

## Forensic Analysis – David Fabb: The Biggest Commercial Theft, Institutionally Sanctioned

**The White Collar Crime:** *David Fabb Holdings (DFH)*, a group of 10 companies including the largest steel processing company in the UK, having capacity to convert over 500,000 tonnes of wide coils per annum, covering the full range of weight, width and thickness produced by continuous strip mills, plus with several engineering businesses making everything from grain silos, cast iron manhole covers, steel lintels, suspended ceiling and wall grids, access covers, gas fires, gaming machine assemblies and farm gates, and a large (70 acres) property portfolio with a turnover of over £45 million is in administration since June 2003.

*David Fabb* was bankrupted, despite being solvent. In the process, five companies have been liquidated and Deloitte awarded themselves, in November 2010, Liquidation Orders on the three major companies in the group. At the date of administration the group had a massively solvent balance sheet.

The properties and most of the manufacturing businesses were sold, in late 2003, to a property group, with other bidders (at much higher values for the properties) being shut out. All the properties but one have seen their values (sold at way below the old “brown-field” values in DFH balance sheet) have been re-zoned for mixed development, at huge up-lift in values.

The *Servosteel* steel processing business, which is a near monopolist, shrunk from two sites to one and has been sold to Essar Steel Group of Mumbai for a reputed \$100 million.

**Who benefitted?** The “Big Four accountants” Deloitte, who David Fabb says he has good evidence of their corrupt practices throughout,

- the Group’s bankers, principally GMAC, Lloyds TSB and Barclays, all of which have been paid in full with large “exit” penalties,
- law firm DLA Piper (UK) LLP who Fabb alleges have conspired with Deloitte,
- valuers GVA Grimley who, Fabb insists, made ridiculously low “judgements” as to the worth of the Group’s assets,
- various scrap merchants and a property company who have made, arguably at least £150 million. The manufacturing businesses which were not asset stripped now pay good rents to an Isle of Man Company, whose owner languishes in Monaco. The steel “cash cow” will, presumably, give its milk to India.

**Who Lost?** Many of the 600 plus direct employees, the un-secured creditors, all of whom would have been paid in full but for the extended administration to “justify” the circa £4 million of fees collected by Deloitte as “Officers of the Court” and DLA Piper, whose fees to date exceed £800,000. The economy, the loss of a large integrated group owned by a UK resident family, with succession assured, besides Fabb and his family.

**The Coup:** the property group bought the ‘bankrupt’ company’s properties for circa £12 million and all the production capacity in 10 factories for £1.246 million and sold the “crown jewel” *Servosteel Ltd* alone to the Essar Steel Group of Mumbai for allegedly \$100 million. The upside of the property deal and the disposals is many millions and will require forensic accounting to quantify.

**The Process:** 20 odd cases since 2003, incl. 5 hearings in the Bankruptcy Court and 9 days in the High Court.

**The Judiciary Challenge:** how can the bankrupted owner win compensation against defendants who have deeper pockets and better connections with [corrupt barristers](#) and solicitors and a Civil Justice system which is not fit for purpose and, in part, unduly influenced by the big law firms?

**The Social Challenge:** a self-employed entrepreneur is up against organisations of inter-dependant Banks, Insolvency Practitioners, Lawyers, Accountants and agents, none of which are properly regulated and all of whom have come to act “normally” in a corrupt manner.

**A Sign of Our Times?** In our times of globalisation, financial companies and corporate lawyers are dictating the financial rules of global economies. Fabb states the obvious “Who would be so stupid to emulate the likes of me when, hard experience shows, risk-free sharks circle any juicy asset rich business which has only got there by dint of huge risk and endeavour over many years?”

This includes “economies of scale”, i.e. only the companies that are “too big to fail” are allowed to survive – no matter what the cost is to the real economy, the people, the environment or any other social or ethical considerations.

**The Moral Hazard or Ethical Challenge:** our times of [dishonest money](#) use “money” to employ people who fear for their jobs while “just doing their job”, with or without a pension.

The Law Society protects its members from prosecution, just as it is immune thanks to its Royal Charter. [This video](#) exposes the Law Society’s Protection Racket for Fraudulent Law Firms. Self regulation of accountants, mainly by the ICAEW, is no more than a protection racket for scoundrels.

**The Real Problem:** [Victims vs Establishment – A Lost Cause?](#)

**The Government’s Challenge:** If the Government wants to remain credible – despite tremendous losses of confidence – it has to create an *Economic Crime Agency* with

- a budget for compensation
- truth seeking, rather than adversarial lawyers - without conflicts of interests
- truly impartial judges
- virtual court cases online – with online juries – at much less cost than physical court buildings.

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