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Fraud news briefing

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1. 6.3.10 – WAR HERO’S SON STOLE £460,000 FROM HIS GRIEVING MOTHER

The Daily Mail reported that the son of war hero and distinguished military commander, Lieutenant-General Sir Rollo Pain, Michael Pain, has been jailed for three years for defrauding his mother out of £460,000 after his father’s death from cancer. He siphoned off huge sums of money from his elderly mother’s accounts to prop up his failing business.

2. 9.3.10 – MAN PLEADS GUILTY IN \$150 MILLION BANK FRAUD CASE

The Sydney Morning Herald reported that a member of one of Australia’s most notorious crime groups has pleaded guilty to his role in a \$150 million bank fraud. Federal police charged 11 men over the theft from the Commonwealth Superannuation Scheme. On Christmas Eve 2003, a fake request to transfer \$150 million was sent from three members of the group, including a JP Morgan employee. The money was moved to four accounts in Hong Kong, Switzerland and Greece. All the money, except for \$3.4 million that was gambled away on a casino boat off Hong Kong – was recovered.

3. 10.3.10 – FORMER CAB DRIVER CONVICTED OF £34 MILLION PONZI FRAUD

The Times reported that a company director who tricked thousands of people out of their savings by promising them a fivefold return on their investment was convicted yesterday of a £34 million Ponzi fraud. Kevin Foster was found guilty of 14 counts of theft and deception. He had used the money to finance his own lavish lifestyle, buying properties including a £600,000 farm in Kent complete with swimming pool, exotic animals and Koi carp breeding pools. He also spent more than £700,000 on cars and withdrew almost £3 million in cash.

4. 12.3.10 – REPORTED CYBERFRAUD LOSSES DOUBLE IN THE U.S.

Reuters reported that reported losses from Internet fraud in the U.S. more than doubled in 2009, with scams that falsely used the FBI’s name generating the most complaints. The total dollar loss rose to \$559.7 million last year from \$264.6 million in 2008. The number of complaints received increased 22 percent to 336,655 from 275,284. Schemes in which scammers pretended to be affiliated to the FBI to gain information about victims accounted for 16.6 percent of all complaints received.

5. 14.3.10 – FRAUD CHARGES LOOM FOR LEHMAN BROS

The Independent reported that Ex-Lehman Brothers directors and their UK advisors could face a fresh blitz of civil and criminal charges following the publication of the explosive report into the collapse of the Wall Street bank which claimed that it ‘misrepresented’ its financial position.



According to U.S. legal experts, the former Lehman boss, Dick Fuld, and other Directors could be pursued by the Securities and Exchange Commission for civil charges of securities fraud. Lehman exploited a loophole between U.S. and UK law which allowed it to keep \$50 billion of debt off its balance sheet.

6. 14.3.10 – FRAUD COSTS ONLINE BANKING £60 MILLION AS SCAMS SOAR BY 14 PER CENT

The Independent reported that The UK Cards Association has said that losses associated with online fraud rose by 14 per cent last year to just shy of £60 million. The boost in online crime has been blamed on the use of more advanced malware, which targets vulnerabilities in online-banking customers' PCs, as well as on a rise in incidents of phishing which rose to 51,000, up from just 1,700 five years ago.

7. 15.3.10 – 'PHANTOM' TRUCKS FOR IRAQ FRAUD

The Guardian reported that two men have been arrested following a Ministry of Defence inquiry into an alleged multi-million pound fraud in post-invasion Iraq, involving British companies headed by ex-soldiers and a former high-ranking Scotland Yard officer. The arrests follow investigations on both sides of the Atlantic. One company, headed by a former Deputy Assistant Commissioner at Scotland Yard and a colourful ex-army officer, received \$5.7 million, even though the vehicles never left the factory in Russia where they were due to be manufactured. A second company, headed by another former British soldier, is understood to have received \$2.7 million for the same 'phantom' vehicles.

8. 16.3.10 – EX-CHIEF OF PARK AVENUE BANK CHARGED WITH BAILOUT FRAUD

The New York Times reported that a former president of the Park Avenue Bank in Manhattan has been charged with fraud, embezzlement and bribery. Charles J. Antonucci Sr misled state and federal regulators into believing that he had come to the rescue of his troubled institution by investing \$6.5 million of his own money to improve its financial position, the authorities said. Instead they say Mr Antonucci actually made the investment with the bank's money. This allowed him to make the bank appear stronger than it really was in an application for more than \$11 million from the Troubled Asset Relief Program (TARP).

9. 18.3.10 – TOP BANKS TO STAND TRIAL IN ITALY OVER FRAUD CHARGE

The Daily Telegraph reported that a group of international banks, including Deutsche Bank and UBS, were yesterday ordered to stand trial for fraud in Italy over a complex derivatives deal involving bonds issued by the city of Milan. A judge ordered Deutsche Bank, UBS, JPMorgan and Germany's Depfa to stand trial for aggravated fraud over an interest rate swap on a €1.68 billion bond issued by Milan. The judge also ordered 11 bankers from the four banks and two former Milan city employees to stand trial. The trial will serve as a test case for hundreds of Italian local and national governments and other smaller bodies that took part in complex financial deals from the 1990s onwards. The prosecutor alleges that the four banks' London operations misled Milan over a financing package that included the swaps. He accuses them of earning €101 million in hidden fees.

10. 19.3.10 – DEMOCRATIC DONOR PLEADS GUILTY TO \$292 MILLION FRAUD

The New York Times reported that a once wealthy businessman and prominent donor to Democratic candidates pleaded guilty on Thursday to stealing hundreds of millions of dollars to buy property. Hassan Nemazee, 60, told the judge in Federal District Court in Manhattan "I accept full responsibility for my actions". In September federal prosecutors charged Mr Nemazee with running a Ponzi scheme from 1998 to 2009 that obtained \$292 million in fraudulent loans from Bank of America, Citibank and HSBC.

11. 20.3.10 – BENEFIT WORKERS IN £2 MILLION FRAUD

The Daily Express reported that taxpayers have lost nearly £2 million to benefit cheats who work for the very Government department that runs the welfare system. The money was taken within the Department for Work and Pensions between 2004 and 2009 by staff who are supposed to weed out cheating claimants. The figures revealed £1.1 million was lost to benefit fraud by DWP staff in the last five years and more than £700,000 in other fraud, such as abuse of expenses and overtime.

12. 21.3.10 – NHS MANAGER CONVICTED OF FRAUD

The Sunday Times reported that Hasan Tahsin, 54, earned £245,246 in senior NHS roles on the back of false claims about his qualifications. The former head of estates at Mid Essex Hospital Services NHS Trust was sentenced to 12 months in prison suspended for 12 months, and 200 hours of community work.

13. 24.3.10 – HOME OF £6 MILLION FRAUDSTER HAD 13 PLASMA TV SETS

The Daily Express reported that a care home assistant who helped steal £6 million in six weeks bought a mansion and fitted it out with 13 TVs. High-living Ruth Ayinde-Azeez even had one of the plasma careens installed in a lavatory. She spent £200,000 on cars including a Bentley and a Land Rover Discovery, flew first class on exotic holidays and stayed in five-star hotels. She had £1.6 million in her bank account. Azeez was jailed for four years for laundering £1.25 million through her accounts.

14. 26.3.10 – BOSS CHEATED FIRM TO SPEND £100,000 ON LAP DANCERS

The Daily Telegraph reported that a managing director spent more than £100,000 on his company's credit card in a lap dancing club and falsified profits to get a bigger bonus. Ian Tulloch, 59, spent the money at Spearmint Rhino in central London. The sum would have paid for more than 5,000 lap dances. He financed the visits with money invented by falsifying accounts at a steel supply firm where he was the £55,000-a-year managing director.

15. 26.3.10 – PRISONERS PAID £27 MILLION IN BENEFITS BLUNDER WHILE LOCKED UP

The Daily Telegraph reported that prisoners have fraudulently claimed £27 million in benefits over the past five years. Officials at the Department for Work and Pensions overpaid the amount in income support to inmates who failed to report that they had been sent to jail. Campaigners said it was 'completely unacceptable' that benefits had continued to be paid to convicted criminals. In a written parliamentary answer, a minister disclosed that £6 million had been overpaid in 2008-2009, compared with £4 million in 2007-2008.

16. 27.3.10 – NHS WORKER JAILED FOR LYING ON HER CV

The Daily Telegraph reported that a woman who landed an NHS job after lying on her CV and making up references has been jailed for six months. Rhiannon Mackay, 29, wrongly claimed to have two A-levels when she applied for a £23,000-a-year role as a capital projects administrator. Mackay, who was unemployed, was shortlisted and asked to provide a reference from her previous employer, the Royal Navy. She forged the letter of recommendation and signed it using the name of her boyfriend, a chief petty officer.