



FRAUD IN THE NEWS

Bernard Madoff Sentencing

On 29 June Bernard Madoff was sentenced to 150 years in prison with no parole for orchestrating a \$65 billion Ponzi Scheme. He was given the maximum possible sentence for the 11 counts of fraud, mail fraud and money laundering. Mr Madoff pleaded guilty in March 2009 but the length of his sentence partly reflected the impression that he had not been forthcoming in helping piece together the intricacies of his fraud and also what the judge described as the "symbolism" of his sentence.

It was widely felt that although the prosecution demanded a sentence of 150 years a sentence in the region of 20 to 30 years would be given to Mr Madoff. The judge referred in his judgment to the "scope, duration and enormity of the fraud".

There will now be a fresh round of legal battles as the legal team behind Mr Madoff will fight to ensure that he does not come to any harm in prison. The penal system is unforgiving and Mr Madoff will be incarcerated with some of the most dangerous criminals in the United States. It is likely that Mr Madoff will spend a vast majority of his sentence in solitary confinement which is partly for his own protection.

Sir Allen Stanford

The United States remains the centre for real headline grabbing fraud at the current time. To accompany the Bernard Madoff scandal is the ongoing investigation into the business affairs of flamboyant Texan billionaire Sir Allen Stanford. Stanford has pleaded not guilty to charges that he orchestrated a \$7 billion fraud at his spiralling financial empire. Sir Allen is best known for his sponsorship of the Twenty20 series in the West Indies and landing on the hallowed turf of the Nursery Ground at Lords in a helicopter with a briefcase containing \$1 million whilst some of the finest cricketers to have played the game looked on. The English Cricket Board immediately terminated any contracts with Sir Allen Stanford and have attempted to distance themselves from him ever since.

Sir Allen suffered the indignity of being brought to a courthouse wearing an orange jumpsuit with wrists and ankles manacled in chains and pleaded not guilty to 21 counts of fraud, mail fraud, and conspiracy and obstruction charges. The trial of Sir Allen and four co-defendants has been set for August 25.

Ross Mandell

More details are also now coming out in relation to the charges laid against Ross Mandell who was charged in New York with running a \$140 million "boiler room" fraud through his AIM listed Sky Capital. He faces charges of fraud that carry a 25 year prison sentence if found guilty. Coverage of this in the British media has been especially damning as Mr Mandell hosted drinks parties in 2004 and 2005 which were paid for by Sky Capital but hosted by respected Lords. The FBI, the Serious Fraud Office and the Financial Services Authority are continuing their investigations into the business affairs of Mr Mandell which is likely to receive more coverage in the news.

Regional Fraud

One long awaited story has broken recently that is far closer to home and relates to the announcement that the Serious Fraud Office is to investigate the collapse of MG Rover. More details are coming out by the day and are sure to develop over the coming months.



MIDLANDS FRAUD FORUM

Bringing the public & private sectors together

West Midlands Police continue their efforts to tackle fraud in the region and highlight the following in July 2009:

- 2 persons charged in connection with a £8m theft from a large West Midlands organisation (Theft from employer).
- 2 persons arrested in Worcester for a £750k long firm fraud (Main person only just released from prison and has allegedly already registered over 100 new company names). Bailed at this time.
- 1 person arrested for money laundering alleged substantial proceeds of theft from employer (West Midlands based firm) by a second party. Bailed at this time.
- 1 person arrested at Heathrow Airport having been sought for some time for a Boiler Room fraud valued at £2m. Charged and remanded in custody.
- 1 person convicted for a minor part in a long firm fraud and sentenced to 2 years imprisonment and 10 years disqualification from being a director.
- 1 person arrested for international money laundering (UK and Spain). Bailed at this time.

New White Paper

On 20 July 2009 the Government are due to publish a new White Paper entitled "Extending Our Reach". This white paper will be promoted by both the Home Secretary and Prime Minister and shows that fraud is firmly on the Government radar. A synopsis of this paper will be provided in the next newsletter.

OFF THE STRAIGHT AND NARROW

The 'one to read' this month is a book which has fraud and organized crime at its heart and is entitled 'McMafia' - Seriously Organised Crime by Misha Glenny. It is a journey through the new world of organised crime and records the stories of gun runners in the Ukraine, money launderers in Dubai and racketeers in Japan. The book is well researched and is a good read for anybody who has a passing interest in organized crime and wants to know how buying a fake DVD can be linked to assassination and torture.

For those with a liking for cult films of the 1980's it has now been confirmed that there will be a sequel to classic film Wall Street which followed the career of Gordon Gekko and his brush with insider dealing.

FORTHCOMING EVENTS

15 –16 September 2009

Fraud Prosecution and Asset Recovery Conference

Click [here](#) for more details

7 - 9 October 2009

ACPO Economic Crime Portfolio and the National Working Group on Fraud present the National Fraud Forum 2009 "Fraud – Have we turned the corner?"

Click [here](#) for more details

13 October 2009

Midlands Fraud Forum Masterclass – Insolvency

Details to follow.