



## *Expert Witness Testimony*

FROM ANTHONY STANSFELD, THAMES VALLEY POLICE AND CRIME COMMISSIONER, TESTIFYING IN THE MICHELLE YOUNG CASE: A SPECIAL HEARING ADJUNCT TO THE COMMISSION OF INQUIRY



*Testified on April 18, 2018 before the I.T.N.J. re: Global Financial Corruption & Collusion*

**ANTHONY STANSFELD is the Thames Valley Police and Crime Commissioner in the United Kingdom (with parliamentary privilege). He is the first person to hold the post and was elected on 15 November 2012.**

“Good afternoon. I’m an elected person as the police and crime commissioner. I’m elected over the Thames Valley which is the biggest area really and non metropolitan area in the country. It’s got about 2.5 million people in it and it represents 21 parliamentary constituents including the prime ministers and the last prime ministers, the number two in government, so I have a reasonable political voice. I’m in effect an executive chairman of law and order across said area, and in 2013 we started an investigation into one of the banks. It was a bank that no longer existed, but had been taken over, but the directors had been moved between the two banks and that was Halifax Bank of Scotland (HBOS) which was taken over by Lloyds in 2008/2009, and it was an extraordinary investigation.

Two other police forces had turned it down, the serious fraud office wouldn’t look at it and, um, we did look at it, and it was one family, a man and wife team called Paul and Nikki Turner who put the cases together and brought it to Thames Valley and it looked as though a very large proportion of the crime had been committed out of Redding, and it was a vast fraud, and we duly got

sucked in and investigated. It took three years during which the bank offered very little support.

We only looked at a fraud of £245 million. I think there was a reason for that. It was deliberately being kept below £250 million, which meant if it had been over, it would of had to been reported in all their accounts and they were very keen not to do it as they were doing rights issues at the time.

And after a case that lasted a very long time and cost us about £7 million (should have cost a lot less if we’d had cooperation properly from the bank throughout) the bankers were convicted. It was an interesting one that Lloyds bank denied throughout that period, even when their own banker pleaded guilty they denied the fraud.

For 10 years they knew about the fraud and for 10 years they had gone for the personal guarantees of the people they had knowingly defrauded, and this bankrupted thousands of people. They had their houses taken away, their homes, people committed suicides, there were divorces, and the sheer misery it caused, and the bank chairman were perfectly aware of it because they were written to by so many victims, and it simply wasn’t followed-up, and eventually we got the convictions. I think the bank was actually horrified we got the convictions, and that happen at the end of January last year. (2017) I think that was one like to think was the opening of the flood gates. They’d taken rather a long time to open.



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What became apparent, I think, that the fraud wasn't £250 million, or £ 245 which we prosecuted on, it was near a billion on this one particular bank. It was an interesting fraud, that they were defrauding not only the bank, but their clients at the same time, so I think it was a huge degree of incompetence by the bank. But it also came out that there were a vast number of other victims from RBS and Lloyds itself on a huge scale.

RBS, the GRG division, of that I don't know how many companies with into it, it was something like 16,000, I'm not absolutely certain of that figure. Only 10% ever got out of GRG. Now you would think if these were toxic companies that were collapsing, GRG would be losing money. They made an enormous profit, and the head of that is now the chief of Santander, which I find personally extraordinary, and that was said in the house of commons by Sir Vince Cable.

There was an interesting, I think, sideline to all of this, that most police forces do not have the money, or the capacity, or the capability to take on fraud cases. When you find yourself legislating or prosecuting a bank, they have the smartest London solicitors, they all have unlimited money to spend on their legal cases. The police, as I said, it cost us £7 million, we didn't get much of that back, we got £2 million back from the treasury, uhm, from the home office.

No private individual can really take a case against the bank. They will put the case off, they will come up with every problem, and even people who are still well off after they've had all their companies taken away from them, or their homes, or anything, they will still, the case will be put off and put off, and there's a six year statute of limitations which the bank is well aware of on cases and they play on that.

I've seen major, I say companies, into the several hundred million pounds that have been removed off people and they simply are out-lawyered in the courts, and I don't think the courts are remotely supportive, and I think we heard that in the case we've just heard.

The repossessions from Lloyds and RBS are still going on. I went to see Dame Linda Dobbs, who's doing the internal inquiry of Lloyds, the other day, and as I walked down Deities Street again to see her, I was rung-up by a lady who was having her property taken away as she spoke to me on the phone. The police were there, the bailiffs were there, and I couldn't do anything about it, there was a court order. Do I think that court order was a fair one, that had been got at properly? No I don't for a moment think it had been, but there was nothing I actually could do about it at that stage.

I think, and it's a personal opinion, but I do lead on major fraud for the police commissioner in country, that something has gone seriously rotten in the leadership of some of our major banks at the moment. One staggering thing is that there's nobody on the board, I think there is one person on the board of our major banks, clearing banks, who's a qualified banker. They're simply are not qualified bankers. They're all accountants, or just businessmen, who've ended up, and of course they're making absolute millions. And they're legal expenses are not paid by them, they're paid by their shareholders.

Lloyds ran-up a bill, I believe it was about £900 million for lawyers last year, and one wonders whether it's protecting the banks, or the boards of the banks, and I have considerable doubts. I think there were a number of things we need to do to put a stop to this. I think we've got to have a proper chapter 11 system in this country that you can't bankrupt a company overnight.



Every other country has one, we don't have one. I think you've got to remove the statute of limitations in bank cases, that they can't deliberately put off cases indefinitely so it runs out of time. I think you've got to have a proper Tribunal System set-up to sort-out compensation for the people that have been defrauded. I think it should be compulsory that at least half the board of a bank should actually be qualified to be bankers. I think you got to put a stop to this unlimited personal guarantees that are outrageously abused.

People with small debts were bankrupted then had their assets stolen off them that are worth many many times their original debt. And that is divided-up between the cronies, in my view, the insolvency practitioners and others, and vast sums of money simply disappears. Where did all the money go from the HBOS case? I think probably at least £600 or £700 million went straight abroad. I think we only recovered about £15 million out of a vastly bigger sum at the moment. Who made the money and where is it sitting?

And again, I come back that we don't have the capacity or the capability to investigate fraud properly. I think there is a massive problem in our regulatory authorities. The two major ones are the Financial Conduct Authority and the Financial Reporting Counsel that's meant to keep an eye on auditors.

I find it quite extraordinary that the chairman of the Financial Conduct Authority, until the beginning of this month, was a very senior partner of KPMG that did the audits of the HBOS bank. They overlooked a fraud that approached a million pounds, and a multi-multi-billion pound hole, probably approaching £40

billion, in the accounts, and the man went on to be the chairman of the Financial Conduct Authority.

The chairman of the Financial Reporting Counsel keeps an eye on the auditors gave KPMG a clean bill of health last year. His previous job was chairman of Lloyds when this was going on. So how on earth do people expect to get justice for a system like this?

Now I go from this meeting this afternoon, I've got a meeting with Andrew Bailey who's the chief executive of the Financial Conduct Authority, and he's asked me to go and see him and we're going to have a very interesting conversation I think. I don't know quite how we stop this, I hope now, talking at the most senior level of government, and I mean that.

In 2013 there was an internal report written within Lloyds called the Turnbull Report. It was commissioned by Lloyds, but they now deny it was commissioned by them, but they did because I've got their internal emails, and that lays-out quite clearly what went on within Lloyds bank, and Lloyds say it's not only did we not commission it, but it's an unsubstantiated report. But it was written three years before they'd admit to a fraud that is clearly laid out in this report. So it is pretty well substantiated.

Now Financial Conduct Authority has sat on that report for several years, for three years anyway, I've made absolutely certain now that is has gone to the home office, it has gone to the serious fraud office, and I hope that something will now be done about it.

I, by no means, convinced that that is going to do it. I need to be called in front of the treasury select committee and asked the right questions, and then I'm



under parliamentary privilege, and can reveal most of the information, and it is absolutely devastating.

I think the banks have got into a mindset now that they're above the law and they can get away with it, and Insolvency Practitioners, their lawyers, the valuers. How are houses that are valued at 1.5 million suddenly valued at 400 thousand and flogged off? This is the sort of thing that has gone on time and time again, and there is something absolutely rotten, and I think Parliament is aware of this. There was meant to be a debate about it in the house of commons yesterday, but it had to be put off for a fortnight because there was an emergency debate on Syria.

I think that will be an interesting debate. I went to a debate about it a month ago. It's the only time I've heard all seven Parliamentary representatives in the house of Parliament all agree that something had gone extraordinary wrong within our justice system. There's one thing them agreeing, and another getting some action out of it.

And my concern under all of this is I think the home office would like to do something about it, I think the ministry of justice would, I don't actually think the treasury wants to do anything about it, and the treasury controls the Regulatory Authorities, and it was interesting that last year the chairman of the Treasury Select Committee, Andrew Tyrie, wrote to Philip Hammond, it's an open letter, it's not a secret, and said you cannot go on closing down our inquiries into these things, and he got a letter back from Phillip Hammond that said oh yes I can, under the Financial Services Act, or whatever it was, I think it was of 2012, I'm allowed to do this, it was passed by an act of Parliament.

Well of course it was probably in an Annex, or an appendix to an Annex on page 562, and it certainly wasn't understood by the members of Parliament when they signed-up to it. So we don't have a proper system of regulatory authorities in my view at this time. And I think also they're far too small. The estimate, which is now quoted by the National Crime Agency I may add, and I pressed them into this number, I don't think they even thought about it before, is the University of Portsmouth in 2016 put the amount of fraud in the country at £193 billion.

Now, if you'd think, we'd pay off our national debt in no time at all if we didn't have it. I don't think it's very expensive to stop it. I think we need to spend probably £500 million, which is what, half of 1% of the amount. You need to set-up at a regional level, proper regional policing level, serious fraud offices which look at the frauds properly.

At the moment, my superintendent who deals with this, offshore fraud office, he's also looking at child sexual exploitation and things. We need a dedicated experienced team to look at these thing and we simply don't have it at the moment at any level of government. The serious fraud office is tiny. Action fraud in the city of London get paid, I think it's something like £15 or £16 million a year, serious fraud office is about £35, £40 million, this is to tackle a problem the runs nearly to £200 billion. We've got to spend money on this and it's got to be money, not from the home office but from the treasury, and I think it is the treasury who's putting the brakes on this, and I'm doing everything I can to stop this and get some movements. Anyway, it's got quite a long way to go, this one, but I think we're closer to getting something done about it than we have been in a very long number of years."

