



MacIntyre Hudson

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Fraud news briefing

(31) December 2009

1. 2.12.09 – EXECUTIVE ACCUSED OF BRIBING FOREIGN OFFICIALS

The Times reported that a former executive of a subsidiary of Johnson & Johnson, the American healthcare group, is facing criminal prosecution for allegedly bribing officials to win foreign contracts. Robert John Dougall, 44, a former vice-president of Depuy International, was charged with conspiracy to corrupt after an investigation by the Serious Fraud office. Mr Dougall is accused of making illegal payments to Greek public health officials to induce them to purchase orthopaedic products supplied by the company.

2. 2.12.09 – TOP RUSSIAN JUDGES QUIT POSTS

Reuters reported that two Russian Constitutional Court judges have resigned from senior posts after speaking out against corruption in the judiciary, raising fresh doubts about a Kremlin bid to clean up the legal system. One of them, Vladimir Yaroslavtsev, resigned from the presidium of the Council of Judges three months after he told a Spanish newspaper that Russian justice was “in ruins” and that “the security services can do whatever they like and the courts are limited to ratifying their decisions”.

3. 3.12.09 – SIEMENS BRIBERY DEAL CLOSE

The Independent reported that one of Germany’s biggest-ever corporate bribery scandals has moved close to a settlement after six former senior managers of the Siemens electrical engineering giant agreed to pay out nearly 20 million Euros to compensate for their role in a huge kickbacks for contracts scam. Widespread corruption was exposed at Siemens in 2006 after investigations in more than a dozen countries revealed that the concern was operating a system of cash handouts totalling an estimated 1.3 billion Euros in return for contracts.

4. 3.12.09 – FORMER COMPUTER EXECUTIVE GETS UP TO 11 YEARS IN PRISON

Reuters reported that a federal judge in Manhattan on Thursday sentenced a former California computer executive to nearly 11 years in prison for trying to defraud Citigroup Inc out of more than \$83 million. Eric Skys, was sentenced to 130 months in prison after he pleaded guilty to five counts of securities fraud, wire fraud and bank fraud.

5. 4.12.09 – OFFICIALS IN CHINA FORCED TO REVEAL ASSETS

The South China Morning Post reported that Chongqing municipality has announced a pilot plan this week requiring judicial officials in important positions to declare their assets – thus becoming the highest-level government to make such a mandate. Only a handful of counties and towns have

previously required officials to declare their assets, a move the public has long regarded as necessary to combat corruption.

6. 4.12.09 – PLAYBOY ‘LORD’ ACCUSED OF CONNING STARS OUT OF £12 MILLION

The Daily Mail reported that a playboy businessman has been accused of swindling celebrity clients out of £12 million. Edward Davenport, 43, allegedly conned well-known and wealthy figures by offering loans of up to £250 million, but prospective clients never received the money, despite paying a ten percent security deposit.

7. 4.12.09 – GUILTY PLEA IN FRAUD CASE TIED TO NEW YORK PENSION

The New York Times reported that Elliott Broidy, a California venture capitalist, pleaded guilty on Thursday to charges that he helped his company land a lucrative deal with New York’s public pension fund by giving nearly \$1 million worth of illegal gifts to state officials. Prosecutors said the state invested \$250 million in Mr Broidy’s company after he showered officials with gifts and favours, including trips, payouts to friends and relatives, and a secret investment in an obscure movie called “Chooch”, produced by an official’s brother. “This is an old-fashioned payoff of state officials,” said Andrew M. Cuomo, the New York attorney general.

8. 5.12.09 – WOMAN CONS DYING MILLIONAIRE

The Daily Mail reported that a woman lawyer conned a dying millionaire out of well over £90,000 and put his blind wife in a nursing home while she lived in luxury on their money. Veronica Hyland, 50, forged a power of attorney document and used blank cheques to cheat cancer patient Les Carrier and his wife Doris, who had Alzheimer’s, Hyland was jailed for 28 months after admitting 16 charges of fraud, theft and false representation.

9. 5.12.09 – MILLIONS AT RISK FROM WI-FI HACKERS

The Times reported that internet users are at risk of having their personal details stolen and thousands of pounds plundered from their online bank accounts as internet fraudsters increasingly target unsecured wireless networks. Research indicates that one wireless customer in five has not or does not know whether he or she has protected the network with a password. Last month, the internet provider Talk Talk estimated that seven million home wireless connections are left open to hijackers.

10. 5.12.09 – POLICE SHUT 1,200 SCAM SHOPPING WEBSITES

The Guardian reported that the Metropolitan Police’s central E-crime unit has carried out the biggest single swoop of bogus websites selling fake designer fashion items. They shut down 1219 scam websites that claimed to be selling designer clothes and jewellery, ranging from Ugg boots and Tiffany and Co. jewellery to GHD hair straighteners.

11. 6.12.09 – FRAUD PROBE INTO AERO’S COLLAPSE

The Sunday Times reported that the Serious Fraud Office (SFO) has been asked to investigate the collapse of Aero Inventory, the airline parts supplier after a black hole emerged in its accounts, which pushed the company into administration last month. Aero was worth £140 million when its shares were suspended in October after it found accounting mistakes in a Canadian contract. Investors are furious with Deloitte, the auditor, and JP Morgan Cazenove, the broker.