

Press release: Security boss banned for failing to maintain company books

Lee Garvey was a director of Security Management Services Limited (SMS), which provided security services to private and commercial clients.

SMS was incorporated on 12 March 2015 and traded from Chatsworth Farm, Kirby Cross, Frinton-on-Sea, Essex before the company went into Creditors' Voluntary Liquidation in May 2017, owing £413,156.56 to creditors.

An Insolvency Service investigation following the liquidation found that Lee Garvey was appointed director from 12 March 2015 until 11 May 2017 – the date of Creditors' Voluntary Liquidation.

But between March 2015 and May 2017, Lee Garvey failed to ensure that SMS maintained and preserved adequate accounting records, or in the alternative, failed to deliver up the books and records to the liquidator.

As a result, investigators were not able to verify Lee Garvey's explanation for cash withdrawals totalling £627,550 made between 29 May 2015 and 2 March 2017 and whether they were used to pay self-employed sub-contractors or made in the ordinary course of business.

Additionally, investigators could not establish the employment status of SMS's security guards and if they held valid licences with the Security Industry Authority to carry out security work, as well as verifying Lee Garvey's statement that each guard had a valid licence to carry out work.

On 3 July 2018, Lee Garvey signed an eight-year disqualification undertaking, effective from 31 July 2018, that bans him from acting as a company director or from managing, or in any way controlling, a limited company until 30 July 2026.

Sue Macleod, Chief Investigator of Insolvent Investigations Midlands & West at the Insolvency Service, said:

Maintaining and keeping adequate accounting records is a legal requirement for all companies. Failure to do so is serious misconduct and the length of Mr Garvey's disqualification reflects this.

Security Management Services Limited (CR0 No. 09485319) was incorporated on 12 March 2015 and traded from Unit 45, Chatsworth Farm 188 Thorpe Road Kirby Cross Frinton-on-Sea Essex C013 0NJ.

Mr Lee Garvey's date of birth is June 1972 and he currently resides in Essex.

The matter of unfitness, which Mr Garvey was found to have been in breach of,

was that between 12 March 2015 (the commencement of trading) and 11 May 2017 (the date of Liquidation), Mr Lee Garvey failed to ensure that Security Management Services Limited (SMS) maintained and/ or preserved adequate accounting records, or in the alternative has failed to deliver up such records to the Liquidator.

As a result, it has not been possible to:

- verify Mr Garvey's explanation that cash withdrawals made between 29 May 2015 and 2 March 2017 totalling £627,550 were used to pay self employed contractors, or establish whether these cash withdrawals were made in the ordinary course of business
- establish the accuracy of the micro accounts filed at Companies House for period ended 31 March 2016
- establish the employment status in respect of security guards working on various sites, or verify Mr Garvey's explanation these were self employed sub-contractors and responsible for their own PAYE/NIC
- establish whether the security guards working on various sites held valid licences with the Security Industry Authority to carry out security work, or verify Mr Garvey's statement that each guard had a valid licence
- establish why SMS was registered for VAT on 10 June 2015, but failed to charge VAT on its sales invoices until 31 December 2015
- establish SMS's true liabilities in respect of VAT, PAYE/NIC, CIS and Corporation Tax, or verify the assessments and/ or penalties raised by HMRC in the absence of returns totalling £189,139.76 for VAT, £3,588.42 for CIS and £200 for CT

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

Disqualification undertakings are the administrative equivalent of a disqualification order but do not involve court proceedings.

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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