



**MacIntyre Hudson**

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# Fraud news briefing

(25) October 2009

## 1. 19.10.09 – EX-CHINA TV ANCHORMAN DETAINED FOR FRAUD

The South China Morning Post reported that former China Central TV anchorman, Fang Hongjin, was detained last week for alleged fraud involving millions of yuan. He allegedly borrowed about 1 million yuan from a company in Hebei province but did not repay the loan after an agreed date.

## 2. 19.10.09 – FRAUD GROWING FASTER IN THE FINANCIAL SECTOR

Reuters reported that fraud is increasing twice as fast in financial services as in other sectors, with North America particularly hit hard by the financial crisis, a survey of senior executives released on Monday shows. The Report said that 53% of financial services respondents reported a higher level of fraud, compared with only 27% in other industries.

## 3. 21.10.09 – SERIOUS FRAUD OFFICE PLANS CLAMPDOWN ON HEDGE FUNDS

The Daily Mail reported that the Serious Fraud Office (SFO) has been quietly trawling through details of tens of thousands of hedge funds which have set up shop in London. Investigators found that the Financial Services Authority (FSA) does not regularly check the integrity of the hedge funds themselves. So far, some 10 – 20 funds have been placed on the SFO's priority list for special scrutiny and it is thought that 3 – 4 of these could face prosecution.

## 4. 21.10.09 – CITY LAWYER STOLE £7 MILLION

The Daily Mail reported that a top city lawyer, Kate Johns, 39, was facing jail after swindling £7.4 million from one of the world's richest banks. The bank's deputy head of legal fooled colleagues into thinking that the cash was being invested in an up-and-coming Indonesian airline – Air Etafa – run by a friend. For her part in the fraud, she received £1.95 million, which she used to pay off the £1.1 million mortgage on her four storey Georgian townhouse in North West London.

## 5. 21.10.09 – CANADIAN GOVERNMENT TO TOUGHEN PUNISHMENTS FOR WHITE-COLLAR CRIME

The Globe and Mail reported that the Canadian federal government is promising to propose a law to keep big-time fraudsters in jail longer. White collar crime has become a hot political issue over huge Ponzi schemes that were unearthed after last year's stock market collapse. Justice minister Rob Nicholson said the centre piece is to be a new minimum two-year sentence for fraud of more than \$1 million.

**6. 22.10.09 – 20 CHARGED WITH MEDICARE FRAUD**

The Los Angeles Times reported that federal officials have charged 20 people with fraudulent Medicare billing in seven cases that total \$26 million in unneeded or undelivered medical equipment. The charges include the creation of fake medical supply companies, which billed Medicare for \$11.2 million for unneeded wheelchairs and equipment.

**7. 22.10.09 – SERIOUS FRAUD OFFICE (SFO) INVESTIGATES ‘MISSING’ CITY TRADER**

The Times reported that Nicholas Levene, the city financier who has vanished amid allegations that he owes tens of millions of pounds, is being investigated by the SFO. The SFO said that it had begun a formal criminal investigation into his business activities.

and

**8. 25.10.09 – MISSING CITY TYCOON BREAKS COVER**

The Mail on Sunday reported that the city financier who had apparently gone missing has emerged from hiding and blamed the losses on his gambling addiction. He admitted “I have lost millions of pounds because of my addiction to spread betting – it is in the region of £50 – 70 million.”

**9. 22.10.09 – DRIVER WHO FAKED 93 CRASHES IN £1.6 MILLION SCAM IS JAILED**

The Times reported that a civil servant involved in a scam that is costing motorists almost £50 a year on their insurance policies was jailed yesterday for 4.5 years. Mohammed Patel, 25, would cause minor collisions by braking suddenly at junctions or roundabouts, leaving the driver behind unable to avoid crashing into him. Patel, who worked at the Department of Work and Pensions, was involved in at least 93 collisions, earning £500 a time. He made about £46,000 from his role in the £1.6 million fraud.

**9. 23.10.09 – MAJOR FINANCIAL INSTITUTIONS IMPLICATED IN CIVIL CASE**

CNN International reported that a 264 page law suit has been filed in New York’s State Supreme Court on behalf of former investors in Bernard Madoff’s investment fund. It is alleged that major financial institutions, including KPMG, the Bank of New York and JP Morgan Chase, were aware that Madoff was transferring stolen funds to his London office for personal purchases. The institutions are reported as not commenting.

**10. 23.10.09 – REDKNAPP FACES LONGER WAIT FOR INQUIRY VERDICT**

The Guardian reported that the investigation into alleged corruption in football, which had been expected to end last year and has attracted criticism for its protracted nature, is set to continue for at least another two months. HM Revenue and Customs continue to look into an offshore payment that Milan Mandaric, the former Portsmouth chairman, made to Harry Redknapp..

**11. 25.10.09 – VODAFONE DENIES CORRUPTION CLAIMS**

The Mail on Sunday reported that Vodafone has pledged to fight any allegations of irregularities surrounding its £450 million purchase of a majority stake in Ghana Telecom (GT), when a Ghanaian government report in published. Leaked documents purporting to be extracts from the report allege that Vodafone underpaid for the stake, that the government in Accra received a fraction of the agreed sale price and even that there was a clause in the deal that forbade the government from bringing corruption proceedings against ‘any member of the enlarged GT group’.

**12. 25.10.09 – FRAUD, ERROR REPORTED IN HOME BUYERS TAX PROGRAM**

The Washington Post reported that hundreds of millions of dollars may have been paid to people who fraudulently or mistakenly took advantage of a lucrative tax credit for first time house buyers. The report found that 19,300 people claimed a total of \$139 million on their 2008 tax returns before purchasing a home even though the law requires the purchase to take place first. Nearly 74,000 buyers claimed a total of \$500 million in tax credits despite indications that they may have owned a house before. Even children claimed the tax credit – 580 taxpayers under age 18 – including some 4-year olds – claimed \$4 million.