

4,000 company directors listed as global terror suspects and fraudsters

Sean O'Neill, Crime and Security Editor

The names of almost 4,000 directors of British companies appear on international watchlists of alleged fraudsters, money launderers, terror financiers and corrupt officials, *The Times* has learnt.

A detailed study of the public register of directors held at Companies House uncovered people identified around the world as terrorist suspects, alleged drug traffickers and individuals convicted of offences ranging from illicit dealing in firearms to fraud.

The research, carried out by the financial intelligence service World-Check, found 3,994 exact matches between its database of 750,000 "high-risk" individuals and the 6.8 million directors and businesses listed at Companies House. Its report also discovered 27,000 "near-matches".

The research exposes an apparent absence of vetting of who can and cannot register a business and become a company director in Britain.

The Companies House website states that "the only restrictions" preventing anyone becoming a director are being bankrupt or having been disqualified by the courts.

The register of directors included, according to World-Check, 154 people allegedly involved in financial crime, 13 individuals wanted by Interpol for alleged terrorist activities and 37 accused of involvement in the drugs trade. World-Check also claims to have identified around 1,000 "politically exposed persons" operating as directors of British companies.

They include individuals with connections to the governments, military or public bodies in China, Russia, Serbia and Nigeria.

David Leppan, chief executive of World-Check, said: "It's not illegal – but we have to ask are we aware that this is happening and what are these businesses being used for?"

He added that the vetting regime in place was so lax that 1,500 disqualified directors were also found on the register.

Mr Leppan said that at a time when the financial sector was under pressure to report suspicious transactions and be alert to the danger of money laundering, the Government was not doing enough to monitor company directorships.

The results of World-Check's research were passed to government agencies and the Serious Organised Crime Agency (Soca) last summer. Mr Leppan said that he was making them public because of his concern over the slow speed of official reaction.

He said: "It's not that nobody knows the problem exists, everybody stands around saying Companies House is not required to ask the question.

"Surely it is logical to say that if you want to be a foreign national and you want to be a UK company director, then tell us about your background."

World-Check provides its data to 2,500 institutions around the world, including financial institutions and law enforcement agencies.

It said that its research posed serious questions about who was responsible for regulating company directors.

Mr Leppan said: "These results are beyond belief. It is time for the Government to broaden the qualifications for registering directorships as a first defence against a range of criminal and terrorist activities."

Rowan Bosworth-Davies, a money-laundering consultant, agreed that there were weaknesses in the companies register.

He said: "There is no form of formal checking on anyone who applies to become a director of a limited company – they don't even check against existing government information.

"Considering the way that companies can be used, one might think that in this age there would be close monitoring of the identities of directors."

A spokesman for the Department for Business, Enterprise and Regulatory Reform said: "Companies House has already set up a single point of contact to provide information to police forces about suspicious filing on the companies register. We will continue to work closely with law enforcement agencies and World-Check to ensure that the information held is put to best use."

Soca confirmed that it had received the World-Check list and regarded it as a useful piece of information.

The CBlexpressed concern about any move that would increase regulation and red tape. It said that checking old convictions from around the world could prove complex, time-consuming and costly.

No qualifications

- No qualifications are required to become a company director
- However, the Companies Act does allow the courts to ban individuals from acting as directors if they have been found guilty of fraud or other financial crime. This includes failure to submit financial documents to the Government
- People who have been declared bankrupt cannot be company directors until the bankruptcy judgment is overturned
- The only stipulated job of a director is to submit the company's accounts and returns on time to Companies House
- Private limited companies must have at least one director and one company secretary. Public limited companies must have at least two directors and a secretary