

R v RICHARD LESTER SENTENCING REMARKS

I have to sentence you today for the offences of fraudulent trading and the concealment of criminal property. In doing so I have taken into account everything that I have seen and heard during your trial, which ran from October to December of last year. I have born in mind the careful sentencing notes provided by the Crown and by the defence, I have read all of the various victim personal statements and I have taken into account what is said in those statements from those who we heard from during the trial. I have also considered the PSR prepared by the probation service and everything that I have heard today. These sentencing remarks are longer than those which I would ordinarily deliver – this was a lengthy case and there were a number of complexities to it. There are a significant number of people who were affected by your actions and I owe it to all involved to set out my reasoning fully.

Facts

Your offences spanned a period of almost five years, running from the 11th of August 2009 until the 6th of August of 2014. That reflected period of operation of the company known as cruise Direct UK limited, the 11th August 2009 being the day before the company commenced trading and the 6th of August 2014 being the day after its dissolution due to compulsory strike off action by Companies House.

Over the course of that five years you used people all over the world to sell cruise miles and cruise vouchers to unsuspecting customers who wanted either to experience cruising for the first time or to continue to enjoy the type of holiday that they loved. During the course of the trial we heard from customers from America, Canada, Australia and the UK who had sought to book cruises through your companies. Some of those sought to make those bookings for special occasions – including a 40th birthday and in one case as wedding gift in the form off a honeymoon cruise. In one of the victims personal statements they describe how two of their bookings were to celebrate their 30th wedding anniversary.

At the start many did get to sail on their cruises. By all accounts they had a fantastic time. We heard from some witnesses who cruised on multiple occasions with Cruise Direct and did so at a price which was far below the retail price for such a cruise. It was perhaps unsurprising that with many satisfied customers getting cruises at a bargain price that the company received a prestigious world travel award, for which you travelled to India in December 2012.

That shine began to fade. Many cruise bookings for 2013 and 2014 showed in customers' accounts as deleted or cancelled. Those customers had used their miles and received documents headed 'confirmed booking confirmation'.

It transpires that bookings not in fact confirmed at all. The relevant terms and conditions found on the website made it clear that what was being offered was not a cruise itself but a prize given in exchange for the vouchers or miles used. It essentially stated that nothing was agreed with the cruise line until after a process called roll check. And it's advised that air travel to any port of departure was not booked until after that roll check. According to the confirmed booking confirmation roll check was approximately 12 weeks before departure.

Roll check was apparently a process for a passenger to confirm that they wished to go on the cruise. You told the jury that this was a mechanism to reduce no-shows and losses to the company from booking cabins that were no longer wanted nearer to the time.

The need to complete roll check was made clear on some correspondence, on the website and in a booklet about how the process worked. I accept that there *may* have been some customers who did not complete the roll check process through their own inadvertence. However, non-completion of roll check was just one of the reasons that you gave to customers or the jury for cancellation. Other reasons included changes in policies and booking processes of the cruise lines, none of which was really supported by any of the evidence during the trial. You also blamed world events for causing changes to schedules and you relied upon a news article to suggest that changes had been made to one particular schedule. That article was dated 16 May 2011 and the cruise in question was booked by the customer on 17 July 2011 – after the article had been written and any cancellation announced. We heard from the cruise line that the cruise in question did sail, to which you said that the cruise on which the witness was due to sail had been amalgamated with another so there were fewer cabins available. This shifting of the sands and the constant evolution of reasons for any difficulties was reflective of what customers were told.

Many emails were received by customers seeking to explain difficulties in the company, often followed by attempts at reassurance that things were looking up. The reality is that they were not. The reason, the jury found, was because you were engaged in fraudulent trading.

Customers were offered a deal that appeared "too good to be true" and they took it. You sought to reassure them by providing them with those 'confirmed booking confirmation' documents which were intended to reassure customers that they had been booked with cruise lines to travel on particular ships when they had not. Whilst the 'confirmed booking confirmation' made mention

of terms and conditions and roll check and the customer's right to cancel, it made no mention of the confirmed booking actually being the confirmed 'win' (because that is how one comes to a prize) of a possibility to sail on a ship that may be cancelled by your company at any given time. We heard time and time and time again from customers who considered that this document was what it appeared to be on its face – a confirmation that they would get to sail on the cruise, even if subject to the customer's right to cancel up until roll check.

Time and time again we heard that customers were not informed that their cruises had been cancelled or deleted. By keeping that away from the customer they remained invested in your scheme and in some cases spent more money on it. I do not accept that failing to know that a cruise was deleted or cancelled was the fault of customers failing to 'log in' to your website. To bury a cancellation somewhere in a forum (if indeed it was) and expect customers to check it regularly is not what a customer would generally expect to do. When you book a holiday, or a flight the general expectation is not that you have to repeatedly check on their website whether you can still go.

I also do not accept that this is also due to customers having missed emails relating to cancellations. From some of the early documentation onwards reference is made repeatedly to ensuring that emails can be received by putting relevant e-mail addresses in a list that means that emails are not diverted to the junk-mail folder. The seed was laid early with customers for the potential for there to be issues with emails. Whilst some customers were told by email, others told the court that they did not receive notification off their cancellation by e-mail and only found out when they either logged on to the CruiseMiles website or raised queries. I do not accept that it can be a simple coincidence that all of these customers we're not told by e-mail and that all must have had problems with their emails being received from your company.

Some deletions were put down to customers not completing their roll check. We heard from customers who told us that they never received any e-mail to suggest the roll check had been opened. Again I do not accept this is simple coincidence. That seed which had been laid early with customers for the potential for there to be issues with emails provided a smokescreen for your actions. One customer, who flew to Fort Lauderdale and was left standing on the quayside watching the ship on which she thought was due to sail, drift off into the morning sun, was told by someone at Cruise Direct that there had been a problem with her roll check. She was adamant that she would not have flown to Fort Lauderdale and gone through all that time and expense, if she had not completed roll check properly. She was an experienced cruise customer and I have no doubt that she was telling the truth.

Refunds were paid in CM, which were of little value because the number of miles needed to pay for cruises kept increasing. Customers told the court repeatedly of the astronomical increase in the number of miles needed to pay for a cruise. One witness told the court how a cruise that would have cost 50,000 miles when she first joined the scheme latter required between 2 and 4 million miles. Sometimes bonus miles would be added to accounts on miles being refunded. All of this served to keep customers in the scheme for longer. We heard from customers who had miles to spend, they wanted to cruise, and they could do so only if they bought some more miles as a top up.

The reality was that the money that was paid in by customers was diverted to you. Cruises would not be booked and paid for when a customer selected a cruise and handed over their miles or vouchers. When others joined the scheme and paid for their vouchers or miles it would be their money would be used to pay for the cruises. That is characteristic of what is referred to as a ponzi-style or pyramid scheme. Investors at the top of the pyramid benefit from monies paid in by investors who join later on, and end up losing out when the scheme eventually exhausts itself and runs out of new customers joining it.

The scheme here did exhaust itself. Just because the scheme exhausted itself in 2013 does not mean it wasn't fraudulent from the outset. As the prosecution set out, 'seeds of the losses were sowed from the outset'. The scheme required initial investment. Further investment flowed in and paid for the cruises of the initial investors and so on. Just because the scheme operated successfully and without losses for a period did not mean that it was not during the currency of the Ponzi scheme. Such schemes do allow for a period of apparently successful operation of the business. I am satisfied that is what occurred here.

As to the losses, undoubtedly there were some issues in relation to PayPal and the American side of the business, with funds being frozen that would have otherwise been available for cruises, but we know from the forensic accountant's summary the net cumulative withdrawals to your personal accounts from cruise direct amounted to £265,657 by the end of the tax year 2011/12 and £416,256 by the end of the tax year 2012/13. That is before cash withdrawals are considered.

Money from your personal accounts was spent in its thousands on travel, restaurants, clothing, jewellery and other items. Whilst some expenditure from your personal accounts may have had a business connection you produced your own colour coded schedule for trial that showed that even as far as you were concerned a long way from all of it was on business expenditure. I am aware from the evidence of what was said about the lifestyle that you had when you were a professional gambler, gambling in major poker tournaments and winning significant sums of money, living the

high life in Las Vegas and elsewhere. It was suggested by one witness, a friend of yours, that you did not live a lavish lifestyle. He hasn't seen those schedules revealing payments made and of course he was unaware of your actions in relation to your fraudulent scheme – something he was taken in by for a considerable period of time. He became an agent for you. He sold vouchers for you as part of this scheme. He fielded queries from irate customers when things were going badly, which came as a total shock to him. I do not accept that his observations as to your lifestyle take me much further.

As a professional gambler the prosecution put to you that you had gambled with customers money in this case, running risks for both yourself and for them in an effort to seek reward for yourself. That is what you did.

Cruises were deleted. Customers started to have real doubts and investment dropped away. Deletion of cruises became an unhappily regular occurrence. Customers venting their frustrations on the internal forums and on an external website called pissedconsumer.com. An email of 3rd of September 2013 truly summed up the picture. It stated that discussing individual reservations is not appropriate for a public forum and is of course detrimental to the outsider looking in which in turn creates a weakening of income and funding for current cruises. That email could not be clearer clear the funding of current cruises was dependent on future income.

The company ceased trading on 12 August 2014 as a result of compulsory strike off action by Companies House. According to the forensic accountant, by then £444,543 of net withdrawals had come from the Cruise Direct UK accounts. Customers we're however left with accumulated banks of thousands or even millions of unredeemed cruise miles in their online accounts which they were then Unable to redeem and we're completely useless. These customers suffered losses ranging from hundreds to thousands of pounds which were represented by the monies they paid for these unredeemed and unredeemable cruise miles.

Confiscation

Through confiscation proceedings the crown invites the court to assess your total benefit from criminal conduct, to establish how much of that you can repay and to make an order that you repay as much of the benefit as you can. To do that the court will require more information. Accordingly I set to the following timetable. In doing so I extend the periods for service specified in CrimPR 33.13(3). This is a complex matter that requires proper consideration.

You will first have to provide the police with various answers in connection with finances. I order that you do that by **8th April 2025**

The prosecution will then outline their position by **3 June 2025**

You will have until **1 September 2025** to respond

and the prosecution will have a right to reply by **29 September 2025**.

There will then be a short hearing before me at which the matter will either be resolved by agreement subject to my approval or be set down for a contested hearing **20th October 2025**.

The Prosecution will make applications for compensation orders on behalf of the victims of the your offending, and for costs. I will also be obliged to order that you pay a victim surcharge. However, the law is clear and the prosecution acknowledge that I cannot deal with any of these matters until the conclusion of the confiscation proceedings.

Count 1: Fraudulent Trading

There is no specific sentence in guideline for the offence of fraudulent trading, the maximum sentence for which is 10 years imprisonment. The offence of fraud itself also carries with it a maximum sentence of 10 years. I've had regard to that guideline given that fraud must be inherent in fraudulent trading. The conduct said to amount to fraudulent trading essentially encompasses the making of false representations and/or failures to disclose information. Activities can fall within the substantive offence of fraud, and both fraud and fraudulent trading carry the same maximum sentence. Both parties invite me to approach sentence with reference to that guideline.

Applying that sentencing guideline I turn first to your **culpability**.

The running of Cruise Direct UK Ltd

Having heard the evidence in this case during a lengthy trial I'm satisfied that Cruise Direct UK Limited was your business from start to finish of the period on the indictment and that it was the primary vehicle for your fraudulent activities. You were its director from 1 September 2008 to 1 Jan 2013. From that date a man called David Wiley became the registered director.

You and David Wiley were, at the very least, equals in respect of an American company called Cruise Miles LLC. 6 May 2011 Cruise Miles LLC was formed in Nevada in the USA. Both you and David Wiley were its registered managers (to use the terminology found on the official form). You shared with David Wiley, according to the contribution description for the formation of that business, 50% of a number of businesses. Whilst it stated on the face of the operating agreement that day to day control of CruiseMiles LLC would lie with David Wiley, you described yourself in emails as being in a controlling position, and you acted as if you were. For example, a transatlantic cruise competition was run in 2012. You were responsible, you told us, for picking the winners. In the relevant emails you referred yourself in your email footer as “Richard, international market development/Group President CruiseMiles LLC. On 6 March 2013 as “operations manager”.

The business structure and interrelationship between Cruise Direct UK Ltd and CruiseMiles LLC was far from clear, looking at the convoluted contribution description in the CruiseMiles LLC operating agreement. You told the jury from that Cruise Miles LLC ‘took over as main company’. Cruise Direct UK Ltd operated within the parent company and that Cruise Direct UK Ltd’s role was then highly limited.

I am satisfied that your business arrangements were deliberately convoluted. There are a number of other companies incorporated in different places that were referred to in evidence. The terms and conditions that were often referred to in evidence list nearly 50 websites to which they were applicable.

The use of different entities and individuals (including David Wiley) was intended to be deliberately opaque in their nature to obscure your actions and your true degree of control over your fraudulent scheme. Despite the apparent take over (for want of a better phrase) by CruiseMiles LLC money continued to flow to and through the Cruise Direct UK Ltd accounts in very significant sums after the incorporation of CruiseMiles LLC. According to the forensic accountant in the tax years 2011 to 2015 receipts into one of the Cruise Direct UK accounts totalled over half a million pounds from various agents and from CruiseMiles LLC.

You gave evidence that from April 2013 onwards David Wiley apparently became ill and had gone to Thailand for treatment so you had to take over a lot of day to day running of the business. You had no supporting evidence at all relation to his being ill, but there was plenty of evidence that CD UK Ltd was still functioning as a business and that you were inextricably linked to it before and after that 2013 date. Between 2011 and 2014 when you were no longer in charge of CD UK over £320,000 was withdrawn from CD UK Ltd bank accounts to your accounts over £203,500 was

paid into CD UK accounts from your accounts. It was you who directed Cruise Direct UK Ltd agents to halt sales in 2012 following the incident on the Costa Concordia.

As I have already said, you were responsible for picking competition the winners in February 2012 to go on a transatlantic 'prize' cruise – in which you give your title relating to both Cruise Direct UK Ltd and CruiseMiles LLC – as intl markt development/group president. Within days of CruiseDirect UK Ltd having been subject to winding up customers were sent an mail entitled Cruise Miles/ Cruise Direct UK announcing that “as per recent update it is with great regret that CruiseMiles has permanently suspended operations”. It is clear that the two companies were inextricably linked and that Cruise Direct UK Ltd was engaged in what might be termed healthy trading in which you were instrumental. Remained company secretary and its sole shareholder throughout.

Applying the sentencing guideline culpability factors:

- (1) This was a sophisticated fraud that must have involved significant planning. Convoluted business arrangements and terms and conditions had to be put into place. Documents and websites were designed that were intended to reassure customers of the legitimacy of their investment of money and of the security of their bookings. Relationships were cultivated with cruise lines, agents and customers. Much effort went into cultivation of customer relationships through for example the prize cruises that generated a great deal of interest and excitement and encouraged others to join the scheme. This was not only nationally but internationally .
- (2) You misused your position as director of Cruise Direct UK Ltd to use that company as a vehicle for fraud and then acted as a shadow director exercising and misusing your day to day responsibility to further the fraudulent ends of the company. You cultivated friendships with customers and agents and those people trusted you because of your personal relationships. Anne Powell talked about the betrayal that she felt in relation to that friendship.
- (3) There were a large number of victims of this fraud. 324 customers contacted Essex Police with regards to your business. Some of those provided only partial information – so the number who were said to have suffered some form of loss was reduced to 180.
- (4) The fraud was conducted over a sustained period of time – 5 years. This did not become a Ponzi scheme later on. The reason that customers were able to sail initially was that money was coming in to the scheme that was able to pay for cruises. Of course it was your

intention that customers would get to sail – the scheme’s very nature was that money would be available from newer customers to fund the cruises of earlier customers. Only when the problems started to arise that the veneer slipped. I accept that real efforts were made by to honour bookings in 2014 by customers by self-funding cruises, for example through the use of credit cards. In my judgment, having listened carefully to the evidence during the lengthy trial and hearing what you have said about what happened both during evidence and in the Pre-sentence report, the reality was that this was an exercise ultimately undertaken in an attempt to save both the company and you from exposure.

Sentencing Guideline: harm

The sentencing guidelines assess harm with reference to the actual, intended or risked financial loss and the impact on the victim.

Turning first to the value of the losses. The Crown acknowledges the difficulties in placing a definitive figure upon the losses. The forensic accountant Mr Davidson calculated the amount of money received from customers or via agents that were credited to bank accounts held or controlled by you during the indictment period Amounted to just under £823,000.

You told the court that some of that money was not connected to cruises and that PayPal payments to the main company account represented the proceeds from your private gambling or selling on eBay. You were not able to provide any documentation to support that assertion. Significant time had passed since these incidents that may have affected your ability to obtain documents. I don’t hold that against you but I do have to consider the credibility of the assertions, particularly against your lengthy period of offending involving deception of others (including friends and customers who you apparently, you say came to think of as friends). Appeared to be absolutely no reason to have personal winnings from gambling or from personal eBay sales passing through the company. Even if there were occasions when business and personal accounts were used interchangeably, those occasions involved funds connected to the cruise businesses themselves. Personal sales on eBay and personal gambling transactions were not remotely connected to the business. When setting up the destination for funds you would have had to choose to direct the money to company accounts, and to do so quite deliberately. If it is right that you did have personal money paid into the account (and I do not accept that it was), having seen the level of withdrawals from the company whether in cash or through transfers the only possible explanation there could be for

you to do this in my judgment would be to cover up your withdrawals and movements, in other words to further your Ponzi scheme.

Furthermore, you asserted that some of the money from CruiseMiles LLC was not cruise money, rather it came from David Wiley to pay for his half share of the business. I have already set out my judgment about that document and the relationship with David Wiley. I repeat my judgment that your arrangements involving different companies and individuals was deliberately opaque in their nature to obscure your actions and your true degree of control over your fraudulent scheme. At the forefront of this was David Wiley and Cruise Miles LLC. His apparent buy-in involved a very significant amount of money, but you told the court in evidence that you were very relaxed about when and how he paid you. No instalment plan, no specific amounts on specific dates. No references were given within the transaction to this being part of the buy-in. No receipts for the transactions confirmed the transactions or their nature either for your benefit, DW's benefit, or the benefit of external scrutiny. This is all despite you having drawn up a highly convoluted document setting out precisely how the business would operate. The contradictions are stark and in my judgment your actions in seeking to explain away the nature of these payments are yet another example of your dissembling.

Even if I were to conclude that some of that money was not from customers, a large proportion of it was, in my judgment received from customers. It is perhaps more helpful to consider the customers in relation to whom something is known. The court heard from just some of the customers who said to have suffered losses. 324 customers contacted Essex Police with regards to your business. Some of those provided only partial information so the number who were said to have suffered some form of loss was reduced to 180. That comprised 88 individuals who's cruises were cancelled or deleted whilst the business was operating. The remainder lost money through paying for CM that are on their account that they have never been able to use, owing to the inevitable unravelling of the fraudulent scheme. But for the fraudulent trading, those losses would never have occurred. Their total amount spent by those individuals appeared to be just over £400,000. Some of those individuals did sail on cruises and so that £400,000 will require some downward adjustment for the miles or vouchers that were purchased and successfully redeemed. However that is unlikely to reflect the full extent have any losses here given that 144 customers we're unable to provide complete information to the police owing to the passage of time. The likelihood of none of those customers having suffered any loss at all is in my judgement slim.

Furthermore losses are not simply the direct losses occasioned by purchasing cruise vouchers and cruise miles that were never successfully redeemed. Time and time again customers spoke of having purchased flights to get to or from their cruises. That money was lost.

Some customers then rebooked that cruises either through the cruise line directly or through a conventional travel agent. Had to pay whatever price was necessary for that. One customer, Kim Berthon told the court that she 'paid a lot of money' to do so and felt compelled to because she had already paid for flights.

Sentencing council's guideline has a bracket for harm **(category 2)** based on losses of 100K to 500K. Crown suggests that is the appropriate bracket in this case. Given the sums set out that bracket appears to be entirely reasonable if not conservative. The starting point is based on harm of £300,000. Given that which I have set out adopting that starting point appears to be reasonable.

Even if the losses may have fallen lower within the bracket (and I do not accept that they do) the sentencing council's guideline makes it clear that harm refers not only to economic harm. Other impacts including the emotional impact must be taken into account. As the Pre-sentence report writer makes it clear fraud can have a devastating impact on victims. Fraud also results in lost opportunities for individuals and businesses. The court heard about the anger and frustration felt by customers. "Upset, disappointed, gutted" were some of the words used during the trial following the 'cancellation' of cruises on which people were misled into thinking they were booked. In one of the Victim Impact Statements, Mr DuMouchel described anxiety, disappointment, sadness and anger. The victim who had booked two cruises in connection with their 30th wedding anniversary did not get to celebrate because the cruises that they had booked were cancelled and the money that they had to spend was paid to you.

As I have already set out, in one case a customer not only spent money on the flights but boarded that flight to the USA and travelled to the quayside where they then had to stand and watch their ship depart without them because it never was their ship. They were never booked onto it. At the moment that happened one can only begin to imagine the confusion and frustration that must have been felt. It was fortunate that ultimately they were sanguine about it - saying that they were a great believer in 'spilt milk'.

One victim talked about how they had months of not sleeping well and suffered from stress about the amount of money that they had lost, and having to admit that to their husband and deal with his anxiety in turn. Another booked a cabin on the P&O Pacific Pearl cruise from Auckland, New Zealand to Sydney Australia, as a celebration of her husband having recovered from a serious

illness from which he almost died. That was cancelled. One was booked to gift a honeymoon. Those who book holidays do so to reward themselves or others.

Agents were also affected. They were both disappointed and in a state of turmoil when everything started unravelling. They were the contact points for customers, who directed their confusion and frustrations to them. They were helpless and largely left not knowing what to say, and were reliant on correspondence with you. We heard in evidence that one was dragged to court in Australia because of your actions. From what was heard in the trial almost inevitable that this would have been distressing to the person involved. We have now seen Victim Personal Statement to back that up.

Your overall actions had a detrimental effect on the victims and in some cases a considerable detrimental effect. That would usually militate in favour of some upward adjustment within the sentencing guideline bracket. In all of the circumstances I see no reason to depart from the starting point.

Category and starting point

Being of high culpability and with harm in the bracket that I have specified the starting point is one of five years imprisonment with a range of 3 to six years' imprisonment.

General aggravating factor

Before I turn to the specific factors outlined in the Sentencing Council's Guideline I pause to note that this case is not just one of high culpability because of one or two high culpability factors. I bear in mind that this is case involves multiple high culpability factors. The fraud took place over years, in many countries, involving many people, using various business arrangements and people to disguise your actions.

Upward adjustments as outlined by the Sentencing Council (1) Blame was wrongly placed on others.

I have seen emails in which you list a litany of people who you say were to blame.

- (1) People who worked for the company - example “Laura the bookkeeper”, Ann in the Philippines whom he accused of neglecting part of her duties in processing auctions and cruises, and a rogue US agent who stole money (whoever that was).
- (2) The cruise lines for cancelling reservations, or reducing the number of cabins when they didn’t get paid, for example, Norwegian Cruise Lines (NCL) for making group changes, Carnival Australia, for breaking previous commitment to outside international agencies, by not paying commissions and changing its booking processes, resulting in various issues with bookings, or RCCL for cancelling cruises, and adopting a change of policy which meant US or Canadian citizens couldn’t be booked on US agency groups.
- (3) Other organisations, including a host operator, Vacations C, which received a “cease and desist” notice from RCCL, and then went bankrupt, a “guy in Canada” who tried to blackmail Cruisemiles and a rival company in the UK which was allegedly copying the “Cruisemiles” name.
- (4) Payment processing platforms, i.e. PayPal and Total Apps, for suspending and then terminating the company’s accounts, because of the “high risk of exposure” its trading activity presented, which adversely affected the company’s cashflow. I accept that there were issues with PayPal in particular in connection with Cruise Miles LLC – we have received the information about that. Did not stop the Cruise Direct UK Ltd accounts being used as a conduit for thousands and thousands of pounds. Alternatives were clearly available. Given the interchangeable use of bank accounts more broadly, no real explanation was given as to why alternatives could not be used. Furthermore, it is Not incorrect to say they were wrongly blamed for the losses – they were not responsible in any way for the Ponzi scheme.
- (5) Worst of all, you blamed the customers themselves, who you claimed:
 - did not read or misunderstood the T&Cs;
 - or failed to check their e-mails

- or the website forum or newsletters about cruise cancellations; or
- mistyped their e-mail addresses, so they couldn't be notified about these cancellations;
- or failed to complete the "roll call" procedure correctly. Whilst there may have been occasions when this possibly could have amounted to a reason for cancellation, I do not accept that it was the blank cheque that you used it as to blame customers for cancellations more widely. Ultimately, you latched on to everyone else to attribute fault.

You also blamed the company's downturn and falling turnover reduced turnover on customers who spread what you termed "false rumours" on the Cruisemiles forum, or on other websites like pissedconsumer.com.

Blaming the customers themselves is perhaps the most culpable and harmful aspect of your shifting of responsibility. You not only took from these individuals and caused them distress, frustration, uncertainty, disappointment and financial loss but you sought to gaslight them. Their upset was apparently their fault, leading at least some to question their own actions. When all of the time it was down to you. It clearly aggravates your actions. I add this from one of the Victim Personal Statements – they summed up how they felt after the trial, saying that having been cross examined (quite properly) on the basis of your instructions - they felt that they were the one who had done something wrong. Yet they were the victim.

- (6) The Crown also say that you sought to blame your accountant for failing to file returns and accounts as required and gave the reason for not having any accounting records as being because they were seized from that accountant. We know that Mr Georgiou was your accountant. We also know that he was convicted on his own guilty plea of fraud and theft in 2015. We also know that files were seized relating to the accounting business. We do not know what they contained because they were not looked at by the police. I am therefore not going to take assertions about your accountant into account.
- (7) David Wiley. As I have already set out, you and David Wiley were partners across a number of ventures. For the reasons I have already given even if David Wiley was in some way involved in the fraud I don't accept that any fraud was simply down to him. Before the jury you sought to use his involvement as a smokescreen to downplay or divert attention

from your own continued fraudulent activity. Given the potential for David Wiley to have some degree of responsibility for what occurred alongside you, I take it into account to a limited degree, but it ultimately adds little to the significant diversion of attention on to others that I have already outlined. It is still readily apparent that you sought to blame many many others again, as a mechanism to distract from your actions.

Upward adjustment 2: previous convictions.

In 1989 when you were 20 years old, you were convicted before the Middlesex Guildhall Crown Court of 22 offences of dishonesty, including theft, obtaining property by deception and handling stolen goods. The offences included eight offences of theft by an employee, four offences of procuring the execution of a valuable security and obtaining property by deception for which you were sentenced to 3 years detention in a Young Offenders' Institution. According to the documents you stole and sold a quantity of government issue share allotment letters, sold them and pocketed the proceeds. You gave your own explanation of that in a psychological report. You said that you were working for a leading firm of stockbrokers in the City of London. You said you realised "there was all kinds of skullduggery going on", as a result of which the company was raided by the Serious Fraud Office, and he found himself convicted of offences involving "financial irregularities". You said that your belief was that, as the youngest member of the team, he was "scapegoated" by his older colleagues.

On the same occasion you was also convicted of the following offences, all of which were committed in 1988:

- (1) two further offences of obtaining property by deception, which involved obtain a Ford Estate motor vehicle, valued at £6,100, and a diamond ring, valued at £1,680, by presenting false cheques in those amounts;
- (2) four other offences of obtaining property by deception, which involved obtaining from different stores electrical goods and jewellery, by taking out credit agreements in the same false name;
- (3) offences of attempting to obtain property by deception and handling stolen goods, using false documents in the same false to obtain goods from another store.

You were sentenced to six months detention to run concurrently.

In determining whether to take into account your previous convictions I am required have regard to the nature of the offence to which the conviction relates and its relevance to the current offence; and the time that has elapsed since the conviction.

The Guideline states that the aggravating effect of relevant previous convictions reduces with the passage of time; older convictions are of less relevance to the offender's culpability for the current offence and less likely to be predictive of future offending. The court should consider the time gap since the previous conviction and the reason for it. Where there has been a significant gap between previous and current convictions or a reduction in the frequency of offending this may indicate that the offender has made attempts to desist from offending in which case the aggravating effect of the previous offending will diminish.

The last of those offences occurred in 1989. These offences occurred from 2009 – some 30 years later. However, they do bear similarities: [1] dishonest, fraudulent conduct [2] deceiving others for your own financial gain [3] in the case of the valuable securities by abusing your position within an organisation to facilitate your fraudulent activities. Despite being given a lengthy period of detention, you clearly did not reflect on it. You chose, despite that period of detention, to engage again in such conduct knowing full well what the risks were. Maturity didn't lead you to reflect that it was not an appropriate course of action. You now did it in a bigger, bolder way. This was not a case where you grew up and moved on. Your criminality simply went into abeyance.

That was not the end of your offending. You were jailed again in 1997 for a period of 3 months for driving whilst disqualified. According to the Psychological Report, the you said that you were stopped by police on the M25 because you were "supposedly speeding", for which he was banned from driving for three months. You said that you came out of Court and were picked up by a friend who left you sitting in his car briefly, but you were then seen in the car by two police officers, who accused him of being on charge of the vehicle.

Yet again you were taking risks, just as you did in your job, because it would benefit you. On that occasion it seems despite court orders. That is precisely what you did here. Constructed a scheme that exposed you ultimately to enormous risk – worked hard to mitigate that risk through your use of convoluted company structures and documents. As with the earlier offences, you sought to blame others. Again that is precisely what you have done here. Knowing what happens when you take illegal risks whether in connection with fraud or otherwise, you went on to take those risks again. During the trial you told the jury that you had been a professional gambler. The prosecution put to you that you had gambled with customers money in this case, running risks for both yourself and for them. That is precisely what you did. That is precisely what you had done before.

As the Pre-sentence report writer notes: “there is a clear pattern of financial motivated offences , however ,you appear to minimise his responsibility in all those offences. It is the assessment of the PSR writer that you are is likely to commit further financial motivated offences should he experience financial issues and be presented with an opportunity to offend”. In those circumstances, despite the age of some of your convictions they do act to aggravate your offending.

Mitigation (1): Ill-health.

You were taken ill on a number of occasions during the trial. Your evidence was interrupted on a number of occasions, due to your increased heart rate. On the day the jury returned their Guilty verdicts, you attended only via the video link. You were at home where he was recovering from an ischemic attack which he had suffered five days earlier.

I note that no medical report is available today, and I do not adjourn again for one but I accept that imprisonment will inevitably have some impact upon your health and I bear it in mind, although I also bear in mind that prison authorities are well used to seeking appropriate consultation and treatment for those with medical conditions. There are over 5 weeks before your next appointment, which should be ample time for arrangements to be put in place.

I do not consider that your being diagnosed with autism was a cause of or a contributor to this offence. This was not a case of others taking advantage of you. This was a well-planned, complex fraud, executed over a considerable period of time. It was done knowingly and willingly on your part. I do accept that your autism may make you more vulnerable in a prison environment and take it into account to a limited extent, but I also note that the prison authorities have processes in place to cater for offenders with such conditions.

Mitigation (2) Delay

You were interviewed in relation to this case in March of 2015. At the end of the interview you were told that you were being reported to the CPS, who would decide whether you would be charged with any offences. The case was referred in October of 2015. It was not until April of 2021 that you appeared at the magistrates court. There was therefore a period of nearly six years from being told that your case would be referred to the CPS until your first appearance at court. I understand that the investigation was inevitably a complex one and even take years to bring to a

point of charge, but nearly six years is a significant time to be awaiting a decision about whether you face criminal charges and is beyond what could be expected in the usual run of events.

Once you appeared at court there were further delays in your trial being heard. The trial of this case was originally fixed for September 2022, but was then vacated and re-fixed for October 2023, when it was again vacated and re-fixed for October 2024, on each of these occasions due to no fault of the Defendant, or the Prosecution. Whilst that was a period of delay, the parties expected trial much earlier. The defendant knew what the case was against him and he could have avoided that delay by pleading Guilty at the Plea and Trial Preparation Hearing (PTPH) in May 2021, or Further Case Management Hearings (FCMH) in August 2021 or January 2022, or at any other point by contacting the court and arranging for a hearing.

In the case of *R v GS* [2024] EWCA Crim 125 the Court of Appeal endorsed the case of *R v Timpson* [2019] EWCA Crim 1785 and said this:

whilst a person is not to be penalised for contesting the case, nor is he entitled to a benefit for that reason and it cannot be said that a delay before trial has nothing to do with someone who pleads not guilty: "A trial is only necessary because he contested the case. In those circumstances, we consider that the delay would have to be wholly out of the ordinary for any reduction at all to be applied.

Whilst the delay before charge is exceptional in its length, allowing me to take it into account, in my judgment any further reduction for delay after the PTPH would be inappropriate. By that stage the defendant knew what charges he faced. Whilst the adjournments of the case were unfortunate they were inevitably going to be for some time given the length of the case and the other demands on court time. That is part and parcel of being before the court during these current times and any not guilty plea must come with the realism of when a case may be dealt with. Accordingly, I make some downward adjustment to reflect the period prior to charge only.

Mitigation (3) other activities

I note that there was a lengthy period of life when not offending. Involved in other, seemingly positive, thing and I have taken account of the positive references that have been uploaded on your behalf.

Mitigation (4) Remorse – During the trial you were remorseful that customers were let down, some of whom you considered to be your friends. However, you are not remorseful for *your* actions in connection with this fraud. You still continue to minimise what you did. As the Pre-sentence report writer says “you see yourself as also being a victim of circumstances and Mr Wiley’s wrongdoings at the time”. I therefore do not consider that you are remorseful for your actions.

Taking into account all that I have seen and heard on count 1, I sentence you to 5 years imprisonment. That is in my judgment, aligned with both the sentencing council’s guideline and the case law cited to me on fraudulent trading, the sentences for which were subject to reductions for guilty plea, which is not available to you given that you contested the matter to trial.

Count 2: Money Laundering

Applying the sentencing guideline, this was again part of your significantly planned offending. You shifted money between multiple accounts, obscuring its source and destination. Business and personal funds were intermingled to a point where the trail became almost incomprehensible to the casual observer. Your culpability is again high.

Harm is again assessed by the amount involved and this time also by the seriousness of the underlying offence. As to finances I place you in to the same financial category as in connection with fraudulent trading (£100K to £500K with a starting point of 300K). As to the seriousness of the underlying offence – that is the fraudulent trading which led to the losses and emotional impacts that I have described already. The relevant categorisation has the same starting point and range as count 1 – namely a 5 year starting point with a range of 3-6 years.

I take into account the aggravating and mitigating features that I have already outlined. Bear in mind that none of the previous convictions were for the laundering of the proceeds of crime. However, I note that money laundering was not a specific criminal offence at the earlier dates of offending for gain and the offences involved your obtaining and/or retaining property, including money. They were acquisitive. That conduct could today be charged under ss327 or 329 of POCA 2002. In any event, the risk taking to facilitate your own acquisition or retention of criminal property was a feature both then and now. Therefore, despite their being no previous convictions connected to money laundering I do consider that the previous convictions remain relevant in the way that I have already described.

In the circumstances **taking into account all that I have seen and heard on count 2, I sentence you to 5 years imprisonment.**

In this case the crown has assessed your culpability and harm for both offences as the same. The court of Appeal in *R v Cooper* [2023] EWCA Crim 945 has made it clear that where the money laundering involves no additional criminality which increases either culpability or harm to reflect the totality of the offending any sentence for money laundering ought to be concurrent. I agree with the prosecution submission that this is a case where a concurrent sentence for the money laundering count is appropriate.

Director's Disqualification

Both the offences of which you were convicted in counts 1 and 2 were committed in connection with your management of Cruise Direct UK Ltd, and were committed by the Defendant in his capacity as director, company secretary and/or operations manager of that company.

As offences committed in such circumstances I am empowered to consider making a director's disqualification order against you to protect the public from further abuse by you of corporate vehicles or your role or status within those corporate vehicles to the detriment of the public.

I have considered the well-known brackets for disqualification set out in the case of *Re Sevenoaks Stationers (Retail) Ltd*. 10 to 15 years is reserved for what are referred to as particularly serious cases such as those where there has already been a period of disqualification imposed. The prosecution submits that you fall into the middle bracket of six to 10 years is appropriate, and I agree. Given the nature and duration of the offending in this case it certainly cannot be said to fall into the lowest bracket.

Again as to where it falls within that bracket, this was a wholesale misuse of both the corporate vehicle and your position within it. You manipulated the use of titles within that corporate vehicle and used other corporate vehicles to hide your criminality. You did so over a prolonged period of time. Given that the whole business was a vehicle for a Ponzi scheme I cannot characterise its trading as having been legitimate trading but rather trading in furtherance of the ultimate scheme. The amount of money risked was substantial and you still seek to completely deny that you were offending in any way. There was no suggestion with any recognition or insight that what happened was wrong or that there may be a change in the future. In those circumstances you must move towards the top of that bracket and I disqualify you for a period of nine years.

Sentence

Your offending is clearly so serious that neither a fine alone nor a community sentence can be justified.

On count 1 of the indictment your sentence is one of 5 years' imprisonment.

On count 2 of the indictment your sentence is one of 5 years' imprisonment, to run concurrently with the sentence on count 1.

That is the least sentence that I can impose on you given the seriousness of your offending. As the law currently stipulates, you will serve no more than 40% of that sentence in custody, and the remainder of the sentence will be served on licence in the community. You must comply with all the conditions of your licence, failing which you will be at risk of recall to prison to serve the remainder of the term in custody.

Any time that you have spent on remand will automatically count towards the custodial period of your sentence.

The offences of which you have been convicted were committed while you were dishonestly involved in the management of Cruise Direct Uk Ltd. I direct that you be disqualified from acting as a director of any company for a period of 9 years. This means that you must not, without the court's permission, be a company director or act in the promotion, formation, management or liquidation of any company during this period.

You will next be before the court on 20th October 2025 when the application in connection with your proceeds of crime will be considered. To further those proceedings you must provide the prosecution authorities with the information required of you by 8 April.

Any financial orders will await the outcome of those proceedings.

HHJ Alexander Mills

11 February 2025