



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Theresa May MP
Prime Minister
10 Downing Street
London
SW1A 2AA

6th March 2019

Dear Prime Minister,

Creating an economy that works for everyone: reforming the UK's corporate liability regime

When you became Prime Minister in 2016, you promised to create an economy that works for everyone by getting tough on irresponsible behaviour in big business. We believe that delivering on this commitment means ensuring big businesses can face tough criminal penalties where egregious wrongdoing occurs. This is essential for ensuring that everyone in our economy is playing by the same rules – that no-one, and no institution, is above the law.

As you will be aware, officials from the Government, Law Commission and Serious Fraud Office have recognised the need for reform to the UK's corporate liability framework to enable law enforcement to prosecute large corporates for economic crimes. In 2016 it was the Government's own assessment that:

*"criminal law currently renders corporations that refrain from implementing good corporate governance and strong reporting procedures hard to prosecute and offers no incentives to invest in such procedures. It is those corporations that deliberately turn a blind eye to wrongdoing and preserve their ignorance of criminality within their organisation that the current criminal law most advantages."*¹

The truth is that there is no real legal mechanism for holding large institutions criminally to account for wrongdoing, including for large-scale fraud or for laundering of the proceeds of corruption and other crimes. It is now nearly three years since the Government first announced it would consult on changes to the law to address this loophole in the UK's justice system without any sign of real change taking place.

We welcome the steps the Government has taken in recent years to strengthen the UK's defences against economic crime, but it is clear from the fact that upwards of £100 billion of laundered wealth impacts on the UK each year² while fraud costs the UK £110 billion annually³, that it is high time for reform. We urge your Government to:

1. Introduce a corporate criminal offence for failing to prevent economic crime such as fraud and money laundering at the earliest possible opportunity.
2. Task the Law Commission to conduct a broader review of the UK's corporate liability framework - allowing a 12-month timeframe to ensure the review is completed at pace - and committing the Government to implementing the Law Commission's recommendations within 6 months of the publication of the Law Commission's final report.

As Britain seeks to define a new place for itself in the world, it is essential that we have a world-class justice system that is based on fairness and equality before the law.

¹ HMRC, Tackling Tax Evasion: Legislation and Guidance for a Corporate Offence of Failure to Prevent the Facilitation of Tax Evasion, 2016.

² NCA, National Strategic Assessment of Serious and Organised Crime, 2018.

³ Crowe, The Financial Cost of Fraud 2018: The Latest Data From Around the World, 2018.

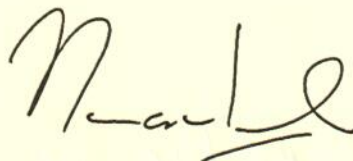
We urge you to take action now.

Yours ever,



Kevin Hollinrake MP

Co-Chairs of the All-Party Parliamentary Group on Fair Business Banking



The Rt Hon Norman Lamb MP

Stephen Kerr MP

Business, Energy and Industrial Strategy Select Committee Member
Vice-Chair of the All-Party Parliamentary Group on Fair Business Banking

The Rt Hon. Sammy Wilson MP

Vice-Chair of the All-Party Parliamentary Group on Fair Business Banking

Dr Lisa Cameron MP

Vice-Chair of the All-Party Parliamentary Group on Fair Business Banking

Dr Rupa Huq MP

Co-Chair of the All-Party Parliamentary Group on Anti-Corruption

Nigel Mills MP

Co-Chair of the All-Party Parliamentary Group on Anti-Corruption

Antoinette Sandbach MP

Business, Energy and Industrial Strategy Select Committee Member

Catherine McKinnell MP

Treasury Select Committee Member

Marie Rimmer CBE MP

Justice Committee Member

The Rt Hon Lord Woolf, CH

The Rt Hon Baroness Butler-Sloss GBE

The Rt Hon Lord Garnier QC

Lord Carlile of Berriew CBE, QC

The Baroness Kennedy of The Shaws QC

The Rt Hon Lord Thomas of Cwmgiedd