

Vatican finally sets up AML agency - 30 December 2010

The Vatican has set up a new financial authority to fight money laundering and make its financial operations more transparent. Pope Benedict XVI signed the documents, saying the Vatican wanted to join other countries in cracking down on legal loopholes that have allowed criminals to exploit the financial sector. The Vatican is acting ahead of a 31 December deadline to create a compliance authority to oversee all of its financial operations, which is required by the EU and other international organisations, and the new laws will come into effect on 1 April 2011. The Vatican Bank – known officially as the Institute for Works of Religion – has hitherto exempted itself from international banking regulations on the grounds that it is not a real bank in the normal sense of the word. It handles accounts for the Pope and his cardinals and for religious orders, and has only one branch inside the apostolic palace in Rome.

The change in stance follows accusations that the Vatican had been contravening international rules on money laundering: in September, Rome prosecutors formally put the director of Vatican Bank, Ettore Gotti Tedeschi, and his deputy under criminal investigation after receiving a tip-off from the Bank of Italy about possible money laundering. The Italian justice authorities seized 23 million euros [about £19 million] which the Vatican had deposited at a branch of an Italian commercial bank near Saint Peter's Square, allegedly without identifying properly either the depositor or the recipient. The Vatican said there had been a misunderstanding and there had been no wrongdoing by their bank or its employees.

[Back to top of page](#)

Khodorkovsky sentenced to six more years for fraud and money laundering - 30 December 2010

Former oil tycoon Mikhail Khodorkovsky, once Russia's richest man, has been sentenced to six more years in jail for fraud and money laundering. He will now be in jail until 2017, after the judge in what has been seen as a politically-motivated trial said that he "could only be reformed by being isolated from society". Once seen as a threat to former President Vladimir Putin, Khodorkovsky was found guilty along with his former business partner Platon Lebedev of stealing billions of dollars from their own oil firm, Yukos, and laundering the proceeds. Lawyers for the two defendants are expected to appeal but if Khodorkovsky does remain in jail until 2017, it will mean he does not return to society until well after the next Russian presidential election – and indeed some analysts have suggested he could otherwise pose a political threat to the Kremlin's candidate in 2012. Khodorkovsky and Lebedev were first arrested in 2003 and sentenced in 2005 for fraud and tax evasion. The latest verdict against them covered 800 pages and took the judge three days to read out in court. As sentence was passed, Khodorkovsky's mother shouted at the judge, "May you and your offspring be damned!", but the two defendants themselves reacted calmly to the decision.

[Back to top of page](#)

UK ID cards to be invalid from 21 January 2011 - 22 December 2010

The Identity Documents Bill has received Royal Assent, which means that all UK ID cards will be cancelled within one month and the National Identity Register (the database which

contains information of card holders) will be destroyed within two months. Within one month, ID card holders will no longer be able to use them to prove their identity or as a travel document in Europe. A counter has been placed on the Identity and Passport Service (IPS) website counting down the seconds until cards become invalid. IPS will now write to all existing cardholders and inform international border agencies, travel operators and customers of the change in law.

[Back to top of page](#)

Australian millionaire jailed for money laundering - 17 December 2010

In a follow up to a story dated 19 November 2010, Australian millionaire Michael Milne has jailed for at least four years and nine months for money laundering and tax evasion. Sentencing judge Peter Johnson said: "[Milne's] actions involved a systematic and deliberate course of conduct, intended to obtain a capital gains tax advantage for Barat Advisory [his company]... With the advantage of his considerable resources and his experience and expertise in business and finance, [Milne] established and misused a sophisticated offshore structure for the specific purpose of avoiding the payment by Barat Advisory of a substantial amount of tax." Justice Johnson said that a substantial penalty was needed as a deterrent to others, and warranted in this particular case as Milne's criminal behaviour had been "planned, deliberate and deceitful". The judge set a maximum sentence of eight years and six months.

[Back to top of page](#)

Celebrity fraudster's lawyer charged with money laundering - 16 December 2010

In a follow-up to a story dated 10 September 2010 (see [Old news page](#)), lawyer Jonathan Bristol has been charged with money laundering in connection with the multi-million dollar fraud perpetrated by his client Kenneth Starr. Bristol allegedly used attorney escrow accounts to launder more than US\$20 million [about £13 million] that Starr took from clients, including film director Martin Scorsese and singer Carly Simon. Starr pleaded guilty in September 2010 to wire fraud, money laundering and investment adviser fraud. Bristol, who at the time of the alleged offence worked for prominent international New York law firm Winston & Strawn, brought in Starr as a client in July 2009, and billed more than \$1 million for legal work he performed for him. Prosecutors allege that Bristol was aware that Starr was engaged in illicit activity, and used his used his attorney trust accounts as a conduit to transfer client funds to Starr and his two companies for personal use, including the purchase of a luxury apartment for more than \$7 million. After facing pressure from his firm to collect legal fees from Starr, prosecutors say that Bristol used the trust accounts to issue a \$100,000 cheque to the firm, and that this money came entirely from Starr's defrauded clients. Bristol never disclosed the existence of the attorney trust accounts to any of his colleagues at his law firm, and all account documentation was delivered to Bristol's home address. Prosecutors are also seeking forfeiture of more than \$20 million from Bristol.

[Back to top of page](#)

"Male enhancement" fraudster may get his sentence reduced - 14 December 2010

American Steve Warshak, founder of Berkeley Premium Nutraceuticals, will get a chance to reduce the 25-year prison sentence he received in 2008 for committing fraud and other crimes related to the sale of “male enhancement” pills. An appeals court has ruled that the judge who sentenced Warshak did not adequately explain why he was being held accountable for more than US\$400 million [about £260 million] in losses by his customers and his banks. The appeal court ordered a new sentencing hearing for Warshak and said the lower court must more thoroughly examine the amount of money lost because of his crimes. Federal sentencing guidelines recommend longer prison sentences for those convicted of crimes that cost victims large amounts of money, and if the loss in Warshak’s case drops significantly his time in prison could be cut. However, the appeals court upheld all of his convictions on fraud, conspiracy and money laundering charges, which are connected to Berkeley’s mail-order sales of herbal supplements - primarily the sale of Enzyte, which the company marketed as an aid to male sexual performance. Enzyte was the company’s most popular product and was pitched in TV ads by a grinning character known as Smilin’ Bob.

[Back to top of page](#)

Finnish Mint manager goes on trial for theft and money laundering - 13 December 2010

The trial of the former production manager of the Mint of Finland has begun in Helsinki. He is charged with the theft of 161,000 euros in coins from the Mint during an eighteen-month period, and has admitted taking coins with a nominal value of 120,000 euros. Five of his friends have been charged with money laundering, receiving stolen goods and abetting money laundering, but only one of them has pleaded guilty – the others claim that they were unaware of the source of the coins. The chief defendant’s lawyer, Kaarina Ylijoki, surprised the court with a new take on the crime being tried: “The stolen property was not real money, rather bits of metal struck as coins. Coin blanks officially become money only when they are delivered to the Bank of Finland.” The prosecutor, however, considered it obvious that the stolen coins were used outside of the Mint as real, valid, official currency.

[Back to top of page](#)

US "priest" sent to prison for fraud and money laundering - 10 December 2010

Byron Canada, a Michigan man who defrauded real estate developers and churches of more than US\$2.7 million [about £1.7 million] while pretending to be a priest associated with the [University of Notre Dame](#), has been sentenced to eleven years in prison after pleading guilty to wire fraud, money laundering and criminal conspiracy. Between 2004 and 2009, Canada ran two fraudulent lending corporations that collected up-front fees from borrowers including real estate developers, commercial developers and churches seeking to pay for building projects. He kept the fees, which ranged from \$5,000 to \$250,000, as advance

payments for loans that his companies were incapable of financing. In order to appear legitimate, Canada dressed in clerical garb and took victims on tours of the chapel at Notre Dame, and told them that part of their advance fees would be used for a charitable organisation or church. When investors became concerned and asked for their money back, Canada would ignore them or have attorneys threaten to countersue them. He was in fact ordained as a priest by the Native American Diocese Christ's Worldwide Apostolic Catholic Church in 2001, but a church official said that he later left the church.

[Back to top of page](#)

Sussex policeman jailed for sixteen months for money laundering - 7 December 2010

In a follow-up to a story dated 25 August 2010 (see [Old news page](#)), a former police constable jailed for sixteen months for money laundering has been ordered to pay back more than £85,000. Darren Graysmark had served with Sussex Police for 23 years and was arrested in April 2009 after officers from his own force found cocaine with an estimated street value of £148,000 in his car, which was being driven by Graysmark's boyfriend Darren Simpson. Graysmark pleaded guilty to money laundering and resigned from the police. Maidstone Crown Court has served him with an £85,671 confiscation order, while Simpson (who was jailed for six years in October for dealing cocaine) was ordered to pay £21,920.

[Back to top of page](#)

Scottish lawyers fined for breach of AML requirements - 5 December 2010

George Morton and Malcolm Thomson, who both worked for Marshall Wilson Law Group in Falkirk, have been fined for breaching anti-money laundering requirements. Investigators from the Law Society of Scotland (LSS) found that Morton "completely ignored" AML procedures and continued to do so for over a year, despite warnings from the LSS. Investigators discovered that £1.43 million of payments – some in cash, and some for unidentified clients in Jersey and the British Virgin Islands – were made without proper background checks. Thomson was found guilty of five counts of professional misconduct over breaches in accounting rules. He was named as the firm's MLRO in 2005, but admits that he is "not a suitable person" for the role. He was first warned about "serious concerns" by the LSS in 2005, and inspections over the next three years raised more fears about money laundering. Prosecutor Jim Reid said: "There was no suggestion that money laundering was taking place but lack of documentation left the firm open to money laundering activities". The men were each fined £7,500 by the Scottish Solicitors' Discipline Tribunal after striking a deal which saw some charges dropped. Thomson still works at Marshall Wilson, while Morton has joined another Falkirk firm, Morton Pacitti.

[Back to top of page](#)

UK government promises AML exemption to FIFA if London 2018 wins its bid - 1 December 2010

According to an article in today's *Guardian*, FIFA has demanded an exemption from a key element of the UK's anti-money laundering legislation as part of the government guarantees required in relation to the England 2018 bid: "Guarantee 5, of eight areas of demands that FIFA has detailed for governments, relates to bank and foreign exchange operations. Section 5.B is entitled 'Foreign Exchange Undertakings' and states that the government must provide for 'the unrestricted import and export of all foreign currencies to and from the UK, as well as the unrestricted exchange and conversion of these currencies into US dollars, euros or Swiss francs. The allowance would apply to hundreds of individuals ranging from the delegates and staff of FIFA, its confederations and member associations, match officials, as well as an unspecified number of unnamed 'FIFA Listed Individuals'." No explanation is given as to why this carve-out from the requirements of the Proceeds of Crime Act 2002 is required by FIFA – but if England 2018 wins its bid, the expectation is that the government's guarantees will be incorporated into law. Earlier this week, the BBC revealed that other guarantees made to FIFA by the UK government include the provision of full UK entry-visa clearance and a tax saving worth hundreds of millions of pounds.

[Back to top of page](#)

Ex-policeman jailed for fraud and money laundering - 26 November 2010

Dalvin Dawkins, a retired policeman, has been jailed for two years his part in an £85,000 fraud based on his son Matthew's private ambulance business in Cumbria. Dawkins was found guilty of fraud, money laundering and possessing £22,000 he knew had come from criminal activity – he was serving as a Lancashire Constabulary sergeant at Morecambe at the time of the offences. He helped launder the proceeds of fraud through his own bank account after it had been obtained via Matthew's business, Sedburgh Lifeline, through a series of bogus credit card payments. At sentencing, Judge Paul Batty QC said he was an "utterly dishonest, utterly devious and utterly manipulative" man who had brought the good name of the police force into disrepute. Matthew Dawkins pleaded guilty to fraud of nearly £100,000 and money laundering; he was jailed for 21 months. Matthew's wife Zarina was found guilty of money laundering and fraud; she was given two years' probation supervision and made to do 150 hours of unpaid community work.

[Back to top of page](#)

UK senior manager found guilty of insider dealing and money laundering - 25 November 2010

Neil Rollins, a former senior manager of waste firm PM Onboard Limited, has been found guilty of insider dealing and money laundering. In a case brought by the Financial Services Authority (FSA), Southwark Crown Court was told that with knowledge of the company's worsening financial position he sold his entire shareholding in PM Group plc (raising £173,500) and encouraged his wife Louisa to do the same (raising £17,000). When company information was announced to the market the share price fell immediately by 17%, so that by selling his shares when he did Rollins avoided losses of approximately £45,000 (and his wife avoided losses of £3,000). When Rollins became aware of the FSA's interest in his dealing he tried to hide his conduct by transferring the money into accounts that he had set up in the name of his father, David Rollins. The sentencing and confiscation hearing will take place on 21 January 2011.

[Back to top of page](#)

Guernsey director found guilty of money laundering - 24 November 2010

Roger Taylor has been found guilty of laundering the proceeds of a Ponzi fraud. Michael Summers pleaded guilty in 2006 to defrauding investors out of US\$4.3 million [about £2.75 million], and some of that money was moved through four Guernsey companies of which Taylor was a director. The UK's Serious Fraud Office originally spoke to Taylor in 2002, and warned him not to do any more business with Summers. The Guernsey Police also wrote to Taylor in September 2002, with another warning about Summers. However, claiming that he thought the warnings applied only in Guernsey, Taylor continued to move money for Summers through a Jersey bank account. The court found Taylor guilty of nine charges of money laundering, having laundered \$87,000 between October 2002 and April 2003. He will be sentenced in January 2011.

[Back to top of page](#)

Tom DeLay found guilty of money laundering - 24 November 2010

A jury in Texas has convicted former US House Majority Leader Tom DeLay of money laundering and conspiracy to commit money laundering. In Texas, it is illegal for corporate money to be directly used for political campaigns, but prosecutors said DeLay had collected US\$190,000 [about £118,000] through a group he had started and had piped the money into the Washington-based Republican National Committee to help Republican state legislative candidates. DeLay's defence was that he had only lent his name to the group and had little involvement in how it was run. He plans to appeal, telling reporters outside the court: "This is an abuse of power. It's a miscarriage of justice, and I still maintain that I am innocent. The criminalisation of politics undermines our very system and I'm very disappointed in the outcome." DeLay will be sentenced on 20 December 2010, and faces up to life in prison.

[Back to top of page](#)

Ibori wife sent to prison for five years for money laundering - 23 November 2010

In a follow-up to a story dated 17 October 2010, Theresa Ibori, wife of Nigerian former state governor James Ibori, has been jailed by Southwark Crown Court for five years for money laundering. James Ibori himself is awaiting extradition from Saudi Arabia to the UK to face charges of theft of state funds and money laundering. His sister and mistress are already serving prison terms in the UK for money laundering. James Ibori's British lawyer Bhadresh Gohil also faces charges of money laundering. He was called to the bar in England in 1992, and is the junior partner in the two-partner London law firm Arlingtons Sharmas Solicitors.

[Back to top of page](#)

Australian millionaire found guilty of money laundering - 19 November 2010

Australian millionaire Michael Milne has been found guilty of money laundering and tax evasion as part Operation Wickenby. (Operation Wickenby is a large-scale joint investigation co-ordinated by the Australian Crime Commission into tax fraud and money laundering by wealthy individuals using offshore tax havens.) The New South Wales Supreme Court heard that a complex web of offshore entities was “completely contrived and an artificial arrangement” designed to gain financial benefit for Milne. Milne was a client of Philip Egglisshaw, whose Swiss firm Strachans sparked Wickenby. Milne sold shares and sent the proceeds to Swiss bank accounts, which he then used to buy antique French furniture, a home worth AUS\$2.7 million [about £1.67 million], a Bentley car, a yacht called Black Snake, and high-value art. Most of his assets have now been frozen. In March 2005, \$1 million was sent from the Swiss bank account to bank account in Sydney held in the name of a company called Barat Advisory: Milne was the sole director and shareholder of Barat. Milne is due to be sentenced on 2 December 2010.

[Back to top of page](#)

Congolese couple jailed for money laundering in the UK - 19 November 2010

Married couple Jean Serge Bakou and Eliane Bazezi Mpolo have been jailed for running a money laundering scheme from their home in South Shields. Police found sixteen bank accounts being used by the pair, plus £44,000 in cash under a bed. Newcastle Crown Court heard how the couple, originally from the Democratic Republic of Congo, received more than £517,000 from fellow countrymen living in England between 2003 and 2009, which was supposed to be sent on to relatives in their homeland. But the money was never sent, and instead was banked by the couple. Although Mpolo was on benefits, police found in early 2009 that large amounts of money were passing through her bank account, and searched her house. Prosecutor Peter Gair said: “Police found the couple were living a more lavish lifestyle than their benefits should allow, and found a number of designer watches made by Gucci, Armani, DKNY and others. When searching under the bed, officers found an envelope containing £44,130 in cash. It has proved impossible to find any paperwork relating to the monies going in and out of the accounts, or the cash in the house – which was all

seized.” Since 2003, more than £244,000 had been paid into accounts held by Bakou and more than £273,00 into accounts held by Mpolo. Bakou was sentenced to 18 months in prison and Mpolo to nine months.

[Back to top of page](#)

Important Bermudan money laundering conviction stands - 16 November 2010

The first conviction under Bermuda’s new proceeds of crime legislation has been upheld on appeal. Goodwin Spencer was sentenced to seven years in prison in November 2008 after being found guilty of eleven charges of money laundering under the Proceeds of Crime Amendment Act 2007 & 2008, which broadened the definition of the crime. Spencer transferred tens of thousands of dollars, said to be the drug dealing profits of Trinidadian Wayne Jagoo, between November 2004 and November 2005. The jury heard that Spencer, who owned Tuff Shoes and Mega Power Car Care Products, made wire transfers and sent drafts to associates of Jagoo in Trinidad and the UK. He also opened bank accounts in Bermuda and gave the ATM cards to Jagoo. Spencer appealed his conviction, claiming that his case was prejudiced by rulings made during the trial by Chief Justice Richard Ground, but the Court of Appeal judges dismissed the appeal.

[Back to top of page](#)

Scottish government to crack down on taxi firms - 15 November 2010

A crackdown on organised crime gangs posing as taxi firms is being launched by the Scottish government. Justice Secretary Kenny MacAskill will announce plans aimed at thwarting gangsters using the trade as a front for money laundering and drug dealing. The development of a taxi accreditation scheme in which taxi firms will have to meet a number of key criteria is being launched at the first ever summit in Scotland focusing on the threat posed by organised crime to the taxi trade.

[Back to top of page](#)

Ohio accountant jailed for fraud and money laundering - 12 November 2010

Dennis Sartain, an accountant in Ohio, has been sentenced to eleven years in prison for mortgage fraud, money laundering and obstruction of justice. Sartain was the accountant for house-builder Thomas Parenteau, and the two conspired to commit tax fraud (defrauding the IRS of more than US\$1 million [about £622,000]) and to defraud banks into lending more than \$18 million to Parenteau and his nominees. As part of the tax fraud, Parenteau and

Sartain filed four false income tax returns for Parenteau's mistress, Pamela McCarty. Along with McCarty and Parenteau's wife Marsha, the two men obtained nearly \$19 million in loans against a house built by Parenteau, and used the money to make more than \$6 million in premium payments on four life insurance policies on the life of Thomas Parenteau's father, who died in April 2009. After learning of an investigation into their affairs, Parenteau, McCarty and Sartain obstructed justice by concealing computers, creating false documents, destroying or altering evidence, tampering with a witness, and lying to investigators. In addition to the prison term, Sartain must pay restitution to the IRS and the defrauded banks, and forfeit \$120,000 to the US government. Parenteau, Marsha Parenteau and McCarty all await sentencing.

[Back to top of page](#)

Jailed spy pleads guilty to money laundering - 8 November 2010

Harold Nicholson, a former CIA employee already serving a 23½-year jail sentence for espionage, has pleaded guilty to continuing a spy conspiracy in his jail cell, and to money laundering. He admitted conspiring with his son Nathaniel to act on behalf of the Russian Federation, pass information to the Russian Federation and receive cash proceeds for his past espionage activities. "Harold Nicholson, one of the highest-ranking CIA officials ever convicted of espionage, dispatched his son around the globe to collect on past espionage debts from Russian agents. Today, he admitted using this scheme to continue to profit from his spying activities while in prison," said David Kris, assistant attorney general for US National Security. The plea agreement says that both parties will ask the court at sentencing to impose an eight-year prison sentence to be served consecutively with his current sentence; sentencing will take place on 11 January 2011. Nathaniel [pleaded guilty](#) in August 2009 so that he could [testify against his father](#) to avoid jail time.

[Back to top of page](#)

Taiwanese ex-president cleared of some charges but remains in prison - 5 November 2010

Taiwanese former President Chen Shui-bian has been found not guilty of taking bribes related to two major bank mergers during his term in office or of laundering the money received. His wife Wu Shu-jen was also cleared of similar charges. Chen and Wu were indicted in December 2009 for taking NT\$610 million [about £12.5 million] in bribes from financial holding companies to help them in their bids to acquire smaller banks as part of the government's push for consolidation in the banking sector. The court's ruling said that there was no evidence proving that the money given by the financial holding companies to Chen and his wife was reciprocated with help in manipulating the mergers. Chen's daughter, son and daughter-in-law and several high profile businessmen were also cleared of laundering money for the former first couple. The ruling can be appealed by prosecutors. In a separate corruption case, Chen and Wu were sentenced in June 2010 to twenty years in prison for public fund embezzlement, money laundering and document forgery.

[Back to top of page](#)

Colombian "king of money laundering" arrested again - 5 November 2010

Oscar Cuevas – the “king of money laundering” – has been arrested in Colombia in response to a request from Spain. Cuevas made his fortune laundering money for the now-defunct Cali cartel and the guerrilla organisation FARC, and is suspected of committing crimes in Spain between 2001 and 2004 when, on the run from Colombian authorities, he sought political asylum. Cuevas has served prison time in both Colombia and the US, but maintains friendships with former Colombian President Andres Pastrana, former Venezuelan President Carlos Andres Perez, former Argentine President Carlos Saul Menem and current Peruvian President Alan Garcia. During his exile in Spain, he travelled around Europe and mixed with affluent expat Colombians. In November 2004 the Spanish authorities launched an investigation into his activities in Europe, and he returned to Bogota where he was arrested and imprisoned. He will now be sent back to Spain to stand trial and possibly face prison there.

[Back to top of page](#)

Lancashire taxi driver jailed for money laundering - 3 November 2010

Mushtaq Ahmed Anwar, a taxi driver from Bury in Lancashire who acted as a courier for criminals, has been jailed for three years for laundering millions in criminal cash through his personal bank accounts. At one point, over £2 million went through his personal accounts in two weeks – when his declared income was £10,000 a year. The investigation into Anwar began in 2007 when he was caught during a HM Revenue and Customs (HMRC) surveillance operation in London. When a passenger got out of Anwar's taxi carrying a blue bag he was challenged by HMRC officers who found that the bag contained over £99,000. Anwar was spotted several times in Birmingham and Watford, dropping off or collecting money. When his home was searched in February 2008, officers found padlocked cases containing cash and individual bundles of cash totalling over £30,000, while documents on the premises indicated that Anwar had handled millions. The cash has been forfeited under the Proceeds of Crime Act, and a confiscation of assets is being sought.

[Back to top of page](#)

Cheshire loan shark ordered to pay back his criminal proceeds - 1 November 2010

Paul Nicholson, a loan shark imprisoned in March 2009 for illegal money lending and money laundering, has been ordered to pay back nearly £1 million. Nicholson operated in poor areas of Cheshire, where he offered loans at exorbitant rates of interest. When people couldn't pay, he threatened and intimidated them (using a knuckleduster and baseball bat) into making repayments, even though in some cases his clients were therefore unable to feed their families. Some female debtors were offered the option of “payment in kind” through sexual

favours to Nicholson, or working in topless bars or as prostitutes to meet the weekly payments they owed to him. The £1 million specified in the confiscation order includes the capital from a mansion in the UK and a luxury villa in Spain, £26,000 cash, a Porsche, quad bikes, horses and expensive jewellery. Nicholson will also be monitored after his release from prison and should he begin to acquire any financial assets, these will be scrutinised and seized under the terms of the confiscation order.

[Back to top of page](#)

Arrest warrant issued for Bangladeshi PEP - 31 October 2010

A court in Dhaka in Bangladesh has issued an arrest warrant on charges of money laundering for Arafat Razhman, the exiled son of former premier Khaled Zia. Razhman was initially arrested in 2007 on suspicion of corruption but was allowed to travel abroad to seek medical treatment. He has been living in Thailand since 2008. Attorney General Muhbubey Alam said he would seek help from Interpol if Razhman fails to return to face trial, and the chief law officer of the Bangladeshi Supreme Court confirmed that Razhman could be tried in absentia.

[Back to top of page](#)

Corruption Perceptions Index 2010 is published - 26 October 2010

Anti-corruption agency Transparency International has published its Corruption Perceptions Index 2010. The index ranks 178 countries according to how corrupt they are perceived to be, based on thirteen independent surveys. In top position - considered the least corrupt countries in the world - are Denmark, New Zealand and Singapore, followed closely by Finland and Sweden. At the bottom of the index - the most corrupt countries - are Somalia, Myanmar, Afghanistan, Iraq, Uzbekistan, Turkmenistan, Sudan and Chad. The UK and the US have both tumbled several places: the UK is now at position 20 from top, and the US is at position 22.

On releasing the index, Transparency International made this statement: "The 2010 Corruption Perceptions Index shows that nearly three quarters of the 178 countries in the index score below five, on a scale from 10 (very clean) to 0 (highly corrupt). These results indicate a serious corruption problem. To address these challenges, governments need to integrate anti-corruption measures in all spheres, from their responses to the financial crisis and climate change to commitments by the international community to eradicate poverty."

[Back to top of page](#)

FATF continues counter-measures against Iran and issues a warning about North Korea - 23 October 2010

At its plenary meeting in Paris, the Financial Action Task Force has instructed its member states to continue to apply counter-measures to Iran, as the FATF "remains concerned by Iran's failure to meaningfully address the ongoing and substantial deficiencies in its AML/CFT regime". Counter-measures may be strengthened in February 2011, "unless Iran takes concrete steps to improve its AML/CFT regime". The FATF also highlighted the risk

presented by the Democratic People's Republic of Korea: "The Democratic People's Republic of Korea (DPRK) has not committed to the AML/CFT international standards, nor has it responded to the FATF's numerous requests for engagement on these issues. DPRK's lack of a comprehensive AML/CFT regime poses a risk to the international financial system. DPRK should work with the FATF to develop a viable AML/CFT regime in line with international standards."

[Back to top of page](#)

Four Manchester men sentenced for laundering £300,000 per week for criminals - 21 October 2010

Four men – Nasrullah Khan, Fazal Hussain, Mark Owens and Muhammed Asif Habib – have been given prison sentences for providing a collection and deposit service to launder criminal cash. They transported the money in holdalls and then split it into small amounts across numerous third party bank accounts to try and avoid raising suspicion; at its peak, their operation was laundering more than £300,000 a week. Investigators watched Fazal Hussain deliver two holdalls to the Khan Properties Money Exchange (owned by Khan) in Manchester in July 2008. They arrested him and discovered nearly £250,000 in cash in the holdalls. Judge Thomas told the court that Khan, who was a pillar of his local community and ran what appeared to be a respectable estate agency business, was the head of a very slick and professional money laundering organisation, and sentenced him to ten years in prison. Hussain and Owens (another cash courier) received seven and three years respectively. Habib failed to attend the trial and is on the run; he was sentenced in his absence to three years. So far nearly £370,000 in cash has been seized from the men and is subject to detention and forfeiture processes.

[Back to top of page](#)

Drug traffickers receive sentences for money laundering through a hairdressing salon - 20 October 2010

John Obidegwu (a British citizen of Nigerian birth) and Ike Johnson (a German citizen of Nigerian birth) have been sentenced at Croydon Crown Court to eight years each for money laundering offences and 24 years each for drug trafficking offences, to run concurrently. HMRC investigators found that Obidegwu ran a hairdressing salon called New Dimensions in Deptford, which also operated a Western Union money transfer franchise. Examination of records for the franchise identified links to Obidegwu and payments being made to South America and Nigeria. When Obidegwu was arrested in July 2009 he had £20,000 in cash on him. Raids at properties he owned uncovered 7kg of cocaine, a large quantity of the cutting agent phenacetin, and a large amount of cash in euros and sterling. Records seized showed that Johnson facilitated drug importations (mainly from Amsterdam) and laundered millions of pounds; he was arrested in November 2009. Confiscation proceedings have been instigated to recover the proceeds of crime.

[Back to top of page](#)

Nigerian former governor to be extradited to the UK to face money laundering trial - 17 October 2010

In a follow-up to a story dated 8 June 2010, the Dubai court of First Instance has ruled that James Ibori, former governor of Nigeria's Delta State, must be extradited to the UK to face charges of money laundering, credit card fraud and official theft. Ibori was declared wanted by Nigeria's Economic and Financial Crimes Commission for allegedly mismanaging NGN 528 million [about £2.2 million] worth of shares in Oceanic Bank; he fled Nigeria and was arrested by Interpol in Dubai in May 2010 in response to an arrest warrant issued by the Met Police, who wish to charge him with money laundering. Ibori's sister Christine Ibie-Ibori and his mistress Udoamaka Okoronkwo have already being successfully prosecuted in the UK for helping the former governor move an estimated £70 million of looted funds through several London banks, and both women are in prison in the UK. Ibori's wife Theresa Nkoyo and one of his UK-based lawyers, Bhadresh Gohil, are also currently on trial in London.

[Back to top of page](#)

Stanford told he cannot claim legal expenses on insurance - 15 October 2010

In a follow-up to a story dated 29 March 2010, Texas financier Allen Stanford has been told by a court in Houston that he must pay his own legal fees. Judge Nancy Atlas ruled that lawyers for Lloyd's of London had proved that it was likely that Stanford had committed money laundering, and so is not eligible to use his insurance policy to defend himself against charges that he defrauded his former Antigua-based Stanford International Bank of billions of dollars. Stanford has been in jail since June 2009, and protests his innocence: his trial is due to start in late January 2011.

[Back to top of page](#)

Four Birmingham launderers ordered to repay money or serve more time - 9 October 2010

In a follow-up to a story dated 9 March 2009 (see [Old news 2009](#)), four Birmingham men who helped criminals (including drug dealers, VAT fraudsters and credit card fraudsters) to launder their money through casinos have been ordered to repay nearly £100,000, or face more time behind bars. Harvinder Singh Batth and Sukhjinder Singh Shergill were convicted of conspiracy to cheat and conspiracy to launder money: Batth was jailed for nine years and has now been ordered to pay £500,000 or serve a further three-and-a-half years in prison, while Shergill is serving a seven-and-a-half-year sentence and has been told to pay back £55,292 or serve a further 18 months in prison. Suckjit Singh Birring and Jatinder Singh Salh were convicted of conspiracy to launder money for their part as gamblers and

couriers: Biring was given two-and-a-half years in jail and has been ordered to pay £200,000 or face a further two-and-a-half years, while Salh was jailed for three-and-a-half years and has been ordered to pay £136,637 or serve an extra 30 months. All four men have been given six months to pay up.

[Back to top of page](#)

Malaysian government employee jailed for bribery and money laundering - 8 October 2010

Kamarulzaman Mahayiddin, an assistant director of the Malaysian state Special Education Department, has been sentenced to four years in prison in Kuala Lumpur for bribery and money laundering. In March 2004, Mahayiddin cashed a cheque for RM 160,653 [about £33,000] and bought a Land Rover with the proceeds, and received two international airline tickets worth RM 4,437 [about £900]. The cheque and the tickets were given to him by Sulaiman Ab Rahman, general manager of a company which was then awarded a contract to supply equipment to the government for special education programmes.

[Back to top of page](#)

HSBC ordered to beef up its AML regime in the US - 7 October 2010

The US Federal Reserve has ordered HSBC to take further action to prevent money laundering. According to the Fed, a “cease and desist” order has been issued against HSBC North America Holdings (HNAH) “for violating the Bank Secrecy Act and its underlying regulations” and the order “requires HNAH to take corrective action to improve its firm-wide compliance risk-management program”, including its AML regime. HNAH owns and controls banks in Virginia, Delaware, Nevada and Florida, as well as a number of other non-bank subsidiaries. HNAH said that it had agreed to the order and “has co-operated fully with its regulators in reaching these agreements and continues to co-operate fully with them in implementing the agreement terms, and with other government agency investigations”.

[Back to top of page](#)

Manx launderer loses bid to appeal against his sentence - 4 October 2010

In a follow-up to a story dated 12 November 2009 (see [Old news 2009](#)), Isle of Man property millionaire Trevor Baines has lost his bid to appeal. Baines was convicted of money laundering in October 2009 after a five-week trial, but his appeal against a six-year prison sentence was dismissed when the court decided that the jail sentence was not excessive: “In this case what the appellant did was very serious, involved a very substantial sum of money and struck at the foundations of the financial probity of the financial services industry in this island.” Baines and his wife Wendy were also convicted of false accounting.

[Back to top of page](#)

Seven more suspected online fraudsters charged with money laundering - 1 October 2010

In a case that may well be linked to the arrests made by the Met Police on 30 September, seven Polish men living in West Sussex and Hampshire have been charged with laundering money stolen from online bank accounts. The group is alleged to have accessed victims' online bank accounts and transferred money to accounts under their control before withdrawing the stolen cash at foreign exchange facilities. The seven men are due to appear before magistrates in Portsmouth on 7 October 2010.

[Back to top of page](#)

Spain arrests dozens for laundering Colombian drug money - 1 October 2010

Spanish authorities have arrested at least 41 people on charges of laundering [money](#) on behalf of the left-wing Revolutionary Armed Forces of Colombia (FARC) and Colombian drug cartels. The arrests were made at 27 locations across Spain, and officials say that those held could have laundered up to 20 million euros [about £17.5 million]. It is alleged that cocaine was smuggled from Colombia to Spain, and then the profits from its sale was returned to Colombia and Ecuador by immigrants under the guise of remittances made to families back home. The massive operation involved police in Spain, Colombia and Ecuador.

[Back to top of page](#)

Suspected online fraudsters charged with money laundering - 30 September 2010

Ten people from eastern Europe have been charged with conspiracy to defraud and money laundering after the arrest of nineteen people across the south east of England by the Metropolitan Police Central e-Crime Unit. They are investigating the theft of at least £6 million from online accounts by fraudsters allegedly using software to record bank log-in details. The online operations of four banks (HSBC, the Royal Bank of Scotland, Barclays Bank and Lloyds TSB) were allegedly targeted between 13 October 2009 and 28 September 2010. Three Ukrainians, three Latvians, an Estonian and a Belarusian have been charged with conspiracy to defraud and money laundering, while two more Ukrainians have been charged only with conspiracy to defraud – all are resident in Essex. A Georgian has been charged with offences under the Identity Cards Act 2005. All eleven accused are in custody pending their appearance at Westminster Magistrates' Court. Nine other people who were arrested in connection with the investigation have been bailed until next month.

[Back to top of page](#)

Four London professionals charged with money laundering and insurance fraud - 26 September 2010

Four people – including a lawyer and a doctor – have been charged as part of an ongoing fraud investigation conducted by the Insurance Fraud Bureau and the City of London Police and supported by the General Medical Council and the Solicitors Regulation Authority. The four are suspected of being involved in a multi-million pound fraud against the UK insurance industry. Lawyer Brian Barso and Dr Lawrence Adler have been charged with money laundering and fraud by false representation, while company directors Frank Harrold and Natalie Barso have been charged with money laundering. All have been bailed to appear at the City of London Magistrates' Court on 8 October 2010.

[Back to top of page](#)

Contemporary art used for laundering to go to auction - 21 September 2010

A Roy Lichtenstein masterpiece worth more than US\$1 million is being returned to Brazil to be auctioned to help reimburse victims of a Ponzi scheme. The Lichtenstein and a second painting were part of a huge art collection used by fraudster Edemar Cid Ferreira to launder some of the \$1 billion he stole from [Bancos Santos](#) while working as its president. He is currently serving a 21-year prison sentence. He bought Liechtenstein's "Modern Painting with Yellow Interweave", "Figures dans une structure" by Uruguayan artist [Joaquin Torres-Garcia](#) and hundreds of other paintings, including "Hannibal" by Jean-Michel Basquiat (worth \$4 million), to hide his criminal proceeds. The forfeiture of "Hannibal" is under appeal.

[Back to top of page](#)

VAT fraudsters given another ten years for failing to repay criminal proceeds - 20 September 2010

Two men who failed to pay a record £184.6 million in the largest-ever confiscation order secured by HM Revenue & Customs (HMRC) have received extended jail terms of ten years each. Gang members Syed Ahmed and Shakeel Ahmad, both currently serving prison sentences of seven years, received the additional jail terms of ten years for failing to abide by the court order issued in July 2010. The order required them to re-pay crime profits of £92.3 million each by the beginning of this month. They were part of a 21-strong criminal gang who bought luxury houses in London, high performance cars, and built blocks of flats in Dubai after stealing £37.5 million in a 'missing trader' VAT tax fraud.

Richard Meadows, Assistant Director of Criminal Investigation for HMRC, said: "This will send the strongest message yet to criminals that they cannot hide, even in prison, from our actions to reclaim their criminal profits. We are determined that this money will be restored to the nation's finances in what is the largest confiscation order ever secured in the UK.

Their prison sentences now in total 34 years and they will still have to re-pay the outstanding confiscation order."

[Back to top of page](#)

Californian imprisoned for laundering for cyber-criminals - 17 September 2010

Cesar Carranza has been sentenced to six years in prison in California for laundering money for cyber-thieves through an online payment system called e-Gold. Carranza, known online as “uBuyWeRush”, participated in the money laundering scheme between April 2004 and November 2006. He received cash deposits from ‘carders’ – cyber-criminals who use stolen credit card information – and laundered the money by, among other things, acting as a money exchanger for an online payment [system](#) known as e-Gold. Three directors of e-Gold have already been convicted of operating an unlicensed money transmitting [business](#). Carranza pleaded guilty in December 2009 to conspiring to launder US\$2.5 million [about £1.6 million] in illegal proceeds.

[Back to top of page](#)

Accountant jailed for 5½ years for money laundering - 15 September 2010

In a follow-up to a story dated 15 July 2010, accountant Robert Hulme has been sentenced to five and a half years in prison after pleading guilty to three charges of money laundering.

Hulme was involved in a plot to steal almost £24 million from HSBC and hide the money in a number of companies, but after suspicions were raised the fraud was never carried out. When sentencing, Judge Anthony Leonard said that he believed Hulme was already living off money gained by fraudulent actions. He also said that even though he recognised Hulme was not the main player in the fraud, his involvement was still serious and he was to receive £1 million from the scam: “I recognise you were not at the top of the tree, but you were on the next layer down.” Hulme’s sentence is to run consecutively with a nine-year sentence imposed on him in 2008 for VAT fraud – meaning his earliest release date will be January 2016.

[Back to top of page](#)

Three more Petters Ponzi conspirators go to prison for money laundering - 15 September 2010

In a follow-up to a story dated 8 April 2010, Larry Reynolds is the latest co-conspirator in the Tom Petters Ponzi scheme to be sentenced this month, and he will go to prison for ten years and ten months after pleading guilty to one count of conspiracy to commit money laundering. “The extent of my guilt is clear to everyone,” said Reynolds in court before he was sentenced. “I regret the day I met Tom Petters. I should have gotten out much sooner, but greed and stupidity made me continue.” In nearly a decade of working with Petters, Reynolds laundered US\$12 billion [about £7.5 billion] in cash through a sham company he owned. Investors were told the money was going to buy consumer electronics for resale; instead, the money was

routed back to a Petters company to perpetuate the scheme. Reynolds received about \$9.9 million in commissions during that time. The Ponzi scheme collapsed in September 2008 after Petters lieutenant Deanna Coleman went to authorities. Coleman was sentenced to a year in prison on 2 September. Since then, conspirators Michael Catain and Robert White have been sent to prison, for 7½ years and 5 years respectively. Tom Petters himself was convicted in December 2009 on 20 counts of fraud and is serving a 50-year prison sentence.

[Back to top of page](#)

Celebrity financial adviser pleads guilty to money laundering - 10 September 2010

In a follow-up to a story dated 27 May 2010, Kenneth Starr, a financial adviser whose clients have included actors [Sylvester Stallone](#) and Uma Thurman, director [Martin Scorsese](#) and former Secretary of State [Henry Kissinger](#), has pleaded guilty to planning a US\$60 million [about £39 million] Ponzi scheme. Starr admitted charges of wire fraud, money laundering and investment adviser fraud, telling the court: "Instead of using my clients' money as I promised, I knowingly used it for my own purposes." Starr's bail was set at \$10 million, and he will be sentenced on 15 December 2010. He will probably receive a prison sentence of 10-12 years, and may be forced to pay back as much as \$50 million in restitution.

[Back to top of page](#)

Pawnshop owner pleads guilty to money laundering - 9 September 2010

Louis Leitch, the owner of a pawnshop in South Baltimore, has pleaded guilty to money laundering by selling stolen merchandise. Leitch used "boosters", or shoplifters, who targeted stores such as Walmart and Safeway and stole medicines, beauty products, DVDs, electronics and other goods that they then sold to Leitch at his E-Z Money Pawn Shop. Leitch then removed security tags from the stolen items so that he could re-sell them online. Authorities estimate he sold nearly US\$1 million [about £650,000] in merchandise over a two-year period. The investigation was headed by the US Postal Service, as the stolen items were sent to online buyers via the postal system. Nine co-conspirators also pleaded guilty to money laundering.

[Back to top of page](#)

Former president Portillo goes on trial in Guatemala - 3 September 2010

The trial for embezzlement of former Guatemalan president Alfonso Portillo has begun in Guatemala. Portillo, who led his country from 2000 to 2004, is accused of stealing US\$15 million [about £9.7 billion] of government funds destined for the Ministry of Defence and diverting it to personal bank accounts in the US and Europe. He is also wanted in the US on charges of embezzlement and money laundering, but before he can be extradited to face trial

in New York he must be tried in Guatemala. Prosecutors in France are also investigating him on charges of laundering money through French bank accounts. Portillo, who was voted in in 2000 on a promise to redistribute wealth in a country where many people scrape by on tiny, remote farms, fled the country shortly after his four-year presidential term ended, and spent the next four years in [Mexico](#). He was extradited from Mexico to Guatemala in 2008 to face embezzlement charges, but was freed on bail. Police detained him in January 2010, a day after his indictment in New York, as he was trying to travel to neighbouring Belize in a boat.

[Back to top of page](#)

OJ's daughter accused of money laundering - 30 August 2010

Arnelle Simpson, the eldest daughter of OJ Simpson, has been accused of money laundering. The charge, brought in Miami, relates to her alleged attempt to hide money paid to her father in his 2006 book deal. A newspaper report also says that Arnelle has been accused by her half-sister Sydney Simpson of spending the hidden money that should have been shared by all four of OJ's children. OJ, who is currently serving a prison sentence of 19 to 33 years in Nevada for armed robbery and kidnapping, allegedly set up a Florida corporation to collect US\$780,000 [about £506,000] paid to him as an advance for his book "If I Did It". The corporation is owned jointly by his four children, with Arnelle serving as president and director. The point of the corporation seems to be to keep the money from the families of the late Nicole Brown Simpson and Ron Goldman. OJ lost a wrongful death civil trial concerning his ex-wife and her friend in 1997 and was ordered to pay \$33.5 million to their families, the large majority of which has not been paid.

[Back to top of page](#)

Indonesia argues about corruption and money laundering - 26 August 2010

Indonesian anti-corruption campaigners have criticised the country's senior lawyers for refusing an article in a money laundering bill aimed to give more authority to the Corruption Eradication Commission (KPK). The bill – currently being deliberated in the House of Representatives – proposes to give the KPK authority to investigate money laundering cases, but lawyers from the Golkar Party, the Indonesian Democratic Party of Struggle and the United Development Party argue that giving the KPK new powers would reduce public trust in the police and the Attorney General's Office and cause overlapping of authorities among law enforcement agencies. But Febri Diansyah, an activist with Indonesia Corruption Watch (ICW), said: "It's fishy that lawmakers object to empowering the KPK. It should have been potential looters of public funds raising the issue." He commented that it would be useless to retain the authority to investigate money laundering with the police and prosecutors because they had failed to do the job for the past seven years.

[Back to top of page](#)

Sussex policeman jailed for sixteen months for money laundering - 25 August 2010

In a follow-up to a story dated 26 July 2010, a former police constable has been jailed for sixteen months for money laundering. Darren Graysmark had served with Sussex Police for 23 years and was arrested in April 2009 after officers from his own force found cocaine with an estimated street value of £148,000 in his car, which was being driven by Graysmark's boyfriend Darren Simpson. Searches of the men's home revealed a quantity of financial correspondence and £12,000 in cash. Graysmark pleaded guilty last month to laundering a total of £80,921 over a five-year period up to April 2009, and resigned from the police. Simpson has pleaded guilty to possession with intent to supply and is awaiting sentence.

[Back to top of page](#)

Latest laundering conviction in New Jersey synagogue sting - 24 August 2010

In the latest trial following a massive FBI sting last year on synagogues in New Jersey, Samuel Cohen of Brooklyn has pleaded guilty to money laundering and been sentenced to eighteen months in prison. He admitted illegally supplying hundreds of thousands of dollars to Rabbi Eliahu Ben Haim, who has since pleaded guilty to using religious charities to launder US\$1.5 million [about £975,000] for a government informant. Ben Haim was among five rabbis charged in July 2009. The probe hinged on a former rabbinical student, Solomon Dwek, who began secretly recording conversations for prosecutors after being charged with bank fraud in 2006.

His work ensnared 46 people, including politicians charged with taking bribes and rabbis accused of laundering money. Cohen said he worked with a contact in Israel to supply Ben Haim with cash, which authorities say the rabbi used to launder cheques for Dwek, the informant. In some cases, Dwek claimed he needed to hide the money from a bankruptcy proceeding.

At other times, he said the cheques came from criminal schemes, including the sale of counterfeit Gucci and Prada handbags. Dwek pleaded guilty in October 2009 to charges in connection with a \$50 million bank fraud, and has been in hiding since his role as an informant became public.

[Back to top of page](#)

Drug-dealer's girlfriend sent to prison for money laundering - 18 August 2010

Chanell Cunningham, whose testimony helped convict her drug-dealing boyfriend, has been sentenced in Philadelphia to twelve years in prison for drug offences and money laundering. US District Judge Curtis Joyner told Cunningham that, were it not for her co-operation, he would have sentenced her to more than thirty years in prison. He described the mother of two as a “major officer and vice president of personnel” for the multimillion-dollar cocaine-distribution network set up by her lover Maurice Phillips (who was sentenced last week to five consecutive life terms for murder, drug dealing, conspiracy and money laundering). But the judge said that Cunningham’s co-operation in the conviction of Phillips had to be balanced against the major role she played in helping him distribute thousands of kilograms of cocaine over an eight-year period beginning in 1999: “You hung out with the bad guys . . . lived with the bad guys . . . played with the bad guys”. Cunningham admitted making major drug pickups, setting up deals with local drug traffickers, and helping Phillips count and launder millions of dollars. Authorities have placed a value of US\$30 million [about £19 million] on the operation, and the couple drove expensive cars, lived in lavish homes, attended major sporting events, and took extravagant vacations on the proceeds. Cunningham was one of two girlfriends to testify against Phillips, who was living in Maryland with his wife at the time of his arrest three years ago.

[Back to top of page](#)

Hollywood couple jailed for bribery and money laundering - 13 August 2010

In a follow-up to a story dated 14 September 2009 (see [Old news 2009 page](#)), married Hollywood film-makers Gerald and Patricia Green have been jailed for six months in Los Angeles for bribing Thai officials so that they could run the Bangkok International Film Festival and land other projects, and for money laundering. A jury found that they had paid a former Thai tourism official US\$1.8 million [about £1.1 million] to secure the film festival rights and other tourism-related deals between 2002 and 2007; the deals were said to have earned the Greens more than \$13 million [about £8 million]. They are the first entertainment industry figures to be convicted under the Foreign Corrupt Practices Act, which prohibits corrupt payments to foreign officials for business purposes. Veteran film star Kirk Douglas had sent a letter of support to the court, saying that the couple “were extremely honest and fair in all of their dealings with me”, but as well as a prison sentence, the Greens were also ordered to serve six months of home detention after their jail sentence and pay \$250,000 [about £150,000].

[Back to top of page](#)

RBS Group fined £5.6 million for sanctions failings - 3 August 2010

The Financial Services Authority (FSA) has fined members of the Royal Bank of Scotland Group (RBSG) £5.6 million for failing to have in place adequate systems and controls to prevent breaches of UK financial sanctions. (As RBSG agreed to settle at an early stage of the FSA investigation, it qualified for a 30% reduction in penalty – which would otherwise have been £8 million.) Between 15 December 2007 and 31 December 2008, RBS Plc, NatWest, Ulster Bank and Coutts and Co, which are all members of RBSG, failed to adequately screen both their customers, and the payments they made and received, against the

HM Treasury sanctions list. This resulted in an unacceptable risk that RBSG could have facilitated transactions involving sanctions targets, including terrorist financing.

The FSA considers that RBSG's failings in relation to its screening procedures were particularly serious because of the risk they posed to the integrity of the UK financial services sector – in 2007, RBSG processed the largest volume of foreign payments of any UK financial institution. This is the biggest fine imposed by the FSA to date in pursuit of its financial crime objective, and is also the first fine imposed by the FSA under the Money Laundering Regulations 2007.

[Back to top of page](#)

Police officer pleads guilty to money laundering - 26 July 2010

PC Darren Graysmark, who served with Sussex Police for 23 years, has pleaded guilty to laundering more than £80,000. He was arrested when fellow officers found cocaine with an estimated street value of £148,000 in his car in April last year, when it was being driven by Graysmark's boyfriend. A search of the men's home uncovered £12,000 in cash and a quantity of financial correspondence. Deputy Chief Constable of Sussex Police Giles York said: "Darren Graysmark let himself, his colleagues and the public down, in knowingly benefiting from organised crime. He took money which was the proceeds of crime and used to it support his own lifestyle." Graysmark has resigned from the police. He is on bail and will be sentenced at a date yet to be fixed; meanwhile Sussex Police will seek a confiscation order to seize his assets.

[Back to top of page](#)

Lancashire commodities broker jailed for eight years for money laundering - 15 July 2010

Commodities trader Andrew Beveridge has been sentenced to eight years in prison for laundering more than £24 million for a gang of fraudsters. Beveridge was working for XFP Solutions in Blackpool in December 2007 when he was approached by Robert Hulme and asked to help launder money for a 5% commission. Beveridge was an undisclosed bankrupt and strapped for cash, so he agreed and successfully laundered £372,000 stolen from two Lloyds TSB customers by moving the money through an unsuspecting money services bureau to a series of front accounts. Suspicions were raised when he tried to repeat the trick with the proceeds of a £72 million theft from HSBC, which Hulme's gang had pulled off using an inside man at the bank. (Bank clerk Jagmeet Channa was jailed for nine years in 2008.) Beveridge tried to transfer £24 million through the

same money services bureau, but investigators moved in. Beveridge denied the charges and said he believed that the money was legitimate, but Judge Anthony Leonard, QC, told him: "Without money launderers like you, the theft carried out by others would be less easy to undertake. You took every step possible to make sure that [the transfer] went through. I do not accept that this is any different from, for example, drug money. This was a large scale fraud on the banking system." Hulme faces sentencing at a date yet to be fixed.

[Back to top of page](#)

US seeks to seize properties from former Taiwanese first family - 14 July 2010

The US government has filed a civil forfeiture claim on two properties owned by former Taiwanese president Chen Shui-bian and his wife, allegedly bought with bribes the couple received while in power. The complaint states that former first lady Wu Shu-chen was paid six million dollars to prevent her husband's government from interfering with a company's takeover bid for a rival firm in Taiwan, and then laundered the money using shell companies and Swiss bank accounts controlled by her son and his wife. Some of the money was allegedly transferred to the US to buy an apartment in Manhattan and a house in Virginia. The move by the US has been welcomed by the authorities in Taiwan.

[Back to top of page](#)

Russia proposes changes to its law on white collar crime - 9 July 2010

As their country seeks to attract foreign investors, Russian legislators have announced that they plan to overhaul the law on economic crimes, resulting in the early release of as many as 100,000 imprisoned executives and entrepreneurs. On 30 June, Andrei Nazarov, deputy head of the committee that handles civil and criminal legislation in the lower house of the parliament, introduced amendments to the Criminal Code, saying "We are taking economic amnesty not as one law but as a series of legal changes. At least 100,000 businessmen will be released from prison or will have to spend less time in jail. This will happen within the next year and a half."

About a quarter of the 900,000 people in Russian jails are accountants, entrepreneurs, legal advisers or mid-level managers. Yana Yakovleva, co-owner of Moscow chemical distributor Sofex spent seven months in jail awaiting trial in 2007 before she was acquitted of trafficking in dangerous substances, and has spoken out about the "predatory" culture of police, prosecutors and judges: "The current environment is like swimming with crocodiles in a pool of sulphuric acid. There's a war on business people in Russia, and it's purely business for officials: they can charge you with any crime and incarcerate you to extort money." The proposed changes will reduce penalties for white collar crimes, end pre-trial detention for those charged with economic crimes, and expand the use of bail.

[Back to top of page](#)

Panama drops money laundering charges against Aleman - 9 July 2010

A Panamanian court has dropped money laundering charges against former Nicaraguan president Arnoldo Aleman. The court ruled that the case against Aleman violated his right to be tried for a crime only once, as the charges against him were similar to charges he has already faced in Nicaragua. Aleman had been accused of using bank accounts in Panama to launder US\$58 million [about £38.5 million] allegedly stolen from the Nicaraguan government, but denied all charges. In January 2010, Nicaragua's Supreme Court overturned Aleman's conviction for money laundering, but an appeals court later reopened three cases against him.

[Back to top of page](#)

Noriega found guilty of laundering and sentenced to seven years - 7 July 2010

Panama's former military ruler Manuel Noriega has been found guilty by a French court of money laundering, and been sentenced to seven years in prison. Noriega denied taking payments from Colombian drug lords in the 1980s and laundering the money in France. In 1999, a French court sentenced him to ten years in prison in his absence, but in April 2010 he was extradited from the US (after spending twenty years in prison for drug trafficking) and a fresh trial was held. The money was allegedly used by his wife, Felicidad, and a shell company to buy three luxury apartments in Paris, which have since been seized by the French state. The judge also ordered the seizure of 2.3 million euros [about £1.9 million] of Noriega's other assets.

[Back to top of page](#)

Son of Bangladeshi ex-PM charged with money laundering - 6 July 2010

Tarique Rahman, the eldest son of Bangladeshi former prime minister Khaleda Zia, and one of his aides have been charged with money laundering. Bangladesh's Anti-Corruption Commission says that Rahman and his business associate Giasuddin al-Mamun siphoned off US\$3.5 million [about £2.3 million] in the proceeds of corruption to Singapore between 2003 and 2006. Rahman, the senior vice chairman of the opposition Bangladesh Nationalist Party, has been charged with corruption on fourteen occasions, and has been staying in London to receive medical treatment since his release on bail in 2008.

[Back to top of page](#)

Kent/Bournemouth/Wales drug gang sentenced to eighty years - 2 July 2010

Eight out of ten members of a gang who “peddled misery” by supplying up to 75% of the cocaine sold in the Swansea Valley have been sentenced to a total of 80 years in prison for drug offences and money laundering; the two remaining gang members will be sentenced in a few days’ time. The sentences are the culmination of a two-year investigation into cocaine trafficking on the south coast of England and the Swansea Valley launched by the Serious Organised Crime Agency (SOCA) in September 2007 and involving the Dorset and South Wales police forces. They discovered that the crime network had three regional hubs in Bournemouth, Kent and the Swansea Valley – the Swansea group was buying up to 8kg of pure heroin per week from the Kent organisation, with the Bournemouth gang acting as the go-between. Gang members owned large houses and expensive cars both home and abroad – until police raided seven properties in the quiet town of Pontardawe near Swansea last year.

Darren Blake (gang leader in Kent) and Craig Blake (gang leader in Bournemouth) had previously collaborated in the export of cocaine to Australia. With the help of the Australian Federal Police, evidence was obtained of both the drug trafficking and associated money laundering through a Panamanian-registered company and bank accounts in the US and Cyprus, which resulted in additional charges against the pair.

[Back to top of page](#)

South African former police chief found guilty of corruption - 2 July 2010

Jackie Selebi, former chief of the South African Police Service (SAPS) and a former president of Interpol, has been found guilty of corruption. Selebi was a political appointee and had no previous policing experience when he became the first black SAPS chief in 2000. In 2008 he was suspended after being accused of having links to organised crime – specifically convicted drug smuggler Glen Agliotti – and accepting bribes worth 1.2 million rand [about £103,000]. The prosecution alleged that Agliotti, who was also a police informant, made gifts to Selebi so that the policeman would turn a blind eye to drug trafficking. At Selebi’s trial, Agilotti told the court, “When the accused and I met, I enjoyed shopping and so did he. Him being my friend, I would instruct shop attendants to put all the clothes on my account.”

Selebi denied both charges as malicious, claiming that they were down to political intrigue and conspiracy – he is a close friend of former president Thabo Mbeki, who is a bitter rival to current president Jacob Zuma. But Judge Meyer Joffe found that Selebi had shown “complete contempt for the truth” and had “low moral fibre and could be relied upon”. He will be sentenced on 15 July – facing up to fifteen years in prison – and plans to appeal.

[Back to top of page](#)

DJ Randy sentenced to thirty months for drug sales and money laundering - 1 July 2010

Randy Russell, a disc jockey from Burlington, Vermont, has been sentenced to thirty months in prison for selling marijuana and laundering the proceeds. Russell – known professionally as DJ Randy – distributed over 100kg of marijuana. He invested US\$90,000 [about £60,000] of his drug proceeds in the defunct Justin Cruz Hairdressing Salon in Burlington, and deposited more than \$100,000 in cash in two bank accounts during 2006 and 2007. Russell argued that he used much of the proceeds to care for his family, including a disabled uncle, but prosecutors said that on the contrary Russell lived a “high-spending, high-rolling lifestyle that included extensive travelling, nightclubbing and snowboarding and renting two houses”.

[Back to top of page](#)

Noriega claims US conspiracy against him - 29 June 2010

Former Panamanian dictator Manuel Noriega, who is on trial in Paris, has claimed that the money laundering charges against him stem from an “imaginary” banking scheme concocted by the US as part of a conspiracy against him. The charges are that Noriega laundered millions of dollars in illicit cocaine profits in the 1980s through two French banks and used the money to buy luxury apartments in Paris. He says that the money came from his legitimate businesses and the US Central Intelligence Agency. Noriega said in court that he fought the drug trade while in power and received praise for his efforts from the US and Interpol, but when he refused to participate in a US plan against leftists in Central America, Washington turned against him.

[Back to top of page](#)

Chinese laundering ring cracked in Italy - 29 June 2010

Italian financial police have arrested 17 Chinese and seven Italians in an investigation into alleged money laundering of 2.7 billion euros [about £2.2 billion]. Assets have been seized all over Italy, and the allegation is that they have been laundering profits made through counterfeiting, tax evasion, human trafficking and prostitution since 2006. A Chinese family based in Milan partnered with Italians who owned a money transfer company in Bologna. Together they were involved in counterfeiting in the central Italian provinces of Florence and Prato, home to one of Italy’s biggest Chinese communities, and police have seized more than 780,000 counterfeit goods produced in the area or shipped from China. The gang exploited illegal Chinese immigrants in textile factories, who were living in “dirty and unhealthy” conditions, and 134 more people are under investigation.

[Back to top of page](#)

Indian businessman sent to prison for six years for laundering nearly £30 million through Jersey - 27 June 2010

In a follow-up to a story dated 26 January 2010 and 8 March 2010, Indian businessman Raj Arjandas Bhojwani has been sent to prison for six years for money laundering. After a six-week trial, Bhojwani was found guilty in March 2010 of “using and abusing the island's financial systems” to launder US\$43.9 million [about £29.1 million] – the proceeds of corrupt Nigerian vehicle deals – through Jersey bank accounts. Commissioner Julian Clyde-Smith at the Royal Court in Jersey said that Bhojwani's actions deserved a “significant” prison sentence both as a punishment and as a deterrent to others.

[Back to top of page](#)

Vietnamese woman sent to prison for money laundering in Australia - 27 June 2010

Trang Thi Phuong Nguyen of Sydney, Australia has been sentenced to five-and-a-half years in prison (and will serve at least three-and-a-half) for laundering more than A\$1.9 million [about £1.1 million]. Nguyen used her money transfer business to launder the funds between November 2007 and January 2008. She divided the money into amounts of less than \$10,000 (to avoid reporting thresholds) and then transferred it to beneficiaries in Vietnam using a series of false names.

[Back to top of page](#)

Actress's seized jewels go to auction - 24 June 2010

Jewellery once owned by Hollywood actress Anne Hathaway is being auctioned by the US authorities. Hathaway (who appeared in “The Devil Wears Prada”) was forced to hand over to the FBI gifts from her ex-boyfriend Raffaello Follieri, after he was arrested in June 2008 for fraud and money laundering. The items include a US\$25,000 gold Rolex watch, diamond earrings, a silver chain with a cross pendant, two gold rings and a five-strand pearl necklace. Hathaway was given the opportunity to buy the items from the FBI, but declined. Follieri pleaded guilty in October 2008 and is serving four-and-a-half years in prison. He and Hathaway were a couple of four years but separated shortly before his arrest.

[Back to top of page](#)

Drug traffickers and elderly mum charged with money laundering - 23 June 2010

Akindele Ikumoluyi and his 80-year old mother Funke Ikumoluyi have been charged in Lagos with laundering the proceeds of drug trafficking (a crime

for which the son has already served five years in prison). The Nigerian National Drug Law Enforcement Agency (NDLEA) claims that the mother and son committed the laundering between 1994 and 2005, using the proceeds of drug trafficking to buy five houses in Lagos, in once case using the name of a dead person as the purchaser in order to conceal their involvement. The court rejected Mrs Ikumoluyi's application that she is too ill to stand trial, and both accused were released on bail until their trial on 16 July 2010.

[Back to top of page](#)

Hamas seizes \$16,000 from Gaza bank - 22 June 2010

According to Reuters (and as a follow-up to a story dated 28 March 2010), Hamas forces have seized \$16,000 from a Gaza bank that had frozen the funds as part of an anti-money laundering campaign launched by the West Bank-based Palestinian Authority. A senior official at the Palestine Islamic Bank (PIB) said Hamas police took the cash from tellers at gunpoint but no-one was hurt in the incident. Hamas officials have not commented.

[Back to top of page](#)

Meatpacking manager given 27 years for immigration-related fraud and money laundering - 22 June 2010

Sholom Rubashkin, former manager of the [Agriprocessors](#) meatpacking plant in Ohio, has been sentenced to 27 years in prison for mail, wire and bank fraud and money laundering. The charges stem from an immigration raid on the plant in May 2008, when more than 300 immigrant workers were detained and [pleaded guilty to](#) identity theft. The majority of them served brief prison sentences and were then deported. Investigations revealed that Rubashkin ordered his employees to create bogus financial documents to collect advances on a revolving loan. So far, ten members of Agriprocessors management or office staff have been convicted, while two are believed to have fled the country to avoid prosecution and are considered fugitives.

[Back to top of page](#)

Curtis Warren back in court in Jersey - 17 June 2010

Convicted drug baron Curtis Warren has once again appeared in court in Jersey. He attended a directions hearing at the Magistrates' Court, during which a timetable was set for a proceeds of crime trial to take place in the summer or autumn of 2011. A further directions hearing will take place in September 2010. The authorities are hoping to recover £120 million from Warren. It was also announced in the Royal Court in Jersey that Warren has been given leave to take an appeal against his conviction for drug trafficking to the Privy Council - the most senior court to which such an appeal can be made.

[Back to top of page](#)

Boat company money launderer ordered to pay back £1.95 million - 12 June 2010

In a follow-up to a story dated 5 March 2009 (see [Old news page](#)), Ellen George of Lowestoft in Suffolk has been ordered to pay back £1.95 million following a confiscation order made by Ipswich Crown Court. If she does not pay within 18 months, she will face six years in prison. George was involved in tax fraud and money laundering through her property and boat company, Crompton Marine. Specially adapted Rigid Hulled Inflated Boats (RIBs) were manufactured and supplied to international drug gangs by Crompton Marine, and then the proceeds were transferred abroad, laundered and reinvested into the UK property and financial markets.

Ellen George was the company secretary of Crompton Marine, and a director of the UK property company that purchased properties with the criminal proceeds. Properties purchased in Suffolk were rented out to migrant workers who paid their rent in cash which was then used to fund George's expenses, including private schools for her children, a luxury 4x4 vehicle and properties in Tenerife and mainland Spain. When HMRC investigators searched her family home in Lowestoft in March 2004 they found over £1.25 million of used bank notes hidden on the premises. The notes were so contaminated with drugs that they had to be taken out of circulation. George's partner, Richard Davison was arrested in Spain and made subject to an extradition request by the UK authorities from Spain in 2008, but absconded from bail before he could be returned to the UK. He remains on the run, and the Central Court in Madrid has authorised his immediate return to the UK if he is recaptured in Spain.

[Back to top of page](#)

Taiwanese former president offers more money in exchange for bail - 11 June 2010

Taiwanese former president Chen Shui-bian, who has been in detention since December in connection with charges of corruption, forgery and money laundering charges, has offered to pay back more money if the court releases him. He has promised to wire back another NT\$570 million [about £12 million] to Taiwan in addition to the US\$21 million [about £14.5 million] that the court is seeking to confiscate from the former first family. Chen said that his family has the money in Wegelin & Co private bank in Switzerland and that if he was released he would complete the paperwork to transfer the funds to Taiwan within a week. He claims that the Wegelin money is "political contributions from supporters". Of the original \$21 million, held at Merrill Lynch and Royal Bank of Scotland in Switzerland, \$14.52 million has been remitted to Taiwan and the balance has been frozen by Swiss authorities. The court said that it would consider Chen's offer, and he has been remanded in custody to await the ruling. Meanwhile, the court has to decide before 23 June, when Chen's detention period expires, whether to detain him for another two months.

[Back to top of page](#)

Venezuelan former anti-drug policeman arrested in Andorra for money laundering - 11 June 2010

Norman Puerta, former general commissioner of the Venezuelan Police Detective Branch (CICPC), has been arrested in Andorra on charges of money laundering. Investigators say that Puerta, who is now retired but once ran the CICPC anti-drugs unit, salted away a million dollars in an Andorran bank. The Andorran FIU says that the money was transferred from a drug trafficking organisation in Panama. The authorities waited three years for Puerta to return to Andorra to access his account so that they could arrest him, and are continuing their investigations to see if there are other people involved.

[Back to top of page](#)

Sister and aide of allegedly corrupt Nigerian former governor jailed for money laundering - 8 June 2010

In a follow-up to stories dated 1 and 2 June 2010, Udoamaka Onuigbo (aide to former Nigerian governor James Ibori) and Christine Ibori-Ibie (Ibori's sister) have each been jailed for five years for mortgage fraud and money laundering. The two women are believed to have helped Ibori to embezzle an estimated US\$101.5 million [about £69 million] from state coffers into bank accounts in the UK. Ibori was arrested in Dubai on 12 May 2010 and is fighting extradition to the UK.

[Back to top of page](#)

French investigation nets 21 high-profile criminals - 7 June 2010

Over the weekend of 5/6 June 2010, a French operation involving 150 officers and some of the country's swankiest Mediterranean resorts around Marseille has resulted in the arrests of 21 notorious gangsters on charges of money laundering and slot machine trafficking. Some were arrested as they set sail on a luxury yacht with their families in the Golfe-Juan marina. One of those arrested was Bernard Barresi, who has been on the run for 18 years after being sentenced in absentia in 1994 to 20 years in prison for attacking an armoured van. Nightclub owners and brothers Michel and Gerald Campanella were also arrested. Police seized four yachts, 200,000 euros [about £166,000] in cash, false identity papers, weapons, vehicles and luxury watches. Forty slot machines were also seized from bars. "These are people who smell of organised crime – well-known people around whom a legend has been built," said Christian Lothion, head of the Marseille judicial police. The arrests are the result of an investigation launched in January into breaches of gaming law, criminal conspiracy, money laundering, non-justification of resources, and extortion.

[Back to top of page](#)

Haiti telecom executive sentenced to four years for money laundering - 2 June 2010

Robert Antoine, a former official with Haiti's state-owned national telecommunications company, has been sentenced by a court in Miami to four years in prison for his role in a money laundering conspiracy in connection with a foreign bribery scheme. He was also ordered to pay US\$1,852,209 [about £1,260,000] in restitution and forfeit \$1,580,771. Antoine was director of international affairs for [Telecommunications D'Haiti](#) from May 2001 to April 2003. He admitted that during that time he accepted bribes from three US telecommunications companies and then laundered the proceeds through intermediary companies. The president of one of those companies has been sentenced to six months in prison, and five other individuals accused of involvement in the laundering scheme will go on trial in Miami in July 2010.

[Back to top of page](#)

Aide of allegedly corrupt Nigerian former governor found guilty of money laundering - 2 June 2010

In a follow-up to a story from yesterday, Udoamaka Onuigbo, aide to former Nigerian governor James Ibori, has been found guilty in the UK of three counts of money laundering.

[Back to top of page](#)

Sister of allegedly corrupt Nigerian former governor found guilty of money laundering - 1 June 2010

Christine Ibori-Ibie, sister of former Nigerian governor James Ibori, has been found guilty in the UK of mortgage fraud and money laundering. The twelve charges against her all stem from allegations that she helped her brother to embezzle an estimated US\$101.5 million [about £69 million] from state coffers into bank accounts in the UK. Nigeria's anti-corruption agency claims that James Ibori stole as much as \$292 million while governor of an oil-rich state in the Niger Delta. In December 2009 a Nigerian judge dismissed a fraud case against Ibori, but on 12 May 2010 Ibori was arrested in Dubai by Interpol, acting on a UK arrest warrant.

[Back to top of page](#)

Former director of Interpol Mexico to be charged with money laundering - 1 June 2010

Following a ruling by a criminal court, Mexico's Attorney General has confirmed that Rodolfo de la Guardia, the former director of Interpol Mexico, will be prosecuted for money laundering. De la Guardia has been held in prison since January 2009 on various charges relating to organised crime and drugs. Prosecutors allege that he was on the payroll of the Beltran Leyva cartel, one of the most violent criminal organisations in Mexico. De la Guardia was in charge of assigning the heads of the field offices of the defunct AFI, Mexico's equivalent of the FBI, allegedly enabling him to place agents the cartel had on its

payroll in key posts – a service for which he was allegedly paid US\$10,000 [about £6,900] a month by the cartel. Prosecutors say that De La Guardia has been unable to show legal provenance for the money. He was arrested during Operation Clean-Up – launched by the government in March 2008 to root out corruption. An early casualty was Noe Ramirez Mandujano, Mexico’s drug tsar, who was arrested in November 2008 and shown to be receiving \$450,000 [about £311,300] a month from Beltran Leyva drug traffickers.

[Back to top of page](#)

Major Irish criminal remanded in custody in Spain - 31 May 2010

In a follow-up to a story dated 25 May 2010, the leader of a major international drugs and money laundering cartel under investigation across Europe has been questioned in court in Estepona, near the Spanish Costa del Sol, along with his two sons and nineteen others. Christy Kinahan, who already has convictions for drug trafficking and money laundering, can now be held in prison without charge for two years while the Spanish authorities, the Garda and the Serious Organised Crime Agency continue their investigations into his gang. Under the Spanish investigative system, detectives must regularly bring news of progress in their investigation before a judge who effectively directs the investigation. Around half of the suspects arrested in Spain, including British and Irish nationals and four Spanish solicitors, were released while the other half remain in custody. Suspects are normally not formally charged with criminal offences until just before their trial is due to take place.

[Back to top of page](#)

Greek former government minister charged with bribery and money laundering - 30 May 2010

The Greek authorities have frozen the assets of former Transport Minister Anastasios Mantelis, who has admitted receiving bribes from German electronics giant Siemens in 1998. On 27 May 2010, Mantelis was charged with bribery and money laundering, and forbidden to leave Greece. The head of the government’s anti-money laundering committee, Stelios Grozos, has also frozen the Greek bank account of Mantelis aide Giorgos Tsougranis, suspecting it was used for transferring money.

[Back to top of page](#)

Angola passes new AML/CFT legislation - 27 May 2010

Angola, a former Portuguese colony in south-central Africa, has approved a new law to tackle money laundering and the financing of terrorism. The bill, unanimously approved by parliament, aims to fill a gap in Angolan legislation after the nation emerged in 2002 from a 27-year civil war and grew to rival Nigeria as Africa’s biggest oil producer. According to the new law, “The world today needs transparency in financial and commercial transactions”,

and penalties of up to 24 years in prison are provided for those found guilty of money laundering or terrorist financing. In February 2010, the FATF criticised Angola for not conforming with international AML/CFT standards, and in autumn 2009 Angola was rated by Transparency International as one of the twenty most corrupt countries in the world.

[Back to top of page](#)

Celebrity financial adviser charged with fraud and money laundering - 27 May 2010

Kenneth Starr, a financial adviser whose clients have included actor [Sylvester Stallone](#), director [Martin Scorsese](#) and former Secretary of State [Henry Kissinger](#), has been charged with fraud and money laundering. According to prosecutors, Starr defrauded US\$30 million [about £20.5 million] from clients. Starr runs Starr Investment Advisors in Manhattan, and manages more than \$700 million in investments. Also charged with investment adviser fraud, wire fraud and money laundering is Andrew Stein, the former borough president of Manhattan, who prosecutors say aided Starr in defrauding his clients. The [Securities and Exchange Commission](#) has also filed a civil lawsuit today against Starr, who is also a lawyer, claiming that he used his power of attorney over client accounts to cheat them out of funds that he then transferred to a personal account. The SEC says that Starr used these funds in April 2010 to purchase a \$7.6 million luxury Manhattan apartment.

[Back to top of page](#)

Mayor of Cancún charged with money laundering - 26 May 2010

Gregorio Sanchez, mayor of the Mexican beach resort of Cancún, has been arrested and charged with money laundering and drug-related crimes, making him one of the highest-ranking public officials swept up in Mexico's crackdown on narcotics traffickers. Sanchez was arrested at the airport on 25 May after returning from [Mexico](#) City. Mexico's attorney general's office said that he had been under investigation since January: "He was moving so much money and it just didn't match up with the salary he made as a public servant". Mexico's powerful drug cartels regularly bribe public officials and police, complicating President Felipe Calderón's army-led drug offensive launched when he took office in December 2006. Since then more than 23,000 people, mainly drug traffickers and police, have been killed in cartel turf wars and battles with security forces. Earlier this month [Mexico](#) extradited former regional governor Mario Villanueva to the US: he pleaded not guilty in New York on 10 May to charges of trafficking cocaine into the US and laundering millions of dollars through Lehman Brothers bank.

[Back to top of page](#)

Two-year Europol money laundering investigation leads to 32 arrests - 25 May 2010

Europol has announced that 32 people have been arrested for laundering the proceeds of international drug trafficking, in a co-ordinated operation involving the UK, Ireland and Spain. A Europol investigation was launched in July 2008 into an organised crime led by top Irish criminals already known to Irish law enforcement. Enquiries uncovered the group's

commercial and financial transactions with South America, Africa and the Far East. Gang members were tracked through surveillance and wiretapping: they regularly travelled across Europe and beyond to give instructions to their associates and to create business relationships to re-invest the proceeds of crime, with the assistance of solicitors who created companies and corporate vehicles to hide the real ownership and perform illegal financial transactions. The arrests today involved a total of 750 officers from the Belgian Police, the Irish Garda, the UK's SOCA, the Spanish national police, Eurojust and other agencies. Europol Director Rob Wainwright said: "Evidence has shown that criminals are even more concerned about losing their ill-gotten gains than going to prison. This operation hit them in the worst possible place – their wallets."

[Back to top of page](#)

Guernsey regulator fines local directors - 25 May 2010

The Guernsey Financial Services Commission (GFSC) has imposed fines on three local directors for their poor conduct in relation to the fiduciary business of Kingston Management (Guernsey) Limited, which is now in administration, and its five joint fiduciary licensees. According to the GFSC's statement: "In February 2009, the Commission raised serious issues over Kingston's compliance with the requirements of the Fiduciary Law, which had applied over the previous eight years, and of the [AML/CFT] Regulations and Handbook, which came into force in December 2007. The Commission was particularly concerned about management, control and compliance within Kingston and its handling of some high risk relationships." Peter Lainé and Robert du Feu have each been fined £14,000, and Ian Banneville has been fined £7,000.

[Back to top of page](#)

Chinese authorities seek laundered public money in New Zealand - 25 May 2010

The Chinese government is trying to retrieve money and assets invested in New Zealand as part of what it believes was a money laundering scheme run by Liu Guiting, the former head of China's first publicly listed rail company. Liu gained New Zealand residency in 2002 after he deposited US\$1.44 million [about £1 million] in an account at ASB bank and bought property in New Zealand through companies belonging to his wife and daughter. He is now serving a life sentence in China after being convicted in 2009 of misappropriating US\$15.12 million of public funds, but the Chinese government believes he could have embezzled up to US\$360 million.

Liu's wife, Yang Limin, and daughter, Jasmine Liu, live in Auckland and are under investigation for suspected money laundering. On 21 May, Yang appeared in the High Court in Auckland in an ongoing civil case she has brought against Paul Chen, a former business partner. Under oath,

she confirmed that her husband had transferred money to New Zealand that was used to purchase an apartment in Auckland and a hotel and three other properties in Rotorua, and said that she did not know exactly where the money came from. The Chinese ministry of justice has notified the New Zealand court that it wishes to interview Yang and her daughter “over evidence which has been uncovered linking them to the movement and control of the missing rail company money”.

[Back to top of page](#)

Arrests after attempted laundering at Knutsford services - 23 May 2010

Four men from Birmingham have been arrested at Knutsford motorway services after allegedly trying to launder stolen money through an automatic change machine. Other users of the services raised the alarm after the men were seen acting suspiciously near the gaming machines. Police found that a number of banknotes covered in security dye had been fed into an automated machine that swaps notes for coins to be used in slot machines and arcade games. When they searched the men, they found on them a “large quantity” of £1 coins.

[Back to top of page](#)

Microsoft sues for "click laundering" - 20 May 2010

Microsoft has filed two lawsuits against alleged perpetrators of a new, technologically advanced form of online advertising “click fraud” being dubbed “click laundering”. “Click fraud” occurs when a person or computer program imitates a legitimate user and clicks on an online ad for the purpose of generating a fraudulent “charge-per-click” without having any interest in the ad. “Click laundering” is designed to outwit fraud detection systems by hiding the origin of fake clicks.

The lawsuits name science news website RedOrbit and its president Eric Ralls, among others. Microsoft alleges that in mid-2009, RedOrbit began channelling a large number of “questionable” clicks into Microsoft’s ad network: between September and December 2008, RedOrbit received approximately 75 clicks per day on ads placed there, but in the first two months of 2009 the number of clicks skyrocketed to 10,000 per day. “By fraudulently generating a high volume of invalid clicks and by channelling them into Microsoft’s ad network, the defendants sought to illegally profit at the expense of advertisers,” states Microsoft in its complaint. Tim Cranton, from Microsoft’s Digital Crimes Unit, said: “Just like money laundering, in which the origins of ill-gotten gains are disguised as legitimate income, clicks from automated programs or virus-ridden computers are dressed up as real clicks by real customers, i.e. clicks that advertisers pay for.” Microsoft is seeking unspecified damages, and no court date has yet been set.

[Back to top of page](#)

Danish bank fined in Spain for Gibraltar AML failings - 17 May 2010

Spanish financial authorities have fined Jyske Bank 1.7 million euros [about £1.45 million] for violating the country's money laundering regulations. Under scrutiny is the Gibraltar division of the bank, where the Spanish authorities assert they have been denied access to vital information. In the fine notice, the violations were described as "very serious" and Jyske Bank in Gibraltar was cited for failure to properly report suspicions, unwillingness to investigate certain transactions, and having inadequate control procedures. It is the first time a Danish bank has been fined for violations of another country's money laundering rules, and Jyske Bank has lodged an appeal in Spain, claiming that the situation has arisen purely because of disagreements between the Spanish and Gibraltarian authorities.

[Back to top of page](#)

UK withdraws 500 euro banknote from sale - 13 May 2010

500 euro banknotes have been withdrawn from sale in the UK – although travellers will still be able to sell them to banks and other exchange bureaux. The note is much loved by criminals, and the Serious Organised Crime Agency says that 90% of the notes sold in the UK are in the hands of organised crime. The British trade in the notes is thought to be worth some 500 million euros – but less than 10% of them are bought by legitimate tourists and business travellers, and financial crime investigators concluded that there was no credible or legitimate use for the note in the UK.

The attraction for criminals is that the 500 euro note is worth about £430 – eight times more than the £50 note which is the most common high value sterling denomination. This makes it ideal for cash smuggling: if a drugs gang collects £1 million in twenties from its clients on street corners, those notes will weigh more than 50kg, but the equivalent in 500 euro banknotes weighs only just over 2kg.

[Back to top of page](#)

Ireland finally transposes MLD3 into law - 11 May 2010

The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 has been signed into effect by the Irish President. The Act transposes the third EU money laundering directive into Irish law and gives effect to certain FATF Recommendations, while consolidating Ireland's existing anti-money laundering and terrorist financing laws (previously contained mainly in the Criminal Justice Act 1994). Minister for Justice Dermot Ahern said: "This new law increases the obligations on credit and financial institutions and on lawyers, accountants, estate agents and others [including private member gaming clubs] with regard to money laundering and terrorist financing. It contains requirements to identify customers and beneficial owners, to

report suspicious transactions to the gardaí and to the Revenue Commissioners and to have specific [AML/CFT] procedures in place.”

[Back to top of page](#)

RBS pays US\$500 million to settle ABN AMRO laundering case - 10 May 2010

The Royal Bank of Scotland has agreed to pay the US government US\$500 million [about £336 million] to settle a money laundering case involving ABN AMRO, which it bought in 2007. The US Justice Department alleges that ABN helped the governments and banks of Iran, Libya, Sudan and Cuba evade sanctions and bring money into the US. In 2005, ABN AMRO paid penalties to various regulatory bodies and to the board of governors of the Federal Reserve System, and the charges will be dropped formally in twelve months, as long as RBS continues to co-operate.

[Back to top of page](#)

Abacha's son misses his own seizure appeal in Switzerland - 10 May 2010

A police court in Geneva has started hearing an appeal filed by Abba Abacha, son of the late Sani Abacha of Nigeria, against an order seeking to seize US\$350 million [about £235 million] in stolen funds from him. However, Abba was not in court because he did not apply for a visa in time, and his lawyer asked for an adjournment to enable him to be present. Abba was convicted in a Swiss court in November 2009 of money laundering (using false identities to open more than thirty bank accounts in Switzerland, Luxembourg, Liechtenstein and the Bahamas to hold money stolen by his late father) and being a member of a criminal organisation; he was given a suspended custodial sentence and ordered to return the \$350 million. Switzerland began investigating the Abacha family in 1999 and has so far returned about \$700 million to Nigeria.

[Back to top of page](#)

UAE signs five more MoUs - 10 May 2010

The United Arab Emirates has signed anti-money laundering agreements with five Arab countries, during the MENAFATF plenary meeting taking place in Tunisia. Mohamed Al Awadi, Executive Director and Head of the Anti-Money Laundering and Suspicious Cases Unit at the UAE Central Bank, signed the memoranda of understanding (MoUs) with Jordan, Libya, Morocco, Mauritania and Sudan. This brings to 41 the number of MoUs signed by the UAE, which has stated that its goal is to sign MoUs with 92 nations. The UAE is the second-largest Arab economy, and among the

first countries in the region to enact anti-money laundering legislation and to require the reporting of suspicious activity. In 2009, the Central Bank received 1,729 reports of suspected money laundering, and more than 11,800 cash transaction reports.

[Back to top of page](#)

Scottish authorities seize £6.5 million from Russian money launderer - 6 May 2010

Scottish prosecutors have seized £6.5 million from a Russian businessman who allegedly tried to use a Scottish bank to launder the proceeds of crime. It is the largest single seizure of money so far by Scottish prosecutors using proceeds of crime legislation, and comes after a three-year inquiry. Anatoly Kazachkov, a Moscow-based businessman linked to several British financiers, was placed under investigation by the Scottish Crime and Drug Enforcement Agency and its anti-money laundering unit after a report was made about a transfer of US\$10 million [about £7 million] from a bank in Hungary to the Royal Bank of [Scotland](#) in 2004. Investigators traced the funds, via a web of false documents and stolen identities, to a Russian bank that went bust in 2004 after allegations of money laundering. Kazachkov, a Scottish financier and other associates attempted to transfer funds through accounts in Latvia, Hungary, Russia, the US and the UK, claiming that the money was needed for an oil refinery project in Iran. The seized money has been released to the Scottish Crown Office, and is expected to be spent on community projects.

[Back to top of page](#)

Warren's first appeal fails in Jersey - 5 May 2010

In a follow-up to a story dated 23 March 2010, drugs trafficker Curtis Warren and his gang of five co-conspirators have been unsuccessful in getting their prison sentences reduced. On 3 December 2009, the Royal Court in Jersey sent Warren to prison for thirteen years for trying to import a million pounds worth of cannabis; his lawyer argued that the sentence was too severe, but the court has turned down his appeal. However, the judges have given Warren and three other members of the gang (John Welsh, James O'Brien and Oliver Lucas) leave to appeal against conviction – i.e. the opportunity to argue that they did not get a fair trial. Their lawyers say that the prosecution lawyers did not show them all the evidence earlier enough for them to mount their case. In the meantime, Jersey police have already started court proceedings to confiscate Warren's proceeds of crime.

[Back to top of page](#)

UK firm and MLRO fined by FSA for AML failings - 5 May 2010

The Financial Services Authority (FSA) has imposed a financial penalty of £140,000 on Alpari (UK) Limited, an online provider of foreign exchange services for speculative trading, for failing to have in place adequate anti-money laundering systems and controls. Alpari's former MLRO, Sudipto Chattopadhyay, has also been fined £14,000 and will not be approved for a compliance oversight or MLRO role for three years. Both penalties included the usual 30% early settlement discount.

Among the failings noted by the FSA:

Between September 2006 and November 2008, Alpari failed to carry out thorough assessments of the money laundering risks that they were exposed to and, as a result, put the firm at risk of being used to further financial crime.

They failed to carry out satisfactory customer due diligence procedures at the account opening stage and failed to monitor accounts adequately – despite the facts that Alpari operated a non-face-to-face business, and some of its clients were from higher risk jurisdictions such as Nigeria.

They did not have in place adequate systems for screening customers against UK and global sanctions lists and for determining whether customers were politically exposed persons.

Despite increasing its customer base from 400 to 11,500 live accounts between mid 2007 and mid 2008, Alpari did not expand its compliance and anti-money laundering function in line with the rest of the business and placed too much responsibility on Chattopadhyay.

[Back to top of page](#)

Colonel Gaddafi accuses Switzerland of money laundering, assassinations and terrorism - 4 May 2010

Libyan leader Colonel Muammar al-Gaddafi has claimed an interview with German publication *Der Spiegel* that Switzerland behaves like a criminal organisation and is involved in money laundering, assassinations and terrorism. Gaddafi has been involved in a war of words with Switzerland since his son Hannibal was arrested in Geneva in 2008 for beating up two employees. In the interview, Gaddafi stated: “Switzerland is a state that stands outside the international community. It is not bound by any EU regulations. It is good that it joined the United Nations in 2002, but before that it was not a member. Why? It wanted to stand above international law. That has made Switzerland into a mafia. Money is laundered on a grand scale in Switzerland. Anyone who robs a bank later invests the money in Switzerland. Anyone who evades taxes goes to Switzerland. Anyone who wants to deposit money in secret accounts goes to Switzerland. And a large number of owners of such accounts have died under mysterious circumstances. Switzerland is the only country that allows euthanasia. Why does only Switzerland do that? It is possible that ... there were also some [Libyans] who died because they had secret accounts in Switzerland.”

Told that euthanasia is also available in the Netherlands, Gaddafi was then asked whether he was claiming that Switzerland as a state ordered the killing of these people. He replied: "The investigations will show this. A large number of people have been deliberately eliminated under the pretext of assisted suicide." He also claimed that Ayman al-Zawahiri, Osama bin Laden's deputy in al-Qaeda, "took al-Qaeda's money to Switzerland, where it is still located. Switzerland finances terrorism." Lars Knuchel, a spokesman for the Swiss foreign ministry, said that the Libyan leader's allegations were "completely unfounded, so any further comment is unnecessary".

[Back to top of page](#)

Man admits laundering £66,000 from Northern Bank robbery - 30 April 2010

George Hegarty has pleaded guilty at the Special Criminal Court in Dublin to money laundering offences in connection with the Northern Bank robbery. He admitted that he knew or believed that the £66,000 cash found at his house in Cork in February 2005 represented the proceeds of the robbery at the Northern Bank in Belfast in December 2004. Detective Sergeant John Cahill said that when he was arrested and cautioned, Hegarty said: "I'm guilty of it anyway. I'm pleading guilty." Hegarty will be sentenced on 8 June 2010.

[Back to top of page](#)

Russian authorities crack bank-based laundering scheme - 30 April 2010

Russian police have broken up a money laundering ring that has been processing about US\$3 billion [about £2 billion] per year since 2008. The Russian Interior Ministry said that the operation involved several bank employees, and so far four Azerbaijani nationals have been detained. The allegation is that proceeds from illegal business operations in Russia were transferred to accounts overseas with the help of corrupt bank employees, and then smuggled back into Russia. It is alleged that fake companies were registered in connection with the scheme in Lithuania, the United Arab Emirates, Azerbaijan and Cyprus.

[Back to top of page](#)

Loans fraudster pleads guilty to laundering US\$53 million - 30 April 2010

Osama El-Atari, who used to live in Virginia in the US, has pleaded guilty to defrauding banks of US\$53 million [about £34.5 million], and laundering the proceeds. El-Atari fled the US about a year ago after creditors filed a petition in the bankruptcy court seeking millions of dollars in unpaid debt. He was arrested in Texas in January 2010. El-Atari used fake life insurance documents as collateral to acquire loans from banks in Virginia, Maryland, Ohio and Tennessee. He then spent the money on a lavish lifestyle, buying prestige cars including two Lamborghinis, two Ferraris and a Bentley Continental, two steakhouse restaurants and a

mansion worth \$4 million. El-Atari will be sentenced on 30 July, and faces up to a century in prison.

[Back to top of page](#)

Chinese central bank issues money laundering statistics for 2009 - 29 April 2010

The People's Bank of China (PBOC – the central bank) launched 3,149 money laundering investigations and reported 654 cases to the authorities in 2009, according to a recent statement on its website. The investigations involved a total of 371 billion yuan [about £35.7 billion]. The bank also helped the authorities with requests for information on a further 970 money laundering cases, in which 301 billion yuan was involved. The cases were linked mainly to corruption, bribery, organised crime, financial crime and drug trafficking.

[Back to top of page](#)

Noriega to be held in custody until his trial - 28 April 2010

In a follow-up to a story dated 26 April 2010, a judge in Paris has ruled that former Panamanian leader Manuel Noriega will be held in French custody until his trial, which is due to start on 28 June. His lawyers had argued that French courts could not try him because he is immune from prosecution as a former head of state and a former prisoner-of-war. But the judge rejected their challenge, ruling that Noriega should be held in La Prison de la Santé prison in Paris until his re-trial. He was extradited from the US early on Tuesday 27 April 2010 and faces ten years in jail for money laundering. After the closed-door hearing, one of Noriega's lawyers said that his client appeared "much weakened" and was "receiving medical treatment". A spokesman for the French justice ministry, Guillaume Didier, said that Noriega could go on trial within two months.

[Back to top of page](#)

Noriega extradited to France to face money laundering trial - 26 April 2010

Former Panamanian leader Manuel Noriega has been extradited to France after spending more than twenty years in an American prison. US Secretary of State Hillary Clinton signed a surrender warrant after all judicial challenges were resolved, and French officials later confirmed that Noriega was on board an Air France flight from Miami to Paris. A French court convicted Noriega in his absence in 1999 for laundering money through French banks, though it says he will be granted a new trial. Noriega is due to land in Paris on the morning of 27 April, and will appear in court to be notified of the arrest warrant against him. A judge will then decide whether to place him under temporary detention until his case is referred to a criminal court. Panama's government has said that it respects the US's decision to extradite Noriega, but insists that it will seek his return to serve any prison sentence in Panama.

[Back to top of page](#)

Tories announce (anti-)white collar crime plans - 24 April 2010

The UK's Shadow Chancellor George Osborne has announced that – if they win the general election on 6 May - the Conservatives will launch a new Economic Crime Agency. This agency would take over the task of investigating and prosecuting serious economic crimes from the Serious Fraud Office, the Financial Services Authority, the Fraud Prosecution Service, Revenue and Customs Prosecutions, and the Office of Fair Trading. Osborne also said that the Tories would overhaul corporate liability laws, making companies responsible for the actions of individual employees – and thus bringing the UK into line with many other countries. The Tories have already said that they would abolish the Financial Services Authority and give regulatory powers to the Bank of England, as well as setting up a Consumer Protection Agency to safeguard bank customers.

[Back to top of page](#)

Australian charged with laundering \$500 million in the US - 23 April 2010

Australian Daniel Tzvetkoff has been charged with laundering more than US\$500 million [about £326 million] in proceeds for US gamblers and Internet gambling websites. Tzvetkoff was arrested in Las Vegas on 16 April 2010, on suspicion of disguising transactions so that banks performing the transactions were duped into thinking that they were unrelated to gambling.

In early 2008, Tzvetkoff began processing gambling transactions in the US through the Automated Clearing House system (ACH). He induced US banks to provide ACH services to Internet gambling companies by disguising the transactions; he created dozens of shell companies with names unrelated to gambling, complete with phony websites that made the companies seem legitimate. He then arranged for money received from gamblers to be paid to Internet gambling companies via the ACH, and processed more than \$543 million in ACH transactions between February 2008 and March 2009.

[Back to top of page](#)

Former financial manager jailed for money laundering - 22 April 2010

Terrance Thackrah, a former financial sector manager from West Yorkshire, has been jailed for six years for a million pound money laundering scheme. Thackrah was working for Green Flag and Direct Line, subsidiaries of the Royal Bank of Scotland, when he diverted cash into his bank accounts – more than £1.1 million was transferred between 2004 and 2009. He used the money to fund a lavish lifestyle after moving to Cyprus, and was arrested in November 2009 as he was about to fly home from Stansted to Cyprus after visiting family in Wakefield.

[Back to top of page](#)

India launches enquiry into alleged money laundering through cricket - 20 April 2010

India's government has launched an enquiry into money laundering through the country's most lucrative cricket competition, the Indian Premier League (IPL). This follows the resignation of Shashi Tharoor, the deputy foreign minister, after accusations that he interfered in an IPL team franchise auction, allegedly to help a friend involved in a winning consortium. Finance minister Pranab Mukherjee confirmed that an investigation has already started in "all aspects of the IPL, including its source of funding, from where the funds were routed, how they have been invested, etc." IPL offices were raided on 15 April 2010, and tax inspectors spent seven hours questioning IPL staff including the tournament commissioner, Lalit Modi, who denies all the allegations.

[Back to top of page](#)

Mortgage fraudsters jailed for money laundering - 19 April 2010

Former part-time care worker Anthonia Akinyele, from Chatham in Kent, has been jailed for four years for mortgage fraud and money laundering. Her accomplices – Ruth Ayinde-Azeez, Isaac Matthews, David Hunter and Jason Mercer – have already been jailed for a total of 19 years. Akinyele owned a 20% share in a brokerage business, M Solutions and Financial Limited, which passed false mortgage applications to a solicitors' firm. Once the applications had been approved by a financial institution, the money would be sent to the solicitors' client account and then on to two business accounts controlled by Akinyele and Matthews. More than £6 million went through these two accounts in just six weeks in 2008. Mercer and Hunter were puppets in the fraud: their role was to allow the others to use their details on the mortgage applications and then to pay the loans off for a couple of months via direct debit. They then cancelled those direct debits and were paid huge sums of money.

Akinyele was in the process of buying a £2.1 million five-bedroom house in Hertfordshire and had put down a £100,000 cash deposit. She owned a Bentley CTC and a Land Rover Discovery, worth a total of £190,000, and frequently stayed at top hotels in luxurious locations around the world. Police have already seized some items under the Proceeds of Crime Act, and hope to seize more.

[Back to top of page](#)

Australia passes new AML laws concerning money transfer businesses - 16 April 2010

New anti-money laundering rules have come into effect, giving extended powers to the Australian Transaction Reports and Analysis Centre (AUSTRAC – the Australian FIU). Under the new rules, AUSTRAC can remove a person's name and details from the register of providers of designated remittance services. (Money transfer

service providers must be registered to operate legally.) The new Anti-Money Laundering and Counter-Terrorism Financing Rules also allow money transfer service providers to form a designated business group, which means that the group can share customer identity information, store records jointly, and have a group-wide AML/CFT programme.

[Back to top of page](#)

Guyana scores its first money laundering conviction - 12 April 2010

Michelle Fraser, a former employee of the Guyana Revenue Authority (GRA), has been found guilty of money laundering and fined GYD 250,000 [about £800] and sentenced to seven years in prison. Fraser is the first person convicted under Guyana's Money Laundering Act 2000. The case involved a high level of international co-operation: two Metropolitan Police officers were among the nine witnesses who testified at the trial. A huge investigation was mounted in the UK and other EU countries into a drug operation nicknamed the "Bling Bling gang", and several people were convicted in the UK in 2006. The Bling Bling gang, mostly of Guyanese and Caribbean origin, lived lavish lifestyles on the profits from trafficking £50 million worth of cocaine into the UK in just two years. The gang turned the cocaine into crack, a highly addictive form that could have been sold for as much as six times its unaltered value.

According to the prosecution, Fraser collected US\$289,000 in cash, knowing it to be the proceeds of crime, and exchanged it into Guyanese currency. She asked the bureau de change to deliver the money in three parts: one cheque for GYD 16.9 million made out to Adrie Callender-Martin, another cheque for GYD 38 million made out to Lisa Witter, and GYD 578,000 in cash. (Callender-Martin and Witter were among those convicted of drug offences in the UK.) Fraser then took the cheques and deposited them in bank accounts held by Callender-Martin and Witter.

[Back to top of page](#)

Ten tons of jewellery seized by the US during Panamanian money laundering investigation - 12 April 2010

More than US\$40 million [about £26 million] worth of gold, silver and other jewellery forfeited in an international money laundering investigation has arrived in Texas. The jewellery was originally seized after investigations identified two companies in the Colon Free Zone in Panama that were responsible for laundering narcotics proceeds from the United States via the illicit black market peso exchange – a money laundering operation whereby narcotics proceeds earned in the US are exchanged for Colombian pesos and then used to purchase goods in the Colon Free Zone. Yardena Hebroni and Eliahu Mizrani, based in Panama, used a wholesale jewellery business, Speed Joyeros SA, and a related company, Argento Vivo SA, to launder the money, which was received from the US via cash pick-ups, wire transfers, cashiers' cheques and third party bank cheques. More than \$100 million was received annually, and used to make

bulk purchases of jewellery. Hebroni, Mizrahi and both companies pleaded guilty in New York to money laundering.

During the investigation, numerous drug-related assets were identified in Panama and later seized by Panamanian authorities in accordance with a seizure order issued in New York. In May 2006 a final order of forfeiture was issued in New York directing the government of Panama to transfer custody of the assets seized in Panama to the government of the US. The assets transferred include gold and silver jewellery, gemstones and watches weighing a total of ten tons. This is the first bilateral US/Panama investigation that has resulted in a Colon Free Zone company being seized and brought to justice in the US.

[Back to top of page](#)

Bribery Act 2010 receives Royal Assent - 8 April 2010

The Bribery Act 2010 has received Royal Assent, three minutes before the prorogation of Parliament (marking the official start of the run-up to the election on 6 May). The main offences remain largely unchanged from the draft introduced into the Commons from the Lords, and will come into force at a date to be appointed by the Secretary of the State in the future. It seems unlikely that the new corporate offence will come into force much before October.

[Back to top of page](#)

Ponzi fraudster Petters goes to prison for fifty years - 8 April 2010

Thomas Petters of Minnesota has been sentenced to fifty years in prison for carrying out a Ponzi scheme that netted him an estimated US\$3.7 billion [about £2.4 billion] over sixteen years. Petters was found guilty of multiple charges of mail fraud, wire fraud and money laundering after a month-long trial in December 2009. In 1994, he and a circle of associates created the illusion of a successful company, Petters Company Inc., selling bulk quantities of electronic goods to retailers like Costco and Sam's Club. The group mocked up invoices and bank records apparently showing that their company was owed billions of dollars by retailers. To induce investors to contribute new capital, Petters signed promissory notes and provided his own personal guarantee for the funds received. Many investors received payments, but not from profits: instead, they were paid from funds received by new investors.

An investigation was launched in September 2008 when Deanna Coleman, one of Petters's associates, went to the authorities to report the fraud. She agreed to work undercover with federal agents and wore a recording device during conversations with Petters. In one recorded encounter, Petters suggested that "divine intervention" was the only explanation for how he and his associates had avoided being caught by law enforcement for so long. During a five-year period, \$35 billion was wired into a bank account controlled by Petters, and much of it was used to pay earlier investors. Hundreds of millions of dollars went to fund Petters's other companies, and he also paid family members, bought real estate, and used funds to maintain a lavish lifestyle.

[Back to top of page](#)

Corrupt Taiwanese ex-president to return money from Switzerland - 6 April 2010

Taiwanese former president Chen Shui-bian's son Chen Chih-chung has said that he will return NT\$700 million [about £14.5 million] from his family's Swiss bank accounts to Taiwan in the hope of securing his father's release on bail. On 2 April, the presiding judge in the case said that Chen and his family would have to remit the money to an account designated by the Special Investigation Division if Chen was to have any chance of being released on bail at his next detention review on 23 April. Chen Chi-chung has signed the transfer documents but it is still unclear whether the money will be returned before the hearing date, and prosecutors are working with the Swiss banking authorities on the matter.

Chen Shui-bian and his wife Wu Shu-jen were sentenced to life in prison for corruption in September 2009. They were also found guilty of embezzlement and taking bribes totalling NT\$800 million [about £16.6 million]. Their son and daughter-in-law Huang Jui-ching were found guilty of money laundering, and fined and sent to prison. On 2 April, the Taiwanese high court announced that it would hear final arguments in the corruption case against the former president and his co-defendants this week and deliver its verdict on 11 June.

[Back to top of page](#)

Malaysian MD jailed and whipped for fraud and money laundering - 5 April 2010

A former managing director of a logging company in Malaysia has been sentenced to six years in jail and three strokes of the rotan [rattan cane] for fraud and money laundering. Ibrahim Salleh was found guilty of cheating Bangkok Bank of MYR 4.5 million [about £922,000] over the delivery of timber in 2005, and fifty counts of money laundering.

[Back to top of page](#)

Florida pastor and wife jailed for money laundering - 31 March 2010

Florida pastor Gary Souffrant has been sentenced to twenty years in prison for mortgage fraud, bank fraud and money laundering; his wife Yvonne has been sentenced to 4½ years. The couple was found guilty in November 2009 of laundering the proceeds of drug trafficking by engaging in mortgage fraud. They helped drug traffickers buy homes and cars in [South Florida](#), using their real estate business to act as a straw buyer of the properties and defrauding banks through mortgage loans. Souffrant was the pastor of God First Ministries in Miami Gardens and worked as a minister with [Boca Raton Fire Rescue](#). At the sentencing hearing, FBI Special Agent John Gillies said: "Drug trafficking organisations routinely commit so-called white collar crimes such as mortgage fraud and bank fraud to launder their proceeds. These types of crimes should not be taken lightly given that they fuel violent, criminal activity."

[Back to top of page](#)

Denver restaurateur jailed for money laundering - 31 March 2010

Dan Tang, the owner of the Heaven Dragon restaurant in Denver, Colorado, has been sentenced to eighteen months in prison and a fine of US\$1.8 million [about £1.2 million] for money laundering. In November 2009, he pleaded guilty to laundering nearly a million dollars – proceeds from a marijuana-growing operation run by members of Tang's family and people employed at his restaurant. Tang would engage in financial transaction designed to conceal the proceeds of crime, and also provide down payments for homes that were then used to grow marijuana. As part of a plea agreement, he will be allowed to keep his restaurant. Tang emigrated to the US from China in 1980 with hardly anything, but his restaurant became very popular: its walls are lined with photos of Tang with politicians such as former president George W Bush, former New York City Mayor Rudy Giuliani, and Denver Mayor John Hickenlooper. "Dan Tang presented himself to the community as a successful businessman," said Jeffrey Sweetin of the Drug Enforcement Agency. "In reality, he was also a successful drug dealer."

[Back to top of page](#)

Stanford asks for yet another new team of lawyers - 29 March 2010

Jailed Texas financier Allen Stanford has once again asked for new attorneys – his fourth set of lawyers in less than a year. Stanford is awaiting trial on charges that he defrauded investors out of US\$7 billion in a Ponzi scheme. Kent Schaffer, who currently represents Stanford, says that he is more than happy to step aside because there is conflict between him and his client over how the case should be tried. On taking up his role, Schaffer was assured that he would be paid through an insurance policy that Stanford's company had with Lloyd's of London, to pay up to \$100 million in legal fees if executives were ever accused of crimes. However, Lloyd's has since clarified that the policy doesn't pay on charges of money laundering. A hearing on Stanford's request will be heard on 6 April, and Schaffer has called his potential release from duty "sort of like Christmas in March".

[Back to top of page](#)

Hamas seizes frozen money from Gaza Strip bank - 28 March 2010

Hamas security forces have seized 1.5 million shekels [about £270,000] from a bank in the Gaza Strip, despite the fact that Palestinian authorities had frozen the money to comply with money laundering regulations. An employee of the Bank of Palestine said that Hamas policemen forced the staff to open the bank's vault and acted "aggressively", taking the money and signing a receipt. Hamas claimed that they were executing a court order to seize the assets of a medical organisation, the Patient's Friend Association. The Palestine Monetary Authority (PMA), which regulates the Palestinian banking system in the Gaza Strip and the West Bank, froze the association's account after its board fell under Hamas control.

Hamas has been defined as a terrorist organisation by Western powers since it seized control of the Gaza Strip in 2007. The PMA has described the seizure – the first such challenge to its authority by Hamas – as a “sinful attack”.

[Back to top of page](#)

"Flower box" smugglers sent to jail - 25 March 2010

In a follow-up to a story dated 5 March 2010, a gang of twelve men found guilty of smuggling skunk cannabis worth £62 million into the UK hidden in boxes of flowers from the Netherlands has been sent to jail. 88 shipments were smuggled through the ports of Harwich and Hull, then unpacked and stored in lock-up garages in south-west London and Surrey. The gang made profits of £20 million on the drugs: they used a bureau de change in east London to launder money, and police believe much of the laundered money was wired to accounts in Pakistan and Dubai and may never be recovered. The gang leader, Terrence Bowler, pleaded guilty to conspiracy to import controlled drugs and money laundering, and was jailed for 16 years. His two "directors" were sentenced to 14 years each, while the nine other gang members received sentences ranging from eighteen months to 8½ years each.

[Back to top of page](#)

Pet food manufacturers charged with theft of energy and money laundering - 24 March 2010

Joel Sher and his wife Holly, owners of Evanger's Dog and Cat Food Co. in Wheeling, a suburb of Chicago, have been accused of illegally diverting more than US\$1.7 million [about £1.14 million] of gas and electricity to operate the company and its manufacturing plant. They have been charged with theft and money laundering, and ordered to surrender their passports and return to court on 14 April. Authorities have also seized \$2.3 million belonging to the couple from a Chicago bank. According to prosecutors, there have been several reports of unusual activity relating to an illegal gas hook-up at the company, discovered after a gas leak at the factory. Company employees were told by the Shers not to let energy company officials onto the premises to read meters, and were ordered to divert gas lines and roll back gas meters. To steal electricity, the Shers told employees to attach wires and fuses to high tension wires to redirect the power. The same company has previously violated statutes relating to public nuisance, property maintenance and exterior sanitation.

[Back to top of page](#)

Curtis Warren to appeal in Jersey - 23 March 2010

Merseyside drugs baron Curtis “Cocky” Warren is to be flown to Jersey under armed guard on 23 March 2010 to begin his appeal. He is attempting to quash his sentence and conviction last year for masterminding a plot to import over a million pounds' worth of cannabis into Jersey. Warren – currently serving a 13-year jail term in London's high-

security Belmarsh prison – is due to appear in the Royal Court of Appeal with his five co-conspirators: Jonathon Welsh, James O'Brien, Paul Hunt, Jason Woodward (all from the UK) and Oliver Lucas (from Jersey).

[Back to top of page](#)

Dubai's largest-ever money laundering trial comes to an end - for now - 18 March 2010

In a follow-up to a story dated 8 May 2009, verdicts have been passed in Dubai's largest-ever money laundering trial. The Dubai Misdemeanours Court acquitted the suspects (an Emirati employee, a British executive, an Indian financial controller and a Pakistani general manager), who had earlier pleaded not guilty. However, Judge Abdul Majid Al Nezamy sentenced the four defendants to two months in jail each for forging unofficial documents and using them.

Prosecutors had charged the defendants and seven companies with intentionally acquiring, possessing and transferring £150 million, which they allege was earned from defrauding the UK's Revenues and Customs Prosecution Office (RCPO) and the government of the Netherlands Antilles. One defence lawyer said: "The suspects and their companies were prosecuted for laundering Dh891 million for three years without any substantial evidence.

Law enforcement officers failed to prove that the allegedly laundered amount was acquired from a crime since the litigation and prosecution processes started in August 2006."

However, prosecutors have appealed against the verdict, and the Dubai Court of Appeals will open the new trial on 20 April 2010.

[Back to top of page](#)

Bahraini minister arrested for alleged money laundering - 18 March 2010

Bahraini authorities have arrested a government minister on charges of money laundering in Bahrain and overseas. According to the Ministry of the Interior, the arrested individual is currently serving as a minister of state and has also served as a Cabinet minister. Brigadier Mohammed Rashid Buhamood, assistant under-secretary at the Ministry, said that the suspect had been traced by legal phone- and wire-tapping, and that the laundering had started at the beginning of 2009. The case has been referred to the public prosecutor.

[Back to top of page](#)

Guatemalan ex-president to be extradited to the US - 18 March 2010

In a follow-up to a story dated 20 February 2010, a criminal court in Guatemala has agreed to extradite former President Alfonso Portillo to the US to face charges of laundering money stolen from a children's charity and embezzling state funds. He was arrested in January 2010 and has since been held in a high-security prison in Guatemala City. According to the US indictment, the former president "embezzled tens of million of dollars worth of public funds, a portion of which he then laundered through bank accounts in the US and Europe". He has also been accused by Guatemalan authorities over the disappearance of US\$15 million [about £9.2 million] earmarked for the Guatemalan defence department. Portillo denies all charges and says that they are politically motivated.

[Back to top of page](#)

Florida politician receives thirty months for money laundering - 16 March 2010

In a follow-up to a story dated 10 December 2009, suspended Florida politician Josephus Eggleston has been sentenced to thirty months in prison and fined US\$10,000. Eggleston and Bahamian attorney Sidney Cambridge were charged with money laundering in September 2009, along with Florida businessmen Ronald Owens and Joel Williams. Eggleston also pleaded guilty to filing a false tax return. The case against him began building in 2006 when an undercover agent donated US\$5,000 to Eggleston's golf foundation in exchange for partnering on what Eggleston thought were business deals. He laundered money through bank accounts in the Bahamas and evaded federal taxes on about \$18,200 in cash payments. Owens pleaded guilty in January and faces sentencing in April, while the cases against Cambridge (who remains in the Bahamas) and Williams are still pending.

[Back to top of page](#)

Operation Gulliver nets a giant - 11 March 2010

Police in Sydney have charged an alleged illegal immigrant with more than 130 charges of fraud and money laundering. The Indonesian national was netted by Operation Gulliver, which was set up to investigate the theft of cheques from the postal system and the laundering of them through fraudulent bank accounts. The man is suspected of laundering more than A\$1 million [about £610,000] through bank accounts opened in false names. He has been charged with offences including making a false document to obtain financial advantage, opening an account with a cash dealer in a false name, making and using a false instrument with intent, and money laundering.

[Back to top of page](#)

26 arrests in US/Italian drug and laundering investigation - 10 March 2010

Police in Sicily and the US have arrested 26 people in a series of raids designed to dismantle an international Mafia drug network. Twenty people were arrested in Palermo on suspicion of drug trafficking, extortion and usury. Three members of the Gambino crime family were arrested in New York and North Carolina and charged with extortion, obstruction of justice and concealment of assets in bankruptcy, while three more people were arrested in Miami on charges of money laundering and obstruction of justice.

Prosecutors say the link between them is Roberto Settineri, an Italian national whom they allege acted as intermediary between Palermo criminals and the New York-based Gambino and Colombo families.

Settineri was arrested hours before he was scheduled to fly from Miami to Italy and charged with money laundering and obstruction of justice. The arrests are the latest stage of Project Pantheon – a joint campaign launched in 2005 by the FBI and Italian authorities. Police in the southern Italian region of Calabria have also seized “significant quantities” of cocaine and hashish.

[Back to top of page](#)

Indian businessman guilty of laundering nearly £30 million through Jersey - 8 March 2010

In a follow-up to a story dated 26 January 2010, Indian businessman Raj Arjandas Bhojwani has been found guilty of “greed and corruption on a massive scale” in Jersey’s Royal Court. For five weeks, in one of Jersey’s largest ever money laundering cases, the Royal Court heard how Bhojwani laundered US\$43.9 million [about £29.1 million] – the proceeds of corrupt Nigerian vehicle deals – through Jersey bank accounts. Since Bhojwani’s arrest in 2007, a surety of around \$50 million has been lodged with Jersey’s Viscount and the prosecution will now move to permanently confiscate those funds.

[Back to top of page](#)

Gang smuggles £62 million of skunk cannabis in flower boxes - 5 March 2010

A gang of twelve men has been found guilty of smuggling skunk cannabis worth £62 million into the UK hidden in boxes of flowers from the Netherlands. The drugs were smuggled through the ports of Harwich and Hull, and were then unpacked and stored in lock-up garages in south-west London and Surrey. The gang was the subject of a 14-month undercover police operation. In two years, they smuggled in 88 shipments; at the peak of their operation, they were bringing in 250kg of the highly potent cannabis strain every week, enough for 225,000 street deals. They ended up with so much cash they forgot £60,000, which went mouldy in an underground safe in a garage in Kingston. They also used a bureau de change in east

London to launder money, and police believe much of the laundered money was wired to accounts in Pakistan and Dubai. The gang leader, Terrence Bowler, and five other men pleaded guilty to conspiracy to import controlled drugs and laundering the proceeds of crime. Four other men admitted drug-related offences, while two more pleaded guilty to money laundering. All twelve will be sentenced later this month.

[Back to top of page](#)

Former Lancashire councillor jailed for money laundering - 3 March 2010

In a follow-up to a story dated 25 February 2010, Frank McGrath, the former deputy leader of Preston Council in Lancashire, has been jailed for four-and-a-half years for laundering money for a drug trafficker. McGrath laundered more than £300,000 for Silvano Turchet, who is currently serving 15 years for the importation of Class A drugs. Sentencing Judge Robert Atherton told McGrath: "You deceived those who you did business with and you deceived people who trusted you." Turchet was sentenced to another six years in prison, to run concurrently.

[Back to top of page](#)

Underpants cash smuggler jailed for money laundering - 3 March 2010

John Maurice, a semi-retired property salesman who tried to smuggle cash out of the UK in his underpants, has been jailed for four years for laundering almost £4 million. A sniffer dog showed an interest in Maurice as he waited to board a ferry from Dover to France in June 2008, and when challenged he (Maurice, not the dog) removed 63,000 euros and £2,600 from his underwear. The authorities had been monitoring Maurice as he regularly took large amounts of sterling cash – between £25,000 and £50,000 – to a bureau de change in Worthing in West Sussex and changed them into euros. He used the bureau de change 180 times between April 2005 and June 2008. Maurice claimed that he was dealing with the money on behalf of clients who wanted to buy furniture for Spanish properties – although investigations revealed that once the exchange had taken place, he would return the cash to his clients. He has never revealed the true nature of the criminal activity he was involved in, but by his plea to money laundering Maurice admitted that the money had come from a illicit source. Sentencing Maurice at Canterbury Crown Court, Judge Adele Williams told him: "You have been living a double life of Jekyll and Hyde, respectable on the surface and dishonest conduct underneath. You must have engaged in serious criminality. Were it not for your age [68], previous good character and health, your sentence would have been much longer." Confiscation of Maurice's assets is now being sought.

[Back to top of page](#)

Essex mortgage fraudsters jailed for money laundering - 1 March 2010

Khawar Khan and brothers Imran and Nadeem Mirza have been jailed for carrying out an £8 million mortgage fraud in Essex. The three set up 33 fraudulent mortgages with the Abbey National and Birmingham Midshires building societies for properties across the south east of England, and 32 of the applications were signed by Mahmood Ali, of Montague Mason Solicitors, who allegedly falsified the paperwork. The money from the mortgages was sent to the law firm's account from where it was dispersed to various bank accounts. Ali is still being sought by the police.

Between June and December 2008, Khan laundered £1.3 million using more than 150 bank accounts, while the Mirza brothers laundered £1.6 million between them. The fraudsters were traced by the IP addresses of their computers as they used internet banking systems. Police officers seized gold ingots worth £65,000, and £13,000 in cash from a property linked to Khan in Nottingham. They also seized credit card readers, computers, false passports and credit cards, jewellery and mobile phones from his home in Barking, while about £100,000 in cash was seized from the Mirza brothers' home in Ilford. Khan was jailed for five years, and the Mirza brothers for four years each, for conspiracy to launder criminal property, conspiracy to acquire criminal property and offences related to the possession of false identity documents and other articles for use in fraud.

[Back to top of page](#)

Major Russian money laundering scheme uncovered - 1 March 2010

Reports are still sketchy, but apparently the Russian Interior Ministry has announced that investigators have uncovered an international money laundering operation that has been active in Russia since 2007. A statement from the Ministry said that the group has laundered more than 30 billion roubles [about £700 million], US\$440 million [about £295 million] and 123 million euros [about £111 million]. Three commercial banks, 72 Russian and seven foreign commercial institutions were allegedly involved in the money laundering, and three people have apparently already been charged with illegal banking activities and money laundering. Investigations continue into the group, which the Ministry says opened bank accounts for shell companies, provided cash services to private and corporate investors, and bought and sold foreign currencies.

[Back to top of page](#)

Family members of jailed US Congressman also plead guilty to money laundering - 25 February 2010

In a follow-up to a story dated 14 November 2009, when former US Congressman William Jefferson was jailed for thirteen years for bribery and money laundering, Jefferson's sister and niece have pleaded guilty to fraud and money laundering. Betty Jefferson, Jefferson's sister and an elected tax assessor in New Orleans, and her daughter Angela Coleman have pleaded guilty to charges of conspiracy to commit mail fraud, aggravated identity theft, money laundering and tax evasion. The women admitted that between 1999 and 2006 they participated in a conspiracy to obtain money and property for their financial and political benefit through various public and private organisations. The pleas were part of a plea

agreement, and come about a month before the two were to go to trial along with Jefferson's brother Mose, and Renee Pratt, a former city councillor and state representative. Defence attorney Chick Foret said: "The Jefferson family is clearly splintered. The two folks who pleaded guilty today... will testify against the two remaining defendants." Betty Jefferson and Coleman will be sentenced on 26 May 2010; they face up to five years in prison and a \$250,000 fine.

[Back to top of page](#)

Former Lancashire councillor found guilty of drug money laundering - 25 February 2010

Frank McGrath, the former deputy leader of Preston Council in Lancashire, has been found guilty of money laundering for a drug trafficker. McGrath laundered more than £300,000 for Silvano Turchet, who is currently serving 15 years for the importation of Class A drugs. The money was used to purchase a house in Wrexham, a hangar where Turchet stored an aeroplane used to import drugs, and a £17,000 designer watch. McGrath also transferred £154,000 to an Italian bank account. McGrath has been remanded in custody for sentencing on 3 March 2010.

[Back to top of page](#)

Former Guatemalan president goes to hospital - 20 February 2010

In a follow-up to a story dated 25 January 2010, Alfonso Portillo, the former president of Guatemala who faces money laundering charges in the US, has been taken to a military hospital. Portillo was arrested on 22 January 2010 at the request of the US, which is seeking his extradition, and was originally detained in a maximum security prison. On 19 February he was moved to a pre-trial detention facility. According to his lawyer, Portillo has contracted bronchitis thanks to the low temperatures at the prison.

[Back to top of page](#)

FATF issues new list of jurisdictions of concern - 18 February 2010

At its plenary meeting taking place in Abu Dhabi, the Financial Action Task Force has issued a list of jurisdictions that have "strategic deficiencies" in their AML/CFT regimes. The FATF has called on its members to apply countermeasures to Iran. It has announced that four jurisdictions have "not committed to an action plan to address key deficiencies": Angola, the Democratic People's Republic of Korea, Ecuador and Ethiopia. And it has said that three further jurisdictions have previously been identified as having deficiencies and have yet to address them: Pakistan, Turkmenistan, and São Tomé and Príncipe.

The FATF has also issued a statement on the progress in improving AML/CFT compliance in the following jurisdictions: Antigua and Barbuda, Azerbaijan, Bolivia, Greece, Indonesia, Kenya, Morocco, Myanmar, Nepal,

Nigeria, Paraguay, Qatar, Sri Lanka, Sudan, Syria, Trinidad and Tobago, Thailand, Turkey, Ukraine and Yemen.

[Back to top of page](#)

"Merchant of Death" Bout now wanted for money laundering - 17 February 2010

Russian Viktor Bout (the so-called "Merchant of Death") is to be charged in the US with money laundering and fraud. The charges relate to alleged attempts by Bout and Richard Ammar Chichakli to buy two aircraft from US-based companies in violation of economic sanctions. Bout has already been charged with arms trafficking to Colombia's Marxist FARC guerrilla group, which the US considers a terrorist group. Bout was arrested in Thailand in March 2008 and has been held since without bail, although the Thai authorities have refused US requests for his extradition – FARC is not considered a terrorist organisation under Thai legislation. Chichakli is a US citizen, and Interpol has been asked to help find and arrest him.

[Back to top of page](#)

Former broker charged with theft and money laundering - 16 February 2010

Steven Mandala, a former Merrill Lynch & Co broker in Manhattan, has been arrested and charged with various offences including money laundering. The offences relate to his alleged theft of US\$780,000 [about £495,000] from the company, some of which was used to buy a Ferrari. Prosecutors accuse Steven Mandala of overstating his employment history in persuading Merrill to hire him in April 2009: he falsely claimed to be a partner with Maxim Group who oversaw \$300 million of client assets, generated \$1.5 million of annual revenue, and was paid \$765,000. Mandala then obtained a \$780,000 loan from Merrill, and used \$245,580 to buy a Ferrari in his father's (identical) name. Mandala then rarely showed up for work, and brought in only a handful of clients with about \$20,000 of assets. He resigned from Merrill in June 2009. Mandala is charged with grand larceny, money laundering, identity theft, criminal possession of a forged instrument and falsifying business records. He has pleaded not guilty and is being held in custody pending a hearing on 10 March 2010. If found guilty on all charges, he faces up to 78 years in prison.

[Back to top of page](#)

Thai Airways employee jailed for laundering proceeds from prostitution - 12 February 2010

Oranong Biscoe of Harrow in Middlesex has been jailed for four years after being found guilty of money laundering and running an unlicensed bank. Biscoe sent £1.3 million, much

of it from prostitution in the UK, to her native Thailand and made thousands of pounds charging commission on illegal transfers. A nationwide police investigation was launched in 2007 after a Plymouth prostitute was rescued by a client who took pity on her. When a brothel was raided in Aberdeen, police found bank receipts paid into Biscoe's accounts. Biscoe, who was a credit controller for Thai Airways in London, was making a 2% commission on the illegal transfers and was also taking a profit from the currency conversions. She banked £18,000 from one brothel keeper on one day alone and used a network of couriers to take cash out of Britain to Bangkok on Thai Airways flights.

[Back to top of page](#)

Largest-ever marijuana cash seizure in New York - 8 February 2010

Investigators in New York have seized US\$1.1 million [about £704,000] in cash from an apartment in [Little Italy](#). Prosecutors believe the cash – packaged in shrink-wrap and heat-sealed – is profit from a large-scale hydroponic marijuana operation. Some of the money was on its way to California to fund a Mexican cocaine purchase, while the rest was to be shipped north to [Canada](#). Officials also are investigating whether the mob gets a cut of the lucrative business, as the apartment is located on the turf of the Bonanno crime family.

Last month, detectives arrested Daniel McGehean, the apartment's tenant, and Canadian national Richard Doyon. Investigators also seized records of drug sales, and a photo of McGehean standing in a marijuana field. Two other suspected members of the ring, Dehran Duckworth (drummer with “auditory kaleidoscope” band Narhed) and real estate agent Richard Burke, were arrested last month with a duffel bag containing five pounds of marijuana hidden in Burke's BMW. McGehean and Doyon have been charged with illegal money transmitting, while Duckworth and Burke have been charged with criminal sale and possession of marijuana.

[Back to top of page](#)

Arts patron sent to prison for fraud and money laundering - 5 February 2010

In a follow-up to a story dated 19 November 2008 (see [Old news page](#)), Manhattan investment adviser Alberto Vilar has been sentenced to nine years in prison for fraud and money laundering. Vilar, famed for his donations to opera companies worldwide, was found guilty of all twelve charges he faced, including conspiracy to commit securities fraud, securities fraud, money laundering, investment adviser fraud, mail fraud and wire fraud. Vilar and Gary Tanaka, his business partner in Amerindo Investment Advisors, had spent clients' money on volatile technology stocks instead of the more stable investments they had promised. After losing millions, Vilar turned to fraud in an effort to pay expenses and to satisfy investors asking for money.

[Back to top of page](#)

Jamaican "labour broker" sent to prison for money laundering - 1 February 2010

Clover May Robinson-Gordon of Montego Bay, Jamaica has been sentenced by a court in the US to 45 months in prison for conspiracy and money laundering in connection with immigration fraud. Robinson-Gordon operated her own labour brokerage business based in Florida, and conspired with an organisation run by a Belarusian man called Viktor Krus to bring in workers who were then sent to jobs for which they were not authorised. For example, Robinson-Gordon would request work visas for immigrants to be placed at hotels and restaurants in Virginia, but when the workers arrived they would illegally be diverted to jobs in other states. The money laundering charges stemmed from about US\$50,000 [about £31,000] in payments that Robinson-Gordon sent to Jamaica to secure the workers.

Viktor Krus and 21 other people were indicted in January 2009 as part of a massive immigration-related fraud case. Federal agents from the Internal Revenue Service, Homeland Security, Immigration and Customs Enforcement and other agencies have spent years dismantling the ring, which is thought to have ties to Eastern European organised crime. Krus was sentenced in July 2009 to more than seven years in prison for conspiracy, visa fraud and tax evasion.

[Back to top of page](#)

Corner shop owners charged with money laundering - 29 January 2010

Anthony Bailey and Jane George, owners of a convenience store in Daytona Beach, Florida have been charged with grand theft and money laundering after they had millions of dollars deposited into their account by mistake. From October 2007 to November 2008, each time someone used a credit card at their 7-Eleven store, the 7-Eleven company would deposit a small transaction fee into their company bank account. It totalled US\$4.9 million [about £3 million], but the couple did not tell 7-Eleven and the company noticed the error only after a software upgrade. Bailey and George withdrew the money and paid it into 25 personal accounts at banks all over Florida; they also bought a half-million dollar luxury home and two Mercedes cars. They have both been released on bail.

[Back to top of page](#)

More money laundering by US Army staff in Iraq - 28 January 2010

Theresa Russell, a former staff sergeant in the US Army, has pleaded guilty to money laundering. From January to October 2004, Russell was serving near Balad in Iraq. From April 2004 to February 2005, she received more than US\$30,000 [about £18,500] in cash from John Rivard, a former major in the US Army Reserves, and has admitted that she knew the money she received from Rivard was the proceeds of bribery.

In July 2007, Rivard pleaded guilty to bribery and other offences in connection with his service as an Army contracting officer in Iraq.

From April 2004 to August 2005, he conspired with a government contractor to steer federally-funded contracts to the contractor's company

in exchange for hundreds of thousands of dollars in illicit bribe payments. Rivard instructed Russell to divide the payments she received from him into several smaller monetary bank deposits to avoid the detection of law enforcement authorities. Russell used the criminal proceeds to pay for a car, cosmetic surgery and household goods. She will be sentenced on 21 May 2010.

[Back to top of page](#)

Sussex "very dangerous individual" jailed for money laundering - 28 January 2010

Robert Brett-Deans, from West Sussex, has been jailed for money laundering. On 17 March 2007, police stopped a Ferrari being driven by Brett-Deans and found £20,000 in euros and sterling. A search of his hotel room revealed three bin liners containing £351,125 in sterling and 30,284.59 in euros. And a sports holdall containing £70,985.70 in sterling and 50,000 in euros was found in a Porsche parked at his parents' home. Brett-Deans said that he was looking after the money for a friend whom he would not name. He was sentenced to seven years, five years and four years in prison for three counts of possession of criminal property; five years for transferring criminal property; and four years for converting criminal property. The sentences will be served concurrently. Police are now seeking to confiscate the money and any other assets deemed to be the proceeds of crime.

Detective Sergeant James Hallums said after the hearing: "Brett-Deans was entrusted with a large amount of money to be used in criminal activity linked to drug trafficking. He is a very dangerous individual who would have used his connections with organised criminals to use the money to commit further criminal offences."

[Back to top of page](#)

Indian businessman charged with laundering £27 million in Jersey - 26 January 2010

Raj Arjandas Bhojwani, an Indian businessman, has appeared in the Royal Court in Jersey to be charged with three counts of money laundering relating to US\$43.9 million [about £27 million] which is alleged to be the proceeds of corrupt vehicle deals in Nigeria. Bhojwani was arrested in London on 21 January 2010 and brought to Jersey, as the money is alleged to have come from the sale of hundreds of military vehicles to Nigeria at hugely inflated prices and the movement of millions of dollars from the Nigerian public purse into the Jersey banking system in October 2000. A former Nigerian president and two other high-profile Nigerian officials are also alleged to be involved. Bhojwani reserved his plea to all three charges.

[Back to top of page](#)

US seeks to extradite former Guatemalan president on money laundering charges - 25 January 2010

The United States has requested the extradition of Guatemalan former president Alfonso Portillo to face charges of money laundering. Portillo was elected in 2000 after promising to redistribute wealth, but fled the country shortly after his four-year presidential term ended in 2004 and spent the next four years in Mexico. In 2008 he was extradited from Mexico to Guatemala to face charges that he had embezzled millions of dollars of public money during his presidency. The extradition request from the US was approved by a Guatemalan court on 22 January 2010, but police and representatives of the UN-sponsored Commission Against Impunity in Guatemala have been unable to locate Portillo at any of his numerous properties.

[Back to top of page](#)

Iranian banks limit cash withdrawals - 21 January 2010

Iran has restricted cash withdrawals from banks as part of its efforts to battle money laundering. From 21 January 2010, individual account-holders will no longer be allowed to withdraw more than 15 million rials [about £940] in cash per day, although they can still write cheques and make electronic transfers for larger amounts. This measure was first introduced in a law which was passed in January 2008 and finalised in April 2009. Some analysts, however, claim that although the move is touted as an anti-money laundering measure, it is really aimed at cutting inflation by limiting liquidity in the market. Iran has been dealing with high inflation and its economy is in disarray, in part because of sanctions.

[Back to top of page](#)

Panamanian former president put under house arrest - 14 January 2010

Panamanian former president Ernesto Perez Balladares has been put under house arrest while authorities investigate allegations that he laundered money received from a casino called Lucky Games SA. During his 1994-1999 term, Perez's government granted the casino an operating licence. Perez was voted into office in 1994, in what is considered Panama's first democratic election after the toppling of Manuel Noriega in 1989, and his Democratic Revolutionary Party says that the current allegations are politically motivated. Opponents accuse Perez of living lavishly from the proceeds of illegal dealings during his time in office but Perez (who owns several luxury homes, a plane, a yacht and luxury cars) says that he earned his wealth legally.

[Back to top of page](#)

Former US Army captain jailed for theft and money laundering - 13 January 2010

In a follow-up to a story dated 13 August 2009, David Gilliam, a former captain in the US army, has been jailed for four years and two months for theft and money laundering. Gilliam pleaded guilty to stealing US\$400,000 [about £242,000] in cash

between April 2004 and April 2005, while serving at Kandahar Air Base in Afghanistan; he worked as a disbursing officer and took the money while disbursing funds to pay for projects in Afghanistan. He also pleaded guilty to money laundering (by smuggling the cash to Hawaii and South Carolina) and to filing a false tax return (by not listing the stolen money as income). Gilliam must also pay the US Government \$450,000 in restitution.

[Back to top of page](#)

Carbon traders charged with money laundering - 12 January 2010

Three carbon traders from Britain and one from the Netherlands have been charged with money laundering by the Belgian authorities. Officials suspect that the traders have avoided €3 million [about £2.7 million] in VAT payments on carbon permits – which must be bought by heavy industry to cover the cost of their emissions. The British traders were allegedly operating from Tournai, in Belgium, to take advantage of the country's 21% VAT on carbon permits. They deny the claims that they were buying permits in Britain, and selling them on to banks via intermediaries without paying tax – a version of the classic carousel fraud (where goods are imported tax-free from other countries then sold to one or more buyers without charging the tax, and the trader then disappears, pocketing the VAT).

[Back to top of page](#)

Florida ex-judge goes to prison for fraud and money laundering - 9 January 2010

Disgraced Florida judge Phillip Davis has been sentenced to 20 years in prison for stealing US\$82,825.30 [about £51,400] of county and state grants given to his Miami social services agency and intended to help the poor. Davis and his former assistant Joan Headley were found guilty in November 2009 on nine charges of fraud and money laundering; Headley has been given ten years in prison.

Miami-Dade Circuit Judge Beatrice Butchko told Davis, “You’ve been blessed in this life with gifts that you’ve thrown away on more than one occasion – shame on you.” She was referring to 1991, when Davis was arrested following an infamous FBI sting (known as Operation Court Broom) during which agents recorded him arranging a \$20,000 payoff from a lawyer. At trial in 1993, Davis admitted snorting cocaine in his chambers and tearfully blamed the bribes on his obsession with the Hollywood maxim “I could have been somebody!”. In a stunning verdict, jurors acquitted him. Davis was disbarred but rebounded in the late 1990s by establishing Miami-Dade Resident College, a grant-funded program intended to teach impoverished inner-city residents job and life skills. Prosecutors said that Davis and Headley inflated salaries and submitted fake bills to the program to steal the money.

[Back to top of page](#)

Former McKinsey consultant charged with running illegal Hawala business - 7 January 2010

The Manhattan US Attorney's Office has charged Mahmoud Reza Banki, a former senior associate at management consultancy McKinsey & Company, with violating the International Emergency Economic Powers Act (IEEPA) and running an unlicensed money transfer business to transfer nearly US\$5 million [about £3 million] between Iran and the United States from January 2006 to September 2009. In order to circumvent US sanctions on Iran, Banki and an unnamed co-conspirator in Iran operated a Hawala network – an informal network that facilitates money transfers via individuals.

Banki, who faces up to 20 years in prison if convicted, received the funds via wire transfers to his Bank of America personal account from companies and individuals in Saudi Arabia, Kuwait, Latvia, Slovenia, Russia and other countries to settle transactions tied to Iran. He and his co-conspirator used the profits from the scheme to buy a \$2.4 million condominium in Manhattan, to fund credit card purchases and to invest in securities.

[Back to top of page](#)

Concert promoter charged with money laundering - 7 January 2010

Miko Wady, an Arizona concert promoter accused of making more than US\$25 million [about £15.5 million] by booking fake concerts, has been charged with 37 counts of wire fraud and money laundering. He claimed to be staging concerts for the likes of Mariah Carey, Mary J Blige, 50 Cent, Jamie Foxx, U2 and the Rolling Stones, and over 140 people invested their money. Wady spent \$3 million on a home, a boat and at least 30 cars. He faces up to 20 years in prison on the wire fraud charges alone.

[Back to top of page](#)

Colombian pyramid scammer is extradited to the US for trial - 5 January 2010

In a follow-up to a story dated 16 December 2009, David Murcia Guzman, whose pyramid investment scheme cheated fellow Colombians out of hundreds of millions of dollars, has been extradited to the US to stand trial for money laundering. He was accompanied on his flight to New York by agents from the US Drug Enforcement Agency. If convicted in the US, he faces up to 20 years in prison, which he will serve before being sent back to Colombia to sit out his 30-year jail term in La Picota prison in Bogotá. Murcia used the proceeds from his fraudulent scheme to live a life of luxury in Panama, which included renting out the entire floor of a top-class hotel. He was extradited to Colombia in 2008 and jailed there in December 2009.

[Back to top of page](#)

India signs MoUs - 3 January 2010

India has signed Memoranda of Understanding (MoUs) with Russia, Malaysia and Brazil. The MoUs will enable India's Financial Intelligence Unit (FIU) – a government agency to investigate and disseminate information between financial and law enforcement agencies for identification of suspicious money laundering – to share information with foreign FIUs whenever considered necessary and reciprocally obtain information from them on money laundering activities. India has already signed MoUs with Mauritius and the Philippines, and negotiations are underway to sign similar agreements with another thirty countries.

[Back to top of page](#)

Kenya passes new AML legislation - 1 January 2010

President Mwai Kibaki of Kenya has signed into law the Proceeds of Crime and Anti-Money Laundering Act. This Act provides for the offence of money laundering (with penalties of up to seven years in prison), and introduces measures to identify, trace, freeze and seize the proceeds of crime. It also provides that any person who knows or ought to have reasonably known or suspected that any property is part of the proceeds of crime but conceals or disguises the nature or source of the same commits an offence. Finally, it provides for the establishment of a Financial Reporting Centre.