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Litigation and Enforcement: SFO Interview Points to Crackdown on Green Investment Fraud

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Litigation and Enforcement



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In a recent [interview](#), and accompanying [social media post](#), the Chief Investigator of the UK's Serious Fraud Office (SFO), Michael Gallagher, stated that the agency is focused on tackling 'green fraud'. He cited examples of recent SFO investigations that resulted in prison sentences for individuals seeking to exploit the current consumer appetite for green investments. Gallagher explained his view that fraud "moves with the times" and that the SFO has seen "climate fraud cases grow exponentially" to involve millions of pounds and span multiple jurisdictions across the world. The SFO expects to see individuals and organizations attempting to take advantage of the growth in the sustainable-investment market by "manipulating consumer and investor behavior through social conditioning" by offering false investment opportunities that are purportedly beneficial to the environment but, in reality, only benefit the fraudsters.

The cases highlighted included the 2018 investigation into a solar panel scheme that resulted in six individuals receiving prison sentences where 1,500 retail investors invested in "a supposedly safe and eco-friendly scheme." Gallagher also referenced a recent forestry investments investigation which resulted in 11-year prison sentences for two individuals who "deceived thousands into investing ... into their Brazilian tree plantation scheme." The scheme was sold to investors as "high-reward, low-risk" and as a secure and sustainable investment. In reality, however, little investment took place and the two individuals instead "spent millions of investors' money on luxury purchases to fund their lavish lifestyles."

Taking the Temperature: As in the EU and the U.S., the UK increasingly has focused on greenwashing as an enforcement priority. The current director of the SFO, Lisa Osofsky, is set to depart her role in summer 2023 at the end of her 5-year term. The appointment of a new director will likely bring about a change in direction at the agency but the focus on fraud relating to purportedly green and ESG investments looks set to remain a key target for investigation and prosecution.