



**Oifig an Stiúirthóra um
Fhorfheidhmiú Corparáideach**
**Office of the Director
of Corporate Enforcement**

PUBLICATION OF THE ODCE'S 2012 ANNUAL REPORT

The Office of the Director of Corporate Enforcement ("ODCE") has today published its Annual Report for 2012. In discharging its statutory mandate during the year, the ODCE delivered a broad range of tangible outputs, the combined effect of which has been to contribute to:

- assisting stakeholders to comply with their obligations and vindicate their rights respectively under company law; and
- confronting, and dissuading further, irresponsible and non-compliant behaviour.

Notable contributions in that regard included:

- the publication of 10 new guidance and information documents for stakeholders' benefit;
- securing rectification, on a non-statutory basis, of directors' loans issues to an aggregate value of in the order of €55m;
- successfully securing, in over 200 cases, compliance on the part of a range of parties with their obligations under the Companies Acts through more formal measures;
- securing the disqualification of 19 individuals, and the restriction of a further 2, on foot of High Court applications made by the Office;
- the restriction of 227 company directors, and the disqualification of a further 15, on foot of liquidators' applications to the High Court subsequent to the ODCE having scrutinised the underlying liquidators' reports;
- the securing of 16 criminal convictions in the District Court resulting in the imposition of:
 - aggregate fines of in excess of €8,000;
 - a term of 5 months' imprisonment (suspended for 3 years);
 - an automatic disqualification (by virtue of a conviction for acting in contravention of a restriction order); and
- the submission of:
 - further investigation files to the Director of Public Prosecutions ("DPP") concerning alleged offences related to certain events at the former Anglo Irish Bank Corporation plc, on the basis of which the DPP directed that a total of 60 charges be preferred against a number of individuals; and
 - files in a further 3 cases (separate and unrelated to the former Anglo Irish Bank Corporation plc) to the DPP for consideration.

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Marking the publication of the Report, Director of Corporate Enforcement, Mr. Ian Drennan, commented as follows:

“Insofar as the Office’s activities regarding the former Anglo Irish Bank Corporation are concerned, 2012 was a year of two discrete elements. The first half of the year saw further files submitted to the Director of Public Prosecutions in respect of alleged offences under both section 60 of the Companies Act 1963 and section 197 of the Companies Act 1990. Having considered the material submitted by the ODCE, the DPP directed that a total of 60 charges be preferred against a number of individuals.

Following the bringing of charges, these matters moved into the realm of the Courts. As a consequence, during the second half of the year the Office’s Anglo related activities were largely in the nature of assisting and supporting the Office of the DPP in discharging its disclosure obligations to those persons against whom legal proceedings are pending. This is a major undertaking and, as such, is likely to be a significant and continuing feature of the Office’s work for some time to come.

Alongside its, higher profile, Anglo-related activities, the Office’s other workstreams continued during the year. To put those activities in context, the Office received almost 2,400 reports, referrals and complaints from external sources during the year, including from liquidators, auditors, professional bodies, other regulatory authorities and members of the public.

As a consequence of processing those inputs, together with actions taken by the Office on its own initiative, the outputs, when taken in aggregate, were very considerable. Through a variety of strategies, ranging from seeking to encourage compliance on a voluntary basis and adjudicating upon statutory reports right through to initiating criminal prosecutions:

- decisions were issued in respect of over 1,200 liquidators’ reports;*
- 227 company directors were restricted, and a further 15 disqualified, by the High Court on foot of liquidators’ applications;*
- rectification of directors’ loans of an aggregate value of approximately €55m was successfully secured;*
- through the use of a variety of statutory tools, compliance with legal obligations was secured and stakeholders’ rights were vindicated in over 200 instances;*
- 19 company directors were disqualified, and a further 2 restricted, on foot of applications by the Office to the High Court; and*
- a total of 16 criminal convictions were secured in the District Court and files in a further 3 cases were submitted to the DPP for consideration as to whether charges should be preferred on indictment.*

In furtherance of its advocacy remit, the Office also published 10 information and guidance documents for stakeholders’ benefit and continued its outreach programme through attendance at in excess of 60 engagements throughout the country.

In addition to the foregoing, the Office has also been devoting considerable thought to its future enforcement strategy. Those deliberations have, to date, resulted in:

- certain changes being effected to the Office’s structure as well as to its case management arrangements;*
- an analysis of where, based on statistical and other available data, key risks are likely to lie over the coming years;*
- steps being taken to utilise certain statutory powers on a more regular basis; and*

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- *consideration being given to taking prosecutions in novel areas in order to affect future behaviour.*

The on-going challenge to any regulatory/enforcement entity is to seek to allocate its finite resources in the most effective manner possible; that is to say, in a manner that maximises its impact in terms of addressing unlawful or otherwise inappropriate behaviour and of acting as an effective dissuasive influence against future such behaviour. In that context, decisions regarding resource allocation will, in addition to seeking to be reflective of emerging trends and responsive to emerging risks, have regard to the facts and circumstances of individual cases.

In conclusion, I would like to thank my colleagues for the welcome that they afforded me upon my taking up this position and for the on-going support that they have provided to me subsequently. I would also like to pay tribute to my predecessor, Mr. Paul Appleby, for his dedication and commitment to the Office and its objectives throughout his tenure as Director and to wish him well in his retirement.”

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**Office of the Director of Corporate Enforcement
28 May, 2013**

NOTE FOR EDITORS

Office of the Director of Corporate Enforcement (“ODCE”)

Staff complement

The ODCE has a staff complement of 44 wholetime equivalents. Included in that complement are 6 lawyers, 2 accountants and 7.5 members of An Garda Síochána.

Financial allocation and outturn

Whilst the ODCE’s budget for 2012 was set at €5.99m, its actual expenditure for the year was €3.44m (57% of allocation). The savings realised arose as a consequence of:

- staff reductions associated with the Incentivised Scheme of Early Retirement;
- the non-crystallisation of certain legal costs that had been anticipated as being likely to arise during the year; and
- cost saving measures introduced.

Principal sources of the ODCE’s work - 2012

External inputs

Whilst the various categories of principal inputs are not always directly comparable, the following gives a broad overview of the principal sources of the ODCE’s work during the year under review.

			%
Liquidators’ initial reports regarding insolvent companies	1,315		
Liquidators’ subsequent reports	<u>472</u>	1,787	75.62
Complaints from members of the public		337	14.26
Auditors’ indictable offence reports		157	6.64
Referrals from external parties		72	3.05
Professional Bodies’ indictable offence reports		7	0.30
Liquidators’ reports regarding possible criminality		2	0.08
Reports under the Criminal Justice Act 2011		1	0.05
Total		2,363	100.00

Internal inputs

Whilst, by virtue of their volume and, in many instances their statutory nature, most case files opened are opened in response to external inputs, the ODCE also generates inputs internally through a proactive approach to enforcement. Inputs in that regard include, for example, initiatives relating to:

- dissolved insolvent companies;
- the supervision of liquidators; and
- other investigations and enquiries commenced on own initiative.

During the year under review, a total of 172 internal inputs were generated.

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Director of Corporate Enforcement – Biography

Ian Drennan was appointed to the position of Director of Corporate Enforcement by the Minister for Jobs, Enterprise & Innovation in August 2012. For the previous eight years, he was Chief Executive Officer of the Irish Auditing & Accounting Supervisory Authority (“IAASA”). He has previously held positions in the Office of the Comptroller & Auditor General, the Department of Finance and a number of Dublin-based accountancy practices. A native of Dublin, he is a Fellow of the Association of Chartered Certified Accountants (ACCA) and an Associate of the Institute of Certified Public Accountants in Ireland (ICPAI).

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