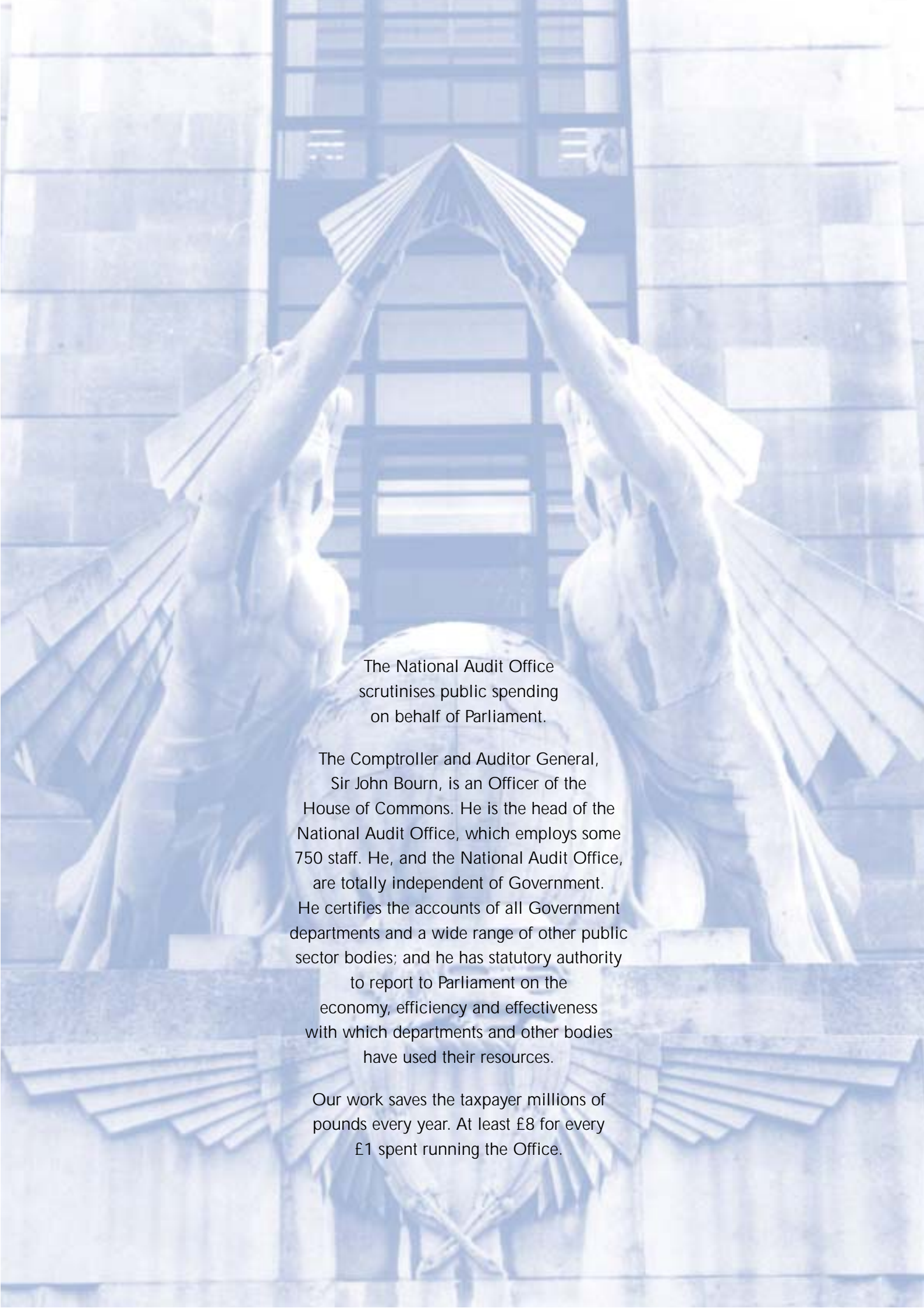


Agricultural fraud: The case of Joseph Bowden

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 615 Session 2001-2002: 22 February 2002





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This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn National Audit Office
Comptroller and Auditor General 14 February 2002

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executive summary

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Overview

- 1 On 11 October 2000, a farmer, Joseph Bowden, was sentenced at Exeter Crown Court to 30 months imprisonment. He had pleaded guilty to nine criminal charges involving deception, attempted deception and false accounting. A further three charges were ordered to be left on the court's file and not guilty verdicts were directed by the judge to be entered for the remaining six charges. The charges related to claims under three European Union schemes, false insurance claims and arson. The amount of money involved in the charges to which Joseph Bowden pleaded guilty was £157,000, although had he succeeded in all of his activities under the three schemes he might have received some £415,000 of public monies. Joseph Bowden's case was one of the largest cases of fraud in the United Kingdom involving an individual claiming subsidy under Common Agricultural Policy schemes.



Photograph: Linseed in flower

- 2 Previous reports by the Committee of Public Accounts on Common Agricultural Policy schemes have emphasised the importance of rigorous action in the case of irregular and fraudulent activity. The purpose of our examination was therefore to identify the actions taken by those responsible for administration of the schemes to prosecute and to prevent recurrence of the irregularities. We found that the Ministry of Agriculture, Fisheries and Food and the Intervention Board¹ recognised the importance to be attributed to the case and the need for corrective action. When the full details came to light, they introduced improvements to their systems seeking to remove any weaknesses in control. Our report looks at the nature of the frauds and the lessons learned.

¹ Now overtaken by the Department for Environment, Food and Rural Affairs; and the Rural Payments Agency (see paragraph 12).

Our detailed findings

The offences

- 3 Most of the charges were in respect of claims between 1994 and 1996 under the Arable Area Payments Scheme, administered by the Ministry of Agriculture, Fisheries and Food (the Ministry); or the Fibre Flax Subsidy Scheme, administered by the Intervention Board Executive Agency (the Board). Joseph Bowden submitted claims or declarations under both schemes for harvested crops, which in part covered the same areas of land. In respect of fibre flax, he made declarations through different contractors covering areas of land that in part were the same. According to the grid references he included in his documentation, some of the areas of land claimed for were not on the UK mainland.
- 4 The Arable Area Payments scheme is the largest of the Common Agricultural Policy schemes operating in the United Kingdom. The total amount paid to around 40,000 farmers under the scheme in 2000-2001 was some £860 million. In any one year, the amount falsely claimed under the scheme by Mr Bowden amounted to some £40,000.
- 5 In addition the North Devon Swede Group, of which Joseph Bowden was the leading partner, submitted an ineligible claim for grant under a European Union structural funds programme, the Objective 5b scheme, for encouraging business in rural areas. The claim involved a grant for building new premises, which Joseph Bowden had already re-built using the proceeds of an insurance claim following the destruction of a barn by fire. This charge was one of the three which were ordered to lie on the Court's file.

How the offences were identified and what action was taken

- 6 Joseph Bowden's activities started to come to light in May 1996 after a tip-off was received by police and passed to the Ministry. Whilst the tip-off was inaccurate, the field inspector sent to check the arable area claim was the same officer who the previous year had visited in connection with a fibre flax claim. He identified that Joseph Bowden might have been claiming for different crops on the same area of land and full investigations were begun. The frauds and attempted frauds were not identified earlier by routine checking because at that time:
 - Prior to 1996, no cross checks by the Ministry and the Board were carried out between Arable Area Payments and Fibre Flax Subsidy Schemes to identify if claims had been submitted for the same area of land. In 1996 manual cross-checks were introduced to detect possible duplicate claims on the same field. These checks used unique field identifiers from Ordnance Survey Maps.
 - Under the Arable Area Payments Scheme, map references identifying fields were required and these were all checked. Under the Fibre Flax Subsidy Scheme only 20 per cent of field identifiers were checked and unique field references were not required. Fields could be referred to by name, for example, top meadow or bottom pasture. So a grower could supply contracted processors with different names for the same field.
 - Inspections prior to 1996 did not adequately identify the crops being grown.



Combine harvester at work in a flax field

- 7 Following the on-farm inspection in May 1996, Joseph Bowden was investigated by the Board's Anti-Fraud Unit and payment on further crop claims was withheld while the investigation proceeded over the next two years. However, there was initially no wider checking across European grant schemes for possible claims by Joseph Bowden. In 1996 Joseph Bowden submitted an application under the Objective 5b scheme, which included the building of a new barn. This was approved, and was halted through the chance transfer of a member of the Ministry's staff in 1997 from the branch handling arable crop claims to the branch handling Objective 5b claims.
- 8 Investigations by the Board also identified that charges relating to arson or insurance claims might be appropriate. In due course Joseph Bowden was charged with 18 offences in October 1999. He was prosecuted jointly by the Crown Prosecution Service, the Ministry and the Board.
- 9 After the court proceedings, the Ministry and the Board sought to recover monies in respect of those offences to which Joseph Bowden had pleaded and been found guilty. As these mainly related to payments made under the Arable Area Payments Scheme of some £80,000 plus some £31,000 in accrued interest, the Board following legal advice, took the view that the scheme rules had not been breached in relation to fibre flax and did not seek to recover the monies Joseph Bowden had been paid under the Fibre Flax Scheme. A debt of almost £11,000, arising from duplicate claims under the Fibre Flax Subsidy Scheme for the same area of land, has been charged to the Exchequer following the Agency's view that it would not be in the public interest to seek recovery.
- 10 The Ministry did not immediately seek recovery of money paid to Joseph Bowden and planned to wait until investigations or court proceedings were complete. However, by 1998 he was on the verge of bankruptcy and a binding Individual Voluntary Arrangement was entered into with him by all his creditors, including the Ministry, in November 1998. By March 2000 only £1,325 had been recovered from him for the Ministry, under that arrangement. In January 2000 the Ministry introduced new procedures for the recovery of debts. These require recovery procedures to be instigated and where cases are with the department's legal division, the division should be advised of any changes to the value of the debt and of any future opportunities to recover money by intercepting other payments due from the Department.
- 11 The Ministry and the Board also introduced new financial controls over the operation of the Arable Area Payments and Fibre Flax Subsidy Schemes, to help prevent similar frauds in future. In particular, there is now a single system handling all grant claims which enables cross checks for duplicate claims to be carried out and followed up; the validity of map grid references is checked as a matter of routine; applicants under the Fibre Flax Subsidy Scheme are required to provide more information to support claims. Regulatory changes to provide for a processing requirement were introduced to check that fibre flax has been processed before a claim is paid. The Objective 5b scheme is now closed to applicants, but similar measures are offered through the England Rural Development Programme. As part of the technical assessment of applications there is a more rigorous examination of the financial viability of the applicant's business. Under the Programme, at the claim authorisation stage, cross-checks with other schemes have been introduced. For example, a land based scheme such as the Countryside Stewardship Scheme would be checked against all land based schemes including Arable Area Payments.

- 12 In June 2001, the Department for Environment, Food and Rural Affairs (the Department) took the place of the Ministry. In October 2001, the Rural Payments Agency, a newly created executive agency of the department, formally took over the responsibilities as a European Union Paying Agency² for all Common Agricultural Policy schemes in England, including those previously managed by the Ministry and by the Intervention Board. The Agency is responsible for the administration of all Common Agricultural Policy schemes including payments for these and Rural Development schemes, inspection of claims in office and on farms and accounting to Europe for Common Agricultural Policy expenditure. The Agency is also carrying out the task of modernising and centralising the administration of Common Agricultural Policy schemes in England, except for processing the England Rural Development Programme schemes, which will continue to be administered by the Rural Development Service on a regional basis under a service level agreement with the Rural Payments Agency. The changes will include significant new information technology systems at the Agency which, among other things, will increase the level and ease of automated checking of claims. It will be 2004 before all new systems and structures are expected to be in place. The Department is undertaking linked development of a new information technology system to support administration of the England Rural Development Programme. In the meantime existing ("legacy") systems will be maintained to provide appropriate checks.
- 13 The Ministry and the Board had already successfully investigated, and taken legal action against Joseph Bowden and amended their processes by the time we examined the case. For example, the need for joint working in this case has been addressed by the addition of the fibre flax scheme in 1999 to the schemes covered by the Integrated Administration and Control System for certain Common Agricultural Policy payments, and more fundamentally through the creation of the Rural Payments Agency. The Agency is also introducing a business registration system which should ensure that all European Union agriculture subsidies claimed by farmers and traders are readily identified.

Recommendations

- 14 In the light of the seriousness and extent of the case, and the changes planned in responsibilities for scheme administration in England, we sought to identify general lessons. These are:
- i) Systems that permit cross-checking using data matching techniques and regular liaison between bodies create a sound control environment. The case covered by this report shows the need for joined-up working where more than one branch or agency of the same government body are paying subsidies and awarding grants to the same group of people on common criteria, for example land usage. The Department's agencies for paying European Union funds, the Rural Payments Agency and the Rural Development Service should use data matching techniques. The Department and its agencies should also, where appropriate, exchange experiences with other UK Paying Agencies.
 - ii) Once suspected fraudulent activity has been uncovered by one part or agency of the Department, consideration should be given to whether there are other schemes run by the department, its agencies or other UK Paying Agencies under which claims might have been submitted. Where sharing of information is within data protection and human rights laws, staff responsible for administering schemes in other parts of the Department, its agencies or other UK Paying Agencies should be notified at the earliest

² A Paying Agency is a body which makes payments to claimants of European Union Common Agricultural Policy subsidies.

opportunity of suspicions held. Cross checks should be carried out to identify whether the person has submitted suspect claims under these or related schemes. In the Department, for example, information on suspicious cases provided to the heads of relevant branches on a regular basis would probably help in this regard.

- iii) People wishing to commit fraud are likely to use different names or variations on the same name, and hence rigorous testing of other key grant criteria is essential. In the Joseph Bowden case, for example, had the map grid references been checked against the Department's Integrated Administration and Control System for duplication, and for validity in terms of being on the UK mainland, the frauds might have been prevented, or at least identified earlier.
- iv) The process of approving grants should, where possible, include adequate checks on applicants, for example on their financial background. The checks should include whether an applicant is under investigation, by other parts or agencies of the department, for fraudulent activities. If so, their application should be treated with caution, and be subject to the sort of cross checking described above.
- v) In the Joseph Bowden case use of different inspectors for each visit made it easier for him to claim that different crops were being grown in the same field. Where inspection is a key part of the control framework, a balance needs to be struck between experience of a particular farm and of a particular scheme or product type.
- vi) In order to be able to carry out their jobs effectively, and with minimum disruption to farmers, inspectors need complete and up to date information about the farms and claims they are inspecting. They should, for example, have reliable documentation, including maps and map references for fields showing their location and descriptions of crops grown, and information on livestock raised over a number of years on the premises. We consider that there are advantages in the allocation of a single inspector to monitor the activities of claimants across schemes. However, if this is not feasible the information described above is particularly important when, for reasons of guarding against collusion between inspectors and those being inspected, inspectors are periodically rotated.
- vii) In addition to detailed checks on individual claims, consideration should be given to introducing higher level reasonableness checks and exception reporting for the purposes of identifying potentially fraudulent claims, in this case for example, whether all claims made are reasonable in relation to farm area or types.
- viii) The Ministry did not seek recovery of monies already paid, planning to wait until after court proceedings. New recovery procedures were introduced in January 2000. It is incumbent on departments to recover monies overpaid at the earliest opportunity and to ensure guidance is clear on this point.

BOX 1**Arable Area Payments Scheme:**

The current scheme was introduced in 1993. Farmers may claim area-based payments for growing certain arable crops including cereals (wheat, rye, barley etc), oilseeds (soya beans, rapeseed and sunflower seed), proteins (peas, field beans and seed lupins) and linseed. At the time when Joseph Bowden was submitting false claims, payments under the scheme were made at different rates for different crop types. Most farmers were also at that time required to set-aside from production a proportion of their eligible land. Set-aside land could not be used for agricultural production or purposes that brought a return in cash or kind. The only exceptions, under very restricted conditions, were certain non-food crops such as industrial linseed, but not linseed grown for use as fibre flax.

The scheme required farmers to submit to the Ministry a large-scale map when they first registered. Revised maps were only required when land use changes were made. Supporting information should include map references, field sizes and the types of crops being grown in them. These requirements are designed to prevent and detect duplicate claims or claims in respect of non-existent or ineligible land, as well as to determine eligibility for payment.

Fibre Flax Subsidy Scheme:

The scheme aims to pay a subsidy for flax grown for fibre to ensure that the European market prices are kept competitive with world market prices, whilst in turn stabilising the market and ensuring producers receive a fair income. Fibre flax is a linseed variety used for linen-based products; other uses include paper production and the manufacture of interior body panels for motor vehicles.

Payments are made per hectare of flax sown and harvested. A flax contractor (processor) contracts farmers (growers) to grow flax on their behalf. The flax contractor, rather than the grower, is the claimant under the scheme and after harvesting the crop is the property of the contractor. The subsidy is paid once a year to the contractor who then pays the farmers in accordance with the terms of the contract, following the submission of a sowing declaration and a harvesting declaration by the farmer. Normally, the grower is contracted to buy seed from the contractor and he may pay a fee for the contractor's administration costs. These activities and any commercial returns on the produce are how the contractor makes his money. In terms of scheme control, the involvement of both a contractor and a grower has some benefit. Whereas in schemes such as arable areas payments it is only the Department or Agency who has an interest in confirming that eligible crops are grown, in non food schemes such as for fibre flax, there is a self policing element to the extent that the contractors have an interest in what is grown.

The Scheme was managed by the Intervention Board, now the Rural Payments Agency. It required farmers to submit documentation showing the fields involved. Subsidy payment is only made on eligible seed varieties, which are set out in European Union regulations. Fibre flax was not eligible for aid under the Arable Area Payments Scheme and as indicated above could not be grown on set-aside land. With effect from 2001, fibre flax payments will be managed as part of the Arable Area Payments Scheme regime.

BOX 2**European Structural funds: Objective 5b programme**

European Union structural funds aim to support projects in the less well-developed regions of the Union. In the period 1994 to 1999 these funds included Objective 5b, which was targeted at rural areas. In simple terms it was a scheme where financial support could be obtained for projects in designated areas, which promoted agriculture and business development, including tourism, diversification and community regeneration. The South West of England, including Cornwall, parts of Devon and Somerset was a designated area.

Objective 5b projects were mostly approved, managed and monitored by the Ministry. Projects are co-funded by the European Union, and in this case, the Ministry. Scheme approvals started in 1994 and ended in 1999, although claims in respect of those approved projects could incur expenditure up to the end of 2001 with all claims to be paid by June 2002. The total amount of Ministry and European funds paid to applicants under the Objective 5b Scheme between 1994 and 2001 was £112 million. Funds were allocated to 369 projects, nearly half in the SouthWest.

Projects put forward were assessed against certain criteria, such as the potential for increasing or maintaining an area's economic activity and the potential for increasing or maintaining employment in the agricultural or ancillary industries. At that time the Farming and Rural Conservation Agency carried out technical assessments on applications for the Ministry.

Part 1

Introduction

What is this report about?

- 1.1 On 11th October 2000 at Exeter Crown Court, a farmer, Joseph Bowden, pleaded guilty to nine criminal charges, including deception, attempted deception, and false accounting. Of a further nine charges, to which he pleaded not guilty, three were ordered to be left on the court's file. Not guilty verdicts were directed by the trial judge to be entered for the remaining six charges (**Figure 1 overleaf**). Joseph Bowden was sentenced to thirty months imprisonment.
- 1.2 Most of the charges involved falsely claiming subsidies and grants from schemes administered by the Ministry of Agriculture, Fisheries and Food, (the "Ministry"), the Intervention Board Executive Agency (the "Board") over a period from 1994 to 1996. In essence Joseph Bowden submitted claims or declarations in respect of two Common Agricultural Policy schemes - the Arable Area Payments Scheme and the Fibre Flax Subsidy Scheme - which, in part, covered the same areas of land thereby falsely claiming to grow crops or to have grown different crops to those actually grown. Under the fibre flax scheme he also provided documentation in support of claims through different contractors for areas of land that were, in part, the same.
- 1.3 In 2000-2001 the total amount paid to some 40,000 farmers under the Arable Area Payments Scheme was £863 million and under the Fibre Flax Subsidy Scheme was £8 million, to some 600 farmers via contractors or agents. The expenditure is met initially from monies voted by Parliament but is reimbursed by the European Union. The arable scheme is the largest of the Common Agricultural Policy schemes operating in the United Kingdom; the fibre flax scheme is one of the smallest. **Box 1 on page 6** describes the two schemes.
- 1.4 Joseph Bowden also attempted to apply for a grant of some £84,000 under European Union structural funds administered by the Ministry. In the 1990s one of the objectives of structural fund expenditure in Europe, known as Objective 5b, was to promote rural development (**see Box 2 on page 6**). The North Devon Swede Group, led by Joseph Bowden, put in a grant application under this objective. The application included a grant towards the construction of a barn that had already been rebuilt using proceeds from an insurance claim after a fire. Joseph Bowden was charged with false accounting under the Theft Act. He pleaded not guilty at his trial and the judge allowed the charge to lie on the file.
- 1.5 Three charges related to arson and were not directly an attempt to defraud the Intervention Board or the Ministry. They were, however, in respect of the flax or straw belonging to contractors under the fibre flax scheme and were related to Joseph Bowden's claims to have grown fibre flax for up to three different contractors on, in part, the same areas of land. A brief chronology of his claims and outcomes of investigations is at Appendix 2.

Why did we do this examination?

- 1.6 Had Joseph Bowden been entirely successful in all of these claims made to government bodies and private companies between 1994 and 1997, he would have received in excess of £600,000 (**Figure 2 on page 9**). In practice he received over £220,000 from government bodies and over £130,000 from insurance companies. Some of Joseph Bowden's claims were legitimate and the charges in court on which he was found guilty involved some £157,000, of which £131,000 (£120,000 on the arable scheme; £11,000 on the flax scheme) related to public monies and £26,000 to one of the insurance claims. The case was one of the largest frauds against the Common Agricultural Policy in the United Kingdom to date by an individual.

1 Summary of offences Joseph Bowden was charged with, and scheme involved

Nine counts pleaded guilty, found guilty

Particulars of offence charged with	Scheme Involved
Dishonestly obtaining £36,700 in 1994 by falsely claiming intention to grow linseed or wheat. (Count 1)	Arable Area Payments
Dishonestly obtaining £4,600 in 1994 or 1995 by falsely claiming to grow non-food linseed in set-aside fields. (Count 2)	Arable Area Payments
Dishonestly obtaining £39,000 in 1995 by falsely claiming intention to grow linseed and non-food linseed. (Count 6)	Arable Area Payments
Dishonestly attempting in 1996 to obtain £39,500 by claiming intention to grow linseed. (Count 11)	Arable Area Payments
False accounting: detailed the same fields on two separate claims to contractors in 1995. (Count 8)	Fibre Flax
False accounting: regarding statements on forms submitted to contractors in May 1996. (Counts 13 - 15)	Fibre Flax
Dishonestly obtaining £26,300 by falsely claiming the contents of a barn destroyed by fire in 1995. (Count 5)	None. Insurance claim

Six counts pleaded not guilty, found not guilty

Particulars of offence charged with	Scheme Involved
False accounting: claiming in 1994 fields harvested with fibre flax rather than linseed. (Count 3, alternative count to counts 1 and 2).	Fibre Flax
False accounting: claiming in 1995 fields harvested with fibre flax rather than linseed. (Count 7)	Fibre Flax
False accounting: in declarations sent to contractor in 1996. (Count 12, alternative to count 11))	Fibre Flax
Arson, destroying bales of fibre flax straw in January 1995 belonging to a contractor. (Count 4)	None directly (paragraph 1.5)
Arson, destroying flax and straw in January 1996 belonging to two contractors. (Count 9)	None directly
Arson, destroying flax straw in December 1996 belonging to a contractor. (Count 17)	None directly

Three counts pleaded not guilty, charge to be allowed to lie on file

Particulars of offence charged with	Scheme Involved
Dishonestly obtaining £50,300 from claims for the contents of a barn destroyed by fire in January 1996. (Count 10)	None. Insurance claim
False accounting in July 1996 in respect of application for grant for re-building of a barn (Count 16)	Objective 5b
Dishonestly attempting in 1996 or 1997 to obtain £35,100 for contents of a barn destroyed by fire in December 1996. (Count 18)	None. Insurance claim.

A more detailed table of these charges in count order is at Appendix 1

2 Value of claims 1994 - 1997

Source	Claimed or estimated (£)	Received (£)
Government Departments		
Arable area scheme	119,886	80,352
Fibre flax scheme	141,148 70,000 (E)	141,148 Nil
Objective 5b	84,000	Nil
Total	415,034	222,500
Insurance Companies		
Contents of barns destroyed by fire (3 incidents)	111,675	76,600
Rebuilding of barns destroyed by fire (3 incidents)	54,000 30,000 (E)	54,000 2,000
Total	195,675	132,600
Grand total	610,709	354,100

- 1.7 Reports by the Committee of Public Accounts on the administration of Common Agricultural Policy Schemes have emphasised the importance of rigorous action and prosecution in the face of irregular activity by claimants. For example, in the 11th Report of 1997-98 the Committee looked to the Ministry to pursue cases through the courts to demonstrate the gravity with which it views fraud. Others of their reports about the work of the Ministry or the Board have expressed concern about the efficiency or rising costs of administrative systems supporting Common Agricultural Policy schemes (25th report of 1998-99) or about the risk and identification of irregularity (22nd report of 1995-96).
- 1.8 June 2001, the Department for Environment, Food and Rural Affairs (the Department) took the place of the Ministry. In October 2001, the Rural Payments Agency, a newly created executive agency of the Department, formally took over the responsibilities as a European Union Paying Agency for all payments, inspections and accounting for Common Agricultural Policy schemes in England, including those previously managed by the Ministry and by the Intervention Board. The Board ceased to exist as a legal entity in November 2001. The Agency is also carrying out the task of modernising and centralising the administration of Common Agricultural Policy schemes in England except for processing the England Rural Development Programme Schemes which will continue to be administered by the Rural Development Service on a regional basis under a service level agreement with the Rural Payments

Agency. The changes include the introduction of new information technology systems at the Agency to increase the level and ease of automated checking of claims; and a new English Rural Development Programme information technology system which will share certain databases with the Agency's systems.

What did we do?

- 1.9 The National Audit Office examined the circumstances of the frauds and attempted frauds and in particular:
- what was involved;
 - how Joseph Bowden was able to perpetrate the frauds; and
 - the actions taken by the Ministry and the Intervention Board to prosecute and prevent recurrence.
- 1.10 In carrying out the examination we:
- examined papers and interviewed key staff at the Ministry and the Board, and in particular members of the Board's Anti-Fraud Unit who investigated and prosecuted the case;
 - interviewed staff at the Ministry's regional office in Exeter and the Board's headquarters in Reading who have operational responsibility for the schemes involved in the case.



Photograph: A field of flax in flower



Photograph: A field of linseed in flower

Part 2

The frauds and how they were found

2.1 This part of the report examines:

- what the frauds involved; and
- how the frauds were uncovered.

What did they involve?

2.2 Joseph Bowden & Son farmed about 140 hectares of land at Eastacombe Farm, Heanton, near Barnstaple, in North Devon. The family farmed crops, including cereals, swedes, oilseeds, and linseed on both owned and rented land. Joseph Bowden carried out most of the administrative tasks connected with the farm, including completing application forms for Common Agricultural Policy subsidies. Joseph Bowden was aged 46 at the time of his court case, and he had been a farmer since the early 1970s.

2.3 The frauds, perpetrated or which appeared to be in the process of being carried out, by Joseph Bowden against government departments comprised three main strands:

- Subsidy payments he received under the Arable Area Payments Scheme and under contractual arrangements under the Fibre Flax Subsidy Scheme, for the same area of land (Appendix 3 shows the main procedures for claiming subsidy under these schemes).
- Subsidy payments he received and attempted to receive under the Fibre Flax Subsidy Scheme, for the same area of land, from different contractors.
- An ineligible grant application for monies to fund an agricultural business project under a European Union Scheme, (Objective 5b), in which he attempted to receive monies for a new barn which had already been built.

2.4 Joseph Bowden was also found guilty of insurance fraud, involving deception contrary to the Theft Act 1968, after claiming the contents of his barn were destroyed by fire in January 1995. He was found not guilty of three charges of arson spanning 1995 to 1996.

Joseph Bowden received payments for the same areas of land under two different schemes

2.5 In three years, 1994, 1995 and 1996, Joseph Bowden claimed, and received, subsidy payments under two schemes for different crops, which in part covered the same areas of land. He claimed for linseed under the Arable Area Payments Scheme administered by the Ministry; and claimed, via a contractor, for fibre flax under the Fibre Flax Subsidy Scheme administered by the Board. Claiming and receiving payments under two schemes for crops on the same area of land was a breach of European Union regulations and illegal.

2.6 Joseph Bowden claimed for subsidy under the fibre flax scheme on 89 hectares of land in 1994 and 126 hectares in 1995. He followed the required procedures for the scheme. He entered contracts with a flax contractor(s), he supplied maps and references and sowing and harvesting declarations to the contractor(s) as required. On two occasions his fields were inspected by Ministry staff and passed as satisfactory. Joseph Bowden's flax contractors made claims for payment amounting to £141,000 from the Board for 1994 and 1995 on the basis of his sowing and harvesting declarations which were met in full. In accordance with the terms of his contract with his flax contractors, this money was passed on to Joseph Bowden.

2.7 Each year, Joseph Bowden claimed that harvested flax crops were destroyed in barn fires and he was therefore unable to deliver them to his contractors. This would cover the fact that he had not, indeed could not have, grown as much flax as he had claimed, since he had been contracting to grow flax on, in part, the same areas of land for more than one contractor. Duplicate claims covered about 17 out of 119 hectares, that is some 14 per cent of the total area claimed. Under the regulations for the scheme at that time payment was made by the Board to Joseph Bowden's contractors on the basis of his declarations on paper that a harvest had been made - prior to sight of the crop itself and prior to

processing of the crop. The contractors were obliged to pay Joseph Bowden because as far as they were concerned he had completed all of the paperwork correctly, and the contractors expected to receive a harvested crop.

- 2.8 In 1994 and 1995 Joseph Bowden also made claims to the Ministry, and received payment, under the Arable Area Payments Scheme. He claimed on around 70 hectares of land for linseed and on up to 14 hectares on the set aside land for non-food crops. As with flax, Joseph Bowden provided all the required information, in this case to the Ministry; including maps and map references and field sizes. He received some £73,000 for the linseed crop and £7,000 in respect of non-food crops on set aside land. The Board's fraud investigators were later to find out, by close examination of the sets of maps supplied by Joseph Bowden, that some of the land claimed under the arable scheme was the same as under the flax scheme.
- 2.9 In 1996 Joseph Bowden attempted to make further claims under both schemes for areas of land which in part were the same but by that time investigations had been started into his claims. A payment of £39,500 under the Arable Area Payments scheme was withheld; and a claim under the flax scheme for that year was not proceeded with. **Figure 3** shows year by year how much Joseph Bowden claimed and received under each scheme and the areas of land involved. The total he claimed for the three years 1994 to 1996 was £261,034 of which he was paid £221,500.

Joseph Bowden received payment under the flax scheme through different contractors for the same areas of land

- 2.10 In 1994 Joseph Bowden had a contract with Robin Appel Limited to process his fibre flax from a land area of some 89 hectares. The terms of the contract were met and Joseph Bowden supplied Robin Appel Limited with a sowing declaration and a harvesting declaration, as required by the scheme regulations. Robin Appel Limited was paid some £53,000 by the Board and this money was paid over to Joseph Bowden, appropriately, to the extent that scheme rules in respect of contracts and declarations had been complied with.
- 2.11 However, in 1995 Joseph Bowden used two processing contractors, Robin Appel Limited again, but also J & W Attlee Limited. He submitted sowing declarations and harvest declarations to both contractors together with maps of the claim areas. On the basis of his paperwork, Joseph Bowden received payments in full for his claims from both contractors via the Board - £77,000 from Appel for 119 hectares and £10,000 from Attlee for 17 hectares. The Board's fraud investigators later found that Joseph Bowden had made claims and received payments from the two contractors for land which in part was the same. Neither contractor was aware that Joseph Bowden was dealing with the other, and the Board's system of financial control failed to pick up the duplication of the areas of land claimed for.

3 Claims made by and amounts paid to Joseph Bowden 1994-1996

	Arable area scheme		Flax scheme		
	Area claimed in hectares	Amount claimed and outcome £	Area claimed in hectares	Amount claimed and outcome £	
1994	74.22 (linseed)	36,726 paid	1994	88.82 (Robin Appel Ltd)	53,365 paid
	14.73 (set-aside)	4,643 paid			
1995	69.50 (linseed)	36,183 paid	1995	119.52 (Appel)	77,315 paid
	9.89 (set-aside)	2,800 paid			16.64 (J&W Attlee Ltd)
1996	71.28 (linseed)	36,793 withheld	1996	149.06 (Appel, Attlee and Flax UK Limited)	Claim not proceeded with
	8.11 (set-aside)	2,742 withheld			
Total amount claimed		119,886	Total amount claimed		141,148
Total amount paid		80,352	Total amount paid		141,148

2.12 In 1996 Joseph Bowden made contracts to process his flax with three different firms: Appel, Attlee, and another company, Flax UK Ltd. He submitted sowing declarations to all three contractors but investigations had been started by the Board and he did not submit harvesting declarations, or receive payment. Had he been successful, Joseph Bowden would have received payment from each contractor for land which in part was the same.

Barn fires

2.13 Payment under the scheme at this time was made on the basis of sowing and harvesting declarations. However, as indicated earlier, the involvement of contractors provided an element of control in that they had an interest in what was produced. In January 1995, January 1996, and December 1996 there were fires at barns used by Joseph Bowden in Devon which on each occasion were completely destroyed, together with their contents. Joseph Bowden told investigators that the fires had destroyed the flax straw that would have been supplied to the flax contractors. He also claimed that fires destroyed his wheat crop in 1994, his linseed crops for 1994, 1995 and 1996, and his flaxseed for 1995 and 1996. No one is entirely certain what crops Joseph Bowden had been growing or which crops were destroyed in the fires.

2.14 The local fire brigade suspected that the cause of each fire was arson and the Devon and Cornwall police investigated their suspicions. However, in October 1998 the police informed the Board that they would not be pursuing the arson offences. Although Joseph Bowden was eventually charged with three counts of arson by the Crown Prosecution Service, he was found not guilty on each count. (Figure 1).

2.15 Joseph Bowden was, however, charged with insurance fraud arising from the three fires. For the fire in January 1995, he pleaded guilty to falsely claiming some £26,300 from an insurance company for his wheat and linseed seed. For the fires in January 1996 and December 1996 he was charged with insurance frauds amounting to over £50,000 and £35,000 respectively. He pleaded not guilty to these offences and the court allowed them to lie on the file.

Joseph Bowden made an ineligible grant application for structural fund monies

2.16 After each of the first two fires a firm called McKenzie Construction of Dittisham Devon, was selected to rebuild the barns by the insurance company. Unknown to the insurance company, McKenzie Construction was a trading company with connections to Joseph Bowden. The address of the company was a holiday home where the council tax was paid in the name of Bowden.

2.17 McKenzie Construction received over £30,000 from the insurers for rebuilding the barn in January 1995 and £24,000 following the fire of January 1996. The second barn, known as Buttercombe Lane, was rebuilt in August 1996. After the third fire the insurance company became suspicious about a further claim and less than £2,000 was paid out.

2.18 In February 1996 the North Devon Swede Group submitted an application to the Ministry for a grant under one of the European Union's structural funds programme, known as Objective 5b (see Box 2 on page 6). The North Devon Swede Group comprised Joseph Bowden and two other partners. The project proposed grading, marketing, and selling of swedes to supermarket packers, wholesalers and local shops. Joseph Bowden, describing himself as partner and owner of the project, took the lead and all of the Ministry's correspondence on the project appears to have been with him. The whole project, including the construction of the new premises and purchase of equipment was estimated to cost some £254,000 in total. The new premises involved the construction of a barn to house the washing and storage facilities. In their application to the Ministry, members of the Group estimated that by 1999 they would be producing 8,100 tonnes of swedes and generating a profit of some £240,000 a year.

2.19 The Ministry employed a specialist advisor from the Farming and Rural Conservation Agency to provide technical assessments of Objective 5b projects. In July 1996 Joseph Bowden provided the advisor with information supporting the estimated cost of the project of £254,000. This included a quote by McKenzie Construction of £29,216 to supply and put up a new barn. The technical advisor found that the project was eligible for funding, met the criteria for the scheme and recommended that the Ministry should award a grant.

2.20 In February 1997 the Ministry offered grant assistance worth over £84,000, or 33 per cent, of the total project expenditure; half of the funds to come from the Ministry and half from the European Union. This offer included an amount to fund in part the construction of a new building. Joseph Bowden accepted the offer in April 1997. He omitted to inform the advisor and the Ministry that the premises intended for washing and storage facilities - the Buttercombe Lane barn - had been re-built in August 1996, paid for out of insurance monies. He was subsequently charged with making a false application for Objective 5b monies. At his trial Joseph Bowden pleaded not guilty to the charge, which was not pursued by the prosecution although the court allowed the charge to lie on the file.

How were they uncovered?

The frauds were discovered by Ministry and Board staff

- 2.21 Where schemes administered by the Board required inspections on farms to check claims for subsidies, the Ministry carried these out on behalf of the Board. In September 1994 a Ministry inspector visited Joseph Bowden's farm to verify a claim for fibre flax subsidy. The inspection was carried out pre-harvest. The inspector visited all of the fields on which Joseph Bowden had contracted under the fibre flax scheme and checked field areas against the maps supplied by Joseph Bowden. The results of the inspection were recorded as satisfactory.
- 2.22 In April 1995 a different inspector visited Joseph Bowden's farm to check the claim for fibre flax subsidy. No harvested flax was available to examine because of a barn fire (see paragraph 2.13 above). However, the inspection was recorded as satisfactory to the extent that checks could be made. In May 1996, the same inspector visited the farm to check Joseph Bowden's claim under the Arable Area Payments Scheme, following an anonymous tip-off to the police, passed on to the Ministry, that Joseph Bowden had been growing potatoes in his fields rather than the crops for which he was claiming subsidy. This allegation was untrue but the inspector remembered from his earlier visit that a field in which linseed was being claimed for under the Arable Area Payments Scheme might earlier have been claimed for under the fibre flax scheme. The possibility that Joseph Bowden was claiming for both crops on the same area of land became apparent.
- 2.23 Once suspicions had been aroused, staff at the Ministry and the Board carried out cross checks on all Joseph Bowden's subsidy claims, and found that he had been claiming under the two schemes for the same areas of land in 1994 and 1995. Checks on Joseph Bowden's maps and additional farm inspections found further discrepancies in Joseph Bowden's claims.

- 2.24 In June 1996 the Board carried out checks on Joseph Bowden's contracts with flax contractors, and found that in 1995 and 1996 he had contracts with more than one contractor. Further checks revealed that he had supplied copies of the same map and had contracts with different contractors covering some of the same areas of land - some 17 out of the total 119 hectares claimed.
- 2.25 However, it was not until early in 1997 that the claim, by Joseph Bowden made on behalf of the North Devon Swede Group, in February 1996, for Objective 5b monies, began to be investigated. A member of the Ministry's staff working on payments for arable crops, and aware of the investigation into Joseph Bowden, moved to the branch approving Objective 5b projects. On learning of Joseph Bowden's grant application, the staff member alerted managers, who suspended the application and no amounts were paid out to Joseph Bowden.

An investigation was carried out by the Intervention Board's Anti-Fraud Unit

- 2.26 In July 1996 the crop fraud allegations were taken up by the Board's Anti-Fraud Unit. At interviews Joseph Bowden denied that he was making improper claims for subsidy and a full picture of his activities only emerged after more than two years of investigation. In September 1998, the Unit's papers were passed to the police in view of the suspect insurance claims and suspected arson. In October 1998 the police suggested the Board should continue and use its own powers of prosecution.
- 2.27 After further investigations into Joseph Bowden's activities, including the collection of nearly 100 statements from witnesses, Joseph Bowden was charged with 18 offences in October 1999. He was prosecuted jointly by the Board, the Ministry, and the Crown Prosecution Service and first appeared in court in November 1999. He initially pleaded not guilty to all charges but before his case came to the Crown Court trial he changed his plea to guilty in nine out of the 18 offences.

Part 3

How were the frauds perpetrated?

3.1 This part of the report covers:

- weakness in the Board's and the Ministry's controls over subsidy schemes;
- what monies were recovered from Joseph Bowden; and
- the action taken by the Ministry and the Board to prevent the frauds recurring.

What were the weaknesses in scheme controls?

Cross checks between the two schemes were not carried out

- 3.2 In 1992-93, the European Union developed a requirement for all member states to introduce an Integrated Administration and Control System. This was to include a computerised database to be in place by 1996. The purpose of the system was to improve controls over schemes involving direct payments to farmers such as the arable and livestock schemes. These requirements were to be applied to the type of scheme generally administered by the Ministry rather than the Board, which traditionally had administered schemes involving production aids payable to contractors or organisations, rather than to farmers.
- 3.3 The Ministry, responsible for the Arable Area Payments Scheme, and the Board, responsible for the Fibre Flax Subsidy Scheme, each had their own systems for administering schemes. No cross-checks between the schemes were carried out, for example, on land area or applicants' names etc. In 1993 all land eligible for the Arable Area Payments Scheme was put onto a computerised database by the Ministry, under the Integrated Administration and Control System. Until 2001, however, the Fibre Flax Subsidy Scheme was not part of the Integrated Administration and Control System. It was managed separately by the Board.

- 3.4 Under the Integrated Administration and Control System, however, checks were made automatically to ensure one farmer could not claim for the same area of land more than once, or more than one farmer claim for the same area of land. All discrepancies were investigated. Such controls were essential for the Arable Area Payments Scheme where payments are made only on land that was in arable production on 31 December 1991. The fibre flax system, though, was not able automatically to identify irregular or duplicate claims in the same way, partly because it relied less on computerised controls than the Integrated Administration and Control System.

Map references were not verified

- 3.5 In support of his declarations or claims for fibre flax and arable area payments, Joseph Bowden submitted to the contractors and the Board or the Ministry the maps and lists of the fields where he was growing crops, as required by the rules of the schemes. He provided basic information such as map references for fields, field sizes in hectares, and the types of crop being grown. The maps were signed by him as required.
- 3.6 Under the arable scheme, Joseph Bowden supplied legitimate Ordnance Survey references and these were checked. However, under the fibre flax scheme map references were not necessarily required, as fields could be referred to by name, for example top meadow or bottom pasture. Only 20 per cent of these were checked and this allowed Joseph Bowden to supply contracted processors with different names for the same field. Joseph Bowden also devised a unique numbering system of Ordnance Survey grid references for locating some of his fields although other field references were legitimate. Ordnance Survey experts have located his made-up references as being in Iceland, Greenland, areas in the North Sea between the United Kingdom and Denmark, and another area between Scotland and Iceland. At a glance the map references he used may have appeared plausible to Board staff - they had the right number of digits for example - but they were not in fact checked for their authenticity.

The Board did not carry out adequate checks on the Fibre Flax Subsidy Scheme

3.7 In particular, the Board did not check whether a contractor had made contracts with more than one flax grower, or whether more than one contractor could have contracts with a grower, for the same area of land. In his dealings with contractors, Joseph Bowden traded under different names, for example: "JSB Farms", "Joe Bowden Farms" or "JH Bowden and Son" which would have made such checking by the Board more difficult. However, had the Board been able to check fully the map references of growers contracted to supply fibre flax for authenticity and location, Joseph Bowden's deceptions were likely to have been uncovered earlier, and the difficulty of identifying duplicate claims submitted using different names would have been less relevant.

Ministry inspectors did not find any irregularities on Joseph Bowden's farm

3.8 Ministry field inspectors carried out three inspections of Joseph Bowden's fields between 1994 and 1996. The first two were carried out on behalf of the Board, as part of its administration controls to undertake field inspections of some 10 per cent of all flax scheme applicants.

3.9 These inspections were recorded as satisfactory. The inspections were designed to ascertain the veracity of claims being made under the fibre flax scheme. In 1994 and 1995 the inspectors were unaware that Joseph Bowden was claiming under the Arable Area Payments Scheme for the same area of land and in 1995 were unaware that he was contracted to more than one contractor under the fibre flax scheme. The third inspection in 1996 led to the full investigation of Joseph Bowden's subsidy claims. (see paragraph 2.22)

3.10 It would have been difficult to identify the crops being grown or harvested in Joseph Bowden's fields. Most fibre flax varieties produce a white flower. However, Joseph Bowden claimed to grow a less common variety of fibre flax called "Viking" which produces a blue flower. It looks very similar to linseed and is the same in colour.

Payment of a subsidy was not dependent on evidence that the fibre flax straw had been produced

3.11 Before 1997 a contractor for fibre flax was required to state an intention to process the fibre removed from the flax straw. The payment of subsidy did not depend upon verification of processing, and contractors were paid on the basis of sowing and harvest declarations. The Board did not carry out checks to ensure that flax straw was actually produced and processed. However, once

growers had received subsidy payments via contractors, contractors still had an interest in processing the flax for commercial purposes.

Extra checks were not made on the North Devon Swede Group's Objective 5b application

3.12 A project advisor from the Farming and Rural Conservation Agency provided the Ministry with a technical assessment of the North Devon Swede Group's application for Objective 5b monies (paragraph 2.18 above). The advisor considered that the Group's project met the criteria of the scheme and recommended approval of the application. J H Bowden & Son, on behalf of the North Devon Swede Group, was considered to be an eligible applicant and the project as a whole was considered to be eligible. As a result the Ministry gave approval for the project in 1997. Checks made on the North Devon Swede Group's application and on Joseph Bowden's background did not identify that Joseph Bowden was already under investigation by the Board's Anti-Fraud Unit, and had been since mid-1996.

What monies have been recovered?

Joseph Bowden owed the Ministry and the Board some £80,000

3.13 Joseph Bowden received some £222,000 from the Ministry and the Board under the two subsidy schemes. The Ministry and the Board only sought to recover payments made to Joseph Bowden on those offences where he had been found guilty which amounted to some £157,000. Most of those offences related to the Arable Area Payments Scheme, and therefore the Ministry sought to recover some £80,000 paid under that scheme, together with accrued interest of £31,000, a total of some £111,000. Of the other offences to which he had been found guilty nearly £40,000 related to an attempted Arable Area Payment fraud and no money had been paid to Joseph Bowden, and £26,000 related to one of the insurance frauds and was therefore not recoverable by the Ministry.

3.14 Joseph Bowden was paid some £141,000 under the fibre flax scheme. The Board did not seek to recover this amount. An amount of almost £11,000 relating to the same fields claimed in 1995 by both Robin Appel Limited and J & W Attlee Limited was charged to the Exchequer as money unrecoverable. Joseph Bowden pleaded guilty to the payment received from Attlee being dishonest. J & W Attlee submitted what they believed to be a valid claim in good faith and following legal advice, it was decided that it was not in the public interest to seek recovery. The Board did not seek to

recover any other of the aid paid to the contractors because the field inspection reports (paragraphs 3.8 to 3.10 above) suggested that flax had been grown. The charges under the fibre flax scheme were mainly alternatives to charges under the arable scheme on the basis that land was eligible under one or other of the schemes but not both.

3.15 In December 1996 the Ministry's National Scheme Management Centre in Cambridge sought advice from the Ministry's legal branch on whether it should be recovering monies from Joseph Bowden, in view of the impending criminal court case. The legal branch advised that recovery could go ahead but also included a statement that it was not open to the Department "to pre-empt the result of the court case, given that that would appear to be the route by which the existence of a fraudulent intention is to be tested". The National Scheme Management Centre decided to delay recovery proceedings until after the outcome of the court case, if any.

3.16 By 1998 Joseph Bowden was in debt. He sold his house and other assets but owed over £170,000 in respect of a second mortgage. He proposed an Individual Voluntary Arrangement with his creditors, including the Ministry, which held approximately 38 per cent of Joseph Bowden's debt. This arrangement is an alternative to bankruptcy and allows someone to continue in business whilst seeking to pay off a portion of his or her debts. At a meeting in November 1998, Joseph Bowden's creditors, including the Ministry, voted in favour of the proposal. The proposal, being approved by 76 per cent of the meeting, became binding on all creditors. By March 2000, under the Individual Voluntary Arrangement settlement, the Ministry had received £1,325. No further monies have been received and none are expected. The Ministry has written off a debt of some £111,000.

3.17 In January 2000 the Ministry introduced new procedures for the recovery of debts. These require recovery procedures to be instigated and where cases are with the department's legal division, the division should be advised of any changes to the value of the debt and any future opportunities to recover money by intercepting other payments due from the Department. As a result, the delay in starting recovery procedures in the case of Joseph Bowden is not expected to be repeated in other cases.

What action was taken to identify or prevent similar frauds?

3.18 Farmers attempting to make duplicate or irregular claims such as in this case, run the risk of being found out by the flax contractor, who has an interest in compliance with Scheme regulations, or by inspections under the flax scheme or Integrated Administration and Control System. On discovery of the Bowden case, the Ministry and the Board carried out a 100 per cent cross-check of their respective records for the Arable Area Payment and Fibre Flax Subsidy Schemes for each of the years since 1993 when the schemes were introduced. No other cases of duplicate claims were found. In addition, they carried out cross-checks to confirm that Joseph Bowden had made no further claims under any other Common Agricultural Policy scheme or European Union scheme.

3.19 They also made changes to systems and schemes aimed at preventing a repetition of the Joseph Bowden fraud. These included:

- i) In April 2001 the Fibre Flax Subsidy Scheme was placed on the computerised Integrated Administration and Control System run by the Ministry along with other Common Agricultural Policy schemes. As a result there are now computerised checks between all schemes on the system, including those for all crops, livestock, and fibre flax. Duplicate claims and claims for the same area of land would be automatically rejected and then investigated by staff.
- ii) The Integrated Administration and Control System automatically checks Ordnance Survey grid references for their authenticity and does not approve grant claims with ineligible Ordnance Survey grid references. Duplicate grid references are rejected and investigated by staff.

3.20 Other changes were made to the administration of the Fibre Flax Subsidy Scheme:

- i) The Board introduced a form that requires farmers to provide information about their crop, for example the location of fields, field size in hectares, and the seed variety. The farmer has to complete and sign the form before it goes to the contractor. Previously contractors used their own forms to request this information, and information provided by growers could have been incomplete.

- ii) Farmers participating in this scheme are normally required by their contractors to purchase seed for sowing from that contractor. The Board now checks that the sowing declaration, submitted by the contractor but completed by the farmer, is accompanied by invoices showing purchase of seed. However, although seed invoices were checked in 1996, the Board's scope to identify the fraud was limited by Mr Bowden's use of a number of different names in the documentation.
- iii) The European Union regulations now contain a requirement for the contractor to process the fibre flax straw and there is 100 per cent verification that processing has been completed. Payment to the contractor is now dependent upon the processing. Verification is based upon checking deliveries to the contractor and checking processed fibre going out of the contractors' premises.

3.21 The European Union programme for structural funds was changed with effect from 2000, the Objective 5b scheme closed to new applications in 1999 and member states were required to produce Rural Development Plans. The plan in respect of England introduced in 2000 made provision for similar projects to those under Objective 5b but the initial assessment for eligibility for grant includes a fuller financial assessment of applicants' businesses and an assessment of the team who would manage the project. Such an assessment could be expected to find that an individual was under investigation for potentially fraudulent activities in respect of his/her business. Structural funds, involving local projects, co-funded, and jointly run by a number of agencies, are gaining increasing importance in European expenditure. New control regimes have been introduced by the Commission to improve the financial management and control of structural fund projects.

Appendix 1

Joseph Bowden: offences charged with, pleas and court findings

Offence charged with	Parties/Schemes	Particulars of offence	Plea	Found
Count 1 Procuring the execution of a valuable security by deception contrary to Section 20 (2) of the Theft Act 1968.	Ministry Arable Area Payments Scheme	On a day between 9th May 1994 and 24th December 1994 Joseph Bowden dishonestly obtained a payable order for £36,726.25, by falsely claiming that he intended to grow linseed or wheat in fields of eligible land.	Guilty.	Guilty.
Count 2 Procuring the execution of a valuable security by deception, contrary to Section 20 (2) of the Theft Act 1968.	Ministry Arable Area Payments Scheme	On a day between 9th May 1994 and 6th January 1995 Joseph Bowden dishonestly obtained a payable order for £4,642.58, by falsely claiming that he intended to grow non-food linseed in set-aside fields.	Guilty.	Guilty.
Count 3 False Accounting, contrary to Section 17 (1) (a) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 18th October 1994 Joseph Bowden falsified a Flax Harvest Details Form sent to Robin Appel Limited, which detailed certain fields as having been harvested with fibre flax when they had been harvested with linseed.	Not Guilty.	Not Guilty. Alternative to counts 1 & 2.
Count 4 Arson, contrary to section 1 (1) and (3) of the Criminal Damage Act 1971.	Crown Prosecution Service	On 2nd January 1995 Joseph Bowden together with a person or persons unknown destroyed by fire 774 bales of fibre flax straw belonging to Robin Appel Ltd.	Not Guilty.	Not Guilty.
Count 5 Procuring the execution of a valuable security by deception, contrary to Section 20 (2) of the Theft Act 1968.	Crown Prosecution Service Insurance	On a day between 1st January 1995 and 4th March 1995 Joseph Bowden dishonestly obtained from an insurance company a cheque for £26,295.00, by falsely claiming the contents of a barn destroyed by fire on 2nd January 1995 included: (a) 950 bales of wheat; (b) 9 tonnes of linseed seed.	Guilty.	Guilty.
Count 6 Procuring the execution of a valuable security by deception, contrary to Section 20 (2) of the Theft Act 1968.	Arable Area Payments Scheme Ministry	On a day between 19th April 1995 and 29th December 1995 Joseph Bowden dishonestly obtained a payable order for £38,982.71, by falsely claiming he intended to grow linseed in fields of eligible land and non-food linseed in set-aside fields.	Guilty.	Guilty.

Offence charged with	Parties/Schemes	Particulars of offence	Plea	Found
Count 7 False Accounting, contrary to Section 17 (1) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 25th October 1995 Joseph Bowden falsified a Flax Harvest Details Form sent to Robin Appel Limited, claiming fields had been harvested with fibre flax when they had been harvested with linseed.	Not Guilty.	Not Guilty. Alternative to counts 6 & 8.
Count 8 False Accounting, contrary to Section 17 (1) (a) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 10th November 1995 Joseph Bowden falsified a Declaration of Harvest Claim for Subsidy Form sent to J. W. Attlee Limited. The form detailed fields that had been harvested with fibre flax for J.W. Attlee Limited. The same fields were detailed on the Flax Harvest Details form sent to Robin Appel Limited as having been harvested with fibre flax for that company.	Guilty.	Guilty.
Count 9 Arson, contrary to Section 1 (1) and (3) of the Criminal Damage Act 1971.	Crown Prosecution Service	On 10th January 1996 Joseph Bowden together with a person or persons unknown destroyed by fire 320 tonnes of flax belonging to Robin Appel Ltd and 50 tonnes of straw belonging to J. W. Attlee Limited.	Not Guilty.	Not Guilty.
Count 10 Procuring the execution of a valuable security by deception, contrary to Section 20 (2) of the Theft Act 1968.	Crown Prosecution Service Insurance	On a day between 9th January 1996 and 4th March 1996 Joseph Bowden dishonestly obtained from an insurance company a cheque for £50,305.50 by deception, by claiming that the contents of a barn destroyed by fire on 10th January 1996 included: (a) 15 tonnes of McGregor linseed; (b) 9 tonnes of commercial linseed (c) 6 tonnes of Viking flax seed.	Not Guilty.	To be allowed to lie on the file, not to be proceeded with without leave of the court.
Count 11 Attempting to procure the execution of a valuable security by deception, contrary to Section 1 (1) of the Criminal Attempts Act 1981 and Section 20 (2) of the Theft Act 1968.	Arable Area Payments Scheme Ministry	On a day between 9th May 1996 and 31st December 1996 Joseph Bowden dishonestly attempted to obtain a payable order for £39,534.00, by claiming that he intended to grow linseed in fields of eligible land and intended to use set-aside fields for natural regeneration.	Guilty.	Guilty.
Count 12 False Accounting, contrary to Section 17 (1) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 22nd May 1996 Joseph Bowden falsified a Declaration Form sent to J. W. Attlee Limited, detailing fields that had been sown with fibre flax which had already been sown with linseed.	Not Guilty.	Not Guilty. Alternative to Count 11.

Offence charged with	Parties/Schemes	Particulars of offence	Plea	Found
Count 13 False Accounting, contrary to section 17 (1) (a) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 15th May 1996 Joseph Bowden falsified a Flax Sowing Details Form sent to Robin Appel Limited which detailed fields that had been sown with fibre flax which were not owned or rented by him.	Guilty.	Guilty.
Count 14 False Accounting, contrary to section 17 (1) (a) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 25th May 1996 Joseph Bowden falsified a Flax Sowing Details Form sent to Robin Appel Limited. The form detailed fields that had been sown with fibre flax for Robin Appel Limited which had also been detailed in the Sowing Declaration Form sent to J. W. Attlee Limited as having been sown with fibre flax for that company.	Guilty.	Guilty.
Count 15 False Accounting, contrary to Section 17 (1) (a) of the Theft Act 1968.	Intervention Board Fibre Flax Scheme	On 30th May 1996 Joseph Bowden falsified a Sowing Declaration Form sent to Fibre Flax U.K. Limited. The form stated that fields totalling 23.29 hectares had been sown with fibre flax whereas only the "heads" of those fields totalling 0.75 hectares had been sown.	Guilty.	Guilty.
Count 16 False Accounting, contrary to Section 17 (1) (a) of the Theft Act 1968.	Objective 5b Scheme Ministry	On 9th July 1996 Joseph Bowden falsified a letter, enclosing a quotation for the building of a barn. The letter indicated that the barn would be built to facilitate the operation of the North Devon Swede Group, and omitted to state that the barn had already been built and paid for by monies from an insurance company.	Not Guilty.	To be allowed to lie on the file, not to be proceeded with without leave of the court.
Count 17 Arson, contrary to Section 1 (1) and (3) of the Criminal Damage Act 1971.	Crown Prosecution Service	On 6th December 1996 Joseph Bowden together with a person or persons unknown destroyed by fire 4.6 tonnes of flax straw belonging to Flax UK Ltd.	Not Guilty.	Not Guilty.
Count 18 Attempting to procure the execution of a valuable security by deception, contrary to Section 1 (1) of the Criminal Attempts Act 1981 and Section 20 (2) of the Theft Act 1968.	Crown Prosecution Service Insurance	On a day between 5th December 1996 and 12th March 1997 Joseph Bowden dishonestly attempted to obtain from an insurance company a cheque for £35,075.00 by deception, namely, by claiming that the contents of a barn destroyed by fire on 6th December 1996 included: (a) 20.5 tonnes of Barbara linseed; (b) 7.8 tonnes of Viking flax seed.	Not Guilty.	To be allowed to lie on the file. Not to be proceeded with without leave of the Court.

Appendix 2

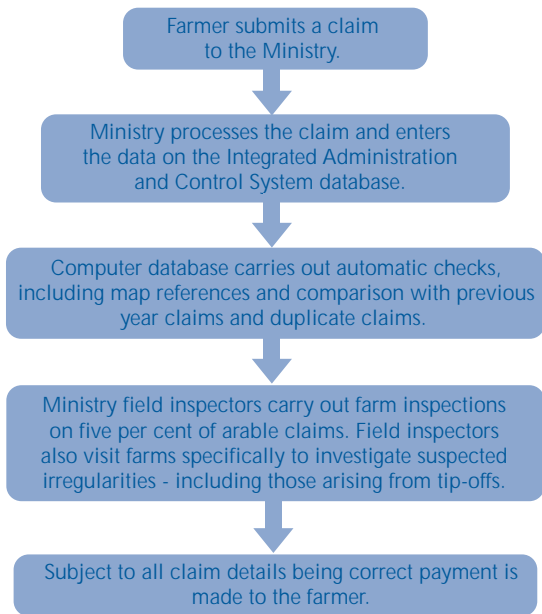
Chronology of events

Date	Event
1994	Joseph Bowden contracts to grow fibre flax for Robin Appel Ltd. Claims and receives fibre flax subsidy via claim by contractor to the Board. Joseph Bowden also puts in a claim to, and receives payment from, the Ministry under Arable Area Payments Scheme to grow linseed.
September 1994	Ministry inspector visits Joseph Bowden to verify flax claim on behalf of the Board. Inspection noted as satisfactory.
January 1995	Barn containing Joseph Bowden's harvested crops destroyed by fire.
1995	Ministry field officer carries out post harvest flax claim visit. No fibre flax product to inspect due to barn fire.
1995	Joseph Bowden puts in claim for linseed under Arable Area Payments Scheme and fibre flax under the Fibre Flax Subsidy Scheme. Joseph Bowden enters into contracts with Robin Appel Ltd and J&W Attlee Ltd. Joseph Bowden receives payments under both schemes and from both contractors.
January 1996	Barn storing harvested crops destroyed in a fire.
1996	Joseph Bowden enters into fibre flax contracts with J&W Attlee Ltd, Robin Appel Ltd and Flax UK Ltd. Claims for growing linseed under Arable Area Payments Scheme and makes multiple claims for fibre flax subsidy.
February 1996	North Devon Swede Group led by Joseph Bowden applies for Objective 5b monies.
May 1996	Officer who made 1995 fibre flax visit inspects Joseph Bowden's claim for arable area payments after tip-off from the police that Joseph Bowden was growing potatoes. Tip-off wrong but inspector becomes suspicious of irregular activity. Joseph Bowden's claims are checked.
July 1996	Case referred to Intervention Board's Anti-Fraud Unit. Investigation begins.
December 1996	Barn storing Joseph Bowden's harvested produce destroyed by fire.
February 1997	Intervention Board report concludes Joseph Bowden has defrauded Board and Ministry.
March 1997	Ministry offers the North Devon Swede Group grant assistance of £84,000 under the Objective 5b scheme.
April 1997	Objective 5b offer suspended pending enquiries.
November 1998	Joseph Bowden close to bankruptcy, becomes subject to an Individual Voluntary Arrangement.
October 1999	Joseph Bowden charged with offences.
November 1999	Joseph Bowden's first court appearance.
March 2000	Ministry receives £1,325 as result of settlement of Individual Voluntary Arrangement.
October 2000	Joseph Bowden pleads guilty to nine offences, sentenced to 30 months imprisonment.

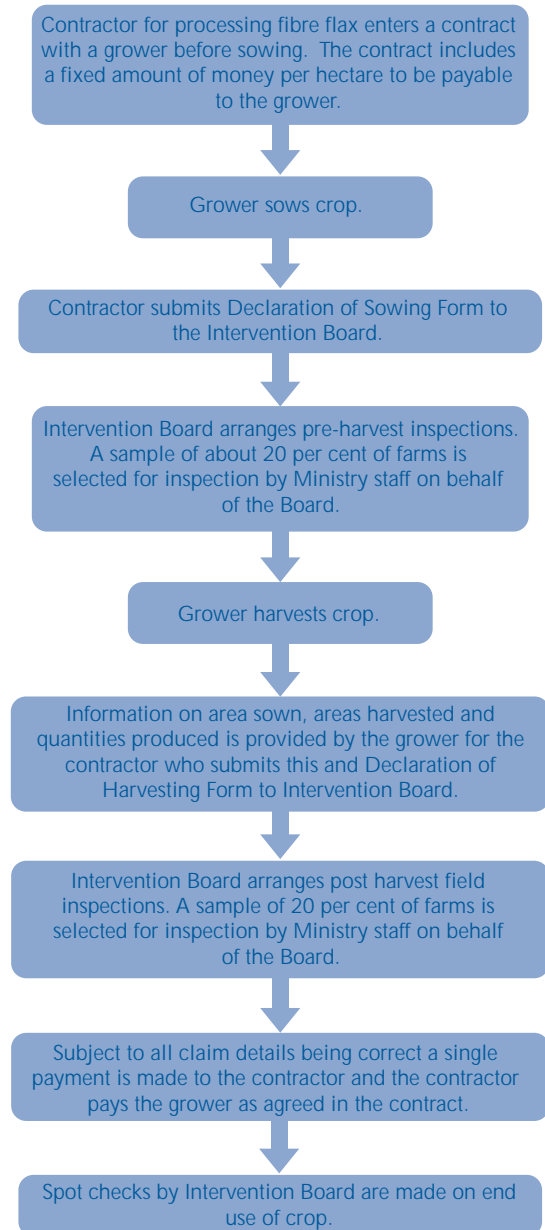
Appendix 3

The main procedures under the arable area and fibre flax schemes

Procedures for an Arable Area Payment Scheme claim



Procedures for a Fibre Flax Subsidy Scheme (1995) claim



Glossary

Arable Area Payments Scheme	Common Agricultural Policy scheme allowing farmers to claim payments for land growing cereals, oilseeds, proteins and linseed.
Contractor	enters into a contract with a grower/farmer, under the Fibre Flax Subsidy Scheme, taking over ownership of the crop after harvesting.
Eligible land (arable)	land in arable production on 31 December 1991 which is eligible for Arable Area Payments Scheme.
Fibre flax	variety of linseed, primarily grown to produce fibres, but the seed can be used for oils.
Fibre Flax Subsidy Scheme	Common Agricultural Policy scheme for growing fibre flax, contractor claims the subsidy and reimburses the farmer.
Individual voluntary arrangement	alternative to bankruptcy, allows an individual to carry on business/working to repay part of their debt.
Integrated Administration and Control System	umbrella control system overseeing Common Agricultural Policy scheme payments operated by the Ministry (now Department).
Linseed	crop grown to gather the seed for crushing to make oils.
Objective 5b scheme	Scheme, partly funded by European Union, promoting agriculture and business development in designated areas.
Set-aside fields	proportion of land claimed for under the Arable Area Payments Scheme that the farmer may not use, except for growing certain crops for industrial use.