

Summary of relevant output on Money Laundering and Financial Crime for the Period: 01/04/2009 to 30/06/2009

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

BBC

Pension regulator warns on fraud

The recession is putting pension schemes at greater risk of fraud, dishonesty, or risky behaviour by employers. Scheme members may be targeted to access their pension assets through trust-busting or pension liberation activities.

Examples are: avoidance of employer debt, inappropriate transfers for individuals from under-funded schemes that would not subsequently have the resources or adequate employer support, as well as employer-related self-investment and poor practice associated with transfer incentive exercises.

<http://news.bbc.co.uk/1/hi/business/8007674.stm>

EU

On-line gambling: It is up to Member States to stop match-fixing and fraud

Rules governing on-line gambling should not be laid down by the EU, as Member States are quite capable of regulating the industry themselves, a majority of MEPs decided. The report was adopted with 544 votes in favour, 36 against and 66 abstentions and states that the Council should seek a political solution to the problems of online gambling.

Measures taken by some Member States do not comply with Community law and a clarification of national and Community powers is needed

http://www.europarl.europa.eu/news/expert/infopress_page/063-51383-068-03-11-911-20090310IPR51382-09-03-2009-2009-true/default_en.htm

Focus on combating currency counterfeiting in the Western Balkans and Turkey

Experts from the Western Balkan countries, which are not yet members of the European Union, including Turkey, initiated the establishment of a network focusing on combating currency counterfeiting. Europol is now able to cooperate and to support those countries in their efforts to combat currency counterfeiting and payment card fraud.

<http://www.europol.europa.eu/index.asp?page=news&news=pr090511.htm>

FATF

Vulnerabilities of Casinos and Gaming Sector Report

There is significant global casino activity that is cash intensive, competitive in its growth and vulnerable to criminal exploitation. There are significant gaps in awareness of ML typologies, gaps in regulatory and law enforcement responses, gaps in online gaming typologies, significant gaps in global coverage of AML/CFT controls over the sector, which represents a significant vulnerability.

Casino foreign holding accounts are not clearly covered for AML/CFT, which allows movement of funds without sending a cross-border wire transfer.

<http://www.fatf-gafi.org/dataoecd/47/49/42458373.pdf>

FSA

FSA wins market abuse case against Winterflood

Winterflood is an FSA authorised firm and the largest market maker in AIM securities. FSA found that Winterflood and its traders had played a pivotal role in an illegal share ramping scheme: the market maker had misused rollovers and delayed rollovers thereby creating a distortion in the market for FEI shares and misleading the market for about six months in 2004. FSA has won its market abuse case at the Financial Services and Markets Tribunal.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/046.shtml>

FSA bans directors of mortgage firm for failings on financial crime prevention

The FSA found that Peter Dean and James Dean of UK Finance House Limited (UKFH) failed to:

- take reasonable steps to prevent false information being supplied to mortgage lenders by UKFH;
- take reasonable steps to prevent UKFH from being used to further financial crime;
- realise that mortgage introducers were acting on behalf of UKFH and arranging regulated mortgage contracts without its authority or permission;
- realise that James Dean was signing off regulated mortgage applications as his own work, when they were in fact prepared by a third party
- submitted a personal mortgage application containing false information about his employment and earnings;

- signed off and submitted to lenders mortgage applications which contained false applicant incomes and false documentation in support of applicants' identity verifications

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/049.shtml>

FSA bans and fines mortgage broker £100,000 for fraud

This six figure fine is aimed at deterring approved persons from becoming involved in mortgage fraud. The fine is as a result of Mr Agbalaya's supervision of, and knowing involvement in, the submission of false mortgage applications.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/052.shtml>

FSA bans East London mortgage broker for involvement with fraud

FSA have banned more than 40 mortgage brokers over the last two years.

Mr Chowdhury was banned by the FSA because he certified client identity documents accompanying five fraudulent mortgage applications as true copies of the originals without seeing the original documents or the clients; he submitted the mortgage applications in circumstances in which he must have suspected that false information might have been used or that the individuals who referred the applications might be involved in mortgage fraud; he knowingly carried out controlled functions at Express Financial without being approved

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/058.shtml>

Hedge fund manager banned and fined £35,000 for mismarking trading positions to hide losses

This is the first time the FSA has both banned and fined an individual for mismarking trading positions. To disguise the extent of his losses, Mr Montserret mismarked four equity index options by valuing them at nearly two to three times their actual market price. The mismarking went on for ten days and resulted, at its maximum, in the fund being overvalued by \$8.6 million.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/057.shtml>

Over 65s most likely to be targeted by share fraudsters, warns FSA

People over 65 are more likely to be targeted by fraudsters and con artists. The FSA is committed to helping consumers thanks to a new partnership with Age Concern and Help the Aged, to help protect older people from financial scams.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/055.shtml>

Seven arrests in FSA operation on boiler rooms

With assistance from Eurojust, Europol, the anti-money laundering unit of the Malta Police, and several European law enforcement agencies, focuses on share fraud and boiler room activity in the United Kingdom and Europe which has taken approximately £28 million of victims' funds. Six males and one female have been arrested in the south of England

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/059.shtml>

LLOYDS

Fraud cover caution as recession changes exposure

As the economic recession continues to deepen, UK firms should look closely at their insurance cover to ensure they are adequately covered against fraud which may come from outside as well as from inside the firm. At Japanese bank Sumitomo Mitsui an insider allowed two computer hackers to install spy software on executives' computers to record log-ins and passwords.

FSA encourage everyone to do a bit of due diligence on what cover they have got. There's been a huge change in exposure to fraud risks due to the recession.

http://www.loyds.com/News_Centre/Features_from_Lloyds/News_and_features_2009/Market_news/Fraud_cover_caution_as_recession_changes_exposure.htm

Is workplace fraud set to rise?

Current statistics indicate that white collar crime is on the increase, with company managers, employees and customers tried for some £300m of fraud in 2008. 90% of businesses are failing to adequately protect themselves against theft by taking out fidelity (crime) insurance. As well as purchasing insurance, companies can protect themselves by having better risk management controls in place.

http://www.loyds.com/News_Centre/Features_from_Lloyds/News_and_features_2009/Market_news/Is_workplace_fraud_set_to_rise.htm

SOCA

Annual report 2008-2009

The highlights this year include:

- £175m assets denied to UK criminals through a combination of cash seizure, cash forfeiture, civil recovery, restraint orders, and confiscation orders
- £88m assets denied to criminals overseas
- A conviction rate in the courts of 93%
- 71 alerts issued to industry to enable business to protect itself more effectively against potential crime
- Increased use of 'lifetime management' tools, including 16 new Financial Reporting Orders, 12 exclusion orders to prevent overseas criminals returning to the UK, and 13 Serious Crime Prevention Orders
- Over 85 tonnes of cocaine seized
- New forensic evidence on the drop in street level purity of cocaine

<http://www.soca.gov.uk/assessPublications/downloads/PressNoticeSOCAAnnualReport0809.pdf>