



FRAUD IN THE NEWS

Bernard Madoff

The Bernard Madoff saga remains in the news as in New York two computer programmers were arrested by the FBI on criminal charges of conspiracy. The charges related to the falsification of books and records at both the broker-dealer and investment arms of Bernard L. Madoff Investment Securities LLC. Both individuals are charged with designing codes to falsify thousands of fake trade blotters and phantom records and also taking funds to keep the whole fraud going.

Bernard Madoffs trustee in bankruptcy and the law firm employing him have submitted a \$22 million bill for five months of work. Baker Hostetler is seeking \$21.28 million of fees as counsel to Irving Picard, the court-appointed trustee of Bernard Madoff.

Tokyo Mitsubishi

A city lawyer was found guilty of defrauding the bank she worked for of more than £7 million to bankroll a friend's airline. Kate Johns, deputy head of legal at Japanese bank Tokyo Mitsubishi diverted funds from her employer into a near-bankrupt airline. She was convicted of using letters of credit to obtain a money transfer by deception and acquiring criminal property. She has been released on bail and was due to be sentenced on 1 December 2009 but was "medically unfit" to attend court. Sentencing will now be in early 2010.

Insider Dealing

Neel Uberoi and Matthew Uberoi were found guilty of 12 charges of insider dealing at the Southwark Crown Court. Neel Uberoi netted £110,000 from share deals after his son 'tipped him off' about forthcoming takeover deals. Neel was sentenced to 12 months and Matthew was sentenced to 24 months. Passing sentence, His Honour Judge Testar said that it was important for economic and social wellbeing to have clean markets.

SFO Investigations

The Serious Fraud Office (SFO) has launched an investigation into a fund controlled by a British financier alleged to have defrauded expatriates in Mallorca of £20 million. The investment company of John Hirst is under investigation and the SFO raided a property in Surrey thought to belong to Mr Hirst and a number of documents were seized. Mr Hirst was a fixture at the Mallorca Cricket and relied on it as a hub for social and business affairs. This is not the first time that the sport has been touched by fraud.

RBS

The former head of Royal Bank of Scotland's corporate banking and financial markets group has denied that the bank made a secret arrangement with Enron during a £130 million structured finance deal. Mr Robertson has recently given evidence at the High Court on behalf



of the bank, which is defending an allegation of fraudulent misrepresentation relating to the Enron deal.

Regional Fraud

Set out below is a snap shot of investigations which are currently being undertaken by the West Midlands Police Economic Crime Team. The team also undertakes money laundering investigative operations. The list below does not contain any sensitive activity. Each entry related to a separate investigation except for entries one and two. Taking just fraud into account there are 56 substantial fraud investigations ongoing and the team continues to work with National Fraud Authority and City Of London Police.

1. Male interviewed for £56 million Commercial Loan Fraud
2. Two males charged in connection with £56 million Commercial Loan Fraud
3. Male arrested regarding money laundering and drugs together with the proceeds of the supply drugs.
4. Ten people have been interviewed in relation to theft of £6 million from a public body
5. Two persons convicted of fraud at Sutton Coldfield Magistrates who have been fined and were public figures
6. Male arrested for fraud in respect of abuse of a position of trust
7. Male arrested for money laundering offences and proceeds of acquisitive crime (£197 K seized)
8. Male arrested for money laundering offences and proceeds of human trafficking (£17 K seized)
9. Female arrested for money laundering and proceeds of supply drugs (£37K seized)
10. One individual charged with chip and pin fraud (value £1.5 million)
11. Three convicted for money laundering offences and proceeds from human trafficking. 14.5 yrs imprisonment
12. Two convicted for insider fraud in a financial institution in the sum of£150K, sentencing in due course
13. Male arrested in London for attempted Insider fraud with a value of £500 K
14. Two arrested for fraud and abuse of trust in respect of Local Authority Funds with a value to be confirmed.
15. Male arrested in respect of commercial mortgage fraud with value to be confirmed
16. Male arrested in respect of account takeover fraud with a value of £1 million



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OFF THE STRAIGHT AND NARROW

For those who like a cultural trip to the theatre and have a passing interest in Fraud 'Enron' may be the one for you. From 16 January 2010 the production has moved to the Noel Coward Theatre in London and follows sold out runs in Chichester and the Royal Court. The play itself is inspired by real life events and follows a flawed group of men and women casting new light on the financial turmoil of 2009.

One to read is Conned: Scams, Frauds and Swindles by James Morton and Hilary Bateson which is an entertaining history of cons and conmen. If you have never been the subject of a con, this book is a fascinating insight into how it has happened to others.