
Help needed - Misappropriated funds.

Posted by EmilyG - 2010/01/26 11:52

I am most frustrated and confused by my situation between 2006 and the end of 2008 I was a minority shareholder in a thriving company that turned over Â£9 million and as far as I was concerned was making healthy profits. I ran the company on a daily basis whilst the other two shareholders/ directors spent their time running their numerous other businesses. All was going wonderfully well until in the middle of 2008 one of the main shareholders started to behave strangely and they (he and the accountant - his best friend) started to pay me erratically, suddenly I was being told there were no funds in the account to pay me.

To cut a long story short the directors then told me there was no money in the company account but refused to let me see any accounts. They then tried to talk me into letting the company get struck off at companies house. I did not take their advice and instead employed lawyers to stop this from happening and help me gain access to the accounts. They promptly sent the company into liquidation

The first time I was ever allowed to see the company accounts was after the liquidation of the company.

On the sworn statement of affairs the main director, claimed the company's demise was due to the fact that a client owed us Â£300,000 and I had overspent on staffing (i ran the company on a daily basis) , although I contested this at the time as I knew our client did not owe us money without the accounts I could not prove this. Upon viewing the accounts, this is clearly not the case. Immediately there is some Â£472,000 visible of inter -company loans to companies not relating to mine but of which this main director has opened up during the course of owning our company. Then there are directors loans for around Â£200k for each of the two main directors and alledgedly Â£100k for myself (mine is purely wages which I had already paid tax on). Theirs are for house purchases, building works etc. They declared these loans as dividends on a board meet via phone the day they said they were sending the company into liquidation. Although some of this money was loaned to them in 2007 when we were most profitable, some was also paid out in 2008 a year where there are still no accounts filed.

Having gone through the accounts further in more detail I have discovered a further Â£1.8 million of funds used for items totally unrelated to our company - mainly staff payment for the main directors other company, luxury travel for him an his wife, extortionate expenses (remember he did not work for the company on a daily basis as he was busy running his seven other companies), new kitchen, building works to his house, services for his other companies. It is clear he used the company as his own personal piggy bank.

I employed the services of a forensic accountant to write what I believed would be a report against them. Sadly it turns out it is only a numerical report as I don't have the funds for the narrative. Hence why I am looking for advice.

They are claiming all inter-company loans, misappropriated funds etc are now expenditure of the company.

1. Can they do this?
2. How do I go about disproving this?

The liquidator has been appointed by their lawyer and despite sometimes seeming helpful, the minute I am gone, he tells him everything I am doing, so they are always ahead of the battle. 3.Should I try to get a joint liquidator?

4. Is there a case here to get the police involved or the Serious Fraud Office?

I would appreciate any advice you can give.

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