

Serious Fraud Office: Apparent Renewed Faith

Tuesday, June 12, 2018

In the first part of this two-part post, we looked at some of the infamous cases that may explain repeated attempts by Theresa May, first as Home Secretary and later as Prime Minister, to dismantle the SFO, [see here](#). Our attention now turn to the important role the SFO continues to play in combatting corruption, fraud, and other forms of white collar crime, especially now its coffers have been boosted and Lisa Osofsky has been appointed the new Director.

OECD: the SFO is necessary to combat corruption

In March 2017, the Organization for Economic Cooperation and Development (“OECD”) [Working Group on Bribery](#) strongly endorsed the SFO, noting that the organization had been [“very effective in bringing foreign bribery cases forward.”](#) In addition, the [OECD report highlighted](#) an increase in convictions for foreign bribery since 2012, an upturn in corporate self-reporting of wrongdoing, and more expansive reviews of suspicious activity reports.

Nevertheless, at least one media outlet [reported](#) that UK government officials had requested praise for the SFO to be toned down in an earlier draft of the OECD report. OECD addressed, and was generally skeptical of, the Prime Minister’s efforts to integrate the SFO into the NCA. OECD noted that the NCA had no investigators dedicated to foreign bribery cases and limited experience of money laundering investigations. The UK’s fight against corruption, according to OECD, [hinged on the SFO’s future](#).

Core budget boosted

In April 2018, the core budget of the SFO was surprisingly [boosted from a planned £34.3 million to £52.7 million](#) for the 2018-2019 fiscal year. While the new budget represents a greater than 50% increase in core funding, it should be noted that the overall effect will likely be relatively limited due to a corresponding decrease in supplementary funding. Nevertheless, [many supporters of the SFO applauded the funding boost](#) as an [unforeseen vote of confidence](#) from the May government.

New “blockbuster” funding arrangement

The Prime Minister also implemented [changes in the SFO’s funding mechanisms](#). Previously, the SFO sought supplementary funding (known as “blockbuster funding”) when a case was forecasted to require greater than five percent of its annual budget. The Treasury had never denied a blockbuster funding request and former SFO Director David Green stated that he had [“never not pursued a case that w\[as\] thought worthy of investigation because of a lack of funding.”](#) However, [OECD criticized this arrangement](#) for raising the specter of potential government interference in independent investigations.

Under the new arrangement, blockbuster funding will automatically kick in for any case with expenses greater than £2.5 million in a given year.

Benefits of the new arrangement

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In addition to appeasing OECD concern, the new arrangement will allow for better planning and talent management by the SFO. Previously, blockbuster funds were ringfenced, meaning that the SFO had to rely on relatively expensive temporary consultants to ramp up staffing for high profile cases.

[A May 24, 2016 Crown Prosecution Service Inspectorate report](#) noted that the SFO could obtain better value for taxpayers with a dedicated funding stream that would enable it to redirect some of the savings made on contract consultants into higher salaries for the SFO's in-house investigators and attorneys. It is likely this change will improve retention and allow the SFO to foster greater expertise. Members of Parliament have been echoing this sentiment in [Parliamentary Questions](#) for some time.

Going Forward

Notwithstanding Prime Minister May's recurring efforts to consolidate the SFO and the NCA, the SFO not only remains a standalone agency but also now has greater funding and international backing to pursue its mandate.

On June 4, 2018, Attorney General Jeremy Wright announced the appointment of Lisa Osofsky as [SFO's new Director](#). Ms. Osofsky brings a range of experience including five years as Deputy General Counsel and Ethics Officer at the FBI as well as money laundering and investigations experience at Goldman Sachs and Exiger. She will begin her renewable five year term on September 3.

These developments suggest that the SFO will pursue even more vigorous investigation and prosecution of corporate fraud and foreign bribery than before.

Flagship cases and high-profile successes will hopefully follow.

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