



MacIntyre Hudson

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Fraud news briefing

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1. 7.12.09 – BULGARIANS BELIEVE THAT CORRUPTION IS DECLINING

Reuters reported that a Bulgarians believe that corruption has diminished since a new government took power in July, but analysts said graft remains a major problem and the country's leaders must do more to stop it. Ruslan Stefanov, an analyst at the Centre for the Study of Democracy, told reporters that despite the changing perceptions, corruption in Bulgaria, where every fourth citizen pays a bribe to get a public service, remained unacceptably high.

2. 8.12.09 – CHAVEZ TARGETS BANK CORRUPTION

The Guardian reported that a corruption scandal has shaken Venezuela's financial system and triggered the arrest of tycoons who are linked to president Hugo Chavez's government. Authorities have closed seven banks and detained eight bankers in a widening crackdown which has toppled Jesse Chacon, a cabinet minister and senior Chavez ally. Twenty seven warrants have been issued, including nine requests to Interpol for international arrests.

3. 9.12.09 – CORRUPTION DESTROYING SOUL OF U.S. SOCIETY WARNS, FBI AGENT

The Guardian reported that a senior FBI agent has addressed businessmen in Florida, saying that corruption, whether in the form of crooked officials, financial fraudsters or even philandering celebrities, is tearing at the fabric of U.S. society and in the country's number one criminal threat. John Gillies, the FBI Miami division special agent in charge, said failures in personal ethics sowed the seeds of corruption in society.

4. 9.12.09 – WOMAN CHARGED WITH POSING AS A WITCH

The Canadian Globe and Mail reported on the case of a Toronto woman accused of fraud which has shed light on a section of the Canadian criminal code that carries a hint of the Dark Ages: posing as a witch. Vishwantee Persaud allegedly defrauded a Toronto lawyer of tens of thousands of dollars by telling him she was the embodiment of the spirit of his deceased sister come back to help him in business. Ms. Persaud now faces charges under a rarely used section of the criminal code for pretending to practise witchcraft.

5. 10.12.09 – FRAUDSTERS NET £4.5 BILLION FROM CARBON TRADING

The Daily Telegraph reported that carbon trading fraudsters may have accounted for up to 90% of all market activity in some European countries, within criminals pocketing an estimated 5 billion Euros. Suspicions about an unprecedented level of carbon crime over the last 18 months have led

investigators to believe criminals are using 'missing trader' techniques to buy up carbon credits elsewhere in Europe where there is a cheaper rate of VAT.

6. 10.12.09 – SPORT TOLD TO UNITE IN WAR ON CORRUPTION

The Guardian reported that a review launched by the government in the wake of high-profile match-fixing allegations is set to recommend the creation of a single unit dedicated to investigating corruption in sports betting. Rick Parry, the chair of the Review Panel, will deliver his recommendations to the sports minister, Gerry Sutcliffe, before the end of the year and the government is believed to be determined to act on the issue before the general election. Major sports would have to be convinced that the beefed up unit significantly improved on their own integrity arrangements before committing to the new set up.

7. 11.12.09 – TRUCK MAKER SETTLES A CORRUPTION CASE

The New York Times reported the German truck maker MAN has been fined 150.6 million Euros by a Munich court for failing to prevent bribery, a penalty that ends a corruption investigation of the company. In a separate statement, Munich investigators said that individual employees remained under investigation. They also praised the company for its cooperation. In May investigators raided 59 company sites in Germany and seven private homes in search of evidence that MAN employees and customers had been involved in bribery and tax evasion.

8. 11.12.09 – RUSSIA'S DEADLY BLAZE EXPOSES CORRUPTION

Reuters reported that Russia's Prime Minister, Vladimir Putin, has declared a crusade on corrupt bureaucrats after the country's most deadly blaze claimed the lives of 135 people in a nightclub fire in the Russian city of Perm. "All the vices of our bureaucracy were exposed by this tragedy. Its incompetence, corruption and links to businesses," Putin told a cabinet meeting. The entire government of the region resigned after he left. The number of jailed bureaucrats is growing but Russia is still ranked 146th out of 180 nations in Transparency International's Corruption Perception Index.

9. 12.12.09 – MILLIONS AT RISK FROM WI-FI HACKERS

The Daily Mail reported that a carpenter who marched in a Remembrance Day parade wearing an 'impossible collection' of military medals has been arrested on suspicion of deception. Roger Day, 61, was photographed at the parade on November 11 in Bedworth, Warwickshire, wearing 17 medals, including the Distinguished Service order and Military Cross – the highest bravery awards after the Victoria Cross. When he was confronted about the medals last week, Mr Day, a keen amateur actor, claimed that the collection was genuine, saying he had served in the SAS and could not talk about his heroics because he was bound by the Official Secrets Act.

10. 12.12.09 – SUIT ACCUSES CITYGROUP OF FRAUD

The New York Times reported that Terra Firma, the British private equity firm, has sued Citygroup, accusing the bank of fraud in its handling of the 2007 sale of the music publisher EMI. In its complaint, filed in New York, Terra Firma says that it was essentially tricked into paying \$6.5 billion for EMI in May 2007, near the height of the private equity boom. Terra Firma and Citygroup have since been locked in a struggle over control of EMI.

11. 13.12.09 – SFO TO INVESTIGATE ICELANDIC BANK

The Sunday Telegraph reported that the Serious Fraud Office (SFO) is preparing to launch a formal investigation into Kaupthing, the failed Icelandic bank, amid suspicions that it may have been involved in criminal activity. Kaupthing collapsed last October, along with two other Icelandic banks,

leaving 300,000 British savers unable to access their money and institutions nursing billions of pounds in losses. Following Kaupthing's collapse, the Treasury had to pay £7.5 billion to compensate UK savers, although £2.3 billion of this will be repaid by Iceland over the next 15 years.

12. 13.12.09 – STORES LOSE £80 MILLION TO CLONED CREDIT CARDS

The Observer reported a record rise in high street fraud in the run up to Christmas. This is being blamed on gangs using fake foreign credit cards. Retailers, including Harrods and Selfridges, have been duped out of more than £80 million worth of goods – a rise of 36% in a year – by criminals using 'cloned' cards from foreign accounts.

13. 13.12.09 – KABUL MAYOR STEPS DOWN AFTER CORRUPTION CONVICTION

Reuters reported that the Mayor of Kabul, convicted of corruption last week in the biggest case since President Hamid Karzai ordered a crackdown, has relinquished his post after days of defying prosecutors by continuing to go to work. A municipality official said Mayor Abdul Ahad Sayebi had given up his post and had been replaced by a caretaker Mayor. The Mayor was sentenced to four years in jail last week after being convicted of corruptly extending the lease of a market without a competitive bid.

14. 15.12.09 – AUSTRALIA : NATIONAL DATABASE TO CRACK DOWN ON FRAUD

The Sydney Morning Herald reported that the private details of every Australian will be swept into a national database under a Federal Government plan for 'virtual' national identity cards designed to crack down on welfare and medical fraud. The concept is effectively a rebirth of the previous government's controversial Access Card proposal that was killed by the Rudd Government as a \$1.2 billion saving measure in its first weeks of taking office.

15. 16.12.09 – 26 ARRESTED IN THREE U.S. STATES IN MEDICARE FRAUD SCHEME

The New York Times reported that federal agents have arrested 26 suspects in three states, including a doctor and nurses, in a crack down on Medicare fraud totalling \$61 million. Arrests in three separate cases in Brooklyn, Detroit and Miami included a Florida doctor accused of running a \$40 million home health care scheme that falsely listed patients as blind diabetics so he could bill for twice daily nurse visits. The Department of Justice and the Department of Health and Human Services said 32 indicted suspects lined up bogus patients and otherwise billed Medicare for unnecessary medical equipment, physical therapy and infusions for H.I.V.

16. 17.12.09 – STANFORD TRIAL IS SCHEDULED FOR 2011

The Daily Telegraph reported that fraud suspect Allen Stanford will not stand trial until 2011. The Texan billionaire – accused of masterminding a \$7 billion Ponzi scheme – will remain in a federal detention facility in Houston until then, having been denied bail in June after being deemed a 'flight risk'. Mr Stanford has denied the charges laid against him in a number of public interviews. Last month, he was stripped of his knighthood by the Caribbean nation of Antigua and Barbuda where he spent much of his time.

17. 19.12.09 – TOYS R US ACCOUNTANT STOLE £3.6 MILLION TO TREAT PROSTITUTES

The Times reported that an accountant who defrauded Toys R Us of £3.6 million to spend on prostitutes and expensive cars has been jailed for seven years. Paul Hopes, 58, developed an infatuation with a massage parlour worker. He set up a bank account in her name to siphon off money, knowing that the position of trust he held in the company meant his crimes were unlikely to be detected. Hopes had admitted 14 counts of theft and four of transferring criminal property between June 2006 and November 2008.

18. 20.12.09 - £50 MILLION LOANS FRAUD

The Sunday Times reported that six people have been charged in relation to a series of alleged commercial mortgage frauds worth almost £50 million. The network of alleged fraudsters is accused of selling properties between one another in a number of back-to-back deals at highly inflated prices. They are alleged to have then used the inflated sale prices, fraudulent valuations and forged leases to obtain loans from banks and building societies. The charges follow an investigation by the Serious Fraud Office and West Midlands Police. The case has been sent to Southwark Crown Court for a preliminary hearing on January 4.

19. 20.12.09 – FUGITIVE DOCTOR FOUND IN TENTED ALPINE HIDEOUT

The Sunday Times reported that Mark Weinberger, a wealthy Indiana sinus specialist who abandoned his wife during a Greek holiday in 2004 and went into hiding as hundreds of former patients sued him for alleged malpractice, has been arrested. He was found in a tent he had pitched 6,000 feet up a snow-clad mountain near Mont Blanc. Weinberger is facing about 300 law suits from patients alleging incorrect diagnosis or unnecessary treatments.

20. 23.12.09 – BARRISTER STOLE 85,000 FROM CHILD CHARITIES

The Daily Mail reported that Julie Burns, 50, a successful barrister, stole £85,000 from two organisations to pay for her daughter to be privately educated. She wrote dozens of cheques to herself, putting them through the books as spending on the boarding school fees of vulnerable youngsters. Burns, who admitted fraud at Southwark Crown Court in London yesterday, now faces jail.