



**“John has done much for local sport and is highly popular with the football club’s supporters.”**

Cashier Moira suspects the local football club that has an account at her bank is inflating its attendance figures and catering income. But her manager says there’s no real proof. BOB SOUSTER examines Moira’s ethical dilemma.

# When to **trust** your own judgement

**F**or several years, Gorbaston Rovers Football Club has managed its current account with Wessex Bank. Once a football league team, the club fell on hard times and was relegated and almost went out of business in the 1980s.

It was rescued by John, a colourful and extroverted local businessman who became the majority shareholder and chairman and led the club back to a position where it could once again challenge for a place in the professional league. As the club’s fortunes have revived, attendances have increased significantly.

The Bank knows that John is a wealthy man, having

made his fortune by the age of 30. He does not hold personal accounts with Wessex Bank, but has given guarantees for the football club in the past. John says he likes to keep his personal and business interests separate from one another, so Wessex Bank knows very little about his personal business affairs.

Moira is a cashier with Wessex Bank and is also a keen supporter of Gorbaston Rovers. She often deals with the football club’s deposits and transactions in her daily work.

Moira attends every home match and many away matches. Moira has recently become concerned about some of the information she has seen in the newspapers, particularly the reported attendances at Gorbaston Rovers matches.

According to these sources, for the last three home matches, the club has attracted approximately 1,750 supporters per match. But, over the years, Moira has become a relatively good judge of attendances and cannot believe these figures are correct: she estimates the crowds to be closer to 1,250 supporters.

She has noted, too, that the income recorded by the catering company, which is also owned by John, has practically doubled in the last year, even though increased prices for food and drinks and the higher attendances could not possibly account for this rise.

Moira knows that John has done much for local sport and is highly popular with the football club’s supporters, but she is very concerned that there are some irregularities in relation to the funds deposited and the information given by the club to the media. She has shared her concerns with her manager, who has told her that her judgement about the size of football crowds is not particularly scientific and that it would be unfair to take issue on the matter, as her observations are only based on her perception of the attendances.

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**SHOULD MOIRA TAKE ANY FURTHER ACTION?**

Those who have studied the Institute’s optional ‘Money Laundering’ subject may find this case quite familiar: the context is similar to an example in Chapter 1 of the study text.

It’s well known that smaller professional and semi-professional football clubs have been targeted by criminals to cleanse the proceeds of crime, as well as for fraudulent trading. It is quite difficult to use larger sporting organisations for this purpose, but smaller ones are not subject to anything like as much public scrutiny and, as such, are seen as having potential for concealing or disguising funds. Even before money laundering and financial crime were major issues, the ‘business’ of football has seen many casualties due to inappropriate (or illegal) business practices. The best example was the demise of Third Lanark in the 1960s.

Moira’s ethical dilemma here is about trusting her own personal judgement. Principle 2 of the Institute’s Code of Professional Conduct compels her “to consider the risks and implications of

my actions, be accountable for them, and for the impact my actions may have on others”. So her assessment of risk in this case must include some evaluation of her own opinions and whether they should be the basis for reporting her views formally. She should certainly discount her manager’s assessment of the situation immediately, as the advice is effectively to let the matter drop.

Moira’s reaction to the figures on crowd numbers was instinctive, but it was based on experience. Unless the configuration

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of the stadium has changed markedly, she would probably be a good judge of the attendances. Furthermore, her banking experience would also enable her to estimate catering receipts reasonably accurately.

In this case, Moira’s obligations flow not only from Principle 2 of the Institute Code, but also Principle 3. This states that she should “Comply with all current regulatory and legal requirements, and endeavour to follow best industry practice”. In this case, the “relevant legal requirements” are her obligations under the Proceeds of Crime Act to make a report to her Money Laundering Reporting Officer or other nominated person if she has reasonable grounds for thinking that transactions are suspicious.

The legal responsibilities in the case are quite clear – failure to report is a criminal offence. Ethically, Moira’s dilemma is her knowledge that she can keep quiet with hardly any real consequence, as her judgement of stadium attendances would probably not prove good grounds for suspicion in the eyes of many observers – other than those who know that she’s probably right.

The appropriate course of action is to make a report.



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