PINNOCK FINANCE COMPANY

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1.42 p.m. §

Mr. William Hamilton (Fife, West) On 1st August, 1967, the Board of Trade appointed § Mr. Basil Wigoder, Q.C., and Mr. P. Godfrey to investigate the affairs of the Pinnock Finance Company (Gt. Britain). On 25th September of the same year, at the request of these investigators, the inquiry was extended to cover the 11 Pinnock associated companies incorporated in the United Kingdom.

Thus began the unravelling of one of the most complicated and gigantic frauds in the history of private enterprise in the United Kingdom. For eight years, from 1959 to 1967, the gullible, and perhaps greedy, British investor ladled £13 million into the grasping maw of the Pinnock group—a concern which purported to be making sewing machines, vacuum cleaners, small tractors and cultivators, and sundry electrical appliances.

It was eventually discovered that there were about 80 companies located in most parts of the world: 21 in the United Kingdom; six in the Irish Republic; 23 in Australia; two in New Zealand; one in the U.S.A.; two in Canada; one in Panama; four in the Bahamas; two in France; three in Belgium; two in Holland; one in Switzerland; three in South Africa; two in Singapore; and one each in Germany, Denmark, Sweden and Rhodesia.

This ramshackle set-up was so complex, the documentation so unsatisfactory, unreliable and often contradictory, that the investigators had great difficulty in unravelling the fraud. Many of the officers and employees of Pinnock were either unable or unwilling to give reliable evidence. I will quote from the report—which makes horrific reading—paragraph 13: "From all the documentation and verbal information we have obtained we came to the inescapable conclusion that this man"——" and I shall say who the man is in a moment—— "engineered the complex structure of the Pinnock group as part of a deliberate policy to hide the true state of affairs from the depositors, or potential depositors." The whole wretched story began in Australia in 1955. Numerous companies were formed there by the arch-villain of the conspiracy, a Mr. William Ross Wright. By June, 1960, the aggregate loss on his five 774 Australian companies was about £30,000. By 31st March, 1967, less than seven years afterwards, the losses had rocketed to over £1.8 million Mr. Wright got those funds, as he subseqeuntly did in this country, by offering succulent high rates of interest to gullible depositors. As none of the companies ever made profits, from the very beginning the Australia depositors were paid interest only from subsequent deposits. But in spite of that, the companies felt able to advance some £120,000 to Mr. Wright personally before June, 1958, and a further £280,000 in May, 1959.

With those successes under his belt and with his own bank balances in a "flush" state, Mr. Wright decided to try his luck with the astute, shrewd British investor. So he came to these shores. Pinnock Finance (Gt. Britain) was incorporated in August, 1959. From then on intoxicating success came to Mr. Wright. The funds came flooding in. This success was swiftly followed by the formation of all those other Pinnock companies throughout the world. In world coverage, Pinnock and Mr. Wright exceeded that of the British Empire even at the pinnacle of its glory. Most of the companies performed no useful function at all. Such manufacting as there was of sewing machines in Australia, of electrical and other appliances in Great Britain—and I understand that the lawn mowers produced in Britain would not cut the grass—resulted inevitably and consistently in enormous losses. For example, Pinnock Electrical Appliances Ltd. (Gt. Britain) was incorporated in July, 1959; by June, 1967, it has lost £944,000. The losses were made good out of the funds that kept pouring in from these poor depositors.

Similar stories were told in the report about the European companies of the Pinnock group. For example, the Belgian company Pax was acquired by Mr. Wright in 1958. It was liquidated in September, 1967, with losses of over £625,000, again paid for out of depositors' funds. From 1964 onwards Mr. Wright directed his skills to America and the Caribbean—he was an empire builder—and with the same results. By the end of 1964 the accumulated losses were just under £2 million. By the end of 1965 they were very nearly £3 million. When the crash eventually came in 1967 there were losses of £5.6 million. It was the depositors in 775 Pinnock Finance (Great Britain) who financed these operations and lost their money.

The shareholders were at little risk because there was none, except Mr. Wright. As the investigation discovered, on at least four occasions share capital was subscribed in contravention of Section 54 of the Companies Act, 1948. The advertising literature of Pinnock, copies of which appear at the back of the report, was wholly and deliberately misleading, portraying, with an aura of glittering success, an outfit which was far more crooked than the train robbers.

It was, nevertheless, successful in extracting £13 million from depositors all over the world. The Sunday Times of 28th May, 1967, gave a breakdown of the countries from which deposits had come. From the United Kingdom had come £5 million; Africa £1¼ million; Eire £490.000; Europe £460,000; North America £410,000; Mediterranean countries £360,000; Latin America £349,000; the Far East £325,000; and Australasia £70,000.

Where did the money go? We know that £4½ million went to Australian companies belonging to Pinnock; £2,285,000 went to U.K. companies owned by Pinnock; £1 million went to Belgium; £¾ million to Pinnock companies in Eire; £145,000 to New Zealand; £110,000 to Switzerland; £100,000 to Malaysia; £40,000 to Holland; £15,000 to South Africa; and £10,000 to Pinnock companies in Panama.

The only people to benefit from this supreme example of private enterprise were Mr. Wright and a few of his associates. In March, 1964, two sums totalling £10,000 were paid direct to Mr. Wright by Mr. Wright from the depositors. Between March, 1965, and October, 1965, Mr. Wright paid £18,624 to Ladbroke and Company to settle his gambling debts. He loved going to the horses, and he took the depositors' money with him In July, 1965, Mr. Wright took another £1,000, and between July and September, 1966, he took another £30,500.

Other extractions by Mr. Wright and his associates are shown in paragraph 401 of the report. They include £1,000 paid to Mrs. Wright—goodness knows what she did for that—with 776 £6,400 having been paid into Mr. Wright's account at Barclay's Bank at Nassau in the Bahamas.

The investigators concluded in paragraph 649(e): "Despite the appalling, and we have no doubt deliberately engineered confusion with which we have been faced, we have been able very largely to account for the £9.2 million which was owing to depositors when the final collapse came in March, 1967. It will be seen from Appendix M that the total trading losses of Pinnock Finance (GB) and the associated companies were no less than £6.7 million. Mr. Wright (irrespective of his criminal liability) owes the companies £1 million. The estimated value of the assets at the time of the crash is £1.2 million. In the result there is left unaccounted for what can properly be described in the circumstances of this enquiry as a mere £250,000." If one looks at paragraph 649(b) one sees a delicate touch of irony as we are told: "We have certain doubts as the honesty of Mr. Wright's intentions when he started the business, particularly as there is clear evidence that over a period he converted funds of the companies to his own use." The report continued: "We are inclined to the view that once Mr. Wright had found the ready source of capital which the depositors provided, he was seized with a determination to set himself at the head of an industrial empire." If I say that I could go on at length about this the Minister will appreciate how long that could be, for it would indeed take time to extract from the report all the squalor that is evident in this enterprise.

I come to the Government's responsibilities in this matter. As early as 1961 the companies' auditors were hoisting the warning signals that all was not well. Under the terms of the Protection of Depositors Act, 1963, Pinnock was required to file annual accounts with the Registrar of Companies in accordance with the Companies Act, 1948. In addition, under the Depositors Act, 1963, Pinnock had to submit six-monthly accounts to the then Board of Trade to enable it—that is, Pinnock—to continue advertising for deposits.

On these matters barren correspondence took place between the deaf and illiterate and the dishonest—between the Department and Pinnock—between September, 1963, and September, 1966. It must have been crystal clear to the Board of Trade at that time 777 that all was not well with this organisation. Paragraph 530 of the report tells us: "From our examination of the correspondence between the Board of Trade and Pinnock Finance (GB) we have formed the opinion that the Board of Trade entertained doubts as to the financial stability of Pinnock Finance (GB) and of the Pinnock Group as a whole The correspondence was mainly confined to specific questions on the form and content of the published accounts of Pinnock Finance (GB) and requests for details of movements between one set of accounts and the next. We appreciate that the authority of the Board of Trade to make additional enquiries is prescribed by statute, but we feel bound to question whether this authority is adequate in such circumstances in relation to companies seeking deposits from the public, and whether the provisions for enforcing Acts such as the Protection of Depositors Act are really sufficient to ensure that avoidance of the provisions for the protection of depositors can be detected. It is relevant in passing to note the extension of the Board's powers relating to insurance companies introduced in the Companies Act, 1967." I have studied these matters as carefully as I can and the conclusion I am bound to reach is that the Board of Trade, as it then was, now the Department of Trade and Industry, stands accused of a colossal failure to carry out its administrative and statutory responsibilities to protect the interests of depositors in this instance. That can be said not only of this instance. For many years the Board of Trade has persistently failed to carrry out its statutory and administrative responsibilities to protect shareholders and depositors from sharks and criminals like Mr. Wright.

My information is that two-fifths of all companies fail to deposit their accounts to Companies House on the due date; that is to say, 200,000 companies out of half a million failed to deposit their accounts nine months after the end of the financial year. Yet according to the latest edition of company statistics of 1969, there were only 189 prosecutions in total. Why this unwillingness to compel companies to comply with the law?

There has been informed and sustained criticism of the Board of Trade, not only over Pinnock but over several years in this and other instances. An acocuntant with very great experience of these matters, Mr. R. Briscoe, is on record as saying that his experience is that the Board of Trade's administration of its duties, as contained in the Companies Act, for the 778 protection of investors is "largely illusory". Professor Gower—I think he is a professor; he may be a doctor—a Law Commissioner and a former member of the Jenkins Committee, said in 1970: "I hope that there is nothing in my book"—" He was writing a book on company law —— "which suggests that I am so naive as to suppose that the Board of Trade's investigatory powers are being exercised as effectively as they should be. I certainly had no illusions on that score. They"—" that is to say, the staff of the insurance and companies department of the Board of Trade—— "are almost forced to try to find excuses for not doing anything." Morris Finer made similar condemnations at the British Congress on Crime in September, 1966. The Jenkins Committee on Company Law in 1962, in paragraph 500 of its report, used these words: "We would however stress that the provision of additional powers will of itself achieve nothing; these powers will only serve a useful purpose if the Board of Trade in particular are prepared to invoke them by applying in proper cases for Court action against fraudulent, reckless and incompetent company directors." All those warnings from responsible people—and they are only a few that I could quote—have been consistently and persistently ignored by the Department. So we get the monstrous frauds mixed with crass incompetence, such as the John Bloom case, the Savundra case, the V. & G. case, the Rolls-Royce case—and now Pinnock. How much longer shall we go on before the Government Department is alive to its responsibilities to protect people from the nefarious activities of these individuals?

I refer to a book which I borrowed from the Department itself, "The Control of Company Fraud", by Tom Hadden. I quote from page 313. He refers to the processes in company liquidation, and he continues: "The flaws in this system are twofold. As we have seen, the large majority of cases in which prosecution reports are made never reach the trial stage. The need for action is swamped in the complex administrative tangle between the Court, which exercises a general jurisdiction over the liquidation, the Official Receiver who conducts it, and the Board of Trade and the Director of Public Prosecutions who alone have the authority to institute criminal proceedings. It is not unknown for the papers to be circulated back and forth from department to department with arguments for and against a prosecution 779 until the whole matter is stale enough to be dropped." That is exactly what is going to happen with Pinnock. But it will not be my fault if it does.

Mr. Hadden continues: "Most of the cases in which proceedings are actually instituted are the more blatant trading frauds in which the main investigation is in the hands of the police. The fact that only a small fraction of the cases of company failure are subjected to any form of official scrutiny at all is perhaps even more significant." That is damning evidence of the Government's incompetence and complacency in these matters.

Professor Gower has pointed out that in the United Kingdom few shareholders or depositors can obtain redress because of the extortionate cost of legal action. That being so, surely a greater responsibility devolves on the Government Department to carry out its statutory and administrative responsibilities fully, efficiently and fearlessly.

In the United States there is far greater protection for depositors and shareholders. Their apparatus in this field arose from the Senate inquiry following the great crash in 1929. That inquiry provided the basis for the whole of the apparatus now existing in the United States for protecting shareholders and depositors.

The Jenkins Committee, which reported in 1962, considered the formation of a United States-type of Securities and Exchange Commission. It is true that the Committee eventually came down against it, but with this proviso: that the D.T.I. should continue to exercise many of the functions of such a body, aided by an already-established Companies Act Consultative Committee. Jenkins specifically recommended that "The Companies Act Consultative Committee should meet regularly to co-ordinate the experience of the various bodies concerned with the protection of investors, and this Committee should advise the Board of Trade (now the D.T.I.) of changes which they consider desirable in the administration of the law or in current practice to protect the investor." What has happened since Jenkins? The Companies Act Consultative Committee has never met again. Having studied much of what the Jenkins Committee recommended, and having read the views of Mr. Tom Hadden, Professor Gower and others, I am convinced that only a Select Committee of this House 780 can and should, and must, investigate the manner in which the D.T.I, exercises, or fails to exercise, its responsibilities regarding protection for investors and depositors, insurance policy holders and the like.

Meanwhile, I now invite, publicly, any of the Pinnock depositors who have lost their money to write to me urging me that the whole question of the maladministration within the D.T.I. be referred to the Ombudsman, the Parliamentary Commissioner. These scandals can no longer be swept under the carpet by what is probably the most incompetent, inefficient and irresponsible Department of Government.

Meanwhile, what has happened to Mr. Wright? He has just disappeared. Nobody knows where he is. Fifty police forces throughout the world are looking for him. He has got away with at least £1 million of depositors' money. For three years police all over the world have been trying to find this man. There may be some reason for believing that the D.T.I. knows where he is. The Department probably knows that he is in Australia but that to fetch him back would involve a lot of expense and work, and that many people would be involved in the prosecution and a lot of dirty linen would be washed in public. I suppose it is hoped in the Department that with the passing of time all will be forgotten; and Mr. Wright and his gang will be able to live happily ever afterwards.

The Director of Public Prosecutions has already blandly announced that, having regard to all the circumstances, no further action is to be taken at present. I wonder why. It is a scandal of such major proportions involving the honour and efficiency of the entire Government that it cannot be allowed to sink into oblivion. We were promised honest and open government. We must make sure that we get it.

In the Press in the last few weeks we have read stories about old-age pensioners being hounded by the Inland Revenue because of mistakes which the Inland Revenue made. We have read that pensioners are due to repay up to £200 and that pensioners who were hoping to enjoy their retirement had had to return to work to get the money to pay the £200 781 to the Inland Revenue at £1 a week.

We hound those people. We do not hound Pinnock. This is not going to be swept under the carpet. I shall see to that. I shall take all the steps that lie within my power to ensure that these people are brought to book and that the Department of Trade and Industry lives up to its responsibility and discharges the functions given to it by Parliament.

2.11 p.m. §

Mr. Derek Coombs (Birmingham, Yardley) I will not follow the hon. Member for Fife, § West (Mr. William Hamilton) in reiterating our contempt for Mr. Ross Wright, so accurately described as an arch villain. My concern, which the hon. Gentleman touched on at the end of his speech, is more with the part played by the Board of Trade and by the Law Officers in this matter.

The initial police inquiry was conducted by a detective constable who, however diligent, could not possibly begin to understand the complexities he was dealing with. I hope that our present Law Officers will learn a lesson from this and will take action accordingly in advising the police.

I have already tabled a Question to the Secretary of State about the Pinnock Finance Company, because I am convinced that the then Board of Trade was negligent in its judgment during the period 1964 to 1967. Those three years covered the period of the investigation before the Pinnock Finance Company crashed and announced that it was unable to repay its deposits.

The Board of Trade had adequate powers under the Protection of Depositors Act, 1963, which it patently neglected to use. I say this on two grounds. First, Pinnock failed to provide audited accounts for all its companies, and, second, from the information then available it was obvious that the rapid increase in new deposits had provided the funds for the repayment of earlier deposits. Both of these points are clearly specified and provided for in the 1963 Act.

Regrettably, the Ministry is not able to obtain outside financial and accounting advice when considering these matters, so it was the Department's responsibility to have a highly 782 qualified professional team to ensure that the interest of the small saver was protected, this being the purpose of the 1963 legislation.

Pinnock had about 9,000 depositors—4,000 in Britain and 5,000 overseas. The total of deposits was about £8 million. The deposits were invested as unsecured loans with associate companies throughout the world, notably in Australia. This is how the Pinnock Directors circumvented the Companies Act, specifically by creating associated companies instead of subsidiaries usually with an interim nominal share capital. This was his means of operating. Our legislation needs to take this into account. No wonder these companies failed to produce accounts, because in some cases they did not even exist, certainly not as trading entities.

Why, therefore, did not the Board of Trade insist on all these accounts at that time being made available?

My criticism is of those civil servants in the Department of Trade and Industry who conducted the investigation in the period 1964 to 1967. Because of their negligence thousands of small depositors have suffered great financial hardship. Justice must be done. It is only right that the guilty civil servants should be rooted out and sacked.

I am not satisfied with previous inquiries, including that of the Ombudsman, about this company, and I serve notice now that I intend to press for a complete re-examination of the whole Pinnock affair.

2.25 p.m. §

The Under-Secretary of State for Trade and Industry (Mr. Nicholas Ridley) I want, § first, to deal with the last point made by the hon. Member for Fife, West (Mr. William Hamilton), who I believe has raised this matter in a perfectly right and proper way. This is a most unfortunate story and one which will benefit from public analysis and debate in the measured tones which the hon. Gentleman used in delivering his speech.

The Inspectors' report was received by the Department on 30th April, 1970, and referred to the Director of Public Prosecutions. As the hon. Gentleman has said, the report did not lead to prosecutions. The question of prosecution is a matter for my right hon. and learned 783 Friend, the Attorney-General. In answer to a Question on 24th May, 1971, he said that "the Director decided in June 1970" after discussion with my right hon. and learned Friend "that, having regard to the nature of the available evidence, police inquiries would not have been warranted at this stage".—[OFFICIAL REPORT, 24th May, 1971; Vol. 818, c. 25.]" I can add nothing to that answer. As I have said, it is a matter for my right hon. and learned Friend.

However, I should like to state categorically that there is no knowledge of the whereabouts of Mr. Ross Wright and that the hon. Gentleman's suggestion that we know where Mr. Ross Wright is but are not prepared to do anything about it is untrue.

Second, I want to make one point about the publication of this report. Although there was no prospect of criminal prosecution, there was the possibility that the liquidators of Pinnock Finance Company and its associated companies might wish to bring civil proceedings against persons whose conduct was dealt with in the Inspectors' report.

I had, therefore, to consider whether publication of the report would prejudice civil proceedings. The views of the liquidators were sought in July, 1970, which they felt unable to give until they had obtained legal advice. It was not until February, 1971 that the liquidators informed me that they would raise no objection to publication. Arrangements for publication were put in hand immediately, and the report was published on 6th May, 1971. The consultations with the liquidators took some time, but I am satisfied that there was no undue delay and that the report was published as quickly as possible.

The question whether, and if so when, a report such as this should be published is not so simple as it might seem. Publication could prejudice possible criminal proceedings, and premature publication could adversely affect civil proceedings and the interests of creditors. I do not think one can lay down any simple rule. The balance of advantage differs according to the circumstances of such cases. In this case there was no doubt. There was an 784 overwhelming public interest in favour of publication; and I did all that I could to ensure that it took place.

The events took place up to ten years ago and under the last three Administrations. I am glad that the hon. Gentleman did not try to make political capital out of this. I wish he had left out his implied connection between these events and private enterprise, for what we are dealing with is a straightforward case of fraud. What we must do is to try and learn any lessons from it that we can for the future. I want, therefore, to discuss some of the points arising from the very full report of the inspectors, and in so doing I shall deal with many of the points which the hon. Gentleman and my hon. Friend the Member for Birmingham, Yardley (Mr. Coombs) put before the House.

A large part of the assets of the Pinnock Finance Company consisted of loans to its associated companies abroad, particularly those incorporated in and operating in Australia. If the associated companies could not repay those loans, Pinnock was insolvent. We now know, from the inspectors' report, that the associated companies were in no position to repay and that for some years the auditors, even if they were not certain that that was the position, had suspected or had grounds to suspect that it was.

In the period up to 1967, the fact that the auditors' reports were unqualified averted the Department from entertaining suspicions on this vital point strong enough to cause it to use its very considerable powers to require books and papers to be produced, to appoint inspectors, or, in certain circumstances, to petition for the company to be wound up. It is primarily a matter for the auditors to satisfy themselves that overseas investments have the value which the directors claim for them.

The Protection of Depositors Act came into force in October, 1963, but even under that Act we do not have powers to compel a company to produce the accounts of its associated companies when those companies are situated abroad. This is a matter which we have already considered carefully, but I believe that it would not be feasible for United Kingdom law to force the production of the accounts of overseas companies which are not 785 subject to British jurisdiction. Nor would there be any way of checking their accuracy even if they were produced.

On this point, I am sure that the House will agree that we must continue to rely upon auditors to satisfy themselves as to the value of assets shown in company balance sheets. Officials cannot conceivably take over the work of auditors in this or, for that matter, any other similar field.

The company had three auditors in the period from its incorporation in 1959 to its announcement in 1967 that it could not repay its depositors. The first auditor completed his report on the accounts for 1960 and started work on his audit of the accounts for 1961. He raised with the directors a number of points which needed to be satisfactorily explained to him if he was not to conclude that at the end of 1961 the company was insolvent. He was not given satisfactory explanations. He sought legal advice about what to do and was advised to resign, which he did. When his successor as auditor had been appointed, he explained to him the reasons for his resignation, and he drew attention to the points which he had raised with the company's directors. He did not, as the hon. Gentleman said, hoist warning signals at all, apart from the fact that he warned his successor.

The second auditor, despite the information given to him by his predecessor, felt able to give unqualified certificates on the accounts for each of the four years 1961 to 1964. The inspectors said that it was clear that he was grossly negligent.

The third auditor reported on the accounts for one year only: he gave an unqualified report for 1965. The inspectors were inclined to the view that this auditor was very much out of his depth when dealing with the affairs of this company.

So the company had an able auditor who resigned rather than give a qualified report, a negligent auditor, and an auditor with insufficient experience to compete properly with the work he took on.

These events raise important questions. The first is whether the first auditor was right to resign without alerting anyone other than his successor. No doubt, on the legal advice he received, he acted correctly. But wider questions of his responsibility to the depositors 786 arise. Had he informed the Department of his suspicions, it is likely that action would have been taken back in 1962. The second point is that the second auditor was, to quote the report, "grossly negligent", and the third auditor was "out of his depth". One asks how they came to be allowed to practise. Again, a hint from either of these auditors would have alerted the Department.

The Government are not satisfied on either of these matters, and I intend to discuss them with the professional bodies concerned in the near future, with a view to possible action.

The next and key question asked by both the hon. Gentleman and my hon. Friend is whether, despite being lulled by the unqualified reports of the auditors, the Department, then the Board of Trade, should have concluded from its examination of the company's accounts and its and its discussions with the company's directors and officers that the company was probably insolvent. There is no doubt from the inspectors' report that officials were suspicious. The key question is whether these suspicions should have caused them to take action earlier than they did. This must be a matter of judgment.

Two independent experts have investigated this question. First, the Parliamentary Commissioner has examined these events, and, no doubt, hon. Gentlemen have seen his conclusion, that there was no maladministration. He said: "With the benefit of hindsight, I have considered whether the Board of Trade might be criticised for not pressing the company for further information especially about the finances of the overseas associated companies; but a scrutiny of the accounts and of the information available to the Board at the time has satisfied me that the officials concerned were not lacking in competence in not finding evidence of insolvency"." He has declined to initiate a further investigation on the ground that no new evidence has been produced to cause him to change his mind. Second, the inspector's report has been published. Nowhere does it censure officials.

On this key question, therefore, of whether, despite the assurance of unqualified auditors' reports, the Department should have realised that the company was insolvent, the answer must be "No". It is easy to condemn the Department with the advantage of hindsight, 787 but that is, perhaps, a common human failing.

Nevertheless, the inspectors' report suggests to the Government certain lessons which can be learned for the future. They are, first, the matters concerning the auditors with which I have already dealt. I shall follow these up, as I have already said.

Second, that there should be an even greater degree of scepticism in the minds of the officials who deal with these difficult matters in the future. I assure the House that that lesson has been taken very much to heart.

Third, that amendment of the Protection of Depositors Act should be considered in the manner suggested in paragraph 530 of the Inspectors' report, which the hon. Gentleman quoted. The inspectors questioned whether the statutory authority of the Department to make inquiries is sufficient. We are reviewing this matter, and I shall report to the House the result of that review in due course. I am bound to say, however, that we do not think that it will be easy to get round the difficulty of obtaining the accounts of overseas companies, for the reasons I have described. But we shall certainly consider whether there are other ways in which the Protection of Depositors Act should be strengthened.

I share strongly and fully, as do the Government as a whole, the hon. Gentleman's sympathy for the unfortunate depositors who were the victims of this miserable fraud. There is, I am afraid, no right of compensation for them.

I have touched on ways by which we may be able to lessen the chance of such an affair occurring again. We are very alive to the problem. But the Government can never guarantee that frauds and cheats, even incompetent persons, will not set up in business again. There is always a risk in any investment, and investors, too, have a duty to be careful where they place their savings.