

Leicester  
City Council

**WARDS AFFECTED**  
**All**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Audit and Risk Committee**

**29 September 2014**

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**Counter-Fraud Annual Report 2013 -14**

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**Joint Report of the Director of Finance, the Director of Local Services and the Director of Housing**

**1. Purpose of the Report**

- 1.1. Responsibility for the City Council's counter-fraud work is shared between the Corporate Counter-Fraud Team and the Revenues & Benefits Investigations Team both within Financial Services, the Trading Standards Team within Local Services and the Tenancy Fraud Team within Housing.
- 1.2. The report, which is attached, provides information on counter-fraud activities during 2013 -14 and 1 April 2014 to 30 June 2014.

**2. Recommendations**

The Committee is recommended to:

- 2.1. Receive the report.
- 2.2. Make any recommendations or comments it sees fit either to the Executive, the Director of Finance, the Director of Local Services or the Director of Housing.

**3. Summary**

- 3.1. The annual report includes information on reports issued, the main influences on the level and standard of performance during 2013-14 and the key priorities for counter-fraud work in 2014-15.
- 3.2. The key issues identified within the report are:
  - The continued external fraud threats to the Authority, in particular relating to cheque irregularities, the receipt of false invoices and organised criminal activity.

- The review of fraud services being undertaken by the Head of Revenues and Benefits.
  - The submission of 2 regional funding bids to the DCLG's £16m fighting fraud fund.
- 3.3. To deliver effective counter-fraud activities requires significant investment both from managers and from staff generally. Professional development, which is a key component of our counter-fraud work and strategy, must be relevant and topical so requires constant refreshing. New and emerging threats by increasingly sophisticated fraudsters and the opportunities for on line fraud require an equally sophisticated and vigilant response from the Authority. In addition, support from all parts of the Council is essential in ensuring the effectiveness of this work.
- 3.4. As part of its work, the Corporate Counter-Fraud Team has investigated suspected financial irregularities and made recommendations to reduce the risk of further losses and improve performance, efficiency, effectiveness and economy in the use of resources by the Council.
- 3.5. The Revenues & Benefits Investigation Team has investigated suspected Housing Benefit and Council Tax Fraud and when appropriate worked closely with the Department for Work and Pensions to sanction offenders through prosecution, financial penalties and cautions.
- 3.6. The Trading Standards Service is responsible for fair trading, consumer credit, product safety, food standards, weights & measures and age restricted products.

#### **4. Report**

- 4.1. See the Counter-Fraud Review of the Year 2013-14, attached.

#### **5. Financial, Legal and Other Implications**

##### **5.1. Financial Implications**

Fraud can cause the Council significant loss and activity to prevent and detect fraud is a clear financial investment. Whilst it is impossible to quantify in any reliable way the full implications across the Council, sanctions were issued in relation to £749,973.00 of overpaid Housing Benefit and Council Tax Benefit in the year 2013 – 2014.

Colin Sharpe

Head of Finance

##### **5.2. Legal Implications**

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law

and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia

City Barrister & Head of Standards

### 5.3. Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Louise Buckley, Graduate Project Officer (Climate Change)

## 6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	This report is concerned with fraud and corruption, both of which are criminal offences.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk management	Yes	Whole document

## 7. Background papers – Local Government Act 1972

- 7.1. Files held by Revenues and Benefits, Trading Standards and Housing  
 Leicester City Council's Anti-Fraud and Corruption Policy and Strategy  
 Leicester City Council's Finance Procedure Rules  
 Leicester City Council's Constitution  
 Leicester City Council's Code of Conduct for Behaviour at Work  
 Leicester City Council's Information Security Policy Statement  
 Leicester City Council's Prosecutions Policy  
 Leicester City Council's Investigators Code of Conduct

Public Bodies Corrupt Practices Act 1889

Chartered Institute of Public Finance & Accountancy (CIPFA) publication  
*Managing The Risk of Fraud*

The Prevention of Social Housing Fraud Act 2013

**8. Consultations**

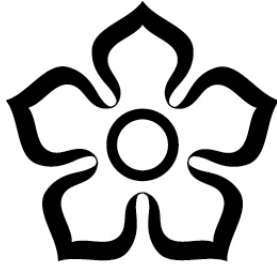
Mike Watson, Income Collection Manager, Housing Property Services ext 395550

**9. Report Author**

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Alison Greenhill  
Director of Finance



Leicester  
City Council

**COUNTER-FRAUD  
REVIEW OF THE YEAR  
2013-14**

## **COUNTER-FRAUD REVIEW OF THE YEAR 2013-14**

### **1. Introduction**

- 1.1 This is a report to the Audit & Risk Committee on the work delivered by Leicester City Council's Corporate Counter-Fraud Team, Revenues & Benefits Investigations Team, Trading Standards Service and Tenancy Fraud Team during the year 2013-14. It also outlines the future direction of fraud services following an organisational review.
- 1.2 The organisational review has resulted in the creation of a new Corporate Investigations Team and the deletion of the Corporate Counter Fraud Team and the Revenues and Benefits Investigations Team.
- 1.3 The Corporate Counter-Fraud Team (CCFT) was established by the Council to investigate suspected financial irregularities involving matters other than Housing Benefit and Council Tax Benefit.
- 1.4 The Revenues & Benefits Investigations Team investigated fraud relating to Housing Benefit and the Council Tax Reduction Scheme.
- 1.5 The Trading Standards Service is responsible for fair trading, consumer credit, product safety, weights & measures and age-restricted products.
- 1.6 The Tenancy Fraud Team has investigated suspected illegal sublets with a view to returning Council properties back to the Authority. It is envisaged that any suspected tenancy frauds will be passed to the new Corporate Investigations Team for consideration enabling Housing officers to concentrate on managing tenancies.

### **2 The Year in Summary**

- 2.1 The Council continues to benefit from having teams of fully qualified and experienced Accredited Counter-Fraud Specialists whose skill and ability continues to protect Leicester City Council and its residents from fraud and loss.

#### **Corporate Counter-Fraud Team**

- 2.2 During the period covered by this report the team comprised the Principal Investigations Officer (PIO), a Corporate Counter Fraud Officer, one temporary part time Accounting Technician and two part time clerical support officers who between them worked 33 hours per week.
- 2.3 The team has investigated a wide variety of suspected irregularities including cheque manipulation and counterfeiting, thefts, employees carrying out private businesses during works time or whilst on sick leave, corruption,

contract and procurement irregularities and misuse of City Council facilities.

- 2.4 The team has made unannounced visits to Council premises to secure evidence including data held on digital devices. Team members have interviewed employees, members of the public and contractors. They have liaised with the police over potentially criminal matters.
- 2.5 The PIO considers management requests for access to employees' emails, Internet access and computers before they are authorised by the Director of Finance. During 2013-14 twenty six such requests for information were processed compared to forty nine in the previous year. Seven requests were received between 1 April 2014 and 31 June 2014. The majority of requests were for information from more than one system and some requests were for information relating to a number of users.
- 2.6 The PIO is also the City Council's Key Contact for the Audit Commission's National Fraud Initiative (NFI) data matching exercise and coordinates the Council's response to the Audit Commission's annual on line fraud survey and CIPFA's benchmarking exercise.
- 2.7 The NFI data required by the Audit Commission for the 2014/15 exercise will be submitted in October and the resulting matches are expected to be available in February 2015.
- 2.8 Fraud awareness training has been delivered to 123 employees including schools staff. The team also posts fraud warnings on INSITE and the schools Extranet. These are especially useful to alert employees to new and emerging threats.

### **Revenues & Benefits Investigations Team**

- 2.9 The team consisted of an Investigations Manager and eleven Investigation Officers.
- 2.10 During 2013-14 the team issued 182 sanctions which related to £749,973.00 of overpaid Housing Benefit or Council Tax Benefit. Although this sum is large, it represents less than 1% of the Council's annual expenditure on Housing Benefit and Council Tax Benefit.
- 2.11 The Department for Work and Pensions (DWP) have commenced the implementation program for the Single Fraud Investigation Service (SFIS) to tackle welfare benefit fraud. All Local Authorities in England and Wales have been notified of their date of transfer which will be on a monthly basis up to and including March 2016. Leicester's benefit fraud function will be transferred on 1<sup>st</sup> March 2016. Negotiations are on-going regarding the implications on staff.
- 2.12 The Revenues and Benefits Investigations Team provided investigation expertise on a suspected fraudulent insurance claim made against the authority and there are currently two further cases under investigation.

The Council was shortlisted in the finals of the LGC Fraud Awards in March 2014 for its work in tackling insurance fraud.

2.13 Annual performance statistics for the Revenues and Benefits Team are attached at Appendix 1 and some case studies are attached at Appendix 2.

### **Trading Standards Service**

2.14 The Trading Standards Service currently comprises a single investigation team consisting of eight Trading Standards Officers and one manager. The service now employs a full time accredited financial investigator who works on their cases but also for other departments within LCC. The focus of the Trading Standards Service is on investigation and enforcement of fair trading issues in a broad sense.

2.15 During the period April 2013 to March 2014 the Trading Standards Service has opened 25 investigations into suspected frauds and it has been involved in eight major operations. These major operations were supported by the police where their assistance was required.

2.16 Six magistrates' warrants were obtained and executed at a mixture of business and residential addresses. Of the five warrants executed three of the cases are at the reporting stage. We further assisted York Trading Standards in executing a warrant on a Leicester based Business.

2.17 On three occasions we have carried out rapid response to police incidents where the police have, during their own operation or at an incident, stumbled across counterfeiting operations

2.18 There were nine major operations under investigation for fraud at the end of the year. In addition to the major investigations, a number of other frauds were and continue to be under investigation. Local car dealers, door step crime and home improvements continue to feature highly in the complaints received. Some case studies are included at Appendix 3.

2.19 Legal services are currently processing five prosecution files where the charges are fraud or fraud based.

2.20 Between 1<sup>st</sup> April and 30<sup>th</sup> June 2014 nine fraud investigations have commenced and one warrant has been obtained and executed

2.21 Not all complaints and tip-offs result in an investigation and not all investigations result in prosecution. Cases are triaged before allocation and reviewed throughout the investigation to determine whether we should continue. Despite having our own bespoke Trading Standards legislation, the Fraud Act 2006 is used when it is more appropriate.



- 2.22 We are also able to enforce against non-compliant traders by means of civil law, i.e. via an injunction, under the Enterprise Act 2002. However, this approach is not always effective and we have reviewed the way that we approach these cases. One trader that was dealt with in this manner is being prosecuted under the Fraud Act 2006 and another is under investigation.
- 2.23 The Trading Standards Service works closely with other neighbouring local authorities to share intelligence and good practice. We are active members of Trading Standards East Midlands, a regional forum which affords the Trading Standards Service the ability to obtain operational support for large and complex investigations. We are also part of the National Trading Standards Policy Board (NTSB), an organisation that shares information across the country and may be able to provide funding and/or support for major operations. Lessons learned and intelligence from such operations is then shared nationally.
- 2.24 The Accredited Financial Investigator (AFI) undertakes financial investigations under the Proceeds of Crime Act 2002 (POCA) into both Money Laundering and confiscation of assets after conviction. This is specifically aimed at depriving offenders of the proceeds from their criminal conduct, including fraud related offences. The AFI is currently undertaking financial investigations on behalf of several other sections within the City Council in addition to Trading Standards and has successfully obtained Court Orders as a result of the confiscation investigations undertaken. This has enabled Trading Standards, this year, to compensate all of the victims of successfully prosecuted frauds.

### **3. Review of Performance**

#### **Corporate Counter-Fraud Team**

- 3.1 The Corporate Counter-Fraud Team considered all cases of non-Housing Benefit suspected fraud and irregularity referred to it. Referrals were risk scored according to the seriousness of the allegation. In some cases an investigation was undertaken, in others, managers were given advice and assistance to enable them to take appropriate action, not only to deal with the matter of concern but also to help prevent recurrences.
- 3.2 The team had a number of performance targets which are reflected in the table below.

Table 1: Caseload statistics for the Corporate Counter-Fraud Team 2013-14

<b>File Holdings</b>		<b>Investigations</b>	<b>Advice &amp; Assistance</b>	<b>Total</b>
1	Cases brought forward at 01/04/2013	29	18	47
2	New cases in 2013- 2014	38	47	85
3	Cases carried forward at 01/04/2014 (including Advice & Assistance)	13	14	27

**Performance Indicators**

4	Investigations commenced in less than 10 days (including advice & assistance)	77
5	Cases open greater than 10 months at 31/03/2014	9
6	Total open cases at 31/03/2014 (including advice & assistance)	27
7	Total cases closed (including advice & assistance)	105
8	Cases registered and closed within 6 months of the commencement of investigation	86

		<b><u>Target</u></b>	<b><u>Actual</u></b>
9	Percentage investigations commenced within 10 days	90%	90%
10	Reports issued within 20 days of closure	90%	100%
11	Investigations closed within 6 months of investigation commencing	100%	82%
12	Files open more than 10 months old at year end	0%	33%

Table 2: Caseload statistics for the Corporate Counter-Fraud Team 1 April 2014 to 30 June 2014

<b>File Holdings</b>		<b>Investigations</b>	<b>Advice &amp; Assistance</b>	<b>Total</b>
1	Cases brought forward at 01/04/2014	13	14	27
2	New cases 1 April 2014-31 June 2014	5	12	17
3	Cases carried forward at 01/07/2014 (including Advice & Assistance)	11	14	25

### **Performance Indicators**

4	Investigations commenced in less than 10 days (including advice & assistance)	13
5	Cases open greater than 10 months at 30/06/2014	8
6	Total open cases at 30/06/2014 (including advice & assistance)	25
7	Total cases closed (including advice & assistance)	19
8	Cases registered and closed within 6 months of the commencement of investigation	14

		<b>Target</b>	<b>Actual</b>
9	Percentage investigations commenced within 10 days	90%	76%
10	Reports issued within 20 days of closure	90%	100%
11	Investigations closed within 6 months of investigation commencing	100%	100%
12	Files open more than 10 months old at	0%	30%

- 3.3 The team has continued to work closely with management and in many cases issues that have arisen as a result of the investigation are addressed before the investigation is concluded. This approach means that management is more actively involved and that the Counter Fraud Team has been able to deal with more cases. Appropriate details from cases investigated are also reported to senior management to ensure that the organisation learns and responds accordingly and policy making is influenced.

### **Revenues & Benefits Investigations Team**

- 3.4 The team secured a total of 182 sanctions during 2013-2014. The sanctions, against those found to have committed benefit fraud offences, consisted of 22 Formal Cautions (Warnings), 67 Administrative Penalties (Fines) and 93 Prosecutions. (See Table 1 below for the last four years' performance statistics).
- 3.5 The agreement that the Authority has with the Department for Work and Pensions (DWP) that joint investigations led by the Council are prosecuted via

our own Legal Services Section and those investigations led by the DWP are prosecuted via The Crown Prosecution Service (CPS) continues to work well. This arrangement allows greater control over the time taken to conclude proceedings and is in keeping with the true spirit of joint working.

- 3.6 The Council continues to benefit from the assistance of the Authority's part funded Financial Investigator who is looking to ensure that the Proceeds of Crime Act 2002 is fully utilized where appropriate in cases of Benefit Fraud. The Financial Investigator is based in the Trading Standards service and is now funded jointly between Trading Standards and Revenues & Benefits.
- 3.7 There are currently no national targets for benefit fraud investigations. This has led some local authorities to reduce the resources applied to benefit fraud. However, the Revenues & Benefits Section recognises the need for a fully staffed Investigations Team.

Table 1: Summary of Revenues & Benefits Investigations Activity

	2010-11	2011-12	2012-13	2013-14
Benefit Caseload	42,300	42,300	42,981	41,082
Total number of referrals received	1,412	1,259	1,349	1,238
Referrals passed to DWP to investigate	238	191	12	23
Referrals passed to R&B staff to resolve issues with claimant.	393	389	638	620
Cases allocated for full investigation	806	680	682	573
Cases closed with no fraud proven	454	395	461	485
Formal Cautions issued (warnings)	76	48	30	22
Administrative penalties issued (fines)	107	108	65	67
Prosecutions secured	98	129	126	93
<b>Total Sanctions</b>	<b>281</b>	<b>285</b>	<b>221</b>	<b>182</b>
Investigations closed	735	857	732	667
Sanctions per '000 caseload	6.69	6.78	5.14	4.44
% of investigations sanctioned	38%	33%	30%	27%

- 3.8 The Council continues to benefit from successful prosecutions being reported in the local media on a regular basis. Publicity raises awareness within the community and hopefully acts as a deterrent to would be fraudsters.

### **Tenancy Fraud Team**

- 3.9 Enquiries undertaken by the tenancy fraud team have resulted in 28 properties being brought back in to stock and 3 Right to Buys being stopped during 2013-2014. Between April 2014 and June 2014 one property was brought back in to stock.
- 3.10 A decision on how to best use the funding secured last year from the DCLG to tackle tenancy fraud will be made once the new investigations review is complete. The new Corporate Investigations Team will seek to work

collaboratively with surrounding districts and it is already envisaged that officers will be undertaking enquiries on behalf of Oadby and Wigston Borough Council and other social landlords within Leicestershire to identify tenancy fraud and bring about criminal proceedings under The Prevention of Social Housing Fraud Act 2013.

#### **4. The Year Ahead**

- 4.1 This report is being written almost half way through the 2014 -15 year and at a time when an organisational review of fraud services is nearing completion. The objectives identified below are those that the teams have been working to and many of them will continue to be valid under the new structure. There will, of course, be other objectives for the new Corporate Investigations Team and these will be presented to the Committee later this year.
- 4.2 Two of the key objectives for the new Corporate Investigations Team will be to undertake more proactive fraud searching exercises and to work more closely with other local authorities in the area to identify and tackle fraud that crosses LA boundaries.
- 4.3 The DCLG have recently introduced a Counter Fraud Funding Scheme invited local authorities to apply for funding from their Counter Fraud Fund. The scheme is worth up to £16 million over the years 2014/15 and 2015/16 and is intended to assist local authorities adjust to changes resulting from the introduction of the Single Fraud Investigation Service.
- 4.4 With this in mind the Head of Revenues and Benefits has submitted 2 bids to the DCLG with Leicester as the lead authority for Leicester, Leicestershire and Rutland. The Corporate Investigations Manager will lead the project.

#### **4.5 Major objectives for the Corporate Counter Fraud-Team for 2014-15 have been and continue to be :**

- To manage the caseload within the resources available.
- To provide advice and assistance to managers in those cases where an investigation is not required by the counter fraud team.
- To support the Council in its efforts to deal with fraud and irregularity whether internally focused or from customers or other third parties against the Council. In particular working with managers to increase fraud awareness and ensure that appropriate safeguards are in place to prevent, deter and detect fraud.
- To raise awareness, particularly at schools, of the continued threat of cheque irregularities and bogus invoices.
- To manage the 2014/15 National Fraud Initiative exercise, ensuring that all data sets are considered and appropriate action taken where irregularities have occurred.

**4.6 Major objectives for the Revenues & Benefits Investigations Team for 2014-15 have been, and continue to be:**

- To uncover and take action against those found to be committing benefit fraud.
- To ensure that appropriate sanctions are imposed.
- To build upon the good working practices already established with the DWP fraud service by continuing to attend regular liaison meetings to address and resolve any issues.
- To look into the suitability and availability of refresher training for the Investigators to reinforce their accredited professional qualification.
- To participate in the NFI exercise in relation to benefit matches and raise investigations on appropriate cases.
- To identify, through the use of data matching, potential fraudulent claims for Single Person Discount and investigate accordingly.
- To work with Housing Services to review the Authority's housing stock of approximately 22,000 properties in an effort to identify potential tenancy fraud.
- To take all necessary steps ahead of the implementation of the Single Fraud Investigation Service.

**4.7 Major objectives for the Trading Standards Service for 2014-15 are to tackle the following:**

- Doorstep crime targeting vulnerable citizens
- Counterfeiting, in particular, the supply of illicit tobacco
- Sale of tobacco and alcohol to children
- Car sales, safety and related fraud
- Anti-Counterfeiting – clothing /electrical items.

**5. Acknowledgment**

- 5.1 The Director of Finance acknowledges the efforts of all members of the Corporate Counter-Fraud Team, Revenues & Benefits Investigations Team, Trading Standards Service and Tenancy Fraud Team and the help, co-operation and support of Members and officers of the City Council.

Caroline Jackson  
Head of Revenues and Benefits

Roman Leszczyszyn  
Head of Regulatory Service

Annual performance statistics for the Revenues and Benefits Investigations Team 1 April 2013 to 31 March 2014 Appendix 1

<b>Awaiting Registration &amp; Scoring</b>	
HB referrals awaiting registration	38

PLEASE COMPLETE/CHECK ALL CELLS IN :	GREY
Monthly HB figures	
Figures in 'BLUE' are formulas (DO NOT OVERTYPE)	

Registered	This month	YTD	Allocated to IO's	YTD	Screened Out	YTD	Overloaded	YTD
HB files	96	1238	50	573	43	620	0	23

Time taken to Allocate & Commence investigations	This month	YTD	cases > than 10 days	YTD
Registered and allocated within 10 days	91	1217	2	4
Investigations commenced within 10 days of allocation	31	435	10	65

Closed - (exc. S/O & O/L)	This month	YTD
HB	44	667

Closed - (inc. S/O & O/L)	This month	YTD	Inv's closed >6 mths old
HB	87	1222	13

Cases C/F	Prev. Mth	This Mth
HB	350	361

Investigations In Progress (exc. Sanctions) -	This Month	> 6 mths old
HB	361	134

Sanctions	Prev. Mth	This Mth	YTD - Total
Cautions Accepted	1	0	22
Administrative Penalties Accepted	3	7	67
Prosecutions - Successful (Guilty)	7	5	93
Total Sanctions	11	12	182
Referred to Solicitors for prosecution this month	7	0	N/A
<b>Total files with Solicitors</b>	58	58	N/A



Performance statistics for the Revenues and Benefits Investigations Team 1 April 2014 to 31 June 2014

Appendix 1

<b>Awaiting Registration &amp; Scoring</b>	
HB referrals awaiting registration	109

PLEASE COMPLETE/CHECK ALL CELLS IN : GREY  
 Monthly HB figures  
 Figures in 'BLUE' are formulas (DO NOT OVERTYPE)

Registered	This month	YTD	Allocated to IO's	YTD	Screened Out	YTD	Overloaded	YTD
HB files	17	158	16	99	1	58	0	0

Time taken to Allocate & Commence investigations	This month	YTD	cases > than 10 days	YTD
Registered and allocated within 10 days	17	154	0	5
Investigations commenced within 10 days of allocation	12	57	3	29

Closed - (exc. S/O & O/L)	This month	YTD
HB	53	142

Closed - (inc. S/O & O/L)	This month	YTD	Inv's closed >6 mths old
HB	55	201	26

Cases C/F	Prev. Mth	This Mth
HB	354	316

Investigations In Progress (exc. Sanctions) -	This Month	> 6 mths old
HB	316	124

Sanctions	Prev. Mth	This Mth	YTD - Total
Cautions Accepted	3	2	5
Administrative Penalties Accepted	3	7	12
Prosecutions - Successful (Guilty)	7	4	14
Total Sanctions	13	13	31
Referred to Solicitors for prosecution this month	17	9	N/A
<b>Total files with Solicitors</b>	67	69	N/A

**Case Studies for Revenues & Benefits Investigations Team**

**Case Study 1**

A Leicester woman claimed that her partner left her and their children and she therefore claimed as a single parent. She was awarded Housing Benefit, Council Tax Benefit and Income Support based on her circumstances. Following an investigation it was established that her partner had never left and they had colluded with a view to her claiming benefit as a single parent whilst he was working full time. The case was jointly prosecuted by the Department for Work and Pensions and Leicester City Council and the claimant was charged with fraudulently claiming in excess of £27,000.00. She was found guilty and sentenced to 8 months in prison which was suspended for 18 months, she was also ordered to complete 100 hours community punishment order.

**Case Study 2**

A data match was received via the National Fraud Initiative (NFI) indicating that a Leicester woman had no right to remain in the UK, no right to work and no recourse to public funds. The UK Border Agency confirmed that the information on the data match was correct. The claimant was interviewed under caution and admitted that she had failed to declare that her right to remain had been revoked. She was found guilty of fraudulently claiming benefit totalling almost £34,000.00 at Leicester Crown court and was sentenced to 6 months in prison.

**Case Study 3**

A referral was received from a Revenues and Benefits Officer alleging that a claimant had commenced work that had not been declared. The claimant was interviewed under caution and confirmed that she knew that the work should have been declared straight away. She was overpaid a total of £1,387.74 of housing Benefit and Council Tax Benefit and accepted an Administrative Penalty as an alternative to prosecution.

### Case Studies for the Trading Standards Team

#### Case Study 1 PHI

Subject 1, Subject 2, Subject 3 and Subject 4 all previously worked for Zenith Staybrite and left Zenith in early 2009 and set up PHI. TS received complaints and visited premises where they found approximately 2,000 Zenith Staybrite customer files containing personal details. PHI had used the details to contact past Zenith Staybrite customers stating that they were from linked to staybrite in some way. Of the 25 witnesses who provided statements the majority were in their 60's, 70's and 80's. At least 2 of the witnesses were suffering from Alzheimer's and did not have capacity to enter contracts. Three victims have since died.

PHI failed to disclose business names details or provide customers with details of their right to cancel contracts. They took large deposits from customers upfront and then failed to carry out the work or where customers cancelled failed to refund their money. All 4 defendants pleaded guilty to conspiracy to commit fraud by false representation. Subject 1 and Subject 4 also pleaded guilty to failing to provide cancellation rights (s 3 of Fraud Act). All of the suspects received suspended sentences and community service orders.

Following the conviction for conspiracy to defraud confiscation proceedings were pursued by LCC. The table below represents the findings of the court that in total £50,000 was to be paid as proceed of crime and all victims that had provided us with statements were able to receive compensation.

The four subject's Proceeds of Crime liability is set out in the table below.

	<b>Main Subject Name</b>	<b>Benefit amount assessed</b>	<b>Order amount assessed</b>	<b>Amount Paid To Date</b>	<b>Compensation from confiscation order amount</b>
Subject	One	£29,047.00	£10,000.00	£0	
Subject	Two	£9,766.51	£4,000.00	£4,000.00	
Subject	Three	£29,047.00	£18,000.00	£18,000.00	£9,472.00
Subject	Four	£18,000.00	£18,000.00	£18,000.00	£9,472.00
	<b>Total</b>	<b>£85,860.51</b>	<b>£50,000.00</b>	<b>£40,000.00</b>	<b>£18,944.00</b>

## **Case Study 2 Operation Law**

The Subject was convicted and jailed for nine months for 19 frauds for making false representations in relation to sale of vehicles. Trading Standards were able to show that he sold the vehicles for a total of £88,857, making about £30,000 in profit.

The subject also admitted seven counts of using false instruments, relating to cleverly-forged documents. (legislation: Fraud Act 2006 and Forgery and Counterfeiting Act 1981)

## **Case Study 3**

In October 2012 Leicester City Trading Standards Service received a complaint from a couple who, in totality, paid in excess of £85,000.00 to an individual who claimed to be an experienced Clairvoyant and Spiritual Healer of 37 years and offered a 100% guarantee with immediate results for many ailments and matters. The defendant made several promises to consumers that he could treat the family member and that all monies paid would be returned in full, however no improvement was ever seen in the family member and no monies have ever been returned to date. The defendant uses many aliases to further disguise his true identity.

Leicester City Council Trading Standards Service commenced an investigation into both the predicate offences in relation to offences committed under Section 1 of the Fraud Act 2006 of (Fraud by false representation) and offences under Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008 (Misleading action) and further commenced a POCA Money Laundering Investigation.

Our investigations revealed that the Defendant was operating nationwide and was not always himself based in Leicester. Due to the scale and extent of the offending identified and the potential organised crime group (OCG) to which the defendant appears to be part of, a joint investigation and partnership approach was commenced with Leicestershire Police. As a result of this partnership approach the Police have now agreed to take the lead on this investigation, whilst the operational lead for the money laundering investigation has been maintained by The LCC accredited financial investigator. The prosecution file is currently with the CPS for review.

## **Case Study 4 Operation Blair**

Practical Security Solutions Ltd

This was a joint investigation between Leicester City and Leicestershire Trading Standards into a business cold calling and offering to fit free burglar alarms. A number of false claims were made during the sale pitch which often involved a salesman staying in excess of 2 hours. What started out as a free alarm ended up

costing typically £3000. Customers were generally elderly and /or otherwise vulnerable.

After a 6 week trial the three suspects were found guilty Trial. Pre-sentence reports have been ordered and a Proceeds of Crime investigation is underway.