

Summary of relevant output on Money Laundering and Financial Crime for the Period: 01/10/2009 to 31/12/2009

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

Europol

New Threat Assessment on Organised Crime

The Europol Organised Crime Threat Assessment (OCTA) is an assessment of current and expected trends in organised crime affecting the EU and its citizens. It is drawn up in order to enable decision-makers to prioritise and take appropriate action.

<http://www.europol.europa.eu/index.asp?page=news&news=pr091022.htm>

Carbon Credit fraud causes more than 5 billion Euros damage for European Taxpayer

The European Union (EU) Emission Trading System (ETS) has been the victim of fraudulent traders, resulting in losses of approximately 5 billion Euros for several national tax revenues. It is estimated that in some countries, up to 90% of the whole market volume was caused by fraudulent activities. As an immediate measure to prevent further losses some countries including the UK, have all changed their taxation rules on these transactions. After these measures were taken, the market volume in those countries dropped by up to 90%. Europol has set up a specific project to collect and analyse information in order to identify and disrupt the organised criminal structures behind these fraud schemes.

<http://www.europol.europa.eu/index.asp?page=news&news=pr091209.htm>

HMT

Statement on money laundering controls in overseas jurisdictions

The HM Treasury issues advice about risks posed by unsatisfactory money laundering controls in a number of jurisdictions. The Financial Action Task Force (FATF) issued a further statement drawing attention to deficiencies in several jurisdictions of concern. The countries the FATF is concerned with, includes Iran, Pakistan, Uzbekistan, Turkmenistan, São Tomé, Príncipe and Azerbaijan.

http://www.hm-treasury.gov.uk/press_103_09.htm

FSA

Consumer awareness of the FSA and financial regulation

The FSA published a consumer research paper which includes a section on consumer exposure to Financial Fraud. The research covers consumer attitudes towards their own vulnerability to financial fraud and their awareness of measures they can take to reduce exposure to the risk of financial fraud.

<http://www.fsa.gov.uk/pubs/consumer-research/crpr80.pdf>

Dresdner traders censured for abuse in debt market

The FSA published statements that Christopher Parry and Darren Morton have engaged in market abuse. Parry and Morton received inside information in relation to a proposed new issue of Barclays Bank PLC (“Barclays”) Floating Rate Notes (“FRNs”) and authorised sales by K2 Corporation (“K2”) of Barclays FRNs. The FSA considers that Parry and Morton have the responsibility to consider whether the information was capable of being inside information and should not have executed or authorised the sales.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/134.shtml>

FSA fines Seymour Pierce £154,000 for failing to prevent employee fraud

The FSA has fined London-based investment bank and stockbroker Seymour Pierce Limited £154,000 for failing to establish effective controls to guard against employee fraud. As a result of its failings, an employee was able to steal approximately £150,000 completely undetected from the firm’s internal and private client accounts in 36 separate transactions over a three year period.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/136.shtml>

FSA bans East London mortgage broker for misleading lenders

The FSA has banned East London based mortgage broker, Ayodele Olubunmi Thomas, for knowingly submitting false and misleading information about his income to obtain mortgages and loan advances. Her Majesty’s Revenue and Custom’s (HMRC) records of Thomas’ earnings, as declared for tax purposes, were

substantially less than the amounts that he declared to lenders. The FSA concluded that Thomas lacks honesty and integrity and is not fit to work in regulated financial services. Another mortgage broker, Tomilola Omolola Ogunmoye has also been banned for the same reason in a different case.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/137.shtml>

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/141.shtml>

FSA fines broker £24,000 for engaging in market abuse

Alexei Krilov-Harrison was employed as a broker by Pacific Continental Securities (UK) Limited (“PCS”) and obtained inside information that Proventus plc, an Alternative Investment Market traded company, had entered into a collaboration agreement with a major international company. This information was not public and was price sensitive. Krilov-Harrison disclosed this information to clients of PCS and encouraged retail customers to purchase the shares in relation to the inside information.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/159.shtml>

Former corporate broker intern and father found guilty of insider dealing

Matthew Uberoi and his father, Neel Uberoi, were found guilty of 12 counts of insider dealing. Neel Uberoi made about £110,000 profit based on inside information provided by Matthew Uberoi. In addition to this case, the FSA is currently prosecuting three other insider dealing criminal cases. Matthew Uberoi and Neel Uberoi were later sentenced to 12 and 24 month prison sentences. This is the FSA’s second successful criminal prosecution.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/149.shtml>

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/170.shtml>

FSA fines UBS £8million for failing to prevent employees carrying out unauthorised transactions with customer money

The FSA fined UBS AG (UBS) £8million for systems and controls failures that enabled employees to carry out unauthorised transactions involving customer money on at least 39 accounts. UBS employees had also taken part in the trading of foreign exchange and precious metals using customer money without authorisation and allocated losses to customers’ accounts. UBS has since paid compensation in excess of US\$42million by way of redress for its customers’ losses. The FSA has also banned and fined Andrew Cumming, a former client adviser at the London branch of UBS for signing paperwork to help document false loans which were used to conceal losses arising from unauthorised trading.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/150.shtml>

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/157.shtml>

Mortgage broker banned for concealing true nature of governance arrangements from the FSA and for mortgage fraud

The FSA has banned Birmingham mortgage broker Mohammed Hanif for obtaining authorisation by giving the FSA false information to conceal his involvement in the running of the business. The authorisation application stated that Hanif's daughter-in-law had the necessary competence, capability and business experience to be an authorised person, and that she would be involved in the management and control of Pak Property Centre. However, she had no knowledge of the authorisation application submitted in her name, and had very little involvement in the running of the business.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/156.shtml>

FSA fines Nomura £1.75 million for inadequate systems and controls

The FSA has fined Nomura International Plc (Nomura) £1.75 million for widespread systems and controls failings around book marking within its International Equity Derivatives (IED) business. Nomura breached two FSA Principles as the firm failed to conduct its business with due skill, care and diligence and failed to take reasonable care to organise and control its affairs responsibly.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/161.shtml>

Insurance broker brothers banned for concealing criminal record from FSA

The FSA has banned two Leytonstone insurance brokers, Faraz Ahmed Siddique and Waqas Ahmed Siddique, for lying to cover up Waqas criminal conviction. Waqas was charged with conspiracy to defraud. He then applied for individual approval to perform controlled functions at Aston Sterling Insurance Services Limited (Aston Sterling). On his FSA application, he signed a declaration that he had no previous criminal convictions and was not the subject of any current criminal proceedings. When Faraz applied to take over the controlled functions he did not notify the FSA of his brother's criminal conviction, despite being aware that this was the reason for his brother's resignation from Aston Sterling. The FSA has also cancelled the permission of Aston Sterling.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/165.shtml>

Toronto Dominion fined £7 million for repeated failings

The FSA fined Toronto Dominion Bank (London Branch) (Toronto Dominion) £7 million for repeated systems and controls failings around the pricing of sophisticated financial products – forcing the bank to make a negative adjustment of CAD \$96 million in July 2008. This is the bank's second fine for systems and controls failings and the fourth largest levied by the FSA. Margaret Cole, FSA director of enforcement and financial crime, said: "This is one of our largest fines and it underlines the seriousness with which the FSA views repeat offences."

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/175.shtml>

SOCA

Don't become a money mule for criminals, warns SOCA and Get Safe Online

Internet users and job hunters are being urged to be on their guard against 'too-good-to-be-true' money earning opportunities during the economic downturn. For more information visit: GetSafeOnline.org.

<http://www.soca.gov.uk/news/130-dont-become-a-money-mule-for-criminals-warns-soca-and-get-safe-online->

SOCA takes £5m from money laundering brothers

A court has ruled that over £5 million cash, discovered as part of a SOCA investigation into drug dealing and money laundering, is the proceeds of crime and should therefore be forfeited. The cash was found when investigators searched a number of properties linked to Jamie and Cavan Hanna, two brothers who are now serving prison sentences of 14 years each after pleading guilty to money laundering and drugs charges.

<http://www.soca.gov.uk/news/143-soca-takes-p5m-from-money-laundering-brothers>

Fraudsters had access to 200,000 credit cards

Two conspirators in a global credit card fraud which caused estimated bank losses of tens of millions of pounds are jailed. Gboyega Akinbola and Oyetundi Oyedeji, pleaded guilty to conspiracy to defraud and were sentenced to three and a half years and two years in prison respectively. The men bought compromised credit card data from a global criminal network and used it in hundreds of fraudulent transactions. To date around 200,000 compromised credit cards have been linked to this group, around 90% of them from the UK. Trevor Pearce, Executive Director of SOCA, stated that "this was an excellent operation that resulted in the biggest retrieval of compromised card data in UK law enforcement history".

<http://www.soca.gov.uk/news/155-gboyega-akinbola-a-oyetundi-oyedeji-jailed-for-credit-card-fraud>