

# Suspended sentence for bankrupt who acted as company director

Daniel Ross Patchett, 34, from Kingsthorpe in Lincolnshire, pleaded guilty at Lincoln Crown Court of acting in the management of a company whilst an undischarged bankrupt.

Bankrupts must adhere to a number of bankruptcy restrictions, including not creating, managing or promoting a company, or acting as a director of a company, unless they request and receive specific permission from the court. Breaching these restrictions is a criminal offence.

People who are made bankrupt also have a duty to declare their assets, which will be used to pay off their debts.

Daniel Patchett had resigned as a director of his business, DRP Distribution Ltd in February 2018, following his bankruptcy, at which point his wife became sole director. DRP Distribution operated from 2016 to 2019 as an order fulfilment company, providing warehousing, packing and distribution of parcels for third-parties who sold products online through Amazon and other services.

Despite his bankruptcy, Daniel Patchett continued to act in the management of the company in 2018, and he deliberately concealed his activity and income to avoid making payments to his creditors.

In particular, the Insolvency Service investigation found that Patchett was corresponding with Royal Mail regarding outstanding invoices and payments made, and the company's accountants also confirmed that most of the communication came from him during this period.

A number of suppliers to the company also confirmed to the Insolvency Service that they understood Daniel Patchett was the director of the company.

He was due to be making monthly payments of around £400 to his creditors, but just a month into his bankruptcy he informed the Official Receiver that he no longer worked at DRP Distribution and therefore could pay only "a token gesture amount" toward his debts. He even provided a P45 form as evidence.

In reality, he continued to manage DRP Distribution and received over £30,000 from the company during his bankruptcy, additional hidden income of nearly £40,000 which the company paid to his wife, and a further £28,000 which he withdrew from the business in cash.

All of this money should have been paid to his creditors. Patchett told the court that he had been suffering from gambling addiction.

He was sentenced on 28 September 2022 at Lincoln Crown Court by Her Honour Judge Sjölin Knight.

Julie Barnes, Chief Investigator for the Insolvency Service, said:

Daniel Patchett was fully aware both of his responsibility not to act as a director of a limited company given he was bankrupt, and also of his duty to disclose all assets and details of his income to the Official Receiver.

He chose to flagrantly disregard these obligations for his own personal gain, leaving creditors out of pocket. We will always prosecute such cases to protect the business community and the public from financial harm.

## **Notes to editors**

Daniel Ross Patchett is of Market Raisin and his date of birth is October 1988.

Patchett was sentenced to 20 months imprisonment, suspended for 18 months. This included eight months for offences under section 11 of the Company Directors Disqualification Act, and 12 months for offences under section 356 of the Insolvency Act.

Company DRP Distribution Ltd (Company Reg no 10496605).

Bankruptcy restrictions are wide ranging. The effects are the same whether you are subject to a bankruptcy restrictions order or to an undertaking. Guidance on the main statutory consequences flowing from a [bankruptcy restrictions order or undertaking](#).

[Information about the work of the Insolvency Service, and how to complain about financial misconduct](#).

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