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THE ATTACHED TRANSCRIPT WAS TYPED FROM A RECORDING AND NOT COPIED FROM AN ORIGINAL SCRIPT. BECAUSE OF THE RISK OF MISHEARING AND THE DIFFICULTY IN SOME CASES OF IDENTIFYING INDIVIDUAL SPEAKERS, THE BBC CANNOT VOUCH FOR ITS COMPLETE ACCURACY.

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#### ACTUALITY OF CHAT AT PRICEWATERHOUSECOOPERS MEETING

MAN: Good evening everybody and welcome to the Manchester launch of our new PWC Fraud Academy. It's good to see a good few familiar faces around the room from previous events ...

NORTHAM: Business leaders have gathered on a Monday evening in Manchester to discuss the new hot topic.

MAN: ... also to get a good discussion going really around suggested next steps for local businesses ....

NORTHAM: With fraud already rising in the recession, financial consultants PricewaterhouseCoopers are warning their clients to be vigilant. Investigating and prosecuting the biggest cases falls to the Serious Fraud Office. But it's an agency in the midst of a radical shake-up, and former managers fear it may no longer be up to the job.

GARLICK: The concern that I and others have is that shake-up has been altogether too radical and has left the SFO significantly underpowered.

NORTHAM: There are complaints that the SFO is too slow to investigate cases. And highly-placed critics fear that it is losing the will to bring fraudsters to court, compounding the weaknesses of a system which is already straining to cope.

WRIGHT: Well, in my view, we're giving criminals a huge degree of comfort. If they know that they're not going to be investigated, let alone prosecuted, let alone convicted, they can commit crimes with impunity.

NORTHAM: The new SFO Director is keen to gain the credit for success. But File on 4 can reveal that he is muddling statistics to prove it.

#### SIGNATURE TUNE

CARTWRIGHT: The track suddenly stopped one night. We was told to go home in the paint shop where I work. I was told to come in on the next morning before two o'clock to a meeting. I put the telly on and Patricia Hewitt was telling me I hadn't got a job, you know, that's how quick it happened to me. My four children were sitting with me in the lounge, and my oldest daughter turned round and said, 'Does that mean you've lost your job, Dad?' You know, how did I feel?

NORTHAM: For sixteen years, Andrew Cartwright worked in the paint shop of the car factory at Longbridge in south Birmingham. Then in 2005, along with six thousand others, he was told the company, MG Rover, had collapsed.

CARTWRIGHT: I come in here and there was blokes crying. It was like a morgue. That atmosphere went, it was just silent, there was nothing running, no machines was running. Like a curse had come in and just turned everything off.

NORTHAM: Andrew has retrained and now works with local children. But the anguish of losing the car plant refuses to go away.

CARTWRIGHT: I've seen the devastation it had on, you know, people's children. I had them children coming in saying, 'Well my dad worked there, he's never been the same since, you know. He's out drinking every night, Mum and Dad have split up.' I've seen all that side of it.

NORTHAM: Do you feel that you now understand what went wrong?

CARTWRIGHT: I don't think anybody did who worked there. I don't think they had a clue. We was promised things, we was shown shows of new models, we was given these magazines that contained these pictures of new models and what the future held for us. These things never happened. I want to find out why it happened the way it did.

#### ACTUALITY AT LONGBRIDGE

NORTHAM: Longbridge was for years the pride of Midlands engineering. It's now a small remnant factory and a massive regeneration site, and it's engulfed in bitterness and recrimination over the way MG Rover went bust. At Government request, the Serious Fraud Office has just begun examining what went wrong, and the part played by executives, known as the Phoenix Four, who bought the company for a nominal £10 and left with personal fortunes. Former car workers want to know whether all was above board in the last years of MG Rover - or was the company's demise tainted, even hastened, by fraud. The former directors have always vigorously denied wrongdoing. In 2005, Government inspectors moved in to find out what had gone wrong, and this month they reported back. Their findings haven't been published, but it is believed, they say, there may be grounds for a criminal investigation. So the referral to the Serious Fraud Office ought to come as welcome news. But this delay of four years in getting the case examined by the SFO has angered many former workers and their supporters. One of the local councillors, the Conservative Randal Brew, argues that precious time has been lost.

BREW: The last thing the six and a half thousand workers wanted was for things to be delayed. They wanted answers as to what had happened, and in my view the Serious Fraud Office should have come in at the same time as the Government inspectors.

NORTHAM: On what grounds would the Serious Fraud Office have been able to come in four years ago?

BREW: I think there was sufficient speculation in the public arena that things might not have been perfect. I think there was nothing to stop them coming in at the same time as the Government inspectors and running it side by side. There was doubts as to what had happened in the build-up to the demise, and I think it was perfectly possible for the Serious Fraud Office to come and have, even if it was a cursory glance, to have a look at it.

NORTHAM: And the effect of delay is what?

BREW: The effect of delay is that we're four years down the line and a lot can happen in those four years. Memories fade, certainly the details fade. The effect of that is to lessen the quality of any investigation that takes place and make it less effective.

NORTHAM: Under the Act of Parliament that set it up, the Serious Fraud Office can investigate any suspected offence of serious or complex fraud – the Government inspection needn't have stopped it. But even now, it's not clear that it will take on the case of Longbridge. As the SFO Director Richard Alderman makes clear, he is still considering whether or not a full investigation should be launched.

ALDERMAN: We're having a look at MG Rover. We received it very recently. Our target date normally for deciding whether or not to take a case up for investigation is twenty days, although we say that there may be some cases where we'll take a little longer in order to be able to do that.

NORTHAM: There's no reason at all, is there, why the Serious Fraud Office could not have looked at MG Rover in 2005? You don't need to wait to be asked.

ALDERMAN: The inspectors commissioned by the then DTI have been looking at that, and I think now is the time for us, as a result of their work, to be looking to see whether or not there is evidence of serious fraud.

NORTHAM: But why couldn't the Serious Fraud Office have begun that four years ago when evidence was still intact, when memories were fresh and the investigation would have been a lot more simple to do?

ALDERMAN: Well, this was very much a matter for the DTI inspectors.

NORTHAM: Well, you could have looked at it at the time.

ALDERMAN: There was an inspection.

NORTHAM: Nothing to stop you doing an investigation alongside the inspectors, or even taking over the inspectors' investigation.

ALDERMAN: I think it was right that the DTI inspectors were involved at that stage, looking at it, doing their review, and now I think it's right that we should look at it.

NORTHAM: Nobody knows how much fraud costs the economy. The Government puts the figure at £14 billion a year. PricewaterhouseCoopers have set up a Fraud Academy to prepare their clients. It's led by John Tracey.

TRACEY: In an economic downturn, the more fraud tends to happen. There tends to be more opportunity, people have got greater motivation – worried about losing their jobs. Also that more long-running frauds tend to come to light in an economic downturn. Madoff would be a good example of a case where people want their money back and the money's not there anymore.

NORTHAM: Do you expect that most companies will actually face the possibility of fraud, either from their own staff or from somebody that they're dealing with?

TRACEY: We ran a survey asking companies this very question, and in the UK approximately half of the companies that respond faced a serious economic crime in the last two years.

NORTHAM: Half of them?

TRACEY: Yes, half.

NORTHAM: That seems an extraordinarily high proportion.

TRACEY: It is, but if you think about all the different ways companies are at risk, it's probably not that surprising, because it extends to things like the theft of data, criminal gangs trying to penetrate an organisation in order to get credit card details. It extends to money laundering, bribery and corruption, accounting fraud. So at first blush it is a surprising statistic, but when you think about all the things that come under the fraud umbrella, maybe not so surprising.

NORTHAM: This then might seem the worst possible time to cut back on the nation's leading fraud investigators. But the budget of the SFO has been cut by 16% this year and further cuts are expected in future. And lawyers and investigators are still reeling from a body blow in the higher courts when, after years of work, last December a huge case had to be abandoned on a legal point without a word of evidence being heard by a jury. It was one of the longest and costliest cases in the SFO's history, codenamed Operation Holbein. The defendants were five drug companies and nine individual executives accused of over-charging the NHS by operating a cartel to raise the prices of everyday drugs like penicillin and warfarin, costing the NHS tens of millions of pounds. They strenuously protested their innocence. The allegations date back a decade to a report from the House of Commons Health Select Committee, chaired by the then MP David Hinchliffe.

HINCHLIFFE: We had picked up a number of reports of concern that generic drug prices were significantly increasing, and I mean in some instances, over a period of a year, around 5, 6, 700% - hugely increasing in terms of the cost to the NHS.

NORTHAM: Who was telling you this?

HINCHLIFFE: I met one of my own primary care groups in my constituency near Wakefield and they pointed out to me that their budget was being completely skewed by the massive increases in costs to them of basic mainstream drugs that they were providing to their patients. Often the drugs that we're talking about here that were going through the roof were ones that were being used every day by GPs.

NORTHAM: You then held an inquiry. What did you find?

HINCHLIFFE: We came to the conclusion that there had been some degree of collusion that had led to these huge price increases and clearly had led to, one assumes, people making rather a lot of money out of the NHS. We gained the impression that there had been some manipulation of the market, to the advantage of people involved in that market.

NORTHAM: And are collusion and manipulation words that effectively mean price fixing?

HINCHLIFFE: Well, I don't think you can draw any other conclusions.

NORTHAM: In late 2000, the Serious Fraud Office launched an investigation in secret. It later became public in a series of co-ordinated raids on 27 homes and offices. A special budget was approved by the Treasury, running to £25 million. Eventually, the case made its way to the courts, with the SFO represented by the chief prosecutor, Richard Lissack QC, who believed the evidence was sufficient for convictions.

LISSACK: It was incontrovertible that the companies and the individuals that we've identified agreed to, as we had styled it, rig the market. Minutes of meetings were produced retrospectively to cover and give a cloak of legitimacy to the meetings that had taken place. And those minutes were created, we proved with forensic evidence, in two batches months and months after the event and we had evidence to the effect that they were not a true reflection of anything that was discussed at all, they were a fake behind which the true purpose could be hidden.

NORTHAM: And the true purpose was?

LISSACK: To conspire to rig the market in these products. We have a number of what might be called insiders, who had been at some of the meetings or involved in the preparation of documents for them or recipients of the information from those meetings to the effect that the purpose of those who were attending was to, on behalf of their companies, commit to a collusive agreement to fix the market.

NORTHAM: For years, legal argument ground on over the wording of the charges brought against the defendants. Cartel behaviour became a specific offence only in an Act of 2002 – after the alleged price fixing for drugs. So the SFO tried to use a longstanding common law charge instead – and eventually failed. The prosecution was finally killed off last December. So, even after seven years, the case was never heard before a jury - to the clear dismay of Richard Lissack and his team.

LISSACK: If the case had gone before the jury, I think the jury would have convicted. And I remember at one stage, during the course of submissions, Lord Justice Moses and the Court of Appeal saying to Counsel appearing on behalf of one of the defendants, well a jury in this case wouldn't be out for more than ten minutes, would they, because the case was so overwhelming in his view. And so the evidence that there was in the case seemed to us to be compelling.

NORTHAM: The drug companies see the failure of the case as vindication of their claim that they had always acted within the law. The lead company, Goldshield plc, took on a new chairman in the middle of the case, a man with a long background in criminal justice - Keith Hellowell, a former Chief Constable. From the moment he first examined it, the case looked flimsy to him and he can't understand why the SFO team could have regarded it as compelling.

HELLAWELL: I would sort of take issue on them with the evidence of wrongdoing, If the highest court in this land agreed that whatever they did was not a criminal offence, then are they talking of morally wrongdoing? Because they certainly cannot allege that there was any criminal wrongdoing.

NORTHAM: Well, they're saying that prices were fixed by a cartel.

HELLAWELL: Well, the compelling evidence – if I can come onto that - that they suggest, they've clearly read a different set of case papers to myself. There was very little evidence, what evidence there was was circumstantial, and the corroboration, as such, was from a person who had been part of the alleged conspiracy. I wouldn't have been surprised if the judge wouldn't have allowed him to give his evidence if it ever came to trial.

NORTHAM: Are you telling me that everybody in Goldshield behaved with complete integrity in respect of the prices charged for these drugs?

HELLAWELL: I'm not saying that at all. I was not there at the time. I joined Goldshield a couple of years ago. Whatever they did at that time will be between them and their conscience. All I can judge and all your listeners should judge is that the Serious Fraud Office alleged that they did something that was criminal, against the law. That was not the case. The evidence that they had had never been tested in court.

NORTHAM: Two years ago, as the case was dragging on, Keith Hellawell decided that his company, Goldshield, should make payments back to the NHS totalling £5 million to settle a civil case. He told me he also considered a plea bargain in the criminal case. But he insists that this did not imply that they had done something wrong.

HELLAWELL: The agreement between the Department of Health and ourselves in that settlement was that there was no admission of guilt on our part, there was no liability or acceptance of any liability. It was done purely for commercial reasons.

NORTHAM: Do you accept that, to the outside world, it looks as if Goldshield behaved badly, got off on a legal technicality but had to pay millions of pounds as a settlement?

HELLAWELL: I don't know who that looks to, it may look like that to journalists. It certainly doesn't look like that to the shareholders involved, who lost a quite substantial part of their savings through this case being brought.

NORTHAM: But if your case was as strong as you say it was, why on earth would you think about trying to negotiate a settlement and a plea bargain?

HELLAWELL: Well, if you would just like to think about this. The case had been going on for six years, we were paying a lawyer's bill of £100,000 a month, tens of millions of pounds had been wiped off the share value of the company. The company was being dragged through the mud by the media,. My point of view, as chairman of that company, was to resolve the matter as quickly as possible in the interests of shareholders.

NORTHAM: The embarrassing failure of the drugs case may make it the last of its kind for many years. If so, the implications for other so-called blockbuster cases, involving allegations of fraud at a very high level, could be profound. For the first ten years of the SFO's life, Tricia Howes was an Assistant Director. She later became Head of Policy until her retirement three years ago. She was also a member of the Attorney General's recent Fraud Review team. The collapse of Operation Holbein looks to her like a turning-point.

HOWES: A blockbuster case was always something, an investigation that was so large and so complex and required such a large team that it actually attracted a separate funding stream from the Treasury. Then, of course, you get one like Holbein, which is not a success and doesn't go anywhere, so it rather puts the Treasury off, so I think we won't see another Blockbuster for a decade or so. When people are pressing you for results, results, results and quickly, the last thing you want is it to take on an investigation that you know will last several years.

NORTHAM: If the Serious Fraud Office don't take on these cases that you're calling blockbusters, who will?

HOWES: Ah well, I mean, that's the problem - largely nobody.

NORTHAM: The loss of another major case also damaged morale when the investigation into BAE, over allegations of bribery in Saudi Arabia, was suddenly halted after Tony Blair as Prime Minister intervened. The company denied that it had broken any law, while SFO staff thought they had a strong case. Under the new director, a radical rethink of the agency is underway. In a shake-up over the past year, many staff have left, including some of the most senior. The former Assistant Director, Helen Garlick, who ran the BAE case fears the SFO is no longer up to the mark in the biggest cases.

GARLICK: I think it has to be a matter of concern that so many highly experienced lawyers and some of the most experienced financial investigators have all left in quite large numbers over the last few months. These cases are among the most difficult to investigate and prosecute in the criminal justice system and they require people who are experienced. I mean, no matter how able or committed you are, they require a great deal of experience to give you that confidence.

NORTHAM: And that's been lost, has it?

GARLICK: I think it has to, has to be accepted that it's been lost in a great measure. And the reason why that is of such concern is that our opponents, the people who routinely defend these cases, are highly experienced solicitors and are really in a much stronger position at the moment than ...

NORTHAM: That's happening, is it?

GARLICK: I think that has to be the case, because so many of the experienced SFO lawyers are simply not there.

NORTHAM: Given the up and down history of the Serious Fraud Office in prosecutions, might it not be said that a new start is needed?

GARLICK: Well indeed, any organisation that's been going for twenty years, dealing in a highly volatile, extremely difficult legal environment could do with a good clean examination every now and again.

NORTHAM: And maybe a shake-up?

GARLICK: And certainly a shake up, but the concern that I and others have is, certainly at the moment, that shake-up has been, you know, altogether too radical and has left the SFO significantly underpowered.

NORTHAM: There are also fears that the SFO is losing the will to fight difficult cases in court. The Director has made a number of speeches since he took over early last year, in which he has repeatedly said that he wants to look at other ways of dealing with cases. In his first speech, for example, he began by saying that, while prosecution will always remain appropriate for some cases, 'there is plenty of scope for change'. He's talked about a fundamental rethink of the SFO's role and wants to use new powers which enable him to reach civil settlements with errant companies, in which they avoid prosecution and negotiate a financial penalty. The Director even said on one occasion: "The more we can adopt this consensual approach, the happier I will be." This is not the language of the

NORTHAM cont:                   gun-slinging corporate sheriff some want him to be. Among his eminent critics is a former Director of the SFO, Ros Wright, who now chairs the Fraud Advisory Panel of the chartered accountants.

WRIGHT:                        Whatever you do, you have to carry the public with you, you have to have public confidence in what you're doing, and the consensual approach to dealing with serious financial crime - and we're talking here about serious financial criminals, many of whom are professional criminals - I think the public demands that they be dealt with like any other serious professional criminal, and they don't like the idea of justice behind closed doors, where they can't see what's been going on. They see serious cases, maybe of corruption, maybe of other allegations of financial crime, that are not resulting in a court case, that are not resulting in a conviction, may result in a relatively small penalty. I think the public needs to be reassured that these serious criminals are being dealt with like any other serious criminals.

NORTHAM:                        And that means you want them prosecuted?

WRIGHT:                        Well, if the evidence is there, I would, that's my approach.

NORTHAM:                        And how do you think that approach differs from the current direction in which the Serious Fraud Office is moving?

WRIGHT:                        Well, I think that the Director would not be averse to bringing investigation and prosecution where a case demanded it and there were no alternatives, but I think what he's doing is he is looking for any possibility of an alternative. I think the public is going to be rather bewildered.

NORTHAM:                        One recent alternative is held up by the Director of the SFO as a model for the way he wants a number of future cases to go, and it's seen by some critics as the start of a worrying trend. The case involved the construction giant, Balfour Beatty, and its enormous contract to re-establish one of the marvels of the ancient world, in Egypt.

EXTRACT FROM RECORDING

MAN: The Egyptian port city of Alexandria was once home to the world's greatest library. In 2002, the new Bibliotheca Alexandrina was opened. It was built as a centre of learning that would be the world's ....

NORTHAM: The lost library in Alexandria has been rebuilt as a world heritage site at a cost of well over £75 million. Four years ago, suspicion arose that bribes may have been paid to a businessman linked to the Egyptian authorities. A sum of £5 million has been reported. The case was brought to the Serious Fraud Office and was taken on by the former Assistant Director, John Benstead.

BENSTEAD: It was actually reported to the SFO by Balfour Betty itself via its solicitors, who prepared a report and then presented that to the SFO.

NORTHAM: And the allegation was that a subsidiary company of Balfour Beatty had been paying bribes?

BENSTEAD: Yes that's right, to an individual in Egypt. The report that had been prepared by Balfour Beatty was evidence, on its face, that offences of corruption had been committed and probably other offences such as theft act offences, such as false accounting. So that report was sufficient enough for us to launch an investigation.

NORTHAM: Late last year the case was concluded, not with a prosecution, but with a payment by Balfour Beatty of £2.25 million plus a contribution towards costs. Explaining the settlement, a statement from the company manages to avoid the word 'bribe'. It speaks of issues relating to the library project, and 'certain payment irregularities' and 'a failure to keep accurate records within a subsidiary'. Nobody connected to this 'failure' or the 'irregularities' or even the 'issues' has been brought before a criminal court. For John Benstead, who started the case at the SFO, it's a mixed outcome.

BENSTEAD: For Balfour Betty it was a great result in the sense that actually the amount they paid was relatively small to the amount of money involved. The concern I have about it is whether the settlement actually does justice to the case?

NORTHAM: And does it?

BENSTEAD: In my view, no.

NORTHAM: So you think it was a good result as far as Balfour Beatty was concerned?

BENSTEAD: It was an excellent result for Balfour Beatty.

NORTHAM: But not as far as justice was concerned?

BENSTEAD: No, not as far as justice was concerned. If Balfour Beatty is being used as the benchmark, the model for the future, then I think potentially a lot of frauds will not be prosecuted and they will be settled.

NORTHAM: The Director of the Serious Fraud Office takes the Balfour Beatty case as a perfect example of what he wants to happen. Richard Alderman calls it a landmark settlement and argues that it is exactly in line with the public interest.

ALDERMAN: We will adopt the tool that is best suited to individual cases in the overall public interest.

NORTHAM: Balfour Beatty paid £2.25 million as a settlement. The contract was worth, by different estimates, anything up to £100 million. That's a pretty low figure, isn't it? And nobody was prosecuted, and in the settlement the word 'bribes' never appeared, even though that was what the whole case was supposed to be about.

ALDERMAN: Balfour Beatty involved financial irregularities in respect of an overseas subsidiary.

NORTHAM: Well, in plain terms, all the reporting early on was that there were allegations of bribery. That's been dropped, you're now talking about financial irregularities as if it was some sort of bookkeeping mistake.

ALDERMAN: There were financial irregularities in an offshore subsidiary in respect of Balfour Beatty.

NORTHAM: You don't think that they got off too lightly?

ALDERMAN: Look at what happened. They signed up for a very extensive monitoring exercise. They've instituted a very considerable process of change within the organisation. I'm really interested in how we bring about the right culture in an organisation so that it is really committed, genuinely committed right from the top to fighting corruption. That's what I want to see.

NORTHAM: Mr Alderman's reforms largely follow the prescription in a report last year from an American prosecutor inspired by the US way of conducting cases. But the former SFO Director, Ros Wright, has doubts about this direction for the agency in dealing with British corporations.

WRIGHT: The idea is to get people to come in and spill the beans and say, 'Mea culpa, we've committed a serious and complex fraud. We've put our cards on the table, we've done an internal investigation, here's all the evidence. We are now prepared to pay a fine and go away with no conviction.' That is a regulatory way of dealing with a case. That is fine in a regulatory context. The Americans would accept that possibly, with a substantial fine – and I'm not suggesting that £2.25 million would be regarded by the Americans in the context of this case as substantial – but they would also want heads on plates, and they would expect the corporation then to deliver evidence that would nail the individuals concerned in the case, and there would then be an investigation and prosecution of those individuals. Now that didn't happen in this case.

NORTHAM: What do you think about that case as a model for the future conduct of the Serious Fraud Office in similar cases?

WRIGHT: I think it is an indication of the way that the SFO is going, that they are going very much in the regulatory direction.

NORTHAM: And you think it's wrong?

WRIGHT: I do.

NORTHAM: This is a view we've found widely shared among other former senior managers of the SFO. But the new Director, Richard Alderman, is keen to dispel the idea that he now sees the prosecution of fraudsters as a last resort, to be tried only when all else has failed.

ALDERMAN: Not at all. The position is that Parliament has given us a wider range of tools than were ever available to my predecessors, and one of my roles is to look for the tool that is best adapted to particular cases, and I have in mind very much there what is the public interest, so there will be many cases where prosecution is the right outcome, and that will be the outcome that will be very much in the public interest. But there will be others as well, where some of the alternatives that Parliament has given us would be appropriate, and it's very much a judgement call that I will make, but I don't want people to think in any way that we are downplaying prosecutions.

NORTHAM: Well the reason people might think that is because you have said 'the more we adopt a consensual approach the happier I will be' – in other words, the fewer cases that reach prosecution, which you can't call consensual, the happier you will be.

ALDERMAN: What I would like to be able to do is free up SFO resource to be able to deploy on the really tough cases where people are involved, for example, in overseas corruption as their way of business, where they will continue to that unless detected by us. I want to put more resource into those really tough cases and bring them to justice.

NORTHAM: As evidence of his intentions, Mr Alderman points to his latest annual report, published last week, recording the number of cases successfully concluded in the year. He's eager to show a real improvement on the low conviction rate the SFO managed historically. Just 61% of those charged were found guilty. Must do better. In his report he gives a measure of recent convictions:

READER IN STUDIO: 78% of defendants who pleaded guilty or were tried by a jury were convicted.

NORTHAM: 78% sounds like a significant step forward - until you realise it is measuring something different. He's not counted the defendants for whom prosecution failed before it could even reach a jury. For a fair comparison, these failures should be added in. So what figure did the past year actually produce for the overall conviction rate? Oddly enough, Mr Alderman doesn't give this percentage in his report. But, from the raw data he does record, it's possible to work it out. It comes to 60% - a slight step backwards from 61% he has himself criticised as inadequate. But if the facts are against him, Mr Alderman shows no sign of accepting them.

There were sixty defendants, thirty-six of them were found guilty, that's a conviction rate of 60%, which is actually slightly lower than the historic rate you've criticised as inadequate.

ALDERMAN: We had a conviction rate of about, I think it was about just under 80%, 78%.

NORTHAM: But you didn't. You had sixty people in court and thirty-six of them were found guilty. That's 60%.

ALDERMAN: Our conviction rate, in terms of defendants, was about 78%. I don't recognise the figures you're quoting.

NORTHAM: I'm quoting them from your annual report.

ALDERMAN: Well, our conviction rate for defendants was running at about 78%.

NORTHAM: But that's simply bad arithmetic. You had sixty defendants - this is in your own annual report, page 17. You had sixty defendants, thirty-six of them were found guilty. That's a conviction rate of 60%.

ALDERMAN: For defendants it was about 78%. Let's just say this as well  
....

NORTHAM: You keep telling me that the figures that I'm quoting are not right, but they're the figures from your annual report.

ALDERMAN: We took ... the key figure for me is that last year we took eighteen cases to court ...

NORTHAM: But that's a different figure, I'm talking about the historic conviction rate which you've criticised as inadequate, which is the percentage of defendants who are found guilty, and last year that was 60%, slightly lower than the historic conviction rate that you've criticised.

ALDERMAN: No, I don't agree. I'm looking at the measure of success of the SFO.

NORTHAM: You're looking at what I may say is a piece of spin. You want to change the figures so that you put the best figure forward, but the conviction rate, which is what you have historically criticised, remains stubbornly low.

ALDERMAN: No, I don't agree – I think we had a very successful year last year,

NORTHAM: The future of the Serious Fraud Office is far from certain. It was reported this month that sources close to the Director said that if he hadn't introduced sweeping changes a year ago, the Government could have shut the SFO down. Staff working there, we understand, still fear the whole thing may be abolished. This malaise comes just when we most need an effective attack on fraud from the criminal justice system. But to Richard Lissack, the QC who has led the prosecution of some of the SFO's biggest cases, the outlook is gloomy.

LISSACK: I think that our criminal system is dysfunctional when managing some types of particularly complicated, serious fraud. We cannot allow ourselves to be in a position in which a fraud, if complex enough, escapes proper scrutiny by the courts while somebody who fiddles the DSS and gains some Social Security finds themselves a defendant in a prosecution with the full weight of the law brought down on their heads. Either there will be no significant prosecutions or cases will be brought that just get mired down in procedure and in pre trial manoeuvrings and leaving the shorter cases more prosecutable and the most serious and longer cases un-prosecutable - that's my fear.

