

Press release: Waste boss banned for failing to explain £500k of cash withdrawals and bank transfers

Lee Smith (42) appeared at Liverpool Court on Thursday 20 September where he also received a 28-week suspended prison sentence, as well as being ordered to perform 250 hours unpaid work and pay prosecution costs of £8,901.

The court heard that Lee Smith was a director of Smith Waste and Recycling (SWR), based in Warrington, before the company entered into a Creditors Voluntary Liquidation in November 2014.

Independent insolvency practitioners were appointed to take charge of liquidating the company. But Lee Smith failed to share adequate accounting records despite several requests from both the insolvency practitioners and later, investigators from the Insolvency Service.

Failure to deliver information requested by the liquidator while winding up a company is evidence of misconduct and in Lee Smith's case, it would have helped explain the whereabouts of funds from SWR's accounts totalling more than £517,000.

Investigators were unable to explain cash withdrawals from SWR's bank accounts over the course of a year between September 2013 and September 2014 totalling just over £430,000 and whether they represented genuine business expenditures.

Due to Lee Smith's lack of co-operation, investigators were also unable to explain more than £86,000 worth of transfers between January and October 2014 made to the accounts of two companies connected to Lee Smith, as well as his remuneration and what were the company's assets and liabilities at liquidation.

At an earlier court hearing on 24 July 2018 at Wirral Magistrates' Court Lee Smith pleaded guilty to one count of misconduct in the course of winding up and another count for failing to keep accounting records.

Arwel Jones, Director of Criminal Enforcement for the Insolvency Service, said:

Lee Smith's behaviour throughout the liquidation has been highly unacceptable. Failing to deliver any form of company records means that his creditors are at risk of losing a significant amount of money.

A seven year disqualification order handed down by the courts is a

significant ban, which should serve as a deterrent to those directors who fail to conduct their business affairs in accordance with the law.

Smith Waste and Recycling Limited (Company number: 08404331) had their registered offices in Dow Schofield Watts Business Recovery Llp, 7400 Daresbury Park, Daresbury, Warrington, WA4 4BS.

A disqualification order has the effect that without specific permission of a court, a person with a disqualification cannot:

- act as a director of a company
- take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership
- be a receiver of a company's property

Persons subject to a disqualification order are bound by a range of other [restrictions](#).

The Insolvency Service administers the insolvency regime, investigating all compulsory liquidations and individual insolvencies (bankruptcies) through the Official Receiver to establish why they became insolvent. It may also use powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK. In addition, the agency deals with disqualification of directors in corporate failures, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

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

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