



FRAUD IN THE NEWS

The net closing for Bernard Madoff associates

The former Chief Financial Officer of Bernard Madoff's companies has pleaded guilty to conspiracy. Frank DiPascali admitted to helping Madoff carry out the fraud by lying to investors and producing false testimony when it seemed that the fraud may be discovered. The presiding judge did not immediately rule whether he could remain free on bail before he is sentenced.

The bankruptcy trustee working on unpicking the empire of Bernard Madoff is also intending on suing the sons, brother and niece of Mr Madoff for recovery of nearly £200million. Irving Picking was appointed by the Courts to wind down Madoff Investments Securities.

Bernard's wife, Ruth, has finally given up her Manhattan flat, jewellery and other assets worth over £80m.

Sir Allen Stanford

A federal judge in Houston has agreed to an unspecified delay in the trial of Sir Allen Stanford which as reported in the July edition was due to commence on August 25. This adjournment was made following a request by the Defence team of Stanford who pointed to the complexity of the case as justification for the adjournment.

Stanford has since lost his fight for bail and has been ordered to remain in a US prison as he was ruled a 'flight risk'. The former billionaire has been sharing a cell with about 10 inmates in Texas and his lawyer complained of intolerable conditions with temperatures reaching 38 degrees Celsius.

To add to Mr Stanford's woes he was also recently involved in a fight with an inmate at the Joe Corley Detention Centre in Conroe. His lawyer has also told a Judge at a hearing in Houston that he was to withdraw from representing Mr Stanford largely because there was no guarantee he would be paid.

Chelsea Building Society

On August 21 the Chelsea Building Society announced that it was a victim of mortgage fraud after revealing a £41 million hit on buy-to-let and self-certification loans. The building society hit back by stating that it was in collaboration with other lenders to take suspected fraudsters in the industry to task.

Extending our Reach

The White Paper entitled "Extending our Reach: A Comprehensive Approach to Tackling Serious Organised Crime" was published by the Government at the end of July 2009. The foreword by the Home Secretary, Alan Johnson acknowledged the constant evolution of organised crime and the threat from high-tech crimes that did not exist five years ago. In addition, the Prime Minister felt that three years on from the launch of SOCA was the right time to launch a new organised crime strategy.

It was estimated in the White Paper that trafficking in drugs and people, fraud and financial crime costs the UK Exchequer in the region of £30 billion a year. The paper considers that over the course of the last five years new threats have emerged in the shape of the economic downturn, new and emerging technologies and a growing nexus between weak and failing states and organised crime.



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The vision of the White Paper is to make the UK a hostile environment for organised criminals. It is envisaged that this will be achieved through increased ministerial oversight of organised crime, the creation of a new strategic centre for organised crime within the Home Office and the establishment of an integrated operational response with clearer tasking and measurement of performance. Powers of frontline agencies both on a domestic level and international level are to be strengthened.

The White Paper focuses on the issue that money is central to serious organised crime. To further the attack on financial crime the multi-agency Regional Asset Recovery Teams (RARTs) are to be rolled out to every region. Urgent exploration of legislative options will also be considered for rebalancing the burden of proof in civil recovery cases by October 2009. This work will be undertaken by the Home Office with assistance from the Attorney General's office and others.

There is a belief amongst lawyers in the City that should the Conservatives be elected a new agency would be created to tackle fraud and other financial crime which may lead to the closure of the SFO. A policy document was published in July 2009 laying out the Conservatives plans to shut the FSA and this may form part of a new Financial Crime Agency which may take over the SFO.

The National Security Strategy makes it clear that serious organised crime is one of the major threats to the UK. The paper is comprehensive and totals eight chapters and spans 81 pages.

Regional Fraud

The government is set to finally publish the report into the collapse of MG Rover after the Serious Fraud Office said that it would not begin a criminal investigation into the sale of the carmaker. The decision not to investigate sparked demands for the government to publish its four year study which has cost taxpayers £16 million.

Outlined below is a brief breakdown of the activities of the West Midlands Police Economic Crime Unit:

1. A further arrest for an investigation into false accounting by an employee of a solicitors firm based in Birmingham under Operation LUX.
2. One person received a 2 year prison sentence for conspiracy to defraud under Operation SIGMUS.
3. Two were arrested for abuse of position and the submission of false invoices with a value of £11,000 by a school employee under Operation SILL.
4. One person convicted of fraud by false representation and received a 2 year prison sentence and another is arrested and on bail for money laundering charges under Operation COMMUTE.
5. 3 people charged with money laundering with one of those facing further money laundering charges relating to a £19 million fraud with US victims under Operation DISTILL.
6. One person arrested and bailed in relation to a charity fraud for charity based in Birmingham under Operation OXYGEN.
7. Two arrested for money laundering offences in relation to cannabis factories throughout the West Midlands under Operation ASCIDIA.

OFF THE STRAIGHT AND NARROW

To follow up on edition's 'one to read', the book that may be worth reading for those with an interest in dirty money is 'The Money Launderers' by Bob Blunden. This unique guide explains how the process works, how the criminals get away with it and how to catch them at it. It includes references to the Brinks-Mat robbers, The Lansky Legacy and the dealings of the Russian mafia. The book was released on 21 August 2009 and would make an interesting read for the general fraud enthusiast.



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If you want to see the Hollywood take on what Ross Mandell has allegedly been up to it is well worth seeing Boiler Room which is a film directed by Ben Younger from 2000. A young share trader has his eyes opened and his wallet filled whilst dealing with bogus stock.

FORTHCOMING EVENTS

8 December 2009

National Fraud Authority Regional Summit

Details to follow

16 December 2009

Midlands Fraud Forum Masterclass

Details to follow

19-20 January 2010

Fraud World Conference

Click [here](#) for more details