

Report on the Work of the Trading Standards Service for 2012 - 2013

1.0 Olympic Games

After three years of planning and preparation, both Borough teams were heavily involved with the London 2012 Olympic Games with comprehensive plans prepared and documented to successfully deliver a safe and effective Torch Relay and Olympic Games across the two Boroughs. The Service was recognised for its work during the Olympics with each member of staff who worked during the long and unsocial hours receiving a personalised certificate from the Olympic Delivery Authority (ODA) acknowledging their contribution in making this the most successful Games ever.

Although the Games were much quieter in terms of enforcement than we expected, not just in Brent but across London, our officers amassed more than 2,000 hours between them in the preparation and carrying out of their enforcement duties during the two week's duration of the Olympics.

Several incidents of 'ambush marketing' were responded to and over 1,000 t-shirts were taken from a foreign television company that was trying to benefit from some free advertising and to publicise their own business by distributing their shirts to the spectators. Another investigation, which is still on-going, involved a well known chain store that was supplying toiletries bearing the 'Olympic Rings' in breach of the Trade Marks Act.

2.0 Investigations & Prosecutions

Brent Trading Standards

Two brothers, who were the joint owners of a car dealership in Sudbury Town were found guilty of 'conspiring to commit fraud' by selling clocked vehicles with false mileage readings. The first defendant pleaded guilty at Harrow Crown Court and was handed a 16 months prison sentence. The second defendant, who was a qualified solicitor and had a lot more to lose, pleaded not guilty. He was eventually found guilty after a two and a half week trial and received a three month custodial sentence, suspended for a year, and ordered to complete a hundred hours unpaid work. Both brothers are now facing proceedings under the Proceeds of Crime Act.

An internet trader from Luton who was associated with a business address in Brent, was ordered to complete 150 hours of unpaid work and pay £2,000 costs for selling counterfeit goods from his 'Gumtree' website. Two entry warrants were executed as part of the investigation and branded clothing, belts, shoes and handbags, were all seized. The defendant was arrested by the Police and interviewed by Trading Standards during which

he admitted that he knew that the items were counterfeit, but he had fallen on hard times and needed the extra money to get by.

Working in partnership with the Medicine and Healthcare Products Regulatory Agency (MHRA) and Enfield Trading Standards, a business with shops located in both boroughs, was prosecuted for possessing skin lightening creams which contained the banned substance hydroquinone. The case arose from a complaint about the Harlesden based trader from a customer who had experienced an allergic reaction after using one of the products. Trading Standards Officers carried out a test purchase which led to a subsequent seizure of a large number of skin lightening creams as well as other products which were identified as medicines and, as such, they could only be sold by a registered pharmacist. Enquires revealed that the trader owned another shop in Enfield which was then visited by our Trading Standards colleagues who found similar products still being offered for sale. The company and director were each fined £1,000 and both ordered to pay £1,375 in costs.

A builder who falsely claimed membership and accreditation of several well-known trade associations was sentenced at Harrow Crown Court to three months imprisonment, suspended for two years, and given a six months home curfew order. In addition, he was ordered to pay prosecution costs of £300. During the week long trial, the court heard that the investigation arose following a complaint regarding poor standards of workmanship which had to be rectified at considerable cost to the consumer. The defendant had falsely claimed to be a member of the Royal Institute of Chartered Surveyors ('RICS') and the Federation of Master Builders ('FMB'), as well as being Gas Safe and Corgi registered.

Following a complaint concerning a Wembley based importer who had supplied a mis-described 'Apple' adaptor to a consumer, officers conducted an test purchase that led to the execution of a warrant at the trader's premises, As a result of the search, the officers discovered approximately 3,800 counterfeit items and a further 10,000 electrically unsafe power adaptors which the business had been selling from it's own internet website as well as on eBay and Amazon. The financial loss to the industry in relation to all the items was estimated to be over £100,000. The electrical items were tested by a safety engineer who identified possible risks from electric shocks and fire. Many of the items had incorrectly sized pins on the plug and incorrect fuses fitted to them. The company was fined £10,000 and ordered to pay prosecution costs of £2,490. The Court also ordered the forfeiture and destruction of the offending articles.

The number of Shisha bars continues to increase from a handful just 5 years ago to approximately 40 now in Brent. Officers have carried out some intensive work with colleagues from Environmental Health and Brent Police to provide comprehensive advice over a period of time followed up by conducting revisits to review their levels of compliance. This culminated in a series of large scale inspections, along with partners from Environmental Health, HMRC, Brent Police and Border Agencies, resulting

in a number of seizures of Shisha Pipes which were in use without the necessary health warning. One premises has already been prosecuted, and a further 3 premises are the subject of on-going investigations. I will update you on the outcome next year.

Enforcement of underage sales continues to be a high priority for the Service. It is disappointing that despite all our previous work with businesses, including promotion of our 'Responsible Trader Scheme', there are still some traders who choose to flout the law and sell age restricted products to children.

There were a total of ten underage sales during 2012 - 13, with nine alcohol purchases through proxy sales on behalf of underage children and one sale of a knife. The sale of alcohol through proxy highlights the ease with which children can access age restricted products by approaching an adult to make the purchase on their behalf. This project was carried out across London to gauge the extent of the problem and to feed this information to the Department of Health who are now reviewing the findings as part of their overall policy to reduce risks to children from products such as alcohol and cigarettes.

One successful case concerning underage sales involved a Neasden based business that was successfully prosecuted for selling a "Stanley" type knife to a 14 year old child. The company was fined £1,500 and ordered to pay £1,207 in costs.

Harrow Trading Standards

The supply of age restricted goods to underage children remains a high priority for the team which carried out 150 test purchase operations during 2012-13 resulting in twelve sales. These sales were made up of seven instances of the supply of alcohol from off licensed premises, two sales of cigarettes, one sale of fireworks, one sale of butane and one sale of a knife. This represents a sales rate of 8% which is in spite of the fact that we have, for a number of years, offered a toolkit to approved traders and an auditing service to prevent traders from making such sales to underage children. As part of this initiative, the team conducted 114 audits in an attempt to raise standards and to reiterate the importance of having processes and procedures in place to train staff and to monitor their performance and confidence in refusing sales to minors. Whilst this has been largely successful, it is our intention to remove the small number of retailers from the Responsible Trader Scheme who disregard our repeated attempts to encourage them to use the toolkit effectively and not just pay lip service to its objectives. We will monitor the businesses that have been removed from the scheme as they are likely to pose the greatest risk of supplying age restricted products to minors.

The sale of age restricted products such as knives, tobacco, alcohol and fireworks has quite rightly been controlled by Government which has

passed legislation to prevent these goods from being purchased by minors. In view of this, our Service has taken a strong stance where sales of these products have taken place to minors.

Examples of some cases include a retailer based in Shaftsbury Circle whose shop assistant sold two bottles of 'Alco Pop' to two fourteen year olds during a joint operation with the police. The retailer had been a member of the Responsible Trader Scheme and, despite our previous advice, he had not used the guidance material nor had he recorded any training that he may have given to his member of staff. When interviewed under caution, the seller stated that she had been employed for over four years and had received training at the beginning of her employment but had never been given any refresher training since. In fact, she was unaware of the presence of our toolkit to prevent the sale of age restricted goods to minors. The Magistrates imposed a fine of £750 and ordered the owner to pay our prosecution costs of £600 within seven days.

As more and more commerce is conducted on the internet, rogue traders are using this method of trading to sell their illicit goods. This type of trading activity adds another layer of anonymity for our investigators to unravel. One such case involved a trader who was selling illegal music compilations breaching copyright legislation through an internet auction website. According to a 2009 study conducted by the British Recorded Music Industry; commonly known as the BPI (British Phonographic Industry), the sale of on-line pirated music costs the UK economy over £200 million a year. This trader was brazen enough to have complained to the BPI in 2007 and 2011 about other on-line music pirates. BPI investigators then discovered that he himself was involved in the sale of illicit music and subsequently contacted our Service. Our officers conducted a series of test purchases which were confirmed as being illegal pirated copies. The defendant's home was subsequently searched following the execution of an entry warrant which resulted in the discovery of 2843 CDs. These goods were all seized along with the computer equipment which had been used to make the pirated copies of the CDs. It was estimated that the potential loss to the industry from this haul alone was over £40,000. The defendant was convicted and is awaiting sentencing which will be dealt with at the conclusion of his Proceeds of Crime hearing.

The protection of intellectual property is also a big concern for legitimate businesses and there have been a number of bizarre examples of how counterfeiters make large sums of money by selling fake branded goods, such as condoms, alcohol and cigarettes. However, through partnership working with HMRC and the Police, we are continuing to discover licensed premises involved in the sale of counterfeit wine. In one such case, a trader based in Edgware, was fined £1,000 and ordered to pay £750 costs for being in possession of 249 bottles of fake Jacob's Creek wine. This is thought to be one of the largest seizures at retail level of counterfeit alcohol in London.

In another unusual case, our officers were informed by the local police of an investigation concerning the cultivation and distribution of marijuana during which they had raided a house in Harrow and discovered a large quantity of counterfeit clothing. Unbeknown to the police we were already investigating the same individual in connection with the counterfeit clothing as well as over £9,000s worth of fake postage stamps. It was felt that the investigation would be best served by investigating these matters jointly with the Police who were also aware that another property in Hertfordshire that was owned by the counterfeiter had been raided by the local police there. A joint prosecution between Harrow Police, Hertfordshire Police and Brent & Harrow Trading Standards was undertaken which culminated in the defendant being handed a 32 month custodial sentence. The Trading Standards Service is currently conducting a Proceeds of Crime investigation into this counterfeiter.

Despite our robust efforts in dealing with counterfeiters, some traders continue to be serial offenders and regard the penalties that the courts impose as an occupational hazard. A trader who operated out of South Harrow Market supplied two mugs both of which brandished the trade marks of two well known marques. In fact when he sold the second one, he even told the undercover officer that he should not be selling it as it was a copyright problem. He had already been prosecuted by this Service in 2009 and had been ordered to pay a fine of £500, costs of £2,000 and confiscation under Proceeds of Crime of £3,000. In addition to this, he had signed an official 'assurance' with Surrey Trading Standards in 2011 to refrain from selling counterfeit goods. He was fined £1,000 and ordered to pay £910 for his latest brush with the law.

It is often the case that counterfeit goods also pose a safety risk as well and this is demonstrated in one of the largest seizures of illicit goods that has taken place in Harrow. Officers began investigating a company thought to be selling fake mobile telephone accessories and, having made a test purchase which was confirmed as counterfeit, officers raided the shop in Edgware. This operation was synchronised to take place as part of the regular Harrow 'Weeks of Action'. It soon became apparent that there were in fact three businesses that were interlinked, two of which were located across the road in a warehouse and office complex. They were selling laptop chargers, mobile telephone batteries and a host of other electrical accessories. Additional officers were asked to attend as it was believed that a large quantity of goods were either counterfeit or unsafe, or both. The electrical equipment was subsequently found to be unsafe and, in some cases, posed a serious risk to life. As well as over 23,000 items, computer equipment and documents were seized with all the officers working until midnight. These cases are to be heard in the early part of 2013-14 and I will provide an update in the next report.

Product safety is a particularly important aspect of the work carried out by officers. With ever decreasing resources, we have taken the view that we will participate in fewer safety projects than in previous years, but will prioritise those that relate to goods that pose the most serious risk to

consumers. One of these was a pan London project in relation to the supply of unsafe furniture which was funded by the National Trading Standards Board. The purpose of this project was to test whether upholstered furniture that was being sold by local traders was fire resistant as required UK legislation. This project highlights the need for vigilance by safety specialists as, despite the fact that it is now twenty five years since these regulations came into force, we continue to discover furniture for sale that is not fire retardant. We are currently investigating two cases and are determined to discover the reasons for these failures and take appropriate action to prevent a recurrence. I will keep Members updated on events as they unfold.

Another funded pan London project was in relation to a particularly infamous network of wholesalers based in Ealing who are notorious for supplying the vast majority of unsafe toys and electrical goods in London. We worked in conjunction with the Police, UK Border Agency (UKBA), HMRC, trademark owners and over 100 trading standards colleagues from other local authorities. We were tasked to lead on the investigation against one of the largest wholesalers which culminated in the seizure of a large amount of unsafe and counterfeit stock as well as their suspension from supply. This matter is under investigation and an update will be provided in the next report. During the operation, a man was also arrested by UKBA as it was believed that he was residing and working in the country illegally.

As Members will be aware, we operate a rapid response service where residents may fall foul of rogue traders and doorstep 'scammers'. In one such case, an elderly Harrow resident became a victim of rogue builder in an elaborate scam and was persuaded to part with £9,000 for work which was subsequently valued at no more than £2,500. What was even more shocking was that he had been deceived into parting with another £15,000 after the fraudsters had impersonated themselves as Trading Standards Officers. However, rapid intervention by our officers who worked closely with the consumer's bank prevented this money from reaching the impostor's account. The Service is now investigating this matter to try and discover the identity of those behind the scam.

Finally, this Service has now forged a closer working relationship with one of the nation's largest retailers by signing up to a Primary Authority Partnership with Wickes for the provision of Trading Standards advice. This arrangement will provide some certainty for the business in moving forward as the advice will have to be considered by all other regulators.

3.0 Financial Investigations

The Financial Investigations Team now consists of two full time accredited financial investigators. In doing so the team is able to manage more cases and, therefore, potentially secure more confiscations. In the last financial year we had a large portfolio of Proceeds of Crime Act (POCA) cases and have achieved a number of notable successes.

Our financial investigators have broadened their skills, and not only deal with Trading Standards matters, but also planning and benefits cases. Last year six POCA investigations were concluded of which five originated from Brent Planning and one from Harrow, as well as two trading standards cases which are detailed below.

The two Trading Standards cases include a confiscation order for £33,000 against a stall holder who was selling counterfeit goods at Wembley Market. The other case involved a large wholesaler who was supplying some well known national supermarkets with counterfeit Jamaican Chili Sauce. This well publicised case resulted in a confiscation order of £22,901.

This financial year, Brent Council's Planning Service was awarded the highest confiscation order for a planning offence anywhere in the country. The case came to a conclusion following a two-year investigation by the London Borough of Brent's Planning Enforcement Team. The defendant had failed to comply with the requirements of a planning enforcement notice and was ordered to pay £1.438 million within six months or face a 10-year prison sentence. The figure was based on a calculation of the rent that this landlord is believed to have received from tenants living in his property on Willesden Lane which had been converted into flats illegally. During the financial investigation, a restraint order was placed on the defendant's properties to prevent him from disposing his assets. He was also ordered to pay a fine of £4,000 for the breach of relevant planning regulations and legal costs of almost £35,000. Brent's Planning Service will receive 37.5% of the £1.438 million, and the rest will go to the Treasury and the court collection agency. Trading Standards will receive £107,863 from the Planning Service's share of the confiscation order.

The second notable case which was concluded this year was that of a landlord who amassed a property empire by illegally converting four properties into 28 flats. He was prosecuted and ordered to pay £303,112. The order to pay the money followed planning prosecution in which evidence from Brent and Harrow Council's enforcement officers showed how the defendant had flouted planning regulations in both boroughs. The £303,112 confiscation order was based on the rent the landlord had collected from tenants who lived in the properties from 2005 onwards. On top of the £303,112 confiscation order under POCA he was also ordered to pay a fine of £7,515 for the breach of the planning regulations and legal costs of more than £18,000, which will leave him over £328,000 out of

pocket! Brent and Harrow Trading Standards Service's share of the POCA confiscation order from this case will be £22,733.

This year also saw the conclusion of the first Harrow Planning confiscation case in which the landlord had converted a house into two self contained flats. He was ordered to pay the confiscation figure of £37,123. Harrow's Planning Service will receive an incentivisation figure of £13,921 and the Trading Standard's share will be 20% of this amount.

In March, our Accredited Financial Investigator (AFI) Lee Wenzel, was awarded the prestigious 'Keith Hughes Award' which is considered to be the 'Oscars' of the financial investigations world. This award was in recognition of the variety and complexity of his financial investigations as well as the number of successful confiscation hearings that have been concluded in the courts. What was even more pleasing was that Lee won the award with stiff competition from AFIs based with the various national Police Forces, Serious Organised Crime Agency (SOCA), HMRC and other Local Authorities.

The table below provides further details of the POCA case that were concluded in 2012 - 13.

Referral Service	Defendant	Amount of Confiscation Order	Incentivisation Amount due to Referral Authority	Trading Standards Share of Incentivisation	Amount actually received as at 31/3/13
Trading Standards	Wanis Ltd	£22,901.52	£8,589.95	£8,589.95	£8,589.95
Trading Standards	Sukhdev Singh	£33,000.00	£12,375.00	£12,375.00	£9,975.00
Harrow Planning	Sanjay Budhdeo	£37,123.20	£13,921.20	£2,784.24	£13,921.20
Brent Planning	Vispasp Sarkari	£303,112.00	£115,522.91	£22,733.40	£81,417.00* 16,021.80
Brent Planning	Salah Ali	£1,438,180.59	£539,317.72	£107,863.54	£0.00
Brent Planning	Foad Ahmad	£103,172.70	£38,689.76	£7,737.95	£0.00
Brent Planning	Mohammed Al-Kazzaz	£130,000.00	£48,750.00	£9,750.00	£0.00
Brent Planning	Gabriele Cicconi	£93,428.00	£35,035.50	£7,007.10	£0.00
TOTAL		£2,160,918.01	£812,202.04	£178,841.18	£48,507.95

** Although this amount has been received, Trading Standards will only be able to retain the amount as agreed with Brent Planning. Therefore, as the defendant has paid only a share of the total due, the amount to be retained by Trading Standards is based on the monies actually paid.*

POCA is still under utilised by Local Authority regulators, including a large number of Trading Standards Services. In fact, some Local Authority regulators are not even aware that they can avail themselves to the provisions of POCA and use it as a tool against defendants that they prosecute. We intend to further market the services we provide to other Authorities in the hope of securing more financial investigations and, in doing so, maximize the potential for revenue income. As such, we have planned a number of presentations to other Authorities for the forthcoming year in order to attract new cases to our portfolio.

As stated in my previous reports, the reduction in front line Trading Standards Enforcement Officers is beginning to have an impact on our ability and capacity to investigate large scale cases which are traditionally the source of POCA referrals to our Financial Investigations Team. Should this continue then there is a real threat that the current levels of incentivisation monies will be greatly reduced and the only source of POCA cases will be from our colleagues in Brent and Harrow Planning Teams.

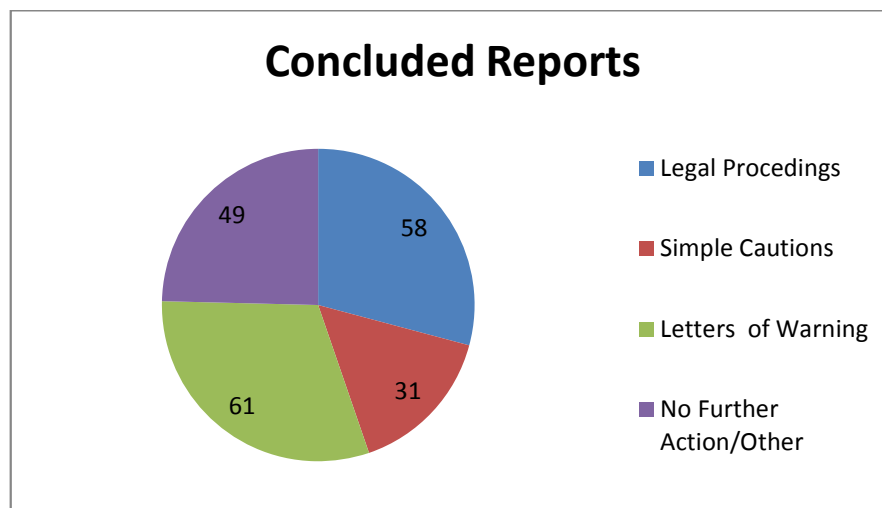
4.0 Key Performance Data

As a regulatory service, our main objective is to ensure that we support our legitimate businesses to thrive whilst dealing robustly, where necessary, with rogue traders who gain an unfair trading advantage by selling their goods and services illegally.

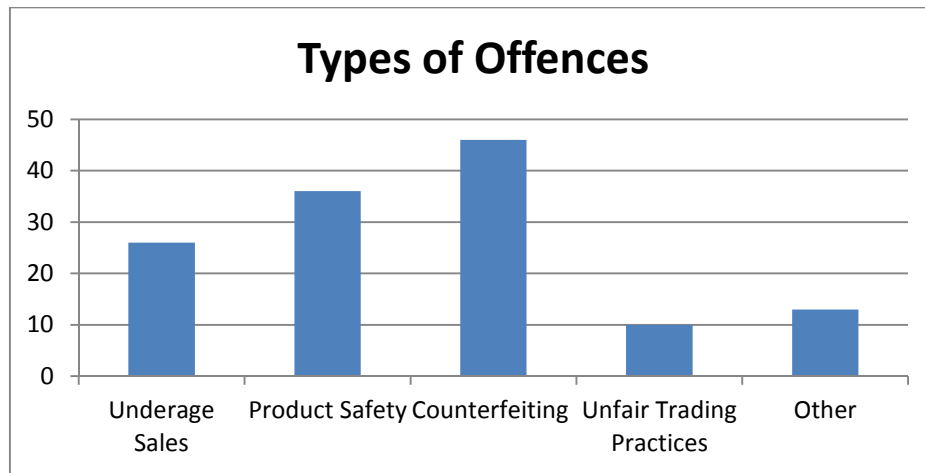
As can be seen from the above section, the court cases and POCA proceedings are often the result of long and arduous investigations some of which may stem from consumer complaints, inspection visits, referrals from other Trading Standards departments or simply one trader providing information about another conducting their business illegally. Some of the priority areas such as the sales of age restricted goods to underage children and the supply of counterfeit and unsafe goods remain priorities through focused project work and through our close relationships with partner agencies.

In order to maintain and build on these areas of work, we performance monitor some of the key areas of activity to encourage and foster our staff to produce work which fits into the objectives mentioned above.

The chart below shows a breakdown of how the 113 infringement reports that were produced by staff were concluded. Some of the cases involved multiple offenders and therefore, the number of outcomes exceeds the businesses that were actually dealt with.

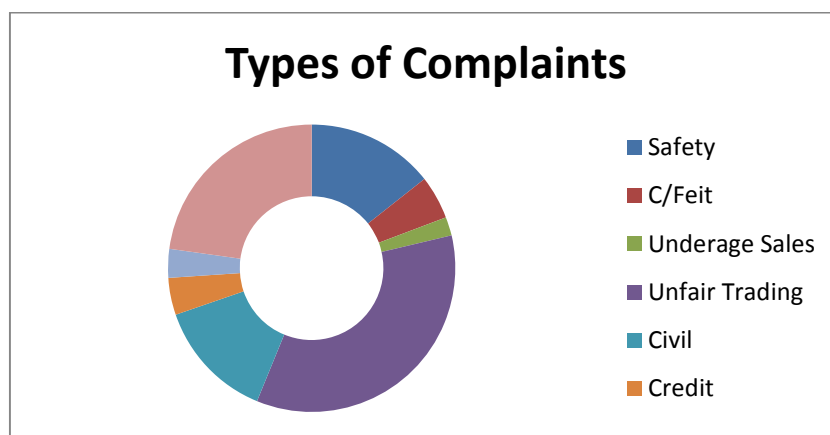


The nature of the infringements that were reported ranged from conspiracy to defraud charges to issues regarding safety labeling. As members will be aware, the Service enforces a wide range of consumer protection legislation which includes over 40 Acts of Parliament and in excess of 400 Regulations. The table below provides an overview of the types of offences which were reported in 2012-13:-



The table above demonstrates that the types of offences that were reported are in line with the Service’s priority areas of work.

As members may be aware, the consumer helpline which is now operated by the Citizen’s Advice Bureau (CAB) acts as the first point of contact for consumer complaints. Complaints are then sifted into those that are purely civil where advice is provided by the CAB and those that have potential criminal aspects are referred to Local Authorities for further investigation. Last year the Service dealt with a total of 2180 referrals, most of which necessitated some form of further investigation to determine whether there were any issues for Trading Standards to look into. In some cases, businesses were provided with advice on minor compliance issues.



The number of consumer complaints demonstrates that there is a high demand for Trading Standards enforcement and advice across a range of different legislation. Furthermore, it highlights the need to also carry out work in areas where there may not necessarily be high volumes of complaints such as underage sales and counterfeiting, particularly as we continue to uncover a relatively high number of offences. The high volumes of unfair trading complaints is due to the fact that there are numerous banned trading practices that are caught by legislation but some offences are also notoriously difficult to prove.

The Service prides itself on maintaining its relationships with other agencies such as the Police, HMRC, industry experts, UKBA and of course, other Council departments. During the course of 2012-13 we participated in 14 partnership days across a range of disciplines and were key participants in national Police led campaigns such as Operations Condor (licensing issues) and Liberal (rogue trader crime).

Despite the considerable changes that the Service has had to endure in the recent past, I am sure Members will agree that Officers have continued to find innovative solutions to bridge funding gaps and through greater prioritisation and hard work, we continue to provide the best level of protection for our residents and businesses that we are able to.