have recently been built among the semis overlooking the canal. Three of the flats here are owned by a company whose directors include Frank Murphy from the border country of Northern Ireland. These

NORTHAM cont: flats were among fifteen properties in the Manchester area frozen by the Assets Recovery Agency in late 2005 amid allegations of money laundering for paramilitaries in Northern Ireland. The particular suspicion surrounding Frank Murphy's money arises from his brother, Thomas, known as Slab Murphy, who's reputed to be the Chief of Staff of the IRA.

The Agency raided the offices and home of the businessman, Dermot Craven, who had helped find properties for Frank Murphy to buy and then managed dealings with their tenants. Mr Craven has many other clients and protests that he has been vilified by the raid. His solicitor, Michael Kenyon, rejects any suggestion of co-operation in money laundering for the IRA.

KENYON: He knew absolutely nothing about the IRA link. Indeed, he doesn't know if today if there is an IRA link. What he did know and does know is that a gentleman by the name of Frank Murphy was introduced to him through business connections.

NORTHAM: And Mr Murphy's brother, Thomas Murphy, is alleged to be the Chief of Staff of the IRA. Did Dermot Craven know that?

KENYON: Dermot Craven not only did not know it, he had never heard of Thomas Murphy.

NORTHAM: So you're saying that he unwittingly acted for a man who is the brother of the alleged Chief of Staff of the IRA?

KENYON: I think that's absolutely right. I also think that the Assets Recovery Agency accept that that is the case now. If it turns out to be the case – and we still don't know that some of the money that Mr Murphy was investing in these properties had dubious origins and perhaps came from illegal activities of his brother – then Dermot Craven certainly didn't know that. If it's true, then he was duped.

NORTHAM: Last month, the Agency turned its attention to Manchester again, this time freezing seventy-seven properties linked to Dermot Craven and claiming that they have been funded by the proceeds of financial crime and used to

NORTHAM cont: Prime Minister was in discussion with Sinn Fein leaders, over the role of MI5 and other security issues. And two days later, Gerry Adams announced Sinn Fein's long-awaited conference on policing. In Belfast and Dublin there's consternation. Senator Brian Hayes, who leads the Fine Gael party in the Irish Senate, applauds the Agency's record.

HAYES: Where you have a very large border, as we have with Northern Ireland, it's crucial that there's co-operation, that there's an exchange of intelligence and that there is this kind of fusion, if you like. And I think it is very significant in recent years that there have been very high profile cases taken against known Republicans and Loyalists who are up to their neck in smuggling and involved in funnelling through money, dirty money, trying to make it clean.

NORTHAM: What then will be the impact, in your view, of the merger of the Assets Recovery Agency into the Serious and Organised Crime Agency?

HAYES: I think it's a retrograde step. I don't think the level of personnel, the level of support will be there to the new merged organisation. I think it could be seen that this is a sop to Sinn Fein, this is a concession to Sinn Fein in terms of them delivering on their support for the police in Northern Ireland. And I'm also concerned that the Irish Government were not part and parcel of the discussions. It seems to be quite astonishing that the British took this position without any discussion with their colleagues here in Dublin about this particular issue, given the fact that we have a common interest in terms of tackling organised crime north and south of the border. And if this is being done – and I stress if it is being done as a sop to those higher people within the Republican movement, well then it's a very bad day's work.

NORTHAM: We would have liked to put this to Gerry Adams but neither he nor anyone else from Sinn Fein was available for interview. For the British Government, the Home Office Minister, Vernon Coaker, is eager to reassure doubters.

COAKER: There was no discussion that took place between the Government and other parties in Northern Ireland.

NORTHAM: It wasn't part of some choreography?

COAKER: It was not part of any choreography at all.

NORTHAM: Can you explain then how it's reported that IRA members in South Armagh knew about the decision days before you announced it?

COAKER: Well, I've heard that as well, people have said that to me. All I can say to you is that, as the Minister responsible for the Asset Recovery Agency and the Serious and Organised Crime Agency, there was no discussion which took place between the British Government and Sinn Fein. There was no discussion took place between the British Government and other parties in Northern Ireland. We took the decision to merge the Assets Recovery Agency and the Serious and Organised Crime Agency as a policy decision for the whole of the United Kingdom. We believe that it's something which will enable us to move forward in this area. And, far from actually detracting from our efforts, will actually help take criminal assets away from small-time dealers but also the Mr Bigs and the so-called Untouchables. And that's our aim and that's what we shall do.

NORTHAM: But Vernon Coaker's optimism about the merger is not shared by two of the professionals most closely concerned with cases in England over the past four years. Andrew Mitchell QC, an expert in civil recovery procedures, worries that the new Agency may have other priorities on its mind.

MITCHELL: I don't think that we can hope to see civil recovery high on the agenda of the attack on the proceeds of crime in the way that it should have been over the last four years, during the life of the Asset Recovery Agency. I take the view - I hope I'm wrong - that the long term position in relation to civil recovery is that it will become the poor relation of criminal investigation and criminal prosecution.

NORTHAM: And Sara Dayman, a senior partner with the accountants BDO Stoy Hayward, has similar doubts. As a court-appointed Receiver, she's handled around twenty of the Agency's cases, including some of the most difficult, and manages a team of forensic accountants and investigators. She fears that asset recovery will be starved of attention after the merger.

DAYMAN: My instinct is that they won't have the resources that it needs, it won't be given the importance that it should by the Government, and there must be a risk that this process doesn't continue.

NORTHAM: So when ministers say there will be as much effort put into civil recovery programmes after the merger as there is now, what do you say?

DAYMAN: I think those are very admirable sentiments and I look forward to that promise being delivered.

NORTHAM: But you just made it quite clear that you don't feel convinced that it will be.

DAYMAN: I'm not convinced that it will be, no.

NORTHAM: So, four years ago, the whole process was started with a huge trumpet of publicity from the Government and you fear that within another year it might start to peter out?

DAYMAN: I think that's right. I think unfortunately civil forfeiture, whether it's on a UK basis or a global basis, is subject to political whim.

NORTHAM: For the Home Office, the Minister Vernon Coaker insists that the merger is designed to strengthen the work of assets recovery, not to bury it. You've only given them four years before deciding that the Assets Recovery Agency as it stands is to be abolished and to be merged into the Serious and Organised Crime Agency. Is that decision, as some people have said to us, premature?

COAKER: We don't think it is premature. We think we've made great strides and that's thanks to the work of the Assets Recovery Agency. The Assets Recovery Agency has been a trailblazer, it's been an Agency which has helped change the culture out there, it's tested legislation, it's acted in a way which other Agencies haven't.

NORTHAM: It's an odd way of recognising the success, the trailblazing success you talk about of an organisation to then say, 'By the way, we're abolishing you.'

COAKER: Not at all. It's about saying that the organisation has worked successfully. We just believe that that work can now be further enhanced by merging it with the Serious and Organised Crime Agency.

NORTHAM: Later this month, the National Audit Office is due to publish its first report on the Assets Recovery Agency. But the Government has made its mind up already. And the conclusion of those who work most closely with the Agency is that in the rough world of Whitehall, it has been found wanting. As success begins to come their way, some staff told us privately they'd have preferred more time to prove themselves. Is this view shared by the Director, Jane Earl?

EARL: When I took up this job, initially for a period of three years, I said at the time that I thought it was quite important that agencies didn't exist in perpetuity, so my vision at the time was always that the Agency would at some point in the future want to merge into larger organisations.

NORTHAM: But the question is whether you would have preferred it to remain a separate Agency for longer than it's going to.

EARL: I think five years is a good starting point. By the time we get to the end of March 08, which is the projected date for the change, we will have proved a great deal more of the law ...

NORTHAM: But you still haven't told me whether you would have preferred to remain independent.

EARL: Well, there will always be an argument, you could say it could be five years, it could be seven years. I think somewhere around that time is about right.

NORTHAM: So if people look at the history of the past six or seven months and see a report from a Conservative MP which accuses you of under-performance and then six months later the Government announces that the Agency is to cease to exist, and by the way you're leaving your job, it might look as if the skids were put under you last summer.

EARL: Well, I think that would rather suggest that Government policy is made as a result of reports which are produced by other MPs and I think that's a matter for the policy ...

NORTHAM: Or what's reported in the press.

EARL: That might also suggest that's how Government policy is made, but that's not my view.

NORTHAM: Not your view that the Government responds to what's in the newspapers?

EARL: I'm not going there, Gerry.

NORTHAM: How do you mean? Nothing more to say on that?

SIGNATURE TUNE