



DAML case study 1

INSOLVENCY (NOTE ALL DETAILS ARE FICTITIOUS)

Name of company: ABC Limited

Company number: 011

Name(s) of directors: John Smith (No information yet available beyond Companies House)
Janet Smith (No information yet available beyond Companies House)

Company address: ABC Limited
3 Wood Lane Business Park
Eltham
London
SE29 4QQ

Directors' address: 56 Watergate Avenue
Bromley
Kent
BR10 0LL

W: ABCinflatables.co.uk

T: 020 8555 0000

Email: info@ABCinflatables.co.uk

Consent required: Yes

Defence against Money Laundering Application

XXF9XX
XXS99XX

Two insolvency practitioners in Jones & Co LLP were appointed as receivers by XYZ Bank plc who provided a £500,000 loan to ABC Limited. ABC Limited carries on a business as a supplier of inflatable goods, such as bouncy castles. As a result of the pandemic has cashflow problems and has been unable to meet its repayment obligations. ABC Limited is owned by John Smith and his wife Janet Smith (no further details yet available but Companies House indicate that their dates of birth are October 1978 and July 1980 respectively). Mr and Mrs Smith are the only directors of the company. Mr and Mrs Smith have provided a personal guarantee to the bank in respect of the loan.

An initial review of the books and records of ABC Limited indicate that furlough payments were claimed for Janet Smith for a period from April 2020 until January or February 2021. However, it is clear from email traffic and other documents that Mrs Smith was actively working for the company as a personal assistant during the entire period for which the payments were claimed, and that the company was not eligible to claim furlough payments for Mrs Smith (and was aware that it was not eligible to claim the payments). A total of £20,000 was claimed over that period.

The value of the assets of the company are not known exactly at this time, however, the book value of the company assets as at 31 December 2020 was £400,000. Mr and Mrs Smith have £100,000 in a personal bank account.

We suspect ABC Limited and Janet Smith of fraud and money laundering. Because of the principle of fungibility, we consider that the whole of assets of the company and of Mr & Mrs Smith's bank account to be tainted with the proceeds of crime.

We seek a defence against money laundering to realise of the assets of the company, to enforce the guarantee by taking possession of funds from Mr & Mrs Smith's bank account and to use those proceeds to repay the secured creditors of the company.