

## SFO Banks £6M As Bill For G4S Collapse Looms

By **Christopher Crosby**

Law360, London (July 19, 2023, 4:38 PM BST) -- Britain's white-collar crime agency has set aside £6 million (\$7.75 million) for potential legal costs stemming from the collapse of its prosecution against private security company G4S due to disclosure failures.

The Serious Fraud Office said in its annual report, released Tuesday evening, that it faces paying the legal bills of three former executives at G4S Care and Justice Services (UK) Ltd. after **abandoning its prosecution** in March.

Charges against Richard Morris, Mark Preston and James Jardine were dropped after the agency offered no evidence in relation to allegations that they defrauded the Ministry of Justice in a prisoner tagging contract.

The men are looking to recover their costs from defending the case after a series of disclosure problems delayed the trial for more than a year.

Costs hearings and settlement negotiations "have not yet taken place," the SFO said.

Chris Houssemayne du Boulay of Hickman & Rose LLP, who represents Morris, said that the annual report "makes clear the SFO considers costs orders are likely to be made against it as a result of its failings in that case."

"If the SFO hopes to learn from its past mistakes, it needs to start by properly acknowledging them and to stop simply blaming the challenging environment in which it operates," Houssemayne du Boulay said.

A spokesman for the agency declined to comment.

The SFO opened its investigation in 2013, and in July 2020 G4S agreed to pay £44.4 million to settle accusations that its subsidiary misled the Ministry of Justice about the profits it made from the electronic tagging of offenders between 2011 and 2013.

SFO Director Lisa Osofsky wrote in the Tuesday report the agency was "learning" from G4S. The case and others "have reinforced our view that the operating environment is becoming harder for organizations such as ours to deliver justice effectively," Osofsky said.

Osofsky has campaigned for an overhaul of the U.K.'s disclosure regime, which **prosecutors and defense attorneys say** is antiquated for modern, data-heavy economic crime cases. The government has said it will review disclosure as part of its new **10-year fraud strategy**.

The SFO is also **facing potential damages** from Eurasian Natural Resources Corp. after a judge found that the agency had induced a lawyer hired by a miner for an internal corruption probe to share confidential information about his client.

A causation trial in that case concluded in March. The SFO denies liability and has yet to set aside any money to cover those potential liabilities.

The SFO's report also highlighted its wins over the past year, including the £280 million fine paid by Glencore Energy UK as part of a **plea deal** on corruption charges.

The agency said it had recovered £95 million in connection with crimes, believed to be a record, and secured eight convictions totaling a combined 61 years in prison.

The SFO's budget for the last fiscal year was £78.6 million. Staff turnover was 17.6%, up slightly

from the previous year, and the vacancy rate for the agency, which employs around 450 people, was 8.5%.

Ososfksy is set to step aside later this fall, to be replaced by **Nick Ephgrave**.

--Editing by Brian Baresch.

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