

# Press release: Prison for company directors who diverted company funds

On 18 July 2017, at Birmingham Crown Court, Rodney Wallace (55), former director of Avalon Personnel Ltd received a total sentence of 27 months imprisonment and Pauline Wallace (52), former director of Curio Bridal Boutique Ltd, received a sentence of ten months imprisonment suspended for two years after pleading guilty on the first day of their trial in October 2016.

Their case had been adjourned for a 'Newton Hearing' in order to determine the extent of self enrichment from the fraud committed by Rodney Wallace.

The convictions of husband and wife Rodney and Pauline Wallace follow an initial investigation and prosecution by the Insolvency Service, an executive agency of the Department for Business Energy & Industrial Strategy (BEIS).

Both defendants had accepted that they had made false representations to the High Court in order to secure a Validation Order enabling them to access funds in a frozen company bank account. Thereafter, Rodney Wallace committed fraud in anticipation of the winding up of the same company by diverting £111,000 to a phoenix company. He also accepted that he and his family had received at least £42,000 of those diverted funds arising from his dishonest scheme. His diversion fraud attracted a consecutive sentence. Rodney Wallace had also failed to deliver up the books of the company.

Rodney Wallace had already been disqualified from acting as a director on 5th February 2014 for a period of 9 years.

Deputy Chief Investigation Officer Glenn Wicks, the officer in charge of the investigation, said:

This couple made a false representation to the High Court and also created a phoenix company to continue trading. Their actions showed a total disregard to not only the judicial process but to their creditors. The sentence imposed on the two shows that anyone who is prepared to break the law during the liquidation of a company will be dealt with seriously.

## **Notes to editors**

Rodney Wallace's date of birth is 19 March 1962. Pauline Wallace's date of birth is February 1965.

The sentencing judge was HHJ Farrer QC. The Insolvency Service was represented by Simon Davis of St Philips Chambers. Jaime Hamilton and Jonathan Savage of 9 St John St Chambers, Manchester, appeared for the defence.

Avalon Personnel Limited (CR0 No. 05815584) and the registered office was in Smethwick, West Midlands. The company was placed into voluntary liquidation on 8 July 2011.

Curio Bridal Boutique Ltd (CR0 No. 06086569) and the registered office was in Smethwick, West Midlands. The company was placed into voluntary liquidation on 28 November 2012.

The Insolvency Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), administers the insolvency regime, and aims to deliver and promote a range of investigation and enforcement activities both civil and criminal in nature, to support fair and open markets. We do this by effectively enforcing the statutory company and insolvency regimes, maintaining public confidence in those regimes and reducing the harm caused to victims of fraudulent activity and to the business community, including dealing with the disqualification of directors in corporate failures.

BEIS' mission is to build a dynamic and competitive UK economy that works for all, in particular by creating the conditions for business success and promoting an open global economy. The Criminal Investigations and Prosecutions team contributes to this aim by taking action to deter fraud and to regulate the market. They investigate and prosecute a range of offences, primarily relating to personal or company insolvencies.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

Further information about the work of the Criminal Investigations and Prosecutions team is [available](#)

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