

Oklahoma property developer sent to prison for money laundering - 29 December 2011

Derek Swann, a property developer in Oklahoma, has been sentenced to 40 months in prison for money laundering. Swann and his business partner Giovanni Stinson used false information to solicit investors for “The Falls”, their proposed commercial and residential development. According to the prosecution: “From 2006 to 2008, individuals invested more than US\$5 million [about £3.2 million] into The Falls based on promises made by Swann. Swann then used investors’ monies for reasons different from what he told them: rather than paying for engineering, architectural or infrastructure costs... Swann used the investments for personal expenses and repayment of earlier investors.” Among the personal expenses cited, Swann and Stinson paid for golf and meals at the Oklahoma City Golf Club and leased BMW cars. The Falls was never completed. In February 2011, Swann admitted misusing some of the \$255,000 put into the project by a Texan investor, and has been ordered to pay more than \$4.3 million in restitution to more than two dozen investors. Stinson is awaiting sentencing after pleading guilty earlier this year to conspiracy to commit securities fraud.

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Australian executive to be extradited to the UK to face charges of corruption and money laundering - 29 December 2011

Bruce Hall, an Australian former aluminium executive, will be extradited to the UK to face charges of corruption and money laundering charges related to Alcoa’s sale of Australian alumina to Bahrain. Hall was arrested at his home in New South Wales on 20 October 2011 as part of an investigation by the Serious Fraud Office into millions of dollars allegedly paid by Alcoa to gain aluminium contracts. He has now “consented to his surrender to the UK” according to court documents. Victor Dahdaleh, a Canadian businessman with links to Perth, was arrested in the UK in November 2011 for allegedly paying bribes to Aluminium Bahrain (Alba) on behalf of Alcoa in exchange for contracts. Both Alcoa and Dahdaleh have denied the allegations. Hall was chief executive of Alba from 2001 to 2005, when the alleged bribery took place. Alba runs one of the world’s biggest aluminium smelters, which uses Alcoa’s West Australian alumina as a raw material.

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UAE gold and cash laundering ring cracked - 26 December 2011

A major money laundering ring has been cracked in the United Arab Emirates. A gang was planning to smuggle 94,410kg of gold and millions in cash into the country, pay it into the banking system and then transfer it to a number of Arab and foreign countries. However, the smuggling was intercepted and several members of the network have been arrested. The gang planned to smuggle the gold and money in oil tankers from an African country to a neighbouring country where two members of the gang would receive them and deliver them to accomplices inside the UAE. Police arrested a member of the ring who was trying to enter the country through the Ghuwaifat border checkpoint; the suspect was carrying 10 million Saudi riyals [about £1.7 million] hidden in his truck.

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Senior Italian policeman to face trial for money laundering - 24 December 2011

Vittorio Pisani, formerly head of the Naples police flying squad and currently serving with the Servizio Centrale Operativo (the Italian national crime squad), will go on trial in late January 2012. He has been charged with aiding and abetting a criminal: prosecutors say that Pisani warned restaurant owner Marco Iorio (allegedly a member of the Camorra criminal organisation) about a money laundering investigation into the catering industry and helped him transfer funds to Switzerland. The decision by Public Prosecutor Francesca Ferro that there is enough evidence to proceed with a trial means that Pisani, considered a brilliant police investigator, cannot live in Naples, and involves seventeen people accused of money laundering. Under Pisani's direction, the flying squad arrested high profile crime bosses Cesare Amato, Raffaele Pagano, Vincenzo Licciardi, Eduardo Contini and Casalesi Antonio Iovine in 2010, and in recent weeks Michele Zagaria, the "Scarlet Pimpernel" of the Caserta area.

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Salford "Premiership lifestyle" couple sent to prison for money laundering - 23 December 2011

Richard and Lisa Smith, who lived a "Premiership footballer type lifestyle" while claiming benefits in Salford, have been jailed for money laundering. The couple owned luxury cars, went on numerous holidays and spa breaks and had a £20,000 wedding in 2009. Richard was arrested in May 2010 on suspicion of involvement in a fire at a vehicle recovery yard but escaped from a security van outside court. He was later arrested in Spain and extradited to the UK. During the subsequent investigation, officers found the couple lived an "extravagant" lifestyle although Richard earned only £15,000 a year and his wife was claiming benefits. When police viewed a DVD of the couple's lavish wedding, they recognised a large number of local criminals among the guests. Detective Sergeant Simon Akker said: "The Smiths were living a lifestyle that many honest hard-working people only ever dream of. This money undoubtedly came from criminality as neither had any discernible legitimate income that could fund such extravagant spending. The couple are a negative role model to the Salford community." Richard pleaded guilty to money laundering, arson and escaping from lawful custody, and was sentenced to eleven years in prison. Lisa pleaded guilty to money laundering and was sentenced to eighteen months.

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Allen Stanford declared fit to stand trial for fraud and money laundering - 23 December 2011

A US federal judge has ruled that Texan financier Allen Stanford is mentally fit to stand trial for allegedly operating a Ponzi scheme – involving the sale of fraudulent certificates of deposit issued by his offshore bank in Antigua – that netted US\$7 billion [about £4.5 billion]. He has pleaded not guilty to charges of fraud, conspiracy and money laundering, and his lawyers suggested that he could not stand trial because he has suffered from an impaired memory since he was attacked in prison in September 2009. However, Dr Robert Cochrane, a psychological evaluator at the prison, told the court: "I see no brain injury that

stands in the way of his standing trial”. US District Judge David Hittner agreed after a three-day hearing in Houston, Texas, that Stanford is able to help his lawyers prepare for the trial. He has spent more than eight months at a North Carolina prison hospital undergoing psychological tests and being weaned off anti-anxiety medication.

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NZ "accidental millionaire" charged with theft and money laundering - 23 December 2011

In a follow-up to a story dated 30 September 2011 (see [Old news page](#)), Leo Gao – the so-called “accidental millionaire” – has appeared in court in New Zealand to be charged with 27 counts of theft and money laundering charges. Gao and his girlfriend Kara Hurring ran a petrol station in Rotorua, and fled New Zealand in 2009 when his bank, Westpac, mistakenly gave Gao a NZ\$10 million [about £4.9 million] overdraft instead of the \$100,000 he had asked for. Hurring returned voluntarily to New Zealand in February 2011, and Gao was arrested in Hong Kong in September 2011. \$3.9 million of the bank’s money remains unrecovered. Hurring is due to stand trial in February 2012, and Gao was remanded in custody until his next hearing on 5 January 2012.

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Entire police force sacked in fight against corruption in Mexico - 22 December 2011

An entire municipal police force in Mexico has been disbanded as part of a campaign to root out corruption. More than 900 officers in Veracruz-Boca del Rio, on the eastern coast of Mexico, are losing their jobs and the Mexican navy is taking over responsibility for law enforcement, backed by federal police officers. Veracruz state governor Javier Duarte said the decision to disband the force was part of a national programme to reform the police: “All those who belong to the now defunct Veracruz-Boca del Rio force can join the police again once they have passed the tests of trustworthiness demanded by the national system of public security”. One of the prompts for this extreme measure was the dumping of 35 bodies on a main road in Veracruz in September, followed two weeks later by the discovery of another 32 bodies in three buildings. The killings are thought to be the result of a battle for control of drug-trafficking routes between two of Mexico’s most powerful drug gangs, the Zetas and the Gulf Cartel. More than 40,000 people have been killed in drug-related violence in Mexico since December 2006; and the armed forces and federal police have taken over security in several municipalities because local police have been unable to cope with the power of the drug gangs.

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Founder of online poker site pleads guilty to fraud, illegal gambling and money laundering - 21 December 2011

In a follow-up to a story dated 15 April 2011 (see [Old news page](#)), Brent Beckley, the co-founder of online site Absolute Poker, has pleaded guilty to bank fraud, money laundering, illegal gambling offences and violating the Unlawful Internet Gambling Enforcement Act.

Beckley had been living in Costa Rica, but returned to the US to enter his pleas in response to charges laid by the Department of Justice in April. Sentencing is scheduled for 19 April 2012; prosecutors are recommending a prison sentence of between 12 and 18 months.

Beckley has also agreed to forfeit US\$300,000 [about £190,000]. PokerStars founder Isai Scheinberg and Full Tilt Poker founder Ray Bitar were also indicted in April 2011, and all three companies stopped accepting US play. Full Tilt Poker's licence was revoked by its regulator because the company did not have enough money to pay its players. Full Tilt is in the process of being acquired by Groupe Bernard Tapie (GBT); if the sale is completed, GBT will be responsible for returning money to players outside of the US and the US Department of Justice will be responsible for returning money to American players. PokerStars has already returned the money it owed American players when it pulled out of the US market, while the status of money owed to Absolute Poker players is unclear.

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Pair jailed for laundering £4.6 million through bogus diamond business - 21 December 2011

Harish Patel and Ravindra Patel (no relation) have been sentenced to seven and five years in prison respectively for laundering the proceeds of crime. Police began their investigations after suspicions were raised by business associates of the pair who had noticed that they were handling very large amounts of cash. Harish used his family-run electrical business, Alpha Electrics Limited, in Leicester as a physical location for the collection of the cash – a fact of which his brothers were completely unaware. He and Ravindra would then visit banks (most frequently the Bank of Baroda in Leicester) and money service businesses with rucksacks and wheeled suitcases stuffed with cash – often more than £100,000 at a time – and deposit it with the explanation that it was the proceeds of a legitimate diamond business. Harish set up a front company, Alpha Diam Limited, which issued bogus invoices for non-existent diamond trading to account for the cash. Once deposited, the money was transferred to India and Dubai. The two men were arrested in March 2011 and had over £190,000 in cash on them. A further £115,000 was restrained in a bank account held in the name of the bogus business and it is believed that between them they laundered more than £4.6 million. The crime which generated the cash is not known.

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Operation Euripus sends fifteen to jail for VAT fraud and money laundering - 20 December 2011

Nasir Khan, the fifteenth member of a gang involved in a £250 million VAT fraud using the supposed import and export of mobile phones, has been jailed for nine years with a restraint order placed on his assets of £15 million. Following a ten-year investigation by HM Revenue & Customs (HMRC), codenamed Operation Euripus, Khan's fourteen criminal colleagues were jailed for a total of almost 90 years for their part in the conspiracy in five previous trials. Reporting restrictions on all six trials have now been lifted following the conviction of Khan who, using the alias Nasa Khan, made donations of £34,000 to Crimestoppers in 2008. Nasir Khan was charged with money laundering, while the other defendants were charged with conspiracy to cheat the public revenue.

In July 2003, HMRC officers carried out a series of coordinated arrests across the UK, seizing of over half a million documents and 130 computer hard drives. Analysis of the data seized showed transaction chains, contacts between the defendants and how the organisation was carrying out fraudulent deals from June 2001 to July 2003. Offshore bank accounts were identified showing monies being transferred from the UK and EU into accounts in Hong Kong, Pakistan and Dubai. Talking about the very complex investigation, Chris Martin, Assistant Director of Criminal Investigation for HMRC, said: "The scale of this operation was unprecedented when we carried out the initial raids in 2003. We had 350 officers visiting around a hundred premises across the UK and Spain which led to the arrest of 42 people. VAT fraud is a serious crime which diverts vital income from the UK's public services into the pockets of career criminals to fund their lavish and luxurious lifestyles. This sends a clear signal to anyone involved or considering becoming involved in VAT fraud that the crime is serious and so are the penalties."

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Tax cheat and laundering family members given prison sentences - 19 December 2011

Isaac William, his wife Venus and their daughters Sylvia William, Sophie William and Maria Gunasekara have been sentenced for tax fraud and money laundering. Isaac William ran a business supplying security guards to the construction industry but between 1999 and 2008 he failed to declare £5 million of business profits or pay the correct amount of tax due. His wife and daughters laundered £1.3 million from the business through their own bank accounts. They used the money to buy properties in Pakistan and the UK, and to pay for trips to Dubai and Pakistan. They also withdrew large amounts of cash and transferred some of it into bank accounts they held in Dubai and Pakistan. Isaac was sentenced to four years in prison, Venus to sixteen months, Maria to twelve months suspended for twelve months (plus 100 hours of community service), Sylvia to ten months suspended for twelve months (plus 100 hours of community service) and Sophie to eight months suspended for twelve months (plus 150 hours of community service).

Simon De Kayne, Assistant Director of Criminal Investigation for HM Revenue & Customs (HMRC), said: "Isaac William failed to declare his company's income or pay taxes of £1.1 million from his business activities. The amount he owes now stands at £2.6 million including interest. His wife and daughters then continued the web of deceit by laundering over £1.3 million through their personal bank accounts. Their criminal activities ensured they were able to fund luxury lifestyles and further increase their wealth at the expense of the taxpayer." Confiscation proceedings are underway.

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US authorities accuse bank of laundering for Hezbollah through used car dealerships - 19 December 2011

In a civil suit filed in Manhattan, US authorities have accused three Lebanese financial institutions linked to Hezbollah of laundering more than US\$300 million [about £193 million] through the US second-hand car market between January 2007 and early 2011. The

allegation is that the Lebanese Canadian Bank and two bureaux de change – Hassan Ayash Exchange Company and Ellissa Holding – used the proceeds from drug trafficking and other crimes to buy and ship cars to West Africa. Couriers, smugglers and currency brokers brought the cash to the bureaux de change in Beirut which then deposited it at the Lebanese Canadian Bank. The cash proceeds from the car sales was allegedly then smuggled to Lebanon, along with funds from Colombian and Mexican cartels. Prosecutors say that the bank also allowed other Hezbollah-related entities to conduct massive transactions, sometimes worth as much as \$260,000 per day, without disclosing the source or purpose of the money. The Lebanese Canadian Bank merged with a subsidiary of Société Générale in February 2011 after the US treasury designated it as a “primary money laundering concern”, thus forbidding US institutions to deal with it. Prosecutors say that \$480 million in total was laundered through an “intricate scheme” involving “a vast and far-flung network that spanned three continents”, and are seeking that amount in penalties from the three institutions, as well as asking to freeze and seize their assets along with those of about thirty US car dealers and a US shipping company which are accused of facilitating the crime.

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Jacques Chirac found guilty of corruption and given suspended sentence - 15 December 2011

A French court has given former President Jacques Chirac a two-year suspended prison sentence for diverting public funds and abusing public trust. Chirac was not in court to hear the verdict because of ill-health but has denied wrongdoing. President from 1995 to 2007, he was put on trial on charges that dated back to his time as mayor of Paris (1997-1995) and was accused of paying members of his Rally for the Republic party for municipal jobs that did not exist. In 2004 several figures including France’s current Foreign Minister Alain Juppe were convicted in connection with the case; Mr Juppe was given a fourteen-month suspended sentence. Jacques Chirac is the first former French head of state to be convicted since Marshal Philippe Petain, the leader of the wartime Vichy regime, was found guilty in 1945 of collaborating with the Nazis. The former president, who had legal immunity during his time as head of state, faced a potential ten years in prison and a fine of 150,000 euros for the employment of more than twenty bogus officials. Chirac’s doctors say he has irreversible neurological problems which cause memory lapses, and his legal team will now consider whether to appeal against the conviction.

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Second US Army Major jailed for bottled water corruption and laundering - 13 December 2011

In a follow-up to a story dated 2 December 2009 (see [Old news 2009](#)), Charles Bowie, a retired major in the US Army, has been sentenced to 24 months in prison for laundering US\$400,000 [about £] which he received from a contractor following his deployment to Kuwait. He was also sentenced to three years of supervised release and was ordered to pay \$400,000 in restitution. Bowie served in Kuwait from April 2004 to April 2005, and conspired with John Cockerham, also a US Army major at the time, who directed a government contractor to pay Bowie money in exchange for the award of a bottled water

contract. In December 2009, Cockerham was sentenced to 210 months in prison and ordered to pay \$9.6 million in restitution.

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Lebanese man indicted in the US for large-scale drug trafficking and money laundering - 13 December 2011

Ayman Joumaa, a Lebanese national suspected of being the ringleader of a vast international drug smuggling ring with links to the militant group Hezbollah, has been indicted in the US on drug and money laundering charges, the latter concerning more than US\$850 million [about £550 million] in illicit profits. Joumaa, who is currently at large, is charged, among other things, with selling nearly 100 tons of Colombian cocaine to the Zetas drug cartel in Mexico between 2005 and 2007 that was ultimately smuggled into the US. Earlier this year, the US Treasury Department designated Joumaa as a drug trafficker and said Hezbollah had profited from his network. Specifically, they accused the Lebanese Canadian Bank of being complicit in Joumaa's money laundering and turning a blind eye to massive cash transactions. The Lebanese Canadian Bank was sold to an affiliate of Société Générale in March 2011 after the accusations triggered concerns in Lebanon that the US would begin targeting Lebanon's banking sector as a way to exert pressure against Hezbollah. Joumaa is believed to be in Lebanon, and it is unclear whether the US would be able to obtain his extradition.

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SOCA gets its men after eleven years - 12 December 2011

Four men who conspired to launder US\$15.5 million [about £10 million] stolen eleven years ago from a German bank have been sentenced to a total of 18 years in prison following an extensive financial investigation by SOCA. Herbert Austin, Leigh Greest, Anthony Heald and Raymond Jewitt tried to avoid detection by spreading a tangled web of financial transactions across the globe, gambling that no one authority would have overall responsibility for investigating the crime, nor the resources to unpick the worldwide mechanics of the group – but SOCA has proved them wrong.

The original electronic bank theft in August 2000 was carried out by Matthew Holmes and Donald Somers, both working for Commerzbank in Germany, and they were convicted in Germany. In 2006, SOCA investigators identified that funds being transferred to the UK were the same criminal funds stolen by Holmes and Somers and began investigating. Officers discovered that through another employee of the bank, Leigh Greest, the men had enlisted a specialist criminal money laundering group headed by Herbert Austin to try to obscure the money trail. Austin and Raymond Jewitt created an international system to receive and wash the stolen money which exploited offshore companies controlled via trusted associates and faceless administrative nominees. They then used an additional layer of offshore banks in jurisdictions including Guernsey, Jersey and Cyprus before transferring the funds to the accounts of Equity Holdings and Investments Limited and Westfield Corporation Limited in the UK. To date the equivalent of approximately \$4.5 million of assets have been restrained in the UK, with additional sums being restrained in Spain, Portugal and Australia.

Herbert Austin was sentenced to eight years in prison, Raymond Jewitt to five, Anthony Heald to three and Leigh Greest to two.

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Noriega arrives back in Panama - 12 December 2011

In a follow-up to a story dated 23 November 2011, Panama's ex-leader Manuel Noriega has been extradited back to his home country from France and taken straight to El Renacer prison. Last month, a French court approved a request from Panama to send him back home to be jailed over his convictions in absentia for murder, corruption and embezzlement during the 1980s. He had the right to appeal the extradition, but his lawyers said he wanted to return to Panama. He travelled to Panama City via Madrid in the company of a team of Panamanian officials, including the attorney-general and a doctor. The 77-year-old has already spent more than twenty years in prisons in France and the US for drug trafficking and money laundering. In Panama he faces three 20-year jail terms, although it is unclear whether he will remain in prison: Panama allows people aged 70 years and above to serve their sentences at home.

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Laundering lawyer finally heads to prison after thirteen years - 7 December 2011

Six years being found guilty of money laundering, a lawyer from Chicago has finally been ordered to report to prison by Judge William Lee. Jerry Jarrett will serve 37 months in prison and also pay a fine of US\$92,000 [about £59,000]. In 1999, one of Jarrett's clients gave him \$67,000 which Jarrett knew was proceeds from drug dealing. He then deposited the money into the bank, making it appear that the client had invested money with him and that this money was interest earned on the investment. He did the same thing for another client, and received a total fee of about \$19,000 for laundering the money. He was charged in 2003 and convicted in 2004, but his sentencing has been delayed numerous times by appeals and other motions. Jarrett claimed that federal prosecutors had shown no interest in pursuing him, even though they had evidence on him in 1999, until he represented Dr Jong Hi Bek, who was charged by the state with murder in connection with two of his patients. The charges were dropped because of shaky evidence, and Jarrett argued that federal prosecutors went after him as payback. The Court of Appeals reversed the judge's decision, and more appeals followed. Judge William Lee, sentencing, did not grant the government's request for a sentence of 63 to 78 months, as he said that Jarrett has already suffered some punishment through being disbarred from practising law and therefore unemployed since 2004. Sentencing guidelines have also become more harsh, and Judge Lee said that it is not Jarrett's fault that his indictment came after these changes.

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Drug trafficker ordered to pay back a further £800,000 - 6 December 2011

Edward Jarvis, currently serving a 28-year prison sentence for trafficking more than a tonne of Class A and Class B drugs, has been given a Confiscation Order for £800,567 in illicit profits. Specific assets itemised include a mansion in Liverpool, a villa near Marbella, high-value jewellery and money held in the bank accounts of family members and business associates. This Confiscation Order is in addition to one of £158,000 granted against Jarvis after previous convictions for money laundering and tax evasion. He was jailed in 2005 for masterminding a plan to traffick 593kgs of cocaine, which was foiled after the drugs were seized from a yacht on the island of Margarita, off the coast of Venezuela. Investigators found that he had travelled to a number of countries to oversee arrangements for the shipment of the drugs to Europe, and had wired money to the yacht's crew members under an alias. Jarvis will have another two years added to his prison sentence if he fails to meet the terms of the Order, and would still be liable for the money. He has also been made subject to a Financial Reporting Order, which compels him to provide information on any significant income, assets or expenditure for a period of fifteen years. His wife Alison pleaded guilty in January 2011 to possessing criminal property, and last week was made subject to a Confiscation Order of £5,024. Specialist Prosecutor Jane Hart of the Proceeds of Crime Unit at the Crown Prosecution Service said: "In the event that the CPS identifies further assets being held by Mr or Mrs Jarvis, the matter can be referred back to the court with a view to increasing the amounts payable."

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Mortgage fraud was the family business in Ohio - 2 December 2011

Several members of a family from Cincinnati in Ohio have been sent to prison for a US\$3 million [about £1.9 million] mortgage fraud. Debbie Sferrazzas started several mortgage brokerage companies between 2004 and 2009 and used forged documents to obtain mortgages or refinances for properties in the area. Instead of using the money to pay for the homes, she and her family would pocket the cash. Debbie Sferrazza was sentenced to 46 months in prison and ordered to pay \$384,537 in restitution to various lenders and \$151,000 to the Internal Revenue Service. Her husband Salvatore was sentenced to three years' probation and ordered to pay \$71,700 to lenders. Earlier this year, their son James Ashurst was sentenced to one day in jail, three years of supervised release and ordered to pay \$99,400 in restitution, while his wife Heather Ashurst received two years' probation and had to pay \$99,400 in restitution. Debbie's daughter Whitney Bonapfel was sentenced to two years of probation, and Debbie's brother Keiron Ashurst to 12 months and one day in prison and ordered to pay \$138,500 in restitution. The only non-family member involved, an employee called Tabatha Sturgill, was sentenced to 12 months and one day in prison and ordered to pay \$384,500 in restitution.

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Fifteen Kuwaiti MPs under suspicion of money laundering - 2 December 2011

Kuwaiti media have been reporting that millions of dollars have been deposited into the bank accounts of fifteen Kuwaiti members of parliament suspected of money laundering. "Al-Jarida" newspaper reported that the central bank has told prosecutors that bank accounts held by the fifteen "have received suspicious deposits and the anti-money laundering law applies

to them” and that the prosecutor planned to ask parliament to lift the immunity of the MPs to question them to determine the source of the money. The opposition has alleged that the funds, estimated at nearly 100 million dinars [about £232 million], were paid by the government to secure votes on crucial issues. In September 2011, the public prosecutor launched an enquiry into the bank accounts of the fifteen MPs after three banks reported large deposits from unknown sources. It is believed that this is one of several issues that forced prime minister Sheikh Nasser Mohammad Al Ahmad Al Sabah to resign at the end of November. The Kuwaiti government has denied the allegations.

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TI publishes Corruption Perceptions Index 2011 - 2 December 2011

Transparency International (TI) has released the 2011 version of its Corruption Perceptions Index. The index this year features 183 countries – the five new entrants are North Korea (which storms in at last position), the Bahamas, Suriname, St Lucia, and St Vincent and the Grenadines. Top spot is nabbed by New Zealand, followed by Denmark and Finland, then Sweden and Singapore. Somalia joins North Korea at the bottom of the index, with Myanmar, Afghanistan and Uzbekistan only marginally better. As the index was released, Huguette Labelle, Chair of TI, warned that protests around the world, often fuelled by corruption and economic instability, clearly show that citizens feel their leaders and public institutions are neither transparent nor accountable enough: “This year we have seen corruption on protestors’ banners be they rich or poor. Whether in a Europe hit by debt crisis or an Arab world starting a new political era, leaders must heed the demands for better government.”

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Accountant jailed for six years for laundering drug money - 1 December 2011

Accountant Malcolm Carle from Cheshire has been jailed for six years for laundering more than £1.2 million for a drug dealer. Carle helped Walter Callinan to launder money from importing cannabis from Spain and selling it in the UK, even buying a hotel near Worcester with criminal cash. When police raided Carle’s home, they found accounts and diaries, as well as more than £10,000 in cash. The accounts showed that Carle had set up a complex network of trusts and companies abroad, including in Azerbaijan, the Seychelles and the British Virgin Islands. Police also found messages from Carle to Callinan about the hotel, stating that it had been purchased with “dirty money” and was meant to be a “hidden and long-term investment”, with the money transferred abroad “to hide the way the funds were raised”. Records showed that on ten occasions between December 2007 and November 2011 Carle drove to collect from Callinan cash totalling £593,000 – charging Callinan 20p per mile expenses. Although he told Callinan his drawings from the business were limited to £20 a week, Carle drove a Jaguar, flew around Europe watching Chelsea FC play matches, and enjoyed many foreign holidays. The two men fell out when Carle took out a loan against the hotel without telling Callinan, and could not repay it. Callinan has already been sentenced

for drug trafficking and money laundering – along with five others – and is serving eleven years.

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Fraudster's wife and son found guilty of money laundering - 29 November 2011

In a follow-up to a story dated 20 October 2011, when Gregory Podlucky, formerly the CEO of bankrupt American soft drink maker Le-Nature's Inc. was sentenced to twenty years in prison for defrauding investors, vendors and lenders out of US\$684 million [about £430 million], his wife and son have now been found guilty of money laundering. Karla and Jesse Podlucky originally claimed that they were respectively a stay-at-home mother and a low-level employee who knew nothing about the fraud, but the prosecution showed that they spent huge amounts of money, including \$33 million on diamonds and sapphires. It was also accepted that the suspicious ways the defendants handled various transactions – such as moving money through multiple accounts, buying a car out of state, and using different post offices and addresses – provided enough circumstantial evidence for the jury to conclude that the family members knew the money came from fraud. Karla and Jesse have been released on bail with electronic tagging, and will be sentenced on 26 April 2012.

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Lawyer defrauds children's hospital of £1.1 million - 28 November 2011

Roosevelt Hairston, former general counsel to and executive vice president of the Children's Hospital of Philadelphia (CHOP), has been sentenced to four years in prison for mail fraud, money laundering and filing a false tax return. Hairston's offending began in 1999, when he was responsible for coordinating CHOP's defence against medical malpractice claims. He created 126 fraudulent invoices for non-existent expert medical witnesses and other supposed work done for the hospital, such as consulting services and economic impact studies. Payments for these invoices were then sent by CHOP in the form of cheques, to fake entities that Hairston had set up (such as The Children's Research Alliance). In total he defrauded CHOP of US\$1.7 million [about £1.1 million], in addition to the \$700,000 annual salary he earned as general counsel. He lived well, maintaining a yacht with a captain. Hairston pleaded guilty in July 2011, and has also been ordered to pay \$1.7 million in restitution to CHOP and \$1 million in undeclared back-taxes.

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Launderer ordered to sell house to repay, or face jail - 26 November 2011

Hayley Hughes, who was jailed in 2010 in Birmingham for laundering the proceeds of the sale of stolen cars, has been ordered to sell her home to pay back £126,000 or face more time in prison. Hughes was jailed for two years in June 2010 but released on appeal after three months on the grounds that the original sentence had been too harsh; it was replaced with a 12-month sentence, suspended for 18 months, with a supervision order. Hughes was a drug addict who became involved with criminal Lee Morris, who was jailed for ten years in 2009

for 36 burglaries. At a Proceeds of Crime hearing, Hughes was given six months to pay back the £126,000 in “criminally held assets”, and told to sell her house to fund the payment. If she does not meet the deadline, she will face a prison sentence of two years and three months. Detective Sergeant Dave Treacy, from West Midlands Police’s payback team, welcomed the ruling: “This is an excellent example of our confiscation powers, removing the assets from criminals who seek to profit from their criminality. Any criminals who believe they can serve time and then be released from prison to a cosy nest-egg of ill-gotten gains can think again.”

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Guernsey email scam targets the great and the good - 25 November 2011

Guernsey’s former Lieutenant-Governor Sir Fabian Malbom has been targeted by an e-mail scam. A message claiming to be from Sir Fabian was sent to a number of people, stating that the former governor had been robbed in Barcelona and needed money to be sent to him. Guernsey’s Education Minister Carol Steere was one of the recipients: “I’ve heard of these scams before, where people send you an email saying they’re in difficulties. Cheekily they’ve also put a telephone number, and the hotel’s telephone number. I haven’t tried it yet because I’m sure that that’s going to be a high rate telephone number.” Government House has confirmed that this is a scam, and that Sir Fabian is safe and well.

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Terry Adams goes back to jail for not reporting his finances - 25 November 2011

Terry Adams, a London criminal who was jailed for seven years in March 2007 for money laundering and made subject to a ten-year Financial Reporting Order (FRO), has been sent to prison for eight weeks for failing to report his financial affairs to the Serious Organised Crime Agency (SOCA) under the terms of that FRO. Adams pleaded guilty of four breaches of his FRO, as he had failed to report details of a financial account, payments to the account, and details of assets held. FROs require a convicted criminal to report their financial details at regular intervals, and can be made by a court, on the application of a prosecutor, for up to twenty years for those sentenced to life or a maximum of fifteen years for other sentences. Adams’s FRO expires on May 2017. A SOCA spokesman said: “Financial Reporting Orders are designed to make it more difficult for high level criminals to re-offend. SOCA will not tolerate breaches. Our policy of lifetime management means what it says.”

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Football club owner arrested to face bank asset-stripping charges in Lithuania - 25 November 2011

Vladimir Antonov, the owner of Portsmouth Football Club, and his business partner Raimondas Baranauskas are due to appear in Westminster Magistrates’ Court to answer a Europe-wide arrest warrant. Lithuanian prosecutors want to question the two men as part of an investigation into asset-stripping claims involving Bankas Snoras, of which they are both

shareholders and former managers. Snoras Bank went into temporary administration last week. A court in Lithuania granted the request by the prosecutor general's office on 22 November, and a pre-trial investigation into alleged fraud and money laundering has started. According to prosecutors: "Both former managers of the bank Snoras have been recognised as suspects with regard to misappropriation of property on a large scale and forgery of documents." Antonov owns 68% of Bankas Snoras and an administrator has been appointed to assess its financial position. Baranauskas was chairman of the board and president.

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France approves extradition of Noriega to Panama - 23 November 2011

In the latest step in a long-running saga, a French appeals court has ruled that former Panamanian dictator Manuel Noriega can be extradited to his homeland to serve time for crimes committed during his rule in the 1980s. Noriega spent more than twenty years in prison in the US before being extradited in 2010 to France where he was convicted of money laundering for the Medellin drug cartel and sentenced to six years in prison. The ruling comes after the US agreed to a second Panamanian extradition request; US approval is required because he was sent to France before the completion of his US sentence. Panama wants Noriega to serve three twenty-year sentences for the murders of three political opponents: Hugo Spadafora, a doctor and former deputy health minister who was murdered in 1985, Captain Moises Giroldi who was murdered in 1989, and union activist Heliodoro Portugal who was murdered in 1970. However, one of Noriega's lawyers said last week that his client should be home for Christmas and might not even go to prison because of his alleged ill health.

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Prison sentences for Ohio mortgage fraud trio - 21 November 2011

Three people in Ohio have been given prison sentences for mortgage fraud and money laundering. During December 2006 and January 2007, Louis Amir fraudulently applied for and obtained six mortgage loans from four lenders totalling US\$6.7 million [about £4.3 million] to finance the purchase of a home in Gates Mills, Ohio. The actual purchase price was \$2 million. Once he had the fraudulent proceeds, Amir issued a cheque for \$100,000 to Deirdre Ferguson and three cheques totalling \$65,000 to Daphne Stokes, as well as paying off Stokes' mortgage of \$87,000. He also bought a Bentley for \$103,000 and leased a Rolls Royce for \$164,000, and bought plasma TVs and speakers for \$96,000. Amir was sentenced to 151 months (just over 12½ years) in prison and ordered to pay restitution of \$6,592,637 to the four mortgage lenders. Ferguson was sentenced to three years' probation, while Stokes was sentenced to 30 months in prison followed by three years' supervised release.

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UK Treasury imposes financial restrictions against all Iranian banks - 21 November 2011

HM Treasury has imposed new financial restrictions against Iran. From 15:00 on Monday 21 November 2011, all UK credit and financial institutions are required to cease business

relationships and transactions with all Iranian banks, including their branches and subsidiaries, and with the Central Bank of Iran. This means that UK credit and financial institutions are prohibited from entering into transactions or business relationships with these entities and from continuing existing transactions and business relationships with them, unless licensed to do so by HM Treasury. According to the Treasury announcement: “This action has been taken because of the Government’s serious and ongoing concern in relation to Iran’s nuclear activities. Iranian banks play a crucial role in providing financial services to individuals and entities within Iran’s nuclear and ballistic missile programmes, as companies carrying out proliferation activities require banking services. London is an important global financial centre and the UK’s financial restrictions will make it more difficult for Iranian banks to utilise the international financial system in support of Iran’s nuclear and ballistic missile programmes. This measure will protect the UK financial sector from being unknowingly used by Iranian banks for proliferation related transactions.”

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Three Idaho car dealers caught in IRS laundering sting operation - 18 November 2011

Joseph Johnson, a car salesman from Idaho, has been given a 40-month prison sentence and fined US\$6,000 [about £3,800] after pleading guilty to money laundering. In 2008 and 2009, he tried to sell two cars for \$55,000 to undercover agents posing as drug dealers in an Internal Revenue Service sting operation. Johnson, the former finance manager of West Coast Car Company in Boise, agreed not to use the buyers’ real names and told them that he would not file the required Internal Revenue Service forms. Two other employees at the dealership – Michael McCormick and Kurt Bates – were also caught in the sting; they pleaded not guilty and will go on trial in April 2012.

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First Bribery Act conviction gets three-year prison sentence - 18 November 2011

In a follow-up to a story dated 14 October 2011, Munir Patel – the first person charged under the UK’s Bribery Act 2010 – has been sentenced to six years in prison. He pleaded guilty in October to one charge under the Bribery Act (for which he was given a three-year sentence) and one charge of misconduct in public office (for which he was given a six-year sentence, to run concurrently). Patel admitted taking a £500 bribe to avoid putting details of a traffic summons into a court database. Judge Alistair McCreath said that Patel’s misconduct had lasted for more than a year and involved at least 53 cases of people trying to avoid fines or points on their licence: “That is why I described these offences as very serious. They caused great harm and involved high culpability on your part.”

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Two sportsmen given sentences for money laundering through eBay - 16 November 2011

Ryan Charles, striker for Cambridge United Football Club, and basketball player Dwayne Gilpin have pleaded guilty to money laundering. The two men conspired to buy hotel vouchers with stolen credit card details, and then auction them on eBay, making £12,000 out of the fraud. The fraud was uncovered when a woman paid £543 through PayPal for a voucher for a three-night stay in Claridges Hotel in London; the hotel realised that the voucher had been bought with stolen US credit card details, and PayPal traced the voucher to Charles. Charles's defence lawyer said: "He was asked by a friend if he could use his eBay account because Gilpin's was frozen. He did not stop it. He turned a blind eye. He bitterly regrets his involvement and is ashamed of his conduct. He feels he has let himself and his mother down very badly." Charles was given a six-month sentence suspended for 18 months, with 12 months of supervision, ordered to complete 100 hours of unpaid work, and ordered to pay £2,044 in compensation and £350 costs. Gilpin was sentenced to 12 months in jail suspended for 18 months, ordered to carry out 120 hours of unpaid work, and told to pay compensation of £1,457.

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Guatemala agrees to extradite former president Portillo to the US to face laundering charges - 15 November 2011

Guatemalan President Alvaro Colom has said that he will grant a US extradition request for former president Alfonso Portillo, who faces money laundering charges in the US related to the alleged embezzlement of US\$1.5 million [about £950,000] in foreign donations. In May 2011, a Guatemalan court found Portillo not guilty of charges that he stole \$15 million from the department of defence during his presidency from 2000 to 2004. However, he has been charged in New York with embezzling \$1.5 million donated by Taiwan to buy schoolbooks for Guatemalan children, and laundering the proceeds by depositing the money in Miami and then transferring it to a bank account in Paris in the name of his ex-wife and daughter. After leaving office in 2004, Portillo fled to Mexico where he worked a financial adviser for a building materials company. He was extradited from Mexico to Guatemala in 2008 to face the embezzlement charges at home, and was detained on 26 January 2010 following the US extradition request, as he waited on a beach for a boat to flee Guatemala. President Colom has not yet given a date for the extradition, and the remaining administrative processes could take several months.

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School executive convicted of spending stolen money on prostitutes - 14 November 2011

David Don, former executive officer of Catholic school St Patrick's College in Wellington, New Zealand, has pleaded guilty to embezzling money from the school and laundering it. Don stole NZ\$126,728 [about £61,500] and – when confronted by school authorities – told them that he had spent it on "prostitutes and daily living", including mortgage payments, hotel bills and a waterbed. He spent \$19,820 [about £9,600] on escort services at a local hotel, which sent invoices to the school addressed to "Corporate Wellington". Don has been remanded in custody until sentencing in 2012, although the judge indicated that he is likely to get a prison sentence of about two years. Don has said that he plans to repay all the money.

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Trio jailed for laundering through Manchester money services bureau - 11 November 2011

Mohammed Aleem and Iftikhar Ahmad have been jailed for money laundering after police seized £152,000 in drug money when they stopped a private hire car in West Yorkshire. The cash, which was heavily contaminated with heroin, was being transported from Sheffield to Mohammed Aleem's money services bureau in Manchester. Iftikhar Ahmad, the driver, had made the journey several times before, allegedly booked to an address of a solicitor's firm in Manchester Road but in reality going to the money services bureau on the same road. Aleem was jailed for thirty months and Ahmad for fifteen months. Niaz Ahmed, a passenger in the hire car who admitted his guilt at the outset, was given a nine-month prison sentence suspended for twelve months. Judge James Spencer QC told the trio: "Without any facility for laundering money those at the heart of this wicked trade would have enormous difficulty realising any gain for themselves."

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US drug dealers launder money through superhero comics - 10 November 2011

Aaron Castro, the ringleader of a "massive and sophisticated" gang dealing in methamphetamine in Denver, Colorado has been sentenced to 45 years in prison. Aaron, his brother Alfonzo and thirty-nine other people used a complex system to run the equivalent of 100,000 doses of meth through the city every month. Investigators believe the meth was being made in what they call a "super lab" in Mexico and smuggled to Colorado via Phoenix in Arizona. Women were used as mules to smuggle the drugs into the US by hiding it in their body cavities. As for the money, the brothers spent much of it on a collection of comic books worth about US\$500,000 [about £315,000]. Among the hundred boxes of comics seized by investigators were collectors' items, including first-edition Batman and Superman comics stored in protective plastic wrapping; some of the individual comics were worth thousands of dollars.

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Yet another Madoff-related lawsuit reaches the New York courts - 9 November 2011

Two investors who lost their money to Bernard Madoff are suing JPMorgan Chase for US\$19 billion [about £12 billion] in New York, accusing the firm of aiding and abetting the Ponzi schemer. Stephen and Leyla say that JPMorgan, which was Madoff's banker for more than twenty years, knew about the Ponzi scheme. Their lawyer Steve Berman said in a statement: "JPMorgan was, in effect, the banking back-office for the Madoff Ponzi scheme, shuffling piles of money from one account to another at Madoff's request [and] profited handsomely. Had JPMorgan done even a perfunctory job of due diligence and fulfilled its duty to report Madoff's illegalities, it would have saved investors millions of dollars." The Hills suit has been filed just days after a similar suit from the court-appointed trustee Irving Picard seeking \$19 billion from JPMorgan was dismissed by the New York courts; the judge also threw out a

similar suit against UBS for \$2 billion, ruling that Picard did not have the authority to pursue the cases as he presented them. He has so far filed about a thousand lawsuits worth some \$100 billion against individuals and companies accused of profiting from Madoff's scheme – or five times the \$20 billion that Madoff is believed to have cheated from his clients while masquerading as an investment firm. About half of the stolen money has been recovered by the trustee's firm and the US Marshals. Claims have been filed by more than 16,000 investors, though the trustee has only recognized 2,425 as legitimate victims; nearly 11,000 rejected claimants are third-party investors, meaning that they invested indirectly through feeder funds and do not have legal protection.

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Citibank Indonesia ex-employee goes on trial for theft and money laundering - 8 November 2011

Inong Malinda Dee, a former senior executive of Citibank Indonesia, has gone on trial for embezzling US\$5 million [about £3.1 million] from the bank. She is accused of taking the money from the savings accounts of wealthy customers on at least 117 occasions between 2007 and February 2011, while employed as a premium client manager at the bank. She is also accused of laundering the money through other bank accounts and via the purchase of luxury items, including a Ferrari and a Hummer. In May 2011, Indonesia's central bank temporarily barred Citibank from opening new branches or issuing new credit cards due to the alleged misconduct. Dee was dismissed by Citibank in June 2011 and, if convicted, faces up to fifteen years in prison.

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Texas car dealer sent to prison for laundering cash for criminal customers - 6 November 2011

Richard Arledge has been jailed for nearly sixteen years for money laundering through his car dealership in McKinney, Texas. Arledge was the owner of Richard Arledge Suzuki and also the director and president of Expressway Financial, Inc. He intentionally sold high-end luxury cars – including Bentleys, Aston Martins, and Maseratis – to individuals who derived their income from the illegal distribution of controlled substances, the promotion of prostitution, and mail and wire fraud. These criminal customers usually paid for their luxury cars in cash, and provided tens of thousands of dollars in cash to the dealership in pillowcases, in shrink-wrapped plastic packages, in backpacks, and even in fast food paper bags. During these financial transactions, Arledge and other dealership employees promised the criminal customers that the dealership would not report the financial transactions to federal authorities, despite federal reporting regulations requiring that all cash received in excess of \$10,000 be reported to the Internal Revenue Service. Arledge and others also concealed the fact that the criminal customers were purchasing the cars by titling the transactions in the names of third parties, and also labelled the car purchases as “leases” in order to permit the dealership to re-acquire the luxury cars if ever seized by law enforcement during the course of a federal investigation. Fourteen other individuals were either convicted or pleaded guilty in connection with the money laundering scheme.

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Singapore civil servants jailed for cheating and money laundering - 4 November 2011

Two former employees of the Singapore Land Authority (the national land registry) have been sent to prison for cheating and money laundering: James Koh Seah Wee was sentenced to 22 years while Christopher Lim Chai Meng, was sentenced to 15 years. The pair embezzled S\$12.5 million [about £6 million] from government coffers between January 2008 and March 2010 by submitting bogus invoices through various IT firms for fake maintenance services and goods that were never needed or delivered. The two bought themselves superfast cars including a Lamborghini and a Ferrari. Justice Tay Yong Kwang told the court that offences involving public funds committed against public institutions have to be dealt with sternly as they undermine good administration. Both men co-operated with police investigations, and nearly S\$9 million in money and assets has been recovered so far.

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Texas Ponzi fraudster jailed for seventeen years - 4 November 2011

Kurt Barton, formerly CEO of Texas-based investment firm Triton Financial, has been jailed for 17 years for investment fraud and money laundering. He used his connections with professional footballers from the National Football League (NFL) to promote his Ponzi scheme. Former NFL quarterback Ty Detmer lost most of his life savings – about US\$2 million – while other athletes who promoted or invested with Triton were Heisman Trophy winner Earl Campbell, former NFL quarterback Jeff Blake and NFL kicker David Akers (who lost more than \$3 million). None of the athletes was accused of wrongdoing. Other investors including Barton's family and church members, who thought that their money was for real estate deals and business loans. However, Barton spent much of the money on luxuries such as a premier box at University of Texas football games and a \$150,000 car. He defrauded more than 300 investors over four years to December 2009: he raised about \$75 million [about £46 million] from investors, only about \$20 million of which went to legitimate business purposes – many investors lost their retirement savings in the scheme. Prosecutor Mark Lane told the court: "This case was... about Mr Barton being a big shot. This case was about his ego and feeding it. And his ego is expensive."

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Man jailed for laundering money through a travel agency - 4 November 2011

Robert Bonnar, who laundered almost £500,000 of drugs cash at a travel agent in Glasgow, has been jailed for three years. Bonnar admitted laundering the money at a Lunn Poly store in the city centre between 2002 and 2003. He exchanged sums of up to £70,000 on fourteen occasions, telling Lunn Poly staff that he was investing in property abroad, and was caught inside the travel agency in May 2003 following an undercover sting by customs investigators. He went on the run to Bali in Indonesia before his trial in 2006, returning three months later, and was arrested when police stopped him for a road traffic offence. Jailing him, temporary judge Norman Ritchie QC told Bonnar: "Money laundering is a essential component of successful drug trafficking. You were a facilitator."

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Victor Bout found guilty of arms dealing offences - 2 November 2011

Russian Viktor Bout has been convicted in the US of conspiring to sell weapons to government informants. Bout was arrested in 2008 in Thailand after an undercover US Drug Enforcement Administration operation lured him there for a meeting with people he thought were members of the Revolutionary Armed Forces of Colombia (FARC). The meeting was to discuss sales of weapons that could shoot down US helicopters fighting the illicit drug trade in co-operation with the Colombian government. It took more than two years for the US to extradite Bout from Thailand, and Russian officials strongly opposed the action. The trial lasted three weeks. After less than two days, the jury found him guilty of conspiracy to kill US citizens, conspiracy to kill US employees, conspiracy to acquire and use anti-aircraft missiles and conspiracy to provide material support to a terrorist group. His sentencing is scheduled for 8 February 2012 and he faces life in prison. His lawyers plan to appeal both the conviction and the sentence.

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TI releases Bribe Payers' Index 2011 - bad news for Russia and China - 2 November 2011

Transparency International (TI) has released the 2011 version of its Bribe Payers' Index (BPI), last updated in 2008. This ranks 28 countries according to how likely their companies are to pay bribes when doing business abroad, according to a poll of 3,000 business executives. As in 2008, companies from Russia and China are most likely to pay bribes, while those from the Netherlands and Switzerland are least likely. Companies from the UK ranked eighth (i.e. eighth least likely to bribe), just ahead of those from the US and France. Other major developing economies come higher up the rankings: India is 19th while Brazil is 14th. According to the BPI: "It is of particular concern that China and Russia are at the bottom of the index. Given the increasing global presence of businesses from the countries, bribery and corruption are likely to have a substantial impact on societies in which they operate and on the ability of companies to compete fairly in these markets." Russia is a particularly challenging case, as noted by TI Russian director Elena Panfilova: "Unfortunately... there are no islands of integrity in Russian public and business life."

The sector most affected by bribery was public procurement, where companies compete to win contracts from governments for everything from waste collection to road building. TI noted that the nature of public sector contracts – which are usually large, complex and involve many sub-contractors – makes it much easier to inflate costs and hide inappropriate payments. However, paying bribes to win major infrastructure and housing projects "effectively cheats taxpayers out of their money" and can undermine safety standards. The mining and the oil and gas sectors – in which Russia and China are most active – also scored low in the poll. Agriculture was considered the least bribe-prone, while banking ranked the fourth least-corrupt out of nineteen industries.

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The Mounties get their man, even on the water - 1 November 2011

Jeffrey Melchior, of Vancouver Island in Canada, has been charged with money laundering after police seized more than US\$2.6 million [about £1.6 million] from his boat in the middle of the night. Melchior was arrested just before midnight on 24 March 2011 after Mounties noticed a rigid-hull inflatable boat speeding towards the US border on a common smuggling route. As their vessel approached the suspicious boat, officers saw a suitcase being tossed overboard. When the case was recovered, investigators found wads of cash packed in plastic-wrapped bundles. The investigation is ongoing, and Melchior will appear in court in Victoria on 21 November 2011.

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New £50 note goes into circulation in the UK - 1 November 2011

The new Bank of England £50 banknote featuring Matthew Boulton and James Watt has gone into circulation. The pair feature on the new note partly because they were instrumental in manufacturing coins that were difficult to counterfeit. The banknote, which includes a number of new security features, will eventually take over from the note carrying the portrait of the first governor of the Bank of England, Sir John Houblon's portrait – although that note remains legal tender until a withdrawal date yet to be set by the Bank. There are about 210 million £50 notes in circulation, worth £10.5 billion in total. The new version of the £50 banknote has a thread woven into the paper, rather than printed on it. There are images on the thread of a £ symbol and the number 50 which move up and down when the banknote is tilted from side to side. When the note is tilted up and down, the images move from side to side and the symbols switch.

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Father of former (laundering) mayor sent to prison for fraud - 31 October 2011

The father of the former mayor of Nogales in Arizona in the US has been sentenced to two years in prison and seven years' probation for fraud, with his son implicated in money laundering. The Arizona Attorney General's Office sought indictments for Octavio Garcia Suarez and his son, the former mayor Octavio Garcia Von Borstel after Western Union won a civil lawsuit against them and investigators uncovered independent evidence they were involved in money laundering. Von Borstel set up a company called Legalizaciones and used the company to cash cheques and obtain Western Union money orders through his father's cheque-cashing company, Western Cash Express, without actually paying for them. As a result, Western Union was defrauded of nearly US\$618,000 [about £387,000]. Von Borstel was sentenced in August to 3½ years in prison and seven years' probation. In addition to the Western Union case, Von Borstel was accused of helping a number of companies get contracts with the city in exchange for kickbacks.

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Border Agency officers seize £700,000 cash at Dover - 31 October 2011

Border Agency officers at Dover are celebrating a record month for cash seizures at the port, after finding £700,000 bound for Poland and Ukraine. On 4 October 2011, they arrested two Poles heading out of Dover on foot and seized £50,000 – half of it stuffed down one of the suspect’s underpants. On 6 October, officers stopped a lorry packed with mince meat en route to Holland from Ireland – and found £500,000. A further £150,000 was seized from another lorry and two Polish drivers were arrested. It is thought that the money – almost certainly the proceeds of crime – was going to be laundered through new businesses set up to cater to football fans during the 2012 European Football Championship, to be held in the two countries.

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Bristol-based launderers face deportation after jail - 28 October 2011

Haidar Hayasi and Hersh Zangana have been jailed for money laundering, and also face deportation. The men were arrested as part of Operation Zephyr – a partnership of police forces in the south-west of England. Zangana, originally from Iraq but living in London, was stopped and searched at Bristol bus station in November 2010, and police found a large amount of cash on him. Their investigations then led them to Iranian Hayasi’s Bristol flat, where more cash was found. Both men were unemployed but had deposited large amounts of cash into a number of bank accounts. Non-European Economic Area (EEA) citizens sentenced to a year or more can be automatically deported when their sentences end unless they can show this would breach their human rights. On jailing Hayasi and Zangana for a year each, Judge Julian Lambert said that even if the prison term had not triggered deportation, he would have recommended that the Home Office review their immigration status anyway: “Conversion of criminal property is a serious offence. The criminals rely on people like you to take the risks for them. It is known that you are rewarded accordingly. Those who take on criminal property on behalf of criminals work at great risk, but when they are caught they must pay the price.”

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Three executives of chemicals company charged by the SFO with corruption offences - 27 October 2011

Three former executives of Innospec Limited, a chemicals company, have been charged with corruption offences by the UK’s Serious Fraud Office. The SFO alleges that Dennis Kerrison, former chief executive of Associated Octel Corporation (which was later renamed Innospec), and Paul Jennings, who succeeded him as chief executive and stepped down in 2009, gave or agreed to give corrupt payments to public officials and other agents of the Indonesian government in return for contracts to supply Innospec’s products, including the fuel additive tetraethyl lead. In an interview with the *Guardian* newspaper last year, Kerrison said: “Obviously there has been a serious fall-down in how Innospec has done business, including illegal transactions, and as an ex-CEO I feel a degree of responsibility as some of it was on my watch. [However] I have not authorised any bribes, backhanders, or other illegal or dubious payments.” Jennings is also accused of scheming to defraud rival Ethyl Corporation by making payments between 2002 and 2008 to public officials and other agents of the Iraqi government to ensure that competitors’ product failed field

tests. Earlier this year Jennings agreed to pay the US the Securities and Exchange Commission US\$229,000 [about £142,000] without admitting or denying allegations that he paid bribes to win orders for sales of tetraethyl lead. David Turner, former Innospec business unit director, was also charged with corruption offences.

In the UK, Innospec as a company pleaded guilty to bribing employees of a state-owned refinery in Indonesia and other Indonesian officials in order to land sales of tetraethyl lead. The company pleaded guilty in 2010 in the US to wire fraud in connection with payments to the Iraqi government under the UN Oil for Food Program, as well as violations of the Foreign Corrupt Practices Act. The company paid a total of about \$40 million in settlements with authorities in both countries.

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Sentences totalling more than 250 years given to Liverpool-based drug gang - 27 October 2011

Twenty-four members of an organised crime network have been jailed for a total of more than 250 years for their roles in plots to smuggle up to forty tonnes of drugs into the UK. The network, which was dismantled following a three-year investigation led by the Serious Organised Crime Agency (SOCA), consisted of organised criminals from London and Liverpool working with overseas traffickers to import cocaine from South and Central America, along with heroin, cannabis and amphetamine from Europe. All twenty-four gang members were prosecuted for either drugs, money laundering, forgery or identity theft offences. London-based Mehmet Baybasin and his Liverpool counterpart Paul Taylor received 30 years and 22 years respectively for conspiracy to import up to three tonnes of cocaine. According to SOCA listening devices, Baybasin planned to use his established contacts in the global drugs trade to supply the cocaine to Taylor and his associates. If the three tonne test shipment was a success, Taylor said there was a stockpile of forty tonnes ready to smuggle inside shipments of tinned fish or wood pellets. During sentencing, Judge David Aubrey QC said: "The quantities or potential quantities of drugs that were to come into this country and subsequently flood our street, pubs, homes and clubs and the potential profit that you were seeking or did make is staggering... The wholesale value of 500kg alone is £17.5 million and the retail value would be that much greater."

Steve Baldwin, Head of Investigations in the North West for SOCA, said: "This was a highly sophisticated network with a very clear focus. Baybasin, Taylor and their cronies lived and breathed drug trafficking. It's all they ever talked about, and while they talked, SOCA listened and watched. Bringing down the entire network was only possible because of a tremendous international partnership: Merseyside Police, the PSNI, partners in South and Central America, and the Crown Prosecution Service all played a crucial part in achieving this excellent result." During the investigation officers seized 10kg of heroin, 50kg of cannabis resin, 3kg of cocaine, 200kg of amphetamine and over £420,000 in cash. A financial investigation into the network is still ongoing and there will be a confiscation hearing at a later date.

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Longest-ever sentence handed down under US anti-bribery legislation - 25 October 2011

Joel Esquenazi, the former president of Terra Telecommunications Corporation, has been sentenced to fifteen years in prison – the longest term ever handed down in a US foreign bribery case. His former vice-president, Carlos Rodriguez, received seven years in prison. Both were convicted in August 2011 for their roles in a scheme to bribe officials at the state-owned telecoms company Haiti Teleco: they were found guilty of violating the Foreign Corrupt Practices Act, money laundering and wire fraud. Between November 2001 and March 2005, the two men paid more than US\$890,000 [about £556,000] to shell companies to be used as bribes to Haiti Teleco, the sole provider of land line telephone service in the country. Terra had a series of contracts with Haiti Teleco to allow its customers to place calls to Haiti, and the purpose of the bribes was to obtain various advantages such as preferred rates, reductions in the number of minutes for which payment was owed and the continuance of Terra's connection with Haiti. Several other defendants in the case – including Terra's controller and the director of international affairs for Haiti Teleco – have pleaded guilty to various crimes, and they are all serving or have served sentences of various lengths. A statement issued by the attorney general's office in the Southern District of Florida said: "This sentence – the longest sentence ever imposed in an FCPA case – is a stark reminder to executives that bribing government officials to secure business advantages is a serious crime with serious consequences... Today's long prison sentences confirm the serious consequences of ignoring corporate ethics when doing business abroad."

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UNODC issues two reports on money laundering - 25 October 2011

A study of studies published by the United Nations Office on Drugs and Crime (UNODC) has estimated that about US\$1.6 trillion was laundered in 2009 – equivalent to about 2.7% of global gross domestic product. However, less than 1% of global illicit financial flows are being seized and frozen. Yury Fedotov, executive director of the UNODC, said: "Tracking the flows of illicit funds generated by drug trafficking and organised crime and analysing how they are laundered through the world's financial systems remain daunting tasks." According to the report – entitled "Illicit Financial Flows 2011" – the most profitable form of transnational organised crime is the drug trade, which accounts for about a fifth of all crime proceeds. For instance, gross profits for the cocaine trade were around \$84 billion in 2009. Taken together, all proceeds of crime save for tax evasion reached \$2.1 trillion in 2009.

In another report, this one issued jointly with the World Bank, the UNODC examined the legal ways in which criminal funds can be hidden in the global financial system. "Puppet Masters" showed how bribes, embezzled state assets and other corrupt funds are hidden in shell companies, trusts and other legal structures. It recommended that more detailed information on beneficial ownership be held in corporate registries, and that those who provide any sort of service to legal entities do better due diligence on controlling interests. According to World Bank specialist Emile van der Does de Willebois: "We need to put corporate transparency back on the national and international agenda. It is important for governments to increase the transparency of their legal entities and arrangements and at the same time improve the capacity of law enforcement."

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Political consultant found guilty of theft and larceny - 21 October 2011

John F. Haggerty Jr., a Republican political consultant who was accused of stealing US\$1.1 million [about £690,000] from Mayor Mike Bloomberg during his 2009 re-election campaign, has been found guilty of second-degree [i.e. not pre-meditated] grand larceny and second-degree money laundering. Prosecutors said Haggerty promised to provide ballot security during the election (placing campaign operatives at polling sites to discourage voter fraud) but instead used most of the \$1.1 million donated for that purpose by Bloomberg to that to buy a house for his father. Bloomberg himself testified at the trial, where defence lawyers claimed that the mayor was so desperate to win a third term that he would have gone ahead with the donation no matter what Haggerty spent it on. Haggerty faces up to fifteen years in prison.

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Swiss charge man with money laundering in relation to Parmalat collapse - 20 October 2011

Swiss prosecutors have announced that they have charged an Italian man with money laundering and forgery of documents in connection with the 2003 collapse of Italian food giant Parmalat. Parmalat collapsed in 2003 with debts of 14 billion euros – wiping out the savings of about 135,000 people in Italy. The Swiss attorney-general's office said that the man had allegedly embezzled funds with his accomplices from Parmalat and the tourism group Tanzi. He then transferred the funds into several accounts in the Swiss-Italian canton of Ticino, which were opened under the names of third parties, including some offshore companies and a family foundation domiciled in Liechtenstein. Switzerland has already frozen about CHF10 million [about £7 million] in relation to the Parmalat case. The dairy group itself accused several international banks of contributing to its downfall, and demanded 7.1 billion euros [about £6 billion] in damages and interest from Credit Suisse and two billion dollars from UBS. In June 2008, the two Swiss banks said they would pay 357.5 million euros in settlements to Parmalat.

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Soft drink CEO given twenty years for fraud and money laundering - 20 October 2011

Gregory Podlucky, formerly the CEO of bankrupt American soft drink maker Le-Nature's Inc., has been sentenced to twenty years in prison for defrauding investors, vendors and lenders out of US\$684 million [about £430 million]. Podlucky bullied staff into falsifying financial statements and creating fraudulent cheques in order to make Le-Nature's, based near Pittsburgh, seem like a bigger player in the soft-drink industry than it really was. Five top executives have pleaded guilty to helping Podlucky vastly overstate the company's revenues so that it could get loans and equipment leases that it would not otherwise have been able to obtain. Podlucky also embezzled from the company: he claimed in his 2005 tax return that he had earned \$495,000 and owed \$147,000 in taxes, when he really diverted more than \$7.1 million to himself and should have paid more than \$1 million in taxes.

The fraud collapsed when Le-Nature's was forced into bankruptcy in October 2006. Federal agents searching the company's headquarters found a secret room containing millions of dollars' worth of jewellery and diamond watches, and an 8,000-piece model train collection. Podlucky himself spent more than \$10 million on a mansion that was never finished and couldn't even be seized and sold by the government to repay the victims because it was in such disrepair. He was caught in 2010 trying to launder money by selling rare jewels bought with embezzled funds at a Sotheby's auction. As the case is so complicated, the judge will rule later on restitution. Podlucky cried as he was sentenced, telling the judge, "I am nothing but a filthy rag – the things I did are abominable. I am appalled at my actions, Lord, I mean, your honour, and I have asked for forgiveness of these sins because that's what they are." His wife Karla and son Jesse are to stand trial later this month for helping Podlucky to launder money.

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Cash seized from bank owned by Georgian billionaire - 19 October 2011

Police in Georgia have seized US\$2 million and a million euros in cash from billionaire Bidzina Ivanishvili's Cartu Bank and detained at least six people on suspicion of money laundering. An Interior Ministry spokesman confirmed that the money belonged to Tbilisi-based Cartu and had been seized from an armoured delivery van. Cartu president Nodar Javakhishvili told reporters: "This has nothing to do with money laundering. We needed cash to comply with banking regulations, and this was a case of going to another bank to get cash."

Some believe that this is an attempt to damage the reputation of Ivanishvili, who was stripped of his Georgian citizenship on 11 October 2011 – four days after he announced plans to create an opposition party to challenge President Mikheil Saakashvili. In May 2011, Ivanishvili accused the president of orchestrating a smear campaign against him by spreading rumours that he was bankrolling the government. In March 2011, "Forbes" magazine Ivanishvili's wealth at \$5.5 billion – equal to almost half of Georgia's \$11.7 billion economy. A spokesman for the billionaire confirmed the figure, and said that Ivanishvili holds about a third of his assets in Russia and the remainder in market investments abroad, while living in his native village of Chorvila.

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Curtis Warren makes yet another appeal against his conviction - 19 October 2011

Curtis Warren, who was jailed for thirteen years in 2009 by the authorities in Jersey for trying to import cannabis into the island, is trying once again to have his conviction quashed. An earlier appeal failed, after Warren suggested that the police had used illegal means to obtain

evidence against him. Now his lawyers are claiming that a juror in his trial may have been illegally approached. Advocate Justin Michel – who is himself serving a fifteen-month prison term for perverting the course of justice – has submitted a statement saying that the juror told him he had been approached at a Jersey Rugby match by a police officer who said “They’re guilty”. Michel claims that the juror – who was the friend of a friend – told him this and said that he was subsequently removed from the jury. This latest appeal has already been turned down by Jersey Solicitor General Howard Sharp, but now Warren’s lawyer Stephen Baker has approached the Lieutenant Governor and asked him to instruct Hampshire Police, as an independent and disinterested police force, to investigate the matter.

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Mubarak's sons under investigation for money laundering in Switzerland - 17 October 2011

The Egyptian authorities have alleged that the two sons of deposed Egyptian President Hosni Mubarak have £215 million in Swiss bank accounts. Assem al-Gohari, Egypt’s deputy justice minister and head of its Illicit Gains Authority, said that most of the funds – now frozen by the Swiss authorities – were in the name of the older son Alaa. Alaa is a businessman who largely kept out of politics, while Gamal was a leading politician widely seen as his father’s heir apparent. Both men are on trial for corruption and complicity in the killing of protesters who were campaigning in January and February 2011 to depose President Mubarak after three decades in power. The Swiss authorities are now investigating whether Alaa was also involved in money laundering, and last week promised to speed up the return of funds once held by members of the Mubarak government and those of the ousted Tunisian President Zine al-Abidine Ben Ali.

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London brothel-keeper given suspended sentence for laundering - 17 October 2011

Braz Alvez-Junior of Kilburn has been given a twelve-month prison sentence suspended for two years after pleading guilty to running three brothels for over a year, and laundering the proceeds. The brothels in Edgware and Stanmore were searched, and phones were found linking them to Alvez-Junior. Further investigations uncovered a large number of cash transactions going through his bank accounts. Giving what might be seen as a light sentence, Judge John Anderson told the defendant: “I take fully into account your early guilty pleas and... that there is no evidence of threats, coercion, fear, intimidation or exploitation of those working at the houses that you kept. In fact, I would go as so far as to say there is positive evidence that those working there were doing so willingly and were content.” Alvez-Junior is also under a curfew order for four months where he will be electronically tagged from 7pm to 7am.

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First conviction under UK's Bribery Act 2010 - 14 October 2011

In the first case brought under the Bribery Act 2010, Munir Yakub Patel has pleaded guilty to asking for a £500 bribe to help clear a driving offence from someone's record. Patel, an administrative law clerk at Redbridge Magistrates' Court in London, pleaded guilty to requesting and receiving a bribe under section 2 of the Bribery Act, and also to misconduct in public office. He will be sentenced on 11 November 2011, and faces up to ten years in prison. The Bribery Act 2010 came into force on 1 July 2011 and is mainly prosecuted by the Serious Fraud Office; however, the Crown Prosecution Service (CPS) takes on domestic bribery cases. Gaon Hart, a lawyer for the CPS's special crime and counter-terrorism unit, said: "Public corruption is an extremely serious offence that undermines public faith in the integrity of those who work in the criminal justice system. Public servants are required to act with integrity, honesty, objectivity and impartiality but Patel's actions could not have been further from each of these. His conduct has brought into disrepute the criminal justice system as he sought to undermine the very laws which he was employed to uphold. The public rightly expects criminal cases to be dealt with fairly and professionally, and the police, courts and CPS have all worked together to deal with this case swiftly and robustly. This prosecution is the first of its kind under the Bribery Act 2010 which has provided a significant weapon in the armoury of prosecutors that enables us to focus on the bribery element rather than general misconduct behaviour. We will continue to target those who act corruptly purely for personal gain and tailor the charge to reflect their wrong-doing."

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One of Mubarak's closest aides found guilty of money laundering - 12 October 2011

A Cairo court has sentenced in absentia Egyptian businessman Hussein Salem, his son Khaled and daughter Magda to seven years in jail and a combined fine of more than US\$4 billion [about £2.5 billion] for profiteering and money laundering. Hussein Salem, one of the closest aides of ousted president Hosni Mubarak, was arrested in Spain in June 2011, along with his son – both men have Spanish citizenship. He fled Egypt on 3 February 2011, eight days before Mubarak was forced to step down. The Spanish authorities have frozen millions of euros and dollars in bank accounts as well as property and luxury vehicles linked to Salem. He is currently under house arrest in Spain, pending trial for money laundering there – quite separate from the charges in Egypt – but apparently the Spanish authorities plan to extradite him to Egypt. Hussein Salem was a major shareholder in East Mediterranean Gas(EMG), and Egyptian opposition groups have long complained that EMG had been selling gas at preferential

prices to Israel and other countries, which cost Egypt billions of dollars. The Egyptian judge said that the money laundered by the Salems from gas exports to Israel was more than \$2 billion.

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Farewell to Proton Bank, hello to New Proton Bank - 10 October 2011

Proton Bank – one of Greece’s smallest – has become the country’s first lender to be saved by a rescue fund activated by its central bank. The bank – with 31 branches and total assets of 3.8 billion euros [about £3.3 billion] – is being split in two after allegations that some of its former managers violated anti-money laundering laws. A “good bank” called New Proton Bank will take on the firm’s deposit accounts and safe assets, while the rest of the business will be put into liquidation and the proceeds used to pay off third party claims. The rescue is being paid for by the Hellenic Financial Stability Fund (HFSF), a 10 billion euro scheme set up by the eurozone and the International Monetary Fund as part of their bail-out of Greece. The HFSF will become the sole shareholder of New Proton Bank. The Greek central bank replaced Proton’s board of directors in August 2011 after discovering 51 million euros of loans had been issued without the proper procedures.

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Sophisticated identity theft ring cracked in the US - 8 October 2011

Police in New York have broken up an international identity theft ring that used fake credit cards to buy high-value computer products. More than 86 people have been arrested and 25 more are sought for their part in the scam which involved five crime organisations in New York. Bank cashiers, restaurant workers and other service employees working for the gangs stole card details from customers using a machine to skim personal data from credit cards. The data were then passed to criminal technicians who would make forged credit cards to be used to buy high-end computer products across the US to resell to crime syndicates in China, Europe and the Middle East. Prosecutors said US\$13 million [about £8.3m] had been lost over a 16-month period. The two-year investigation, dubbed Operation Swiper, resulted in the seizure of tens of thousands of dollars in cash, \$650,000-worth of stolen computer equipment, a number of handguns and a truck full of electronics, computers, designer shoes, watches and ID theft equipment. Police Commissioner Raymond Kelly said the thieves had “an amazing knowledge of how to use technology – the schemes and the imagination that is developing these days are really mind-boggling”.

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Church bookkeeper pleads guilty to theft and money laundering - 7 October 2011

Sandra Arreola, the bookkeeper for Visalia First Assembly of God Church in California, has pleaded guilty to embezzlement and money laundering. Between 2003 and 2009, she stole more than US\$2 million [about £1.3 million] from collection plates and spent it on property, holidays and

clothes. Arreola had been employed at the church as head of their accounting department since 1996, and the theft was uncovered by an audit in 2008. She resigned in December 2009 when confronted by church officials, and was charged in December 2010. She now faces up to eleven years in prison and is required to pay back the \$2.1 million she stole. She will be sentenced on 27 October 2011.

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Scottish fraudsters ordered to pay back the money - 6 October 2011

Anthony Kearney and Donna McCafferty, who fled Scotland for Spain to escape fraud charges, are to have almost a million pounds seized under proceeds of crime legislation. The couple was tracked down in the Costa Blanca town of Benissa in November 2008 after being featured in a Crimestoppers appeal to catch on-the-run British suspects, and extradited to Scotland. They admitted claiming housing benefit when they had more than £330,000 in offshore accounts, while Kearney also claimed almost £23,000 in income support and made more than £10,000 from credit card frauds. Kearney was jailed for two years and McCafferty was given 250 hours' community service. At Glasgow Sheriff Court, a confiscation order for £930,362 was made against Kearney, and a confiscation order for £13,003 was made against McCafferty. Minister for Welfare Reform Lord Freud said benefit thieves were costing the taxpayer almost a billion pounds a year: "This money should be going to the people who need it most and not lining the pockets of criminals sunning themselves overseas."

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Latvian launderer jailed for participation in e-fraud - 4 October 2011

Karina Kostromina, a Latvian citizen, has been sentenced to two years in prison for money laundering, as part of an intricate international case against an Eastern European gang that used the Zeus banking Trojan to steal nearly £3 million from UK bank customers. The gang was caught as part of an international police investigation called Operation Lath, involving the FBI in the US and GCHQ and the Serious Organised Crime Agency in the UK. The ringleaders was Kostromina's Ukrainian husband Yevhen Kulibaba. Based in the Ukraine, Kulibaba identified the accounts to be attacked, while Kostromina used her UK bank account to the proceeds. The gang infected people's computers with the Zeus Trojan, and then stole money from their bank accounts with HSBC, the Royal Bank of Scotland, Barclays Bank and Lloyds TSB. In addition to Kostromina and Kulibaba, eleven others were charged. However, the UK members made up just one part of a massive global fraud ring: worldwide, over 150 people have been arrested for stealing an estimated £44 million.

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Octogenarian Londoner found guilty of money laundering - 30 September 2011

Jean Rogerson, an 83 year-old woman living in Notting Hill, has been convicted of money laundering after trying to deposit more than £122,000 in her bank account in just one day.

On 15 April 2010, she took £15,000 in cash from her handbag and deposited it into her bank account at Barclays in Ladbroke Grove. Within an hour, she returned and paid in a further £62,720 in cash which she had been carrying in a supermarket carrier bag, before returning a third time to deposit another £44,490. In total, Ms Rogerson deposited £122,210 in cash, which consisted mainly of £20 Elgar style bank notes [which ceased to be legal tender two months later]. When asked by a cashier at the bank where the money had come from, she said it was her savings, before adding: "They give me the money, and I give it to them back." Staff contacted police, concerned that Ms Rogerson was being coerced into laundering the money, but it became apparent that this was not the case. Detective Constable Linda Daniels of the Kensington and Chelsea payback unit said: "Ms Rogerson... fully understood what was being asked of her as to the provenance of the cash in her possession. On her own admissions she has lived on benefits for most of her life and therefore could never have amassed that amount of cash through legitimate means." Jean Rogerson will be sentenced on 21 October 2011.

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Fugitive NZ bank thief arrested in Hong Kong - 30 September 2011

Hui Gao, a New Zealander who has been on the run since a bank mistakenly deposited millions of dollars into his account, has been arrested in Hong Kong and faces an extradition hearing on 28 November 2011. He is wanted in New Zealand to answer charges of theft and money laundering. Two years ago, Hui asked Westpac Bank for an overdraft of NZ\$100,000 [about £49,000], but in error it transferred \$10 million into his account. The bank discovered its error within days but, by then, more than \$6 million had allegedly been transferred to other accounts. Hui's former girlfriend, Kara Hurring, who left New Zealand with him in 2009, returned voluntarily in February 2011 and will stand trial next year for theft and money laundering.

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Former sheriff given 15½-year sentence for extortion, drug crimes and money laundering - 29 September 2011

Lawrence Hodge, a former sheriff in Kentucky, has been sentenced to 15½ years in prison for involvement in conspiracies to commit extortion, distribute drugs and launder money. Hodge pleaded guilty to the charges in May 2011, admitting that he conspired with defence lawyer Ron Reynolds to extort money from people charged with drug crimes, that he conspired with drug dealers to distribute prescription pills, and that he conspired with a former bookkeeper, Abby Paul, to embezzle and launder tens of thousands of dollars belonging to Whitley County Sheriff's Department. Reynolds was sentenced to 27 months in prison in July 2011, while Paul was sentenced earlier in September 2011 to six months in prison. The judge also ordered Hodge to forfeit \$50,000 [about £32,000] and pay \$64,897 in restitution.

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Money laundering allegations in the Argentine football league - 27 September 2011

Argentine police have conducted a search of the offices of Buenos Aires football club River Plate and the Argentine Football Association (AFA), looking for evidence of fraud and money laundering in the running of River Plate. The search warrant was applied for by lawyer Alejandro Sanchez, who alleges that the club's leadership has indulged in administrative fraud, money laundering and bookkeeping irregularities. In a radio interview, Sanchez said the charges were levelled at former club president Jose Maria Aguilar, current president Daniel Passarella "and all members of the board of directors, who are responsible for running the club in recent years". He said that the AFA was involved because of the "close relationship" between Aguilar and the AFA president Julio Grondona. He alleged that Grondona authorised loans to Aguilar in exchange for support as the head of Argentine football. River Plate is reported to have debts of US\$19 million [about £12 million], which has forced it to sell off top players and further weakened the team, leading to demotion in June 2011 to the second division of Argentine football for the first time in the club's 110-year history.

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Heavy sentences in Dominican Republic's largest-ever laundering case - 26 September 2011

A court in the Dominican Republic has handed down long sentences to seven people found guilty of laundering money for Puerto Rican kingpin Jose Figueroa Agosto's drug trafficking network. The Figueroa network is the largest-ever money laundering scheme to operate in the Dominican Republic, and handled assets totalling US\$200 million [about £128 million]. Mary Peláez, Sammy Dauhajre, Ricardo Ivanovich Smester and Juan Jose Fernandez Ibarra were sentenced to 15 years in prison, Eddy Brito to 12 years, and Figueroa's girlfriend Sobeida Felix to five years. Madeline Bernard, widow of Colonel Jose Amado Gonzalez who was gunned down outside their house on Christmas Eve in 2008, was also sentenced to five years, and will be held under house arrest until she recovers from the injuries sustained in the attack that killed her husband. The judges also ordered the confiscation of several houses and apartments, ten luxury cars including a Ferrari and a Porsche, and many expensive watches.

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Noriega extradition to Panama reaches next stage - 23 September 2011

In a follow-up to a story dated 3 August 2011, a French court has granted a conditional release from jail to former Panamanian leader Manuel Noriega, paving the way for him to be extradited to Panama to serve a twenty-year prison sentence there for human rights crimes. Noriega has been serving a seven-year sentence in France for money laundering, after serving twenty years in prison in the US for drug trafficking, money laundering and racketeering. His French release will be effective on 1 October 2011, although this could be delayed by a second extradition request filed by Panama relating to separate criminal charges. Panamanian media have reported that special cells have been prepared for Noriega at a penitentiary near Panama City.

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Largest-ever Medicare fraud brings record sentences - 19 September 2011

Marianella Valera, the owner of mental health care company American Therapeutic Corporation (ATC) in Miami, has been sentenced to 35 years in prison for orchestrating a US\$205 million [about £131 million] Medicare fraud scheme. She was also ordered to pay more than \$87 million in restitution and to be subject to three years of supervised release following her prison term. Lawrence Duran, another owner of ATC, was sentenced on 16 September to 50 years in prison for his role in the fraud. In April 2011, Valera and Duran pleaded guilty health care fraud, conspiracy to pay and receive illegal health care kickbacks, money laundering and structuring to avoid reporting requirements. They admitted that from 2002 until their arrests in October 2010 they submitted false and fraudulent claims to Medicare through ATC, a Florida corporation that operated purported partial hospitalisation programs (a form of intensive treatment for severe mental illness) in seven Florida locations, and through a related company, American Sleep Institute (ASI). They paid bribes to recruit Medicare beneficiaries to attend ATC and ASI and billed Medicare for treatments purportedly provided – although the treatments were medically unnecessary or never provided at all. They also bribed managers of assisted living facilities and halfway houses and even doctors to supply them with ineligible patients. In all, through ATC and ASI, they billed Medicare for more than \$205 million in medically unnecessary services.

Duran and Valera used another company they owned and operated, Medlink Professional Management Inc., to conceal Medicare payments and the bribes. Once Medicare paid ATC and ASI, Duran, Valera and others transferred millions of dollars to Medlink. They set up phony corporations to receive cheques and wire transfers from both ATC and Medlink to convert that money into cash for their personal enrichment and for the payment of bribes. They made sure to cash cheques at different bank branches and different locations to conceal the true purpose of their activities and to evade reporting requirements.

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Former US firearms agents sent to prison for fraud and money laundering - 16 September 2011

Clifford Posey, formerly a special agent with the US Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has been sentenced to 37 months in prison for possession of stolen firearms, wire fraud, embezzlement, making false statements and money laundering. Timothy Heaphy, prosecuting, said: “When he became an ATF agent, Clifford Posey took an oath to uphold the law. He selfishly violated his oath and used his law enforcement power for personal gain.” Posey admitted falsifying documents about firearms he had under his control so he could convert them to his own use or sell, and also admitted that he sold cigarettes under his control, kept the money and failed to report the transactions. He used the proceeds in part for payments on a vehicle and for tithing to his church. His lawyer told the court that Posey suffered from depression. He is an Air Force veteran and has an undergraduate degree in criminology and a master’s degree in administration of justice. He resigned from the ATF in April 2011 after 9½ years of service.

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Australian passports now offer a third gender option - 16 September 2011

In response to new guidelines aimed at removing discrimination, Australians now have a third option when describing their gender on passport applications. Transgender people and those of ambiguous sex will be able to indicate their gender as indeterminate, which will be shown on passports as an X. People whose gender was different from that of their birth were previously required to have reassignment surgery before they could change their passport to their preferred sex. An Australian senator, Louise Pratt – whose partner was born female and is now identified as a man – said the reform was a huge step forward: “There have been very many cases of people being detained at airports by immigration in foreign countries simply because their passports don’t reflect what they look like. It’s very distressing, highly inconvenient and frankly sometimes dangerous.”

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Toy store manager's prostitute ordered to repay stolen money - 14 September 2011

Paul Hopes, who worked in the Maidenhead branch of Toys R Us, was jailed in 2009 for stealing £3.7 million from the store and laundering it. He spent £1.75 million on the services of prostitute Dawn Dunbar, who lived a life of luxury on the money but has now been ordered to return it. In court, Dunbar said that she had charged Hopes £20,000 a week for sex; the prosecution argued successfully that such high rates could not be considered earnings but rather were gifts that could be confiscated. The judge also ruled that Dunbar’s three cars, various properties and a £600,000 plot of land in Nigeria, where her husband is from, should also be reclaimed. A second hearing to try to recoup a further £600,000 from another prostitute, Tanya Wieck, will take place in a few weeks’ time.

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VAT fraudsters and launderers sentenced in their absence to 34 years in jail - 9 September 2011

Adam Umerji and Addullah Yusaf Allad, both of Preston in Lancashire but now believed to be in Dubai, have been sentenced in their absence to 34 years in jail for their part in a £56.5 million ‘missing trader’ VAT fraud and money laundering scheme. The two were originally charged in January 2009 but absconded before they could stand trial. Three others involved in the fraud who pleaded guilty prior to trial were jailed for fifteen years. The gang operated a number of companies in the Preston area, trading in mobile phones. They submitted fraudulent VAT repayment claims to reclaim millions of pounds in VAT paid by them on the purchase of large quantities of stock. They then transferred their criminal proceeds out of the UK to Dubai through a network of companies set up for this purpose. His Honour Judge Swift said: “The scale of offending goes far beyond normal sentencing guidelines for sentencing fraud cases. This was taxpayers’ money otherwise used for public services and amounts of this size severely damage the public purse.” Bench warrants were issued for the arrest of Umerji and Allad and extradition proceedings have commenced.

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Money launderer's "Golden Eye" diamond sold online - 9 September 2011

In a follow-up to a story dated 10 August 2011, The “Golden Eye Diamond”, which US federal agents seized in 2006 during an investigation into drug trafficking, has been sold at online auction for US\$2.8 million [about £1.8 million]. Bidding started at US\$900,000 for the 43.51-carat “Flawless Fancy Intense Yellow Diamond” – one of the world’s most perfect and flawless canary-yellow diamonds. There were four bids only for the first two days of the auction, with a further twelve coming in the final minutes.

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Jersey returns laundered millions to Nigeria - 8 September 2011

It has been announced that nearly £30 million of embezzled funds hidden in Jersey bank accounts during the corrupt regime of the late Nigerian dictator Sani Abacha has been returned to the Nigerian government. The Attorney General of Nigeria, Mohammed Bello Adoke, led a delegation to Jersey in August 2011 to negotiate the release of the funds, which were the proceeds of corrupt vehicle deals. The money was confiscated from fraudster Raj Bhojwani, a businessman now serving a six-year jail sentence for laundering US\$43.9 million [about £29 million] through his Jersey bank accounts. An article in *The Nation*, a Nigerian newspaper, recently claimed that there was a further \$400 million hidden in Jersey that should also be recovered. Jersey’s Attorney General, Tim Le Cocq, said that it was a pleasure to help a country that had suffered so much through corruption, and underlined his department’s commitment to seizing the proceeds of crime and returning them to their rightful owners wherever possible.

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Siblings sentenced for their role in laundering proceeds of family drug business - 6 September 2011

Three Bedford siblings have been given prison sentences for laundering the proceeds of drug dealing. Wendy Birch was found guilty of possession of criminal property relating to cash in her bank accounts and a car in her name that was bought by her son Michael’s profits from selling drugs; she was given a four-month suspended jail term, sentenced to 250 hours’ community service and ordered to pay £1,680 in costs. Her sister Coral Lee was found guilty of sending criminal property to Jamaica, and was given a five-month suspended jail term and ordered to do 250 hours of community work and pay £1,680 in costs. Their brother Donald Birch was found guilty of using his bank accounts to allow Michael to buy a car, and was sentenced to three months’ imprisonment. The sentencing was the last set of proceedings relating to a major drugs and firearms investigation by Bedfordshire Police. Operation Paddle resulted in seven people receiving long prison sentences for their part in a conspiracy to supply class A drugs, including Wendy’s sons Mark and Michael and Coral’s son Cliveroy. It is calculated that Mark alone benefitted to the tune of over £2 million from his crimdiamoninal activity. Detective Constable Dick Cunningham said: “There’s no doubt that

Wendy Birch, Donald Birch and Coral Lee were given cash by the conspirators from the Operation Paddle investigation. It was a family business: those three had processed some of the dirty money that came in from the dealing in the hope that it could not be traced or confiscated.”

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Nepal hears its third case of money laundering - 6 September 2011

In the third-ever money laundering case to come before it, the Nepalese Special Court in Kathmandu has convicted Shanti Tamang of money laundering and sentenced her to a year in prison (as required by the Money Laundering Act 2064 – according to the Nepalese calendar, we are currently in the year 2068). The NPR 2.7 million [about £22,400] already seized from Tamang will be confiscated, as she failed to appear in court and did not offer any legitimate explanation for the source of the money. Police arrested Tamang on 23 March 2011 on suspicion of involvement in drug smuggling, and she told them that she had been hired to deliver money to her husband – who was facing four charges of drug trafficking.

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Tesco cheat jailed for cashing in someone else's shares - 5 September 2011

Jeffrey Adams, who worked for the Tesco supermarket chain at a branch in Staffordshire, has been jailed for fraud and money laundering after cashing in £57,000 of company shares which were accidentally paid into his bank account. Adams was given 23,000 shares in the company by accident because he happens to have the same name as a senior Tesco executive in the US. Adams noticed that he had a rather large pay packet, but instead of reporting it he cashed in the shares through brokerage firm TD Waterhouse. Judge Stephen Gullick imprisoned Adams for two years for fraud and another year to run concurrently for money laundering.

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Jersey trust manager steals from her employer for love - 5 September 2011

Luisa Smith, who worked as a trust fund manager at Capita Trustees in Jersey, has been jailed for two years after stealing £176,000 from her employer on the instructions of her boyfriend. Smith also borrowed thousands of pounds from her parents and took out £286,000 in bank loans and by re-mortgaging her home because she was afraid that Jason Thomas would leave her. After meeting Smith on a trip to London, Thomas began to pressure her for money. Over a four-month period Smith stole £176,000 from the trust fund she was administering, breaking it down into nine separate transactions. She faked documents to cover her tracks so it appeared the relevant signatures were in place, but days after she made the final transaction auditors became suspicious and she was arrested. In her defence, she said that she had not spent a penny of the money on herself, giving it all to Thomas to buy artworks, a jet-ski and a boat. She also said that when she stopped giving him money, Thomas became threatening and abusive. Thomas is currently under investigation in the UK.

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Guatemalan ex-President to face money laundering trial in the US - 27 August 2011

In a follow-up to a story dated 3 September 2010 (see [Old news page](#)), Guatemalan authorities have ratified the extradition of former President Alfonso Portillo to the US to face charges of money laundering. The court denied an appeal by Portillo, who governed from 2000 to 2004, and also said that should Portillo be convicted in the US, he should be returned to Guatemala to serve his prison sentence there. A federal grand jury in New York requested Portillo's extradition in January 2011 on charges of using the US banking system to launder more than US\$70 million [about £44 million] in embezzled Guatemalan public funds. Portillo has been in jail since he was arrested in January 2010.

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Taiwanese ex-PM's son and daughter-in-law given reduced fines but same jail time - 26 August 2011

The Taiwanese High Court has upheld previous sentences meted out in September 2009 to the son and daughter-in-law of former President Chen Shui-bian for money laundering but has reduced their fines. The court found that Chen Chih-chung and Huang Jui-ching had helped Chen Shui-bian and his wife Wu Shu-jen launder, hide and transfer abroad funds obtained illicitly, but that they did not benefit financially. It therefore reduced Chen's fine from NT\$30 million [about £645,000] to NT\$4.5 million [about £97,000], and Huang's from NT\$20 million to NT\$4 million. However, the court upheld Chen's 14-month prison sentence and Huang's one-year sentence (while offering Huang the option to pay NT\$10 million to national coffers to have the one-year sentence commuted to a four-year suspended sentence).

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Taiwanese ex-PM given additional jail time for forgery and money laundering - 26 August 2011

Taiwan's ex-President Chen Shui-bian – who is already in prison for corruption – has been given an additional two years and eight months for money laundering and forgery. In this latest case, Chen was initially found guilty of embezzling about \$5 million [about £3 million] from a special presidential fund while he was in power, but the Supreme Court ordered a retrial, citing insufficient evidence. The High Court has now acquitted him of this charge, but found him guilty of money laundering and forging documents. The additional time brings his overall sentence to about twenty years. Chen's wife, former first lady Wu Shu-chen, received a longer sentence of nearly twelve years at the retrial, but is unlikely to spend any time in prison because of her poor health.

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US actors accuse their union of theft and money laundering - 24 August 2011

More than a hundred members of the Screen Actors' Guild (SAG) in the US have asked Secretary of Labor Hilda Solis to investigate how SAG disburses money collected from foreign tax revenues, in a letter that accuses SAG of embezzlement, tax fraud and money laundering. The accusations arise from issues raised in an action taken against SAG in 2007 by actor Ken Osmond (and settled out of court in February 2011), who claimed that SAG had over-stepped its authority in collecting foreign levies and had not disclosed its collection agreements until he and Jack Klugman ("Quincy, ME") had threatened to take them to court. Foreign levies are collected through mechanisms such as taxes on video sales and rentals to compensate copyright holders for reuse. The letter, dated 17 August 2011, says that the signatories were writing "to express serious concerns" about SAG accessing foreign levies by falsely claiming that its members had given it the right to collect the funds. The Department of Labor is reviewing the letter.

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US freezes alleged assets of Curaçao "Robbie's Lottery" organiser - 23 August 2011

US District Judge Colleen Kollar-Kotelly in Washington has issued a restraining order freezing more than US\$28 million [about £17 million] that prosecutors say is tied to an illegal gambling operation in the Dutch Caribbean. The order applies to three UBS investment accounts in Miami allegedly controlled by Robertico Alejandro dos Santos, who is the subject of a three-year investigation by Curaçao authorities into allegations of money laundering, tax fraud and forgery. Dos Santos, the half-brother of Curaçao Finance Minister George Jamaloodin, is suspected of selling millions of dollars in forged lottery tickets out of his popular gambling businesses in Curaçao and St. Maarten, known as "Robbie's Lottery". The US Department of Justice received a request for assistance from the Curaçao public prosecutor's office in July 2011, alleging that dos Santos has accumulated more than \$52 million in illegal profits through the scheme since 2004 – although he and his wife declared a joint income of \$67,500 in their most recent tax return. In a raid last month of dos Santos's offices in Curaçao, investigators seized \$282,000 in cash and counterfeit lottery tickets. Dos Santos has not been charged, and he has denied the allegations.

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Sheriff's secretary jailed for theft and money laundering - 23 August 2011

Sandra Covington, the secretary of the Sheriff of Appomattox in Virginia, has been jailed for six months for defrauding her employer of US\$9,200 [about £5,500] in unearned overtime payments, and laundering the proceeds. Sheriff Wilson Staples said after sentence was passed that the theft was humiliating and that he felt personally betrayed: "I think that in our capacity, we're often held to a higher standard. Those wrongdoings affect not only the person, but the law enforcement

department and law enforcement as a whole.” Covington pleaded guilty in February 2011 to billing the sheriff’s office for unapproved overtime throughout her four-year employment with him. During the trial, Staples explained that he had trusted Covington to stamp his name on staff overtime approvals, but that from now on he will personally review all such claims. Covington has repaid the stolen money, but was told by the judge that although she had reached the age of 58 without so much as a speeding ticket, it didn’t mean very much, as most people who embezzle are able to gain a position of trust through their previously good reputation.

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Lancashire drug mule "travel agents" jailed for twenty years - 22 August 2011

Martin Kiley and Phillip Jennings, who made travel arrangements for drug mules between the UK and Trinidad, have been jailed for conspiring to supply cocaine and money laundering. Kiley was jailed for twelve years and Jennings for eight years. The mules – a London man and a Lancashire woman – were found in possession of cocaine with a street value of £500,000 after landing at JFK Airport in New York in October 2008, and have since been jailed in the US. Officers from Chorley’s Targeted Crime Unit, a team set up to deal with organised crime gangs, worked with the US Department of Homeland Security to show that Lancashire men Kiley and Jennings were two of the organisers and financiers, and they were arrested in April 2010.

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Drug baron ordered to pay back £500,000 or face more jail time - 17 August 2011

Brian Ferguson, a Sunderland drugs baron whose wife helped him launder his dirty cash, will lose his family home if he fails to hand over almost half a million pounds in criminal profits. The judge ruled that Ferguson’s assets were the benefits of crime and granted SOCA a Confiscation Order for £441,915. If Ferguson fails to meet the Order, he will face a further four years in prison and the assets (including properties in Sunderland, bank accounts, high value jewellery and grand piano that once belonged to Dave Stewart of the Eurythmics) will still be confiscated. Ferguson and his wife Katie were arrested in February 2008 with almost £2.5 million worth of amphetamines and cannabis. Searches of their home revealed CCTV footage (showing Ferguson in his garden attempting to dispose of evidence by burning boxes filled with drugs), drug wrappings, £8,000 cash and a money counting machine in a secret room hidden behind a wooden panel. Ferguson pleaded guilty to drugs charges, while Katie was found guilty of money laundering after a number of properties derived from criminality were transferred into her name. A Serious Crime Prevention Order (SCPO) was granted to restrict Ferguson’s financial and business activities for five years, and this will come into effect on his release from prison.

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Ostrich fraudster goes on the run - again - 16 August 2011

Martin Evans, who made about £37 million from several frauds including one involving an ostrich farm, has absconded after being released on a weekend licence from Erlestoke prison in Wiltshire. He was jailed for 21 years in 2006 for drugs supply and fraud after being extradited from the US. The court heard that he had turned to fraud after his legitimate double-glazing business failed. He swindled 87 investors of nearly £900,000 by promising a 70% return from an ostrich farm set up at Swansea, but days before his trial he went on the run to Spain and the Netherlands where he masterminded a drugs and money laundering operation, shipping at least £3 million of ecstasy and cocaine into the UK. Evans was caught trying to enter the US in November 2001 on a false passport, and back in the UK he was initially sentenced to 24 years (reduced on appeal) and to a separate sentence of eight years for failure to comply with a £4.5 million confiscation order. Financial investigations had shown that Evans owned properties in Swansea and Marbella, and had bank accounts in the UK, Latvia, Antigua, Switzerland and Dominica.

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US former mayor sent to prison for money laundering - 15 August 2011

With (albeit faint and distant) echoes of the Tom DeLay case, the former mayor of San Jacinto in southern California has been sentenced to a year in prison for money laundering. Jim Ayres was found guilty of laundering campaign donations from developer Steve Holgate during Ayres's 2006 campaign for the California Assembly. He admitted making a US\$102,800 [about £63,000] loan to his campaign when the money actually came from Holgate, then moving the money into his joint account with his wife before moving it to the campaign account. Holgate has been accused of donating more money than the law allows and routing the additional money through several other people, but has yet to enter a plea. Ayres's wife Nancy took over management of the San Jacinto Chamber of Commerce while her husband was a member of the council, and has been convicted of accepting remuneration provided by Holgate. She has been sentenced to six months of weekend work-release [unpaid work in the community].

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NZ businessman gets added time for money laundering - 13 August 2011

Max Beckham, a prominent businessman from Auckland in New Zealand, has had 13½ years added to his time in prison for drug offences (including the manufacture and supply of methamphetamine) and money laundering. Beckham was sentenced last week to 7½ years in prison for kidnapping, using a firearm during a crime and conspiring to pervert the course of justice, after he accused a man who was painting his house of stealing his drugs. During their investigations police raided Beckham's house and NZ\$500,000 [about £255,000] in cash and nearly 2.4kg of methamphetamine. His wife Jenny Taylor was sentenced to nine months' home detention on two charges of money laundering involving \$150,000 from drug sales – she is being allowed to serve her sentence at home because she has two young children.

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Jamaican Ponzi fraudster gets thirty-year prison sentence in the US - 12 August 2011

David Smith, a Jamaican who ran an enormous Ponzi fraud, has been sentenced to thirty years in prison in Florida. Smith was accused of defrauding thousands of customers of more than US\$220 million and pleaded guilty to eighteen counts of money laundering, four counts of wire fraud and one count of conspiracy to commit money laundering. He previously pleaded guilty to fraud and conspiracy charges in the Turks and Caicos Islands, and will shortly be sent there to serve a six-year prison sentence. The thirty-year sentence levied in the US will run concurrently, and so after six years he will return to the US to serve the remaining 24 years. Smith's fraudulent scheme - named Olint - extended across the US and the Caribbean and had about 6,000 investors. The money he conned out of investors enabled him to live a lavish lifestyle, making generous political contributions, gambling at a high level, making a down-payment on a Lear jet and sponsoring the Jamaica Jazz and Blues Festival.

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Former judge given heavy sentence for money laundering - 11 August 2011

Former Pennsylvania judge Mark Ciavarella has been sentenced to 28 years in prison for money laundering. He was found guilty in February 2011 on twelve charges of money laundering and conspiracy for sending large numbers of children to detention centres in exchange for kickbacks totalling US\$997,600 [about £615,000] from the builder of the detention facilities. Ciavarella initially pleaded guilty before withdrawing his plea and heading to trial. Having been found guilty, Ciavarella addressed the court: "I blame no-one but myself for what has happened. I had the opportunity to say 'no' to taking money that I believed was legal to receive, but knew that I should not take... because it was wrong and unethical for me to do so, especially in my capacity as a juvenile court judge." He was also ordered to pay \$1.2 million in restitution to young people he had unjustly imprisoned. He plans to appeal.

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The Texans get their man after ten years on the run - 11 August 2011

A Texas man who spent more than six years on the run after pleading guilty to money laundering has finally been sentenced to ten years in prison. After pleading guilty in 2003, Harris Dempsey "Butch" Ballow agreed to cooperate with a Securities and Exchange Commission investigation and was released on a \$100,000 bond pending sentencing on 16 December 2004. He failed to show up that day, and a warrant was issued for his arrest. He was finally arrested in Mexico in July 2010 and extradited to the US in April 2011. He has

also been ordered to pay more than \$10 million in restitution to victims of a stock manipulation scheme.

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Frenchman found guilty of money laundering in Cuba - 11 August 2011

In a follow-up to a story dated 6 July 2011, Jean-Louis Autret, a Frenchman who has lived in Cuba for more than a decade and has been in jail there for two years awaiting trial, has been sentenced to fifteen years in prison for money laundering, trafficking of foreign exchange and tax evasion. His wife was sentenced to five years in prison and four years of "correctional labour", while seven Cubans have yet to be sentenced in the case. Autret was arrested in April 2009 after he sold a yacht to two French citizens in October 2004 that was stopped a year later by French and Spanish authorities, who discovered 2.8 tons of cocaine on board. His lawyer says that Autret is innocent, and he has ten days to appeal.

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Major money launderer arrested in Colombia - 10 August 2011

Police in Colombia have arrested Dolly Cifuentes Villa, whom they say is a major money launderer for Mexico's Sinaloa drug cartel. It is believed that she took over the laundering business in 2007 when her brother Francisco – who had been the personal pilot of the Colombian drug lord Pablo Escobar – was killed. The Sinaloa cartel smuggles large quantities of cocaine from Colombia to Mexico and then on to the US. According to the US Drug Enforcement Administration, Cifuentes managed 32 companies in Colombia and seventeen abroad, including in Panama, Mexico, Brazil and the US. General Oscar Naranjo, head of the Colombian police, said that Cifuentes ran a lucrative family business: "She and her brothers Alexander and Jorge Milton, as well as her sister-in-law Maria Patricia Rodriguez, took over control of Francisco's illegal businesses." After the killing of Francisco, the family owed "Shorty" Guzman a large consignment of cocaine but instead of selling their properties (in their hometown of Medellín and in the Colombian capital Bogotá, and on the Rosario islands off the Caribbean coast) to settle the debt, Francisco's widow and Dolly Cifuentes decided to instead use the properties to store cocaine and send it to Mexico.

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Money launderer's "Golden Eye" diamond to be auctioned online - 10 August 2011

The "Golden Eye Diamond", which US federal agents seized in 2006 during an investigation into drug trafficking, will be put up for auction online next month. Bidding will start at US\$900,000 [about £555,000] for the 43.51-carat "Flawless Fancy Intense Yellow Diamond" – one of the world's most perfect and flawless canary-yellow diamonds. It is 25.7mm long, 18.11 mm wide and 10.78 mm in depth, and was once owned by millionaire businessman Paul Monea. Monea was convicted of money laundering and conspiracy in

2007 after he tried to sell the diamond to an undercover agent posing as a broker for a South American drug cartel. Monea has always refused to say how he acquired the diamond, but in 2005 he started using it as collateral in business deals. He was arrested when the FBI and the Internal Revenue Service started investigating Ohio car dealerships that they suspected were laundering money from drug dealers. Once the diamond is sold, part of the proceeds will go to victims in the Monea case, part will go to litigants the court deems legitimate, and part will go to state agencies that assisted in the investigation.

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Baines belongings to go under the hammer to clear debts - 5 August 2011

In a follow-up to a story dated 25 February 2011 (see [Old news page](#)), the contents of Africa House, the former home of jailed Manx millionaires Trevor and Wendy Baines, are to be auctioned today. Trevor Baines was jailed for six years for money laundering in 2009, while Wendy was sentenced to 18 months in 2011. The contents of Africa House – including furniture, model trains and a baby grand piano – have been put up for sale by the Isle of Man coroner, the government-appointed bailiff in the Isle of Man, and it is thought the proceeds will contribute to clearing Mr Baines' debts. Africa House itself was recently on the market for almost £2.5 million.

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Mortgage broker jailed for fraud and money laundering - 4 August 2011

Nigel McClements, a mortgage broker from Cumbria, has been jailed for three years for fraud and money laundering. According to the prosecution, McClements “abused his professional status to defraud innocent homebuyers” out of about £70,000. Police investigations started after people reported that they had paid fees for mortgage applications and surveyors' reports that had not been progressed. McClements's partner Andreana Humble admitted acquiring criminal property and was given a six-month prison sentence suspended for twelve months and ordered to carry out eighty hours' unpaid work in the community.

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Drug gang "CEO" sentenced to eighteen years - 3 August 2011

In a follow-up to a story dated 20 July 2011, Akbar Bukhari has been jailed for eighteen years for masterminding a £7 million heroin trafficking operation. Bukhari's “meticulous” book-keeping betrayed the scale of his operation and his involvement as gang leader when police raided his home in Birmingham, and the judge termed him the “CEO” of the gang. About 381kg of heroin is believed to have reached the streets of London, Merseyside, the Midlands

and Scotland as a result of the gang's activities; six other men were jailed on 19 July for their part in the conspiracy and were sentenced to between five and 21 years in prison. Bukhari is already serving a six-and-a-half-year sentence for firearms offences. Following sentencing, the Serious Organised Crime Agency said Bukhari had employed practices he learnt as a business student to keep a detailed ledger of his criminal operations, including in-depth profit accounting and details of when batches of drugs were "in stock" as well as the quantities supplied to particular customers at a given time.

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France confirms Noriega extradition - 3 August 2011

In a follow-up to a story dated 20 June 2011 (see [Old news page](#)), the French authorities have confirmed that they will extradite former Panamanian military ruler Manuel Noriega back to Panama. Noriega is currently serving a seven-year sentence in France for money laundering, but is wanted by the Panamanian authorities to face punishment there having been convicted for crimes committed during his rule in the 1980s. He was extradited from the US to France last year, having served seventeen years of a sentence there for drug trafficking, racketeering and money laundering. Noriega now has a month to appeal, before he is extradited in September 2011.

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Blackpool couple jailed for laundering drug money - 3 August 2011

Blackpool husband and wife Anthony and Linda Wisdom have each been jailed for twelve months for laundering drug money. They were arrested in May 2009, following a raid on their home as part of an investigation into the drug-dealing activities of Anthony Wisdom's stepbrother, Paul Turai, who died in June 2009. Officers seized almost £162,000 in cash from the couple's bedroom, where it had been stuffed into carrier bags and stashed under the bed, in the wardrobe and left on the floor. Detective Inspector Kev Simmons of Blackpool Police said: "Both of the Wisdoms were respectable members of the community. Drug dealing has a negative impact on our neighbourhoods and anyone who assists dealers in profiting from this illegal trade will be put before the court and will face having their freedom taken away from them." A confiscation hearing will take place on 28 September 2011.

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Father and daughter given prison sentences for drug money laundering - 1 August 2011

Derek Rosser and his daughter Nicola have been given prison sentences for laundering the proceeds of an international drug trafficking plot by changing the cash into euros. Derek was sentenced to two years for being in possession of criminal property, and a further five sentences of eight months each, to run concurrently, for converting criminal property. Nicola was given an eight-month sentence suspended for two years and a six-month night-time curfew. She used her anti-money laundering training

provided as part of her job in a casino to her advantage. In June 2010, the Rossers were stopped in their car in Kent and police found a bag containing £9,300 in cash. Neither was willing to explain the provenance of the money and so both were arrested on suspicion of money laundering. Later searches of vehicles and homes revealed documentation relating to three cash transactions in which euros worth £18,420.24 were bought (CCTV acquired from two of the three money shops revealed Nicola Rosser as the person buying the euros) and a cash box containing £4,000 and €2,000.

Detective Sergeant David Ecuyer of the Kent and Essex Serious Crime Directorate said: "This investigation concerns a known criminal with previous convictions for the importation of drugs and his daughter, a woman who because of her employment in a casino, has benefited from training into money laundering... These offenders knew very well what they were doing and the amount of cash concerned is a significant amount.

International drug trafficking is a profitable business and the laundering of the proceeds will form an integral part of the criminality concerned, especially when assisted by professional enablers such as Nicola Rosser."

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NY attorney faces 140 years in jail for bribery and money laundering - 1 August 2011

Benjamin Viloski, an attorney from Oak Island in New York, has been found guilty of numerous fraud and money laundering charges. Viloski worked as an attorney and a broker/consultant for Dick's Sporting Goods, where he helped orchestrate a US\$2 million [about £1.2 million] kickback and money laundering scheme involving the development of new Dick's stores across the country. Along with others, he used front companies to accept consulting and broker commission payments on projects to develop stores and then secretly passed the payment to the relevant individual. Viloski was personally involved in kickbacks relating to 22 different stores. He was found guilty of many charges and will be sentenced on 16 December 2011. He faces five years for wire fraud, twenty years for money laundering conspiracy, five years for making false statements to federal officials, twenty years each for two mail fraud charges, twenty years each for three charge of aiding and abetting money laundering, and ten years for aiding and abetting transactions in criminally-derived property – making a grand possible total of 140 years.

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Birmingham restaurateurs jailed for fraud and money laundering - 30 July 2011

Greg Whittlestone, who lived a lavish lifestyle after using proceeds from a share fraud to start up popular Birmingham restaurant the Great British Eatery, has been jailed for five years and three months. Whittlestone initially offered to help find investors for a legitimate company called Fingerpin, which was hoping to develop biometric security devices. He set up a brokerage agency which he used to conduct a boiler-room fraud, using cold-calling and pressurised sales techniques to get people to buy over-priced shares in Fingerpin. One 84-year old victim lost more than £200,000 to the fraud, while another victim lost more than £350,000. When the police started to close in, Whittlestone fled to Mexico in November 2008 and telephoned officers investigating his case to boast about having made more than £1.6 million from the fraud. He then tried to enter the US but was extradited back to the UK. His defence solicitor said that Whittlestone had lost touch with reality after becoming addicted to alcohol and cocaine, and had only profited by £150,000 from the fraud. Whittlestone had pleaded guilty to fraud and money laundering. Russell Kilshaw, his partner in the Great British Eatery, also pleaded guilty to money laundering and was jailed for two-and-a-half years.

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Bird-skin thief ordered to pay back £125,150 - 30 July 2011

In a follow-up to a story dated 17 January 2011 (see [Old news page](#)), Edwin Rist, who stole 299 rare bird skins from the Natural History Museum in Tring, has been ordered to pay back £125,150. US citizen Rist stole the skins from the Hertfordshire museum in 2009, and in April 2011 was given a twelve-month jail sentence suspended for two years after pleading guilty to theft and money laundering. At a confiscation hearing, Rist was ordered to pay back £125,150 – the amount he is estimated to have later made by selling the skins, stolen from a private collections area in the museum, through outlets such as eBay. Rist currently has £13,371.98 available to pay and has six months to pay the balance; if he does not do so, he will have to serve his twelve-month prison sentence and have the debt still outstanding. Rist stole the skins in order to make money to pay for his studies at the Royal Academy of Music in London, buy a new flute and improve his lifestyle. Police were alerted when a potential buyer became suspicious after being offered the skins for sale. To date 191 intact birds have been recovered but only 101 still retain their labels, which are critical scientifically.

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Bradford drug-dealing brothers ordered to pay back their proceeds - 28 July 2011

Brothers Imran and Rizwan Khaliq have been ordered to repay £43,000 of criminal proceeds. The brothers, along with their father Abdul, ran a drug dealing and money laundering business from their home in Bradford for four years. In 2008 police found drugs in the house, along with £43,000 in cash which was heavily contaminated with heroin. Imran admitted possessing the money and in January 2011 was sentenced to three years and ten months for money laundering offences and assault. Rizwan took responsibility for the drugs, and was sentenced to four years and five months for drug trafficking and money laundering. At a confiscation hearing, Ian Broadbent of the Bradford South Proceeds of Crime Team said: "Taking away a criminal's ill-gotten gains sends a clear message that crime does not pay... One of the ways that criminals avoid having assets traced or confiscated is by hiding

money through associates or family members. We want to know who these people are and how they are concealing their ill gotten gains.” Abdul Khaliq is serving three years for money laundering, and will face a confiscation hearing at a later date.

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Major drug money laundering ring dismantled in Spain - 26 July 2011

Spanish police have broken up the money laundering operation of one of Latin America’s biggest drug cartels and arrested the wife of Colombia’s top drug baron, Luis Agustin Caicedo Velandia (known as Don Lucho). It is believed that between 2005 and 2009 Don Lucho laundered more than US\$1.5 billion, and the investigation into his cartel’s laundering activities in Spain began in 2010 when the police discovered a false business network operating in Catalonia, Valencia and Alicante. The Spanish organisation was run by Velandia’s wife, although she was advised and protected by Don Lucho’s closest confidantes, who were also arrested. Those detained include four Spaniards, four Colombians and one Armenian, and international warrants have also been issued for the arrest of seven more people. In Spain, the group set up fake companies to launder drug money from Colombia, Mexico and Panama and also managed a company in Alicante which bought gold and pawned jewels. The gold was melted, made into bars and treated with chemicals to give it a black-copper colour before being smuggled out of Spain. Don Lucho was arrested in Argentina in April 2010 and extradited to the US, where he is now in prison for bringing hundreds of tonnes of cocaine into the country.

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Beauty salon manager jailed for a year for laundering drug money - 25 July 2011

Amy Rivers, who ran a beauty salon which was used to launder drug money, has been jailed for a year. Amy Rivers was in charge of Lumière Beauty and Tanning in Woodford Green, north London, and allowed her boyfriend William Forster to deposit drug money into the firm’s accounts. Forster and James MacDonald were the ringleaders of a gang selling cocaine. The pair bought the salon for Rivers, transferring directorship to her after MacDonald was arrested in September 2010. Forster was arrested in November 2010 and when police searched the Chigwell penthouse he shared with Rivers, they discovered £16,000 in cash, designer watches worth £40,000 and wardrobes full of designer clothes. Rivers pleaded guilty to money laundering in March 2011. Forster and MacDonald were each sentenced to twelve years in prison in July 2011, while other members of the gang received sentences of between two and nine years.

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Hamman banned from football for life by FIFA on grounds of corruption - 23 July 2011

Mohamed Bin Hamman, a former candidate for the presidency of international soccer's governing body FIFA, has been banned for life from football by the organisation's ethics committee after FIFA found "compelling evidence" that he had attempted to buy votes. Hamman, who led the Asian Football Confederation, was suspended after the bribery scheme was revealed by Chuck Blazer, general secretary of the North American, Caribbean and Central American regional soccer body. Blazer told investigators that Hamman arranged for FIFA Vice President Jack Warner to bribe 25 officials at the Caribbean Football Union with US\$40,000 each in brown bags in exchange for their votes for Hamman for president. As a result of the revelations about the scheme, Hamman withdrew his candidacy and incumbent FIFA President Sepp Blatter was re-elected unopposed. Warner resigned rather than face charges and was exonerated by FIFA. "The decision in regard to punishment was made in keeping with the declared policy of the committee to show zero tolerance toward unethical behaviour," said Petrus Damaseb, the deputy chairman of FIFA's ethics committee. Hamman is the highest-level official to be banned by the sport, and he has vowed to appeal.

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Christian radio host charged in relation to Ponzi fraud - 23 July 2011

Patrick Kiley, host of American Christian radio show "Follow the Money", has been charged with defrauding investors by soliciting them to invest money in a foreign currency trading scheme between 2005 and 2009. Financial advisor Trevor Cook and his associate Christopher Pettengill started a Ponzi scheme called Universal Brokerage Services involving 700 investors and US\$194 million [about £119 million]. Through his radio show, produced out of a home owned by Cook in Minnesota and broadcast on more than 200 stations around the world, Kiley invited listeners to call him and advised them to invest in the scheme. He warned listeners of a coming financial Armageddon that would impoverish anyone who didn't entrust him and his business partners with their money. However, Kiley claimed in court that he was only reading from a script, and that he too believed in the scheme. Cook was sentenced to 300 months in federal prison in August 2010, while Pettengill is awaiting sentencing. If convicted, Kiley could face a potential maximum penalty of 20 years in prison on each wire fraud and mail fraud count, 10 years on each money laundering count, and five years on the conspiracy count.

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FSA imposes largest-ever fine for failings in financial systems and controls - 21 July 2011

The UK's Financial Services Authority (FSA) has fined Willis Limited £6,895,000 for failings in its anti-bribery and corruption systems and controls, after taking the view that the failings created an unacceptable risk that payments made by Willis Limited to overseas third parties could be used for corrupt purposes. Between January 2005 and December 2009, Willis Limited made payments totalling £27 million to overseas third parties who assisted it in winning and retaining business from overseas clients, particularly in high risk jurisdictions. The FSA investigation found that, up until August 2008, Willis Limited failed to:

- ensure that it established and recorded an adequate commercial rationale to support its payments to overseas third parties;
- ensure that adequate due diligence was carried out on overseas third parties to evaluate the risk involved in doing business with them; and
- adequately review its relationships on a regular basis to confirm whether it was still necessary and appropriate for Willis Limited to continue with the relationship.

In addition, between January 2005 and May 2009, Willis Limited failed to adequately monitor its staff to ensure that each time it engaged an overseas third party, an adequate commercial rationale had been recorded and that sufficient due diligence had been carried out. Although Willis Limited improved its policies in August 2008, it failed to ensure that its staff were adequately implementing them. Lastly, throughout the period in question, Willis Limited's senior management did not receive sufficient information about the performance of Willis Limited's relevant policies to allow them to assess whether bribery and corruption risks were being mitigated effectively.

Willis Limited has taken significant steps to address the failings identified by the FSA and has committed to carrying out a review of past payments made to overseas third parties to identify any inappropriate payments. Willis Limited cooperated with the FSA and agreed to settle at an early stage of the FSA's investigation, thereby qualifying for a 30% discount under the FSA's settlement discount scheme (without the discount the fine would have been £9.85 million).

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US art dealer sent to prison for fraud and money laundering - 21 July 2011

Rocco DeSimone, a former Rhode Island art dealer convicted of defrauding a wide range of investors – from a wealthy collector of Japanese swords to a school janitor – has been sentenced to sixteen years in prison for mail fraud and money laundering. Prosecutors had asked for a heavy sentence for DeSimone because he was a “career conman” who defrauded his victims of more than US\$6 million [about £3.7 million], saddling them with “broken dreams, empty bank accounts, and untold distress”. DeSimone contacted the inventor of a device called the Drink Stik (which connects beverage containers to respirators and gas masks worn by soldiers in contaminated areas) and said that he had access to wealthy investors and would sell the Drink Stik in exchange for a one-third stake in its patent. He then convinced investors to buy shares in his Drink Stik stake by falsely claiming that major international corporations had offered to buy it for millions of dollars. DeSimone spent the proceeds of his fraud on luxury cars, valuable works of art (including “Paysage à Cagnes” by

Renoir) and antique Japanese swords. He was also ordered to pay more than \$6 million in restitution and sentenced to three years of supervised release following his prison term.

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Birmingham gang given over a century in jail for drug and laundering offences - 20 July 2011

A gang of six has been jailed for over a century for drug and laundering offences, with their ringleader still to be sentenced. Akbar Bukhari, a business school graduate, masterminded the heroin dealing business and kept meticulous records of all transactions and profits over two years. When his ledger was seized by officers from the Serious Organised Crime Agency (SOCA), it exposed the trafficking of more than 420kg of heroin and the laundering of at least £5 million in proceeds. The scheme was uncovered when one of the gang, David Edwards, was arrested in Birmingham after taking a bag from Bukhari – which contained a handgun, a silencer and bullets, weighing scales and fake bank notes, and the all-important ledger. The book led SOCA to the five other gang members, as well as their “partners” in the Netherlands who oversaw the cutting of the heroin to increase eventual profits.

Five of the gang were given heavy sentences for drug and laundering offences. Steven Dobson and Brian Blankson were jailed for 21 years each. David Edwards was jailed for 17½ years, on top of the six he is already serving for possession of the handgun. Lee Whelan was sentenced to for 19½ years, while Abdul Haque was given 15½ years. Kevin Smith was given five years and three months for money laundering. Bukhari himself is already serving 6½ years for possession of the handgun, and will be sentenced for the drug and laundering offences on 3 August 2011.

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US extends its AML regime to foreign money service businesses - 19 July 2011

Foreign money services businesses (MSBs) with “activities” in the US must now establish AML programmes, under a rule adopted by the US Treasury Department on 19 July 2011. The rule has been under consideration for two years, and is aimed at unlicensed money transmitters such as hawalas. FinCEN (the American FIU) relies on the Internal Revenue Service (IRS) to regulate about 38,600 registered MSBs in the US, but authorities believe that thousands more are unregistered. Although it will be difficult for the IRS to supervise what it doesn’t know about – i.e. unregistered foreign MSBs – FinCEN supports the change as it gives them

another way in which they can prosecute suspected wrongdoers: “Our law enforcement partners have told us that it will be useful for them to have a clear charge to bring against unlicensed money remitters, including hawalas, that do business on US soil but don’t have a physical presence here. Failure to register as a money transmitter can open an avenue for prosecution.” Like US banks and US-based MSBs, foreign MSBs covered by the rule now have to implement AML programmes, make suspicious activity and currency transaction reports to FinCEN and keep certain records to ensure financial transparency. FinCEN said it would decide on a case-by-case basis whether a foreign MSBs has activities in the US. The civil penalty for failure to meet the registration requirement is US\$5,000 for each violation, while criminal penalties for wilful violation of the law can include fines and imprisonment.

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Embezzler receives further prison time in unusual "dual prosecution" - 16 July 2011

Gary Williams has been sentenced to a further four years in prison for grand theft, in an interesting legal development: Florida’s State Attorney brought the state prosecution even though Williams had already been sentenced to eight years in federal court because the embezzlement “cried out for more punishment”. Williams embezzled US\$15 million [about £9.4 million] from Marian Gardens Tree Farm where he worked as CFO – he made large withdrawals from company accounts and told bank officials that it was for employee bonuses. Mark Simpson, who handles white collar crime for State Attorney Brad King, said that he was urged to launch a subsequent prosecution of Williams by the family owners of the farm, who had been forced by the loss to lay off 150 workers. The Hillary family, which employed Williams for two decades, has yet to receive any restitution from him. He spent much of the money on holidays at lavish resorts, flights on chartered jets and helicopters and meals at five-star restaurants – often leaving tips of a thousand dollars. He explained his frequent days off work by falsely claiming to have pancreatic cancer; his employers said they thought he was undergoing experimental treatments. Williams blamed cocaine addiction for influencing his behaviour.

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Traveller family jailed for fraud and money laundering - 15 July 2011

A family of travellers has been jailed for defrauding an estimated million pounds from vulnerable pensioners in a nationwide odd-job fraud, and for money laundering. David Price, his sons Davy and Abraham, his brother Shane, his wife Angelina and family friend David Cunningham targeted trusting victims over four years by charging extortionate fees for gardening and shoddy home repairs. The gang concentrated on elderly victims with dementia in Yorkshire, Humberside, Derbyshire, Staffordshire and Cambridgeshire, carrying out poor quality work and then charging far in excess of the original quote. Particularly confused victims were often made to pay several times for the same work, and the gang would often drive

frightened customers to the bank in their £50,000 Land Rover to ensure payment. Trading standards officers found 81 bank transactions totalling £175,645, but because the gang usually insisted on cash payment the actual number of victims is unknown. David Price senior was jailed for seven years and eight months, while Abraham was given three years and eight months and Davy and Shane three years and four months each. Cunningham was jailed for five years and four months, and Angelina will serve sixteen months for money laundering. They are all now subject to confiscation investigations.

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Antiquities smuggling and laundering ring cracked in New York - 14 July 2011

Homeland Security officials have broken up an antiquities-smuggling ring that illegally shipped Egyptian artefacts to the US – including a sarcophagus from the 7th century BC. Egypt’s minister of antiquities, Zahi Hawaas, called it “one of the largest and most-significant cases of antiquities smuggling in recent memory”, and provided experts to help US officials authenticate the items. Federal prosecutors have charged four men with smuggling ancient artefacts between October 2008 and November 2009, and money laundering. It is alleged that Joseph Lewis, a New York collector of Egyptian antiquities, conspired with three other dealers (Mousa Khouli of New York, Salem Alshdaifat of Michigan and Ayman Ramadan of Dubai) to ship to the US various items, including two sarcophagi, Egyptian boats, limestone figures, and thousands of ancient coins – worth in total about US\$2.5 million [about £1.5 million]. Immigration and Customs Enforcement agents stumbled onto the alleged smuggling network while investigating a different artefact that had been offered for sale online. According to the indictment, Khouli purchased antiquities from Alshdaifat and Ramadan using funds from Lewis. Khouli then provided fake provenance for the items, saying that they were part of his father’s collection, before the men arranged to ship the pieces from Dubai through JFK International Airport in New York and the Port of Newark in New Jersey, falsely describing the goods on customs forms as “wood panels” and “wooden painted box”.

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Kenyan pair fights extradition to Jersey - 11 July 2011

In a follow-up to a story dated 5 July 2011, Kenyan MP Chris Okemo and former Kenya Power and Lighting Company chief executive Samuel Gichuru have appeared in court to contest their extradition to Jersey to face charges of corruption and money laundering.

Senior Principal Magistrate Grace Macharia released the two men on cash security of KES 1 million [about £7,000] each, and ordered them to surrender their passports to the court pending their next hearing on 4 August 2011. The Jersey authorities have already sent documents to Kenya in the British High Commission’s diplomatic bag, apparently explaining how the two accused used fake identities to obtain kickbacks during a tender process, and then hid the money in Jersey.

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Colombian pyramid scammer found guilty of money laundering in the US - 9 July 2011

In a follow-up to a story dated 5 January 2010, David Murcia Guzman, whose pyramid investment scheme cheated investors out of hundreds of millions of dollars, has been sentenced by a US court to nine years in prison for money laundering. He had previously been ordered to forfeit US\$7 million [about £4.4 million] and ten properties in Florida and California. Murcia started his criminal enterprise in his native Colombia, where he led the DMG Group which promised investors returns of well over 100%. Tens of thousands of Colombians, many of them poor, invested in the scheme. In less than five years, Murcia made a fortune and used the proceeds to live a life of luxury in Panama, which included renting the entire floor of a hotel. He also used the scheme to launder money made from drug trafficking, and invested in property in the US and Panama. The collapse of the pyramid scheme in November 2008 led to widespread street protests by investors across Colombia, in which two people died. Murcia was found guilty of illicit enrichment and money laundering by a court in Bogota in 2009 and sentenced to 30 years in jail. He was then extradited to the US in January 2010 to face further money laundering charges there. While his sentence in the US could be reduced to five years for good conduct, he will still have to serve the Colombian sentence after his release from prison in the US.

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Beauty queen charged with failing to declare cash - 7 July 2011

Belgica Suárez, who was Miss Honduras in 2009, has been charged with money laundering for failing to declare the equivalent of £30,000 when entering her country. She was arrested with the cash in euros and pounds on a Honduran highway near the Nicaraguan border, having failed to declare the money when she crossed the border from Esteli in Nicaragua. Police spokesman Alex Madrid said: "She claimed she had earned the money working as a model in Europe." Under Honduran law, travellers must declare to customs officers if they are carrying more than US\$10,000.

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Frenchman found guilty of money laundering in Cuba - 6 July 2011

Jean-Louis Autret, a Frenchman who has lived in Cuba for more than a decade and has been in jail there for two years awaiting trial, has been found guilty by a Havana court sitting *in camera* of money laundering, trafficking of foreign exchange and tax evasion. Eight Cuban accomplices were found guilty of falsifying documents and bribery. Details of the case have not been released, although the prosecution is asking for a fifteen-

year sentence for Autret. This trial is the latest in a long string of corruption cases involving Cuban institutions and joint venture businesses.

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Bournemouth-based family drug gang sent to prison for money laundering - 6 July 2011

Following a nine-week trial which ended in May 2011, Stuart Archer and Peter Lawler have been sentenced to nine and seven years respectively for supplying heroin and money laundering. Archer's mother Christine was found guilty of money laundering and sentenced to two years in prison, while his wife Amy and Lawler's wife Stephany each received a 12-month suspended sentence for money laundering. In three years of drug supplying, the Archer and Lawler families made more than £400,000, which they spent mainly on a house and restaurant in Bournemouth and high value cars – all registered in the women's names. Proceedings are now underway to confiscate over £300,000 of criminal assets currently under restraint.

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Secondary ticket sellers found guilty of fraud and money laundering - 5 July 2011

Alan Scott and Terence Shepherd, operators of Xclusive Leisure & Hospitality, have been found guilty of fraud and money laundering. The two ran a secondary ticketing company and defrauded buyers of tickets to the Beijing Olympics. Among their victims was Texas attorney Jim Moriarty, whose diligence helped the investigation led by the UK authorities. Scott and Shepherd sold millions of pounds' worth of tickets through dozens of fraudulent websites created through Xclusive, but the tickets were never delivered and the company did not issue refunds. They are believed to have committed similar ticket frauds dating back several years and involving concerts and music festivals as well as sporting events, earning themselves several million pounds. The trial continues in London on related charges, and sentencing will be at a later date.

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UK supports Jersey's extradition request to Kenya - 5 July 2011

In a follow-up to a story dated 23 May 2011, the British High Commissioner to Kenya, Rob Macaire, has told Kenyan Attorney General Amos Wako that the UK would like Kenya to expedite the extradition of MP Chris Okemo and former Kenya Power and Lighting Company chief executive Samuel Gichuru to Jersey to face

charges of fraud and money laundering. Macaire told journalists: "We are reiterating that the Jersey authorities are extremely serious about these extradition cases. This is not a small issue for Jersey; we want to see this case taken seriously." Okemo and Gichuru went to court in Nairobi to challenge the legal basis of the case against them, arguing that money laundering was not a crime in Kenya at the time it is alleged to have been committed. However, the case was dismissed as premature, as no extradition proceedings had commenced at the time they filed the suit. Macaire said: "Legal authorities in Jersey are extremely confident that the extradition is absolutely valid and that crimes were committed and that if there are any arguments about the legality of the case then the right place to hear them is the courts in Jersey." He said that Wako had not given any undertaking on how long it would take before Kenya handed over the two individuals but had said only that "this is an issue he is taking very, very seriously".

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UK's Bribery Act 2010 comes into force - 1 July 2011

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The Bribery Act 2010 has come into force. This piece of legislation:

- introduces a corporate offence of failure to prevent bribery - a statutory defence is for the business to show that it has adequate procedures in place to prevent bribery

- makes it a criminal offence to give, promise or offer a bribe ("active bribery") or to request, agree to receive or accept a bribe ("passive bribery")

- makes it a criminal offence to bribe a foreign public official

- increases the maximum penalty for bribery from seven to ten years' imprisonment, with unlimited fines.

Bedfordshire woman jailed for laundering £80,000 through land purchase - 30 June 2011

Ann Loveridge has been jailed for two years after pleading guilty to laundering £80,000. She also pleaded guilty to making a false representation to obtain pension credits of more than £20,000. In 2008, the Bedfordshire Police Financial Investigation Unit started looking into purchases made by Loveridge between 2003 and 2009 of plots of land in Bedfordshire, Norfolk, Essex and Cambridgeshire, as she was spending far more than her income would suggest she could afford. On sentencing her, Judge Burke told Loveridge: "You are not exempt from law which all citizens have to abide by. You were dishonest in the giving of the evidence and have shown little remorse for your actions." A confiscation hearing will be heard later in the year.

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Alderney suspends e-gambling licence of one of the biggest online poker sites - 30 June 2011

Full Tilt Poker, an American-run online poker site supervised by the Alderney Gambling Control Commission (AGCC), has had its licence revoked. A US investigation into money laundering, illegal gambling and bank fraud was launched in April 2011 and eleven people – among them the founders of Full Tilt Poker – were charged. A press release on the AGCC website says that an internal investigation showed that Full Tilt employees and associates have operated contrary to its gambling laws, and that “the decision to suspend the eGambling License was in the public interest [and] because of the seriousness and urgency of the matter, it required that immediate action was taken ahead of the regulatory hearing [taking place in London on 26 July 2011]”.

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Singapore banker jailed for fraud and money laundering - 30 June 2011

Tan Wei Chong, a former relationship manager at OCBC Bank in Singapore, has been jailed for seven years for fraud and money laundering. Tan had worked for the bank since 2003, and between November 2007 and August 2010 stole S\$2.3 million [about £1.2 million] from his clients. He took the money through the use of debit authorisation forms, application forms for cashier’s orders, and cash withdrawal forms – he got his clients to sign blank forms by telling them it was for investment purposes, or simply forged their signatures. He then transferred the stolen money to bank accounts on which his brother-in-law and other relatives were signatories. His defence solicitor said Tan needed the money to feed his online gambling habit, and to make up losses from share-trading.

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Fraudster and FBI informant Solomon Dwek goes to jail - 29 June 2011

In a follow-up to a story dated 11 April 2011, nearly two years after emerging as the lynchpin of a massive corruption and money laundering operation, federal informant Solomon Dwek has been sent to jail for lying to the FBI after being arrested in Baltimore in May for failing to return a rental car. Calling him a “cunning liar and a serial defrauder”, US District Judge Jose Linares revoked Dwek’s bail for violating the terms of his co-operation agreement with the government. Dwek had been free on bail since pleading guilty in October 2009 to attempting to cash two bogus US\$25 million cheques and as part of his plea bargain agreeing to co-operate with the government in a three-year investigation into corruption that has already resulted in the arrests of 44 people – including three mayors, two legislators and five Orthodox rabbis – and has yet to fully play out. Wearing a hidden surveillance camera, Dwek set up friends, former business partners, and dozens of public officials in a wide-ranging FBI sting that documented tens of thousands of dollars in cash slipped in FedEx envelopes to candidates for office, and millions more laundered through religious institutions and charities. Thirty people have already pleaded guilty in the case, three more were convicted at trial and two were acquitted, while charges are pending against nine others.

Dwek surrendered his jacket, belt and tie before being escorted out of the courtroom and taken straight into custody.

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Afghan central banker flees to the US while alleging high-level corruption - 28 June 2011

Adbul Qadeer Fitrat, the governor of Afghanistan's central bank, has resigned and fled to the US, saying his life is in danger for investigating fraud. Waheed Omar, Afghan President Hamid Karzai's spokesman, said that the resignation amounted to treason and that Fitrat is himself under investigation, while Afghanistan's Deputy Attorney General Rahmatullah Nazari issued an arrest warrant for Fitrat and said that he would ask the US embassy and Interpol for help in executing it: "Mr Fitrat will be brought here to face the judiciary. We will follow him. There are some serious charges against him and he needs to answer all of them."

Kabul Bank was founded in 2004 by Sherkhan Farnood, a leading international poker player, and is now Afghanistan's largest private bank, handling 80% of the government payroll, including salaries for policemen and teachers. Embezzlement almost led to the bank's collapse in September 2010 after it was discovered that hundreds of millions of dollars had gone missing through inappropriate loans. A run on the bank was avoided only by the injection of massive amounts of public funds and government guarantees, and at this point the central bank (with Fitrat as president) took control of the finances of Kabul Bank and the investigation into what had gone wrong. He says that he received no support from his government: "During the Kabul Bank crisis, I continuously pressed for the creation of a special prosecution, for the creation of a special tribunal to investigate and prosecute those who were involved in Kabul Bank's fraud. I did not receive any information that there is a credible plan to prosecute, to investigate and prosecute these individuals. The high political authorities of the country was responsible [for blocking] these efforts." In April 2011, Fitrat publicly named in parliament high-profile figures who were allegedly involved in the near collapse of the bank – including the brother and other relatives of President Karzai and the brother of Vice-President Qasim Fahim.

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FATF issues latest comments about jurisdictions - 27 June 2011

At its plenary meeting in Mexico City, the Financial Action Task Force (FATF) issued the following comments about specific jurisdictions:

Counter-measures remain in force against Iran and the Democratic People's Republic of Korea

Serious deficiencies remain about the AML/CFT regimes of **Bolivia, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria and Turkey**, although the FATF has drawn back from imposing counter-measures on them

Cuba is refusing to engage with the FATF

There are still serious concerns about the deficiencies in **Argentina's** AML/CFT regime, and "substantial progress" is expected by October 2010

Greece has met the commitments in its 2010 Action Plan and is therefore no longer subject to FATF monitoring.

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Disgraced media tycoon Conrad Black is returned to jail - 24 June 2011

Former media tycoon Conrad Black has been resentenced to 42 months in prison for fraud and obstruction. He was convicted in 2007 of defrauding shareholders in media holding company Hollinger of US\$6.1 million [about ££3.8 million] but freed in 2010 after the US Supreme Court found an anti-corruption law unconstitutional – although it did let two other charges stand. In Chicago, US District Court Judge Amy St Eve ruled that when Black was released in July 2010, more than two years into a six-and-a-half year term, he had not yet served enough time in prison to remain at liberty – although she rejected the request of prosecutors to sentence him to the same term once again. Prosecutors said recently: “He fails to acknowledge his central role in destroying Hollinger International through greed and lies, instead blaming the government and others for what he describes as an unjust persecution.” However, Black is likely to serve just 13 months because of time already served.

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Another scrap merchant jailed for money laundering - 24 June 2011

Tony Gray, who ran an illegal scrap metal site, has been jailed for 27 months for running a site without a permit, tax evasion, abstracting electricity illegally and money laundering. Under the Proceeds of Crime Act 2002 he was also ordered to pay £698,427 and was told that failure to pay would lead to four more years in prison. The yard at Wasoken in Norfolk, which contained offices and the house in which Gray lived, was raided on 30 June 2009 by officers from the Environment Agency, police and HM Revenue and Customs. About 800 scrap vehicles were found piled up to eight high as well as stored pollutants, and there was evidence of contamination from oil and batteries while many vehicles still contained hazardous fluids. Cash hoards of £122,000 were also found hidden in three places. Gray had paid no tax on his income between 2003 and 2009, and unlawfully took electricity to run the business between 2006 and 2009.

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Man sent to prison for illegal waste dumping and money laundering - 24 June 2011

In the biggest court case ever brought by the UK's Environment Agency, Hugh O'Donnell has been sentenced to four years in prison for dumping waste and money laundering. O'Donnell led a group who dumped building waste at an illegal site near Reading between 2006 and 2008. When the Environment Agency and Thames Valley Police raided the site in

September 2008, officers seized £45,000 in cash. O'Donnell was the landowner of the site and he allowed skip waste, construction waste and demolition waste to be sorted and disposed there in a landfill and by burning. He also instructed others to set up phoney companies and alias names to hide his involvement in the crimes. The Environment Agency's solicitor, Angus Innes, said the sentence sent a clear message to others contemplating waste crime: "This is a clear deterrent for others, and there are many of them, in the illegal waste industry, that their activity will be closed down, their profits will be taken, and they'll end up in jail if they don't stop."

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Bangladeshi PEP given prison sentence for money laundering - 22 June 2011

Arafat Rahman, son of former Bangladeshi Prime Minister Khaleda Zia, has been sentenced in absentia to six years in jail for money laundering. The judge said that Rahman was guilty of smuggling more than 200 million takas [about £1.7 million] to Singapore, and fined Rahman that amount while ordering the authorities to get the laundered money returned. The money came from bribes given to Rahman by the China Harbor Engineering Company Limited and the Bangladesh subsidiary of Germany's industrial giant Siemens AG for helping them win government contracts during his mother's 2001-2006 premiership. Rahman has been living in Bangkok since 2008 after he was released pending trial on the grounds of poor health; he refused to return for his trial, and the prison sentence will be effective from the day of his return or surrender. His older brother Tarique Rahman also faces several charges of corruption and misuse of power; he is living in London while he undergoes medical treatment.

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FSA unhappy with the AML approach of UK banks - 22 June 2011

A report on how banks are handling situations that present a high risk of money laundering has been published by the Financial Services Authority (FSA), and reveals that two UK banks in Britain are being investigated for lax AML controls and others are likely to be handling the proceeds of corruption and other financial crime. The two (as yet unidentified) banks have been referred to the FSA's enforcement division for "serious weaknesses" in how they manage high risk customers, including Politically Exposed persons (PEPs). In its damning report, the FSA says that some banks appear unwilling to turn away or exit very profitable business relationships, even when they present an unacceptable risk of handling the proceeds of crime: "Around a third of banks, including the private banking arms of some major banking groups, appeared willing to accept very high levels of money laundering risk if the immediate reputational and regulatory risk was acceptable."

Many of the failings identified by the regulator are the same as those it spotted in a review ten years ago when it was conducting its investigation

into the assets of Sani Abacha. More than half of the banks visited by the FSA this time around failed to have meaningful due diligence measures in higher risk situations, and failed to identify or record negative information about customers. Around one-third also dismissed serious allegations about their customers without adequate review, and more than one-third failed to identify customers as PEPs. The FSA said that three-quarters of banks in its sample, which included the majority of large banks, did not always manage high risk customers and PEP relationships effectively, and needed to do more to protect themselves from money laundering. "We will, where appropriate, use our enforcement powers to reinforce key messages in this report to encourage banks and other firms to strengthen AML systems and controls, and deter them from making decisions which do not take adequate account of money laundering risk."

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Jack Warner resigns from FIFA - 20 June 2011

Jack Warner, the controversial vice-president of international soccer's governing body FIFA, has announced his resignation. Warner was involved with FIFA for nearly thirty years, serving on its executive committee since 1983. He also resigned from his seat as head of the regional bodies CONCACAF and the Caribbean Football Union (CFU). In a recent corruption scandal, Warner was accused of bribing 25 members of the CFU with US\$40,000 [about £25,000] each during a meeting in Trinidad on behalf of Mohamed bin Hammam, who was running for president of FIFA before being suspended days before the election. Warner was also suspended at the same time, but has denied the allegations against him. In the wake of Warner's resignation from FIFA, the body has dropped its bribery investigation against him. Warner later commented that he would co-operate with a FIFA investigation but would "die first" rather than talk to the FBI, because of his ties with the US.

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Noriega to be extradited back to Panama to face punishment - 20 June 2011

In a follow-up to a story dated 7 July 2010 (see [Old news page](#)), the French authorities are preparing to try to extradite former Panamanian military ruler Manuel Noriega back to Panama. Noriega is currently serving a seven-year sentence in France for money laundering, but is wanted by the Panamanian authorities to face punishment there having been convicted for crimes committed during his rule in the 1980s. He was extradited from the US to France last year, having served seventeen years of a sentence there for drug trafficking, racketeering and money laundering. A French foreign ministry spokesman, Bernard Valero, said France would move forward with the extradition process now that it has received the consent of the

US authorities. This was necessary under the terms of the extradition agreement that brought Noriega to France in the first place, as he has not yet served the full sentence imposed by the French court. Once France issues its decree, Noriega will have one month to appeal.

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Tunisian ex-President goes on trial in absentia - 20 June 2011

A trial in absentia of ousted Tunisian President Zine al-Abidine Ben Ali has begun, although the accused has been in Saudi Arabia since he fled on 14 January 2011 following a popular rising. Ben Ali faces up to twenty years in prison if convicted on various charges, including corruption and drug trafficking, but he denies all charges. These initial charges relate to money, weapons and drugs allegedly left behind in his palaces: almost 2kg of drugs, believed to be cannabis, and US\$27 million [about £16.4 million] in cash were allegedly discovered. He is also being investigated on suspicion of murder, abuse of power, trafficking of archaeological artefacts and money laundering. The Saudi authorities have yet to respond to an extradition request from Tunisia for Ben Ali and his wife, Leila Trabelsi, and there seems little likelihood of them being brought to justice in person.

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Latvian department store chain suspected of money laundering - 18 June 2011

Investigations have been launched by the Latvian State Police's Economic Crime Department into department store chain Elkor, which is suspected (according to Police Chief Artis Velss) of large-scale money laundering and falsification of documents. Searches of company premises have led to the seizure of computers and documents, and the arrest of three people. Elkor stores are found throughout Latvia, selling electronic goods, clothing, furniture and household appliances, and the company employs more than 800 staff.

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Manchester loan shark sent to prison for fourteen months - 17 June 2011

Winston Mills, a loan shark who abused his position as manager of a hostel in Manchester to exploit the vulnerable residents, has been jailed for fourteen months for illegal money lending and money laundering. Over a five-year period, Mills charged up to 50% interest on small loans. He was the house manager of a hostel for adults with drug, alcohol and behavioural problems. He would lend residents relatively small amounts of between £10 and £40 but charge huge amounts of interest, retaining his victims' Post Office cards and then walking them to branches so that they could withdraw all or nearly all of their benefits, leaving them very little to live on. Tony Quigley of the Illegal Money Lending Team (a unit made up of trading standards officers and police) said: "Mills was at those flats to help and assist what were particularly vulnerable adults. Actually he just abused that position and started running a loan sharking business, which is preying on the most vulnerable members of our community."

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Drug dealer ordered to hand over half a million pounds of profit - 16 June 2011

Majid Ali, a convicted drug trafficker, has been ordered to forfeit his drugs profits as SOCA has been granted a Forfeiture Order for £487,590. The magistrate at Huddersfield Magistrates' Court said he accepted the cash was recoverable property "as it was the proceeds of and for the furtherance of drug trafficking". Ali was a high-ranking member of gang that ran a cocaine distribution business. In September 2010, SOCA officers searched a flat rented by Ali for the sole purpose of storing, adulterating and distributing drugs, and seized 1.2kgs of cocaine, three 25kg drums of lignocaine (a cutting agent for cocaine), a cash counting machine, drug scales, a list of drug dealers, several mobile phones, and £487,590 in bundles of £10 and £20 notes. Ali pleaded guilty to conspiracy to supply Class A drugs and money laundering and was sentenced to twelve years in prison in December 2010.

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Jersey court orders launderer to pay back £26.5 million - 8 June 2011

In a follow-up to a story dated 10 February 2011 (see [Old news page](#)), Raj Arjandas Bhojwani has been ordered to repay £26.5 million by Jersey's Royal Court. In a business deal with the late General Sani Abacha, dictator of Nigeria, Bhojwani laundered £28 million through the Jersey branch of the Bank of India. He was jailed in 2010 for eight years, but in February 2011 this was cut to six years for Bhojwani's good character. HM Attorney General Timothy Le Cocq, QC, said: "This is not the first time the attorney general has brought a successful prosecution for money laundering and we hope that it will send out a clear message that Jersey will deal very seriously with such offences." The case began following an investigation into the activities of General Abacha; US\$170 million [about £105 million] connected with the Abacha investigation has already been returned to Nigeria from Jersey and it is expected some of the confiscated money from Bhojwani will also be returned.

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UK government announces proposed form of new National Crime Agency - 8 June 2011

The UK government has announced the first details of its plans to create a National Crime Agency (NCA), which will tackle organised crime, defend the UK's borders, fight fraud and cyber-crime, and protect children and young people – thus bringing together (inter alia) the intelligence, analytical and enforcement capabilities of the Serious Organised Crime Agency (SOCA) and the Child Exploitation and Online Protection Centre (CEOP). Accountable to the Home Secretary and underpinned by the strategic policing requirement, the NCA will work with police and crime commissioners, chief constables, devolved administrations and

others. The NCA will have the specialist operational capabilities that add value to those in police forces and other law enforcement partners, such as those working on cyber-crime, economic and environmental crime, human, wildlife and drug trafficking and child exploitation. The head of the NCA will be a senior chief constable.

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UK government seeks views on changes to the AML requirements - 7 June 2011

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The UK government has published its response to its review of the Money Laundering Regulations 2007 and proposals for improvement. This follows a government review of the regulations, with engagement from more than 250 stakeholders. The proposals are intended to give businesses greater confidence to focus compliance on their highest risk areas and to discourage the tick-box approach taken by some businesses, while reducing the burden of regulation on British businesses. Between now and 30 August 2011, the government is seeking views on two major proposals:

The removal of over two dozen criminal penalties for businesses which fail to have the appropriate systems and controls in place to combat money laundering – civil penalties will remain and the government will be consulting on whether regulators should have the power to impose additional penalties.

A general exclusion for very small businesses (for example those with below £13,000 VAT-exclusive turnover per annum), or a reduction in the requirements placed on such businesses.

(This consultation will not affect the criminal penalties for money laundering under the Proceeds of Crime Act 2002 or the obligations of firms to report suspicious activity to SOCA.)

Commercial Secretary Lord Sassoon said: “It is essential that the UK’s money laundering regulations make the UK a hostile environment for money laundering and terrorist finance.

But improvements can be made and we must consider the impact of these regulations on British business. We believe that we can make the regulations more effective and proportionate by removing a range of criminal penalties on all businesses and by lifting the burdens on the smallest businesses. This will modestly reduce the burden on business, without damaging the fight against money laundering.”

Computer counterfeiter faces long prison term for money laundering - 30 May 2011

Chun-Yu Zhao, who runs a company called JDC Networking Inc in Virginia in the US, has been found guilty of counterfeiting, customs abuses and money laundering. Zhao bought generic computer networking equipment through a Hong Kong-based company, Hon Tong Technology, which she operated with her family, and then used pirated software and counterfeit

labels and packaging to mislead consumers into thinking that they were Cisco products. Cisco has waged a long campaign against counterfeiters, and earlier in May 2011 the leader of a warranty scam targeting Cisco was sentenced to seven years in prison and ordered to pay US\$9 million in restitution. Zhao will be sentenced on 26 August 2011; she faces 20 years in prison for each count of money laundering and importing improperly declared goods, and a further 10 years on each count of trafficking in counterfeit goods. The jury has also been asked to decide whether she should forfeit two Porsches and a Mercedes, bank accounts containing over US\$1.6 million and seven properties worth US\$2.6 million.

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Benefits cheats jailed for money laundering - 27 May 2011

In a follow-up to a story dated 19 April 2011, a married couple who lived a lavish lifestyle while claiming numerous UK government benefits have been jailed for money laundering. Over six years, Burnett and Paulette Morris used relatives and friends to send the proceeds of Burnett's drug dealing in south London to Jamaica, transferring in total more than £500,000. Burnett was sentenced to 7½ years in prison, while Paulette was given four years and nine months. Other involved in the laundering were also given jail sentences: Roisin Kelville (two years and three months), Kevin Robinson (two years), Fiona Holness (two years), Gerard Wright (21 months) and Dwayne Samuel (eighteen months).

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Money launderer must pay back money or face more jail time - 25 May 2011

In a follow-up to a story dated 12 February 2010 (see [Old news page](#)), a woman whose money laundering funded human trafficking and brothels in Devon has been ordered to pay back £154,346. Oranong Biscoe was jailed for four years in 2010 for money laundering and running an unlicensed bank. A confiscation order will now force her to pay back money she made within six months or face an extended jail term. The order has been secured by Zephyr, a police group designed to target organised crime across the south west of England and involves Avon and Somerset, Devon and Cornwall, Dorset, Gloucestershire and Wiltshire police forces.

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Eight jailed for identity fraud and money laundering - 24 May 2011

Eight members of an organised crime gang have been jailed for their part in a £10 million identity fraud scheme, after pleading guilty to charges including conspiracy to defraud, using fraudulently obtained documents and money laundering. Property consultant David St John Tunnicliffe was sentenced to five years in prison, while salesman Anthony Bridger received four years and eight months. Builder Richard Andrews was sentenced to four years and kitchen fitter Jonathan Ainsworth was jailed for three years and one month. Builder Adrian Dubrey received three years and one month's imprisonment, David Barclay was sentenced to two years and six months, and Megan Smith received 13 months. Paul Bridger was sentenced to ten months, suspended for a year, and 60 hours' community service. Detectives working with the Identity and Passport Service and the DVLA found that the gang used fraudulently obtained genuine passports and driving licences to open bank accounts in false identities. Some evidence was found at domestic addresses in Sussex, Surrey and London but the bulk of records were discovered at three rented offices in Putney, which contained essential account opening documents such as false licenses, passports, bank statements, chequebooks and cards, with notes about the profiles of all the account customers. About £200,000 in cash was also seized. In all, the scheme involved a hundred false identities, a thousand bogus accounts and £10 million.

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Request made to extradite accused launderers from Kenya to Jersey - 23 May 2011

Applications have been made to have Kenyan MP Chris Okemo and former Kenya Power and Lighting boss Samuel Gichuru extradited to Jersey to face money laundering charges. Seemingly in return, the Parliamentary Under Secretary of State Henry Bellingham assured the Kenyan government that the UK has issued an arrest warrant against Yagnesh Devani – the man behind the Triton oil scandal in Kenya – and would seek to extradite him to face charges in Kenya. Arrest warrants against Okemo and Gichuru have been submitted to the Kenyan Chief Public Prosecutor, who will need to confirm that the crimes the two are alleged to have committed in Jersey are also crimes in Kenya. If so, formal extradition proceedings can begin. The arrest warrant issued by Jersey shows that Interpol has also asked authorities in Tanzania, South Africa and the UAE to arrest the two men and extradite them, and moreover the men will not be able to travel to (the many) countries that have extradition treaties with the UK.

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Taiwanese former intelligence chief sent to prison for warning president about investigation - 20 May 2011

Yeh Sheng-mao, former director of Taiwan's Bureau of Investigation, has been sentenced to six years in prison for his role in a corruption scandal involving ex-president Chen Shui-bian. Yeh was convicted of concealing documents and leaking secrets to then president Chen to cover up for him. The sentence was reduced from the ten years handed down by a district

court as the high court ruled that Yeh did not make any profit from the crime. Yeh was found to have warned Chen while he was in power that an international financial watchdog was investigating his family for suspected money laundering. Chen, who left office in 2008, is serving a term of 17 years and six months on two convictions of bribery, with more trials pending on other charges including money laundering.

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Seven charged and £300,000 seized in HMRC money laundering investigation - 20 May 2011

Seven people from Greater Manchester and West Yorkshire have been charged after an investigation into alleged money laundering. The five men and two women, from Rochdale and Bradford, have been charged with conspiracy to launder the proceeds of crime. HM Revenue and Customs (HMRC) officers also raided KS Money Transfer in Rochdale and seized £300,000. The family-owned business was established in 2000 and specialises in sending cash to Pakistan. The charges and seizure follow a ten-month investigation by HMRC – codenamed Operation Enigma – into the suspected laundering of more than £200 million. Alan Lee, HMRC's deputy director for criminal investigation, said: "Operation Enigma is an HMRC-led investigation targeting money laundering offences. Attempts to launder the proceeds of crime are treated extremely seriously by HMRC, and we will relentlessly pursue any individuals or crime gangs believed to be actively involved in money laundering." All seven people charged have been released on bail to appear before Manchester magistrates on 6 June 2011.

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India charges Commonwealth Games organiser with money laundering - 18 May 2011

India's Enforcement Directorate (ED) has charged sacked Commonwealth Games organising committee (OC) chief Suresh Kalmadi with money laundering, and has begun identifying his properties and those belonging to his relatives and aides to seize them in order to recover losses from Games contracts. According to India's Central Bureau of Investigation, Kalmadi was part of a conspiracy favouring the appointment of certain vendors for the Games by introducing unnecessary restrictive clauses to the bidding process. Investigations by the Comptroller and Auditor General found that, had the OC chosen the cheapest vendors still meeting the required specifications, they could have saved at least Rs 220 crore [about £30 million]. In April 2011, the ED asked Kalmadi to provide his travel details and bank transactions for the entire period of his contract with the OC, and also made enquiries at banks and other financial institutions to trail Games-related transactions.

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Mrs Mubarak freed on bail after handing over assets - 17 May 2011

In a follow-up to a story dated 13 May 2011, Suzanne Mubarak (wife of ousted president Hosni) has been released on bail after handing over assets. She was being held on charges of corruption, and had suffered what was originally feared to be a heart attack but is now being called a panic attack. She gave three powers of attorney to the heads of the Egyptian Illicit Gains Authority, authorising him to withdraw up to 20 million Egyptian pounds [about £2 million] from accounts at two banks and to sell a villa in the Cairo suburb of Heliopolis.

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Curtis Warren to appeal to European Court of Human Rights - 16 May 2011

Drug dealer Curtis Warren intends to appeal to the European Court of Human Rights against his conviction for importing cannabis into Jersey. Warren was jailed for thirteen years in 2009, and in March 2011 he lost an appeal against his conviction after arguing that he should be freed because police in Jersey obtained key evidence by illegally bugging a car driven by his right-hand man. The basis of the fresh appeal is that he believes he is being treated differently because of his reputation. Advocate Advocate Stephen Baker said: “Mr Warren thinks that there’s a very important point that Strasbourg needs to consider; whether he’s being picked upon because of his reputation rather than any other citizen, so that he’s been victimised because of his previous alleged history.”

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Both Mubaraks have heart attacks after corruption allegations - 13 May 2011

Suzanne, the half-Welsh wife of ousted Egyptian president Hosni Mubarak, has been taken to hospital after suffering a suspected heart attack hours after being arrested on suspicion of corruption. Egypt’s Illicit Gains Authority had ordered the detention of Mrs Mubarak for fifteen days on charges of illegal acquisition of wealth, and preparations were underway to move her from a hospital in Sharm el-Sheikh – where she has been staying with her husband – to Qanater women’s prison outside Cairo, when she collapsed. Mubarak himself is in hospital because he reportedly suffered a heart attack when he was arrested on 13 April 2011, and the authorities have now ordered that he be detained for a further fifteen days.

During various bouts of questioning, Mubarak and his wife have agreed to reveal details of their bank accounts both in Egypt and overseas. Mubarak was also questioned about a villa he owns in Sharm el-Sheikh worth 36 million Egyptian pounds [about £3.75 million], and about having personal control of the bank account of the Alexandria Library. His wife was asked about a luxury villa she owns in Cairo, as well as 20 million Egyptian

pounds held in a bank account. The couple and their two sons Alaa and Gamal and their wives were banned from travel and their assets ordered frozen by the Egyptian general prosecutor in February 2011. Alaa and Gamal, along with dozens of officials and businessmen associated with the former regime, are being detained in Tora prison in Cairo, while their wives have also been questioned about the Mubarak wealth. Earlier this month, Switzerland froze CHF410 million [about £285 million] in funds linked to Mubarak and his associates.

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Another US Army major pleads guilty to procurement corruption in Kuwait - 12 May 2011

In a follow-up to a story dated 2 December 2009 (see [Old news page](#)), another retired US Army major has pleaded guilty to money laundering for his role in a corrupt defence contracting ring. Charles Bowie admitted accepting US\$400,000 [about £245,000] from a contractor in exchange for the award of a bottled water contract at Kuwait's Camp Arifjan, and admitted that he had entered into a sham consulting agreement with the contractor to conceal the payments. Bowie faces a maximum of ten years in prison and a \$250,000 fine.

This is the latest development in the Cockerham case, which has now caught at least seven other soldiers. Major John Cockerham pleaded guilty in February 2008 to accepting more than \$9 million in bribes, and is currently serving a 17-year prison sentence. According to court papers, in spring 2005 Cockerham instructed Bowie to set up a sham consulting firm called Triad United Technologies LLC. Triad served as a conduit for the bribes, and an email from Cockerham to Bowie said that he had four "eggs" for him "sitting in the fridge" – each egg represented \$100,000. Cockerham's wife, sister and niece were all involved and each pleaded guilty as the investigation unfolded, and they are all now in prison. The case against Cockerham's gang is ongoing – six Army majors have been implicated. Their work mostly involved contracts for relatively mundane military items such as awarding deals to provide drinking water, laundry and latrine services to military bases.

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Italian police crack down on Mallardo mafia clan - 10 May 2011

Italian police have announced that they have seized assets worth more than 600 million euros [about £525 million] and arrested seven suspects in a major sweep against a leading mafia clan in Rome and Naples. According to a police statement, the seized assets include "around 900 properties, 23 companies and 200 bank accounts" allegedly belonging to

the Mallardos, a clan of the Neapolitan crime syndicate the Camorra. Among those arrested was Feliciano Mallardo, the suspected clan boss. “The clan’s companies had seized control of entire economic sectors: from the production and distribution of coffee to betting shops to the wholesale trade in drinks and pharmaceutical products,” said the police. They also said that the Mallardos has set up “numerous real estate companies” around Rome.

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Switzerland launches money laundering investigation into Laurent Gbagbo - 10 May 2011

Switzerland’s federal prosecutor has opened an investigation into alleged money laundering by the regime of Laurent Gbagbo, the former president of Ivory Coast. Switzerland froze Gbagbo’s assets in January 2011, and announced last week that the total amount frozen was CHF 80 million [about £56 million]. The money laundering investigation was triggered by a complaint filed on behalf of the Ivorian government by Bruno de Preux, a prominent Geneva lawyer, and signed by Ivory Coast Justice Minister Jeannot Ahoussou-Kouadio and Finance Minister Charles Koffi Diby. The complaint alleges that the wealth controlled by Gbagbo and his associates is inconsistent with their salaries, and says that Gbagbo diverted the proceeds of the sale of an Ivorian-owned luxury villa in Switzerland to a personal account of a notary in Paris rather than to the official Ivory Coast account there. Gbagbo has been under house arrest since 11 April 2011, as prosecutors investigate post-electoral violence that left at least 3,000 dead; Gbagbo had refused to cede power after losing an election in November 2010.

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FIFA and Interpol to tackle corruption in football - 9 May 2011

FIFA and Interpol have launched a US\$20 million anti-corruption drive to stop match fixing and illegal betting on football. FIFA will provide the money to Interpol under the initiative, and it will set up an anti-corruption training wing within the Interpol Global Complex in Singapore, where it will train and educate players and officials on how to protect themselves from corruption. FIFA President Joseph Blatter said: “In the fight against illegal betting and match-fixing, the preventive measures that can be taken and the protection of the players and the integrity of the game are of the utmost importance. It is not enough to go against corruption or bad behaviour on the field of play: we have to look for those who try to destroy our game.” FIFA also announced the creation of an internal Betting Integrity Investigation Task Force. Interpol Secretary General Ronald Noble said that an operation against illegal match betting in Malaysia, China,

Singapore during the 2010 World Cup resulted in 5,000 arrests and the seizure of US\$26 million.

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Swiss open money laundering investigation into possible Russian tax fraud - 9 May 2011

Swiss prosecutors have launched a criminal investigation into suspected money laundering after a US investor claimed that Russian tax officials used Swiss bank accounts to engage in fraud. The investigation was launched on 7 March 2011 after Switzerland's Money Laundering Reporting Office received a complaint from a law firm on behalf of the London-based investment firm Hermitage Capital Management. The complaint alleges that the husband of Olga Stepanova, who headed Moscow's district tax office No. 28 until January 2011, used bank accounts at Credit Suisse to make million-dollar property purchases after Stepanova approved a fraudulent US\$230 million [about £140 million] tax return for three of Hermitage's subsidiaries. The subsidiaries' ownership documents had earlier been seized by officials at Russia's Interior Ministry, who used them to register their own people as owners and directors before filing the fraudulent tax claim, according to William Browder, the CEO of Hermitage. Copies of bank account statements and property registration papers show that Stepanova's husband, an employee of a small construction firm, wired money through Credit Suisse accounts to build an \$8 million luxury house west of Moscow, and buy a vacation home in Montenegro and multi-million dollar properties on the Palm Jumeirah in Dubai in the name of his 85-year-old mother.

Browder, who was barred from Russia in 2005 for unspecified reasons, has been waging a campaign against corruption in Russia for years. He accuses Russian authorities of being responsible for the death of his lawyer, Sergei Magnitsky, who died in prison in 2009 of untreated pancreatitis after being charged with tax evasion linked to the Hermitage fraud.

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Former Egyptian minister imprisoned for corruption and money laundering - 5 May 2011

Former Egyptian interior minister Habib al-Adly has been sentenced to twelve years in prison for corruption, and fined US\$2.5 million [about £1.5 million]. The once-feared al-Adly, who ran the security forces for the ousted regime of Hosni Mubarak, is the first official in Mubarak's government to face trial since its thirty-year reign ended in February 2011.

Al-Adly was found guilty of money laundering and illicitly enriching himself while in office. He had pleaded not guilty to both charges, which stemmed from a land deal in which he tasked officers to find a buyer willing to pay the highest possible price. He still faces two other trials: one for ordering officers to fire on protesters, and the other alongside Mubarak and the former finance minister over a deal with a German company to supply Egypt with license plates at allegedly inflated prices. Al-Adly is scheduled to appear in court on 21 May 2011 for his second trial.

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Russia gets new anti-bribery legislation - 4 May 2011

Russian President Dmitry Medvedev has signed a bill outlawing foreign bribery and allowing prosecutors to seek large fines instead of prison sentences for corruption. The new law creates a four-tier system of fines for public corruption based on the size of the bribe: small (up to 25,000 roubles – about £556); significant (up to 150,000 roubles – about £3,335); large (up to 1 million roubles – about £22,233); and very large. The law also makes bribing a foreign official (“any person, whether elected or appointed, that holds any position at the legislative, executive, administrative or judiciary body of a foreign state, and any person performing a public function for a foreign state, including any public agency or public enterprise”), personally or through an intermediary, a crime punishable with a fine of up to ninety times the amount of the bribe, or with a prison term of up to twelve years and a fine of seventy times the amount of the bribe. Foreign officials who accept bribes face a prison term of up to three years and a fine of up to a hundred times the amount of the bribe, or up to fifteen years in prison and a fine of up to seventy times the amount of the bribe. The same penalties apply to those found guilty of conveying bribes. The law allows for extortion as a defence, and removes liability from bribe-givers and go-betweens if they voluntarily report their crime to the authorities or facilitate the investigation. Companies that pay bribes to foreign officials to secure business advantage can be fined up to a hundred times the amount of the bribe – the law does not provide for criminal sanctions against companies.

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Starr lawyer pleads guilty to money laundering - 2 May 2011

In a follow-up to a story dated 16 December 2010 (see [Old news page](#)), Jonathan Bristol, one-time lawyer for jailed former financial adviser Kenneth Starr, has pleaded guilty to money laundering after being indicted in December 2011. He admitted allowing nearly US\$19 million [about

£11.5 million] of proceeds from Starr's fraud to be shuttled through his escrow account: "During 2010, I agreed to allow another person to wire funds in and out of my attorney escrow account, therefore facilitating his fraudulent scheme." As part of his plea (which leaves him facing up to five years in prison), Bristol acknowledged that he committed acts that furthered Starr's fraud.

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Costa Rican former President imprisoned for corruption - 28 April 2011

Costa Rican former President Miguel Angel Rodriguez has been sentenced to five years in prison for accepting bribes from French telecom giant Alcatel. Rodriguez, who served as president from 1998-2002 and was once the head of the Organization of American States, also cannot serve in public office for twelve years. Prosecutors alleged that he received more than US\$800,000 [about £480,000] in bribes from Alcatel during his presidency in exchange for helping the company get a \$149 million contract to provide 400,000 cell phone lines. Rodriguez has vowed to appeal. Alcatel-Lucent agreed to pay a \$137 million fine to US regulators in December 2010 to resolve charges of violating foreign bribery law for alleged payments to officials in countries including Costa Rica, Honduras, Malaysia and Taiwan between December 2001 and June 2006.

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Swiss PostFinance fined for money laundering - 21 April 2011

PostFinance has become the first Swiss financial company to be convicted of money laundering, after a court found that its AML controls were inadequate when it let a client withdraw a large sum of money just a day after depositing it. The court said that compliance procedures at the group (an arm of the Swiss postal service) were inadequate when it allowed the client, due to be tried for embezzlement later in the year, to withdraw 4.6 million Swiss francs [about £3.2 million] in November 2005. The court fined PostFinance 250,000 francs. PostFinance spokesman Marc Andrey said: "We refute the judgement, and think the organisational basis for combating money laundering at PostFinance were adequate at the time of this payment. We will analyse [the ruling] and will appeal it at a higher court." PostFinance said in court that their client was acting for a Swiss financial intermediary, B.E.Creative, and said he was withdrawing the money to buy precious stones. B.E.Creative was later charged with embezzling the assets of its clients. Andrey said the client had a permit from the Swiss authority responsible for preventing money laundering, and so there was no indication the money he deposited came from illegal activities.

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Prison sentences conclude Bermuda's largest money laundering investigation - 20 April 2011

Roger Cox has been sentenced to five years in prison at the conclusion of Bermuda's largest-ever money laundering investigation. Cox used a network of 33 people to help him launder 2.2 million Bermudian dollars [about £1.3 million] which he earned from running illegal gambling dens from 2004 to 2009. Chief Justice Richard Ground also jailed bookkeeper Michelle Lindsay for four months for assisting Cox to launder \$24,950 by processing the cash through her own bank accounts while suspecting it might be the proceeds of crime. Searches of Cox's home revealed \$338,920 in cash – some was hidden in bags and envelopes in a bedroom closet, some was tucked between clothing and some was stashed in the pump cupboard of Cox's Jacuzzi – and high value jewellery. A further \$369,640 was found in a bank safe deposit box. Cox admitted that the cash came from illegal gambling dens he ran in addition to his legitimate air conditioning business. He roped in others to help launder the cash through bank drafts, Western Union transfers, foreign currency purchases and smuggling it out of Bermuda. Many were arrested and questioned and found to be unwitting participants who had no idea they were assisting in a criminal enterprise. The court will also confiscate \$1.47 million from Cox.

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Launderer gets 3½ years for Olympic fraud - 19 April 2011

Ansama Kamara has been jailed for three and a half years for laundering the proceeds of a fraud perpetrated against the Olympic Delivery Authority (ODA). Kamara, from Sierra Leone, was part of a gang who called the ODA and said they worked for Skanska, a contractor on the site. He asked for payments to be made to a different bank account and gave the details.

The gang received £2.3 million but Kamara was reported by staff at a money services bureau when he tried to wire £2 million to Nigeria. A spokesman for the ODA said it has managed to get back nearly all the money: "Early identification by the ODA greatly reduced the potential impact of this fraud with almost all of the monies recouped shortly after it occurred last summer. Throughout the project we have worked with the Metropolitan Police Service to develop and refine our systems to meet the changing fraud risks and will continue to do so."

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UK/Jamaica drug laundering network dismantled - 19 April 2011

Burnett Morris, his wife Paulette Morris and Kevin Robinson have been found guilty at a London court of laundering money between the UK and Jamaica. Gerard Wright, Fiona Holness, Roisin Kelville and Dwayne Samuel had pleaded guilty at an earlier hearing, and all seven will be sentenced on 27 May 2011. Investigators initially identified a criminal network based in south London that was sending regular sums of cash to associates in Jamaica through various money bureaux, and the suspicion was that the cash was the proceeds of Morris's drug dealing. Arrests were made in May 2009 in south-east London and Cambridge during raids by more than 100 officers, who seized lock-knives, knuckle-dusters, machetes and other weapons, as well as more than £4,000 in cash.

The laundering network used friends and family to send small amounts of money – often £900 – as frequently as five times a day. Over a six-year period, the network transferred more than £500,000 from the UK to Jamaica. In addition Paulette spent more than £250,000 on travel to and from Jamaica and Florida and on luxury items including designer clothes, a diamond valued at £8,000 and other jewellery for which she rented a safety deposit box at Harrods. While living a lavish lifestyle, Paulette and Burnett Morris claimed benefits, including housing allowance, Council Tax benefit and free school meals for two of their children. In addition, the Morris family owns two luxurious houses on the outskirts of Kingston in Jamaica, and fourteen racehorses.

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Money movements targeted in Guernsey - 18 April 2011

The Guernsey Border Agency (GBA) has announced that recent checks at the island's airport has shown that many islanders and visitors are unaware of the 10,000 euro (£8,800) upper limit that applies to money that can be carried into or out of Guernsey without a declaration being made. Under the Cash Controls Law of 2007, the threshold applies not only to banknotes but also to coins in any currency, postal orders, cheques of any kind, banker's drafts, bearer bonds and bearer shares, postage stamps, and bullion ingots and coins. GBA staff have been using Bella, a UK Border Agency sniffer dog, to conduct checks.

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Ibori remanded in custody in London - 16 April 2011

In a follow-up to a story dated 31 March 2011, James Ibori, former governor of the oil-rich Delta state in Nigeria, has finally been extradited from Dubai to the UK to face 25 charges of fraud and money laundering. Under Nigeria's federal system, state governors enjoy wide powers, and

those running oil-rich states have budgets larger than those of some African countries. They enjoy immunity from prosecution while in power, but several have faced corruption charges since leaving office after the last election in 2007. Ibori was arrested in Dubai in May 2010 and lost an appeal against his extradition. He arrived at Heathrow on 15 April, accompanied by officers from the Metropolitan Police's extradition unit. He appeared at the City of Westminster Magistrates' Court and was remanded in custody until his appearance at Southwark Crown Court on 28 April. Ibori's sister, wife and lawyer have all been found guilty of money laundering and are serving prison sentences in the UK.

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US authorities shut down online poker sites over money laundering allegations - 15 April 2011

The US Justice Department has frozen gambling accounts linked to three of the biggest online poker sites after accusing those running them of money laundering and fraud. Prosecutors claimed that the operators of Pokerstars (based in the Isle of Man), Full Tilt Poker (based in Dublin and licensed in Alderney) and Absolute Poker (based in a Commonwealth Caribbean country) tricked US banks into processing billions of dollars from customers (when US banks are prohibited from accepting payments from illegal gambling websites). The US authorities also seized the company's internet addresses, and the move is seen as a serious escalation in an struggle between the US authorities and the online gambling industry. A grand jury has charged eleven defendants, including the founders of the poker sites, with bank fraud, money laundering and violating gambling laws. In a statement, prosecutors claimed that the defendants, "among other things, arranged for the money received from gamblers to be disguised as payments for hundreds of non-existent online merchants and other non-gambling businesses". The US Attorney's Office is working with "foreign law enforcement" in the hope of extraditing defendants located abroad and seizing their assets. Legal experts said the case would test US gambling laws, which plainly prohibit sports betting but divide opinion as to whether they cover online games such as poker and blackjack.

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Moussa Koussa removed from UK and EU sanctions lists - 14 April 2011

Following his removal from US sanctions lists earlier this month, Libyan former foreign minister Moussa Koussa has now been removed from EU and UK sanctions lists. The decision could allow Koussa to travel freely in Europe and give him access to financial assets

across the continent. Apparently UK diplomats persuaded other EU states to support the removal as a reward for Koussa's defection, and to encourage other members of the Gaddafi regime to follow suit. However, some are not happy with what is seen as favourable treatment meted out to a man who is still facing questioning over his possible involvement in the 1988 Lockerbie bombing. A spokesman from the Foreign and Commonwealth Office said: "Sanctions are introduced to invoke behavioural change and as Moussa Koussa has chosen to leave the regime he is no longer sanctioned in this way." William Hague, the Foreign Secretary, has signalled that Koussa could be allowed to leave the UK to live elsewhere once MI6 has finished questioning him.

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Pawnbroker gets 33 months for money laundering - 12 April 2011

In a follow-up to a story dated 9 September 2010 (see [Old news page](#)), Baltimore pawnbroker Louis Leitch has been sentenced to 33 months in prison followed by three years of supervised release for conspiring to commit money laundering and attempting to evade taxes. Leitch – along with thirteen other people – laundered the proceeds of the sale of mass quantities of stolen over-the-counter medications, health and beauty aid products, gift cards, DVDs, tools, and other merchandise. The stolen items were "cleaned" – meaning that their security labels and retail tags were removed – and then they were sold through Leitch's E-Z Money Pawn Shop and on eBay and Amazon. The entire conspiracy involved approximately US\$20 million [about £12.3 million] in stolen merchandise, and \$2.5 million of it could be directly connected to Leitch. In addition, Leitch failed to file income tax returns for tax years 2005 and 2006, although he received substantial income through his pawn shop and other businesses.

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Ex-NJ City councillor sent to prison for corruption - 11 April 2011

In a follow-up to a story dated 29 March 2011, the evidence of convicted fraudster turned informant Solomon Dwek has led to the capture of another criminal. Mariano Vega, former president of the Jersey City Council in New Jersey has been sentenced to 30 months in prison for agreeing to take US\$30,000 [about £18,500] in cash bribes from an FBI informant posing as a corrupt developer. Vega was among more than forty people charged in the sweeping money laundering and political corruption sting code-named "Bid Rig III", which led to the arrests of three mayors, two legislators, five Orthodox rabbis and dozens of others in July 2009. Dwek, using the name of David Esenbach, set up Vega and others by claiming to be seeking zoning board approvals for a phantom luxury condominium project in Jersey City.

The bribes to Vega were all paid through Maher Khalil, who at the time was the assistant director of the Jersey City Department of Health and Human Services and was working for Dwek to set up meetings with various political officials. Khalil also pleaded guilty last September and awaits sentencing.

Vega's lawyer Peter Willis said that his client had succumbed to pressures connected with his aspirations to ultimately become the first Hispanic mayor of Jersey City, and had seen Esenbach/Dwek as a potential investor in his election campaign. However, Assistant US Attorney Sandra Moser, pointing out that Vega's net worth was at least \$3.3 million, said his political ambitions were no excuse for him to trade his office for cash: "He was educated, he was experienced, and after twenty years, he knew better."

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Financial adviser steals identity of dead client - 8 April 2011

Douglas Vannoy, a former financial adviser in Texas, has been sent to prison for opening a bank account in the name of a deceased client. Jim King died in July 2008, and, after serving as a pallbearer at King's funeral, Vannoy used money from his estate to open a bank account in the dead man's name. He later withdrew money for his personal use. "Daddy trusted him from the beginning," said King's daughter Nancy Hancock. "Doug was the first person I called after Daddy died. Initially we couldn't believe it – we were convinced he couldn't be a thief. It was shattering staring at forged cheque after forged cheque after forged cheque. It was a nightmare." Vannoy pleaded guilty in January 2011 to money laundering, and has been sentenced to five years in prison. He must also pay \$94,000 [about £57,500] in restitution.

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Final mobile phone VAT fraudster sent to prison - 6 April 2011

Kuldip Singh Sander has been jailed for seven years laundering the proceeds of a £60 million mobile phone VAT fraud. Sander was the last of seventeen defendants to be sentenced, following an investigation by HM Revenue & Customs (HMRC) that started in 2002, spanned five countries and led to five trials with offenders being jailed for a total of 59 years. The group imported mobile phones and computer chips from Europe, VAT-free, which is legal. They then sold them on to each other, adding on VAT and claiming it back from HMRC before exporting them from the UK and claiming the rebate, again from the taxpayer. Adrian Farley of the HMRC called it "ram-raiding the Treasury... organised fraud on a massive scale perpetrated by criminals bent on making fast and easy profits at the expense of the British taxpayer. This was theft of revenue needed to fund our country's public services but instead it fuelled their elaborate lifestyles." Sander, a prolific horse racing gambler, played a pivotal role and had responsibility for overseeing the money laundering. The gang also corrupted a serving customs officer and a bank official – both of whom have been jailed. So far £13 million has been confiscated.

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Ex-Enron CEO Skilling denied new trial - 6 April 2011

A US appeals court has denied ex-Enron chief executive Jeffrey Skilling a new trial, upholding his conviction on 19 counts of conspiracy and other crimes. The court rejected arguments that faulty jury instructions at his 2006 trial meant he should get a new trial: it was found that the faulty instructions had been “harmless” because the evidence against him was overwhelming. The court in Houston also vacated Skilling’s 24-year prison sentence and sent it back to a lower court for re-sentencing.

The energy trading giant imploded in December 2001 amid revelations that executives had covered up the parlous state of the company’s finances with accounting trickery and shady business deals. In 2006, Skilling was convicted for his part in the accounting fraud, after prosecutors said that he and other executives had concocted a scheme to keep Enron’s failing financial health a secret from shareholders. Skilling was the highest-ranking Enron officer to be punished after the energy firm’s collapse; Enron founder Kenneth Lay was also convicted but died six weeks later as he awaited sentence.

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Mexican and US governments step up AML efforts - 5 April 2011

Mexico has introduced a scheme to reward whistleblowers up to a quarter of any illicit funds or property seized by the Mexican government. The amount of the reward will be determined by an evaluation committee on a case-by-case basis, and civil servants, those working for law enforcement agencies, and bank employees are ineligible for the program.

Although President Felipe Calderon has introduced tough anti-money laundering measures, Mexico is struggling to stem an estimated US\$10 billion [about £6 billion] a year in illegal proceeds from drug trafficking. Legislation proposed in August 2010 would make it illegal to buy real estate in cash, and would limit the purchase of vehicles, boats, aeroplanes and luxury goods to 100,000 pesos in cash [about £5,200]. And in June 2010, the Mexican government imposed restrictions on cash deposits and withdrawals in US dollars: Mexicans with bank accounts can deposit as much as \$4,000 in cash per month; Mexicans without accounts can exchange \$300 a day up to \$1,500 a month. As the Mexicans intensify their efforts, the US Department of Justice is assembling a unit of money laundering prosecutors and forfeiture experts to concentrate on Mexican drug cartels.

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Finnish couple imprisoned as part of Spain's Operation White Whale - 1 April 2011

An elderly Finnish couple has been sentenced in the Spanish city of Malaga to three years and three months in prison for money laundering. The pair were also ordered

to pay a fine of 1.3 million euro [about £1.15 million]. Aimo and Maria Voutilainen had laundered nearly 800,000 euro (the proceeds of tax evasion in Sweden) through real estate deals in Marbella and Fuengirola since the mid-1990s. Aimo Voutilainen was convicted of tax crime in Sweden in 1998. The money laundering scheme was hatched in a legal office in Marbella, where the Voutilainens were customers, and was discovered in 2005. Dozens of people were arrested in Operation White Whale, and luxury cars, properties and works of art were confiscated.

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Senior Bulgarian court official charged with fraud and money laundering - 1 April 2011

Atanas Valkov, head of the Bourgas administrative court in Bulgaria, has been arrested and charged with document fraud and money laundering. Valkov, who has been in charge of the administrative court in Bourgas since its creation in 2007, was arrested while negotiating a property sale worth more than two million euro. The property, on a 12-acre plot of land near the Bulgarian port town of Nessebar, was allegedly obtained by Valkov's mother with falsified documents and Valkov had been managing the sale to a third party – who was an undercover police officer. A raid of Valkov's office revealed paperwork to do with the property.

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Ibori released from prison in Dubai - 31 March 2011

In a follow-up to a story dated 9 March 2011, former Nigerian state governor James Ibori has been released from prison in Dubai on humanitarian grounds because of his deteriorating health. Ibori, who has been in custody since May 2010, was ordered on 13 December 2010 to be extradited to the UK to face money laundering charges. Ibori is now in his Dubai home recovering from a chest infection and liver complications, but even if he were well he could not be extradited yet, according to his lawyer Ali Musabah: there is an ongoing contractual property dispute, and until Ibori pays a property investor, as ordered, the ban will remain in place. According to the extradition request filed by the British government, large amounts of money were embezzled in Nigeria during Mr Ibori's term as governor, and the belief is that the funds were laundered through UK banks. British authorities also say Mr Ibori sold the Delta state's shares in telecom operator V mobile to a fraudulent firm, which funnelled the money back to him and his associates. In October 2010, Ibori confirmed that he plans to stand in the 2011 Nigerian presidential elections.

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UK government publishes long-awaited guidance on its Bribery Act 2010 - 30 March 2011

The UK's Secretary of State for Justice, Kenneth Clarke, has published guidance on the Bribery Act 2010 and also announced that the Act will come into force on 1 July 2011. According to his press release: "combating bribery is about common sense, not bureaucracy... No-one is going to try to stop businesses getting to know their clients by taking them to events like Wimbledon, Twickenham or the Grand Prix. Reasonable hospitality to meet, network and improve relationships with customers is a normal part of business... The procedures that need to be put in place to rely on the statutory defence only have to be proportionate to the size and nature of the business. Modest risks require modest procedures to mitigate them." A "quick start" version of the guidance for small businesses will also be available. As to the applicability of the legislation, a rather unsatisfying comment is made: "It will be up to the court to decide whether or not any individual organisation can be said to be 'carrying on a business' in the UK. They obviously take a range of factors into account – mere listing on the London Stock Exchange or just the fact of having a UK incorporated subsidiary would not necessarily mean the Act applies".

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NY rabbi pleads guilty to money laundering through religious charity - 29 March 2011

Rabbi Saul Kassin, a leader of New York's Syrian Jewish community, has pleaded guilty to laundering money through a religious charity. As the result of a plea bargain, he faces up to US\$250,000 [about £155,000] in fines and five years in prison. Kassin and forty-three other rabbis were arrested by the FBI in Syrian Jewish neighbourhoods of New Jersey and New York in July 2009. The mayors of three New Jersey towns, a deputy mayor and a state assemblyman were also arrested. Kassin confessed to using his Magen Israel Society to launder money given to him by Solomon Dwek, a real estate tycoon and the son of a prominent Syrian rabbi, who was arrested in 2006 for a \$50 million bank fraud. For the laundering service, Kassin and the charity kept 10% of the money. Dwek later became a federal informant.

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Fraudster gets four years for laundering the proceeds of laundering - 25 March 2011

Brian McAtevey of Bedfordshire has been sentenced to four years in prison for his part in a £10 million fuel duty fraud, and for money laundering. The fraud involved processing low duty fuels to remove the chemical marker (known coincidentally as laundering) and then selling them on as legitimate duty paid road diesel. He then laundered the profits through several business bank accounts and cheque cashing companies. Mike O'Grady, assistant director of criminal investigation at HM Revenue and Customs (HMRC), said: "Fuel laundering is unregulated and dangerous but this gang was motivated solely by greed and personal gain, costing us all, as taxpayers, millions of pounds in stolen revenue. Cheap, laundered fuel is no bargain: it undercuts honest businesses and has devastating effects on the environment when the toxic by-products of the laundering process are dumped in the countryside." Three other men and a woman were sentenced in February 2011 for their part in the crime, and a further individual is due to appear in court on the same offences.

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Three years for laundering money from fake care home - 21 March 2011

Bodylon Fayoyin has been jailed for three years after helping an NHS worker steal hundreds of thousands of pounds from Buckinghamshire NHS Primary Care Trust (PCT). His partner in crime, Oloade Ibieronke Mabun, is still on the run after being sentenced to four years' imprisonment in her absence last month. Mabun invented a care home called Made House and siphoned a total of £117,812.30 from the NHS in payments for five imaginary residents at the home, whose identities she had stolen from an NHS continuing care register. Fayoyin laundered the money for her by transferring it to other accounts. Between April and July 2009 the PCT paid out on 31 invoices from the fictitious home but when concerns were raised and a manager tried to visit the care home, it was found that the street address did not exist. The manager rang the home and left a message, and was called back by a man who said that he was the home's manager, and that of the home's five residents, three had died, one was in hospital and one was on holiday in Poland. It was found that the Made House email account was accessed regularly from a computer in Nigeria and once from a computer in the UK registered to Mabun, and investigators later traced calls made by Mabun to the number on the fake invoices. So far £46,000 has been recovered and returned to the PCT.

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Welsh Lamborghini-driving solicitor jailed for money laundering - 18 March 2011

Solicitor Benjamin Cornelius has been jailed for four years and eight months for money laundering on behalf of a drug dealer, and selling his Lamborghini without a

court's permission. Cornelius acted as a conveyancing solicitor in the purchase of properties on behalf of his friend, David Richards, and fraudulently secured more than £650,000 of mortgage advances, laundering the proceeds by buying property. Over an 18-month period, the frauds enabled Richards to develop a large personal property portfolio in the Neath and Swansea Valleys. Cornelius concealed his involvement from his employer, William Parry, who said that the first he knew of it was when the police turned up at his office. Police raided Cornelius' home in October 2009 and restrained all his assets, including a black Lamborghini Gallardo worth more than £80,000. In February 2011 Cornelius applied to the court for permission to sell the car but in fact he has already sold it in defiance of a Court Order. Richards, who was convicted of trafficking class A drugs in July 2010 and is already serving a twelve-year sentence, pleaded guilty to fraud at the start of the trial and was sentenced to serve 30 months concurrently. There will now be a future confiscation hearing which will determine the extent to which Cornelius and Richards financially benefited.

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Leading French Jewish businessman charged with money laundering - 17 March 2011

Zvi Ammar, a leading French Jewish businessman who serves as president of the Marseille Jewish "Consistory" (the body that governs Jewish congregations in a given province) has been charged with misappropriation of funds and money laundering. The charges date back to 2007 when police investigated the contract killing of Olivier Plançon, the commercial director for sportswear company Mercure International of Monaco. Ammar runs another sportswear company called International Sports Fashion (ISF), and the Plançon killing took place in a parking lot owned by ISF.

Witnesses told police that after the shooting they saw two men, one of whom was identified as Ammar, taking Plançon's bags out of his car and into the ISF office. A bank slip for 346,360 euros was later found in Plançon's bag but only 15,000 euros were found on his body. Police have long suspected that the killing had to do with financial transactions between ISF and Mercure, and both Ammar and Adnan Houdrouge (Mercure's wealthy Lebanese owner) were arrested and questioned. They were released for lack of evidence, only to be taken back into custody now, apparently because of new evidence. Ammar has been released on bail, on condition that he reports to the police station on a weekly basis and has no contact with Houdrouge.

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US Customs officer pleads guilty to gun smuggling and money laundering - 17 March 2011

Devon Samuels, a US Customs and Border Protection officer, has pleaded guilty to conspiring to launder drug money and attempting to smuggle guns onto an aeroplane. Samuels was charged in connection with three undercover sting operations targeting smuggling activities at Hartsfield-Jackson International Airport in Atlanta, Georgia. Samuels unlawfully used his badge to bypass security and avoid screening. In a separate case, Samuels and his wife Keisha Jones pleaded guilty to conspiring to commit marriage fraud: they helped another couple to deceive immigration authorities into believing their sham marriage was genuine. The two are to be sentenced on 2 June 2011.

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Scion of Mexican Juarez cartel to stand trial for money laundering - 16 March 2011

A Mexican judge has ordered a purported leading figure in the Juarez cartel and the son of late drug kingpin Amado Carrillo Fuentes to stand trial for money laundering. Vicente Carrillo Leyva – who was one of Mexico’s most-wanted men when he was arrested on 1 April 2009 while exercising at a Mexico City park – is accused of “carrying out transactions with illegally acquired funds to conceal the origin or ownership of those funds”, according to the Mexican Attorney General’s Office. The accused is also the nephew of Vicente Carrillo Fuentes, who has led the Juarez cartel since Amado died in 1997 while undergoing plastic surgery to disguise his identity. The Juarez cartel has been battling the Sinaloa cartel for control of smuggling routes around Ciudad Juarez, turning the border metropolis into one of the world’s most dangerous places. More than 3,100 people were murdered last year in the city (which sits across from El Paso in Texas), making 2010 the deadliest year since the turf war between the two mobs sent the homicide rate skyrocketing in 2008.

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Dubai participates in smashing of international drug money laundering ring - 15 March 2011

Major General Khamis Mattar Al Mazeina, Deputy General Commander of the Dubai Police, has announced that his force, in co-operation with international security agencies, has arrested sixteen people involved in drug trafficking and money laundering in the UAE, the UK, the Netherlands and South Africa. “The gangsters possessed big quantities of drugs and money. They intended to smuggle the drugs from Surinam to South Africa then to Europe, using highly technical equipment. Dubai Police formed part of an international team assigned to pursue the gang, and Operation Shark continued for more than a year to identify the gang members and foil their criminal activities.

On 10 December 2010, police in South Africa arrested seven suspects and seized 316kg of cocaine and 100,000 drug capsules, Dutch authorities arrested three

suspects with 637kg of hashish, 524kg of marijuana, a firearm and [the equivalent of £85,000 in cash], and the British authorities arrested two suspects and confiscated £304,000. Then on 12 December the Dubai Police arrested three suspects: the big boss (an Asian called SA who has joint European and South African nationality) and two of his assistants. SA possessed a number of passports, 58 electronic devices for communication with the gang members and some cash. During questioning SA said that he would get 15% of the proceeds from the smuggled drugs. SA has previously been convicted in a drug case in a European country and was sentenced to five years in jail. The three have been referred to the public prosecutor. A fourth suspect was held on an arrest warrant from a European country, and was deported after we made sure that he had no criminal record in the UAE.”

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Pimp ordered to hand over £2 million or face more jail time - 14 March 2011

Thomas Carroll, head of an organised crime gang that ran an international prostitution ring, has been ordered to hand over his proceeds of crime. SOCA has been granted a Confiscation Order for £1,902,496 in Cardiff Crown Court, and the assets to be seized include four houses in Wales, three houses in South Africa, four cars and a personal registration number plate. In passing judgment, Judge Bidder QC said: “This defendant has shown that he is prepared to squirrel away in properties abroad the proceeds of his prostitution business. He is a convicted money launderer. He is determined and astute.”

Carroll ran his business from a rented house in Castlemartin in Wales, along with his partner Shamiela Clark and his daughter Toma Carroll. One room in the house was a dedicated call centre where they coordinated their clients’ calls, receiving up to 300 calls a day for their brothels throughout the UK and Ireland. European women were recruited through advertisements on the internet and through publications in the UK. Others from Nigeria were trafficked into the UK believing they were escaping to a better life: they were told they would be educated and become hairdressers or seamstresses, but instead they were subjected to African rituals designed to frighten them into compliance and forced into prostitution. All the money they made was taken back to pay off their ‘debt’ to their traffickers.

Carroll is already serving a seven year prison sentence. If he fails to meet the Confiscation Order he will face another ten years in prison. A Confiscation Order for £360,000 was granted against Shamiela Clark in September 2010, and if she does not pay within six months she will serve a further three years in prison.

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Ibori lawyer sent to prison for fraud and money laundering - 9 March 2011

In a follow-up to a story dated 23 November 2010 (see [Old news page](#)), Bhadrash Gohil – one of the lawyers of former Nigeria Delta State Governor James Ibori – has been sentenced in the UK to seven years’

imprisonment for fraud and money laundering, relating to his involvement in a £23 million V-Mobile shares fraud. Judge Christopher Hardy said that Gohil was the “architect” of the scheme, and told Gohil that “this fraud required special expertise and you lent yourself to it”. Through his actions, Gohil allowed public funds from the sale of V-Mobile [now Airtel] shares in Nigeria to be diverted to private accounts (including, allegedly, those of James Ibori). Ibori himself is currently being held in Dubai, awaiting deportation to UK to stand trial for grand theft, forgery, fraud and money laundering. His sister and wife have already been jailed in the UK for money laundering.

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Poor driving leads to two money laundering convictions - 7 March 2011

Ajit Arora, of Middlesex, has been jailed for four years for money laundering. He admitted transferring more than £500,000 overseas through his money service business, MSB Helmkunt Forex. Arora was part of an organised gang that also contained Nadeem Karimzada, who came to the attention of Her Majesty’s Revenue and Customs (HMRC) when he reversed into an HMRC car on an undercover operation in Southall. HMRC investigations revealed that Karimzada provided money laundering services to criminals, transferring £2.5 million to organisations in Afghanistan, Pakistan, China, India and the United Arab Emirates, and he was jailed for three years on 4 March 2011.

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Teddy bears used to launder funds for drug cartels - 7 March 2011

All three executives of a Californian toy company have now pleaded guilty to laundering almost US\$9 million [about £5.5 million] for drug cartels in Mexico and Colombia. Meichun Cheng Huang and Ling Yu were joint owners of Angel Toy Corp, while Xiaoxin “Judy” Ju was their accountant. Huang and Yu directed their Colombian and Mexican clients to drop cash off at the company’s Los Angeles headquarters or deposit it directly into the company’s bank accounts. The pair then wired the money to China to purchase teddy bears and other stuffed animals and dolls which were exported to Colombia where an associate arranged for their sale. The Colombian pesos generated by those sales were used to reimburse Colombian drug traffickers.

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Youthful Guernsey-born Internet fraudster jailed for five years - 2 March 2011

Nineteen-year old Nick Webber, who was brought up in Guernsey and is the son of former Guernsey politician Tony Webber, has been jailed for five years for orchestrating a multi million-pound internet fraud. Webber ran GhostMarket.net, a site where credit card details were sold and advice on running scams was available. Judge John Price called the fraud “a criminal enterprise offering sophisticated advice on how to hack into computers, cause them to malfunction and retrieve personal information from computers – and how to do it on massive scale.” The details of thousands of credit cards were found on Webber’s computer when he was arrested in October 2009 after he used a compromised credit card in a London hotel. At its peak the site had more than 8,000 users, and it is estimated that the details amassed represented a potential loss for credit card companies of more than £12 million. The gang running the website spent their illegal earnings on luxury goods such as plasma televisions, jewellery and cameras. Gary Kelly (aged 21) was also jailed for five years, Ryan Thomas (18) was jailed for four years, and Shakira Ricardo (21) was jailed for eighteen months. Judge Price told them that their age had saved them: “I’m extremely conscious of the youth of you all. Were you four or five years older the sentence would be much longer.”

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"Underpants smuggler" must pay back the money - 2 March 2011

In a follow-up to a story dated 3 March 2010 (see [Old news page](#)), John Maurice has been ordered to pay back the cash he concealed in his underpants or face longer in jail. Maurice, a semi-retired property salesman employed by a property sales company in Spain, was stopped in Dover in 2008 as he waited to board a ferry to France. When challenged, he produced 63,000 euros and £2,600 from his underpants. At his trial in March 2010 he admitted smuggling £3.8 million out of the country, and was jailed for four years for money laundering. He has now been ordered to pay back £380,000 by 1 September, or serve a further four years in jail and still owe the money.

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Texas cracks down on illegal gambling - 1 March 2011

In its largest-ever money laundering seizure, the Houston Police Department (HPD) in Texas has seized more than US\$1.5 million [about £920,000] and arrested five people on charges of operating gambling operations and money laundering. The five were Terry Donalson, his wife Nancy, his father Alton, James Keith and Mario Correa. A sixth suspect, Carlos Delgado, remains at large. HPD vice officers have been watching the gang since April 2010, and raided three gambling locations last week. They have nearly \$200,000 in bank accounts, as well as guns, jewellery, vehicles, boats, jet skis, motorcycles and heavy-duty tools, ten acres of riverfront property, several currency-counting machines and more than 250 video gaming machines. (In Texas, gambling machines are legal, but they become unlawful when they are used to pay out ten times the amount of a bet or \$5, whichever is less.) Each of the five suspects faces up to 99 years in prison if convicted. Captain Steve Smith of the HPD said that the

vice unit is cracking down on game rooms after years of little enforcement: "We'll be out there daily."

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First Egyptian ex-minister to go on trial for money laundering - 28 February 2011

Egypt's former interior minister Habib el-Adly, who has been accused of money laundering, will be the first minister of the regime of toppled president Hosni Mubarak to face trial before a criminal court. El-Adly was arrested on 17 February 2011 (along with former tourism minister Zuheir Garana) and will go on trial on 5 March 2011. The punishment of corrupt officials was one of the main demands of protesters in Egypt's 18-day nationwide demonstration that brought an end to Mubarak's 29-year rule, and investigations have begun into bringing corruption charges against several senior officials. Egypt has imposed a ban on dozens of members of the present and former government from travelling abroad without permission and has frozen their assets.

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British right-wing leader investigation for money laundering - 27 February 2011

Stephen Yaxley-Lennon, leader of the right-wing English Defence League (EDL) and also known as Tommy Robinson, is under investigation for money laundering. The carpenter has had his accounts frozen and has told supporters (via a rant on YouTube) that it is "inevitable" that he will go to prison "despite being innocent". He also accuses police of "disruption tactics", and says that he will set up a branch of the EDL in prison. Police are investigating the source of several sums deposited in his accounts between 2007 and 2009. Yaxley-Lennon is currently on bail after a police raid on his home in Luton.

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Laundering Manx millionaire given more prison time for theft - 25 February 2011

In a follow-up to a story dated 4 October 2010 (see [Old news page](#)), Isle of Man millionaire Trevor Baines has been sentenced to two-and-a-half-years in prison after being found guilty of stealing nearly £900,000. His wife Wendy was sentenced to 18 months in prison for stealing £400,000. Baines is already serving six years in prison following a money laundering conviction in 2009, and this new term will be added to that one. The Baineses stole money from the Hermitage Securities Limited Trust fund to pay legal fees; they had managed the trust as corporate service providers. During sentencing, Deemster David Turner said: "You had a reputation for being exceedingly wealthy and being part of the jet set. You lived a glamorous way of life but it was all based on a lie. You were not as wealthy as you

pretended to be. You employed fashionable legal counsel from England that didn't come cheap.” He also commented that Trevor Baines stole the money through “confidence trickster methods”.

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Laundering gang jailed in the UK - 23 February 2011

A gang of criminals who laundered more than £48 million of criminals proceeds for other organised gangs has been jailed following an international investigation by HM Revenue & Customs (HMRC). Tanveer Hussain Jaffery and Naveed Ahmad, both of Stoke-on-Trent, ran an online money transfer business called R2PK.com. Coded text messages were sent by criminals based all over the UK and couriers were dispatched to collect hundreds of thousands of pounds in cash. R2PK.com was used to launder the money that was then sent to Dubai and onwards to Pakistan. Two Londoners, Mohammed Umer Farooq and Syed Yasir Abbas Shah acted as couriers, collecting the dirty money and depositing it in different branches of UK banks in amounts of £25,000 or less – i.e. smurfing. One of the gang’s customers was Mark Kinnimont, ringleader of the UK’s largest cannabis smuggling gang, who was convicted of smuggling £62 million of skunk cannabis in March 2010. Jaffery was jailed for ten years while Ahmad was jailed for six years, and Farooq and Shah for four years each. Confiscation proceedings are now underway.

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'Cuckoo smurfing' hits the UK - 20 February 2011

Several men have been found guilty of laundering up to a million pounds a month of drug money through a laundering method dubbed ‘cuckoo smurfing’. This requires corrupt money bureau staff in foreign countries.

When the parents of a foreign student make a money transfer to a relative in the UK, the clean money is siphoned off to a bank account the criminals can access. The bureau staff then send a text to the criminals tipping them off about the size of payment and to whom it has been made. The criminals then go into a bank and pay the same amount of dirty money into that account. SOCA officers undertook surveillance of the gang who operated out of a house in Birmingham and received texts from Dubai, Afghanistan and Iran with instructions on which student accounts money should be paid into. SOCA seized £600,000 and 20kg of heroin at the address, as well as a coded ledger of the gang’s financial transactions. The three Birmingham men who ran the scam have been jailed for a total of 16 years. Four other men – who acted mainly as cash deliverer and collectors – are being sentenced over the next few weeks.

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US law enforcement targets Armenian organised crime gangs - 20 February 2011

Seventy-four members and associates of the Armenian Power organised crime syndicate have been arrested during early morning raids throughout southern California involving nearly a thousand officials. Charges laid against those arrested include kidnapping, bank fraud, narcotics trafficking and money laundering, and they stem from a campaign by law enforcement agencies to crack down on white collar crime involving Armenian and Eurasian gangs in California. According to officials, Armenian power members have been accused of installing skimming devices at cash registers in 99 Cents Only stores, thereby stealing customers' information to create counterfeit credit and debit card accounts. Most of the defendants are in California, but authorities have also charged more than a dozen individuals in other states including Miami and Denver.

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Cocaine dealer jailed for money laundering - 18 February 2011

Neil Ayres has been jailed for 3½ years for money laundering, after the Metropolitan Police found £95,000 hidden in a safe deposit box at the Hampstead Safe Depository in north London. The cash, and two mobile phones found with it, had been contaminated with extremely high levels of cocaine. Ayres claimed that he had won the money by playing poker and that his personal cocaine use explained the contamination. However, he was found guilty in January 2011 of possessing the proceeds of crime. The cash has now been confiscated and will go back to the public purse.

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Ponzi fraudster gets 50% more than his plea deal - 15 February 2011

Juan Rangel, from Southern California, has been sent to prison for fraud and money laundering. Rangel ran a Ponzi scheme that took in at least US\$30 million [about £18.5 million] from more than 500 investors. He also operated a mortgage scheme that stole money and property from homeowners in trouble with home loans, preying on distressed Spanish-speaking homeowners. He spent the money on a lavish lifestyle, living in a \$3 million house and driving a Lamborghini. He pleaded guilty in October 2010, in a plea deal that called for a 15-year sentence, but the judge decided that 22 years was needed because of the devastating impact on victims.

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Switzerland freezes Mubarak's assets - 11 February 2011

The Swiss foreign ministry has issued a statement saying that its federal council has ordered a freeze of any assets believed to be in the name of ousted Egyptian president Hosni Mubarak. The freezing order lasts for three years, and forbids the sale or disposal of any assets during that time. According to the statement: "Any assets of the former Egyptian President Mubarak and parties close to him that may be located in Switzerland have been frozen with immediate effect. In this way the Federal Council is taking all the measures required to avoid any

misappropriation of government assets.” It is not known how much money is involved. This is the second such move by Switzerland in recent weeks: at the end of January, they froze the assets of ousted Tunisian president Zine al-Abidine Ben Ali, who also fled his country amid popular revolt.

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Jersey launderer has his sentence reduced - 10 February 2011

In a follow-up to a story dated 27 June 2010 (see [Old news page](#)), Raj Bhojwani has had his prison sentence reduced. Bhojwani was found guilty in March 2010 of laundering £28 million in Jersey: the money came from corrupt Nigerian vehicle deals, and was moved through the Jersey branch of the Bank of India. He appealed against both his conviction and eight-year jail sentence; the court gave him credit for good character and his eight-year sentence was reduced to six years.

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Second "drug wife" sent to prison for money laundering - 9 February 2011

Fiona Blake, the wife of convicted drug trafficker Craig Blake, has been sentenced to three years in prison for laundering the proceeds of her husband's multi-million-pound criminal enterprise, and will now be subject to a confiscation investigation. Mrs Blake put drug trade revenue through her personal bank account, thus helping her husband to conceal his leading role in a criminal network that stretched across southern England to South Wales, and as far afield as Australia. Made up of three regional gangs working together, the drugs network is believed to have trafficked around half-a-tonne of cocaine into the UK. Mrs Blake's conviction is the 27th in relation to the network, and she is the second wife to be sent to prison for laundering: Friday Quick was sentenced to eighteen months in 2010. SOCA's Matt Horne said: "This is not simply a case of enjoying a lifestyle funded by serious criminality. Fiona Blake took an important role in attempting to conceal the profits of a major drug-dealing organisation. It is a sad fact that the Blakes' and the Quicks' young children now have both parents serving prison sentences. Anyone tempted to involve themselves in organised crime should consider just how devastating the consequences can be."

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Tabloid journalist jailed for false accounting and money laundering - 7 February 2011

Lee Horton, formerly a sports editor at *The People* newspaper, has been jailed for defrauding more than £370,000 from his employer. For eight years Horton invented contributors and claimed between £150 and £390 for work attributed to them. He evaded detection for so long because the sums were below the £500 limit which required sign-off by more senior management. Horton spent the proceeds on his daughter's education, donated money to her school and gave funds to a Down's Syndrome charity. He also paid for morale-boosting jaunts for his colleagues, such as a golf trip, and admitted being "ridiculously generous" with other people's money. He was jailed for fifteen months for false accounting and money

laundering; he has paid back nearly £300,000 and the remainder will be repaid when his house is sold.

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Senior Indonesian tax official sent to prison for corruption and money laundering - 2 February 2011

Bahasyim Assifie, director of tax examinations and investigations in the Jakarta tax office in Indonesia, has been found guilty of corruption and money laundering relating to bank accounts worth more than IDR 66 billion [about £4.5 million] held in the names of his wife and children. Bahasyim also bought a house worth about IDR 8 billion [about £500,000] and registered it in his son's name. Bahasyim's claims that he made his money from a jewellery business and overseas investments were not supported by convincing evidence, said the judge: his business partners in the Philippines and China had presented statements that were "one-sided and prepared only after the case was prosecuted". The indictment said that Bahasyim had acquired the money between 2002 and 2009 "through illegal means by misusing his position and authority as a civil servant". Bahasyim was sentenced to ten years in prison and ordered to pay back the money to the state. He has said that he will appeal.

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Britons to be extradited to face Italian money laundering investigation - 27 January 2011

Four men – three from London and one from Devon – are to be extradited to Italy to face investigations into a 400 million euro [about £344 million] money laundering operation involving Italian telecoms firm Fastweb, and the Mafia. City of Westminster Magistrates' Court heard that Colin Dines, Andrew Dines, Andrew Neave and Paul O'Connor were arrested by the Serious Organised Crime Agency after European arrest warrants were issued in February 2010, and that SOCA has also been granted restraint orders against four houses worth a total of £25 million. Italian authorities arrested 56 people in early 2010. The four men have been granted conditional bail: they must pay a surety of £50,000 each, surrender their passports and comply with a curfew order.

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European Commission acts to enforce AML rules in Germany - 27 January 2011

The European Commission has asked Germany to comply fully with EU AML/CFT legislation - i.e. the Third European Directive. The Commission is concerned that two German Bundesländer have not yet assigned competent supervisory authorities to all entities which are subject to AML/CFT requirements, and that Germany has thus failed to prevent the

misuse of the financial system for the purpose of money laundering and terrorist financing. Deficiencies in the supervision of estate agents, insurance intermediaries dealers in high value goods have been found in the Bundesländer of Mecklenburg-Vorpommern and Sachsen-Anhalt. The Commission's request takes the form of a reasoned opinion; if Germany does not reply satisfactorily within two months, the Commission may refer the matter to the EU Court of Justice.

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Ponzi fraudsters who targeted their own community convicted of money laundering - 26 January 2011

Reporting restrictions have been lifted on a £10 million Ponzi fraud which targeted Sri Lankan communities in London over a period of five years and was first investigated by the Metropolitan Police in 2005. The gang of six – described by the police as “sharks” involved in “premeditated deception” – promised plentiful profits for joining the scheme, but of course none was forthcoming. Detective Chief Inspector Robin Cross, of the Metropolitan Police, said: “This scam has been devastating for [the hundred] victims: many have been reduced to near destitution, their homes have been lost and some will never be able to retire. Fonseka preyed on members of his own community while the others did everything in their power to hide their criminal activity.”

The ringleader, Vibhawa Fonseka, a Sri Lankan from a well-known family, targeted members of his own community. He hired expensive cars to persuade potential investors of his wealth, telling them they could also live a life of luxury once their return was paid to them. He is now serving eight years in prison for deception, money laundering and unauthorised deposit taking. Former solicitor John James was jailed for seven years for the same offences. Accountant Mushtaq Ahmed was fined £5,000 and ordered to pay £5,000 costs. Samantha Koralage and Upul Dezoysa have pleaded guilty to unauthorised deposit taking and will be sentenced on 28 February. American businessman John Napoli was convicted of unauthorised deposit taking and will be sentenced on 17 February.

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Manx advocate found guilty of money laundering - 25 January 2011

In a follow-up to a story dated 4 October 2010, Isle of Man advocate Jenny Holt has been found guilty of money laundering. Holt was part of the team representing businessman Trevor Baines and his wife Wendy during a 2009 trial, when Baines was convicted of stealing more than £900,000 while Wendy admitted obtaining £45,000 by deception. Holt was found guilty of one count of money laundering and two counts of falsifying documents; she had denied all charges, and has been released on bail to be sentenced alongside Wendy and Trevor Baines on 25 February 2011. Detective Sergeant Lynne Skelly, from the financial crime unit, said: “The conviction sends out a strong message to the international financial community that the island will not be seen as a safe haven for money laundering.”

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Father and two sons jailed for drug dealing and money laundering - 22 January 2011

Abdul Khaliq and his sons Imran and Rizwan has been jailed for a total of eleven years for drug dealing and money laundering. Police raided their family home in Bradford in April 2008, and found 15.7g of cocaine in a food mixer, along with scales, rubber gloves and £43,000 of cash, heavily contaminated with heroin. Financial investigations uncovered large amounts of money, totalling £140,000, in different bank accounts, in Abdul Khaliq's name. Judge John Potter told the defendants: "Each of you were major players in a drug enterprise." He jailed Rizwan for three years and nine months, with a further eight months for dangerous driving. Abdul was sentenced to three years. Imran was also jailed for three years, with a further ten months for actual bodily harm. (While on bail, he was taken to Leeds General Infirmary when heavily intoxicated, and punched a nurse in the face as she tried to help him into a wheelchair.)

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People traffickers ordered to pay back £1.4 million - 21 January 2011

In the latest development in the Morecambe Bay cockle-pickers' tragedy, three people traffickers have been ordered to pay back a total of £1.4 million. Bo Li has been ordered to pay back £859,000, Anthony Whale £261,000 and Yan Li £245,000. They have been given six months to pay, or serve extra prison time. The three were found guilty in February 2009 of people trafficking and money laundering, and subsequent investigations uncovered financial irregularities at the 'Oriental Medical Centre' chain of stores operated by the Lis in the West Midlands. The court determined that the trio had benefited to the tune of two million pounds from their crimes, but the police have the power to revisit the confiscation orders at a later stage should the three acquire more assets or money in the future.

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UK senior manager jailed for insider dealing and money laundering - 21 January 2011

In a follow-up to a story dated 25 November 2010, Neil Rollins, a former senior manager of waste firm PM Onboard Limited, has been found jailed for 27 months for insider dealing and money laundering. He was also ordered to pay £197,000.66 in confiscation. In a trial brought by the Financial Services Authority in November 2010, Rollins was found guilty of

five counts of insider dealing and four counts of money laundering after he traded on the basis of information he obtained as a result of his senior position and laundered the proceeds. He laundered the money by paying it into bank accounts that he had opened in the name of his father, David Rollins. In passing sentence, His Honour Judge Wadsworth QC said: "You sold when you knew it was folly to buy. Every pound you saved was a pound someone else spent... By selling early you broke the trust of your employer [and] you broke the trust owed to the market."

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Safe deposit box manager pleaded guilty to money laundering - 20 January 2011

Milton Woolf, a company director who ran London Safe Deposit Centres Limited (SDC), has admitted fourteen money laundering offences. In June 2008, police raided three high-security steel and concrete vaults at SDC premises in Park Lane, Hampstead and Edgware, opening 6,717 individual boxes and seizing more than £50 million worth of cash, drugs and guns. Woolf admitted failing to report suspected money laundering, and possessing a revolver and ammunition, false passports, cash proceeds from other people's crimes, and \$60,000 of counterfeit currency. Two others – SDC director Jacqueline Swan and former SDC director Leslie Sief – have also pleaded guilty. They will all be sentenced later.

The court was told that two undercover officers posed as potential box holders and found that SDC directors gave merely "lip service" to the legal obligation to report the obvious money laundering going on under their noses. One officer even changed cash into 500 euro notes at SDC's bureau de change and Swan showed him how to avoid suspicion. Woolf would drill open the boxes of holders who were behind with their rent, and seize the contents as collateral against non-payment – but not report to the authorities anything suspicious he found. In the boxes, police found £53 million in cash, guns, drugs, gems, gold dust, passports, chequebooks, credit cards, paedophile material, and four paintings by Dutch and Russian artists. Using this evidence, they made forty arrests and brought eleven prosecutions.

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Guernsey director sentenced to 2½ years for money laundering - 18 January 2011

In a follow-up to a story dated 24 November 2010, Guernsey former director Roger Taylor has been sentenced to 2½ years for money laundering. Sentencing Judge Finch told Taylor: "This is not a case of naivety but of culpability. Rather than being a weak man, you were a greedy one. In this case, the prosecution alleged that you were, at the very best, shutting your eyes to the blindingly obvious." Taylor's attempts to deny his culpability made things worse. He has appealed against his sentence.

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Bird thief to be sentenced for money laundering - 17 January 2011

US citizen Edwin Rist is due to be sentenced for stealing priceless rare bird skins from the Natural History Museum in Hertfordshire, after pleading guilty in November 2010 to burglary and money laundering. Officers were called to the Natural History Museum in Tring (which belongs to the better-known London museum) after reports of a break-in on 24 June 2009, and realised that 299 brightly-coloured bird skins were missing from a collections area. A Hertfordshire Police spokeswoman said: "The 70 million specimens looked after by the Natural History Museum are a resource of international importance in the development of scientific knowledge. The knowledge gleaned from these collections helps protect endangered species and answer questions about the biodiversity of the world around us. The stolen birds are a number of brightly-coloured tropical birds, including cotingas, quetzals and birds of paradise, some of which are endangered species, irreplaceable and, therefore, of especial scientific concern. The stolen specimens are therefore priceless. Police have recovered the majority of the bird skins, although some are still outstanding. Rist will be sentenced at St Albans Crown Court on 21 January 2011.

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British man extradited to US to face fraud and money laundering trial - 14 January 2011

Richard Pope, a British man living in Spain, has been extradited to the US as part of an on-going international investigation into a US\$130 million [about £82 million] fraud and money laundering. In March 2009 Pope was charged, along with six other defendants, with mail fraud, wire fraud and money laundering, and in autumn 2010 he was arrested in Spain. According to the indictment, from July 2004 to March 2008 Pope and others hijacked the identities of dormant, publicly-traded companies and then sold virtually worthless shares in those companies to victims, primarily in the UK, using boiler room telemarketers, mostly in Spain. Victims were instructed to wire their investment funds to bank accounts in Florida and elsewhere, and Pope and his associates used this money to perpetuate the scheme and for their own personal enrichment. The investigation was carried out jointly by US Immigration and Customs Enforcement officers, the UK's Serious Fraud Office, the Royal Canadian Mounted Police and the US Securities and Exchange Commission.

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Grantham solicitor jailed for theft and money laundering - 13 January 2011

Jacqueline Laverick, a solicitor from Lincolnshire, stole £214,000 from clients and has been jailed for three years for theft and money laundering. Laverick (who practised under her maiden name Jacqui Johns) stole from estates and from accounts she administered on behalf of other people (including her own grandmother) between December 2005 and June 2009. She was eventually confronted by colleagues after a building society passbook went missing. Laverick spent the money on a deposit for a second home, a Jaguar car and household bills; the prosecution told the court that she was motivated by pure greed and lived a lifestyle beyond her means. The victims have been refunded by insurers.

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High-flying drug trafficker ordered to hand over criminal profits - 12 January 2011

In a follow-up to a story dated 3 March 2010 (see [Old news page](#)), Manchester Crown Court has granted the Serious Organised Crime Agency (SOCA) a confiscation order for £750,000 against Silvano Turchet of Chester. Turchet was a qualified pilot who used his own private plane to import heroin from Belgium, and has been ordered to hand over his assets including the proceeds from the sale of an aircraft hangar at Sleaford airport near Shrewsbury, a twin engine Beechcraft Baron aeroplane, a house in Wrexham and one in Italy, high value cars and jewellery, and the contents of several bank accounts. If he fails to meet the order voluntarily, he will face another three years in prison and will still have to hand over the assets. He was arrested by SOCA officers in 2006 and is now serving 21 years in prison for drug trafficking and money laundering.

Turchet used self-styled accountant Frank McGrath, the former deputy leader of Preston Council, to help him launder his dirty money. At McGrath's trial in March 2010 the jury heard how over a period of four months he washed £330,000 by passing Turchet's money through his own bank accounts. McGrath was sentenced to four and half years in prison, and a confiscation hearing is scheduled for him later this year.

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Swiss arrest ten Tamil Tigers for money laundering - 12 January 2011

Swiss police have raided 23 properties in ten cantons and arrested ten members of the Liberation Tigers of Tamil Eelam (LTTE), accusing them of involvement in a criminal group and money laundering. A statement from the Attorney-General's office said: "During the course of our investigation, the suspicion that, for many years, the accused persons had forced their fellow countrymen of the Tamil diaspora to financially support the LTTE, was substantiated. The victims in Switzerland were put under severe pressure, threatened, or subjected to extortion. Several million Swiss francs were raised and transferred to Sri Lanka where they were used to finance LTTE activities, in particular the purchase of war materials. To disguise the true origin of the funds, they were invested in companies with connections to the LTTE conducting legal business." The Sri Lankan authorities defeated the Tamil Tiger rebels in May 2009 after killing their leaders who were fighting for an ethnic homeland for the Tamil minority. The UN estimates that up to 100,000 people died in the separatist conflict after the Tiger rebels first emerged in 1972.

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Malaysian Ponzi fraudster sentenced to "a hundred years" for money laundering - 11 January 2011

Malaysian businesswoman Raja Noor Asma Raja Harun defrauded 4,000 investors and earned herself millions during the year she was running her wealth management business, without having either a fund manager's licence or a futures broker's licence. After a five-month trial during which eighteen witnesses testified, she pleaded guilty to receiving, using or having in possession of illegal proceeds obtained through a Ponzi scheme at various banks between 2007 and 2008. She was sentenced to a total of 100 years in prison – two years' imprisonment for each of 50 counts of money laundering – under the Anti-Money Laundering Act. She will however serve only two years, after the judge ordered her money laundering jail terms to run concurrently. She was also fined MYR 5 million [about £1 million] and jailed a total of 20 years for various charges related to the Securities Commission; she will serve five years for these offences, as these sentences will also run concurrently.

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DeLay gets three years for money laundering - 10 January 2011

Former US House Republican Leader Tom DeLay has been sentenced to three years in prison for conspiracy. The Texan politician was convicted of conspiring to funnel corporate campaign contributions to legislative races in Texas, in violation of state law. DeLay resigned as House Majority leader five years ago, after his indictment, and was found guilty of money laundering and conspiracy in November 2010. Judge Pat Priest sentenced DeLay, once one of the most powerful politicians in Washington DC, to three years for conspiracy to commit money laundering. He also sentenced DeLay to five years for money laundering but allowed him to accept ten years of probation in lieu of the added prison time. DeLay has called the case a political vendetta, saying before sentencing that "I can't be remorseful for something I don't think I did." He plans to appeal.

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Major UK money laundering ring dismantled - 5 January 2011

A money laundering operation has been dismantled and its ringleaders jailed in the biggest ever criminal case in London handled by the Crown Prosecution Service and the Metropolitan Police. Among the 33 people convicted of drug and laundering offences was Simon Ford, a firefighter previously commended for his work in the 7 July London bombings. The operation was run out of Royal Oak Taxis in Paddington, west London, an outwardly legitimate firm that rented and repaired black cabs. But behind the scenes was a massive operation working for organised crime networks, and estimated to have laundered between £70 million and £80 million. The man in charge was the taxi firm's owner, Eyad Iktilat, who drove a Ferrari and a Bentley with personalised number plates. The money laundering and drug distribution network was linked to ten major criminal gangs and had interests in Colombia, Spain, Israel, India, Dubai, Morocco and other north African states.

In 2008, after a ten-month surveillance operation, officers from the Metropolitan Police Special Intelligence Section, supported by more than 500 colleagues, conducted raids on properties in London, Surrey, Kent and Hertfordshire. The simultaneous raids – the largest conducted by British police – employed a mechanical digger to ram through a wall of one home in Uxbridge. The investigation, known as Operation Eaglewood, began in April 2007 after undercover police officers followed two known drug smugglers as they met Iktilat. They discovered that “money mules” brought bags of up to £500,000 cash to the taxi company for it to be converted into 500 euro notes via Euro Foreign Exchange (EFX), a corrupt currency exchange company in Paddington. EFX manager Jean-Claude Frigieri bought hundreds of thousands of pounds-worth of 500 euro notes from a banknote wholesaler known as Interchange. Iktilat was sentenced to 21 years in prison, which was increased to 30 years on appeal. Frigieri was given ten years, while their main “banker”, Maythen Al Ansari, was jailed for three years and had to repair the digger damage to his Uxbridge home. This information has been released only now that all sixteen court cases have been completed.