

Summary of relevant output on Money Laundering and Financial Crime for the Period: 01/10/2008 to 31/12/2008

Sites Reviewed

Association of British Insurers (ABI) www.abi.org.uk
British Bankers' Association (BBA) www.bba.org.uk
BBC News www.bbc.co.uk/news
Committee of European Securities Regulators (CESR) www.cesr-eu.org
Commodities Futures Trading Commission (CFTC) www.cftc.gov
Council of Mortgage Lenders www.cml.org.uk
Europol www.europol.europa.eu
Financial Action Task Force (FATF) www.fatf-gafi.org
Financial Services Authority (FSA) www.fsa.gov.uk
HM Treasury (HMT) www.hm-treasury.gov.uk
Insurance fraud bureau www.insurancefraudbureau.org/
Joint Money Laundering Steering Group (JMLSG) www.jmlsg.org.uk
Lloyd's website <http://www.lloyds.com/>
Reuters www.reuters.com/
Serious Organised Crime Agency (SOCA) www.soca.gov.uk
Transparency International (TI) www.transparency.org.uk

ABI

Rise in 'front end fraud' putting insurance cover in jeopardy, warns the ABI

Insurers are uncovering a growing number of cases of 'front end fraud', where the customer has lied or failed to disclose material information to get cheaper insurance.
<http://www.abi.org.uk/Newsreleases/viewNewsRelease.asp?nrId=17109>

BBC

Jersey - FBI helps money-laundering teams

The FBI visits the island each year to provide a range of training sessions about what areas of finance might be vulnerable to money launderers. This year, officers will look at how to detect and fight mortgage fraud. The financial crimes unit said although such crime was currently not a major problem, vigilance was necessary as targeted companies could be left with a large burden of debt.
<http://news.bbc.co.uk/1/hi/world/europe/jersey/7739356.stm>

Benefit fraud and error at £2.6bn

At least £2.6bn in UK benefits was lost to fraud and errors in the last financial year. Official statistics confirmed that 2% of the total benefit bill was overpaid between April 2007 and March this year.

The figures, collected from a sample of cases, might not paint the whole picture of

fraud and errors in the benefits system

<http://news.bbc.co.uk/1/hi/business/7701668.stm>

EUROPOL

Increased focus on criminals behind tax fraud

Missing Trader Intra-Community fraud (MTIC) is commonly referred to as VAT carousel fraud and is a sophisticated and calculated attack upon the VAT regimes of all European Union Member States. It is estimated that the annual VAT losses to MTIC fraud for the EU as a whole, are about 21 billion Euros.

These fraud schemes make use of structures which spread their activities over several Member States at the same time, in order to exploit the differences and weaknesses of the national tax administrations and to disguise the real links between the criminal participants. In its most simple form, a trader collects tax on sales and then fails to remit it to the government, for example by engineering a bankruptcy or simply by disappearing.

<http://www.europol.europa.eu/index.asp?page=news&news=pr081128.htm>

FATF

Aml/Cft Improvements

The FATF welcomes Iran's recent engagement with the international community on anti-money laundering, but is particularly concerned about the lack of corresponding effort by Iran to address the risk of terrorist financing.

The FATF is increasingly concerned of the continuing failure by Uzbekistan to restore its AML/CFT regime.

Financial institutions should be aware that the lack of an AML/CFT regime in Turkmenistan constitutes a money laundering/terrorist financing vulnerability in the international financial system.

<http://www.fatf-gafi.org/dataoecd/25/17/41508956.pdf>

FSA

Insurance agents banned for illegal trading

Mr Fryett acted as a Director of CIC Greece and was also involved with CIC Costa Rica, both of which were not authorised to carry out insurance business in the UK. Despite knowing this he encouraged a number of UK insurance brokers and underwriting agents to issue insurance contracts. Insureyourshop.com Limited, run by Richard Baines, was one of those UK insurance brokers and it issued approximately 1800 insurance contracts, including employer's liability insurance

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/137.shtml>

FSA calls for greater international cooperation to tackle boiler room fraud

Each year, around 30,000 people fall victim to boiler rooms in the UK alone – estimates put the total fraud at £300 million. Typically, victims can be 'groomed' over weeks or months by fraudsters who call them regularly, eventually persuading them to buy worthless shares. Boiler rooms are based overseas, often in Spain, Hong

Kong or North America. But their victims tend to be in the UK, Germany, United States and Scandinavia. The FSA has launched a number of initiatives this year to help raise awareness of boiler rooms.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/128.shtml>

HM TREASURY

HM Treasury warns businesses of serious threats posed to the international financial system

The Financial Action Task Force (FATF) warned on 16th October 2008 of the higher risks of money laundering and terrorist financing posed by deficiencies in the anti-money laundering and countering-terrorist financing (AML/CTF) systems in Iran and Uzbekistan. The FATF has also drawn attention to AML/CTF deficiencies in respect of Turkmenistan, Pakistan, São Tomé and the northern part of Cyprus.

http://www.hm-treasury.gov.uk/press_107_08.htm

IFB

Major Insurance Fraud Investigation by Metropolitan Police

A fraudulent multi million pound accident management company has been stopped in its tracks after its director was arrested for conspiracy to defraud UK motor insurers. The fraudster is thought to have made millions through submitting claims to insurers for accidents that never took place - so called 'cash for crash' scams.

http://www.insurancefraudbureau.org/files/press_release_pdfs/081015_major_ins_fraud_investigation_by_met_police.pdf

LLOYDS

Mortgage fraud: rising concern for insurers

Estimates vary, but one by the Association of Chief Police Officers puts mortgage fraud in the UK at £700 million a year. The buy-to-let market is particularly vulnerable to mortgage fraud, whether it is through new build apartment complexes or large scale renovation projects. Those professionals involved with high-risk lending sectors will be experiencing increased premium rates.

http://www.lloyds.com/News_Centre/Features_from_Lloyds/Mortgage_fraud_rising_concern_for_insurers.htm

Madoff scandal poses challenges for directors

For nearly ten years, Madoff had allegedly been using money provided by new investors to pay off existing ones.

Madoff has been charged with fraud in one of the biggest-ever such cases and since his arrest investors, banks and charities across the world fear they may have lost billions of dollars. The total amount that may have gone to what one banker called 'money heaven' is put at US\$50bn and the losers range from the world's biggest banks to private individuals.

http://www.lloyds.com/News_Centre/Features_from_Lloyds/Madoff_scandal_poses_challenges.htm

TI

Transparency international (UK) welcomes Law Commission's proposals for new anti-corruption law

The draft anti-corruption bill proposed by the Law Commission is a good foundation for the enactment of new legislation that will be easily understood and enforceable in the UK courts . Most importantly it will satisfy our OECD partners and make the UK fully compliant with the 1997 Anti-Bribery Convention.

http://www.transparency.org.uk/presstatements/LC_press_release_19%20Nov.pdf

<http://www.lawcom.gov.uk/bribery.htm>