



Name: Nikki Turner (Founder)

Sector: Music Publishing

Issue: HBOS Reading Fraud

Location: Cambridge

Business Background

I started in the music business when I was 17 as a singer songwriter for EMI and Dick James Music. In 1974 I moved to Italy with my Italian partner and had a contract with CBS in Milan. Serious illness in 1979 meant I stopped being a performer and became a full time lyricist for European record labels. Additionally, I worked for a friend's record label in San Remo, helping to manage the rock and heavy metal bands on his label – I am very good at explaining to hotel owners why their televisions are in the swimming pool.

In 1988 I moved to Budapest and took a job with the State Record Company Hungaroton (leaving Italian partners does sometimes require extreme relocation)! I worked with their top band, Bikini, writing their English lyrics, making videos and writing and co-producing a film about a rock concert in war torn Romania. In 1990 I asked Paul Turner, whose company Zenith Lighting I had worked for on and off whenever I was in London, to come and help me with a new music project in Hungary – and the rest is history.

In 1998 we were asked by the World Bank through Fauna and Flora International, to organise and promote a charity music event in Nicaragua to highlight the problems of the destruction of the remaining rain forest in Central America – the Meso-American Biological Corridor - and also to make a promotional film. Unfortunately Hurricane Mitch put an end to the project when it destroyed Nicaragua and neighbouring countries very basic infrastructure. We, Paul and I, also started Zenith Publishing Ltd and later started Zenith Cafe Ltd as its record label. It was all going brilliantly until late 2002 when we moved our company bank accounts to Bank of Scotland.

Almost immediately we had serious problems with the Bank's conduct re SFLG loans which had been provided after the application was sanctioned by the “credit committee” - HBOS Reading. Reading is best described as a blatant and one could even say salacious version of RBS/GRG involving a consultancy firm being used as an arm's length vehicle to asset strip business clients.
<http://www.ianfraser.org/re-examining-hbos/>

In early 2007 our bank manager, Lynden Scourfield, left the Bank at which point the senior management decided their best policy to conceal the fraudulent conduct at Reading was to close down all the accounts in Scourfield's 200+ loan book, on spurious grounds. In this way at least 80 companies that we know of, were put into administration, liquidation or were dissolved. Meanwhile the Bank demanded all the money misappropriated by bankers and consultants, back from the original business owners – resulting in many of them going bankrupt and losing their homes.

We started investigating the true story of HBOS Reading in June/July 2007. By September we had found many of the other victims, collated the evidence and identified a systemic fraud that cost the Bank the better part of a billion pounds (the true figure, according to the police is billions). We reported our findings to the Board of HBOS who said our allegations were “ill founded and misconceived”; to the police, who refused to investigate; to regulators, the SFO, the CIB, the TSC, BoE, BIS (BERR), MPs, HMRC, the world and his wife – no one wanted to know.

In June 2009 and following a Debate in Westminster on the subject of 'The treatment of SMEs at HBOS Reading:

<http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090602/halltext/90602h0007.htm>

see half way down page

which we had finally managed to persuade our MP to table, the FSA were then forced to start a Section 166 Review. In 2010, Thames Valley Police went in 'under the radar' and started a criminal investigation which caused the FSA to escalate their review to a Section 168 Enforcement investigation which, over 4 years later, continues as does the criminal investigation and prosecution. To date 12 people have been arrested and 10 charged (including 2 senior bankers) with the offences of corruption, fraudulent trading and money laundering. Lynden Scourfield has also been charged with blackmail. The trials are due to start in January 2015. We are not confident they will happen.

Since 2007 the Bank has tried to evict us 22 times as our mortgage provider is a subsidiary of HBOS. The fees to pay for the deputy chairman of Denton Wilde Sapte (now SR Dentons) to attend 6 of our eviction hearings in the Cambridge County Court on behalf of the board of HBOS, were paid from a false bank account opened in the name of our company in 2008 (our real accounts were closed in August 2007). Similarly, all the legal fees relating to HBOS Reading until late 2011 were also charged to this account and we have been asked to pay back £372,000 of payments plus £250,000 in fees and penalty interest – totalling over £600,000 which the Bank have portrayed as a credit to them and a debt to our company.

Martin Wheatley of the FCA has written to us saying he is satisfied this is not a case of false accounting. The Bank have said the only thing wrong with this account is that they mistakenly gave us sight of it – they also insist there was no fraudulent conduct at HBOS Reading.

Although we believe the suspects charged will eventually be tried and found guilty, we do not believe the true instigators of the Reading fraud will ever see the inside of a court room for fraud. Neither do we believe the people who orchestrated the 'Watergate' sized cover up of this 'Enronesque' fraud (thereby perverting the course of justice), will ever be held to account. Therefore I am writing a book based on the 35,000 documents we have collected in the last 7 years evidencing the fraud which, as our friend Paul Moore repeatedly says, "is a microcosm of the credit crunch." We are currently in the process of setting up a new company to publish the book – which will be available as soon as the criminal trials are finished (hopefully by Spring 2015).